

North East LEP Growth Hub: Responding to COVID-19 and EU Transition Case Study

Strategic Context

North East COVID-19 Response

Following the announcement of a national lockdown in response to the outbreak of COVID-19, the North East COVID-19 Economic Response Group was established in March 2020 to lead COVID-19 Response in the North East. This Group is made up of the North East LEP, North of Tyne and North East Combined Authorities, the Confederation of British Industry (CBI) on behalf of business organisations, North East Joint Transport Committee, and regional universities.

The long-term goal of the COVID-19 Economic Response Group is to return the North East to pre-COVID-19 Gross Domestic Product (GDP) and employment levels and then to move forward in pursuit of the economic ambitions set down in the Strategic Economic Plan (SEP). The task in hand was defined in two key projects: Recovery Planning and Supporting Business.

The Group first created an Early Framework for Economic Recovery from COVID-19, involving ongoing data and intelligence collation, and setting out a 3-stage collaborative response. This work was then developed into a Recovery and Renewal Deal published in September 2020, asking for £2.8 billion of Government investment. A key component of this was the Business Growth Board's Restart Plan. This was structured around three support areas: starting a business in a crisis; getting business back up and running; and spotting and acting on new opportunities.

The North East Growth Hub COVID-19 Response

The COVID-19 pandemic significantly impacted business operations, employees and finances, which increased and changed demand for business support. As a result, there has been a particularly turbulent environment for businesses and business support providers, in addition to the landscape of ongoing significant changes to economic policy with EU exit.

The North East Growth Hub (referred to as the Growth Hub hereafter) provides ongoing advice and support to businesses, signposting businesses to a Provider Network made up of local providers of business support, finance and funding. Throughout this period, the Growth Hub has been operating with significantly increased demand.

Despite this increased demand, the resource available in the Growth Hub team largely remained the same, with:

- three customer-facing Connectors, which later increased to five in January 2021; and
- the addition of one further team member providing Triage support from October 2020, increasing to two in January 2021.

At time of writing, there are 218 providers on the Growth Hub website, with a total 365 business support schemes listed. These listings include local provision of national schemes as well as purely local schemes. Providers have continually been adapting their offers to support businesses in the COVID-19 context over the last 18 months.

Continuous changes have been made to the Growth Hub's website content and Connector referrals in line with changing government advice, including crucially, the Growth Hub's COVID-19 Toolkit. The Toolkit had 16,538 total users between March 2020 and January 2021, and 995 users in a single day at its peak on the first day of the UK's lockdown, 23rd March 2020. The COVID-19 Toolkit is a central point of information for businesses, detailing the latest national and local government restrictions and what these mean for different industries, as well as what government funding and support schemes are available, such as, the Coronavirus Job Retention Scheme and Self Employment Support Scheme.

Key additions and changes to Growth Hub programmes over the last 18 months have included:

- Remote delivery of the High Potential Start-ups programme, which was reported on 3 as working well with good engagement [44 founders on the programme in total by July 2020] and feedback;
- Securing short term funding to support key sectors, including launching two ERDF schemes, delivered with business support partner NBSL4: Kickstarting Tourism and SME Restart and Recovery Grants. Each of these offer businesses up to £3,000 to help mitigate adverse impacts of COVID-19 and support recovery;
- Launching the Peer Networks scheme, which brings together business leaders in virtual group sessions with expert facilitators to overcome common challenges;

- Securing additional budget for Supply Chain North East via RTC North to offer higher grant intervention rates to reinvigorate demand from stalled projects and to generate new interest, particularly from SMEs capable of specifically engaging in health and social care markets; and
- Partnering with Crowdfunder, May 2020 saw the launch of North East Local Enterprise Partnership's Crowdfund. A £1m commitment to support small and micro businesses, charities, social enterprises and sole-traders seeking to cope in challenging trading conditions as a result of COVID-19 pandemic.

Furthermore, since March 2020, the Growth Hub has operated within a more complex business support landscape (both in terms of guidance and funding). Support delivered by the Growth Hub has had to be conscious of other support offers now available, to understand and effectively signpost to new support offers. This includes the Small Business Grants Fund (SBGF) and Retail, Hospitality and Leisure Business Grants Fund (RHLGF), and advice to businesses, delivered by the Local Authorities. As of 12th July 2020, North East Local Authorities processed c.33,000 claims, totalling c.£379 million across these two funds.

