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Evaluation of the Growth Hubs, 2015-2020

Final report



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Executive summary

This study

This study comprises a process evaluation, an impact evaluation, and a strategic evaluation of the Growth Hub network. The evaluation has four primary study objectives:

- i) Improve the understanding of the Growth Hubs' activity
- ii) Assess how far Growth Hubs provide easy, quick, and simple business support
- iii) Better understand the business customer journey and associated impact through Growth Hub data analysis
- iv) Further understand the Growth Hubs' role in the wider business support landscape

In addition to improving the understanding of how the network of Growth Hubs operates, the evaluation will be amongst a number of factors that will inform future decisions about the funding and/or operation of Growth Hubs at the national and regional/local levels. It also identifies delivery challenges and best practice across the network. This report presents the final findings from the evaluation.

This theory-based evaluation was conducted between October 2020 and December 2021 using a mixed methods approach. The methodology combined: Scoping interviews with policy leaders, two workshops with 43 Growth Hub representatives, three programmes of interviews (covering 45 individuals from 37 Growth Hubs, 37 partners and stakeholders, and 41 businesses that have received support), review of annual reports and monitoring data for all Growth Hubs from 2016-2020, analysis of firm-level data provided by Growth Hubs, and an econometric analysis based on data from the Inter-Departmental Business Register (IDBR).

Summary of findings

The network of 38 Growth Hubs has a strong reputation for reliability and independence among stakeholders, partners, and businesses. These groups also see the Growth Hubs as contributing positively to the development of their local ecosystems by i) addressing local policy, ii) bringing together and leveraging local partners and where possible continually appraising gaps and needs, and iii) communicating local needs to policy makers in central government.¹ National and regional stakeholders also reflected a perceived contribution to national rebalancing through Growth Hubs' unique understanding of local needs and strengths that can be fed back into national policy design. The localised nature of the Growth Hubs is seen as essential for these functions, and in-house models as per the typology for this evaluation² are found more able to influence local developments.

Analysis of annual performance data and firm-level data provided by Growth Hubs shows that uptake of engagement with Growth Hubs has grown over the period. This is driven largely by light touch interactions, but the result is that Growth Hubs have engaged 8% of all businesses in England – higher than the 2.5% ambition set in BEIS reporting. To achieve this, Growth Hubs

¹ Feeding useful, granular business intelligence to BEIS that would help in the design and delivery of (potentially more targeted) interventions

² Growth Hub models combine various levels and types of general, sectoral, or thematic expertise with in-house (within the LEP) and outsourced delivery approaches. In-house models are deemed to allow for greater integration and interaction with local policy design and delivery

have used several means for engagement,³ and data suggests another surge of interactions driven by the COVID-19 pandemic.⁴ Analysis of data across individual Growth Hubs suggests that the Growth Hub type⁵ does not affect proportional engagement. There was a sense among stakeholders that Growth Hubs could (or should) now be more strategic in how they target businesses going forward, and Growth Hub leads themselves detailed future target groups.

The Growth Hubs offer a wide variety of support, including access to national provision, broad support categories (such as funding, sales and marketing, regulatory advice), and as a minority support related to specific thematic areas or sectors (such as manufacturing or low carbon). That support is tailored to local contexts is a fundamental aspect of the Growth Hubs, though this also leads to a lack of consistency and cohesion across the network. Productivity was described as having been a focus in initial support design, although it was largely agreed that resilience had become a more overt focus in the last 18-24 months

Partners, stakeholders, and businesses believe that the Growth Hubs are delivering relevant support for businesses in their areas, and the localised nature of Growth Hubs was again thought to be essential to this. In consultation, prevalent business needs were thought to be related to COVID-19 and EU Exit, with neither regarded as particularly short-term, though consulted businesses also listed access to finance, advice and guidance, and staff issues as primary drivers of engagement. These issues are not specifically shaped by location or type of Growth Hub, with the local factor more important to presence, trust, and more detailed tailoring (e.g. guiding individual businesses through the landscape of support in a dialectical manner.

Across the network, the Growth Hubs have clear potential to simplify the business support landscape,⁶ and there are evident consistent volumes of referrals to other programmes. In addition, all Growth Hubs appear to be undertaking significant, ongoing strategic stakeholder engagement and management to expand the available support offer in their local areas, however, weak messaging and a lack of cohesion and consistency of offer across the country-wide network may impact success in this area.

Turning to the effectiveness of the Growth Hubs for business, partners, stakeholders, and businesses themselves see Growth Hub support as impactful. Businesses often described Growth Hubs as a valuable resource that can help find and broker access to a variety of support products, as well as helping develop a better understanding of their own needs. Businesses described the 'human-centred' approach of the Growth Hubs as essential and advantageous, particularly in times of heightened uncertainty, such as during the COVID-19 pandemic. There are a number of examples of resultant business behaviour changes following Growth Hub support, including pivoting to new areas.

Econometric analysis reveals positive effects on business growth. Engagement with the Growth Hubs boosted employment levels for supported businesses, with the difference between beneficiaries and non-beneficiaries having gradually increased over time. Beneficiaries demonstrates an average 14% increase in employment one year after first engagement and

³ Including newsletters, events (physical and virtual), and leveraging partners and other local networks

⁴ Due to increased visibility from national campaigns related to COVID-19 support, and increased need among businesses for help in navigating uncertainty

⁵ The typology for the study classifies in-house and outsourced Growth Hub models with degrees of generalism or specialism in the support offered

⁶ Acting as intermediaries and 'honest brokers' for example

an average 22% increase in employment after five years, compared to no visible change among control group businesses. In terms of turnover, there is an evident sustained growth. Relative to the baseline, beneficiaries report an average increase of £782k one year after the first intervention, compared to £294k for non-beneficiaries (a difference of £487k, or average increase of 19% vs 7% average increase, respectively). The equivalent increase five years post-treatment is higher, at £953k (26 log points, on average). The effect of Growth Hub support on labour productivity is more mixed. The level of labour productivity increases for both treatment and control group businesses. One year after receiving support, the labour productivity of beneficiaries is around £5.4k higher than its two-year average before treatment, while that of non-beneficiaries is £10k higher (4.9% vs 5.1% average increase). While beneficiaries fall behind non-beneficiaries in the first three years after receiving support, they subsequently experience stronger performance in the following two years. Examining these effects by intensity of support received shows positive impacts resultant from high, medium, and lower intensity support, though some caution is required in interpreting these results.

Looking forward, all consulted Growth Hubs have plans to further enhance their support offer in the future, with the predominant plans focused on deepening Growth Hub-LEP integration, or furthering systemic, horizontal integration. A number of Growth Hubs discussed plans to become more 'holistic' in how their service is delivered. More broadly, there are a number of key constructive criticisms from the evaluation that, if addressed, could enable the Growth Hubs to build on these positive messages. These include a perceived lack of awareness among businesses of the Growth Hubs and their offer, which Growth Hub leads, partners, and stakeholders attributed to poor messaging and ongoing confusion within local and regional ecosystems. In addition, increased consistency of offer across the network, and improved resourcing (particularly longer-term funding settlements) could enable the Growth Hubs to retain high value staff and work more effectively.

Recommendations

Building on the findings of the evaluation, we present five interlinked recommendations, below.

1. Improve the consistency of the offer across the network

The localised nature of the Growth Hubs is essential to the relevance of (and trust in) the support offer. This was tested by the increasing challenges presented during the COVID-19 pandemic, and Growth Hubs were found to be increasingly important to many firms' prospects of survival. Many consultees remarked on the importance of the localised nature of the Growth Hubs as agents of ecosystem development, and as informants on local needs in light of national policy making and decisions. However, the highly localised nature of the Growth Hubs has been reported as having led to inconsistencies in what is available in different areas of the country, and even within regions. This invites a role for increased oversight and ensuring that businesses know what to expect regardless of which Growth Hub is contacted (for example if a business has multiple sites or locations). There is also a need to increase cohesion across the network.

2. Support further development of the offer and modes of delivery, learning from the experience of the pandemic

The lessons of helping businesses through the COVID-19 pandemic and the implications of the EU Exit process offers a view on the value of the Growth Hubs and their support offer. It is clear that, despite constraints and challenges, Growth Hubs have adapted to delivering important and impactful support in the navigation of complex scenarios. Key to this has been the ability of the Growth Hubs to leverage their local trusted presence and knowledge to engage in dialectical support delivery. This has demonstrably helped businesses to better understand their own needs and options, which may not have been immediately clear even to the businesses

themselves. This suggests a clear role going forward in helping businesses to address other complex agendas, such as with relevance to the Net Zero agenda, and support resulting from the Levelling Up agenda or other emergent mechanisms.

There are lessons for delivery modes too. It is clear that the digitalisation of delivery resulting from the pandemic has offered new ways of both reaching businesses and for businesses to access business support. This has been beneficial but should not replace face-to-face delivery, which many businesses appreciate (and may also be important to various types of support delivery). This would suggest a hybrid approach as a way forward, albeit one which should be fostered carefully.

3. Improve communication and marketing of the network

The offer of the Growth Hub is evidently complex, both within individual Growth Hubs and at the network level. Linked to the first recommendation, it is important to improve the visibility of what is available from the Growth Hubs. However, if Growth Hubs are to be retained, it is perhaps even more important to ensure clear messaging about their place in the landscape. In the current vision, this would entail presenting the Growth Hubs as the 'one stop shop' or a first stop for any and all business support needs. This is largely underway, with materials being developed by the national coordinator, but there will need to be a clearly-developed vision, an agreed outcome, and carefully-considered targeted communications.

4. Increase resourcing for the Growth Hubs, directly or indirectly

The work of the Growth Hubs is resource intensive, and while the Growth Hubs themselves are confident of their resourcing and capacity, actors from other areas of the landscape felt that the Growth Hubs could do more with increased funding. The nature of resource allocation has implications for issues such as staff retention, and may also feed into messaging considerations. Longer-term commitments would allow Growth Hubs to better retain staff, build resourcing and capacity, and also communicates that Growth Hubs will be in place for the foreseeable future. Growth Hubs should retain a responsibility for 'crowding in' funding, though there may be differences in capacity and capability across the network that could be addressed with guidance, perhaps via existing peer support mechanisms. This invites an examination of future scenarios for investment, perhaps also seeking a collective or bottom-up view via the Growth Hub clusters or other coordination structures such as working groups.

5. Improve data collection and reduce bureaucracy

The individualised nature of the Growth Hubs also leads to inconsistency in data collection and how information is recorded. This presents difficulties and is a limiting factor to analysis, and we recommend that this is addressed. This is underway via a dedicated working group, to which emerging findings from this evaluation have contributed (see Appendix E). It will be essential to foster consistency in recording to improve data analysis between evaluations, and a clearer view of attribution of impacts.

We believe that it would be extremely valuable to government and the Growth Hubs to have a better view of Growth Hub activity (e.g., a clearer understanding of uptake of different support products across the network). This should include the development of ways to ensuring consistency in how support products are recorded, how support intensity is defined and recorded, and capturing the provider of source of funding of support products and referrals. These are areas in which the evaluation team found particular difficulties and limitations with provided data.

Addressing these areas will help in the continued development of consistency and cohesion across the network, allowing responsible parties to monitor demand more reliably in different parts of the country, and will increase analytical capacity. This should be carefully managed,

as Growth Hubs may feel that this is burdensome in the first instance – particularly where there have been recent changes to Customer Relationship Management (CRM) systems.

1 Introduction

1.1 This study

This study aims to fill a significant gap in the evidence base for business support interventions,⁷ and comprises a process evaluation, an impact evaluation, and a strategic evaluation of the Growth Hub network. This evaluation builds on individually-commissioned evaluations of Growth Hubs from within the last three years,⁸ and an evaluation of the Growth Hub pilot published in 2018.⁹ The study provides a robust evaluation for the network of Growth Hubs as a whole, and has four primary study objectives:

- i) Improve the understanding of the Growth Hubs' activity
- ii) Assess how far Growth Hubs provide easy, quick, and simple business support
- iii) Better understand the business customer journey and associated impact through Growth Hub data analysis
- iv) Further understand the Growth Hubs' role in the wider business support landscape

In addition to improving the understanding of how the network of Growth Hubs operates, the evaluation aims at providing evidence to inform future decisions about the funding and/or operation of Growth Hubs at the national and regional/local levels. The study also identifies delivery challenges and best practice, that could serve to inform future activities across the network and within national government. Our evaluation takes into account the suite of measures introduced in response to COVID-19.¹⁰

The evaluation addresses three research questions:

- Q1) How do Growth Hubs deliver business support? (Process)
- Q2) How effective are Growth Hubs at providing simple, more joined up, easily accessible business support? (Impact)
- Q3) How do Growth Hubs fit in with the wider business support landscape and what value do they add? (Strategic)

1.2 This report

This report presents the final findings from the evaluation and is structured along the main evaluation questions, (and subsequent sub-questions). The remainder of this report is structured as follows:

- **Chapter 2** introduces the network of Growth Hubs, including the rationale, main developments, and a Theory of Change for the evaluation of the Growth Hubs
- **Chapter 3** addresses research question 1: 'How do Growth Hubs deliver business support? (Process evaluation question)'

⁷ There is a need for a robust evidence base on the Growth Hub network's operations at the national scale, particularly in light of the upcoming Comprehensive Spending Review (delayed from July 2020).

⁸ For example, Heart of the South West (2017: <https://heartofswlep.co.uk/wp-content/uploads/2017/05/Heart-of-the-SW-Growth-Hub-evaluation-final-report15-03-2019-revised.pdf>), Marches (2017, <https://www.marchesgrowthhub.co.uk/assets/marchesgrowthhubreviewevaluationreport.pdf>), Sheffield City Region (2019, <https://governance.sheffieldcityregion.org.uk/documents/s2335/Appendix%201.pdf>)

⁹ Covering five pilot hubs, and focusing on process, activities, and testing/learning

¹⁰ Including additional grant funding channelled via the Growth Hubs for supporting recovery among small businesses. See: <https://www.gov.uk/government/news/20-million-in-new-grants-to-boost-recovery-of-small-businesses>

- **Chapter 4** addresses research question 2: 'How effective are Growth Hubs at providing simple, more joined up, easily accessible business support? (Impact evaluation question)'
- **Chapter 5** addresses research question 3: How do Growth Hubs fit in with the wider business support landscape and what value do they add? (Strategic question)
- **Chapter 6** sets out the conclusions and recommendations from the evaluation

2 The network of Growth Hubs

2.1 The rationale for the introduction of the network of Growth Hubs

The central purpose of the Growth Hubs programme is to improve the business support landscape in England in order to better support economic resilience and growth as well as job creation. The rationale of the Growth Hubs network is to address the gap between, on the one hand, the recognised need for business support (particularly for SMEs), and, on the other hand, the actual use of business support services by firms.

The Growth Hubs replaced the national Business Link service, which comprised an overarching website, national telephone number and regional face-to-face presence supported by dedicated offices.¹¹ Business Link was not renewed when the contract came to an end, coinciding with the abolition of the Regional Development Agencies in 2011. Originally, the private sector was envisioned as being able to fill the gap of business support provision, though this created difficulties for businesses in understanding where to go to find support.

There is a particularly strong need for effective business support for SMEs due to many struggling to find the support they need to access supply chains, plan effectively, and scale up. SMEs have long been regarded as essential drivers of growth in the UK economy,¹² and research has shown that SMEs that utilise support services during their early years of development are more likely to succeed in creating high value companies.¹³ Without accessing support, SMEs may struggle to compete with larger businesses because they lack the same access to external finance, the information about the availability and benefits of using external sources of advice, and struggle to appropriate the full economic benefits of their investments in training and research and development.¹⁴

However, despite these benefits to SMEs from seeking support, the take up of business support by SMEs is low because it may be difficult to assess the benefits of bespoke advice and support without having yet experienced it.¹⁵ This means the support can be undervalued. Compounding this issue is the situation that the business support system at the local and national levels is historically fragmented and complex for small businesses to navigate. Among reasons for this include market failures in business support, from information inequalities, concerns about the cost/value of services, and concerns about the trustworthiness of external support and advice,¹⁶ to access to finance, access to foreign markets, and difficulties in recruiting qualified staff.¹⁷

The Growth Hubs aim to address these issues by promoting business support services to SMEs and by creating a simplified and attractive first entry point for them to access the support they need. An additional function of the Growth Hub model is to act as a bridge between national

¹¹ The face-to-face element was estimated to cost approximately £150m per year by consulted stakeholders

¹² See: BEIS (2013, <https://www.gov.uk/government/publications/smes-enablers-of-success-and-economic-rationale-for-government-intervention>), and OECD (n.d., <https://www.oecd.org/cfe/smes/2090740.pdf>)

¹³ Understanding Localised Policy Interventions Final Draft Synthesis Report, Department for Business, Innovation and Skills, August 2013

¹⁴ Ibid

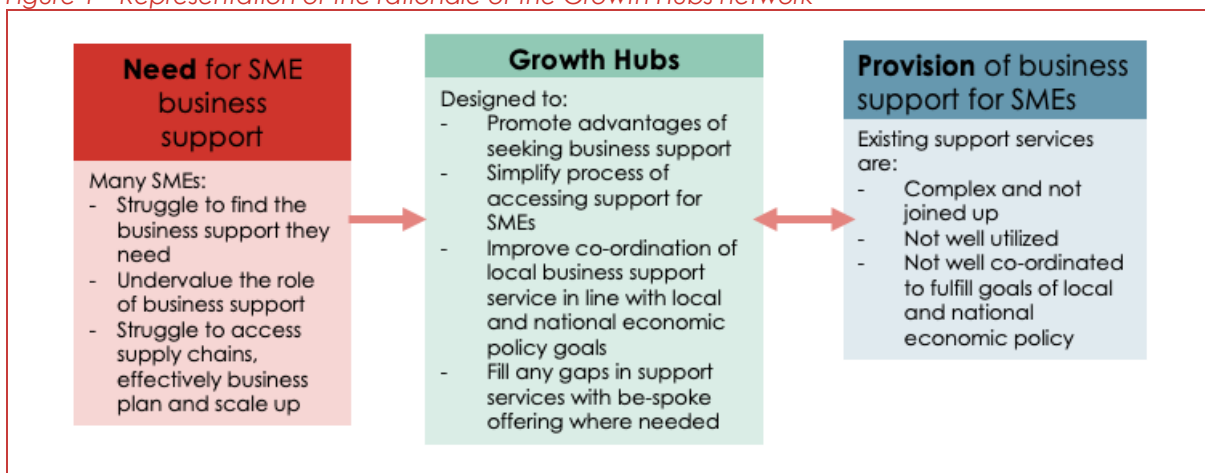
¹⁵ Ibid

¹⁶ See BMG Research (2011, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32250/11-1288-research-barriers-to-use-of-business-support.pdf)

¹⁷ See OECD (n.d. <https://www.oecd.org/cfe/smes/2090740.pdf>)

level policies and local level business support needs. This includes channelling nationally-provided schemes into local businesses as appropriate. The governance model also supports this co-ordination rationale. Growth Hubs are locally led and charged with bringing together the local, national, public, and private sector bodies involved in the business support system in an effective manner with the local business customer at the centre of the system. There have been additional considerations for the rationale of the Growth Hubs recently, related to support for businesses to navigate the COVID-19 pandemic. The rationale is represented in Figure 1, below.

Figure 1 Representation of the rationale of the Growth Hubs network



Source: Technopolis analysis based on scoping interviews, programme documentation and the following external documents: Growth Hubs Policy Presentation November 2020; Understanding Localised Policy Interventions Final Draft Synthesis Report, Department for Business, Innovation and Skills, August 2013; Growth Hubs pilot work evaluation, Final Report, HMRC, April 2018

2.2 The development of the network of Growth Hubs

2.2.1 The Growth Hub concept

The concept of the Growth Hubs has a root in the model designed by Greater Manchester, which received initial pump-prime funding via the Wave 1 City Deal programme. Subsequently, several local authorities and LEPs created their own Growth Hubs based on the Greater Manchester model, funded via self-identified sources.¹⁸

The second wave of City Deals, run in collaboration with Lancaster University, secured £32m to create a Growth Hub in 15 other cities, bringing the overall number in the network to 18. This was followed by funding leveraged via the Lord Heseltine 'No Stone Unturned' review, which secured another £14m for the establishment of more Growth Hubs in 2015/16.

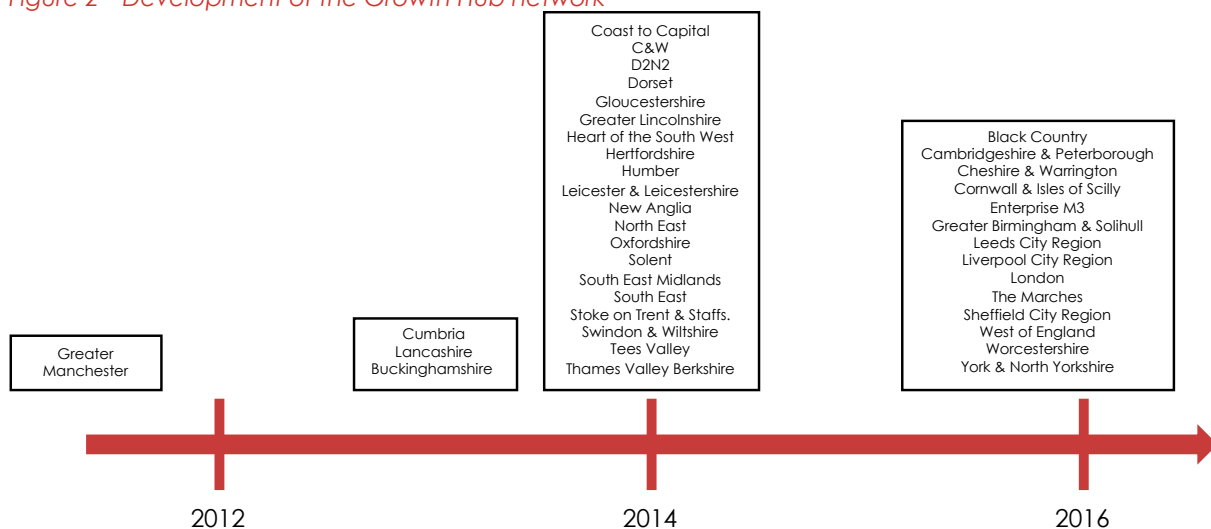
The network grew in successive waves with the funding and number of Growth Hubs increasing year on year until November 2016, when the then 39 LEPs had launched their version of the service.¹⁹

The development of the Growth Hub network is represented as a timeline in Figure 2, below.

¹⁸ These were: Cumbria (Chamber of Commerce and Rural Growth Network funding), Lancashire (local authority-funded), and Buckinghamshire

¹⁹ Growth Hubs Policy Presentation November 2020

Figure 2 Development of the Growth Hub network



Source: Technopolis, based on desk research

The 2017 Spending Review allocated two years of Growth Hub funding (set at £12m per annum), which was mirrored at the next Spending Review.²⁰ The 2020 Spending Review informed funding for 2021, setting a total of £22m for the year.²¹ By April 2022, government will have invested a total of £96m of core funding in Growth Hubs.

Logistically, Greater Manchester provides a national coordination role for the Growth Hubs, which are also coordinated in regional clusters, with the coordinator role undertaken by a Growth Hub in each area, who are provided with additional funding for the role. The clusters provide an avenue for reporting, communications and sharing of practice.²²

2.2.2 An overview of an 'average' Growth Hub

While there is significant variety across the network of Growth Hubs, it is possible to describe an 'average' Growth Hub, insofar as establishing shared characteristics and average resourcing levels. However, this exercise also serves to highlight the diversity across the network further.

The study team examined the latest annual reports of the Growth Hubs as submitted to BEIS. These reveal some detail on resourcing, albeit with clarity largely around BEIS funding only.²³ The average BEIS Core funding for Growth Hubs recorded in 2020/2021 was £315,790, albeit ranging from £205,000 to £656,000 in individual cases.²⁴

In order to understand the human resourcing of Growth Hubs, the study team reviewed the previous external evaluations of the Growth Hubs that had commissioned such exercises, and reviewed the websites of a sample of Growth Hubs. For those that offer information about their staffing (over and above simply listing senior management team members), the average team size (headcount) was 22 individuals, with a range from seven to 31 individuals. These teams

²⁰ In summary, core funding was £14m 2015/16 and then £12m from 2016 – 2020

²¹ By contrast, the regional face-to-face element of the preceding Business Link contract cost £150m per annum

²² Including, for example the funding made available for EU Exit, COVID-19, and business intelligence gathering

²³ Other funding is noted, including that secured via ERDF and LEP or local/combined authority, though it is not recorded in a consistently clear or detailed way to allow a robust average or comparison to be drawn

²⁴ Via BEIS allocation data

comprise senior management, business advisers, and policy-facing individuals, with a small number of administrative staff in some examples.

2.3 The Theory of Change for the network of Growth Hubs

The Theory of Change has been developed to explain the causal links, assumptions, and key conditions that underpin the relationships between the various aspects of the Growth Hub intervention, and specifically the flow i) from outputs to outcomes, ii) from outcomes to first-order impacts, and iii) from first-order impacts to second-order impacts, including the underpinning assumptions for these flows.

The Theory of Change is also designed to set out the potential external influences that may have a positive or negative effect on the achievement of the Growth Hub network's objectives.

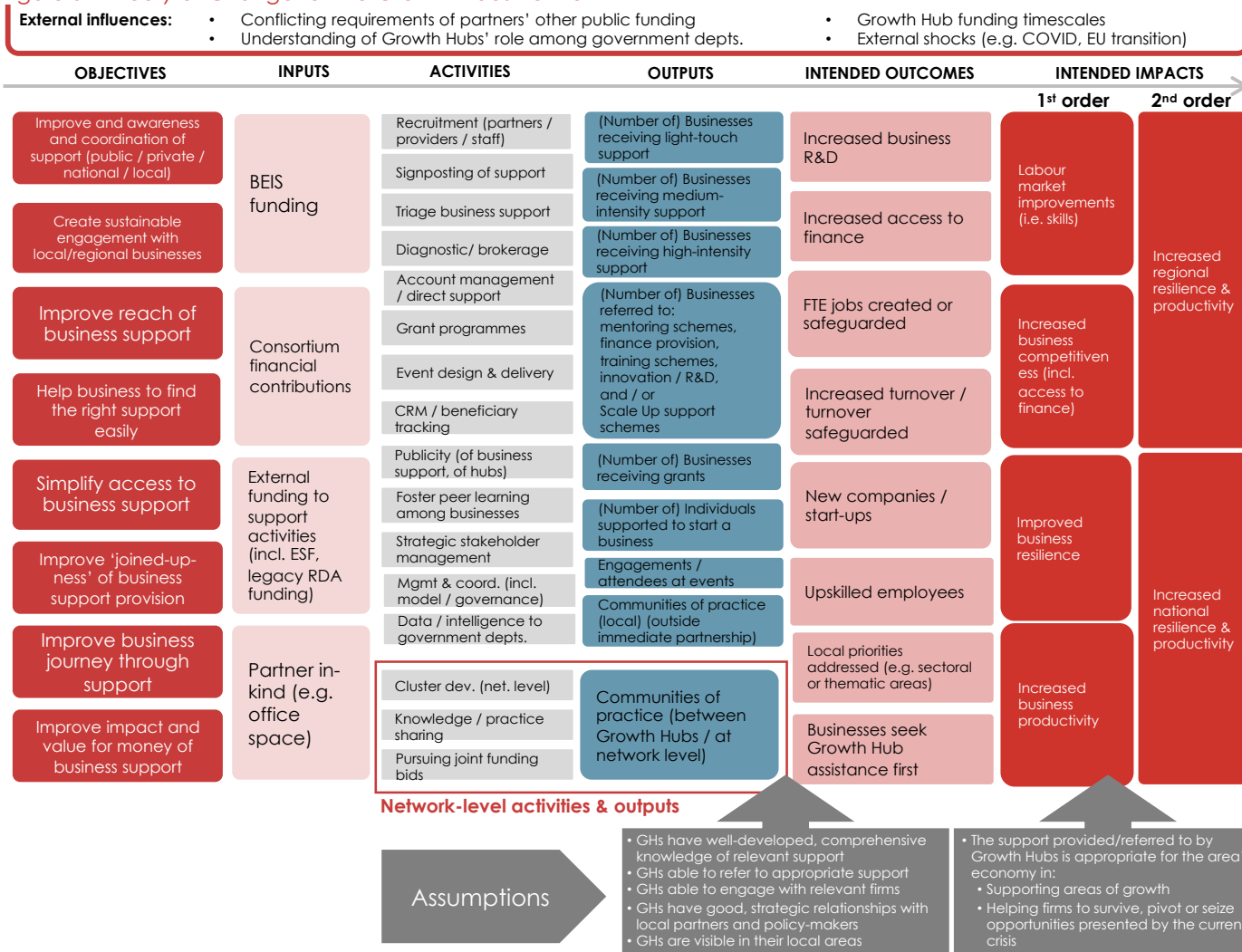
The Theory of Change is based on an initial Programme Logic Model, which was developed as a first step to developing an evaluative overview of the network of Growth Hubs. A Programme Logic Model is a schematic structure that shows the relationships between the inputs and activities of an intervention, plus its outputs, expected outcomes and intended impacts.

