

# Business Leadership Group- Monthly Update, Vol. 6



## FSB South West Quarterly Small Business Index

The South West Small Business Index (SWSBI), which measures confidence amongst businesses, has fallen again to -47 in Q3 2022. Despite previously rising from Q4 2021 (-22) to Q1 2022 (-1), confidence levels have continued to fall since that point and now sits below the level last seen in Q4 2020 (-40).

Every quarter FSB surveys members to look at how they view their current business experience and how they see the futures and the latest results are quite shocking.

Regional confidence has fallen yet again to a new record low (outside of Covid) and the South West has once more regained the unwanted title of the least positive region in the country.

Sustained rises in inflation and the general cost of doing business have undoubtedly had a major impact on these sentiments and regional SMEs are also far from confident that things will change for the better. More businesses expect to lose members of staff than take them on in the next quarter, the survey also shows that the South West has the lowest investment intentions for small businesses across the whole UK. Nearly twice as many of those surveyed expect to decrease investment than increase it.

Perhaps most worryingly is that the report also shows that nearly one in five South West businesses have said they intend to 'contract' their business in the next 12 months (which means downsizing, selling or even closing) and this could be very detrimental to all the local economies they serve.

The only good news FSB could report is that from their past surveys that even very bad confidence figures can be reversed.

Below is a narrative summary of the report sections,

### Business Conditions:

South West small businesses report a net negative balance for revenue over the last 3 months, with predictions for a continued decline (albeit at a slightly lower level).

The South West, therefore, sits below the UK average (net -12%) in terms of revenue for the last 3 months (net -23%), with the West Midlands (net 6%) the strongest and the East Midlands (net -32%) the weakest performing regions over the same timeframe.

### Employment and Wage Growth:

Employment in South West small businesses remains net negative (-8%) in Q3 2022, with this set remain negative in the upcoming quarter as well.

The employment picture amongst FSB members over the preceding three months showed that 17% had decreased staff numbers, whilst slightly fewer (9%) had increased employment levels; this results in a net decrease of -8% in staff numbers over the last quarter. However, many staffing levels have been left unaffected, with 66% reporting that this 'stayed the same'.

For the next quarter, the intention is for 11% of businesses in the South West to increase headcount, and 13% to decrease staff numbers.

The South West Small Business Index is a weighted index of the responses to the question: 'Considering your overall business performance, and ignoring any normal seasonal variations at this time of the year, how do you view business prospects over the next three months, compared with the previous three months?'

The share of firms reporting 'much improved' are given the following weightings: +2, slightly improved +1, approximately the same 0, slightly worse -1 and much worse -2; the Small Business Index is derived from the sum of these factors.

## Wage Growth

In the South West, just over two-thirds (67%) of small businesses increased the average salary awarded across the business over the last 12 months, with 63% reporting an average increase of 2% or more.

