

Report to: LEP Board

Date: 29 November 2017

Subject: Business Innovation and Growth Panel

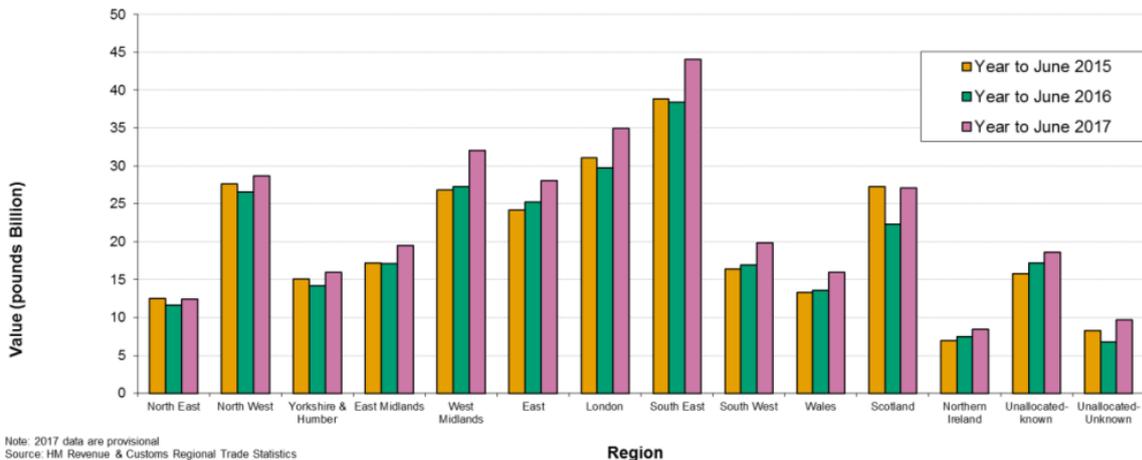
1 Purpose

1.1 To provide the LEP Board with an update on the work of the BIG Panel.

2 International Trade

Trade Performance and Outlook

2.1 In the year to June 2017, the overall value of UK trade in goods exports increased by 15% compared with the same period to June 2016. All English regions saw an increase in annual export value with the Yorkshire & Humber value increasing by 13%.



2.2 The total number of UK businesses exporting increased by 4.5%, between the quarters Quarter 2 2016 and Quarter 2 2017, with the number of exporters in Yorkshire and the Humber increasing by 3% over the same period.

2.3 The British Chambers of Commerce Quarterly Economic Survey for Q2 2017 show that export sales and orders in the manufacturing sector remain solid and well above historical averages. Both manufacturers and service companies report improved export sales between Q1 and Q2 2017.

- 2.4 The EEF/BDO Manufacturing Outlook survey for Quarter 3 2017 also shows businesses reporting increasing export orders throughout 2017. The report shows continued improvement in demand from both Asian and EU markets, although the general pace of growth is expected to slow in coming months.

Trade Plan activities

- 2.5 In September, we published the results of the city region trade analysis undertaken earlier this year (shown in Appendix 1). This provides a valuable overview of the trade performance of the city region showing that in 2015, £9.75bn of goods were exported, around two thirds of the Yorkshire & the Humber total. It also highlights our particular strengths in medical and pharmaceutical products, organic chemicals and industrial machinery and equipment. The report is informing our future activity and has helped in the development of local economic plans and growth strategies in some areas of the region.
- 2.6 Kaola.com are now considering the information we have submitted to them in our latest catalogue of 39 suppliers. In the meantime, we have made contact with their newly appointed UK representative who we hope to meet shortly to discuss how we can progress this activity further. We have also formally invited the Kaola.com team to visit the city region in early 2018 to meet with potential suppliers.
- 2.7 We were pleased to host the Gulf Tour delegation, which visited the city region on 18th September as part of their tour of the UK. The visit focused on highlighting the strengths of the city region in the healthcare and life sciences sector and included a breakfast roundtable for businesses and two company visits. We also ran a communications campaign focusing on real experiences of local businesses already doing business in the Gulf States.
- 2.8 This visit was an important opportunity to raise the profile of the city region strengths and to demonstrate a commitment to further exploring opportunities within these markets. We now plan to visit the Gulf States in early 2108 to coincide with the major Arab Health exhibition.
- 2.9 On 6th December, we are hosting an event on behalf of the Department for International Development (DFID). This event will focus on helping local businesses and organisations explore opportunities to win business delivering overseas contracts.
- 2.10 In January 2018, we will be hosting food and drink buyers from European markets of Germany, France, Switzerland, The Netherlands and Ireland and introducing them to potential suppliers from the city region.