The programme Logic Model was developed through a number of inputs: Review of prior evaluations, review of annual reports, review of annual performance data submitted to BEIS, and a series of scoping interviews.

Following the development of the Programme Logic Model as per the above, the study team held two workshops with Growth Hub leads (16th and 17th of December 2020) to validate the model and commence the development of the Theory of Change.²⁵

²⁵ The two workshops were attended by a total of 43 individuals from 29 Growth Hubs, LEPs and Combined Authorities from across England

Figure 3 Theory of Change for the Growth Hubs network



Source: Technopolis, based on analysis of annual reports, annual performance data, scoping interviews, and Growth Hub workshops

2.3.1 Inputs

The Growth Hubs are supported via a complex mix of funding and in-kind inputs. These include BEIS funding, local authority funding, European Structural Funds, and other sources such as Rural Networks funding. Due to this portfolio approach to funding sources differing across Growth Hubs dependent on local operating contexts and relationships, the scale of available funding is uneven across the network.

All Growth Hubs receive a share of BEIS core funding allocated through the Government Spending Review. These settlements have comprised funding to support the establishment of the Growth Hubs and to put in place the key operational aspects.

In consultation, many Growth Hubs have discussed using their BEIS funding to deliver their base services, whereas other services (advisory services, etc.) are often paid via European Regional Development Fund (ERDF) allocations. BEIS funding was discussed as being used more flexibly, to be more short-term, reactionary, innovative.

Due to the conditions of funding set by BEIS, Growth Hubs cannot charge for services, but are encouraged to secure match funding (though this is not a formal requirement).

In-kind contributions include, for example, provision of office space via partners such as local authorities, chambers of commerce and universities.

2.3.2 Activities

6. As set out in Figure 3, above, the Growth Hubs undertake a wide range of activity, from business-facing actions such as various tiers of business support,²⁶ to support for individuals to start a business, and events.²⁷ Growth Hub support to businesses can include referrals and direct support, and the engagement of local, regional and national actors. Growth Hubs also foster peer learning via alignment with the Peer Networks programme.²⁸ These activities can be classified as business-facing activities, strategic activities, and government-facing activities. In addition, some activities are conducted at the level of the network of Growth Hubs.
7. **Business-facing activities.** Growth Hubs primarily provide a 'front window' for businesses, bringing together all actors that provide business support, across the national/local and public/private spaces. Growth Hubs have a role as broker and facilitator for this diverse range of actors and provision. The principles of funding require Growth Hub services to be free of charge, impartial, and to make services available through a range of channels, including the national helpline and face-to-face where feasible.
8. **Strategic activities.** In addition to business-facing activities, Growth Hubs have a significant strategic role in bringing together partners. This emphasis on strategic stakeholder management is resource-intensive and ongoing, and requires the engagement of high-level personnel that are able to hold strategic conversations with partners and other actors. In addition to this, the Growth Hubs have been required to make decisions around their governance and delivery models. This includes, for example, deciding whether to

²⁶ 'Light touch' support (triage, information and/or signposting support), 'medium intensity' support (information, diagnostic and brokerage support), and 'high intensity' support (account management, intensive support directly provided by the Growth Hub or partner organisation)

²⁷ Including, for example, the development and delivery of events such as conferences, workshops, seminars, and masterclasses. In many cases these have transitioned to digital/remote delivery during the COVID-19 pandemic

²⁸ See: <https://www.peernetworks.co.uk/>

undertake support via outsourced or in-house models. This is explored further in the developed typology of Growth Hubs (section 3.2).

9. **Government-facing activities.** The Growth Hubs have an emergent role in the collection and provision of live granular data on businesses in their areas to government departments, initially due to EU transition and latterly related to the impact and mitigation of COVID-19.²⁹ This has become a high-profile and valued activity, with several government agencies looking to leverage Growth Hub collected data in the future.
10. **Network-level activities.** We have drawn a distinction between locally-focused activities and network-level activities. The latter include the development and maintenance of the Growth Hub clusters (for those nominated as cluster leads), knowledge sharing and practice exchange, and the pursuit of joint funding bids. The Growth Hub clusters also act as a coordination mechanism for Growth Hub engagement with government.

2.3.3 *Outputs*

Outputs are the immediate consequences and results of activities delivered by the Growth Hubs. These tend to be 'countable' aspects such as the number of supported businesses (rather than benefits or effects) but may also be qualitative in nature.

Many of the quantitative outputs are captured via the annual performance data collated by BEIS following the submission of monitoring data by Growth Hubs. The monitoring data reflects many the activities identified in the Theory of Change developed for the Growth Hubs, such as the number of businesses or individuals receiving light-touch, medium-intensity or high-intensity support, or those being referred to other types of support schemes or programmes.

In the development of the Theory of Change, the study team has identified and classified other outputs resultant from the activities of the Growth Hubs that are not captured in the monitoring data. These include grant awards (where applicable), and engagements in the range of events developed and delivered by Growth Hubs.

In addition to these quantitative outputs, we have identified two qualitative outputs. These are resultant from peer support and network-level coordination, including the development of the Growth Hub clusters: communities of practice at both the local and network levels.

In consultation, it emerged that significantly more focus is being placed on the resilience agenda, in recent months linked to the COVID-19 crisis and EU transition. As such, consideration should be given going forward as to whether business survival could also be recorded (those that have survived/pivoted). This may be of particular relevance to record in addition to the number of individuals supported to start a business.

2.3.4 *Outcomes*

The outcomes as characterised by a Theory of Change relate to short-term business or local-level effects. The intended outcomes of the Growth Hub intervention have been developed along three main areas: business-related comes, local-level outcomes, and Growth Hub-level outcomes.

The **business-related outcomes** describe the expected effects (among participant businesses) of receiving support via the Growth Hubs. These are as follows:

²⁹ Including, for example, indications of redundancy intentions

- Increased business R&D (i.e. those businesses referred to innovation or R&D programmes experience an ability to invest in or undertake more R&D activity)
- Increased access to finance (i.e. those businesses referred to finance provision experience an ability to locate and access greater funding, via angel networks, banks, project grants, other schemes in the national/local purview)
- FTE jobs created or safeguarded: (i.e. those businesses receiving support experience either continued retention or creation of new positions. It is likely that the support will be more high-intensity, or high-value. This outcome can relate to either growth or resilience objectives)
- Increased turnover / turnover safeguarded (i.e. those businesses receiving support experience either maintenance of turnover, or increased turnover via increased productivity or competitiveness. It is likely that the support will be more high-intensity, or high-value. This outcome can relate to either growth or resilience objectives)
- New companies created (i.e. those individuals that receiving support to start a new business have done so. This does not reflect the survival rates of those new businesses)
- Upskilled employees (i.e. those businesses receiving skills or training support experience an uplift in the competence levels of their staff, or the creation of new skills (e.g. digital skills)

Within the framework of the Theory of Change for the Growth Hubs, a number of assumptions and enabling factors underpin the efficacy of moving from outputs to the above sub-set of outcomes. These are summarised in Figure 3, and are further described below.

First, it is assumed that Growth Hub staff have a well-developed and comprehensive knowledge of relevant support for businesses in their area (i.e. among partners, other providers). This is essential to the diagnosis and appropriate referral of businesses to support. Second, the Growth Hub must be able to refer to appropriate support provision, such as UKRI project grants (for innovation/R&D support), angel networks or the British Business Bank (for financial provision), or local training providers. Third, the Growth Hubs must be able to engage with relevant businesses (i.e. the model of engagement or outreach is suitable to reach and communicate the Growth Hub support to businesses that can make use of support).

The **local-level outcome** is the ability of the Growth Hubs to be able to respond to the local industrial strategies or Strategic Economic Plan priorities of their local areas, and to feed intelligence and business knowledge gathered from the local area into strategic policy making at the local and national levels. For this, Growth Hubs require appropriate resourcing and strong strategic relationships with local, regional, and national partners and policy-makers to facilitate the flow of information and shaping of ongoing practice. This outcome is related to the strategic stakeholder management and data provision role of the Growth Hubs, and given the size of the intervention, we would expect the Growth Hubs to make a contribution towards this objective, which is likely to be heavily influenced by other external factors and interventions.

The **Growth Hub-level outcome** is the eventuality that businesses regard the Growth Hub as the first port of call for support. There is significant importance given to attaining sustainable engagement with a critical mass of businesses, who would regard the Growth Hubs as a 'first stop shop' (but not a 'one-stop shop') and as brokers for business support. Strategic capacity and clear branding/communications/awareness are important enablers of this, in order to ensure that Growth Hubs are visible in their local areas, that businesses are aware of the role/purpose of the Growth Hubs, and that strategic partners actively cross-refer with Growth Hubs.

2.3.5 Impacts

In the Theory of Change developed for the Growth Hubs, impacts are longer-term, more macro-level benefits. In the context of this evaluation, we have developed first-order and second-order impacts. The first-order impacts related to participating businesses and the immediate labour market, while second-order impacts relate to regional and national economic impacts. Due to the nature of support provided via the Growth Hubs, attribution will be considered cautiously.

In framing these impacts, increasing importance is given to resilience and navigating both the COVID-19 pandemic and EU transition, in which the Growth Hubs have a significant role. This is in addition to the productivity and growth agenda.

The **first-order impacts** of the Growth Hub support are set out below

- Improved labour market performance (i.e., from improved skills, training, increased employment)
- Increased business competitiveness (i.e., from innovation/R&D support, access to finance, other support)
- Improved business resilience (i.e., from innovation/R&D support, access to finance, other support)
- Improved business productivity (i.e., from innovation/R&D support, access to finance, other support)

Within the framework of the Theory of Change for the Growth Hubs, a number of assumptions and enabling factors underpin the ability to move from outcomes to the above sub-set of impacts. These are summarised in Figure 3, and are further described below.

Primarily, it is assumed that these impacts are made possible by the appropriateness of the support provided/referred to by Growth Hubs for their local area's economy in terms of appropriate areas of growth or survival, and that the support the supported businesses have the capacity to build on support provided in order to experience benefits.

The second-order impacts are as below

- Increased regional resilience and productivity (i.e. the totality of business and labour market impacts leads in aggregate to regional economic impact)
- Increased national resilience and productivity (i.e. the totality of business and labour market impacts leads in aggregate to regional economic impact)

Within the framework set by the Theory of Change, in order to move from first-order to second-order impacts, it is assumed that Growth Hub actions are being coordinated across the network (and broader business support landscape), and that policy decisions are made in light of appropriate intelligence.

2.3.6 External influences

In the development of the Theory of Change, the study team has analysed and consulted on the external influences that may affect the ability of the Growth Hubs to deliver the outcomes and impacts detailed above. These have been grouped in four areas: i) conflicting funding requirements, ii) the understanding of the role and place of Growth Hubs, iii) funding timescales, and iv) external shocks. These are set out in turn below.

The first external influence to consider is one that has – according to consultation – mitigated some development of relationships with partners. The **conflicting requirements** of other public funding among partners (e.g. the need for organisations such as Chambers of Commerce to

record business support hours for European Structural Funds) has resulted in some difficulties in fostering referrals.

The second external influence is the **understanding of the Growth Hubs' role** among Government departments. While Growth Hubs are increasingly seen as a route through to engaging with local businesses by departments such as DIT, DCMS, and DEFRA, there has been discussion in consultation of a lack of awareness of the Growth Hubs across public policy circles. This was characterised as having led to a lack of clear messaging in terms of the clarity of role, importance and position of Growth Hubs in the business support landscape, including some contradictory narratives³⁰ and occasional contradictory actions.³¹

The third external influence is the **funding uncertainty and timescales** of the Growth Hubs. There is a sense among Growth Hubs that short-term funding 'sends the wrong message' to the marketplace and may discourage partners, who are sceptical about the longevity of the Growth Hubs, from cooperating fully. This was thought to also place more pressure on the strategic stakeholder engagement and management strand of activity.

The fourth external influence relates to (global or national) **external shocks** that affect the broader environment. In consultation, both positive and negative effects were discussed. For examples, while COVID has been negative for many businesses and individuals, the channelling of support for businesses channelled through Growth Hubs – and related communication campaign – has pushed Growth Hubs to the forefront, and has boosted their profile among businesses that need support. Similarly, the role of Growth Hubs has been transformed through the measurement of reaction to EU transition, boosting the emphasis placed on intelligence gathering and provision to government.

³⁰ In consultation one example was offered of recommendations made in the review of the Midlands Engine to simplify business support for manufacturers

³¹ For example, other local or regional bodies entering the business support space via public funding, such as IPO support delivered in libraries

3 The provision of business support by Growth Hubs (RQ1)

3.1 Implementation and uptake of Growth Hub of support

To deliver support, the Growth Hubs work within a broad network of partners, both horizontally and vertically.³² These partners include central government departments and local partners, such as local/regional Chambers of Commerce, representatives of the Federation of Small Businesses, universities, Enterprise Zones, local training providers, professional services companies, consultancies, professional bodies, and local organisations working to deliver national programmes.³³ The development and maintenance of partnerships requires significant strategic engagement efforts.

The Growth Hubs align (or 'centralise') national and local business support offer, with the intention of making the ways in which businesses find and access relevant support easier to navigate, or 'hiding the wires' for businesses, as several consulted stakeholders phrased it in interview. This strategic stakeholder engagement was described in consultation as being the pro-active and long-running curation of partners and providers, including strategic coordination. This was discussed in collaboration as being of central importance to the work and effectiveness of the Growth Hubs.

The implementation model for the Growth Hubs has remained largely stable since the first Growth Hub was created in 2012. There have however been **two significant developments in recent years that have altered the implementation activities of the Growth Hubs** network.

The first significant change has been the development of Growth Hub clusters in late 2019. The clusters were initially designed to provide a structure to coordinate the contribution of the Growth Hubs to helping businesses prepare for EU exit. The idea was that the clusters would help create a more consistent approach and improve efficiency through enabling Growth Hubs to partner on the EU exit services where appropriate. Since then the clusters have also taken a key role in administering business support relating to the challenges of the COVID-19 pandemic. The clusters are also intended to have more general benefits, beyond EU exit and COVID-19, consisting of: allowing the sharing of best practice and knowledge, providing a structure for partnership working, and enabling government to reach out to Growth Hubs more easily so that Growth Hubs can be more embedded in national policy development and delivery.³⁴ There are 10 clusters based around economic geographies and existing links. Each cluster has a lead Growth Hub who acts as the regional co-ordinator. Greater Manchester acts as national coordinator.

The second significant development in the type of activity Growth Hubs are undertaking an increased emphasis on translating policy actions from the national to the local level. In particular, in 2020, Growth Hubs have taken on significant amounts of funding from government to help deliver support services, largely through grants and advice services to businesses in relation to the delivery of the EU Exit Business Readiness programme at the regional level and the COVID-19 response. As explained above, these services are delivered via the

³² 'Horizontally' refers to partnerships and working arrangements at the same level of governance (e.g., with regional stakeholders, public sector partners, and other Growth Hubs). 'Vertically' refers to partnerships and working arrangements with organisations at other levels of governance (e.g., central government, national organisations). These can incorporate both strategic and delivery partners

³³ As an example, see the Greater Manchester Growth Hub partners' page: <https://www.businessgrowthhub.com/partners>

³⁴ Draft Growth Hubs terms of reference (2020, internal document)

cluster model. In relation to COVID-19 the government announced, in July 2020, £20m in ERDF funding to the Growth Hubs network with focus on providing advice, and grants (of £1,000-£5,000) to help businesses access advice or equipment to help them adapt to COVID-19 restrictions.³⁵

3.2 Typology of Growth Hub delivery models

Sub-questions addressed:

- What is their model?
- Whether advice/support is external/internal and why

As discussed above, a key aspect of the Growth Hub implementation model is that the set-up, delivery model and range of activities should be locally driven and adapted to the particular business needs and context of the region being represented. The following factors have reportedly been key in shaping the development of individual Growth Hubs³⁶:

- Pattern of supply of business support (local, regional, and national) i.e. the degree of complexity in the landscape of business support which influences whether there is a need for enhanced coordination
- The level and type of demand among businesses
- The pattern of relationships and established ways of working between providers of support in the area
- Nature of available funding

These factors have resulted in each Growth Hub having its own individual character in terms of the emphasis of its activities and in the way it is set up.³⁷ To address this, we developed a typology, presented in Figure 4 (below), which serves as a unit of analysis throughout the evaluation, and has been used to compare and contrasts the achievements and results emerging from the different models.

The process of categorising the Growth Hubs into the typology was based on coding and analysis of the model and delivery activities described in Growth Hub annual reports, what is visible on public websites, and discussion with Growth Hub leads in the December workshops. The typology was tested in consultation with interviewed Growth Hub representatives by directly presenting the typology and asking for reflection. Other avenues explored in the development of the typology included the extent to which Growth Hubs deliver support via a physical presence vs via a digital or remote presence, though this potential axis was rendered moot by the digitalisation accelerated across the network as a result of the COVID-19 pandemic.

It should be noted that a large proportion of the volume of Growth Hub support relates to 'light touch' interventions (triage, information and/or signposting support) and referrals to other services. The typology developed for this evaluation is intended to encompass the totality of Growth Hub support and orientation, and as such takes this large proportion of light-touch

³⁵ See: <https://www.gov.uk/government/news/20-million-in-new-grants-to-boost-recovery-of-small-businesses>

³⁶ Review of the Sheffield City Region Growth Hub, Regeneris Consulting, 2018

³⁷ A similar typology was derived in the 'Broader or Deeper? Exploring the most effective intervention profile for public small business support' report related to Business Link and SME intervention strategy choices (Mole et al., 2011, p.91, available at: <https://journals.sagepub.com/doi/pdf/10.1068/a43268>)

activity as given. In addition, it should be noted that Growth Hubs do not generally refer businesses to non-free services. The two variables we have included in the typology are:

- i) Whether the services are primarily delivered in house by the LEP, and/or Local/Combined Authority or whether they are primarily contracted out to (for example) the private sector, Chamber of Commerce, or local university
- ii) Whether the Growth Hub has a strong sectoral focus or is more generalist in its approach

Neither of these two variables can be applied in an absolute way because most of the Growth Hubs will have some degree of outsourcing and some degree of sectoral specialism. We have had to exercise judgement as to whether the nature of their delivery³⁸ is *mainly* in-house or outsourced and whether their level of specialism would merit being described as *extensive*. Figure 4, below, shows the number of Growth Hubs that are in each category.

In terms of Growth Hub presence in the typology, Typology 2 (in-house with limited sectoral specialism) is the largest group with 13 Growth Hubs. Followed by Typology 1 (in-house with sectoral specialism) with 10 Growth Hubs. This means that most Growth Hubs are in-house (24 out of 38). Typology 3 and 4, which are mainly outsourced, have a combined 14 members. It is worth stating that these delivery models are subject to change and evolution, as a number of the Growth Hubs recently brought services in-house, and several others plan to do so from 1st April 2021.

Figure 4 Typology of Growth Hub delivery models

	Extensive sectoral specialism	Limited sectoral specialism
Mainly in-house	Typology 1 (in-house with sectoral specialism) Black Country Buckinghamshire Thames Valley Cheshire and Warrington Coventry and Warwickshire Leicester and Leicestershire Greater Manchester South East Midlands Swindon and Wiltshire West of England Worcestershire York and North Yorkshire	Typology 2 (in-house with limited sectoral specialism) Coast to Capital Cornwall and Isles of Scilly Greater Birmingham and Solihull Gloucestershire (GFirst) Humber (Humber & East Yorkshire w/effect 01/04/2021) Leeds City Region Greater Lincolnshire The Marches North East Oxfordshire Sheffield City Region Solent Stoke and Staffordshire
Mainly outsourced	Typology 3 (outsourced with sectoral specialism) Cumbria Dorset Enterprise M3 Heart of the South West Lancashire Tees Valley	Typology 4 (outsourced with limited sectoral specialism) D2N2 Greater Cambridge and Greater Peterborough Hertfordshire Liverpool City Region London New Anglia South East Thames Valley Berkshire

Source: Technopolis, based on analysis of annual reports and interviews

³⁸ Delivery includes services and products, for example coordination, advice, and direct business services and programmes (including financing, training, innovation), which may be sectorally-oriented or sector-agnostic

When asked about the benefits and drawbacks of different delivery models, interviewed Growth Hub leads focused on the in-house versus outsourcing dimension rather than the level of sectoral specialism. This may be because many Growth Hubs have been actively considering the in-house/outsourced model, and many have recently decided to change the delivery model by bringing services in-house.³⁹

A wide range of views was presented on relative costs and benefits of in-house/outsourced models, though the model that had the most positive feedback was the in-house model. While in-house delivery was deemed to be significantly more resource-intensive, interviewees described the following benefits to this model:

- Greater flexibility and agility as they do not have to adjust contracts in order to change the service (16%, six interviewees)
- Greater coherence with the LEP and other support services run by the local authority, and ability to pivot alongside changing policy priorities (8%, three interviewees)
- Helping LEPs to demonstrate that they are engaging directly with businesses (3%, one interviewee)
- Access to more data and information about businesses through direct engagement (3%, one interviewee)
- Better value for money (3%, one interviewee)
- Greater loyalty from staff (3%, one interviewee)
- Helping reduce perception of being in competition with other providers (3%, one interviewee)

Overall, interviewees were less positive about the outsourced delivery model. While this model was thought to provide benefits such as access to specialist skills and networks, greater agility for contractors to bring in required skills, and the ability to use a range of partners to get reach different localities, interviewees stated the following flaws:

- Potential conflict of interest among contractors in retaining customers within their organisation or portfolio (8%, three interviewees)
- Difficulty of managing contracts and co-ordinating multiple contractors (8%, three interviewees)
- Contractors may overly focus on delivering the contract numbers, rather than a more holistic, quality-focused approach (3%, one interviewee)
- Potential confusion for businesses in branding (3%, one interviewee)

These views did not differ by region or Growth Hub type.

³⁹ However, one Growth Hub has moved in the opposite direction and decided to outsource the service

3.3 Development and delivery of Growth Hub support

3.3.1 Resourcing of Growth Hubs

Sub-questions addressed:

- Do they have capacity, skills etc. to operate effectively?
- How this relates to funding they receive

Analysis of the latest annual reports⁴⁰ submitted by Growth Hubs to BEIS shows that resourcing across the network of Growth Hubs is rather uneven.

The core government funding received by Growth Hubs for financial year 2019/2020 varied from £205,000 to £656,000, with an average of just under £319,611. The annual reports detail additional funding and in-kind contributions totalling £98m, secured from various sources (ERDF, Combined Authorities and LEPs, local authorities, universities, partners, other public sources, and private sources). This is also variable across the Growth Hubs, in terms of both amount and source. For example, 17 Growth Hubs received ERDF funding, varying between £80,000 and £5.7m, with an average of around £2m. 10 Growth Hubs received funding from local authorities, ranging from £25,000 to £1.4m and averaging £366,000. Other sources are utilised by between one and five Growth Hubs.⁴¹

In terms of staffing, we again see significant variation. Of the 23 Growth Hubs that reported staffing, this ranged between four and 219 staff members.⁴² The average number of staff members in the Growth Hubs that provided information was 22. On average, Growth Hubs employ an additional 13 contractors.

There are variations between the different Growth Hub typologies, with higher levels of financial and human resourcing found in typology 1 (averaging £5.7m in combined core and additional funding, and 40 staff members, though only one contractor). As may be expected, the two 'outsourced' typologies reported the lower financial and human resources.

In interview, Growth Hub leads were generally positive about the levels of resourcing available, though this view was dependent on the extent to which resourcing had been leveraged from other sources or parties.

One stakeholder with a broader cross-Growth Hub coordination role stated the belief that some LEPs misunderstood – or underestimated – the key principle of building the Growth Hub via networks of provision to make them 'more than the sum of their parts'. It was felt that this could be further clarified or stipulated top-down.

In terms of funding, Growth Hub leads discussed their primary sources, which largely comprise the BEIS funding and some ERDF, with a few instances of top-up funding from LEPs. Generally, funding was tied to specific projects, programme, or products, though some Growth Hubs described using their ERDF funding to support the 'standard' or 'day-to-day' business support

⁴⁰ Extractable information was available for 33 Growth Hubs, though the way that information was entered means that it has not been possible to understand the time period of reporting for some Growth Hubs (i.e., whether funding amounts were annual or multi-annual in some instances)

⁴¹ NB: The range and average discussed here uses figures from the latest available Growth Hub annual reports, and is prior to uplifts in financial year 2020/2021 2021/2022. The prior section discussing Growth Hub funding uses more recent data, provided by BEIS

⁴² This number may refer to a broader organisation and one that has the ability to flex staffing

functions, and their BEIS funding to be more reactive, innovative, or longer-term in their support for businesses. The replacement of ERDF in the funding portfolio could create uncertainty in future planning.⁴³

3.3.2 Types of support offered by Growth Hubs

Sub-questions addressed:

- Types of support and advice provided
- How does support vary across GHs, e.g. by region, GH model?
- How does support vary across businesses e.g. sectors, types, size?
- [Is] productivity considered in service provision?

As set out above, Growth Hubs offer a single point of access for businesses, streamlining support for local businesses via promotion, coordination, and signposting.⁴⁴ The nature of support provided to businesses by the Growth Hubs is largely 'indirect', i.e. the business is provided with information and referrals following an initial diagnostic to identify opportunities and barriers to growth,⁴⁵ though some Growth Hubs provide some training and access to local networks, often (currently) part-funded by European Structural and Investment Funds.⁴⁶ The Growth Hubs deliver their services using a combination of online methods, the national Business Support helpline and more limited face to face support, with the latter often targeted at certain types of businesses (e.g. priority sectors or businesses that received support via select other state-funded programmes).⁴⁷

In order to better understand the nature of the support provided across the network, the study team analysed firm-level data provided for the evaluation by Growth Hubs.⁴⁸ To extract valuable insight from this unstructured programme data, the study team performed a text-mining exercise. By identifying and extracting key words of interest, this method allowed us to aggregate the data into three different categories. Appendix A.11 provides more information on our methodology for this exercise. The provided dataset included 656,241 number of observations. From those entries, 273,434 number (42%) were successfully classified and grouped,⁴⁹ Overall, 13% relates to access to national support (related to EU Exit, COVID-19, and peer network support), 85% relates to broad support categories (such as funding, sales and marketing, regulatory advice), and only 2% relates to support related to specific thematic

⁴³ Related to proportionality and allocation mechanisms, for example

⁴⁴ See:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/696651/Growth_Hubs_pilot_work_evaluation_final_report.pdf

⁴⁵ In contrast to more 'intensive' support such as mentoring or networking

⁴⁶ As an example, see the Greater Manchester Growth Hub services page:

<https://www.businessgrowthhub.com/green-technologies-and-services/switched-on>

⁴⁷ See:

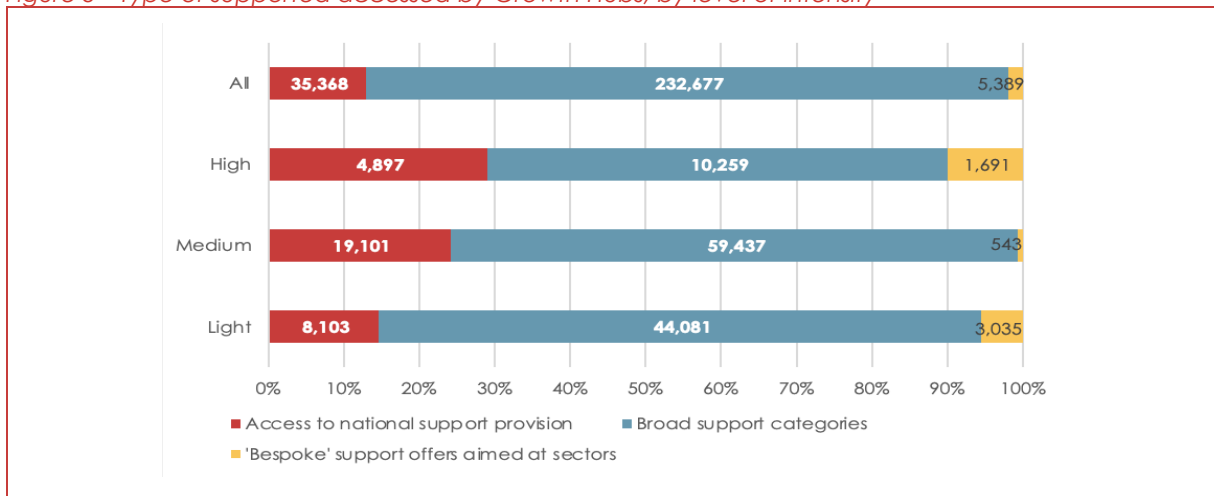
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/696651/Growth_Hubs_pilot_work_evaluation_final_report.pdf

⁴⁸ As part of our data request to Growth Hubs for the evaluation, 31 Growth Hubs provided textual information on the enquiry types and support products accessed by supported businesses

⁴⁹ Of all observations in the dataset, 89,488 number of entries (14%) had no information on the type of support, and an additional 293,319 number of entries (45%) had miscellaneous information which could not be categorised into one of the three main groups of interest

areas or sectors (such as manufacturing or low carbon). Figure 5 shows how the type of support varies by level of support intensity.