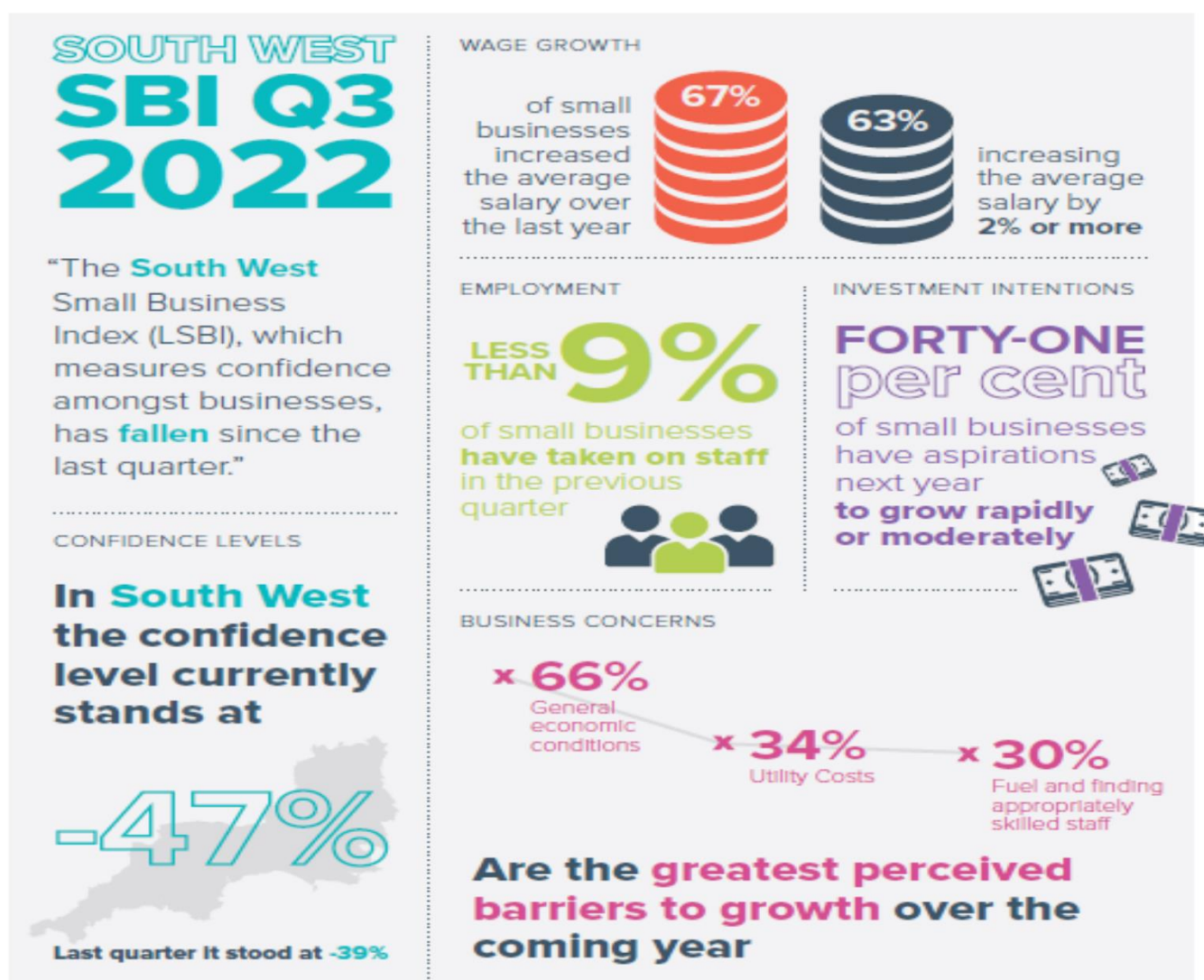
Compared with a year to date, predicted wage growth has fallen slightly; this quarter, 63% expect to see salary increases over the next 12 months, with 58% reporting the likely increase to be 2% or above.

## Growth and Investment Aspirations:

- The South West has the lowest net investment intentions for small businesses across the UK: 17% expect to increase investment over the next 3 months, with 29% expecting to reduce the amount invested. The net balance of firms expecting to increase their investment in the South West therefore stands at -12%. This puts the region behind the national average (net 4%). The region with the highest net investment intention is London (17%), with the South West placed as the region with the lowest net investment intentions.

- In the South West, the general economic conditions in the UK (66%), utility costs (34%) and appropriately skilled staff (30%) are the greatest perceived barriers to growth over the coming twelve months.

- 18% of businesses have said they intend to contract the business in the next twelve months (to downsize, sell or close the business). This represents a slight rise from last quarter, when 17% expressed an expectation to do so, and a larger rise from the start of the year when just 6% said the same (Q1 2022).



Source: FSB South West, 2022



## Growth Hub September 2022 Dashboard

### Key Performance Indicators (Contract Outputs)

Ref.	Deliverables	Achieved from Mar20	Full Year Mar 23	In-year Profile	In-year Actual	RAG
B1	Number of (countable) businesses engaged	5,615	1,700	750	830	
B2	Number of businesses referred to schemes	994	350	160	173	
B3	Businesses receiving intensive support	440	200*	90	86	
Annual Targets						
B4	Number of networking events for partners	-	12	6	6	
B5	Number of OLAs actively managed	-	15	15	19	
B6	Annual Report of Mapped Business Support	-	1	1	1	



\*Not included in this figure is the Growth Hub's Thrive support to 600 ERDF eligible businesses over 2-years