Delivery Partners Update

Department for International Trade

- 2.11 In September, Lord Price stepped down and in October Baroness Rona Fairhead took up her role as the new Minister for Trade and Export Promotion. Her responsibilities will include building strong relationships with UK exporting companies, helping smaller businesses export to the global market and overseeing the GREAT campaign to boost the UK's global trade. We have had two meetings with Rona Fairhead since she took up post.
- 2.12 On 12th October, the President of the Board of Trade Dr Liam Fox convened the first meeting of the new Board of Trade to help boost exports, attract inward investors and ensure the benefits of free trade are spread equally across the country. The new Board of Trade will bring together prominent figures from business and politics from each part of the UK, including Scotland, Wales and Northern Ireland.
- 2.13 The Trade and Customs White Papers published by DIT on 9th October pave the way for legislation that will ensure the UK is ready for the first day after EU exit. The Trade White Paper establishes the principles that will guide future UK trade policy as well as laying out the practical steps that will support those aims.

Exporting for Growth (EfG)

- 2.14 The European funded EfG grant programme has issued 113 grant offer letters to date offering a total of £443,123 in grant support to 33 businesses in the city region. Of those 24 are new exporters.
- 2.15 In terms of the businesses accessing the support, the greatest interest is from the business & consumer services and healthcare & medical sectors. The most popular activity supported is market visits with the USA & Europe being the most popular markets.
- 2.16 Following its launch in June, Export Exchange held its first quarterly event in September in York, with 40 experienced and fledgling export businesses looking at the support available to businesses looking to grow in overseas markets. The next event will focus on China on 29th November at Huddersfield Town FC.

3 Inward Investment

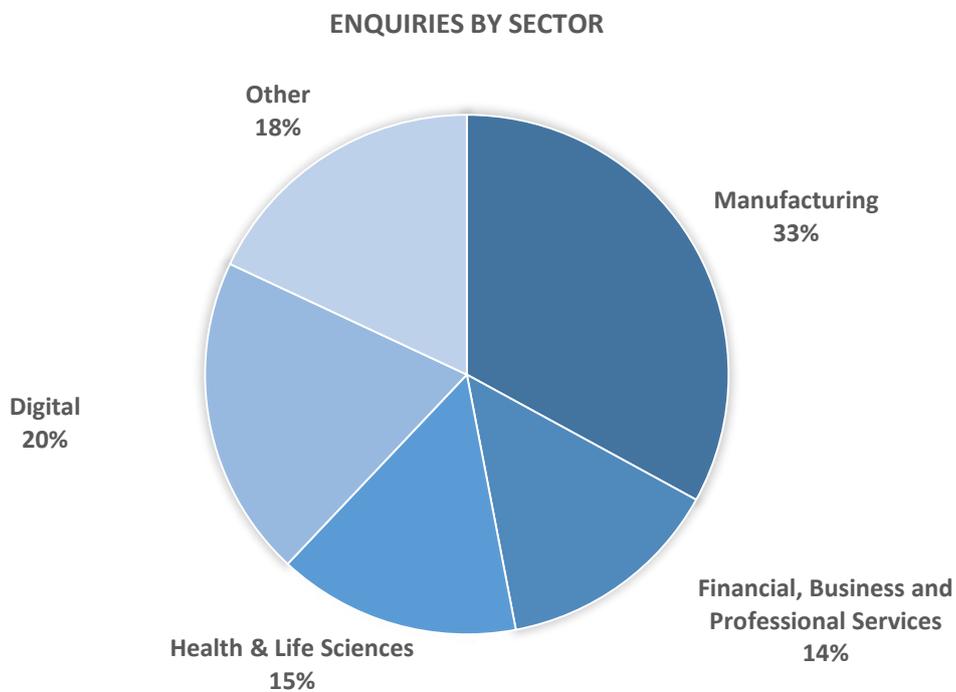
Inward Investment Performance and Outputs