Figure 5 Type of supported accessed by Growth Hubs, by level of intensity



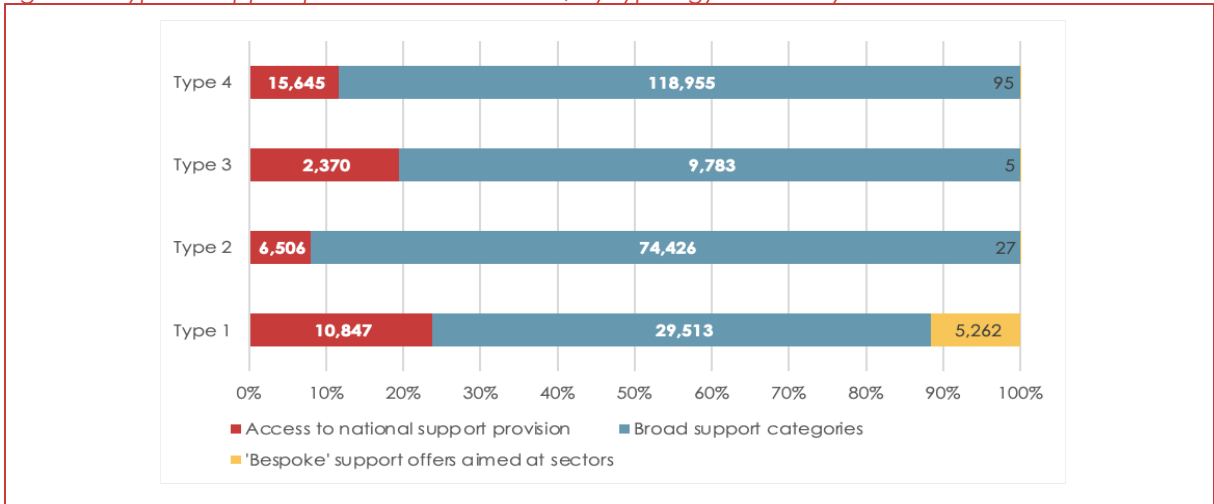
Source: Technopolis analysis using programme data

Examining support uptake by place and Growth Hub type reveals a mixed picture of the composition of support accessed. The study team examined this via reviewing annual reports and consulting with Growth Hub leads, as well as via the same analysis of coded textual data as above.

The Growth Hubs are by nature designed around and tailored to their local contexts and as such deliver a variety of business support products via several modes of resourcing, reflected in the Programme Logic Model and Theory of Change presented in chapter 2.3. This naturally leads to some qualitative differences in how support is structured and accessed in each location. The types of support are more driven by local needs, for example the Solent Growth Hub being largely 'generic' in offer (i.e., similar to other Growth Hubs) but with marine cluster support and strong presence in that sector support nationally. Due to limitations in the textual data and its coding, this is not overly visible in quantified analysis of uptake by place.

Based on analysis of documents and interview data, there doesn't appear to be a strong relationship between types of support and active delivery model (including the typology). However, the text-mining analysis of firm-level data allowed the study team to examine the variety of business support products that are being delivered to businesses in the same way as above. As expected, Growth Hubs in typology 1 (mainly in-house with extensive sector specialism) are more likely than other Growth Hubs to provide support related to specific topics or sectors. However, based on our text-mining methodology, this category remains small and accounts for only 12% of data entries. Figure 6 shows the type of support provision broken down by the typology of Growth Hub delivery models.

Figure 6 Type of support provided to businesses, by typology of delivery models



Source: Technopolis analysis using programme data

Figure 7 is a word cloud visualisation showing the most popular types of business support provided by Growth Hubs. The most common six key words are: advice, referral, investment, grant, funding, and finance.

Figure 7 Frequency of words on the type of support provided by Growth Hubs



Source: Technopolis analysis using programme data

In order to understand the extent to which productivity has been considered in service provision, the study team examined the firm level data. This analysis shows instances of productivity-focused support, though it is unclear from the available information what exactly is contained in these programmes or support offers. Interviews with Growth Hub leads revealed that productivity had been a consideration in designing service provision, but that resilience has become much more important recently (43%, 16 individuals). The needs of many businesses were thought to be fundamentally shifting toward 'survival mode' since the COVID-19

pandemic. This was mirrored in conversations with stakeholders and partners, though no further specificity was reached.

3.3.3 Number and type of businesses supported

Sub-questions addressed:

- How do they reach [businesses]?
 - How were they recruited to GHs?
 - How many [businesses are reached] (and as proportion of business population)?
 - Does this vary across GH areas/over time?
 - Types of businesses
 - The right businesses (i.e. businesses in need of support)?
 - What are the businesses' needs and are they met by GH offer?

The network of Growth Hubs is now an established and central part of business support delivery in England.⁵⁰ All registered businesses in England are eligible for Growth Hub support.⁵¹

In order to understand how the Growth Hubs have reached and recruited businesses, Growth Hubs were asked about the methods they used. In conversation, consulted Growth Hub leads described various modes and methods of reaching and engaging businesses.⁵² In interview, some Growth Hubs reflected on having worked hard to engage with businesses via events and other means, including newsletters, social media, in-person outreach and telemarketing. When asked which communication methods had worked best for engaging businesses, interviewed Growth Hub leads were inconclusive. However, it was deemed essential to have a strong message to broadcast to businesses. One theme that emerged strongly was the importance of using local connections who are well known in the community, or leveraging existing networks, including via co-branding.⁵³ Digital communications were seen as effective for blanket projection of a message. This remains the case across region and Growth Hub type.

Examining firm-level data on all companies (excluding self-employed individuals) that have engaged with the Growth Hubs⁵⁴ since the beginning of recording interactions shows that the overall uptake of support has increased over the years of the evaluation period (2015-2020). This agrees with headline annual performance data provided to BEIS and also reviewed for this analysis. Figure 8 (below) shows this analysis broken down by the level of intensity. In 2020, the programme supported approximately 73,000 businesses at least once, and half of these

⁵⁰ Business support is a devolved activity, meaning that businesses in Scotland, Wales and Northern Ireland have access to business support services through Business Gateway Scotland, Business Wales, and Invest Northern Ireland

⁵¹ For further information on this, see: <https://www.gov.uk/government/news/full-network-of-39-growth-hubs-boost-business-support-across-the-country>

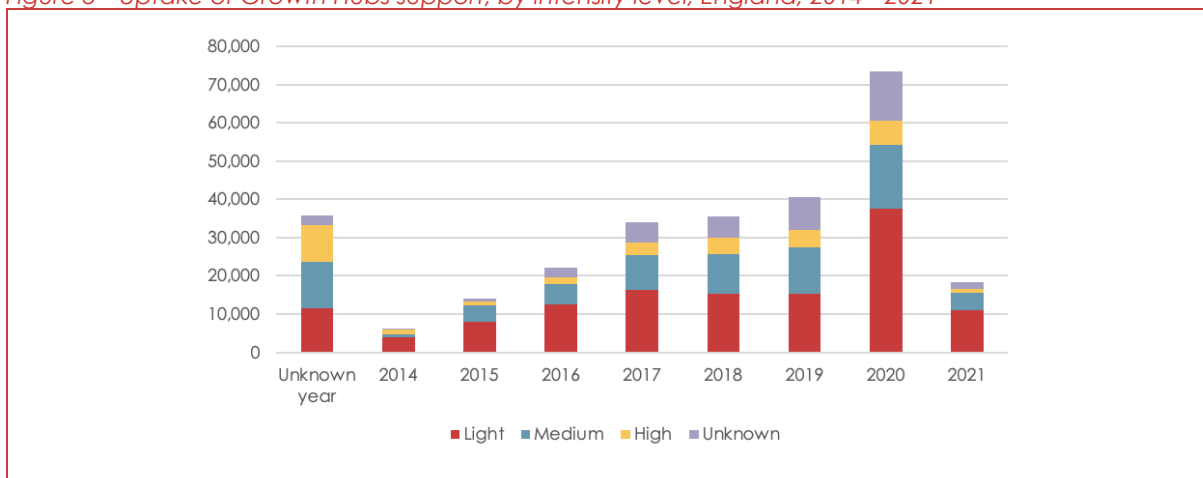
⁵² Some Growth Hubs worked proactively before switching to a reactive mode

⁵³ This included, among others, banks, business representative bodies, and local networks (e.g., sectoral)

⁵⁴ 'Engagement' refers to businesses registered on the Growth Hubs' customer relationship management (CRM) systems, indicating that they have had some level of interaction with Growth Hubs. Self-employed recipients of support are captured in Growth Hub CRM systems, but are This analysis is based on data from the complete network of 38 Growth Hubs and linked administrative Inter Departmental Business Register (IDBR) data. It should be noted that there some variations in detail and coverage due to limitations in data recording (and in some cases changes away from legacy systems that created a break in available information)

businesses received light-touch support. This is almost double the number of businesses supported in the previous year, which itself had been higher than previous years.⁵⁵

Figure 8 Uptake of Growth Hubs support, by intensity level, England, 2014 - 2021



Source: Programme data. Note: the count excludes individuals and anonymised entries. The count includes a small number of duplicated businesses who have received support with different intensity levels. The count for 2021 is up to August.

In examining the reasons for this uptake, the circumstances brought about by the COVID-19 pandemic and subsequent response was thought in conversation with Growth Hub leads and stakeholders to have had a positive impact in boosting the number of business engagements.⁵⁶ This was deemed to be via a combination of necessity for businesses plus government messaging around the access to COVID-19 support (38%, 14 interviewees). Some interviewees reported entering a kind of 'fire-fighting' mode during the height of the pandemic and reaching yearly targets of initial engagements in just a few months. This was regarded by these interviewees as 'difficult but doable', albeit with a shift in internal resource allocation. This heightened profile, and links with businesses that had not engaged with the Growth Hub before, was reported as an opportunity that the Growth Hubs could now build on. However, a small number of interviewees felt there were potential negative effects. In particular, there was a concern that some businesses associate the Growth Hubs, and public support more generally, with a kind of hand out.

Next, we examine the coverage of the network of Growth Hubs in terms of the proportion of English businesses that have engaged over the period, the penetration across different areas of the country, and the types of businesses that are using the Growth Hubs.

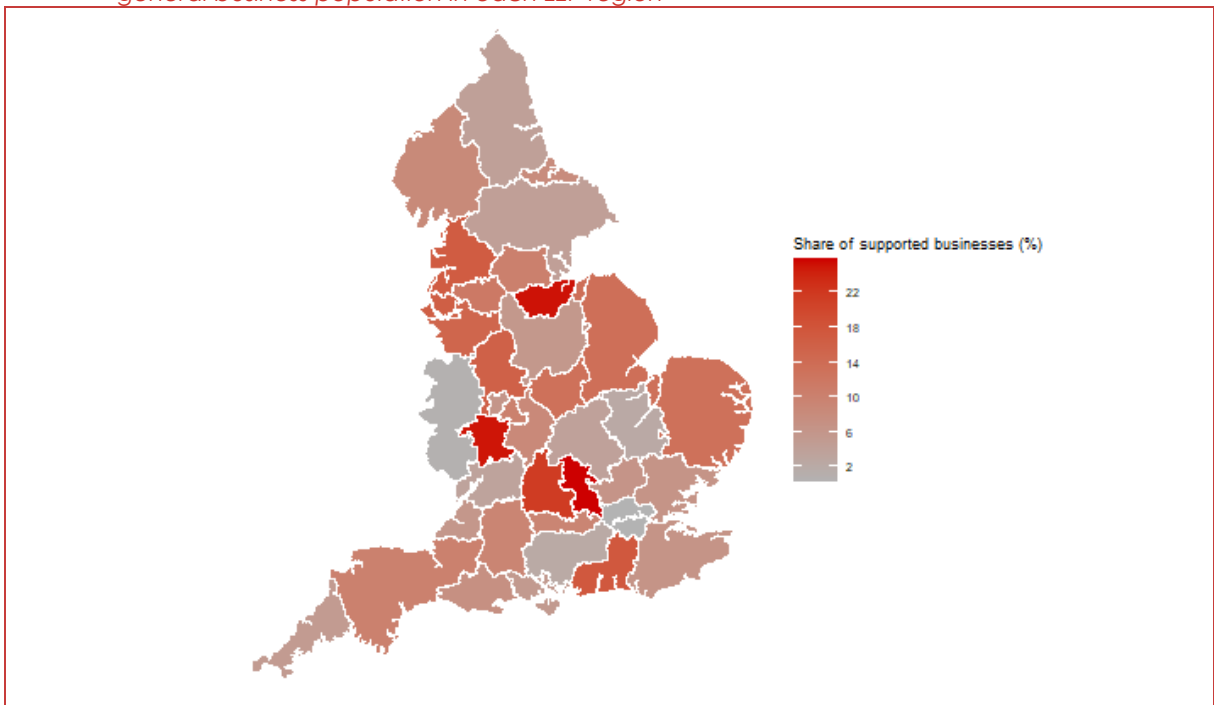
⁵⁵ These figures are based on ONS-matched firm-level data provided by the Growth Hubs, and excludes anonymised entries and engagements recorded as individuals. This figure is thus lower than the headline annual performance data provided to BEIS, which, when including individuals that received light-touch support, shows that the Growth Hubs collectively serviced 244,987 businesses and individuals in 2019/20

⁵⁶ This was less-commonly reported as a reason for accessing Growth Hubs by interviewed businesses, though many of those consulted had first engaged with a Growth Hub prior to the pandemic, and many had received advice related to COVID-19 subsequently.

From around 2.4 million total registered active businesses in England, who are eligible to access support, the programme has, to date, supported around 8% at least once.⁵⁷ This engagement is higher than the ambition set in the annual report assessments submitted to BEIS, which sets a marker of 2.5% penetration for each Growth Hub. However this figure also suggests that there is potential scope for the programme to extend its reach in the future. Note that this excludes self-employed individuals.

Figure 9, below, shows the location of businesses that accessed Growth Hubs support relative to the overall business population in each Local Enterprise Partnership (LEP) region. The areas where we would expect the programme to make more considerable contributions due to their higher support/penetration rates are Humber (29%), Buckinghamshire (26%), Sheffield (25%), and Worcestershire (25%).⁵⁸ Growth Hub typology does not appear to affect proportional engagement.

Figure 9 Total number of unique businesses supported by the programme to date relative to the general business population in each LEP region



Source: Programme data and an extract compiled from the Inter Departmental Business Register (IDBR). Note: the count excludes individuals and anonymised entries. A small share of supported businesses (~2%) appear in more than one Growth Hub.

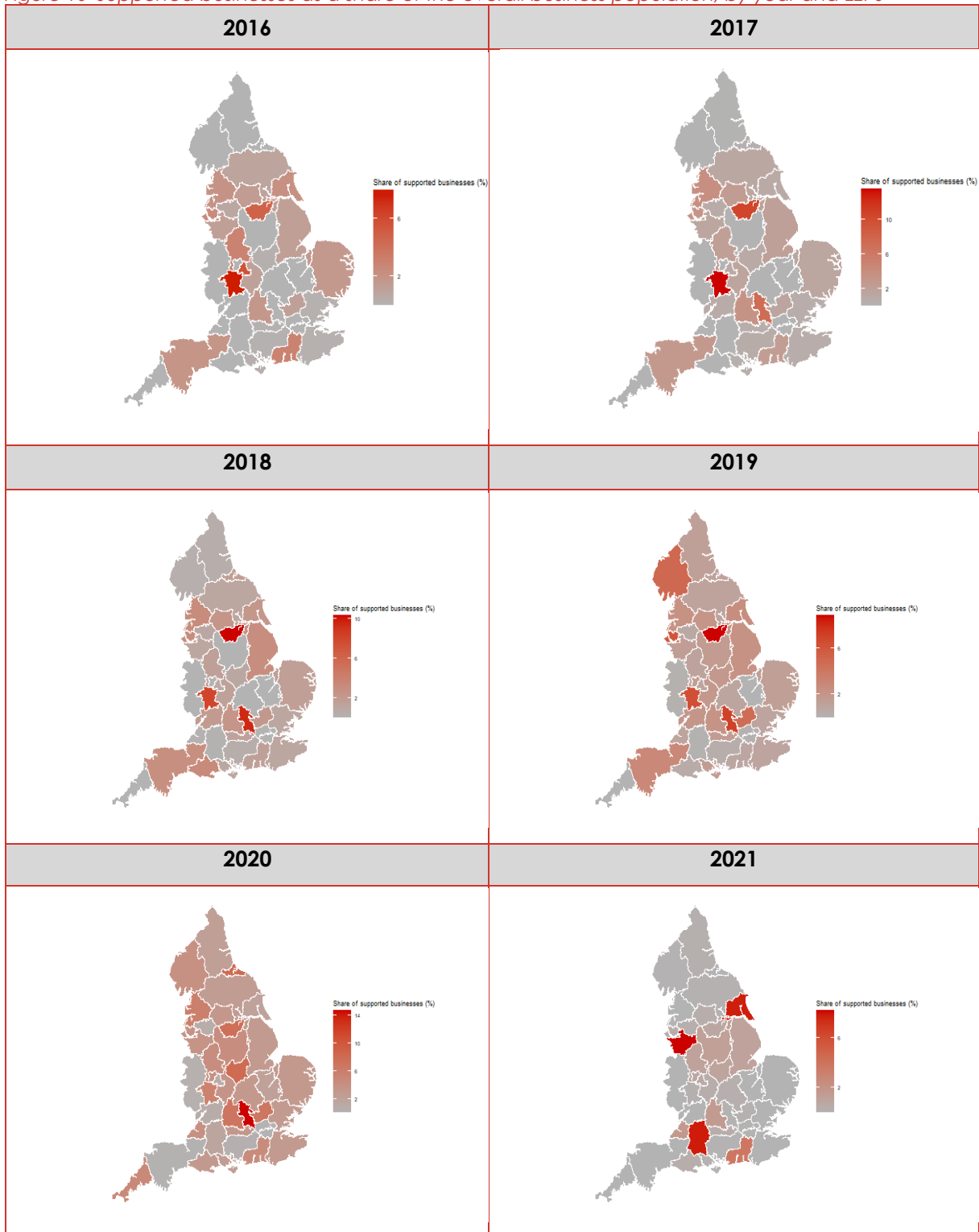
Figure 10 (below) shows the annual uptake of Growth Hubs support from 2016 to 2021. More detailed breakdowns of the uptake of support by firms in individual LEP areas can be found in the composition analysis conducted for this evaluation, set out in Appendix A.8. In addition to profiling what type of data was available for the evaluation, the analysis also presents the number of supported businesses by LEP area by year, the active business stock in each LEP

⁵⁷ The count of active private sector businesses comes from an abstract of the Inter Departmental Business Register (IDBR). The same data on business population estimates by LEPs is also available on Nomis website, <https://www.nomisweb.co.uk/customerrors/nodatASET.asp>

⁵⁸ While Sheffield City Region appears to be most financially well-resourced of this small group, Humber and Buckinghamshire are among the most well-staffed Growth Hubs within the network

area by year, total supported businesses as a share of the total business population by LEP area, and descriptive statistics of the treatment and control groups of the analysis.

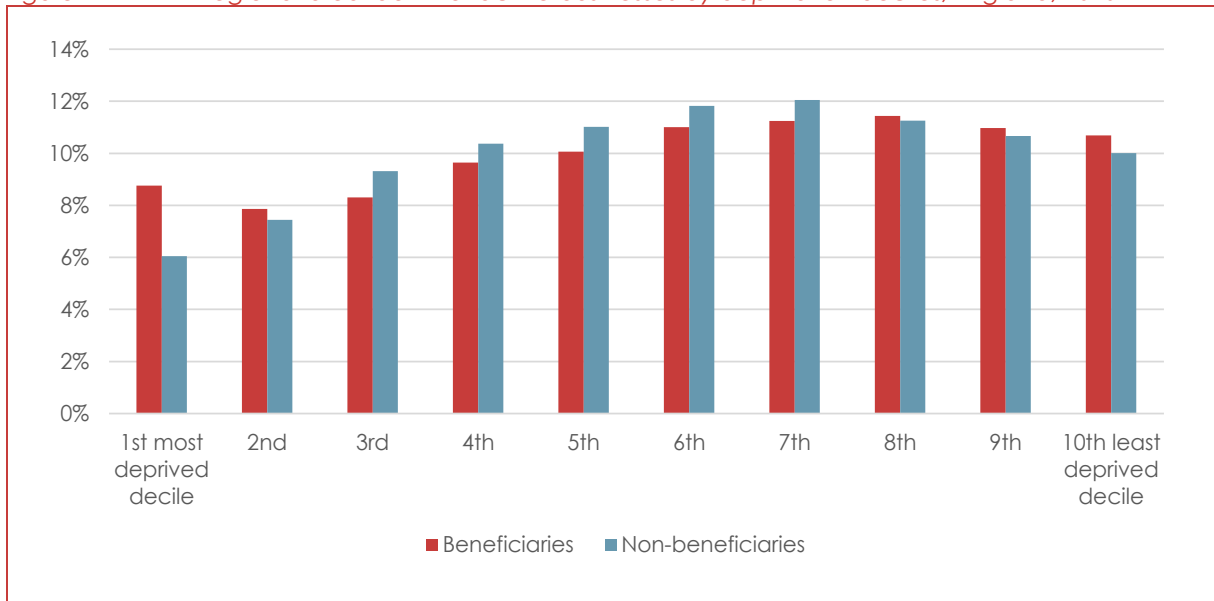
Figure 10 Supported businesses as a share of the overall business population, by year and LEPs



Source: Programme data and an extract compiled from the Inter Departmental Business Register (IDBR). Note: The data for 2021 is up to August.

Figure 11 shows what proportion of beneficiaries are located in the most and least deprived areas in England, compared to non-beneficiaries. We used the Index of Multiple Deprivation (IMD) which ranks Lower Layer Super Output Areas (LSOAs) in England based on their performance across multiple indicators, including employment, income, crime, health, and more.⁵⁹ We see that the programme has achieved a good coverage rate across both affluent and poorer areas. Our analysis also indicates that a slightly larger share of beneficiaries than non-beneficiaries are in the 10% most deprived areas in the country (9% vs 6%).

Figure 11 Regional breakdown of active businesses by deprivation deciles, England, 2020



Source: Business Structure Database (BSD), programme data and the Ministry of Housing, Communities & Local Government. Base: ~65k beneficiaries and ~2.3m non-beneficiaries

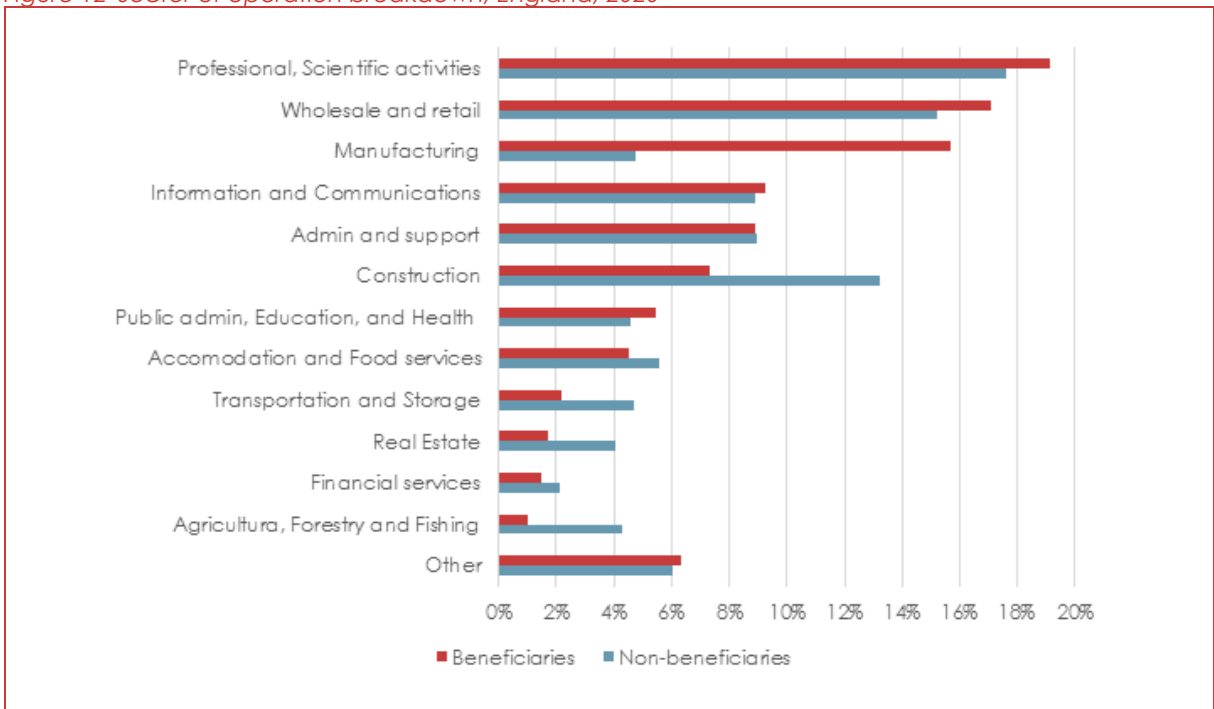
To examine the breakdown of business types in terms of age, size, and sector of operation, the study team linked firm-level programme data on businesses that engaged with the 38 Growth Hubs to administrative IDBR data.

Here we examine the distribution of businesses who have received support at least once since the launch of the Growth Hubs (i.e., beneficiaries) by characteristics. We compare this to a counterfactual group of businesses who have not engaged with the programme at all.⁶⁰ Figure 12, below, shows that engagement with the Growth Hubs is representative across both services and manufacturing. The top three most represented sectors of operation are professional and scientific activities (19%), wholesale and retail (17%), and manufacturing (16%). The sector distribution is reasonably similar across the treatment (beneficiaries) and control (non-beneficiary) groups, although beneficiaries demonstrate a larger share of businesses in manufacturing and smaller share of businesses in construction.

⁵⁹ English indices of deprivation, 2019, Ministry of Housing, Communities & Local Government, <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

⁶⁰ In this case the counterfactual group provides a comparator for the proportional breakdown of the business population

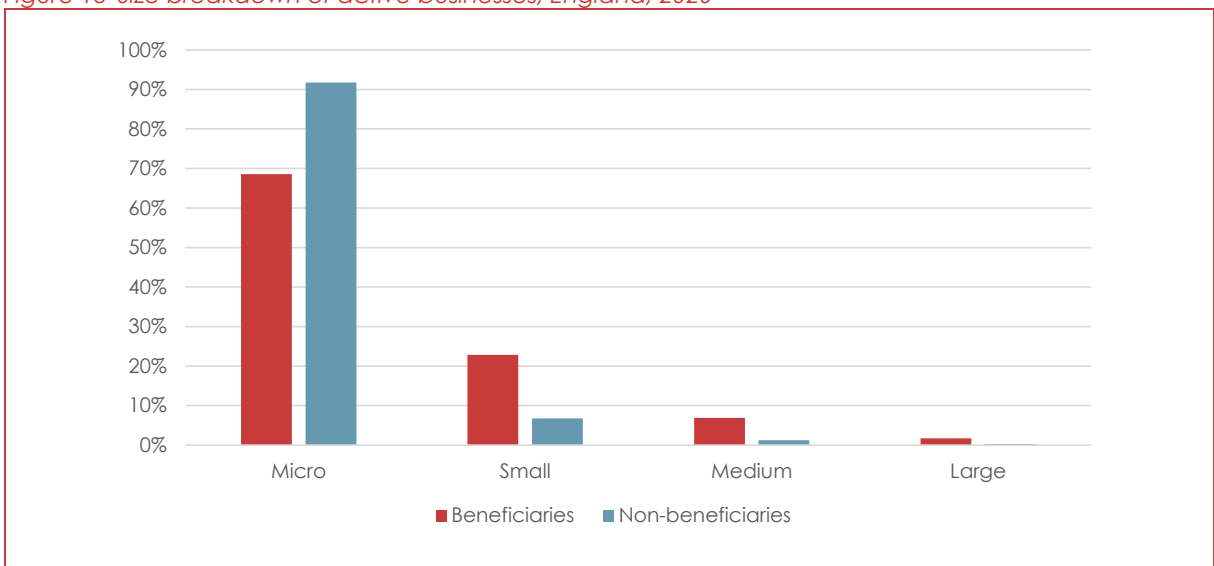
Figure 12 Sector of operation breakdown, England, 2020



Source: Business Structure Database (BSD) and programme data. Base: ~65k beneficiaries and ~2.3m non-beneficiaries

In terms of size, most beneficiaries (91%) and non-beneficiaries (98%) are categorised as micro or small businesses with 50 employees or less. Around 9% of business supported by the programme are categorised as medium or large, compared to just 2% of non-beneficiaries. Given the skewness of the distribution, the median number of employees is higher for beneficiary businesses than non-beneficiary businesses (median five vs two employees).