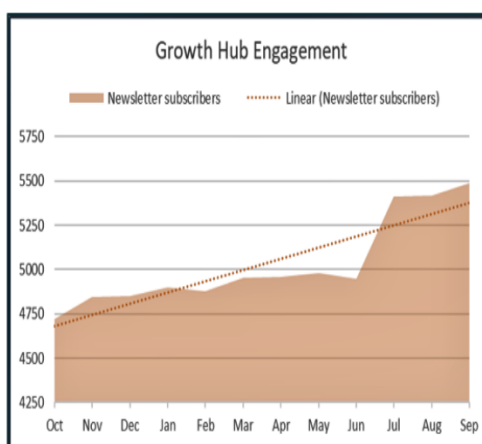
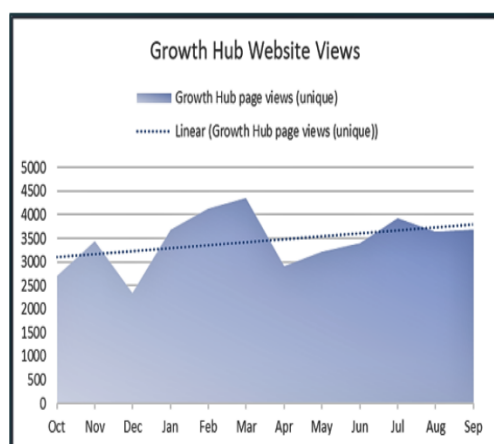
September was a busy month for enquiries to the Growth Hub team. New business engagement (B1) counts reached 217 for the month, which is the highest in month figure so far for 2022. It was also a good month for Thrive registrations with 123 business registrations via the online form, which is the highest since February. The business referrals were high on the back of good enquiry numbers and were substantially boosted from a review of what could be included as B2 referrals given the high volume of signposting and referral activity of the Growth Hub team.

A broad range of enquiry topics were fielded by the Growth Hub Advisers with planning for growth (and business resilience) featuring strongly. A strong interest in grant opportunities – an EV charging point grant in particular – boosted enquiry numbers for the month. Start-up enquiry numbers were relatively low during September at around 18%, which is closer to long term averages.

### Recent Highlights and Developments:

- A strong month for business enquiries to the Growth Hub team and the highest number of new Thrive registrations since a big push in February this year.
- A busy and productive month for in-person events with Growth Hub stands at the Somerset Climate Summit, the Somerset Innovation Expo and the Devon Business Show amongst other event activity.
- Workshop attendance overall remains challenging as businesses focus on their day-to-day operations. One-to-one business reviews continue to be well received.

In addition to meeting with stakeholders at the in-person events mentioned above, September was a busy month for partnership activity. The Growth Hub team including our Thrive Somerset engagement officer met with stakeholders such as the Department for International Trade team, Somerset Community Foundation, the Set-Squared Business Support Provider Forum, Food & Drink Devon, DWP, Seetec and the British Business Bank amongst others.



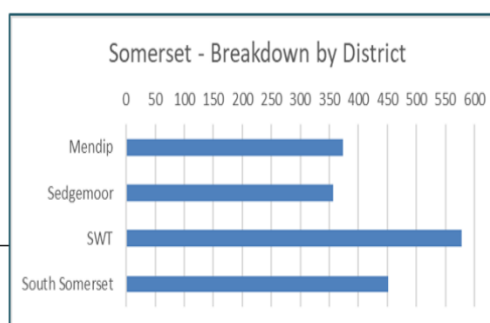
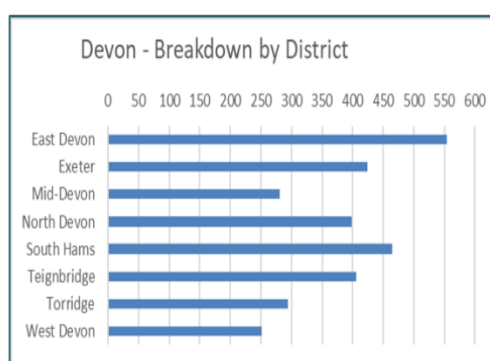
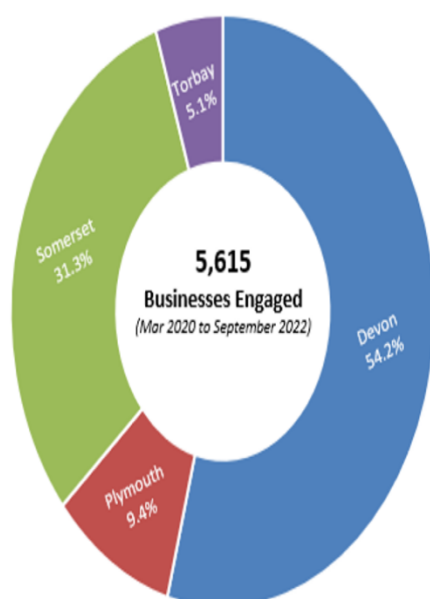
### Top Web Page Views (Sep 2022) (exc. Homepage & Get in Touch)