- 3.1 There have been seven new investments since the last board report in September, creating 158 new jobs. These are as follows:
- **Drillco** – 2 jobs
 - **Computershare** - 50 jobs

- **Julius Baer** - 10 jobs
- **Telcarbo** - 35 jobs
- **Peter Brett** – 20 jobs
- **Sandstone Technologies** – 15 jobs
- **Rradar** – 26 jobs

3.2 We continue to work on a number of large strategic inward investment opportunities.

3.3 There is a strong mix of enquiries across our priority sectors as shown below.



New developments

3.4 The Trade and Investment team had a very successful MIPIM UK 2017, attending with its largest delegation to date, meeting with multiple international contacts and building on its reputation as the North’s leading location for FDI.

3.5 The Trade and Investment team strengthened the global profile of Leeds City Region’s key sectors attending international events including The Medtech Conference in San Jose, (US) Finovate Fall in New York, (US) and the Smart City Expo, Barcelona (Spain).

- 3.6 The Trade and Investment team continues its sustained lead generation campaign with a presence at the bioConclave conference in London, Advanced Engineering in Birmingham, TheCityUK National Conference in Manchester and the European Alliance for Personalised Medicine in Belfast.
- 3.7 Leeds City Region launched its #4Sparks campaign on social media and trade press as part of the bid to attract Channel 4 to relocate to the region.
- 3.8 Chinese Consul General Dr Sun Dali visited Leeds and York to explore opportunities for collaboration. Dr Dali was joined by a delegation of key Chinese businesses which have existing investments in the UK and wish to expand their operations across the Northern Powerhouse region.
- 3.9 Work continues to establish a new team to deliver key account management services to foreign owned businesses in Leeds City Region following on the successful pilot activity undertaken at the start of 2017. Recruitment for roles to support this activity is planned.
- 3.10 Preparations are ongoing to launch the Digital Soft Landing fund.

4 Innovation

Relationship with Innovate UK

- 4.1 In June 2017 WYCA/The LEP and Innovate UK signed a Partnership Agreement to signal a new way of working collaboratively aimed to increase innovation rates in SMEs.
- 4.2 One of the first activities to arise out of the Agreement between WYCA/The LEP and Innovate UK was a joint event at Unity Works in Wakefield on the 18th October. This event showcased the range of support available through the Innovate UK family, including the network of Catapults, EEN and KTN alongside local innovation support available via the LEP Growth Service, such as Access Innovation and Innovate2Succeed.
- 4.3 The main objective was to raise the profile and visibility of Innovate UK and the support and funding available for Leeds City Region SMEs to access. Recent analysis of Innovate UK data has shown that the reason our SMEs don't access their fair share of funding is simply because they don't apply in the first place (as opposed to applying but being unsuccessful).
- 4.4 The next step will be to identify a joint action plan for delivery for the next 12 months in collaboration with Innovate UK and wider partners. This will include all Innovate UK applications from the city region being shared with the LEP/Ca to see if further and/or alternative support can be offered via Access Innovation or other support programmes.

Northern Innovation Strategy

- 4.5 The eleven Northern LEPs have now established a working group to actively explore the development of a Northern Innovation Strategy. A submission was made to Government in advance of the Autumn Statement which set out the principles of what the group is trying to achieve. Work is now progressing to identify the most appropriate vehicle to drive forward Innovation North.