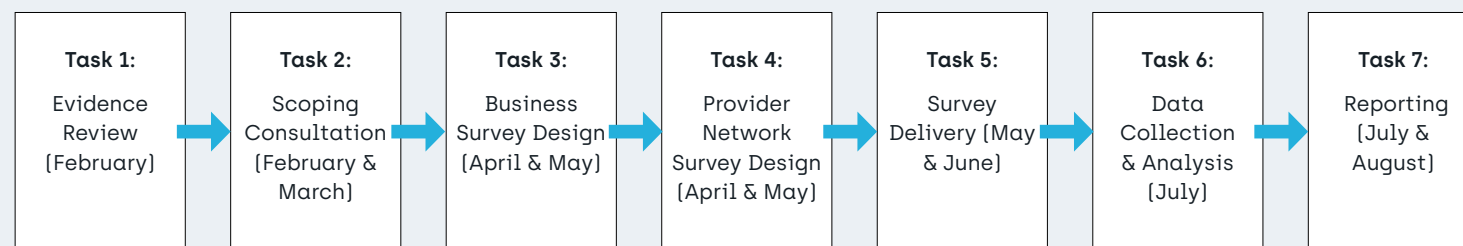
Introduction to this Project

The Growth Hub has engaged with the North East business community throughout this period, through a combination of consultation and surveys, to understand business community's immediate needs to support business survival and to inform the Growth Hub's ongoing support and online content.

As a part of this, Steer Economic Development (Steer-ED) have been commissioned to develop, deliver and analyse two further surveys. These two surveys were targeted at two separate stakeholder groups; (i) businesses; and (ii) business support, finance and funding providers (collectively referred to as the Provider Network).

The purpose of these two surveys is to deep dive into the role the Growth Hub has played in supporting businesses. It investigates how the Growth Hub has helped businesses navigate the impact of COVID-19 and associated regulations, with a secondary focus on how businesses navigated EU transition. The findings from the surveys will be used to better understand Growth Hub impact and will be used to inform and shape the Growth Hub going forward.

Steer-ED's associated workplan, which was carried out from February to August 2021, is outlined below.



Scoping consultations provided further insight to underpin the understanding of the North East LEP Growth Hub over the 18 months and feed into survey design. The consultations were semi-structured virtual 1-to-1 interviews and were held with the North East LEP Provider Network Steering Group Chair, a North East LEP Growth Hub Connector and the director of the Business Growth Programme of Delivery. The consultations raised many challenges, opportunities, impacts and areas of focus surrounding Growth Hub efforts over the last year.

The Business Survey was launched 19th May 2021 and closed 2nd July 2021. It was circulated to the Growth Hub's clients via email and was targeted at those businesses classified as having received 'medium assist' Growth Hub support. The Business Survey received responses from 58 businesses in total, with the vast majority being micro firms with 0-9 employees (84%). Of the 576 businesses that received a medium assist from the North East LEP Growth Hub over the Financial Year 2020-2021, this represents a reasonable sample of just over 10% of the target population. However, as a self-selected sample (the inclusion of the business in the sample itself reliant on whether they themselves agree or decline to participate in the survey), the following findings should be interpreted with potential limitations to the representativeness of this sample considered.

The Provider Network Survey was launched on the 17th May 2021 and closed the 2nd July 2021. It was deployed through the Provider Network Newsletter and Steering Group. As per the business survey this was an online survey, using the online platform Survey Monkey. The sample was made up of 11 providers, with more than half coming from the private sector (56%). Of the 218 providers currently listed on the North East LEP Growth Hub website, this represents a fairly small and potentially unrepresentative self-selected sample. The following findings should therefore be interpreted with this in mind.

Headline findings from the business survey



The Growth Hub supports largely small businesses, 84% of businesses that responded have less than 10 employees.



73% of respondents said they were satisfied or very satisfied with the Growth Hub Service overall.



The average turnover of respondent firms increased between Financial Years 2019-2020 and 2020-2021.