- Growth Hub's Thrive
- Support by Topic Categories
- Workshops / Events listing
- Business Support Schemes
- Funding / Grants

The upward trend in business enquiries to the Growth Hub is mirrored in a steady growth in engagement with rising Growth Hub newsletter subscriber numbers and steady website page views. Grant opportunities during September created a strong response from businesses with EV charging point grants in particular generating very high numbers of enquiries. Whilst event attendances still struggle in some situations, interest in events promoted via Growth Hub channels was high.

## Growth Hub September 2022 Dashboard- Continued

Tier 1 Authority Engagement Breakdown



### Top 5 Sectors Engaged (in Sep 22)

- Accommodation & Food Service Activities
- Other Service Activities
- Wholesale and Retail / Motor trade
- Professional, scientific and technical activities
- Agriculture, Forestry, Fishing

### For September 2022 (overall in brackets)

82% (77%) Trading / Established  
18% (23%) Pre / Start-up

57% (51%) Rural  
43% (49%) Urban

### Top Business Support Scheme Referrals (for Sep)

- Funding / Grants
- Start Up support
- Business Growth
- Skills & Training

Ref	Risk Description	Mitigation / Actions	RAG
	Lower than profiled take-up of business support, or changes to the timing of intensive support demand, due to on-going Covid situation and related impacts on businesses.	Flexible delivery plan with the ability for intensive assistance work packages to be re-shaped according to changing needs and start-dates. High business engagement with the Growth Hub service has given a good pipeline of businesses from different sectors to which to offer business support. Close working with stakeholder and other service providers to join up and clearly present support options.	
	Loss of key personnel to the Growth Hub Service for All	Experienced management and Growth Hub Adviser team to cover key role functions as required. The Growth Hub team is embedded within the business support and economy unit of Devon County Council, which means there is access to a wide staffing resource that can be tapped into if needed. Robust HR processes in place to backfill if necessary.	
	Changing requirements of Growth Hubs due to factors such as changing priorities for BEIS or MHCLG, the LEP review or factors such as the emerging, local build back better plans and recovery programmes.	The Service Level Agreement setting out our Growth Hub delivery can be adjusted to ensure activity aligns with any future revision of the delivery model or priority – this added flexibility was one of the key benefits of bringing the service in-house in early 2020. Regular liaison with BEIS/MHCLG, the LEP mgt. and stakeholder groups to make sure all remain updated on new or emerging changes that could impact delivery plans.	

## Growth Hub October 2022 Dashboard

### Key Performance Indicators (Contract Outputs)

Ref.	Deliverables	Achieved from Mar 20	Full Year Mar 23	In-year Profile	In-year Actual	RAG
B1	Number of (countable) businesses engaged	5,762	1,700	900	977	
B2	Number of businesses referred to schemes	1,055	350	190	234	
B3	Businesses receiving intensive support	452	200*	110	98	
Annual Targets						
B4	Number of networking events for partners	-	12	7	7	
B5	Number of OLAs actively managed	-	15	15	19	
B6	Annual Report of Mapped Business Support	-	1	1	1	

\*Not included in this figure is the Growth Hub's Thrive support to 600 ERDF eligible businesses over 2-years



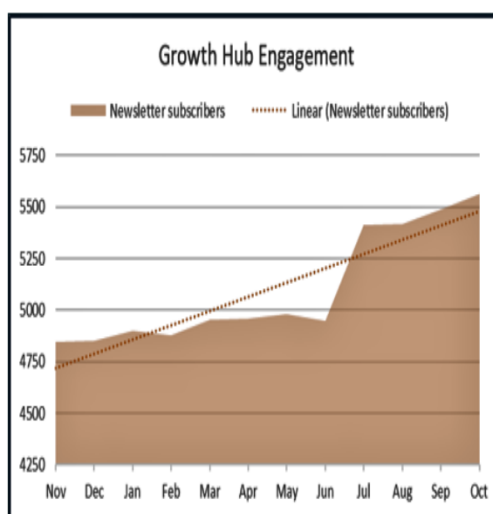
October was another busy month for Growth Hub enquiries with engagement levels on a par with the expected profile for this time of year. Whilst the team continue to field a broad range of enquiries, there has been a particularly strong demand for grant searches. An observation from the team is that we are seeing a rise in funding requests for monies to support core operational activity or investment rather than for new developments or innovations.

