

Hull and East Yorkshire LEP Board Report Paper F - Growth Hub Update

Report by Jon Brunton, Growth Hub Manager
24th January 2024

1. Summary

1.1. The HEY Growth Hub continues to deliver a suite of business support services in the region. The Growth Hub also collates business and economic intelligence from across the region to inform a monthly report sent to DBT. This paper provides an operational update on the Growth Hub for the financial year to date.

2. Recommendations

2.1. That the Board notes this report.

3. Operational Update

3.1. Core Growth Hub service

3.1.1. Further to the recent submission of the Growth Hub's half-year report to DBT, DBT colleagues confirmed on 20 December 2023 that they were satisfied with the contents of the report and that the Growth Hub had provided all the information required. The next report will be the 23/24 full-year report, due for submission in May 2024.

3.1.2. The government's autumn statement on 22 November 2023 confirmed Government funding for Growth Hubs in 2024/25, albeit without advising on the funding levels. DBT have subsequently informed the Growth Hub network via the regional Growth Hub clusters, that the business planning process for determining 24/25 funding levels is well underway, and that notification will be provided as soon as possible from January 2024.

3.1.3. The Growth Hub continues to work closely with the two HEY local authorities in relation to the development and delivery of their UKSPF business support programmes. Regular meetings take place between the Growth Hub Manager and the business support leads of the two local authorities, which ensures that a joined-up approach can be maintained and that each organisation can help promote and amplify each other's provision. This ensures that the business support ecosystem in HEY is as streamlined for businesses as possible.

3.1.4. The development of a revised business support handbook for the HEY region is progressing well and is scheduled for completion in January 2024. This handbook will contain details of all publicly funded business support and business funding schemes that are currently available for businesses in the HEY sub-region.

- 3.1.5. The Growth Hub's Workforce Development Business Advisor (WDBA) continues to work with an active caseload of around 35 client businesses. Offering support ranging from access to skills funding, through to apprentice recruitment and facilitating levy transfer between large firms and SMEs.
- 3.1.6. The Growth Hub continues to facilitate the Hull & East Yorkshire Manufacturers Network, which to-date has attracted over 18 SME manufacturers to various events and meetings. Since the last meeting of the board, the Network has hosted an informal networking event for members on Wednesday 20 December 2023. This event attracted around 8 firms and the keynote presentation was given by the MD of network member business Grotech Production Ltd. Feedback on this event has been particularly positive.
- 3.1.7. Given that the Growth Hub network will be funded by government in 2024/25, governance and delivery arrangements for the Growth Hub in 24/25 will need to be made with the two HEY local authorities as a matter of priority in Q4 23/24. On Tuesday 19 December 2023, government published detailed guidance for local authorities delivering "*business representation and local economic planning functions previously delivered by LEPs*". This guidance made the following references to Growth Hubs:
- 3.1.7.1. That "demonstrating a strong business voice is also an eligibility requirement for some government programmes (including Growth Hubs)."
- 3.1.7.2. That local authorities will need to consider when setting up the business board "how this might link into the wider economic plans and engagement structures such as Growth Hubs."
- 3.1.7.3. Government expects the delivery of government programmes – such as Growth Hubs – to be "coterminous with the delivery of business representation and economic planning functions. This geography should be sustainable and maximise efficiency and effective service delivery as well as enhance democratic engagement." Moreover, Government "will not support plans that lead to a fragmentation of approach or proliferation of unsustainable support services to businesses."

3.2. Made Smarter Programme (DBT funded)

- 3.2.1. Made Smarter provides wrap around support to manufacturing SMEs to aid their exploration, adoption, and implementation of digital technology, with a view to improving business productivity and competitiveness. This will help UK manufacturers move towards 'industry 4.0'.
- 3.2.2. Government announced an expansion of the Made Smarter programme in the Autumn Statement on 22 November 2023. This included a

commitment to roll-out Made Smarter to all English regions by the 2025/26 year, before discussions with devolved bodies to take the programme forwards from 2026/27. For the current Yorkshire and Humber programme, this means that the programme will have to operate within its existing funding envelope up until March 2025, with extension funding being made available for the 2025/26 year. The budget value and timescales associated with this extension funding are currently unknown.

- 3.2.3. HEY Growth Hub's Made Smarter Digital Transformation Specialist is currently working with a caseload of around 40 client businesses, each of whom has accessed various strands of the programme including digital roadmap diagnostics, technical support, and capital grant funding.
- 3.2.4. A current priority is filling a joint HEY and North Yorkshire cohort of the "Leading Digital Transformation" strand, delivered by Sheffield Hallam Business School and aimed at the senior leaders of manufacturing SMEs. This strand will provide business owners and leaders with the knowledge and skills needed to take their manufacturing business on a digital change journey. This cohort will be based out of York and will commence in February 2024, but requires a minimum viable number of 10 delegates to operate.