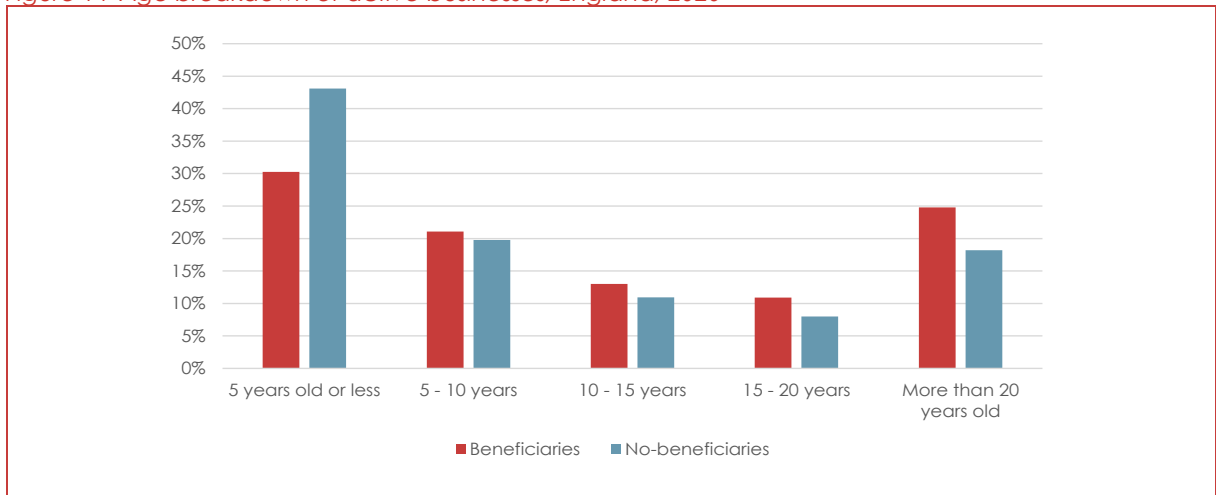
Figure 13 Size breakdown of active businesses, England, 2020



Source: Business Structure Database (BSD) and programme data. Base: ~65k beneficiaries and ~2.3m non-beneficiaries. Micro (0 – 10 employees) Small (11 – 50 employees) Medium (51 – 250 employees) Large (250+ employees).

The age breakdown of businesses supported by the programme largely mirrors that of the rest of the business population, although the share of businesses that are in the youngest age group (five years old or less) is smaller and that of businesses in the oldest age group (20+ years) is slightly larger. Around 30% of beneficiaries are between one and five years old, compared to 43% of non-beneficiaries. As a result, the median age of beneficiaries is 10 years and that of non-beneficiaries is lower (seven years).

Figure 14 Age breakdown of active businesses, England, 2020



Source: Business Structure Database (BSD) and programme data. Base: ~65k beneficiaries and ~2.3m non-beneficiaries

In 2020, the average turnover reported by beneficiaries was £9m, compared to just £1.4 reported by non-beneficiaries. These figures are biased due to the presence of large outliers in the data. Figure 15 shows the distribution of turnover reported by businesses supported by the programme compared to the rest of the business population. Around 24% of beneficiaries earned £100k or less, compared to 42% of non-beneficiaries. Overall, beneficiaries have a median turnover of £324k, higher than non-beneficiaries at £125k.

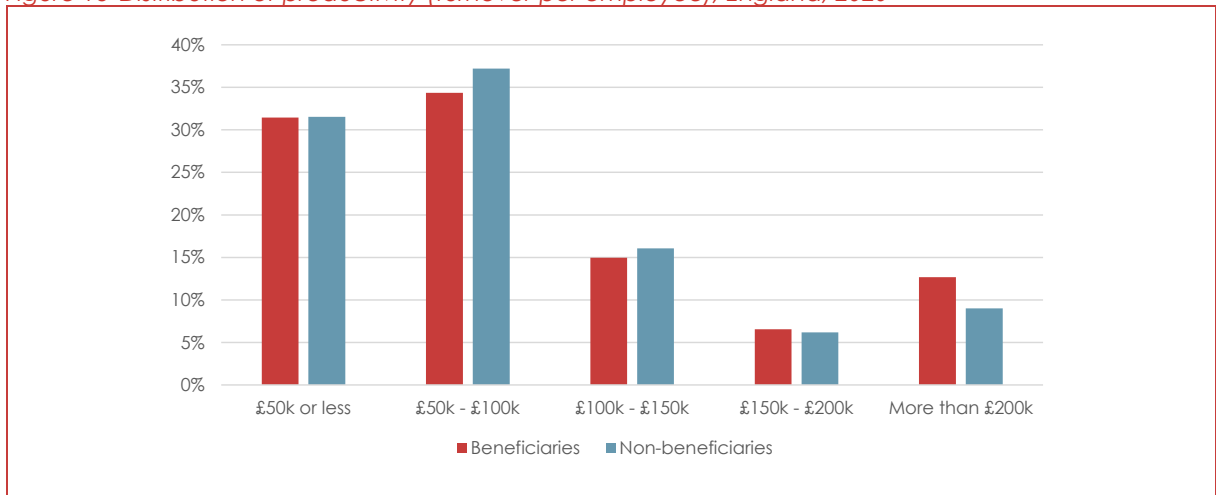
Figure 15 Distribution of turnover, England, 2020



Source: Business Structure Database (BSD) and programme data. Base: ~65k beneficiaries and ~2.3m non-beneficiaries

More than two thirds of businesses in England reported a turnover of £100k or less per employee. The distribution of productivity is similar between the two groups, although a slightly larger share (13%) of beneficiaries reported £200k per employee or more, relative to non-beneficiaries (9%). The median productivity of businesses supported by the programme is £74k per employee, slightly higher than for other businesses, at £72k. While this is a useful measure of business performance, it doesn't consider other factor inputs that are part of the production process.

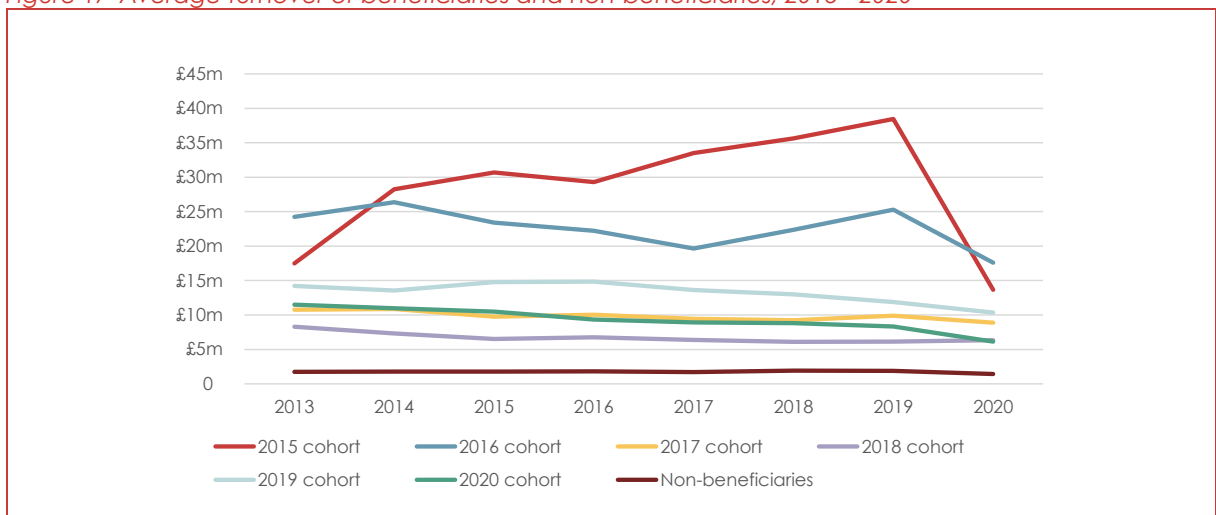
Figure 16 Distribution of productivity (turnover per employee), England, 2020



Source: Business Structure Database (BSD) and programme data. Base: ~65k beneficiaries and ~2.3m non-beneficiaries

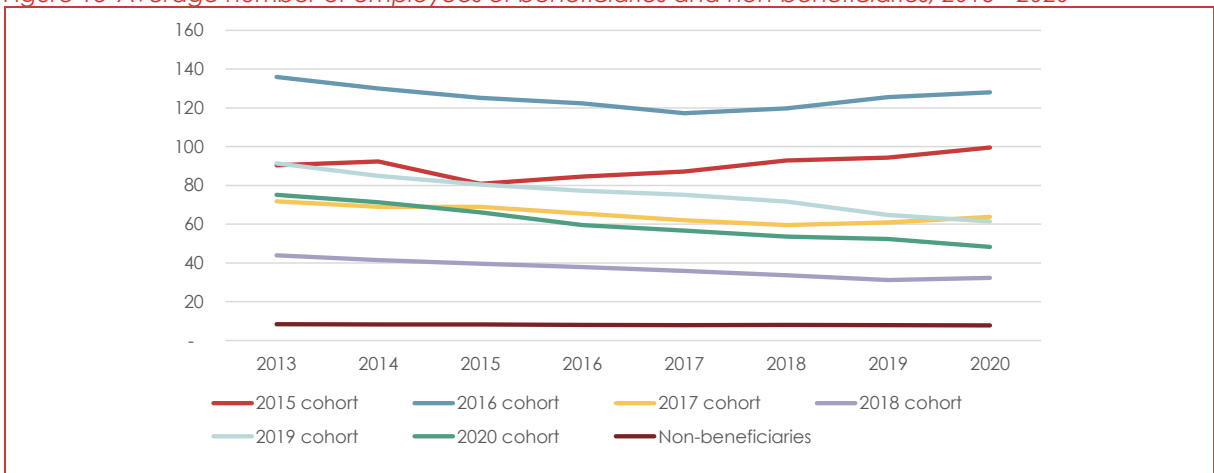
Figure 17 to Figure 19, below, show the average levels of key performance indicators over time. The data is split by cohort to show the difference in supported businesses over the period.

Figure 17 Average turnover of beneficiaries and non-beneficiaries, 2013 - 2020



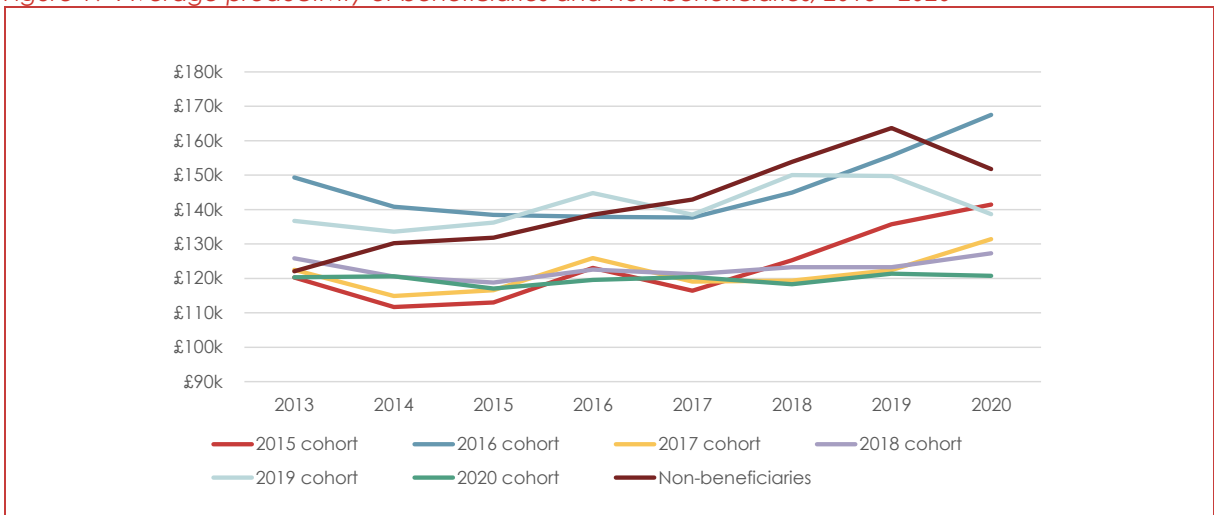
Source: Business Structure Database (BSD) and programme data. Sample size: ~5k for 2015 cohort; ~7k for 2016 cohort; ~9k for 2017 cohort; ~9k for 2018 cohort; ~11k for 2019 cohort; ~23k for 2020 cohort; ~2.3m for non-beneficiaries.

Figure 18 Average number of employees of beneficiaries and non-beneficiaries, 2013 - 2020



Source: Business Structure Database (BSD) and programme data. Sample size: ~5k for 2015 cohort; ~7k for 2016 cohort; ~9k for 2017 cohort; ~9k for 2018 cohort; ~11k for 2019 cohort; ~23k for 2020 cohort; ~2.3m for non-beneficiaries.

Figure 19 Average productivity of beneficiaries and non-beneficiaries, 2013 - 2020



Source: Business Structure Database (BSD) and programme data. Sample size: ~5k for 2015 cohort; ~7k for 2016 cohort; ~9k for 2017 cohort; ~9k for 2018 cohort; ~11k for 2019 cohort; ~23k for 2020 cohort; ~2.3m for non-beneficiaries.

It is difficult to conclude whether the businesses that are engaging with the Growth Hubs are the 'right' businesses. As the Growth Hub offer is broad, there was no clear singular definition of the 'right' businesses for engagement, and all businesses are eligible for support. Consulted Growth Hub leads were broadly satisfied that they were addressing businesses that needed support. However, several Growth Hubs expressed the view that there were other segments of their business population that they would like to reach. In terms of the type of firms who are harder to engage with there was a clear theme from the interviewees that bigger firms are more difficult to engage with than smaller SMEs, though larger firms were also felt to be able to support themselves more via internal or commercially-available resources.

The ways in which Growth Hubs target and engage businesses was also discussed with their on-the-ground partners. In addressing this question, 14% of regional stakeholders (four individuals) mentioned that they believed the Growth Hubs should introduce a proactive strategy in terms of key businesses that need to be supported in the region, looking at gaps in terms of services,

and avoiding getting stuck in certain sectors. One interviewee suggested employing someone via local authority who works for the Growth Hub in order to get a better synergy in the local authorities and increase the variety of businesses receiving support.

We asked businesses in interview about the ways in which they found out about and accessed the Growth Hub support they had engaged with. Just under a third of interviewed businesses (30%, 12 individuals) reported having sought support online (some accessing various sources), while another 30% of consulted businesses (12 individuals) mentioned having heard about Growth Hubs through word of mouth, from either current or former colleagues or via other business contacts. 10% of businesses (four individuals) mentioned having been referred through their councils, Chamber of Commerce, or another partner, while 5% (two businesses) were approached by the Growth Hub. This does not appear to differ significantly by Growth Hub type.

In order to gain a sense of the needs of businesses and the extent to which they are addressed by Growth Hubs, Growth Hub leads, stakeholders, and businesses were each asked in interview to set out the main issues and needs that are being experienced and addressed in their local areas. We then asked interviewees to discuss the extent to which they believe the Growth Hubs are able to address these needs. There are significant overlaps in the areas of need discussed.

In consultation, most interviewed Growth Hub leads described the issues facing their businesses as being generic, rather than unique or specific to their areas. In addition to overarching access to business support (i.e., knowing where to go for what / signposting), the most widely-reported need for businesses was access to finance (27%, 10 Growth Hub leads). Other common issues identified were productivity (nine individuals, 24%), digitalisation (16%, six individuals), marketing and communications (11%, four individuals), upskilling (11%, four individuals), and leadership and strategy (8%, three individuals). This aligns well with the Programme Logic Model and Theory of Change. In addition to these 'generic' needs, a number of place-specific issues were mentioned by a small number of consulted Growth Hub leads. These included:

- Having a particularly high distribution of micro-businesses meaning they are more likely to be dealing with risk averse businesses⁶¹
- Having a high distribution of certain sectors with particular advice needs (e.g., farming communities who need advice on the upcoming Environmental Bill)

In consultation, the needs of businesses were thought to be changing due to the COVID-19 pandemic, and, while Growth Hubs with high numbers of businesses in the hospitality sector reported the greatest impact of the pandemic, interviewees regarded these changes as not simply a short-term issue. Interviewed Growth Hub leads emphasised that they did not believe the effects of COVID-19 would be short term. Some believed that there would be a kind of long tail COVID-19 economic drag on businesses as they struggled to get back on their feet.

When asked the same question, each of the consulted national stakeholders noted that COVID-19 has been a primary issue for businesses, and this was mirrored by 83% of consulted regional stakeholders (20 individuals), who, relating specifically to issues such as furlough and planning for and adjusting to a new, uncertain business environment.

⁶¹ As a general reflection, some national stakeholders acknowledged that the key issues for businesses tend to depend on factors like their life stage, sector, and geographic location

Growth Hub leads also reported that EU Exit is also a major issue for many businesses that they support.⁶² The impact of EU Exit was reported to be widely variable across different regions and it is the regions with export manufacturers that were reported to be most impacted. The issues reported relate to difficulties with documentation and taxation. One reported that the EU Exit effect is only just starting to take hold. National stakeholders also mentioned EU Exit. This was also mirrored by a third of consulted regional stakeholders (33%, eight individuals), who noted examples such as requirements for advice on new regulations and the impact of the transition on skills shortages, recruitment, and supply chains.

As partners that operate 'on the ground' with Growth Hubs, regional stakeholders offered a number of other issues and challenges faced by businesses in their areas. These included: broader recruitment/skills shortages (over and above those discussed in relation to EU Exit - 66%, 16 individuals), and access to funding and advice on finances such as finding appropriate funding and recovery from the influence of economic downturn (50%, 12 individuals). A small number of regional stakeholders (17%, four individuals) discussed issues with finding affordable and suitable premises.

Businesses that had engaged with the Growth Hubs were also asked about their needs, and the reasons they had sought support. There were four main areas:

- Funding and financing was the most common reason reported for engaging with the Growth Hubs, with 35% of businesses (14 individuals) reporting this as the main reason for accessing Growth Hub services, in particular when starting or looking to grow their business
- Second most common among consulted businesses was advice and guidance. Almost a quarter of interviewed businesses (23%, nine individuals) reported seeking general support to help them find direction. Another 23% (nine individuals) reported having needed more focused strategic or technological advice
- Just over one tenth of businesses (13%, five interviewees) wanted support with recruitment or upskilling their staff (e.g., training specific technical skills and developing senior management)
- In contrast to the views of stakeholders, only 10% of consulted businesses (4 individuals) reported the need for support to manage the business through COVID-19 (although many more mentioned this as something they had received help with even if it was not the main reason for their initial contact)

These high-level challenges and needs do not appear to differ by location or Growth Hub type.

One national stakeholder suggested that Growth Hubs tend to prefer businesses at a certain stage of life (i.e. larger and more established, with growth potential). This is substantiated by the comparative composition analysis presented above in section 3.3.2.

Regarding the extent to which businesses' needs are being met, consulted Growth Hub leads felt that they were generally successful in their signposting role in getting businesses the help they needed, and as such that the Growth Hubs were reasonably successful in helping businesses with these types of issues. In the two instances where the effectiveness of Growth Hubs in addressing these needs was raised, this was related to having only reached a small percentage of eligible businesses in their area.

Stakeholders were also asked to consider the extent to which Growth Hubs were able to address the business issues they had previously discussed. National stakeholders were divided on the Growth Hubs' concrete success. However, this was not a criticism of the Growth Hubs

⁶² Interviews were conducted with Growth Hub leads between February and March 2021

as an entity. Rather, national stakeholders focused on the extent to which a) lack of awareness of Growth Hubs' services, and b) service fragmentation can undermine the impact of Growth Hubs in supporting businesses to address their challenges. In relation to the former, national stakeholders reflected on 'weak branding' and general confusion about who businesses are dealing with at each time. While a lack of distinction regarding which parts of the business support landscape individuals are dealing with may be regarded as an indicator of success in 'hiding the wiring' for the landscape, there are also potential negatives when it also means that Growth Hubs lack particular visibility.

Consulted regional stakeholders were rather more universally positive. Two fifths of regional stakeholders (81%, 17 individuals) stated their belief that Growth Hubs had helped businesses to address the issues they had previously discussed, citing examples of the response during COVID-19 as especially good (e.g., helping businesses pivot or find funding), and overarching help during the developing EU Exit situation as especially good. 38% (eight individuals) stated that they found the coordinating and signposting role of Growth Hubs particularly useful. This was discussed as being dependent on the resourcing of (and individuals working at) the Growth Hubs,⁶³ while highlighting the strengths of the Growth Hubs in building relationships and networking to achieve their objectives.

3.3.4 Meeting local priorities

Sub-questions addressed:

- How [do] they meet geographic & local priorities?

Interviewed Growth Hub leads were very positive on the contribution of the Growth Hubs to local policy objectives and the alignment of the Growth Hubs with the LEPs (73%, 27 individuals). They described how the Growth Hubs provide a source of important information to the LEPs which helps inform strategy. They also described the importance of being the business-facing delivery arm of the LEP, and how being in-house allowed more efficient interaction on contributing to and delivering on policy priorities due to proximity. This was often a driver of bringing the Growth Hub in-house where it was previously outsourced. A small number of Growth Hubs talked about being drawn away from local priorities in the last year because of focusing on the national priorities of the COVID-19 pandemic, EU Exit response and other initiatives.

Interviewed national stakeholders consider the localised nature of the Growth Hubs to be a key aspect in the support, playing a crucial role locally to develop local ecosystems (and to act as an 'informer' for their local business ecosystem). One stakeholder also mentioned the Growth Hubs' role as the connection between the national level and 'grass roots' businesses, in terms of directing and shaping support that is appropriate to those local needs and priorities. There was a consensus among the six national stakeholders about the value, quality and particularly the relevance of the Growth Hubs locally, particularly relating to delivering differentiated requirements across the country the ways in which Growth Hubs leverage their agility to adapt to the needs posed by the varying conditions. While the 'uniqueness' of each Growth Hub was discussed positively, and Growth Hubs are thought to adjust themselves to

⁶³ Rather than distinctly due to Growth Hub typology or location, for example

local needs, some criticism was offered regarding the perceived 'patchiness' of the network, with a lack of cohesion and consistency⁶⁴ noted across the country.

Regional stakeholders also reflected positively on the regional relevance and value of the Growth Hubs. Almost half (45%, 10 individuals) remarked on this or mentioned specific areas in which the Growth Hubs add value, including particular support for local small businesses, the value of a local trusted presence in reacting to COVID-19, and relevance to the Net Zero agenda. Common to these points was the value of the Growth Hubs as a 'simple' line of communication and referral.

One third of regional stakeholders (seven individuals) mentioned the value of Growth Hubs' local and regional knowledge, in particular being 'on the pulse of what's going on', having a sound understanding of national and local economic issues and needs, and how to address them. One interviewee specifically mentioned that Growth Hubs have a good understanding of market needs and demands, and help to build a better understanding of specific sectors and regional strengths. Another interviewee mentioned their relevance in bridging national policy, such as the erstwhile industrial strategy and applying it to a local context.

There is no distinct pattern in these findings based on Growth Hub type.

3.3.5 Challenges faced in delivering support

Sub-questions addressed:

- [What are the] other main challenges they face and how [do] they respond to them (e.g., financial sustainability)?
- Has COVID-19 impacted delivery of support?

In consultation, Growth Hub leads discussed a challenge related to messaging and potential confusion related to un-coordinated introductions into local and regional ecosystems. This was largely centred on a perceived lack of clarity in how the role and purpose of the Growth Hubs is communicated, and how other support mechanisms are introduced to local systems (such as the IPO and Peer Networks programmes). Others discussed the funding timescales of the Growth Hubs as contributing to less-conducive messaging, with shorter timescales making it difficult for some to make a case for longevity when discussing partnerships with stakeholders.

The discussion of messaging, packaging, branding, and other similar issues was also mirrored in discussion with stakeholders. National stakeholders suggested that the Growth Hubs' offer be standardised across the network to increase coherence and improve comprehension of the offer. One third of consulted regional stakeholders (32%, nine individuals) also mentioned the importance of raising awareness about the Growth Hubs and their offer, with some specifying that there should be national publicity campaigns, and others suggesting more effort should be put towards branding.

During interview, we also asked regional partners of the Growth Hubs to reflect on the resourcing of the network. This line of questioning was focused on discussion with regional stakeholders because they are much closer to on-the-ground delivery with Growth Hubs. One third of consulted regional stakeholders (32%, nine individuals) suggested that Growth Hubs require an increase in resources and funding, with some specifying the need for increased

⁶⁴ This was a common theme, but termed by one interviewee as 'national blindness' caused by over-focusing on local and regional delivery

staffing, and to decrease the high turnover of staff. 14% of regional stakeholders (four individuals) mentioned that funding consistency should be increased, committing to a longer timeframe to ensure the Growth Hubs are viewed as a valued entity, and they are able to retain key staff.

More broadly, interviewed Growth Hub leads presented a mixed picture in terms of the level of sophistication of the systems used to collect evidence on business outcomes. A number of consulted individuals described a reliance on informal conversations to capture success stories as vignettes or testimonials, while others described regularly surveying engaged businesses, but reported that this can have limited success in terms of response rates. Two interviewees described more sophisticated CRM systems that include continued monitoring and others described sophisticated, regular evaluations with quantitative and qualitative elements. However, many described the difficulty of tracing outcomes, firstly in terms of the resource it requires to set up monitoring systems but also in terms of the inherent difficulties of attributing outcomes to the intervention from the Growth Hub.

Regarding the impact of COVID-19, interviewed Growth Hub leads discussed a belief that the increased focus on digitalisation caused by the pandemic was accelerating a pre-existing trend that would be set to stay now. Another area that some believed would be more important in the long term was skills and recruitment as interviewees believed there is now a mismatch between skills available and skills needed by businesses as the employment market adjusts. While the current capability of Growth Hubs in this area was not specifically discussed, there was a sense that some Growth Hubs were preparing for this or considering ways in which evidence could be gathered to inform an approach.

National stakeholders discussed the exceptional pressure on Growth Hubs due to COVID-19, and a sub-set of those interviewed suggested that the resources Growth Hubs had (including the additional funding) was not enough to address the influx of inquiries. Some partners remarked that they had 'stepped in' to support the increased demand for support, resulting in heightened relationships with the Growth Hubs.

Regional stakeholders mirrored the view of Growth Hubs having been under immense pressure during COVID-19, being 'inundated with calls' under significantly increased load. Just under half of consulted regional stakeholders (46%, 11 individuals) discussed the Growth Hubs as being 'very good' at informing businesses about local and general government initiatives during COVID, and particular praise was aimed at the degree of reactivity to emergent grants. One interviewee offered this as an example of the Growth Hubs' role in the business support system during times of crisis. Another mentioned that COVID-19 had changed the nature of businesses that engage with Growth Hubs from those that were already predisposed to working with Chambers of Commerce and the public sector, to a larger number of businesses who hadn't engaged with similar support before.

Just over two fifths of consulted regional stakeholders (42%, 10 individuals) remarked on changes to modes of delivery, either in terms of a loss of face-to-face contact during the pandemic, or broader shifts to online interaction. Half of these discussed the perceived negative impact this had on the ability to get a holistic 'feel' for a company (e.g., in delivery diagnostic services), and the ability to build trusting relationships, upon which much of the Growth Hubs' services are predicated.

A smaller number of regional stakeholders (1%, two individuals) mentioned a move away from long-term thinking to immediate issues of business survival, including the diversion of resources to COVID-related questions for businesses.

4 The effectiveness of the network of Growth Hubs (RQ2)

4.1 Impacts on the business support 'journey'

Sub-questions addressed:

- Do GHs provide valuable business support (e.g., relevant, specific/tailored, high quality, timely)? Why/why not?
- Have Growth Hubs simplified local business support landscapes?
- Are businesses receiving the right level of funding? What would they do with more or less money?

To assess the value of the support provided by the Growth Hubs, the study team consulted with stakeholders and supported businesses, and examined the customer satisfaction information provided as part of the annual performance data provided to BEIS.

In consultation, national and regional stakeholders were asked to reflect on the role of the Growth Hubs, and the value of approach in terms of the advantages and disadvantages of the Growth Hubs as a model of business support.

Overall, stakeholders (national and regional) discussed the Growth Hubs as a crucial part of the business support landscape. National stakeholders did not expand on this in detail, but regional stakeholders did offer some further characterisation of the roles performed by Growth Hubs. Primarily, regional stakeholders described the Growth Hubs as a signposting service for businesses to appropriate support (54%, 13 regional stakeholders). Growth Hubs were also described as providers of independent advice, expertise, and/or guidance (42%, 10 regional stakeholders), including supporting businesses to develop and grow, either at the start-up stage or later, regardless of business size and stage of the business journey. This included diagnostic services to businesses. A quarter (25%, six regional stakeholders) viewed the Growth Hubs as a 'one stop shop' to centralise information on grants, initiatives, services, and/ or programmes. 17% (four regional stakeholders) viewed the Growth Hubs as encouraging the development of a relationship between businesses and education providers (schools, colleges, and universities). 13% (three regional stakeholders) described the Growth Hubs' role as acting as the focal point as a policy voice, either synthesising national level information to make it useable to the grass roots level, or to feeding information from the grass roots level up to policy makers.