Word of mouth is key for publicising the North East LEP Growth Hub, with 46% of respondents hearing about the Growth Hub services from someone in their network.



89% of respondents received a response within 1-5 days of their initial contact, with more than one third receiving a response in the first day.



69% of businesses that responded to this survey had engaged with the Growth Hub for the first time since the beginning of the COVID-19 pandemic.



For the majority (64%) of respondents, COVID-19 was the main driver prompting their business to contact the Growth Hub, and 74% of respondents accessed the website for COVID-19 related support.



Just 8% of respondents contacted the Growth Hub for support with the UK's exit from the EU, with no respondents having used the website for EU exit related guidance.



Finance and funding was overwhelmingly the most popular support service with over half of all respondents accessing it (55%).



Respondents rated the quality of the website very positively with 77% saying the website overall was good or very good.



67% of respondents said the Growth Hub Connector was able to help them with their business' needs related to COVID-19, and 58% of respondents said that support providers they were referred to were able to help with their business' needs related to COVID-19.



The vast majority of respondents agreed that the Growth Hub Connector service provided information and guidance that was timely (89%), detailed (84%), and that they were they were suitably signposted to support that fit their business needs (79%).



On average, businesses were referred to 3 organisations for support and engaged with 2 of them. Funding was the most common type of support received from providers, followed by guidance and support.



One in three respondents felt the Growth Hub service overall resulted in cost savings and efficiency gains, and 26% of respondents said it had helped to safeguard jobs and 31% said it had helped to increase their turnover.



83% of respondents said they would likely re-engage with the Growth Hub and refer people in their network to the service in the future.

Headline findings from the Provider Network survey



100% of providers who responded to the survey have provided COVID-19 or EU exit specific support to businesses in the North East in the last year.



COVID-19 has required more business support providers to deliver their services remotely, through online platforms and over the phone.



83% of respondents said the Growth Hub understands their support services very well.



100% of the support providers who responded said were happy with their relationship with the Growth Hub.



83% of respondents rated the Growth Hub positively as a broker of business support in the North East



67% of providers who responded use the Growth Hub to keep up to date with the latest information on COVID-19 and 83% for the latest information on the EU exit.



67% of respondents want the same amount of engagement from the Growth Hub with 33% wanting more engagement.



75% of respondents are aware of how many businesses get referred to their service as a result of the Growth Hub



69% of support providers who responded stated the Growth Hub provides between 1-9% of their total referrals.

Conclusions

This summation includes the key concluding findings across the Background Evidence Review, Scoping Consultations, Business Network and Provider Network surveys. The section is structured around the Context and Rationale for the Growth Hub and Provider Network activities and business demand for support over the last 18 months; the Activities & Outputs of the Growth Hub and Provider Network in supporting business; and the Outcomes & Impacts this has given rise to.

The conclusions set out below should be interpreted with the potential limitations to representativeness of the survey data taken into account. This is particularly due to the self-selected nature of the sample, with the equivalent of 10% of the total businesses that received medium intensity (1+ hours) Growth Hub support over the last year responding to the Business Survey, and 5% of the total providers currently listed on the North East LEP Growth Hub website having responded to the Provider Network Survey.

Context & Rationale

There has been a significant increase in business support demand due to the pandemic. The survey results indicated that over the past 18 months, the Growth Hub's support was utilised most by micro businesses with less than ten employees, and those in hospitality and arts sectors. For the majority of firms that engaged over the last 18 months, this was their first time utilising the Growth Hub support service, with most feeling they previously had no need for external assistance.

COVID-19 was the main driver prompting businesses to engage with the Growth Hub over the last 18 months, however, some businesses continued to seek Growth Hub support for ongoing challenges unrelated to COVID-19. EU exit, however, was not a prevailing reason for respondent firms to reach out for Growth Hub support. From the Providers perspective, COVID-19 has provided a greater challenge to business support providers than EU exit has so far and there has been less demand for EU exit support than expected. Most firms were looking for finance and funding support, which has reflected in the changing demand experienced by support providers in the last 18 months.

