



Department for
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& Industrial Strategy

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Dear Darren,

Thank you for your letter following the BEIS Committee hearing on the 17th May on the Help to Grow schemes. I am pleased that you heard enthusiasm for the scheme from those at the session. For those SMEs that have used the Management and Digital scheme we have received positive feedback on how this is supporting them.

The joint HMT and BEIS Productivity Review 2019 identified that improving firm level leadership and management capability and technology adoption would be the two priority areas to increase UK businesses productivity levels that have been falling behind our competitors for too long.

Making these schemes a success and supporting as many SMEs as possible is a priority for me and as such I welcome the committee taking the time to have a hearing on this and providing some constructive ideas for improvements to the schemes.

There are around 500,000 businesses eligible for the schemes, and so a high conversion rate is needed to meet our ambition to support up to 100,000 SMEs through Help to Grow Digital and 30,000 through Help to Grow Management. SME eligibility is an issue that a number of stakeholders have raised since the schemes were announced. The schemes have focused on 5-249 employees in order to maximise the productivity benefits. The Help to Grow Management scheme by its nature requires a reasonable span of leadership and management within the firm for the benefits to be realised. For Help to Grow Digital, we know that access to digital support can enable smaller SMEs to increase their productivity and we will continually evaluate the net benefit of digital support for those with fewer than 5 employees.

Help to Grow Digital has been designed to grow and evolve over time. The initial product offering in digital accountancy and customer relationship management systems, is just the start. E-commerce products is the next wave of technology we intend to launch soon, with assessment of vendors who have applied to be part of the scheme underway now. We have learned a lot from the first wave of technology introduced and we are considering how to evolve the scheme in the future. User feedback is central to the scheme design and considering what SMEs need, alongside the productivity benefits will be key to how the scheme continues to evolve.

The cost of participating in the Help to Grow Management scheme has been significantly subsidised by 90 per cent. This means that business leaders can access a high-quality

leadership and management training for a fraction of the cost when compared against similar provision in the market, which can cost up to £10,000 per participant. This is seen as value for money by many businesses. We will continue to keep this and other programme parameters under review to ensure that both Help to Grow programmes develop and scale over their lifetime.

Yours ever,

A handwritten signature in black ink, appearing to read 'Kwasi Kwarteng', is centered on the page. The signature is fluid and cursive, with a horizontal line above the 'K' in 'Kwarteng'.

RT HON KWASI KWARTENG MP
Secretary of State for Business, Energy and Industrial Strategy