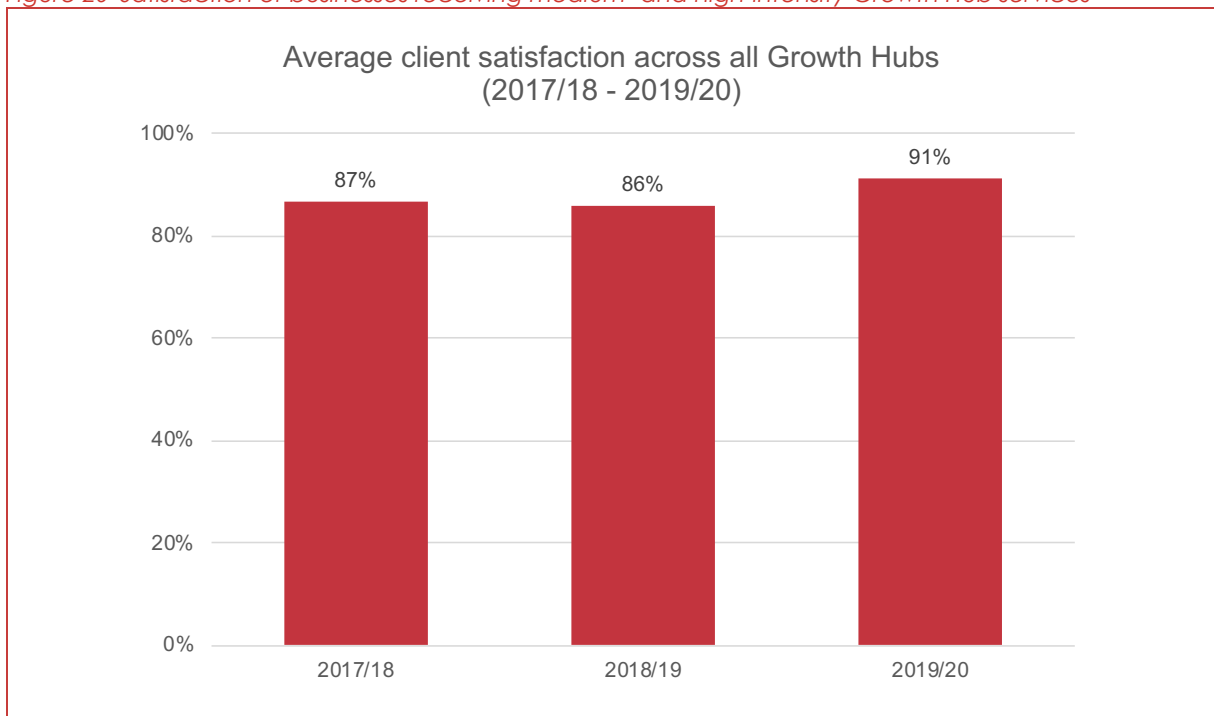
When asked to offer a view as to the advantages and disadvantages of the Growth Hubs model, national stakeholder feedback varied. Overall, national stakeholders remarked on how Growth Hubs are smaller in scale to their predecessors and yet more focused on their role as a 'roadmap to services'. The Growth Hubs were thought to be less prone to potential conflicts of interest, as they are not 'competitors' in the landscape. The main criticism of Growth Hubs was the relatively weaker overarching brand than (for example) Business Link, and a greater degree of inconsistency of individual branding in each location.

Regional stakeholders expressed that the Growth Hubs were strong in the way that they build and facilitate strong relationships and networks (41%, 11 individuals). There was also a view that local knowledge is a strong advantage in the service provision of Growth Hubs compared to predecessors (30%, eight individuals). There was a strong sense that the 'human centred' approach was of immense value, in terms of both dealing with partners and business beneficiaries, also remarking on proactivity and responsiveness. Just over one fifth (22%, six interviewees) suggested that the Growth Hubs' accessibility, in terms of cost and lack of

requirement for membership, was key as providing support, and 15% (four interviewees) noted that the overall level and diversity of expertise is an advantage of the Growth Hubs.

To further address this question, we performed analysis of the annual performance data provided to BEIS in order to gain an indication of how businesses value the support of the Growth Hubs. Analysis shows high levels of client satisfaction recorded in the data returns, which has been consistently high over the three years for which data have been provided. Taking an average across the 38 Growth Hubs over the years for which data are available shows a slight increase across the three-year period.

Figure 20 Satisfaction of businesses receiving medium- and high-intensity Growth Hub services



Source: Annual performance data

Examining the effect of the Growth Hubs on simplification of the business support landscape, interviewed Growth Hubs were positive about their potential in this regard, and there was a strong belief among individuals of the value of drawing together provision and engagement with strategic stakeholders in the business support landscape. However, there was also a sense that more could be done, not least addressing continued confusion that exists due to less-clear messaging and competing regional offers. Similarly, interviews with Growth Hub leads gave a sense of potential counterfactual scenarios whereby businesses struggle to navigate the business support landscape.

Further, while interviews with businesses offered some positive indications regarding ease of access to support via the Growth Hubs, consulted national stakeholders offered mixed views as to whether the Growth Hubs had successfully simplified the landscape. A small number of interviewees here believed that there was no evident simplification, though others believed that the Growth Hubs had brought national programmes closer to the local level. However, the lack of cohesion across the country was again noted as a limiting factor in achieving simplification nationally. There was a sense among national stakeholders that businesses tend to rely on existing relationships, suggesting that Growth Hubs' impact as a one-stop-shop may be mitigated by this behaviour. The most negative view among national stakeholders

suggested that there exist conflicts of interest and territoriality between some Growth Hubs and specialist services that prevent simplification.

These views did not differ significantly based solely on Growth Hub location or type.

Interviews with businesses that have engaged with the Growth Hubs have revealed some illustrative examples of where Growth Hub support has been found to simplify access to support. Two vignettes are presented below.

A service provider / media company in the Yorkshire and the Humber (micro business) – navigating the landscape

A video production house that produces documentaries and a range of videos for commercial and corporate clients sought support to acquire equipment, but had not known where to focus their efforts.

The company learned about a voucher scheme via personal contacts and were connected to the Growth Hub to assist with the application, which was successful. In addition, the company's assigned point of contact provided general advice and information about the broader support landscape, as the company was looking to expand and needed information about possible collaborators.

The voucher ensured further equipment acquisitions as originally sought, which in turn also spurred on renovation works of the company's premises. In consultation, the company characterised the impact of the Growth Hub's support from the Growth Hub, including up-to-date advice about the landscape, as having had an empowering effect to the extent that the directors were impressed that the service was free of charge.

A food manufacturer in the South East (micro company) – identification of and referral to various schemes to help establish the business

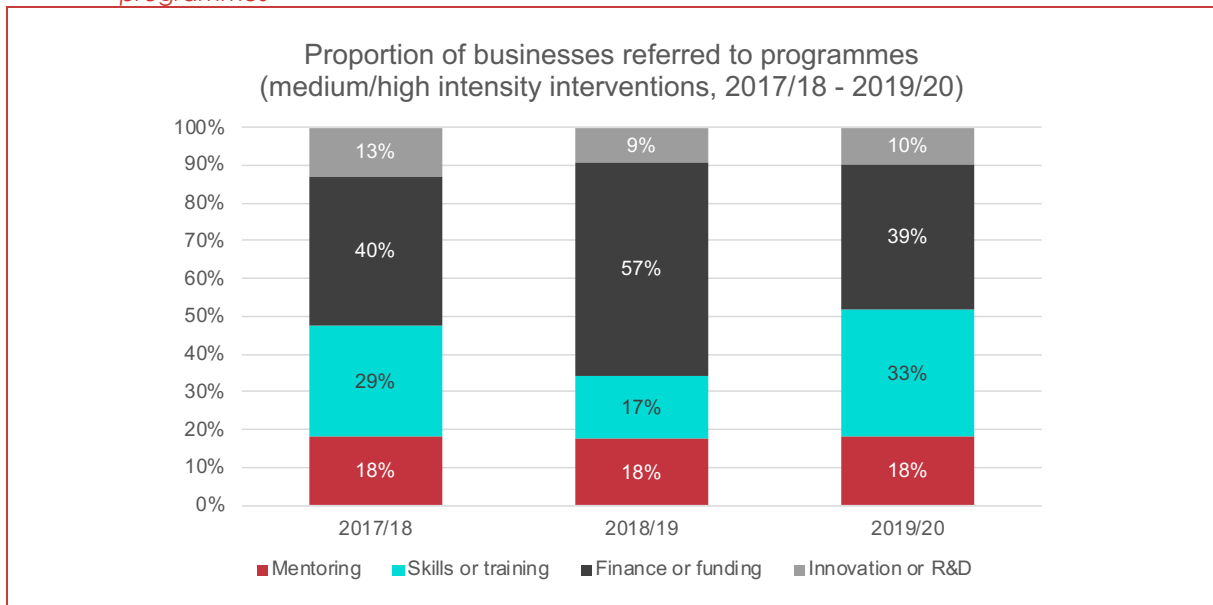
A new, family-run food manufacturing start-up in the South East contacted their local Growth Hub for initial general advice while looking to establish the business. The business was referred on to sources of funding and an apprenticeship scheme with additional support and advice provided at various steps along the way.

In consultation, the business stated that the 'customised' nature of the Growth Hub had made the support particularly useful, and they reflected on having felt a genuine will from the Growth Hub to help the business get established. In addition, the support from the assigned Growth Hub point of contact with locating and applying for relevant grants was characterised as 'irreplaceable'. Through this support, the business gained a manufacturing grant and a green grant which is particularly relevant to the business's vision of sustainability.

The business noted that they had been impressed by the wide range of information and support that had been made visible and available, and that they had recommended the Growth Hub to other new business owners in their network.

As a proxy to simplification, we analysed annual performance data provided to BEIS. This gives a sense of the areas to which Growth Hubs are referring client businesses. The total number of referrals fluctuated over the period, with 23,895 in 2017/18, 32,214 in 2018/19 and 23,775 in 2019/20. There was no explanation offered for this in consultation.

Figure 21 Referral of businesses receiving medium- and high-intensity Growth Hub services to programmes



Source: Annual performance data

In order to understand the amount(s) of funding received by businesses, the study team examined the firm-level data provided. There were not sufficiently consistent indications of cash amounts of grants in the available data to make an analysis of this. As a proxy to understand the amount of funding received by businesses, the study team analysed the annual performance data provided to BEIS highlights that the private match secured by Growth Hub-supported businesses is highly varied between 2017/18 and 2019/20.⁶⁵ On average, businesses receiving medium- and high-intensity support secured £2,987 in 2017/18, £24,837 private match in 2018/19 and £10,601 in 2019/20.^{66 67}

Interviewed businesses did not comment specifically on the levels of finance received. However, they were asked to discuss the relevance and effectiveness of the support they had received. Without mentioning specific amounts, 33% of interviewed businesses (13 individuals) mentioned help with financing as the most effective form of support. This could be updating on open calls, help with applications and recommendations for relevant grants. Again, 33% (13 businesses) reported the strategic technical advice received the most effective. While it is perhaps a softer element, another 33% of businesses (13 people) praised the service for its reliability, its 'personal' approach, and the feeling that their needs were understood. This encapsulated Growth Hubs acting as intermediaries in summarising implications of policy directions, 'like an inside person'. It was not unusual for people to report feeling confident and encouraged. Just under one quarter (23%, nine businesses) reported the access to the Growth Hubs' networks of peers, consultants, and businesses as invaluable.

⁶⁵ Totals increased in data cleaning as cells including text notes were erroneously excluded from the sum

⁶⁶ Based on reported network-wide totals £54.3m in 2017/18, £795.2m in 2018/19 and £380.4m in 2019/20

⁶⁷ This is recorded in annual performance data as 'Private sector match secured (where linked to Growth Hub)', and has been used to address a lack of consistent information in the provided firm-level data, and an inability to reach a generalisable view of funding levels via interview, due to the small sample size. As such, the study team used the recorded 'leverage' of private match, where linked to the Growth Hub

Interviews with businesses that have engaged with the Growth Hubs have revealed some illustrative examples of where Growth Hub support has enabled businesses to access impactful financing. A vignette is presented below.

A clothing manufacturer in the East of England (small company) – accessing finance to expand operations

A family-run clothing manufacturing business in the East of England contacted their local Growth Hub in 2019 for advice on due diligence and funding resources to accommodate their future growth ambitions.

The business gained access to an initial evaluation and training provided by a local higher education institution, and were additionally connected to an academic at another university to collaborate on the company's ICT. The company also gained a grant to help the business recover from the effects of COVID-19, as well as to acquire necessary plant and machinery. The finance allowed the business to create a packaging line, and significantly expedite their expansion plans. The company is also receiving training via the Growth Hub to help facilitate the gradual transition of company responsibilities from the founder owner to his son.

In consultation, the founder of the company reflected on a perceived lack of transparency regarding the Growth Hub's support offer. Nonetheless, the business characterised the Growth Hub's overall impact as having significantly accelerated their plans, and it was said to have offered a beneficial alternative to paid-for services the business had accessed in the past.

The company plans to continue using the Growth Hub's services in the future. The training plan for the transition of ownership is rooted in the Growth Hub's services, and the business is planning to seek support from the Growth Hub in the implementation of ISO accreditations.

4.2 Performance of beneficiaries and other companies

Sub-questions addressed:

- Do Growth Hubs improve firm level productivity?
- Do Growth Hubs improve firm level growth?
- Do Growth Hubs support businesses to adapt to the impacts of COVID-19?
- Do businesses change their behaviour/act on the advice they receive from Growth Hubs e.g., implement new processes such as management practices, technologies, seek financial support, developing new products or services, marketing strategies?

In the following section we assess the impacts of the programme on turnover, employment, and labour productivity, by observing changes in business performance over time and drawing comparisons between beneficiaries and a suitable control group of businesses who have not received support. To provide further context, we also asked both Growth Hub leads and businesses directly about the effectiveness of the support provided on business growth, the ability to adapt to the impacts of COVID-19, and changes to business behaviour(s).

To answer the evaluation questions outlined above, it is necessary to establish a credible counterfactual group which acts as a proxy measure for what would have happened in the absence of support. The treatment is therefore the independent variable in the analysis. Finding a suitable comparison group is a challenging task because support is not allocated at random. A self-selection bias means that those companies who choose to seek support are likely to differ from those who don't. Without controlling for this bias, we risk overlooking differences in outcomes observed post-intervention that are purely driven by differences in business characteristics and factors unrelated to the programme.

To identify a suitable control group, and account for differences in business characteristics at the baseline stage (i.e. the year(s) before the first treatment), the study team performed

Propensity Score Matching (PSM). This is a statistical method which identifies a control group with similar probabilities of receiving support based on a set of observable characteristics (such as age, industry, and location as well as baseline turnover and employment levels). By matching each treated business with a similar type of non-treated business, it is possible to examine the differences in key performance indicators between the two groups, and the extent to which changes in the treatment group can be attributable to the support provided by the Hubs. This method allows to disentangle the real impacts of the programme from other potential confounding factors. However, due to limitations in available data, we were unable to control for unobservable differences (e.g. quality of leadership teams, innovation, and willingness to grow).

In our analysis, beneficiaries are defined as businesses who have received support from Growth Hubs, regardless of the type and intensity. For each business supported between 2015 and 2020, we denoted the first year of treatment as t_0 , and we traced business performance up to five years after the first interaction with the Growth Hubs (from t_1 to t_5). We matched businesses based on observable characteristics two years before they received support (i.e., average of t_{-1} and t_{-2}). As the baseline depends on business-specific variations in the timing of the first intervention (i.e., different companies engage with the Growth Hubs at different points in time), this approach allowed us to trace out the long-term trajectory of effects without the attrition of young businesses who were supported more recently.

For all outcome indicators below, the values at each period are compared to the baseline (i.e., the two-year average before treatment), after controlling for observable differences in business characteristics between the two groups. Figure 22 to Figure 24, below, show the average increases in absolute terms (panel a) and the log differences (panel b) (percentage points differences on a log scale). To provide an easy assessment of the programme's contributions, the tables underneath show the differences between beneficiaries and non-beneficiaries. This yields **difference-in-differences estimates** of the impact of treatment. These results illustrate the total benefits including benefits of repeated support.

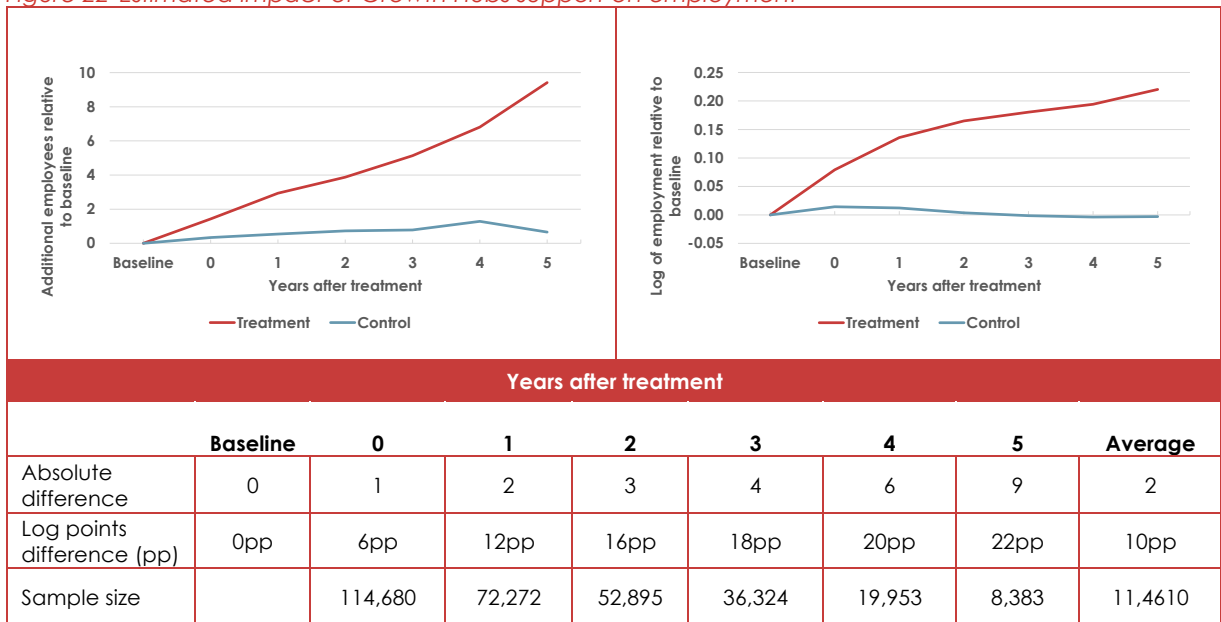
Note that the sample size in each period depends on how many years have passed since the first year of treatment. Business support provided in 2015 is reflected in all periods, from t_0 to t_5 , but the impacts of support provided in 2020 is only reflected at t_0 (until more recent administrative data becomes available).

Overall, the results from the econometric analysis show that **the programme has supported a strong growth in employment**. The analysis presented here captures full-time and part-time employees.

In Figure 22, we see that, one year after the first intervention, beneficiaries experienced an immediate average increase of three employees (14% average increase), while non-beneficiaries experienced no visible changes. The gap between the two groups grew with each subsequent period. After five years, on average, we see that beneficiaries have added nine employees over and above what was observed two years before they received support (22% average increase), compared to zero for non-beneficiaries. Defining the employment growth benefit of the programme as the average log points⁶⁸ increase by which beneficiaries outperform non-beneficiaries as a result of receiving support, we find that the average benefit is about 10 log points over a five-year period.

⁶⁸ Log points represent the difference between two percentages on a log scale. Taking the first difference of a logged variable in effect estimates the percentage change in that variable. In summary, %increase for treated group minus %increase for control group equals percentage points difference on a logged scale (i.e. log points)

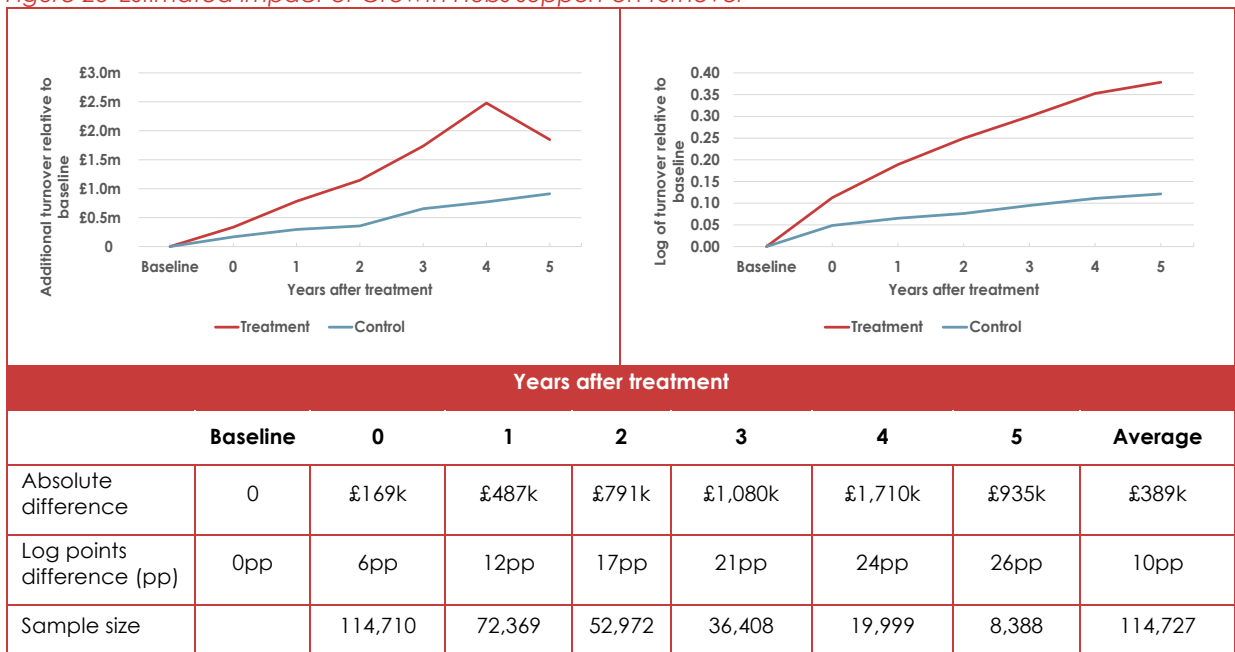
Figure 22 Estimated impact of Growth Hubs support on employment



Source: Business Structure Database (BSD) and programme data. Note: the data excludes outliers, values 3 standard deviations from the mean. To estimate the precise percentage change use: $(e^x - 1)$. Each beneficiary is matched with one other non-beneficiary. The sample size presents the aggregate for both groups combined.

In terms of turnover, we find that the programme has had a positive effect on the performance of beneficiaries relative to non-beneficiaries. Specifically, relative to the baseline, beneficiaries report an average increase of £782k one year after the first intervention, compared to £294k for non-beneficiaries (19% vs 7% average increase, respectively). Over a five-year period, the amount of turnover among beneficiaries increased on average by 10 log points (in comparison with non-beneficiaries).

Figure 23 Estimated impact of Growth Hubs support on turnover



Source: Business Structure Database (BSD) and programme data. Note: the data excludes outliers, values 3 standard deviations from the mean. To estimate the precise percentage change use: $(e^x - 1)$. Each beneficiary is matched with one other non-beneficiary.

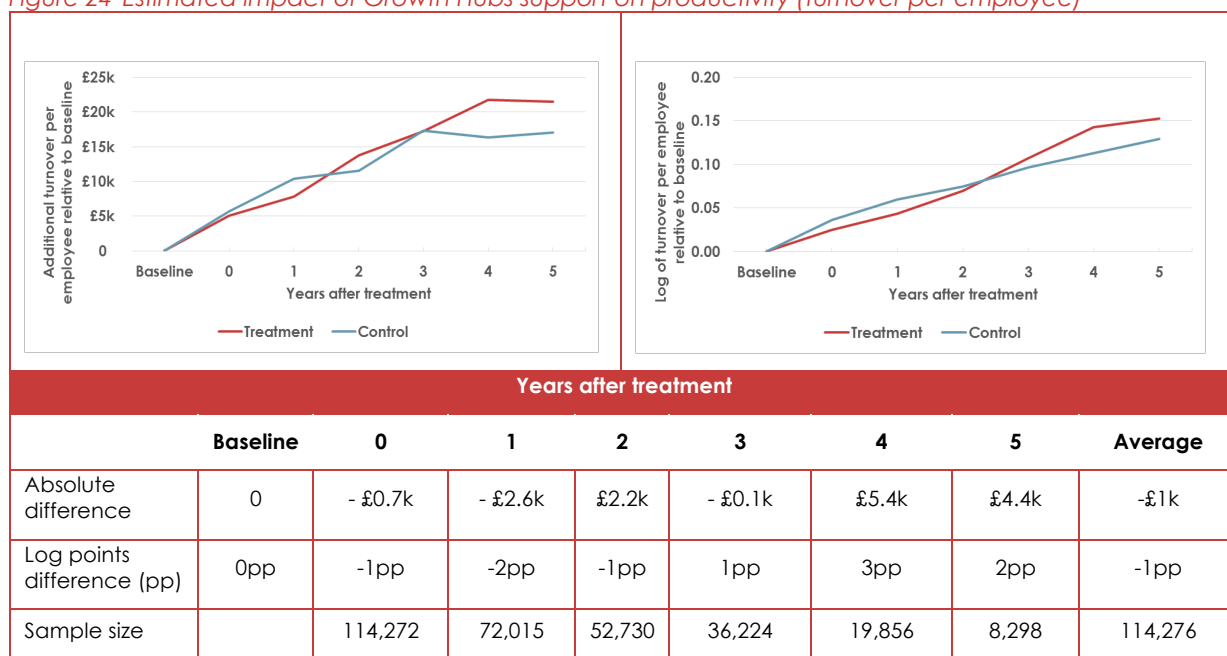
beneficiary is matched with one other non-beneficiary. The sample size presents the aggregate for both groups combined.

Figure 24 represents **the effects on labour productivity (turnover per employee)** associated with support from the programme up to five years after the first interaction relative to the two-year average before receiving support.

We see that, overall, the level of labour productivity has increased for both groups. One year after receiving support, the labour productivity of beneficiaries is around £5.4k higher than its two-year average before treatment, while that of non-beneficiaries is £10k higher (4.9% vs 5.1% average increase). However, we see that while beneficiaries fall behind non-beneficiaries in the first three years after receiving support, they experience stronger performance in the following two years.

Overall, over a five-year period, productivity among beneficiaries decreased on average by 1 log points compared to non-beneficiaries.

Figure 24 Estimated impact of Growth Hubs support on productivity (turnover per employee)



Source: Business Structure Database (BSD) and programme data. Note: the data excludes outliers, values 3 standard deviations from the mean. To estimate the precise percentage change use: $(e^x - 1)$. Each beneficiary is matched with one other non-beneficiary. The sample size presents the aggregate for both groups combined.

The study team also assessed how **the performance of beneficiaries varies depending on the level of support intensity**.⁶⁹ Making this distinction is important because some businesses had more intense interactions (such as mentoring and funding) whereas others had low intensity interactions in the form of general correspondence. The results presented here should be interpreted with caution because there are inconsistencies in the ways the support intensity variable has been defined across different Growth Hubs. For example, in some Growth Hubs,

⁶⁹ In practice, this approach was more feasible and instructive to model in the econometric treatment than directly using the typology of Growth Hubs. The typology has however been maintained in the qualitative analysis of impact

the support intensity is defined based on the hours of support (as in Enterprise M3), but in others it is based on the type of support (as in Leeds). A number of beneficiaries appear in a separate 'unknown' category because some Growth Hubs did not provide any information on the level of support intensity. Appendix A (A.8) provides more information on the differences across Growth Hubs.

The tables below show the average increase (in absolute and percentage terms) in key performance indicators compared to the baseline. The data is split by the level of support intensity to provide further context. As with the main analysis presented above, the impacts of the programme are measured by assessing the differences between the aggregate treatment group and the control group (i.e. the group of businesses who have not received any support). Businesses who have received low-intensity support are not a suitable counterfactual group against which to compare the results of high-intensity support because we have not controlled for self-selection bias (i.e. the differences in business characteristics which may influence whether a business chooses to seek more intense support). Nevertheless, the results presented here show how each separate group has performed compared to the baseline.

Table 1, below, shows that over a five-year period, beneficiaries who received high-intensity support added 2.7 employees, on average. This is equivalent to a 15% average increase over the period. Businesses who received medium and low intensity support have also experienced similar growth in employment: 2.1 employees (11%) and 2.4 employees (9%), respectively.

Table 1 Average increase in employment compared to the baseline, by level of support intensity

	Years after treatment							
	Baseline	0	1	2	3	4	5	Average
Absolute increase								
Control	0	0.3	0.5	0.7	0.8	1.3	0.7	0.4
Treated	0	1.4	2.9	3.9	5.2	6.8	9.4	2.3
High	0	1.5	2.8	4.2	6.0	7.0	9.9	2.7
Medium	0	1.2	2.6	3.5	4.1	4.5	7.1	2.1
Low	0	1.6	3.3	4.3	5.7	8.6	10.8	2.4
Unknown	0	1.4	2.9	2.9	4.7	5.0	9.6	1.9
Percentage increase (%)								
Control	0	1	1	0	0	0	0	1
Treatment	0	8	14	16	18	19	22	11
High	0	10	18	22	28	29	33	15
Medium	0	9	14	16	17	17	17	11
Low	0	7	12	14	15	18	21	9
Unknown	0	7	12	16	18	20	24	9

Source: Business Structure Database (BSD) and programme data. Note: the data excludes outliers, values 3 standard deviations from the mean. To estimate the precise percentage change use: $(e^x - 1)$. Annex A contains a table with the sample size of each group.