3.3. DCMS Create Growth Programme

- 3.3.1. Further to confirmation of a successful application on 19 October 2023, the HEY Growth Hub team have been working on the various inception actions required to establish the Create Growth Programme. This has included establishing the governance and delivery arrangements for the programme.
- 3.3.2. The programme is on course to launch in February 2024 via a high-profile launch event in Hull, featuring keynote speakers and breakout sessions to provide "taster" content for the full programme.
- 3.3.3. The funding agreement from DCMS is still awaited and we have been informed that this can be expected in early to mid-January 2024. Following receipt of the funding agreement, a memorandum of understanding will be executed between the four programme delivery partners, these being HEY LEP, Hull City Council, East Riding of Yorkshire Council, and the University of Hull.
- 3.3.4. Following the government announcement of the six new Create Growth Programme areas on 13th November, the HEY LEP issued a press release which resulted in wide ranging positive media coverage, including a pre-recorded interview with the Growth Hub Manager on That's TV Humber. BBC Radio Humberside have offered to provide coverage of the programme launch in February 2024.

3.4. Business & Economic Intelligence

- 3.4.1. The Growth Hub continues to gather business and economic intelligence from the region which is submitted to DBT in the form of a monthly report. The Growth Hub also provides ad-hoc reports to government when requested to do so.
- 3.4.2. DBT requested an ad-hoc report on 23 November 2023 looking at the current status of the regional caravan and leisure homes manufacturing industry. This report was produced in partnership with LEP and local authority colleagues and was submitted to DBT on Thursday 07 December 2023. Key issues and trends were as follows:
- 3.4.2.1. It is apparent that the caravan and leisure homes manufacturing industry in Hull and East Yorkshire is undergoing a fairly substantial downturn due to a decline in customer demand and sales, from a peak sometime around late summer / early autumn of 2022. This downturn is manifesting itself via job losses, excess unsold stock on the market, and supply chain impacts.
- 3.4.2.2. The most high-profile announcement of job losses came from Willerby Caravans on 6th December, when it announced a consultation which could result in the loss of 200 jobs. This comes six months after Atlas Caravans made 99 staff redundant and Victory Leisure Homes made an unknown (but understood to be substantial) number of redundancies in May 2023. One industry insider believe that 1,000 jobs will be lost directly within the industry as a whole, with as many as 1 - 2,000 jobs lost in the allied supply chain.
- 3.4.2.3. There has been a glut of finished yet unsold caravans produced that are currently being stored at various open-air storage locations around Hull. It is felt by some stakeholders that this is using up valuable development land for a purpose that does not create new employment opportunities, and further limits the number of available development sites in Hull, which are already at a premium.
- 3.4.2.4. Businesses within the allied supply chain have reported a “massive downturn” in orders from caravan manufacturers, however this has been seen before and as such this trend is now seen as cyclical. Some key suppliers to the industry have diversified their client base in recent years in an attempt to stave off the impacts of a caravan industry downturn. One toolmaker has informed the Growth Hub that their percentage of work for the caravan industry has dropped from 60% to 30% of total turnover as a result.
- 3.4.2.5. However, there have been some positive recent announcements from the industry, relating to sustainability and Net Zero. This includes Willerby Caravans winning an award as the UK’s most sustainable

manufacturer, as well as being the first UK holiday homes manufacturer to publish a sustainability report.

3.4.3. In relation to the Growth Hub's business intelligence report for November 2023, intelligence findings were as follows:

- As with previous months, we reported various challenges faced by SMEs in relation to staff recruitment, retention, and access to skills funding and support for the workforce. This also includes challenges when recruiting apprentices.
- Again, whilst this is a recurring business intelligence item, we again reported the difficulties SMEs are facing with increasing overheads and operating costs. In November, these issues ranged from energy and materials costs, through to cashflow pressures posed by increased costs set against VAT and corporation tax bills.
- However, we reported nine new business and economic opportunities in the region, including Humber Freeport announcement, through to the expansion of the Siemens Mobility rail plant at Goole and private investment for Pensana's rare earths separation plant at Saltend in Hull.

4. Financial and resource implications

4.1. All Growth Hub delivery is externally funded under various contracts of funding. The core Growth Hub service is funded by DBT. There are no other financial or resource implications arising from this report.