Looking to the future, this characterisation of demand for Growth Hub services is likely to change. Notably, there will be less demand for COVID-19 support as the national and local economic recovery progresses, and businesses are able to shift their focus once again from immediate survival, to longer

term recovery and growth. However, over the last six months, businesses in the UK have been affected by the UK's exit from the EU (despite low reported demand for Growth Hub support to date compared to COVID-19 support). The full impacts of EU exit may yet to be fully realised and may require longer term adaptation among the business community.

Positively, businesses are using all areas of the Growth Hub to get business support. Notably, this includes:

- The website, to research support and help available and self-serve;
- Growth Hub Connect, to receive one-to-one support and advice and referrals to support providers; and
- Support provided by support providers (that they have either been referred to by the Growth Hub Connector or found directly via the Growth Hub Website).

There were high levels of satisfaction with the Growth Hub service overall. The service generally provided fast response rates, a website that provides high-quality and useful information, and Connectors that provided detailed information and suitable signposting to support that fits businesses' needs.

Across these three service areas, there are key successes and areas for improvement that have emerged through this analysis.

Activities & Outputs

The Website

A key challenge for the Growth Hub has been providing up-to-date guidance in the rapidly changing policy context, where the role of the Connectors and Communications were particularly important. Findings indicate these efforts were a success, with most businesses and providers that responded to the surveys utilising the Growth Hub as a source of the latest information.

The website was used for COVID-19 related support and guidance by 74% of businesses and 67% of providers over the last year, pinpointing it as an essential resource for both businesses and providers alike. However, no businesses surveyed accessed the website for EU exit related support and guidance. This is unlike the business support providers themselves; 83% of which reported using the Growth Hub to keep up to date with the latest information on the UK's exit from the EU. Stakeholders highlighted the limited guidance from central government on EU exit's implications for businesses earlier in the year hindering the Growth Hub's capacity to advise businesses in this area.

Although most businesses reported that they easily found the information they were looking for on the Growth Hub website, one third of businesses that responded to the survey could not. Navigability and clarity of the website therefore could potentially be improved to further enable businesses to self-select and self-refer to support providers on the site.

Growth Hub Connect & Referrals

Growth Hub Connectors provided direct support to three quarters of businesses surveyed, with the Connectors this year providing reassurance to businesses as well as practical support. The majority of businesses who responded to the survey felt their Connector was able to help them with their business' needs related to COVID-19, with businesses finding advice, guidance, support with funding and analysis and referrals to support organisations of key benefit. However, just less than one quarter of respondents said they didn't know whether the Connector support was helpful, which raises a potential area for improvement to ensure all businesses' needs are adequately met. When asked what can be improved, being more targeted with support and providing follow-up calls were all cited by businesses as potential areas for improvement.

The Connectors also provided referrals to support providers to over half of businesses who responded. Providers reported adapting their offers to changing external needs, increasing digitising support provision over the last year. On average, businesses were referred to three organisations for support and engaged with two of them. This indicates the referrals were well-received and suited to business' needs. Stakeholder consultations indicated, however, that there is a tendency for Connectors to frequently refer to a similar subset of the Growth Hub Provider Network's services.

Funding and further guidance and support were the two areas of support provision most utilised. Just over half of respondents (58%), said support providers were able to help with COVID-19 related problems. Specifically noting funding and grant support as the primary way that support providers were able to support businesses throughout the pandemic. When asked in what ways they think the Provider support received could be improved, clarity and ease of information and a one-to-one consultation at the start of their business support journey were identified as areas for improvement. Respondents also suggested increasing funding on offer to firms struggling with the COVID-19 pandemic.

The support providers themselves that responded to the survey are happy with their relationship with the Growth Hub and with levels of engagement. Stakeholder engagement indicated uncertainty to the extent to which referrals are monitored, and that there is potentially a need to better monitor referrals made to providers. However, responses to this survey indicate the number of business referrals from the Growth Hub is tracked by three quarters of the providers who responded, and that the North East LEP Growth Hub referrals constitute 1-9% of early respondents' total referrals.