Table 2 shows that, over a five-year period, beneficiaries who received high-intensity support saw an average increase in turnover of £575k. Businesses who received medium and low intensity support have also experienced similar growth in turnover equal to £619k and £720k, respectively. The differences in performance observed between the three groups is partly explained by confounding factors. For example, a slightly larger share of SMEs received high

intensity support than larger businesses which may explain why it appears that those who have received high-intensity support under-perform compared to other treated businesses.

Looking at the average percentage increase provides a way to contextualise the absolute increase with respect to the baseline value of turnover. Over the evaluation period, businesses who received high intensity support saw a 20% average increase in turnover relative to the baseline. The equivalent increases are 17% for medium and 14% for low intensity support.

Table 2 Average increase in turnover compared to the baseline, by level of support intensity

		Years after treatment						
	Baseline	0	1	2	3	4	5	Average
Absolute increase (£, thousands)								
Control	0	166	294	355	654	770	912	244
Treated	0	340	801	1,196	1,780	2,481	1,846	639
High	0	306	634	1,067	1,538	2,057	1,528	575
Medium	0	300	759	886	1,371	1,721	1,552	619
Low	0	380	947	1,558	2,268	3,194	2,212	720
Unknown	0	343	703	974	1,335	2,183	1,795	507
Percentage increase (%)								
Control	0	5	7	8	9	11	12	5
Treatment	0	11	19	25	30	35	38	16
High	0	13	24	31	39	46	52	20
Medium	0	12	19	25	29	32	32	17
Low	0	10	17	22	26	33	37	14
Unknown	0	11	18	26	32	40	38	14

Source: Business Structure Database (BSD) and programme data. Note: the data excludes outliers, values 3 standard deviations from the mean. To estimate the precise percentage change use: $(e^x - 1)$. Annex A contains a table with the sample size of each group.

Table 3 shows that, over a five-year period, beneficiaries who received high-intensity support saw an average increase in labour productivity (turnover per employee) of £7.1k, equivalent to 4% average increase. Businesses who received medium and low intensity support have also experienced similar growth in turnover equal to £8.6k and £9.2k, respectively.

Table 3 Average increase in productivity (turnover per employee) compared to the baseline, by level of support intensity

		Years after treatment						
	Baseline	0	1	2	3	4	5	Average
Absolute increase (£, thousands)								
Control	0	5.7	10.4	11.5	17.3	16.3	17.1	10.1
Treated	0	5.0	7.8	13.7	17.2	21.7	21.5	8.6
High	0	4.1	5.2	8.1	7.8	16.4	19.8	7.1
Medium	0	4.1	8.7	12.4	19.6	18.4	23.9	8.6
Low	0	5.8	7.7	9.8	18.4	25.1	21.0	9.2
Unknown	0	5.3	9.1	23.2	20.8	26.6	16.2	8.3

Percentage increase (%)								
Control	0	3.7	6.0	7.5	9.7	11.3	12.9	4.9
Treatment	0	2.5	4.4	6.9	10.7	14.3	15.3	4.1
High	0	2.0	4.0	6.1	9.5	13.1	15.4	4.0
Medium	0	2.2	4.3	7.3	11.7	14.5	15.4	4.4
Low	0	2.8	4.5	6.6	9.8	14.0	15.4	3.9
Unknown	0	2.6	4.4	8.9	13.8	17.7	13.0	4.1

Source: Business Structure Database (BSD) and programme data. Note: the data excludes outliers, values 3 standard deviations from the mean. To estimate the precise percentage change use: $(e^x - 1)$. Annex A contains a table with the sample size of each group.

By design, Growth Hubs intend to simplify the policy landscape by providing a 'one stop shop' support for any business need. However, qualitative findings from interviews suggest that around two thirds of business in our sample had accessed other types of support in addition to the one received from the Growth Hubs. The econometric analysis presented here does not control for support received from other external sources due to the lack of available data. As such, it is possible that a portion of the benefits associated with Growth Hub support presented here are, in fact, attributed to other reasons (including support from UKRI, for example). Section 5 presents a more detailed attribution analysis based on qualitative feedback from stakeholders.

The quantitative findings are in line with the evidence collected via interviews, where many Growth Hubs expressed a positive opinion of the impact of their work on growth aspects, including job creation. Furthermore, interviews with businesses that have engaged with the Growth Hubs have revealed some illustrative examples of where Growth Hub support has contributed to business growth. A vignette is presented below.

A virtual retailer and service provider in the South West (medium-sized company) – experiencing growth

A pioneering, employee-owned virtual retailer in the South West with a large customer base in the UK and internationally contacted their local Growth Hub in 2019 hoping to learn more about available resources in general. The company was assigned a business advisor with whom they built a relationship based on access to general advice as well as recommendations for webinars and seminars. The continuous advisor relationship eventually enabled the company to focus more sharply on their future plans and strategy through a three-year plan.

In consultation, the CEO of the company noted that finding this source of support took some effort due to a lack of available information on the Growth Hub at the time, and they are thus now also actively signposting other businesses to them to avoid the same time spent for others. Nonetheless, the Growth Hub, together with Innovate UK and the Federation of Small Businesses have formed a long-standing support framework for the company in which each organisation fills a clear and complementary role as the business further pursues its goals.

As a result of the relationship with The Growth Hub particularly, the business has formulated a 'strategy wheel' with eight specific areas to work on, and has seen its revenue increase as well as development of its employees' skills base.

In terms of adapting to the impacts of COVID-19, interviews with Growth Hub leads revealed a number of examples of pivoting to new areas of operation following fairly intensive 'hand-holding' support. This includes:

- A business in the South East that was able to continue trading by switching to manufacture of personal protective equipment

- A sole trader in the South West focused on woodwork that pivoted their product offer
- Businesses in parts of Yorkshire that have been supported to make a strategic shift to online shopping. The Growth Hub was able to develop a new partnership with an e-commerce platform, which developed into an offer of membership to that platform to businesses interested in e-commerce. This provided businesses with expertise on how to sell online, as well as advice and support, including social media strategies

This was mirrored in interviews with businesses that have engaged with the Growth Hubs. Interviewees often described the Growth Hubs as a valuable resource that can both help find and broker access to a variety of support products, and can help a business to understand their own needs better. Businesses described the 'human-centred' approach of the Growth Hubs as essential and advantageous, particularly in times of heightened uncertainty. These interviewed revealed some illustrative examples of where Growth Hub support has been important to surviving and rebuilding from the COVID-19 pandemic. A vignette is presented below.

A retailer and service provider in Yorkshire and the Humber (micro company) – pivoting to survive the pandemic

A long-standing beauty salon and gift shop run in Yorkshire had suffered during the UK's period(s) of lockdown, not only because of the loss of customers, but also due to the expiration of stored products worth hundreds of pounds.

It was through a personal contact that the owner learnt about a grant for re-building after the latest lockdown offered by the local council and supported by the Growth Hub. Although the company had not known of the Growth Hub prior to this news, the potential grant was extremely suitable to their needs. Upon contacting the Growth Hub, the business was assigned an advisor who walked them through the application process. The owner was particularly pleased about the subsequent ease of the application process having finalised it in one night.

Despite a brief engagement with the Growth Hub, the company described a considerable impact in consultation. In addition to the support with acquiring the grant to recover from the losses from the lockdown periods, the business was also referred to a source for building a website. As a result, the company now has a digital presence and a 'click and collect' service that has bolstered their ability to trade and thus increased resilience in the face of potential further lockdowns.

Interviews with Growth Hub leads provided brief insight into a number of examples of impact on business behaviour, with some anecdotes collected in this sub-section showcasing examples where businesses have been able to make changes based on the advice received from the Growth Hubs.

Interviews with businesses that have engaged with the Growth Hubs have allowed the study team to further develop this. The responses to the interview questions revealed a range of short- to medium-term benefits resulting from their engagement, including strategic, financial, and public image benefits:

- Two fifths of consulted businesses (38%, 15 people) reported strategic or technical developments in their businesses. A quarter of consulted businesses (25%, 10 individuals) reported having increased strategic capacity (e.g., implementing a new strategy or having upskilled management)
- Two fifths (38%, 15 individuals) reported having been able to implement new directions due to the funding obtained through Growth Hub support. These included new premises, new websites, or improved public-facing interfaces such as mobile applications, or important accreditations (e.g., ISO 9000)
- Just under one third (30%, 12 individuals) reported having acquired information and /or improved knowledge of the local landscape and support network. Within this, eight

individuals ways in which they had been able to act on the improved information. Through this, businesses reporting having also been able to access more appropriate services, and also improve their recruitment

- Another 30% (12 individuals) reported enhanced productivity through new tools, methods, or equipment
- Just under one fifth (18%, seven individuals) reported increased financial stability despite the pandemic, and 15% (six interviewees) mentioned accelerated business growth in general

There were no distinct patterns in these findings when examining interview data by Growth Hub location of type.

Interviews with businesses that have engaged with the Growth Hubs have reveals some illustrative examples of where Growth Hub support has been acted on. Two vignettes are presented below.

A software developer in the South East (micro company) – launching a new product

A micro start-up (a director as sole trader supported by an intern and three volunteer workers) that specialises in building applications, came in contact with a Growth Hub in the South East after learning that the local LEP offered small innovation grants for pre-seed and seed-based start-ups.

Through the Growth Hub and LEP, the company received an innovation support grant to develop a business plan and their concept. For the company's director, entrepreneurship was a new area, so the Growth Hub has provided a vast amount of learning resources for managing a start-up. These have involved topics like social media, PR, international trade as well as navigating grants and up to date opportunities. In addition to the learning opportunities, grants and the Hub's business network have proven particularly impactful.

As a result of the support received, the company has been able to expedite the release of a new application to the market, which is also thought to have significant potential for social impact (related to families with relatives in palliative care). Although the lack of angel investors in in the Growth Hub's network has left the company slightly in need to look further afield, there is a firm confidence in the support provided by the Growth Hub for the foreseeable future.

A service provider in the South West (micro company) – development strategy

A young start-up (founded March 2021) in the south west promotes mental health in the workplace by running team-building exercises and other activities through creative means as well as supplying activity kits to companies.

Engagement with the Growth Hub was initiated following attendance on a European Commission-funded training programme for new companies. From this, the company gained a business development manager who, in turn, recommended accessing the Growth Hub. The directors had previously come across the Growth Hub, but had felt that the service was not for recently started businesses.

As they contacted the Growth Hub, the company was assigned a business advisor who signposted the directors to Access to Finance and, as they voiced a need for help with a marketing strategy, to an ICT-focused business network that could provide further relevant courses. With the guidance into the landscape and direct marketing strategy advice from the Growth Hub advisor, the company was supplied with a foundation on which they were able to carry on independently.

Although business has not accessed the Growth Hub since this initial interaction, the directors of the company suggested in interview that they would likely contact the Growth Hub again once they reach the next phase of their business and are considering growth plans.

4.3 Additionality of the Growth Hubs

Sub-questions addressed:

- What would businesses have done without the Growth Hub? Would they have got the support or not? Or would they have accessed the support less efficiently/found it more difficult?

Interviews with Growth Hub leads indicated that there is significant importance placed on the impartial voice provided by the Growth Hubs. This was characterised in a number of ways, from the performance of the 'honest broker' role in helping businesses navigate complex support environments, to simply offering businesses 'someone to speak to' in the event that they are confused about their options or needs. There was a sense in interview that this has become increasingly important (and visible) in the COVID-19 era, where resilience has become more important, and with lots of businesses focusing on survival and/or pivoting to survive the pandemic. Two illustrative examples of this are set out below:

- The Gloucestershire Growth Hub have received feedback from businesses that the information received through Growth Hubs nationally has been the simplest and clearest route for information
- Businesses in the South East of England typically struggle to find their way through the myriad of information on business and finance support that is available to them. After a marketing study on how people usually look for business advice, the Growth Hub developed a pop-up chat box called "Ask Phil" that collects business enquiries.

As in the preceding section, interviews with businesses have allowed us to develop an understanding of the qualitative counterfactual to Growth Hub engagement. Businesses were asked to directly describe what would have happened in the event that the Growth Hubs had not been available. The general view was that – as Growth Hubs are connectors, facilitators, or intermediaries – it would have been possible to continue without the Growth Hubs, but that there would have been some effect on progress. Concretely, 38% of consultees (15 individuals) advised that they likely could have managed without the Growth Hub services, but felt that the Growth Hub support had accelerated their business or project development, had provided a competitive edge, or otherwise made the end result 'better'. A smaller proportion of businesses (10%, four individuals) reported that they could have not reached a certain goal or even kept their business going without Growth Hub support. There was no notable difference between Growth Hub types.

4.4 Barriers to access

Sub-questions addressed:

- Why do some businesses not use Growth Hubs?

Interviews with national stakeholders revealed a belief that a potential barrier to access is the earlier-discussed perceived lack of awareness of Growth Hubs among businesses due to ineffective marketing and branding. In addition to reducing the reach of the Growth Hubs, national stakeholders suggested that this could introduce a mistrust of Growth Hubs among those businesses that have not yet engaged. It was suggested in interview that some business may be mistaken in thinking that the service costs money or requires a certain type of commitment, in direct contradiction to stated advantages (above). Another perception was that Growth Hubs may be seen as not being appropriate for start-up companies. This could be improved by improving messaging and branding, nationally and locally.

Regional stakeholders also primarily discussed a lack of awareness as the main barrier to access (71%, 15 individuals). As with the national stakeholders, 52% of regional stakeholders (11 individuals) highlighted issues around businesses' perception of the services (i.e., a lack of understanding, trust, uncertainty around sufficiency of the services). Just over two fifths (43%, nine individuals) discussed the complicated landscape with lots of other choices that might be confusing without a clear signal or message that Growth Hubs are a first step in accessing support.

5 How the network of Growth Hubs fits within the broader business support landscape (RQ3)

5.1 Identification and signposting of other available support

Sub-questions addressed:

- How effective are Growth Hubs at signposting to other business support available? Is the Growth Hub model the right one for this?
- What have been the benefits and challenges of Growth Hubs joining with other national business support programmes and how could this be improved?

The process of signposting has been addressed in consultation with both Growth Hub leads and stakeholders. This is over and above the broader question of simplification addressed in section 4.1.

Interviewed Growth Hub leads described engaging with a wide range of partners in order to draw linkages to a broad range of provision, often scanning for partners to fill established gaps in provision, or receiving and critically assessing offers of provision in their local areas. Seven interviewees (19%) described establishing and/or leading local forums, or joining existing forums, to help extend their reach and offer. A number of Growth Hubs reflected that the COVID-19 response had led to them engaging more closely with existing partners or forming new links with partners they had not worked with before, such as local health partners. On the whole, the interviewed Growth Hub leads found most potential partners to be receptive to engagement. However, some issues were identified. Six interviewees (16%) found private business support providers less receptive because of a perception that the Growth Hub could be constitute as competition. This reflects a broader point articulated in sections 3.1, 3.3, and 4.1 regarding top-down messaging around the rationale and role of the Growth Hubs.

Stakeholders (national and regional) were asked directly whether the Growth Hubs had simplified the business support landscape.

National stakeholders offered a mixed view, noting that while some simplification may be possible, it is undermined by a lack of consistency and cohesion at the network level. Over and above this, there was some reflection of intra-regional territoriality that prevented a simplifying cohesion at the sub-national level in some cases. Another message related to the nature of engagement, with some sense that businesses may choose to return to existing relationships rather than seek help from the Growth Hubs. However, there was also a view that, strictly at the local level, Growth Hubs have brought national programmes closer to local businesses.

Regional stakeholders more often discussed successful simplification with 44% (11 individuals) describing Growth Hubs as having achieved the 'one stop shop' status. However, a sub-set of these (28%, seven individuals) remarked that only some parts of the landscape were simplified, but that overall, the landscape was still crowded. A smaller proportion (20%, five individuals) suggested that Growth Hubs have not yet successfully simplified the landscape, and regard this as a difficult task in an historically overcrowded space.

In discussing joining together various local and national programmes and providers, interviewed stakeholders noted that the benefits of this activity by the Growth Hubs includes the development of local and regional ecosystems. There have been positive reflections on the diversity of available expertise, and a reputation for impartiality, a lack of conflict of interest, and responsiveness (among those that know the Growth Hubs).

There were also some areas of signposting that were deemed as ready for improvement, largely related to partners that interviewees felt should be engaged with more. The following groups were mentioned by consulted Growth Hub leads: trade associations, Catapults, and Innovate UK. Innovate UK was mentioned by groups of Growth Hubs in the December 2020 workshops and by a small number of interviewees as an important partner and also one that could be better integrated with many of the Growth Hubs. There was a potential role for BEIS in this in setting the overarching message that would position the Growth Hubs and the complementarity of Innovate UK and the Growth Hubs. One workshop group also discussed the potential for data sharing agreements between agencies and departments and the Growth Hubs that would allow more precise information exchange on which businesses had received which support, and from which parties.

5.2 Appropriateness of Growth Hub support for businesses

Sub-questions addressed:

- How do Growth Hub customers overlap with users of other (non-GH) business support schemes?

While there is little quantified information available from the firm-level data, annual reports, or annual performance data on the overlap of businesses that had accessed non-Growth Hub support, interviewed with businesses were asked whether they had done so.

Interview data shows that two thirds of consulted businesses (66%, 25 businesses) had accessed other support services in addition to the Growth Hub. In interview, 24 other sources of support were named in interview, most common of which was Innovate UK (8% of businesses reported accessing their services).

5.3 Appropriateness of Growth Hub support for addressing (national) policy priorities

Sub-questions addressed:

- To what extent are Growth Hubs contributing to the rebalancing of spending across the country/levelling up agenda?

As discussed in section 3.3, Growth Hub leads and stakeholders were each confident about the ability of the Growth Hubs to shape and deliver on local needs and priorities. Consulted Growth Hub leads largely felt that the ways in which Growth Hubs address local policy priorities and business needs would have important consequences for local resilience and prosperity, which would then feed into the levelling up agenda.

Many interviewed Growth Hub leads also believed that the Growth Hubs are playing an important role in terms of feeding useful, granular business intelligence to BEIS that would help in the design and delivery of (potentially more targeted) interventions, and there was a recognition that recently the Growth Hubs have been helping to deliver a number of important national grant programmes (such as the financial support for businesses during COVID-19).

There was additionally a widespread sense among Growth Hub leads that there is greater potential for other national government departments to make more use of the Growth Hub network to help meet national priorities, and in delivering the levelling up agenda.

Stakeholders (national and local) were also asked about the Growth Hubs' contributions to national policy priorities such as levelling up.

National stakeholders reflected a perceived contribution to national rebalancing through Growth Hubs' unique understanding of local needs and strengths that can be fed back into national policy design. However, it was suggested that this requires a more concerted effort at an overarching management level, possibly as a separate issue for the best practice for Growth Hubs while ensuring that the Growth Hubs remain driven entirely business needs rather than government priorities.

Regional stakeholders reflected similar views. Over a third (35%, seven individuals) reported their belief that Growth Hubs are contributing to the levelling up agenda. This included simply supporting SMEs locally (35%, seven individuals). A quarter (25%, five individuals) highlighted the role of Growth Hubs as a communicator between businesses and policymakers, e.g., facilitating communication of what businesses need and being the 'voice' of local businesses to make policymakers aware of issues and generate policy changes. A smaller proportion (20%, four individuals) expressed the view that Growth Hubs are not contributing to the levelling up agenda, and another 20% (four individuals) were unsure what levelling up means.

5.4 Appropriateness of Growth Hub clusters for disseminating best practice

Sub-questions addressed:

- Is the cluster model effective at disseminating best practice through the GH network?

The overall view on the Growth Hub clusters was that they are a useful coordination mechanism, and useful to an extent where coordinating cross-border, but this is often done bilaterally on an as-needed basis and not always on the basis of geographical proximity (e.g. West of England working with York and North Yorkshire on select issues). For many, the clusters represented an opportunity to talk with others in a similar situation as themselves, with some even framing these interactions as 'cathartic' and 'therap[eutic]'. While the reported benefits of the clusters were often described as due to being linked with those that were geographically close to consultees' own Growth Hubs, the role of sharing best practice was felt by some to be quite limited due to the extent of differences within consultees' own clusters. However, consultees did not wish to see the current cluster model replaced with a model where Growth Hubs are linked by 'type', as many Growth Hubs make bilateral links with each other as a matter of course and with relative ease (as typified by the above West of England/North Yorkshire example). One suggestion raised by a couple was to complement the clusters with other forums for those that operate in similar ways or are facing a particular issue to help share best practice around specific issues and delivery models.

The criticism of the clusters offered by a small number of interviewees revolved around two main issues. One such issues was some concern about the communication role of the clusters, where some interviewees felt that the messages transmitted to BEIS (and also those coming back down from BEIS), were being filtered by an extra layer of governance in the form of the cluster. Another such issue was related to the additional layer of reporting that some found came with the cluster arrangement, and to some extent the national coordination role performed by Greater Manchester. These views seemed to be found primarily within the more well-resourced or more mature Growth Hubs, suggesting that the clusters might be of more value to smaller/less established Growth Hubs for practice sharing.

5.5 Future planning

Sub-questions addressed:

- What are future plans for Growth Hub activity?
- What improvements would stakeholders like to see?

Interviewed Growth Hub leads were asked about their forward thinking and plans for the future. The majority of responses to this question focused on fairly minor tweaks to the service offer, or on how the offer is packaged and communicated nationally.

Broader changes to the service offer in light of the ongoing effects of the COVID-19 pandemic were discussed by a significant proportion of interviewees. The COVID-19 pandemic was seen as having 'reset' the purpose (in terms of offer) of the Growth Hubs in the medium to long term as the economy adapts to the effects of the pandemic. This reflects broader discussions set out earlier in this report regarding the increased importance of resilience alongside productivity in the service offer, as well as the encapsulation of observed anecdotal business outcomes and the additionality of the Growth Hubs in helping businesses navigate the uncertainty of the pandemic.

A number of Growth Hubs discussed plans to become more 'holistic' in how their service is delivered. This comprised a number of strands, including:

- Further integration of the Growth Hubs with the LEPs, deepening of the type of working between LEPs and Growth Hubs that is already underway. This related in particular to furthering the role of the Growth Hubs as a source of information to bolster the strategic capacity of the LEPs
- Fostering a systems perspective for the Growth Hub that would bring more mutually-reinforcing benefits and better support for horizontal interventions (e.g. in skills, digital investments, and infrastructure). Some of this would be achieved by bolstering integration in sectoral systems by strengthening relationships with and between firms, and other bodies

In doing one or both of the above, a number of Growth Hubs mentioned that some further consultation with businesses would be sought to check the direction of travel and re-check the appropriateness of the Growth Hub interventions.

Several Growth Hubs also mentioned an overarching goal to reach a greater proportion of their local business base. To do this, the packaging and messaging of the Growth Hub offer was seen to be crucial. Several mentioned that national campaigns and a central voice would be of key importance to achieving greater (and more sustainable) engagement with businesses. This was an ask of central government to support and bolster the work of the Growth Hubs, with marketing and consistent messaging from the top down.

Regarding improvements, Growth Hub leads, stakeholders, and businesses were asked directly to suggest areas of the Growth Hub network, delivery, and any other areas they would like to see addressed. In doing so, the following topics were raised. Many of these reflect critiques and constructive criticisms detailed throughout earlier sections of the report.

Improved consistency, communication, and awareness-raising:

- 14% of Growth Hub leads (five individuals) felt that central government could play an important role in promoting the Growth Hubs to businesses. Others reported that they felt that central government did not use the Growth Hubs as much as they could and are often funding programmes which could be linked in some way with the Growth Hubs but are not currently being linked. In addition, 8% of consulted Growth Hub leads (three individuals)

suggested there was a lack of a common understanding of what the purpose of a Growth Hub is. They suggested there could be more consistency across the network around the core offer whilst maintaining the flexibility to adjust the offer to local conditions. One talked about the solution being a more outcome focused model with broad parameters set at a high level that allow for local flexibility in how those outcomes are delivered.

- National stakeholders commented on the need to standardise and increase consistency in regarding the various functions and aspects of the Growth Hubs, while not undermining the potential for local individuality
- 20% of regional stakeholders (five individuals) saw a need to raise awareness of the Growth Hubs and undertake more marketing
- 20% of businesses (8 individuals) reported wishing that the Growth Hubs made themselves and their range of services better known and information more easily accessed

Increased resourcing:

- 35% of Growth Hub leads (13 individuals) saw this as fundamental in allowing them to deliver quality services. Short term settlements were reported to have a deleterious effect on the ability to plan, to form partnerships, to employ high quality staff and to set up quality monitoring and evaluation systems. For some Growth Hubs that have a higher proportion of funding from the local authority, or other sources, this is less of a concern as they already have a high degree of stability and security of funding
- National stakeholders called for secured funding, and at least a three-year commitment to retain skilled staff and longevity
- 20% of regional stakeholders (five individuals) thought Growth Hubs needed more resources or funding
- Businesses did not comment on this

Reduction of bureaucracy in service and reporting:

- 19% of Growth Hub leads (seven individuals) suggested that the reporting to BEIS and other government departments could be streamlined. There was a recognition that accountability is important and to be expected but the large number of separate reports and the level of duplication in some of the indicators was reported as a major burden by many. Others also asked that some of the reporting indicators be clarified by BEIS. Linked to this a small number of interviewees expressed the opinion that some of the indicators promoted 'cookie cutter' reporting that was focused on producing numbers rather than reflecting meaningful indicators of positive business outcomes. Some considerations produced for the Monitoring and Evaluation Working Group are presented in Appendix E.
- Focusing on business-facing aspects, 20% of businesses (eight individuals) reported a wish for the Growth Hubs to do more to accommodate the 'private sector pace' or to strive to lessen bureaucracy.

6 Conclusions and recommendations

6.1 Main findings and conclusions

The network of 38 Growth Hubs has a strong reputation for reliability and independence among stakeholders, partners, and businesses. These groups also see the Growth Hubs as contributing positively to the development of their local ecosystems by i) addressing local policy, ii) bringing together and leveraging local partners and where possible continually appraising gaps and needs, and iii) communicating local needs to policy makers in central government.⁷⁰ National and regional stakeholders also reflected a perceived contribution to national rebalancing through Growth Hubs' unique understanding of local needs and strengths that can be fed back into national policy design. The localised nature of the Growth Hubs is seen as essential for these functions, and in-house models as per the typology for this evaluation⁷¹ are found more able to influence local developments.

Analysis of annual performance data and firm-level data provided by Growth Hubs shows that uptake of engagement with Growth Hubs has grown over the period. This is driven largely by light touch interactions, but the result is that Growth Hubs have engaged 8% of all businesses in England – higher than the 2.5% ambition set in BEIS reporting. To achieve this, Growth Hubs have used several means for engagement,⁷² and data suggests another surge of interactions driven by the COVID-19 pandemic.⁷³ Analysis of data across individual Growth Hubs suggests that the Growth Hub type⁷⁴ does not affect proportional engagement. There was a sense among stakeholders that Growth Hubs could (or should) now be more strategic in how they target businesses going forward, and Growth Hub leads themselves detailed future target groups.

The Growth Hubs offer a wide variety of support, including access to national provision, broad support categories (such as funding, sales and marketing, regulatory advice), and as a minority support related to specific thematic areas or sectors (such as manufacturing or low carbon). That support is tailored to local contexts is a fundamental aspect of the Growth Hubs, though this also leads to a lack of consistency and cohesion across the network. Productivity was described as having been a focus in initial support design, although it was largely agreed that resilience had become a more overt focus in the last 18-24 months.

Partners, stakeholders, and business believe that the Growth Hubs are delivering relevant support for businesses in their areas, and the localised nature of Growth Hubs was again thought to be essential to this. In consultation, prevalent business needs were thought to be related to COVID-19 and EU Exit, with neither regarded as particularly short-term, though consulted businesses also listed access to finance, advice and guidance, and staff issues as primary drivers of engagement. These issues are not specifically shaped by location or type of Growth Hub, with the local factor more important to presence, trust, and more detailed

⁷⁰ Feeding useful, granular business intelligence to BEIS that would help in the design and delivery of (potentially more targeted) interventions

⁷¹ Growth Hub models combine various levels and types of general, sectoral, or thematic expertise with in-house (within the LEP) and outsourced delivery approaches. In-house models are deemed to allow for greater integration and interaction with local policy design and delivery

⁷² Including newsletters, events (physical and virtual), and leveraging partners and other local networks

⁷³ Due to increased visibility from national campaigns related to COVID-19 support, and increased need among businesses for help in navigating uncertainty

⁷⁴ The typology for the study classifies in-house and outsourced Growth Hub models with degrees of generalism or specialism in the support offered

tailoring (e.g. guiding individual businesses through the landscape of support in a dialectical manner).

Across the network, the Growth Hubs have clear potential to simplify the business support landscape,⁷⁵ and there are evident consistent volumes of referrals to other programmes. In addition, all Growth Hubs appear to be undertaking significant, ongoing strategic stakeholder engagement and management to expand the available support offer in their local areas, however, weak messaging and a lack of cohesion and consistency of offer across the country-wide network may impact success in this area.