Registrations for intensive support under the Thrive programme were also good, and we continue to see encouraging numbers from non-ERDF businesses – which will boost B3 output numbers in due course. We are seeing Thrive outputs steadily increase as businesses who have registered work through the 1:1s and workshops on offer. Pushing businesses through the 12hr ERDF support remains challenging given the March 2023 timescale for completion but the continuing strong pipeline of registrations is encouraging.

### Recent Highlights and Developments:

- Another good month for business enquiries to the Growth Hub team and for new Thrive registrations.
- Our new Growth Hub marketing officer, Helen Young, started in post at the end of October.
- Workshop attendance overall remains challenging in some areas as businesses focus on their day-to-day operations.

Events and meetings attended by the Growth Hub team in October included a stand at the Business Expo in Bideford, a presentation at a Made in Devon event, an energy costs meeting with BEIS and various stakeholder meetings such as the Somerset Business Support Group, Future Farming Resilience project and the South West Employability Panel.



### Top Web Page Views (Oct 2022) (exc. Homepage & Get in Touch)

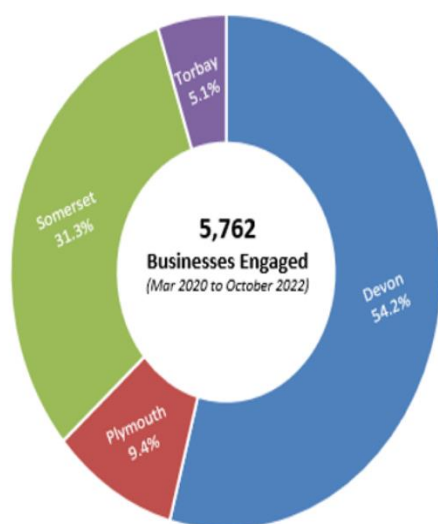
- Workshops / Events listing
- Growth Hub's Thrive
- Support by Topic Categories
- Cost of Living resources
- Business Support Schemes

A steady growth in Growth Hub newsletter subscribers has continued through October with open and click through rates remaining high. Website page views has dipped a little from last month but is not much below the longer-term average. From the pages viewed, it is interesting to see a significant rise in views for our cost-of-living support resources. These pages are also attracting stakeholder attention, which helps to broaden the reach of the web resources.

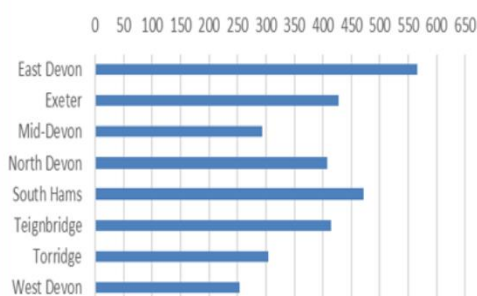


## Growth Hub October 2022 Dashboard- Continued

Tier 1 Authority Engagement Breakdown



Devon - Breakdown by District



Top 5 Sectors Engaged (in Oct 22)

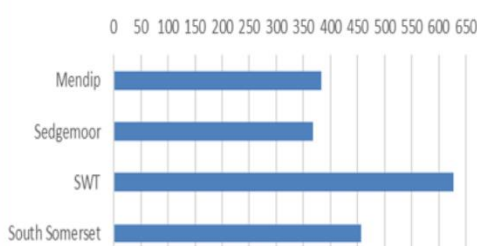
- Accommodation & Food Service Activities
- Manufacturing
- Wholesale and Retail / Motor trade
- Human Health
- Agriculture, Forestry, Fishing

For October 2022 (overall in brackets)

79% (77%) Trading / Established  
21% (23%) Pre / Start-up

60% (52%) Rural  
40% (48%) Urban

Somerset - Breakdown by District



Top Business Support Scheme Referrals (for Oct)

- Funding / Grants (EV Grants)
- Start Up support
- Skills & Training
- Manufacturing Advisory Programme
- Business Growth