Outcomes & Impacts

Businesses experienced a wide range of both quantitative and qualitative impacts from their engagement with the North East LEP Growth Hub. Just less than one third of businesses were able to secure additional funding through the Growth Hub and Provider Network service, which is a relatively low proportion of the initial three quarters of respondents seeking support with finance and funding with their Growth Hub engagement. Some businesses responded to the survey that the Growth Hub should increase the level of funding on offer to firms struggling with the COVID-19 pandemic, and Providers that responded to the survey largely did not feel the Growth Hub was leveraging further funding and non-monetary resource to support COVID-19 response/recovery and activity. This mismatch in demand and supply of funding support for businesses is reflective of the high demand for business support at large due to the pandemic's impact on businesses, and not unique to the North East Growth Hub. Some stakeholders also indicated that eligibility requirements for funding support limit a business' ability to take up this support, with it reported that some businesses 'fell through the gaps' in the COVID-19 support landscape that emerged from Government in response to the pandemic

Despite the Growth Hub's extensive signposting to business support Providers and funding pots, not all businesses are able to secure the funding they initially sought from engaging with the Growth Hub, with

eligibility of the business or suitability of funding available presenting key barriers to this. Nonetheless, the survey results indicate the Growth Hub has given rise to significant positive impacts for local businesses. The Growth Hub supported 33% of businesses that responded to make cost savings and efficiency gains, 31% to safeguard jobs and 26% to increase turnover. To a small extent the Growth Hub also supported a few firms to increase their profitability and enabled them to increase their numbers in employment. However, 41% of respondents did not experience any of these positive quantitative impacts that support business survival and growth. There were a number of qualitative impacts that respondents experienced including support to create new business objectives [62%], increase collaboration [38%] and engage in new beneficial programmes [34%]. Just 6% of businesses who responded to the survey felt their needs would have been addressed fully without contacting the Growth Hub, suggesting high levels of additionality in the Growth Hub's impact for local businesses it supports.

Nearly half of businesses that responded to the survey first heard about the Growth Hub through someone in their network, highlighting the importance of word of mouth and the reputation of the Growth Hub amongst the local business base to its success in engaging with businesses. 83% of respondents said they were likely or very likely to re-engage with the Growth Hub to support their business needs again

in the future and two thirds reported they are happy to get in contact as and when they need support (the way the Growth Hub currently works) as opposed to requiring a more ongoing, account management style relationship. The same number also said they would be likely or very likely to refer people in their network to engage with the Growth Hub if they needed support. This represents high success rates in the Growth Hub's ability to positively impact the local business base, and high levels of support for the current mechanism in which the Growth Hub does so.

The Growth Hub itself is a broker of business support, and to give rise to the above impacts on businesses, this is largely achieved through its role of signposting and referring businesses to suitable business support organisations on the Growth Hub's network. The Growth Hub's linked providers range from public, private and third sector organisations and their schemes on offer vary from large scale national schemes that businesses across the country and across sectors are eligible for, to local and sector specific provision.

The survey found that the North East LEP Growth Hub has added value to the strategic COVID-19 response and recovery efforts in the North East with regards to supporting businesses, through its role as a broker of business support. The Provider Network survey responses indicate that support providers on the Network feel that the Growth Hub has engaged businesses effectively, enabling them to access the support ecosystem,

and has helped to organise and co-ordinate the COVID-19 recovery business support. Some providers felt that the Growth Hub was actively leading the COVID-19 response and recovery agenda for business support across the North East. However, there is variation to the degree in which the Growth Hub actively engages with providers. The survey of providers on the network found that 83% of respondents rate the Growth Hub positively as a broker of business support, with 67% happy with their levels of engagement with the Growth, and 83% say their services are understood well by the Growth Hub. The 11 providers that responded are more likely to be those more actively engaged providers – with 100% regularly or sometimes attending the Provider Network meetings. Reaching out to those providers on the network that are not as engaged currently, could improve the Growth Hub's ability to co-ordinate and strategically influence business support efforts across the Region to a greater extent.

There is a complex business support landscape in the North East. Suggestions emerged from the business survey and stakeholder consultations that the number of business support organisations could benefit from being reduced to enable the provision of a consolidated support offer to businesses in the North East, and work is ongoing by the North East LEP Business Growth team to explore the optimisation of the support ecosystem, that benefits from longer-term, forward-looking, strategic planning.