Turning to the effectiveness of the Growth Hubs for business, partners, stakeholders, and businesses themselves see Growth Hub support as impactful. Businesses often described Growth Hubs as a valuable resource that can help find and broker access to a variety of support products, as well as helping develop a better understanding of their own needs. Businesses described the 'human-centred' approach of the Growth Hubs as essential and advantageous, particularly in times of heightened uncertainty, such as during the COVID-19 pandemic. There are a number of examples of resultant business behaviour changes following Growth Hub support, including pivoting to new areas.

Econometric analysis reveals positive effects on business growth. Engagement with the Growth Hubs boosted employment levels for supported businesses, with the difference between beneficiaries and non-beneficiaries having gradually increased over time. Beneficiaries demonstrates an average 14% increase in employment one year after first engagement and an average 22% increase in employment after five years, compared to no visible change among control group businesses. In terms of turnover, there is an evident sustained growth. Relative to the baseline, beneficiaries report an average increase of £782k one year after the first intervention, compared to £294k for non-beneficiaries (a difference of £487k, or average increase of 19% vs 7% average increase, respectively). The equivalent increase five years post-treatment is higher, at £953k (26 log points, on average). The effect of Growth Hub support on labour productivity is more mixed. The level of labour productivity increases for both treatment and control group businesses. One year after receiving support, the labour productivity of beneficiaries is around £5.4k higher than its two-year average before treatment, while that of non-beneficiaries is £10k higher (4.9% vs 5.1% average increase). While beneficiaries fall behind non-beneficiaries in the first three years after receiving support, they subsequently experience stronger performance in the following two years. Examining these effects by intensity of support received shows positive impacts resultant from high, medium, and lower intensity support, though some caution is required in interpreting these results.

Looking forward, all consulted Growth Hubs have plans to further enhance their support offer in the future, with the predominant plans focused on deepening Growth Hub-LEP integration, or furthering systemic, horizontal integration. A number of Growth Hubs discussed plans to become more 'holistic' in how their service is delivered. More broadly, there are a number of key constructive criticisms from the evaluation that, if addressed, could enable the Growth Hubs to build on these positive messages. These include a perceived lack of awareness among businesses of the Growth Hubs and their offer, which Growth Hub leads, partners, and stakeholders attributed to poor messaging and ongoing confusion within local and regional ecosystems. In addition, increased consistency of offer across the network, and improved resourcing (particularly longer-term funding settlements) could enable the Growth Hubs to retain high value staff and work more effectively.

⁷⁵ Acting as intermediaries and 'honest brokers' for example

Recommendations

Building on the findings of the evaluation, we present five interlinked recommendations, below.

1. Improve the consistency of the offer across the network

The localised nature of the Growth Hubs is essential to the relevance of (and trust in) the support offer. This was tested by the increasing challenges presented during the COVID-19 pandemic, and Growth Hubs were found to be increasingly important to many firms' prospects of survival. Many consultees remarked on the importance of the localised nature of the Growth Hubs as agents of ecosystem development, and as informants on local needs in light of national policy making and decisions. However, the highly localised nature of the Growth Hubs has been reported as having led to inconsistencies in what is available in different areas of the country, and even within regions. This invites a role for increased oversight and ensuring that businesses know what to expect regardless of which Growth Hub is contacted (for example if a business has multiple sites or locations). There is also a need to increase cohesion across the network.

2. Support further development of the offer and modes of delivery, learning from the experience of the pandemic

The lessons of helping businesses through the COVID-19 pandemic and the implications of the EU Exit process offers a view on the value of the Growth Hubs and their support offer. It is clear that, despite constraints and challenges, Growth Hubs have adapted to delivering important and impactful support in the navigation of complex scenarios. Key to this has been the ability of the Growth Hubs to leverage their local trusted presence and knowledge to engage in dialectical support delivery. This has demonstrably helped businesses to better understand their own needs and options, which may not have been immediately clear even to the businesses themselves. This suggests a clear role going forward in helping businesses to address other complex agendas, such as with relevance to the Net Zero agenda, and support resulting from the Levelling Up agenda or other emergent mechanisms.

There are lessons for delivery modes too. It is clear that the digitalisation of delivery resulting from the pandemic has offered new ways of both reaching businesses and for businesses to access business support. This has been beneficial but should not replace face-to-face delivery, which many businesses appreciate (and may also be important to various types of support delivery). This would suggest a hybrid approach as a way forward, albeit one which should be fostered carefully.

3. Improve communication and marketing of the network

The offer of the Growth Hub is evidently complex, both within individual Growth Hubs and at the network level. Linked to the first recommendation, it is important to improve the visibility of what is available from the Growth Hubs. However, if Growth Hubs are to be retained, it is perhaps even more important to ensure clear messaging about their place in the landscape. In the current vision, this would entail presenting the Growth Hubs as the 'one stop shop' or a first stop for any and all business support needs. This is largely underway, with materials being developed by the national coordinator, but there will need to be a clearly-developed vision, an agreed outcome, and carefully-considered targeted communications.

4. Increase resourcing for the Growth Hubs, directly or indirectly

The work of the Growth Hubs is resource intensive, and while the Growth Hubs themselves are confident of their resourcing and capacity, actors from other areas of the landscape felt that the Growth Hubs could do more with increased funding. The nature of resource allocation has implications for issues such as staff retention, and may also feed into messaging considerations. Longer-term commitments would allow Growth Hubs to better retain staff, build resourcing and

capacity, and also communicates that Growth Hubs will be in place for the foreseeable future. Growth Hubs should retain a responsibility for 'crowding in' funding, though there may be differences in capacity and capability across the network that could be addressed with guidance, perhaps via existing peer support mechanisms. This invites an examination of future scenarios for investment, perhaps also seeking a collective or bottom-up view via the Growth Hub clusters or other coordination structures such as working groups.

5. Improve data collection and reduce bureaucracy

The individualised nature of the Growth Hubs also leads to inconsistency in data collection and how information is recorded. This presents difficulties and is a limiting factor to analysis, and we recommend that this is addressed. This is underway via a dedicated working group, to which emerging findings from this evaluation have contributed (see Appendix E). It will be essential to foster consistency in recording to improve data analysis between evaluations, and a clearer view of attribution of impacts.

We believe that it would be extremely valuable to government and the Growth Hubs to have a better view of Growth Hub activity (e.g., a clearer understanding of uptake of different support products across the network). This should include the development of ways to ensuring consistency in how support products are recorded, how support intensity is defined and recorded, and capturing the provider of source of funding of support products and referrals. These are areas in which the evaluation team found particular difficulties and limitations with provided data.

Addressing these areas will help in the continued development of consistency and cohesion across the network, allowing responsible parties to monitor demand more reliably in different parts of the country, and will increase analytical capacity. This should be carefully managed, as Growth Hubs may feel that this is burdensome in the first instance – particularly where there have been recent changes to Customer Relationship Management (CRM) systems.

Appendix A Methodological notes

A.1 Overview of research questions and methods

The evaluation addresses three research questions, encapsulating process, impact, and strategic aspects of the Growth Hub programme. This chapter summarises the main findings of the evaluation against each research question, drawing on all strands of data collection and analysis. These are summarised by research question in the table below.

	Q1) How do Growth Hubs deliver business support? (Process aspects)	Q2) How effective are Growth Hubs at providing simple, more joined up, easily accessible business support? (Impact aspects)	Q3) How do Growth Hubs fit in with the wider business support landscape and what value do they add? (Strategic aspects)
Scoping interviews	●●	●●	●●
Desk-based review of existing evaluations	●●	●●	
Synthesis of Growth Hub Annual Reports	●●●	●	●●
Stakeholder workshops	●●●		●●●
In-depth interviews with Growth Hub leads	●●●	●●●	●
Growth Hub data analysis	●●●	●	
Quantitative impact evaluation		●●●	
Contribution analysis		●●●	
Stakeholder interviews	●	●●	●●●
Business interviews		●●	
Case study development	●●	●●	●

A.2 Workshop with Growth Hub leads

Two dedicated workshops were held with Growth Hub representatives – Wednesday 16/12/2020 and Thursday 17/12/2020.

The workshops were undertaken to present and check the draft Programme Logic Model, and to take input to begin the development of the Theory of Change.

A total of 43 individuals attended across the two days, representing 29 Growth Hubs, LEPs and Combined Authorities (see table below).

Table 4 Growth Hubs consulted via workshops

Growth Hub / LEP / area represented at the stakeholder workshops	
Black Country	New Anglia
Buckinghamshire Thames Valley (BBF)	North East (NE LEP)
Coast to Capital	Oxfordshire

Coventry & Warwickshire	Solent
Cumbria	South East (Business East Sussex)
D2N2	South East (East Sussex Council)
Dorset	South East (Kent Council)
Enterprise M3	South East (South East LEP)
Gloucestershire (GFirst)	Stoke & Staffordshire
Greater Lincolnshire	Thames Valley Berkshire
Heart of the South West	The Marches
Hertfordshire	West of England
Lancashire	Worcestershire
Leeds City Region	York & North Yorkshire
Liverpool City Region	

A.3 Scoping interviews

Scoping interviews were conducted in November 2020 with eight individuals with a strategic purview of the Growth Hubs, selected in collaboration with BEIS.

A.4 Interviews with Growth Hub leads

Interviews were conducted with 45 individuals from 37 Growth Hubs between February and April 2021.

A.5 Interviews with businesses

Interviews were conducted with 41 businesses between March and October 2021. Business contacts were nominated by Growth Hubs in order to achieve a spread of location, size, sector, and engagement types.

Table 5 Businesses consulted by location (region)

Region	Count of businesses in region
North East	2
North West	3
Yorkshire and Humberside	5
East Midlands	2
West Midlands	7
East of England	3
South East	12
South West	7
London	0

Total	41
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Table 6 Businesses consulted by size band (employees)

Business size band	Count of businesses by size
Micro	22
Small	12
Medium-sized	2
Unknown	5
Total	41

Table 7 Businesses consulted by sector of operation

Sector of operation	Count of businesses by sector
Services	15
Manufacturing	14
Professional, Scientific and Technical Activities	12
Total	41

Table 8 Businesses consulted by Growth Hub typology quadrant

Growth Hub typology quadrant	Count of businesses by Growth Hub typology
Type 1	14
Type 2	16
Type 3	2
Type 4	9
Total	41

A.6 Interviews with stakeholders

Interviews were conducted with 37 stakeholders, between September and October 2021. National-level stakeholders (6) were targeted in order to achieve a broad policy perspective, and regional partners (31) were targeted to achieve a spread of types of partners, including support providers and strategic partners that work with Growth Hubs in local areas. Regional partners were nominated by Growth Hubs.

A.7 Business case studies

Based on interview consultation, we developed seven case study vignettes to illustrate aspects of the business 'customer journey' when engaging with the Growth Hubs, as well as various ways in which benefits and effects have resulted from this engagement.

A.8 Composition analysis and descriptive statistics

The programme data used in this study is collected by Growth Hubs. It consists of identifiers (e.g. name, CRNs, VAT numbers), year of support, hours of support (for 16 Growth Hubs); and support intensity measured as High/Medium/Low (for 33 Growth Hubs). Data describing the nature of interaction (including enquiry and product types) is also available. However, due to inconsistencies in the way the data was recorded, these variables were cleaned and standardised into consistent categories through a method of text-mining. Table 9 shows which Growth Hubs have provided information on key variables of interest.

There are inconsistencies in the way the data is interpreted and collected. In some Growth Hubs, the support intensity variable is defined based on the hours of support (e.g. Enterprise M3), but in others it is based on the type of support (e.g. Leeds). An additional caveat is that some Growth Hubs do not record light-touch interactions. In cases where the support intensity variable is not provided, we have used information on the hours of support to define the variable. The definition is as follows: **Low**: less than 3 hours of support; **Medium**: 3 hours of support or more, but less than 7 hours; and **High**: 7 hours or more.

Table 9 Type of information available in programme data, by Growth Hub

Local Enterprise Partnership (LEP)	Enquiry type	Product type	Hours of support	Support intensity
Black Country	✓	✓		✓
Buckinghamshire Thames Valley	✓			✓
Cheshire and Warrington		✓		✓
Coast to Capital	✓	✓	✓	✓
Cornwall and Isles of Scilly		✓		✓
Coventry and Warwickshire		✓		✓
Cumbria		✓	✓	✓
Derby, Derbyshire, Nottingham, and Nottinghamshire	✓	✓		
Dorset			✓	✓
Enterprise M3			✓	✓
Gloucestershire		✓	✓	✓
Greater Birmingham and Solihull		✓	✓	✓
Greater Cambridge and Greater Peterborough				
Greater Lincolnshire	✓	✓	✓	✓
Greater Manchester	✓	✓	✓	✓
Heart of the South West	✓			✓
Hertfordshire	✓	✓		

Humber			✓	✓
Lancashire		✓		✓
Leeds City Region		✓		✓
Leicester and Leicestershire	✓		✓	✓
Liverpool City Region	✓	✓		✓
London		✓		
New Anglia			✓	✓
North East	✓	✓		✓
Oxfordshire	✓			✓
Sheffield City Region		✓		
Solent				✓
South East		✓	✓	✓
South East Midlands	✓	✓	✓	✓
Stoke-on-Trent and Staffordshire	✓	✓		✓
Swindon and Wiltshire				✓
Tees Valley	✓	✓		✓
Thames Valley Berkshire	✓		✓	✓
The Marches	✓		✓	✓
West of England		✓		✓
Worcestershire			✓	✓
York and North Yorkshire		✓		✓
Total	17	24	16	33

Source: Programme data.

Table 10 Number of supported businesses by LEP, 2016 - 2021

Local Enterprise Partnership (LEP)	2016	2017	2018	2019	2020	2021	Total *
Black Country				523	1,386	246	2,200
Buckinghamshire Thames Valley		1,917	2,433	1,759	4,216		10,300
Cheshire and Warrington	498	586	478	627	1,570	3,476	7,200
Coast to Capital	2,031	1,706	1,084	652	3,353	2,852	11,700
Cornwall and Isles of Scilly					1,239		1,200
Coventry and Warwickshire	387	603	513	700	1,369	120	3,700

Cumbria			62	1,118	895	11	2,100
Derby, Derbyshire, Nottingham, and Nottinghamshire			-	1,138	3,032	902	5,100
Dorset			1,049	193	978	117	2,300
Enterprise M3	106	577	333	306	343	34	1,700
Gloucestershire	-	198	343	375	173		1,100
Greater Birmingham and Solihull	3,732	779	595	720	774	468	7,100
Greater Cambridge and Greater Peterborough					810		800
Greater Lincolnshire	586	946	1,391	1,138	1,457	567	6,100
Greater Manchester	667	874	1,020	771	816	297	4,400
Heart of the South West	1,331	1,978	2,052	2,077	197		7,600
Hertfordshire	546	784	1,158	2,220	3,159	61	7,900
Humber	328	111	393	499	324	1,557	3,200
Lancashire	998	1,967	1,640	1,207	3,041		8,900
Leeds City Region	1,027	1,886	1,816	1,607	2,578	271	9,200
Leicester and Leicestershire	79	422	400	750	3,482	454	5,600
Liverpool City Region	979	1,366	1,323	2,579	1,628	178	8,100
London			86	757	508	171	1,500
New Anglia	993	871	990	882	1,924	10	5,700
North East	-	28	237	690	1,307	115	2,400
Oxfordshire	538	1,051	761	680	2,235	503	5,800
Sheffield City Region	1,481	2,965	2,876	2,265	1,961	249	11,800
Solent	91	110	400	694	1,238	63	2,600
South East	352	1,162	1,783	1,805	5,129		10,200
South East Midlands			-	617	2,362	215	3,300
Stoke-on-Trent and Staffordshire	1,020	785	531	393	1,692	402	4,800
Swindon and Wiltshire			28	33	498	2,280	2,800
Tees Valley		60	298	211	1,003		1,600
Thames Valley Berkshire	41	265	611	755	1,491	190	3,400
The Marches				56	152		200
West of England			67	459	1,836	780	3,100

Worcestershire	1,918	3,665	2,369	1,686	1,747	56	11,400
York and North Yorkshire	66	189	179	145	590	25	1,200
Total	19,800	27,900	29,300	33,100	62,500	16,700	189,200

Source: Programme data. Note: These figures are based on the count of unique Company Registration Numbers (CRN) and company names in those cases where the CRN was not available. Double counting is possible in cases where one company name is spelled in multiple different ways. Number lower than 10 were removed for confidentiality reasons and the total figures were rounded to the nearest 100. The count for 2021 is up to August. * The total sum includes businesses who have received support in multiple years between 2016 and 2021.

Table 11 Number of active businesses in the private sector by LEP, 2016 - 2021

Local Enterprise Partnership (LEP)	2016	2017	2018	2019	2020	2021	Average
Black Country	31,605	33,490	33,250	33,480	34,290	35,650	33,628
Buckinghamshire Thames Valley	29,925	30,900	30,540	30,970	31,100	31,295	30,788
Cheshire and Warrington	40,050	41,780	43,815	43,075	42,760	42,415	42,316
Coast to Capital	68,915	70,935	71,275	73,165	74,110	75,580	72,330
Cornwall and Isles of Scilly	23,265	23,615	23,785	24,235	24,615	24,615	24,022
Coventry and Warwickshire	35,905	37,360	36,845	37,840	38,150	37,705	37,301
Cumbria	23,350	23,480	23,310	23,390	23,250	23,110	23,315
Derby, Derbyshire, Nottingham, and Nottinghamshire	71,530	72,100	71,715	72,455	73,005	73,680	72,414
Dorset	31,225	31,725	31,900	32,475	32,450	32,760	32,089
Enterprise M3	77,420	78,805	79,155	80,725	81,055	80,530	79,615
Gloucestershire	28,055	28,625	28,985	29,385	29,635	29,490	29,029
Greater Birmingham and Solihull	65,845	74,065	74,040	72,900	78,645	74,735	73,372
Greater Cambridge and Greater Peterborough	33,925	35,000	34,910	35,855	36,710	36,660	35,510
Greater Lincolnshire	39,270	39,710	39,095	39,580	39,860	40,455	39,662
Greater Manchester	91,410	100,305	105,060	103,920	104,360	106,500	101,926
Heart of the South West	69,820	70,915	70,895	71,455	72,210	72,515	71,302
Hertfordshire	58,105	63,490	61,565	65,445	63,735	62,680	62,503
Humber	19,235	20,255	19,840	19,860	19,920	20,125	19,873
Lancashire	50,230	51,850	52,170	52,860	52,585	53,870	52,261
Leeds City Region	72,475	76,090	75,615	76,980	79,550	80,625	76,889
Leicester and Leicestershire	39,195	42,155	41,795	42,075	43,110	45,910	42,373
Liverpool City Region	39,080	41,560	42,340	42,475	43,020	43,985	42,077

London	475,905	504,660	505,105	521,205	530,260	533,565	511,783
New Anglia	60,255	61,945	61,970	62,195	62,315	62,655	61,889
North East	50,395	52,010	51,845	52,375	53,530	54,495	52,442
Oxfordshire	30,490	30,890	30,980	31,430	32,000	31,920	31,285
Sheffield City Region	36,980	38,775	37,790	38,415	39,260	40,425	38,608
Solent	39,815	41,595	41,890	43,740	44,365	44,600	42,668
South East	163,080	168,550	168,945	172,330	175,420	176,955	170,880
South East Midlands	68,535	76,530	73,545	76,765	76,360	77,650	74,898
Stoke-on-Trent and Staffordshire	37,380	38,755	38,575	38,930	39,020	38,960	38,603
Swindon and Wiltshire	28,920	32,740	29,645	29,650	29,485	29,095	29,923
Tees Valley	16,990	17,390	17,115	17,660	17,510	17,625	17,382
Thames Valley Berkshire	42,940	44,515	44,460	45,245	45,555	45,020	44,623
The Marches	30,095	30,480	30,475	30,835	31,470	31,930	30,881
West of England	43,625	45,010	44,815	45,495	46,075	46,465	45,248
Worcestershire	24,065	27,075	29,570	26,810	31,305	29,025	27,975
York and North Yorkshire	38,380	39,000	39,140	39,480	39,450	39,025	39,079
Total	2.2m	2.3m	2.3m	2.4m	2.4m	2.4m	2.4m

Source: An extract compiled from the Inter Departmental Business Register (IDBR). The data is publicly available on NOMIS website, [here](#). This count includes only private sector organisations (Company (including building society), Sole proprietor, Partnership, and Non-profit body or mutual association).

Table 12 Supported businesses as a share of the business population, by LEP

Local Enterprise Partnership (LEP)	Earliest recorded year of business support	Total number of beneficiaries supported to date *	Average business population **	Percent supported
Black Country	2019	2,109	33,628	6%
Buckinghamshire Thames Valley	2017	7,961	30,788	26%
Cheshire and Warrington	2015	6,412	42,316	15%
Coast to Capital	2014	12,694	72,330	18%
Cornwall and Isles of Scilly	2020	1,237	24,022	5%
Coventry and Warwickshire	2014	3,224	37,301	9%
Cumbria	2018	1,990	23,315	9%
Derby, Derbyshire, Nottingham, and Nottinghamshire	2018	4,225	72,414	6%
Dorset	2018	2,327	32,089	7%

Enterprise M3	2015	1,770	79,615	2%
Gloucestershire	2015	1,017	29,029	4%
Greater Birmingham and Solihull	2015	7,519	73,372	10%
Greater Cambridge and Greater Peterborough	2020	808	35,510	2%
Greater Lincolnshire	2015	5,371	39,662	14%
Greater Manchester	2012	11,870	101,926	12%
Heart of the South West	2016	7,347	71,302	10%
Hertfordshire	2015	4,025	62,503	6%
Humber	2014	5,756	19,873	29%
Lancashire	2013	8,837	52,261	17%
Leeds City Region	2015	8,025	76,889	10%
Leicester and Leicestershire	2013	5,611	42,373	13%
Liverpool City Region	2015	6,906	42,077	16%
London	2018	1,510	511,783	0.3%
New Anglia	2014	8,169	61,889	13%
North East	2016	2,119	52,442	4%
Oxfordshire	2011	6,758	31,285	22%
Sheffield City Region	2011	9,727	38,608	25%
Solent	2016	2,303	42,668	5%
South East	2015	11,223	170,880	7%
South East Midlands	2018	2,903	74,898	4%
Stoke-on-Trent and Staffordshire	2014	6,165	38,603	16%
Swindon and Wiltshire	2018	2,829	29,923	9%
Tees Valley	2017	1,403	17,382	8%
Thames Valley Berkshire	2014	4,258	44,623	10%
The Marches	2019	203	30,881	1%
West of England	2018	2,713	45,248	6%
Worcestershire	2015	7,015	27,975	25%
York and North Yorkshire	2015	1,675	39,079	4%
Total	2011	188,014	2,352,757	8%

Source: Programme data and Business Structure Database (BSD). * The total count of beneficiaries includes businesses who have received support to date (including entries with unknown dates and a

minor count of businesses supported before 2011 and after 2021). This count removes double counting of businesses who have received support in multiple years. ** The average business population is for the period between 2016 and 2021.

Table 13 Descriptive statistics: Overview, 2020

	Beneficiaries				Non-beneficiaries			
	Obs.	Mean	Median	St. dev	Obs.	Mean	Median	St. dev
Age (in years)	65,413	14.4	10	12.7	2.3m	11.4	7	11.6
Turnover	65,413	£9m	£324k	£139m	2.3m	£1.4m	£125k	£43m
Employment	65,413	63	5	1,468	2.3m	8	2	219
Labour productivity*	65,413	£132k	£74k	£476k	2.3m	£151k	£72k	£4m

Source: Business Structure Database (BSD) and programme data. Note: * Labour productivity is measured as turnover per employee

Table 14 Descriptive statistics: Age breakdown of active businesses, England, 2020

	Beneficiaries	No-beneficiaries	All
5 years old or less	19,793	1,000,132	1,019,925
5 - 10 years	13,785	459,053	472,838
10 - 15 years	8,501	253,847	262,348
15 - 20 years	7,124	185,664	192,788
More than 20 years old	16,210	422,516	438,726
All	65,413	2,321,212	2,386,625

Source: Business Structure Database (BSD) and programme data

Table 15 Descriptive statistics: Sector of operation breakdown, England, 2020

	Beneficiaries	Non-beneficiaries	All
Agriculture, Forestry and Fishing	670	99,444	100,114
Manufacturing	10,262	110,716	120,978
Construction	4,777	306,980	311,757
Wholesale and retail	11,188	353,391	364,579
Transportation and Storage	1,414	108,607	110,021
Accommodation and Food services	2,962	128,689	131,651
Information and Communications	6,037	205,954	211,991
Financial services	973	48,731	49,704

Real Estate	1,107	93,777	94,884
Professional, Scientific activities	12,507	409,323	421,830
Admin and support	5,833	208,626	214,459
Public admin, Education, and Health	3,548	106,193	109,741
Other	4,135	140,781	144,916
All	65,413	2,321,212	2,386,625

Source: Business Structure Database (BSD) and programme data

Table 16 Descriptive statistics: Size breakdown of active businesses, England, 2020

	Beneficiaries	Non-beneficiaries	All
Micro	44,857	2,129,354	2,174,211
Small	14,945	156,970	171,915
Medium	4,497	28,722	33,219
Large	1,114	6,166	7,280
Total	65,413	2,321,212	2,386,625

Source: Business Structure Database (BSD) and programme data

A.9 Defining a control group: Propensity Score Matching

To better understand the causal effects of the programme, the study team compared the performance of beneficiaries against a non-intervention control group. This analysis is presented in the main body of the report (Section 4.2).

The control group is identified using Propensity Score Matching (PSM), a method which matches each beneficiary business with another business that didn't receive support from the programme but was otherwise similar in terms of characteristics. This step ensures that businesses in the control group have a similar probability of becoming a beneficiary based on observable information collected prior to the intervention. The study team implemented nearest neighbour matching without replacement (i.e., one treated unit can only be matched with one other control unit).

In addition to performing an exact match based on year, main district, and industry of operation, the study team also matched businesses based on baseline characteristics (such as age, employment, and turnover). Table 17 shows the reduction in bias after performing PSM. We see a considerable improvement across all three variables, although the reduction in bias is higher for age (99%) than it is for turnover (65%) and employment (44%).

Table 17 Reduction in bias after Propensity Score Matching

		Beneficiaries	Non-beneficiaries	% Bias	% Reduction in bias
Baseline average age	Unmatched	13.02	10.60	21%	
	Matched	13.26	13.28	-0.2%	99%
Baseline average employment	Unmatched	63.5	8.5	4.8%	

	Matched	52.7	21.6	2.7%	44%
Baseline average turnover	Unmatched	£11.9m	£1.9m	3.5%	
	Matched	£9.0m	£5.5m	1.2%	65%

Source: Business Structure Database (BSD) and programme data

Table 18 Sample size, by support intensity levels

	Years after treatment						
	0	1	2	3	4	5	Average
Non-beneficiaries	56,646	35,682	25,980	17,408	9,353	3,824	56,703
Beneficiaries	57,626	36,333	26,750	18,816	10,503	4,474	57,573
High	8,969	6,373	4,815	3,233	1,734	824	8,969
Medium	16,932	11,903	8,892	6,015	3,248	1,463	16,915
Low	23,773	13,646	10,717	8,026	4,775	1,931	23,743
Unknown	7,952	4,411	2,326	1,542	746	256	7,946

Source: Business Structure Database (BSD) and programme data

A.10 Econometric analysis

The design and implementation of the econometric analysis for this evaluation was conducted in two stages – an initial ‘pilot’ exercise to assess the feasibility of data collection and matching, and a final exercise to assess the impact of the intervention.

Initial feasibility exercise

As part of the first phase of the evaluation, the study team conducted a feasibility analysis to test the extent to which it was possible to obtain firm level data from the Growth Hubs detailing the degree of interaction and match this data with information on companies’ turnover and productivity to conduct an econometric exercise. As part of this feasibility exercise, the study team managed to collate data from 30 Growth Hubs, including information on:

- Data for identification of the companies engaging with the Growth Hub (beneficiaries), including company name, company registration number, and VAT Number
- Data describing the nature of the interaction with the Growth Hubs including length of the interaction, enquiry, and product type on an annual basis

Given the time taken to collect and clean this data, the study team was able to conduct the initial matching and analysis with data provided by the Growth Hubs from the following eight out of thirty LEP areas:

- Oxfordshire
- Stoke
- Tees Valley
- Thames Valley
- The Marches
- West of England
- Worcestershire

- Yorkshire and North Yorkshire

The information regarding the company performance was extracted from FAME, a leading company research platform provided by Bureau van Dijk, by matching the provided company identification data with the FAME dataset. The company registration number was used as the first choice and, where this was not available, the company name was used to search for a valid match with the FAME dataset. In total, over 12,600 companies from the eight 'Growth Hubs' have been matched. That represents 39% of the total companies that interacted with those eight Hubs. For those 12,600 companies, we have sourced information on (i) turnover and (ii) employment (measured in FTE) and whether the business is still in operation, for the period between 2012 and 2020.