Ref	Risk Description	Mitigation / Actions	RAG
	Lower than profiled take-up of business support, or changes to the timing of intensive support demand, due to on-going Covid situation and related impacts on businesses.	Flexible delivery plan with the ability for intensive assistance work packages to be re-shaped according to changing needs and start-dates. High business engagement with the Growth Hub service has given a good pipeline of businesses from different sectors to which to offer business support. Close working with stakeholder and other service providers to join up and clearly present support options.	
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## **Growth Hub Update**

Business engagement and referrals are now both ahead of profile, while the number of businesses receiving “more intensive support” has picked up,

Latest meeting of the Working Group again produced a number of great ideas and ways for the Growth Hub to raise its profile. There was a consensus that, as a “Task and Finish Group”, the Working Group had now achieved what it set out to, although a final “placeholder” meeting has been scheduled for January, should it be needed.

Following discussions with the relevant government department, on the possibility of extending the European Funded component of the programme, there is no appetite within government for this to happen.

### **Growth Hub Activity**

The Growth Hub had a stand at the Somerset Innovation Exchange event at Somerset County Cricket Ground on 27th September and the Devon and Plymouth Chamber of Commerce, Devon Business Show on 28th. Both events were excellent with a real buzz of excitement amongst attendees and exhibitors. As previously reported, the first of the two events with the FSB in September had to be cancelled due to lack of numbers. Sadly, in spite of encouraging bookings and a great panel of presenters, the second event, at the end of September, had no shows, reinforcing what we have seen over the last few months, with businesses not having the time or capacity to work on the business, and needing to work in the business in order to keep it going.

In October, the Growth Hub presented at a Made in Devon event, had a stand at the Business Expo in Bideford, and attended an energy costs meeting with BEIS. Stakeholder meetings included the Somerset Business Support Group, Future Farming Resilience project and the South West Employability Panel. During the month, there has been an increase in enquiries from businesses looking for working capital, rather than funding to grow, which is probably a symptom of the cost of living crisis.

The Growth Hub continues to wait for an announcement on the Shared Prosperity Fund projects, conscious that the first year delivery window for these programmes, ends in March 2023, and is now very contracted. This will inform the Growth Hub of the wider provision of business support, and help to identify any potential gaps, which we may be able to fill.

### **Growth Hub Funding 2023-24:**

The LEP has agreed to the provision of funding which will see the Growth Hub continue until at least September 2023. Over the next few months we should receive greater clarity on the timing of any devolution deal and how this would provide funding for the service to continue after September.

The Growth Hub Team within BEIS are waiting for details on which ministers will be allocated what portfolios. The Parliamentary Under Secretary of State (Minister for Enterprise, Markets and Small Business), Kevin Hollinrake, is considered to be very pro Growth Hubs and LEPs, and the team would be keen for him to be allocated our portfolio.

Once the minister is in place, discussions will commence on what allocation Growth Hubs may receive from central government for 2023-24.



## A Growth Hub Success Story Bamboo Growth



*Anyone who knows anything about plants will know that Bamboo is one of the strongest and fastest growing organic materials on the planet, so it was no wonder that Matt Whale and Alex Stewart chose that name for their business.*

The Devon based duo set up their Business Advice consultancy, Bamboo Growth Ltd, in Plymouth to assist entrepreneurs with running and growing successful businesses. Prior to setting up Bamboo Growth in 2019, Matt and Alex were key members of the senior leadership team for a £7m digital learning company, Matt working as Chief Operating Officer and Alex as Director of Client Delivery.

We asked Matt how he first became aware of the Growth Hub, and he told us that it was by chance, from a LinkedIn post about Grant Funding.

He said, “Having regularly been through the funding process with high-street banks I spotted a LinkedIn post from the Growth Hub talking about the SWIG model. We were obviously keen to understand more about the SWIG model as a potential referral source for Bamboo Growth Ltd clients, so we made contact. We really must give the Growth Hub credit for this valuable introduction, given it was their joint venture with SWIG that sparked our initial connection.”

Alex added, “Being able to refer clients to SWIG as a funding source has given our business credibility with our clients and enables us to source the appropriate funding more easily for the businesses we work with. Although not in a direct way, the Growth Hub has certainly opened doors for Bamboo Growth Ltd that has enabled our business to flourish.

For more information, take a look at: [www.bamboo-growth.co.uk](http://www.bamboo-growth.co.uk) | [LinkedIn: Bamboo Growth Ltd](#)