Final econometrics exercise

As part of the second phase of the evaluation, the study team extended the econometric analysis to all 38 Growth Hubs and matched this programme data to administrative data from the **Business Structure Database (BSD)**. This dataset was chosen over FAME (as used in the feasibility exercise) because it provides more extensive longitudinal records of employment and turnover for all firms registered for VAT or PAYE and offers an annual snapshot of the Inter-Departmental Business Register (IDBR). It is estimated that businesses on the register account for 99% of UK economic activity. The firm-level data was linked to administrative sources based on the Company Registration Numbers (CRNs), and if this was not available VAT numbers and business names. The data is for the years between 2013 and 2020.

BSD is obtained from administrative and survey sources. The data comes with a considerable lag which varies in length for each company. For some companies the data lag may be negligible, but for others the lag can be one year or longer. This means that the data that is currently presented as post-treatment could be for the period before treatment. We have included longer lags of the treatment variable in the model to test the impacts of this methodological challenge.

Dynamic panel regression model

For both the initial feasibility exercise and final econometric analysis, we apply a dynamic panel data regression analysis, estimating the annual level of employment and turnover (dependent variables) with a lagged level of the dependent variable and a dummy variable indicating the insensitivity of beneficiaries' interactions with the corresponding Growth Hub in each year as explanatory variables. The lagged variable is included to account for the inherent trend within the time series based on the assumption that the current level of turnover and staff count are largely determined by the level in previous years. Panel data entails several distinct advantages over conventional cross-sectional or time series analysis:⁷⁶

- More information included than in a comparable analysis of individual time series leading to:
 - More variability among explanatory variables
 - Less collinearity among explanatory variables
 - More degrees of freedom and more efficient estimators
- Flexibility to study individual dynamics

⁷⁶ There exists a vast amount of literature on different panel data regression techniques. The choice is strongly influenced by the nature of the used data as well as personal preference contemplating the advantages and disadvantages of each method. We are using a fixed effect estimator (FE)

- Better controlling of endogeneity
- Controlling for individual unobserved heterogeneity and smaller bias by missing explanatory variables.
- Identification of effects that time series or cross-sectional methods are less likely to detect

Note that **this model does not compare with a control group**. The estimates from this model can be considered as a “treatment on the treated” because it only shows the before-and-after effect of the programme on those businesses that have received support. Therefore, the estimates show what would have happened to the treatment group had they not been treated. The model takes into account information from the control group only when time-varying variables are included in the regression.

Formally, the model is built up from the standard model:

$$Y_{it} = Y_{it-x} + \alpha_i + \beta X_{it} + u_{it}$$

With Y as the dependent variable, alpha as the unobserved unit specific effect, X as a set of control variables and u as the error term. The control variable is a dummy variable equal to 1 in every year after the first intervention and 0 otherwise.

Trying to estimate Y, the unit-specific alpha represents a substantial source of interference. The fixed effect model removes the interference by taking the difference thereby transforming the model to:

$$\Delta Y_{it} = \Delta Y_{it-x} + \beta \Delta X_{it} + \Delta u_{it}$$

An apparent issue in the approach is that by taking the difference, the model also eliminates any time-invariant explanatory variable. This drawback, however, can be ignored in our analysis as there are no time-invariant explanatory variables included in the model.

Results from the initial feasibility exercise

The results for the econometric analysis with employment and turnover as the dependent variables are presented in Table 19 and Table 20, respectively. We have used two separate models to test for the impact of interactions with Growth Hubs on the total number of staff:

- In model 1, we examine whether the interaction with Growth Hubs bears any explanatory power regarding the number of employees in a year. The model deliberately suppresses the insensitivity respectively the length of the interaction as no distinction is made between high-intensity, medium-intensity, or light-touch interactions
- This is changed in model 2 where we account for how long a company has interacted with a Growth Hub in a given year though we only separate between high- and medium-intensity but not between medium-intensity and light-touch interactions. The two models differ further as we allow for different time lags that is we assume a longer delay between interaction and impact in terms of staff count in model 2

The findings in Table 19 indicate that companies interacting with **Growth Hubs impacts positively on employment (FTE), but the results are not statistically significant**. This variable that captures the effect of the interaction, ‘L1_AnyInter’, is measured with a coefficient of 29.7 suggesting companies that actively engage with a Growth Hub employ on average almost 30 more people in the following year, ceteris paribus. This value seems extremely high, however, the extremely large standard error puts matters into perspective as the hypothesis that there is no connection between interaction and staff count cannot be rejected at the 10% level (i.e. the relationship is not statistically significant as stated above).

In both models, the time lag on employment ('L1' and 'L2') enter the model with a highly significant positive coefficient confirming that the number of FTEs in any given year is largely determined by the number of FTEs in the previous year(s). Concretely, the coefficients for 'L1' in model 1 suggests that comparing the staff count in the current years among companies, a company with 10 more employees in the previous year (all other factors being identical) has 8.2 more employees in this period. Testing for a 2-year lag in model two, the value decreases to 7.7 employees.

Consistently, the results in model 2 indicate that high-intensity and medium-intensity/light-touch interactions positively contribute to the number of employees in two years. Intuitively, the measured coefficients appear much more plausible, further indicating a modest difference in the impact between high-intensity and medium-intensity/light-touch interactions. Again, the results do not pass for statistical significance.

Table 19 Pilot econometric analysis: Employment

Set Up	Model 1	Model 2
L1: Lagged Employment (1 year lag) to account for the inherent trend in employment	0.818 (0.006)***	
L2: Lagged Employment (2 years lag) to account for the inherent trend in employment		0.772 (0.007)***
L1_AnyInter: Dummy variable indicating whether a company had in interaction with a Growth Hub in the previous year {1/0}	29.680 (34.678)	-
L2_High: Dummy variable indicating whether a company had a highly intensive (more than 10 hours) interaction with a Growth Hub 2 years earlier {1/0}	-	2.045 (126.8)
L2_MidLow: Dummy variable indicating whether a company had a low (up to 1 hour) or modestly intensive (1 - 10 hours) interaction with a Growth Hub 2 years earlier {1/0}	-	1.835 (35.1)
Number of observations	10451	10087
Number of Groups	3642	3637
R ² overall:	0.972	0.966
F (Prop > F)	9113 (0.000)***	4290 (0.000)***

Source: Technopolis, based on firm-level Growth Hub data linked with FAME. ***Statistically significant at 1% level, **Statistically significant at 5% level, * Statistically significant at 10% level; Standard Error in Parathesis

The settings of model 1 were repeated with turnover as the dependent variable (model 3) producing similar results. Again, the results in Table 20 suggest that interaction with Growth Hubs leads to an increase of almost £10,000 in turnover in the following year, ceteris paribus, though failing to pass statistical significance at the 10% level.

Table 20 Pilot econometric analysis: Turnover

Set Up	Model 3
- L1: Lagged Turnover (1 year lag) to account for the inherent trend in employment	0.733 (0.010)***
- L1_AnyInter: Dummy variable indicating whether a company had in interaction with a Growth Hub in the previous year {1/0}	9,388 (2789)
Number of observations	3357
Number of Groups	682
R ² overall:	0.968

Set Up	Model 3
F (Prop > F)	2445 (0.000)***

Source: Technopolis, based on firm-level Growth Hub data linked with FAME. ***Statistically significant at 1% level, **Statistically significant at 5% level, * Statistically significant at 10% level; Standard Error in Parathesis

In conclusion, the results should be considered with caution. The lack of statistical significance is somewhat expected considering the highly imbalanced data set (i.e., limited number of companies with full data for the entire period). In turn, the high number for R² indicates a 'good fit' of the models as they explain 97% of the variation in the data. The hypothesis that the included variables collectively have no impact on employment is reject at the 1% level as signified by the F score.

Final Econometric exercise

In the section below, we present the results from our final dynamic panel fixed effects regression model.

Using the dynamic panel data model with observations in the matched sample, we find that receiving Growth Hub support is associated with around £1m higher turnover, on average. However, this coefficient is not statistically significant. An alternative model specification with more lagged values of the treatment variable (model 2) also suggests that the programme has had a positive effect, but once again the coefficient is not statistically significant.

Table 21 *Dynamic panel data regression analysis, Turnover (in £ thousands)*

	Model 1	Model 2	Model 3	Model 4	Model 5
Lagged turnover	0.15	0.03	-0.15	-0.41**	-0.86***
Lag1_treatment variable	1,038	756	536	967**	1,568***
Lag2_treatment variable		851	1,017*	788	546
Lag3_treatment variable			137	682	398
Lag4_treatment variable				-51	753
Lag5_treatment variable					-2,291
Constant	6,804***	8,118***	10,106***	12,957***	18,298***
<hr/>					
Number of observations	639,344	529,465	424,336	324,688	231,787
Number of groups	110,659	105,787	100,081	93,205	85,590
R ² within	1.5%	0%	1.3%	8.5%	27%
F(Prop > F)	0.00	0.03	0.55	0.03	0.00

Source: Business Structure Database (BSD) and programme data. Note: *** statistically significant at 1% level; ** statistically significant at 5% level; * statistically significant at 10% level.

The findings in Table 22 (below) indicate that businesses interacting with Growth Hubs employ on average 2.6 more employees in the years following the intervention (model 1). This coefficient is statistically significant at the 5% level. Models 3 - 5 also suggest that interaction with the programme positively contributes to the number of employees, although the coefficients do not pass the significance tests.

Table 22 Dynamic panel data regression model results, Employment

	Model 1	Model 2	Model 3	Model 4	Model 5
Lagged employment	0.53***	0.44***	0.35***	0.43***	0.35***
Lag1_treatment variable	2.6**	2.2**	1.17	0.73	0.81
Lag2_treatment variable		0.43	0.28	0.04	0.00
Lag3_treatment variable			-0.09	0.40	0.09
Lag4_treatment variable				-2.2	-3.5*
Lag5_treatment variable					3.1
Constant	20.3***	25.1***	30.4***	28.2***	33.4***
<hr/>					
Number of observations	639,344	529,465	424,336	324,688	231,787
Number of groups	110,659	105,787	100,081	93,205	85,590
R ² within	31%	20%	14%	16%	11%
F(Prop > F)	0.00	0.00	0.00	0.00	0.00

Source: Business Structure Database (BSD) and programme data. Note: *** statistically significant at 1% level; ** statistically significant at 5% level; * statistically significant at 10% level.

In terms of labour productivity, on average, beneficiaries experience an increase of £11,000 in the years following their first interaction with Growth Hubs (model 1). This coefficient is statistically significant at the 1% level.

Table 23 Dynamic panel data regression model results, Labour productivity (£ thousands)

	Model 1	Model 2	Model 3	Model 4	Model 5
Lagged productivity	0.36***	0.35***	0.37***	-0.04	-0.27*
Lag1_treatment variable	11.0***	4.39*	1.4	8.0***	9.17***
Lag2_treatment variable		8.6***	3.7	4.3**	4.1
Lag3_treatment variable			8.3***	9.2***	9.6***
Lag4_treatment variable				7.4**	7.3*
Lag5_treatment variable					7.1*
Constant	92.4***	96.5***	95.8***	157.2***	197.4***
<hr/>					
Number of observations	636,293	526,988	422,387	323,214	230,746
Number of groups	110,267	105,375	99,679	92,815	85,225
R ² within	11%	11%	17%	0%	4.8%
F(Prop > F)	0.00	0.00	0.00	0.00	0.00

Source: Business Structure Database (BSD) and programme data. Note: *** statistically significant at 1% level; ** statistically significant at 5% level; * statistically significant at 10% level.

A.11 Text mining to analysis business support type uptake

The firm-level data collected via the data request sent to LEPs and Growth Hubs includes information on the type of support businesses requested/received. However, this information was recorded in unstructured and inconsistent ways which made it difficult to aggregate the results as part of our descriptive analysis. We performed a text mining exercise to group the information.

To classify the 656,241 entries available in the database, we “stemmed” the words, i.e., reduced each word down to its base form to allow comparisons across tense and quantity. For example, the words “mentoring”, “mentors” and “mentor” would reduce to an easily comparable “mentor” by using the stem argument.

By applying this method, we arrived at more than 7,000 and almost 6,000 “stem” words within the columns “enquiry type” and “product type”, respectively. We then listed the “stem” words that were used at least 500 times within each column (which corresponds to approximately 200 words) and allocated them to one of the three main categories: a) Access to national support provision; b) Other, broader categories of support provision; and c) 'Bespoke' support offers aimed at sectors.

Once we allocated the “stem” words to one category, we assigned each entry in the database that included a stem word to the respective category. Table 24 presents the different “stem” words used in each of the categories. This method allowed us to classify almost 50% of the entries for which we have information on enquiry type and product type.

Table 24 Examples of key terms included in each category

Category	Included “stem” words
Access to national support provision	brexit, covid, network*, exit, brokerag*
Other, broader categories of support provision	Finan*, funding, legal, regul*, sale*, marketing, train*, develop*, “business planning”, advice, “managem*”, grant*, event*, mentor*, complianc*, skill, recover*, workshop, invest*, refer*, triag*, enterpris*
'Bespoke' support offers aimed at sectors	manufact*, science*, carbon, green

Source: Technopolis. Note: * means that all words deriving from the main word will be taken into account.

Appendix B Growth Hub leads interview topic guide

Note to interviewer: Please ensure that you send a copy of the delivery scenario matrix in advance of the interview. Please also review the Growth Hub's previous annual monitoring reports in preparation of the interview.

The Department for Business, Energy and Industrial Strategy has appointed Technopolis to carry out an evaluation of the Growth Hubs programme covering the period 2015 to 2020. Covering the full network of 38 Growth Hubs, the evaluation has four overall objectives:

- Improve the understanding of the Growth Hub's activity
- Assess how far Growth Hubs provide easy, quick, and simple business support
- Better understand the business customer journey and associated impact
- Further understand the Growth Hubs' role in the wider business support landscape

As part of this, we are interviewing the leads of each of the 38 Growth Hubs to help us better understand the different ways that Growth Hubs are managed and run, to identify areas of best practice, and to help understand the outcomes and impacts that the programme may have helped generate at local, regional, and national levels.

Privacy and consent

Interview feedback will remain confidential with notes only being shared with the study team members. If there any specific points of feedback that we wish to report back to BEIS, then we will do so in an anonymised and non-attributable manner. In other words, we will report what you say, but not that you said it.

Full details of how we will use any information provided can be found on privacy policy at <https://www.technopolis-group.com/privacy-policy/>

Finally, we wish to record all interviews purely to help with note taking. We will hold recordings on a secure folder, destroying them on completion of the study. Do you consent to the interview being recorded on this basis?

Introduction

1. Please can you tell me about your role and the nature of your involvement with the Growth Hub?
2. What are the key issues facing businesses in your area? *Probe for:*
 - Local specific issues
 - Regional/national issues
3. In your view, to what extent and how does the Growth Hub (as an intervention) help businesses to address those issues?
4. *Note to interviewer: at this point, we are interested in the intended rather than on specific outcomes (which will be captured below)*

Delivery model

Note to interviewer: the delivery scenario matrix will have been emailed to interviewees beforehand. Please feel free to refer to this in this section of the interview.

5. We have developed a matrix that assigns each Growth Hub to a particular delivery model. Based on an assessment of your most recent monitoring report, we have assumed that you are in [scenario here]
 - i) Is this correct? If not, which of the four scenarios best reflects your approach and why?
6. Have you changed your delivery approach at any point?
 - i) [if yes] Which of the four scenarios best reflect the other approaches you used in the past?
 - ii) What prompted the change in approach?
7. What are the relative advantages and disadvantages of:
 - i) The delivery model you currently use
 - ii) [if applicable] Models you may have used previously
8. *[For those that have used external delivery providers]* What processes has your Growth Hub used to recruit delivery partners?
 - i) How effective have these processes been?

Engaging with other stakeholders

Note to interviewer: before the interviewer, review the annual report to see which types of external stakeholder the Growth Hub has engaged with?

9. We understand from your most recent annual report that you have engaged with external stakeholders such *[tailored examples here]*. Have you engaged with any new partners since then?
 - i) What factors in particular prompted engagement with these stakeholders?
10. How receptive have potential partners (e.g. business support delivery organisations) been in engaging with you?
 - i) Are there any key stakeholders that your Growth Hub does not currently engage with but should concentrate on working with?

Growth Hubs Cluster

11. What has been the nature of the interactions with other members of your cluster. *Probe for:*
 - Regularity of interaction
 - Level of engagement with others and knowledge exchange?
12. To what extent do you feel that you have been grouped with an appropriate set of GHs? *Probe for:*
 - Similarity in delivery model
 - Similarity in delivery and organisational issues faced
 - Comparability of context and issues that local businesses face
 - Willingness of members to share ideas
13. How, if at all, has your involvement in your Growth Hubs Network affected your own Growth Hub:
 - i) Deliver the Growth Hubs programmes more effectively and efficiently
 - ii) Improved business outcomes for participants

- iii) Keep up to date with news and opportunities.

Engaging with businesses

Instruction to interviewer – before starting this question, point out that we have already reviewed progress against Key Performance Outcomes as outlined in the annual reports. This part of the discussion is more about understanding the detail behind the numbers

14. Would you say you have made high, medium, or low levels of progress made against your key performance outcomes?
15. *(Note to interviewer – there are 16 standard metrics, as noted in the 'Overview of Key Performance Outcomes' section of the monitoring report. Initially ask question unprompted to determine where the GH sees their relative strengths but make sure you cover number of businesses triaged, visitors to website, turnover of business supported, and number of businesses referred to specific programmes)*
 - i) Over time, what have you found to be the most effective ways of engaging with businesses?
 - ii) Which approaches have worked less well?
16. To what extent has the nature of your recruitment/engagement changed over time?
17. Have certain types of firms been more willing to use and engage with your Growth Hub?
Probe for:
 - Location
 - Size (turnover or employees)
 - Sector
 - Age
18. To what extent is there under usage of the Growth Hubs by certain firm types?
 - i) Can you think of any ways of addressing these?
19. Which parts of your Growth Hub's offer have been most heavily used?
20. Has your Growth Hub provided any direct support to businesses (e.g. by setting up incubators, providing grants)
 - i) If so, please could you provide further details on this?

Business outcomes

21. [Where direct support benefits provided] Do you have any evidence as to how businesses may have been affected by the direct business support your Growth Hub has provided? If so, could you please provide examples.
22. What effect, if any, do you think that your Growth Hub has had on SMEs *[note to interviewer – initially ask unprompted but try to cover as many of these parts of the logic model as possible]*
 - i) Improving business resilience
 - ii) Stabilising or growing headcount and turnover
 - iii) Improving SME access to finance
 - iv) Scaling up businesses

- v) Encouraging greater start-up rates
- vi) Improving the culture of innovation
- vii) Upskilling employees

23. What evidence have you collected into these business outcomes?

24. In the next phase of work, we will carry out short case studies into individual businesses that have used and/or benefited from the Growth Hubs service. Is there anyone that you recommend us speaking with?

Meeting policy priorities

25. Thinking about progress to date, to what extent and how has your Growth Hub's activities helped meet local policy priorities. *Probe for*

- Links to Strategic Economic Plan of the LEP [*clarification if required: the overarching economic development strategy produced by LEPs*]
- Links to the Local Industrial Strategy [*clarification if required: local delivery plans aligned with the national Industrial Strategy and LEPs' Strategic Economic Plans, and which promotes the coordination of local economic policy and national funding streams*]
- Other local priorities set by the local authority

26. In what ways do you think that the Growth Hub programme as a whole is contributing to the meeting of national policy priorities? *Probe for*

- Levelling up
- Developing UK-based expertise/strengths in light of Brexit

The future

27. In terms what can be done going forward to make the programme more impactful...

- i) What programme elements (if any) should be kept?
- ii) What programme elements (if any) should be removed?
- iii) What would you add or change to the programme?

Concluding remarks

28. Are there any other points that you would like to raise?

[Thank and close]

Appendix C Business interview topic guide

Topic guide for Growth Hub businesses

The Department for Business, Energy and Industrial Strategy has appointed Technopolis to carry out an evaluation of the Growth Hubs programme covering the period 2015 to 2020. Covering the full network of 38 Growth Hubs, the evaluation has four overall objectives:

- Improve the understanding of the Growth Hub's activity
- Assess how far Growth Hubs provide easy, quick, and simple business support
- Better understand the business customer journey and associated impact
- Further understand the Growth Hubs' role in the wider business support landscape

As part of this, we are interviewing business that have accessed one or more of the 38 Growth Hubs to help us better understand the outcomes and impacts that the programme may have helped generate.

Privacy and consent

Interview feedback will remain confidential with notes only being shared with the study team members. If there any specific points of feedback that we wish to report back to BEIS, then we will do so in an anonymised and non-attributable manner. In other words, we will report what you say, but not that you said it. Full details of how we will use any information provided can be found on privacy policy at <https://www.technopolis-group.com/privacy-policy/>

Finally, we wish to record all interviews purely to help with note taking. We will hold recordings on a secure folder, destroying them on completion of the study. Do you consent to the interview being recorded on this basis?

Company background

1. Please can you tell me a little about your company (sector, line of business, number of employees) and your role within it?

Usage of Growth Hub support

2. How and when did you first become aware of the Growth Hub's services?
3. When did you first start using Growth Hub support?
 - i) What was the main reason for it? / What were your business' priorities or challenges that you were looking to address via the Growth Hub?
 - ii) Did you have any personal goals at the time? (e.g. in relation to your career, skills, and knowledge, etc.)
4. What Growth Hub services have you used? *Probe for:*
 - National business support helpline
 - Direct support provided by the Growth Hub (including funding)
 - Triaging to other support services
5. Have you used these services once or on repeated occasions?
6. What, for you, have been the most important and effective services that the Growth Hub has provided?

- i) Why were these the most important / effective?
- 7. What have been the least useful elements of the services or modes of access of Growth Hub support?
- 8. Did you access other business support services in addition to the Growth Hub support (public or private)?
 - i) If yes, which ones and for which purpose?

Impacts seen

- 9. What progress have you made against the business and personal goals that you had before turning to Growth Hub support?
- 10. To what extent has Growth Hub support enabled you to make this progress?
 - i) What would have happened to you / the company in the absence of Growth Hub services?
 - ii) How does this compare to other business support services you have had access to?
- 11. What is the single biggest impact on your business from the Growth Hub support?
- 12. In what ways, if at all, do you think that the Growth Hub services you have accessed will benefit your business in the future?
- 13. Do you see any ways in which the Growth Hub's services have evolved over time?

Future plans

- 14. Do you plan to use Growth Hub services in the future?
 - i) If yes, which ones?
 - ii) If not, why not?
- 15. What changes would you like to see made to the Growth Hubs in future (services, modes of access, etc.)?

[Thank and close]

Appendix D Stakeholder and partner interview topic guide

Topic guide for Growth Hub partners and stakeholders

The Department for Business, Energy and Industrial Strategy has appointed Technopolis to carry out an evaluation of the Growth Hubs programme covering the period 2015 to 2020. Covering the full network of 38 Growth Hubs, the evaluation has four overall objectives:

- Improve the understanding of the Growth Hub's activity
- Assess how far Growth Hubs provide easy, quick, and simple business support
- Better understand the business customer journey and associated impact
- Further understand the Growth Hubs' role in the wider business support landscape

As part of this, we are interviewing national stakeholders and local partners of the 38 Growth Hubs to help us better understand the outcomes and impacts that the programme may have helped generate at local, regional, and national levels.

Privacy and consent

Interview feedback will remain confidential with notes only being shared with the study team members. If there any specific points of feedback that we wish to report back to BEIS, then we will do so in an anonymised and non-attributable manner. In other words, we will report what you say, but not that you said it. Full details of how we will use any information provided can be found on privacy policy at <https://www.technopolis-group.com/privacy-policy/>

Finally, we wish to record all interviews purely to help with note taking. We will hold recordings on a secure folder, destroying them on completion of the study. Do you consent to the interview being recorded on this basis?

Introduction

1. Please can you tell me about your role and the nature of any involvement with the Growth Hub(s)?
 - i) *[If involved with Growth Hubs]* How were you 'recruited' to work with the Growth Hub?

Delivery of Growth Hub support

2. What do you understand the role and purpose of the Growth Hubs to be?
3. What are the relative advantages and disadvantages of the Growth Hubs:
 - i) Compared to previous models (e.g. Business Link)?
 - ii) Compared to other business support providers?
4. How valuable do you think Growth Hubs are in terms of:
 - i) Quality of service?
 - ii) Their relevance to what businesses need?
5. How could Growth Hubs become more impactful?
 - i) Are the Growth Hubs appropriately resourced to be impactful?
6. In your experience, what has been the impact of COVID-19 on the way(s) in which Growth Hubs deliver business support?

Effectiveness of Growth Hub support

7. What are the key issues facing businesses? *Probe for:*
 - Local specific issues
 - Regional/national issues
8. In your view, to what extent and how does the Growth Hub (as an intervention) help businesses to address those issues?
9. Are you aware of any reasons that businesses would not seek out or use Growth Hub support?
10. To what extent do you think the Growth Hubs have simplified the business support landscape?
 - i) What are the benefits and challenges to Growth Hubs joining other national business support programmes?
11. In what ways do you think that the Growth Hub programme as a whole is contributing to the meeting of national policy priorities? *Probe for*
 - Developing UK-based expertise/strengths
 - Levelling up

The future

12. In terms what can be done going forward to make the programme more impactful...
 - i) What programme elements (if any) should be kept?
 - ii) What programme elements (if any) should be removed?
 - iii) What would you add or change to the programme?

Concluding remarks

13. Are there any other points that you would like to raise?

[Thank and close]

Appendix E Monitoring and evaluation working group recommendations

Having worked with detailed Growth Hub data, the study team was asked to provide some reflections to BEIS on what data is recorded by Growth Hubs and how. This note was sent to BEIS on 13th October 2021, and is included here for completeness.

Noticeable gaps in the firm level data gathered or consistent areas where GHs struggled to record/provide

All requested data was received for the most part (or something close), though the data request was purposefully simple/slim in terms of items requested. There were gaps for a small number of Growth Hubs. For example, around 115k observations don't have a date attached, which was not rectified via our clarification/supplementary data requests. Many more observations have an invalid date (i.e. dates before the programme started or dates that go beyond 2021).

Data that would have been very useful for the evaluation, but that was not routinely recorded by GHs

Again, we requested a very simple set of data, but we found some inconsistencies in recording. For example, most of the numerical data we received was recorded as purely numerical values (i.e. without text), but there were a few notable problems. For example, there are GHs that included the following observations (or similar) in the hours of support variable (where normally we had the number of hours, or in some cases minutes): 'Navigator 3hr Support (Medium)', 'Guide 12hr Support (High)', 'Medium (1 hour plus)', 'Less', '12 Hours @ August 2018'. Including text in a numeric variable creates difficulties as statistical packages cannot recognise these observations as numbers. If the text is written consistently for every single observation in the entire dataset, it might be easy to separate the numbers from the rest. However, if the data is not collected consistently (e.g. "4h" in row one, followed by "4 hours" in another row), it becomes really difficult and time-consuming to standardise the data.

Another example of this is the date variable, which had similar problems. Some observations were recorded as a date, but others were written as, for example, "Jan – Feb 2019". Even though our packages (STATA/RStudio) can automate a big chunk of the data cleaning process, this is not an easy problem to fix. Dates should always be recorded in the same, pre-agreed format (e.g. Day/Month/Year).

Another example was the support intensity variable. This was easy to clean, but it too was collected inconsistently. We found 12 different variations across the 38 GHs:

- Intensive Assist
- Intensive assist
- High Intensity
- High intensity
- Grant Awarded
- Grant awarded
- Intensive
- Intense
- h
- High assist

- High intensity support
- 4) High Intensity

Finally, the enquiry types and support types were recorded very inconsistently (we can be more specific about this, but the variable names were written differently in every spreadsheet). We have worked to consolidate this via text-mining, and most of the data we needed was fairly easy to find, but there were also times when we weren't sure what was being referred to. This is understandable given the variation in offer across the network, and the individualised ways in which the GHs set up their CRM systems, but this has been a particularly difficult area to address, and recording better data here (via agreed categories that can be supplemented by more 'local' or 'individual' information in a separate field) would yield better information about what is being undertaken/accessed across the network going forward

Reflections on metrics provided/required by the M&EF

Gaps in the data

Not all GHs provide data on hours of support. It would have been useful to be able to consistently calculate the total hours of support per year and test out analytical model with a continuous variable (rather than the discrete variable with Light/Medium/High classifications)

During the data linking stage, researchers at the ONS found what appeared to be phone numbers (as opposed to CRNs) for some observations

Inconsistency in interpretation

There are GHs where the same number of hours of support is given a different support intensity indicator (e.g. for a single GH, 15h of support can have either Medium or High intensity). There are some inconsistencies in interpretations because support intensity can be defined based the hours of support (as in Enterprise M3) or the type of support (as in Leeds)

Data not required that if mandated would provide a more complete picture

Improvements to the recording of enquiry and support types as described above would provide a clearer and fuller picture for future M&E exercises. We believe that the individuals responsible for data recording/collection could be given a consistent list of variable names and sub-categories, and be aware of common mistakes that create difficulties for data analysis

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