LEP University engagement

- 4.6 Roger Marsh hosted his regular meeting with the City Region Vice Chancellors (VCs) on 4 October 2017 at York St John University. The VCs discussed the LEP's 'vision for the region', and on the ongoing opportunities to work more collaboratively on areas of mutual interest, such as innovation, inward investment and international trade. A follow up meeting of the Leeds City Region Knowledge Transfer Directors to progress specific actions will take place in December, and will include a focus on how universities can become more engaged with Access Innovation.
- 4.7 The Leeds City Region Science and Innovation Audit has now been published by BEIS <https://leedscityregionmed.tech/>. The Science & Innovation Audit has been led by the University of Leeds, working in partnership with the Universities of Bradford, York, Huddersfield, Leeds Beckett and Leeds Trinity, together with Yorkshire Universities, the Leeds City Region Local Enterprise Partnership (LEP), the National Physical Laboratory in Huddersfield, Innovate UK, SMEs, multinational corporations, the NHS, and key local innovation organisations.
- 4.8 The Science and Innovation Audit of the Leeds City Region medtech sector has demonstrated a concentration of excellence in research, public health and industry. National centres of excellence in medical engineering and future manufacturing of medical devices provide an excellent platform for growth. However the report has found that to take advantage of opportunities in a rapidly changing global medtech market, there is an urgent need for strategic intervention, nationally and regionally – to support continuous innovation along the value chain, to drive medtech innovation and economic growth.
- 4.9 Over the coming months a steering group with LEP representation will be established to take forward some of the emerging opportunities.

Access Innovation

- 4.10 The £9.1m Access Innovation programme is now being delivered across the city region with funding from the European Regional Development Fund and the Local Growth Fund. Its primary objective is to help SMEs to become more productive and competitive through the development of new products, processes and services. This will be achieved by linking SMEs directly to the expertise and facilities within

research intensive organisations, such as universities or Catapult Centres. The programme provides advice to businesses on which organisations can support them with their innovation activities, and also grants of between £5,000 and £50,000 towards the cost of working with the expert organisations.

- 4.11 The Access Innovation team is also working with a range of local and national partners to stimulate the appetite for innovation and Research and Development (R&D) investment amongst the city region's SME population. This involves one-to-one support for individual SMEs and close working with other innovation support providers, including Innovate UK and the Innovate2Succeed programme. In early 2018, the team will develop a support programme to build the capacity of SMEs from key sectors to be able to collaborate and innovate, and expects this to focus on advanced manufacturing (including automotive, textiles and food & drink), as well as digital technologies and health & life sciences.
- 4.12 The programme began working with businesses in late June 2017 and has now provided support to 182 SMEs, 76 of which have received one-to-one support from the Innovation Growth Managers resulting in detailed action plans for taking their innovation projects forward. Five applications for grants have been received and a number of other SMEs are currently working on their applications.
- 4.13 To date, the business sectors with the highest level of interest in the programme have been manufacturing, digital and healthcare. The team have already developed some very useful partnerships with organisations in the healthcare and medtech sectors which resulted in a Medtech Innovation Challenge event on 7th November to encourage industry and academia to collaborate. Activity within these key sectors will be built on in the next few months with more targeted marketing and communications activity, events and advertising through relevant sector channels.

5 Digital

Digital Plan

- 5.1 Work is underway to develop a Digital Framework for the Leeds City Region as part of the Inclusive Industrial Strategy. This will include: digital infrastructure; the digital sector; digital skills and inclusion (being mindful of the existing Employment and Skills Plan); and digital opportunities for non-digital businesses.
- 5.2 The Plan will seek to maximise and build on the City Region's existing assets and capabilities to transform the productivity of our businesses and provide the present and future workforce with new opportunities to boost their earning power.
- 5.3 It is proposed that for each of the 4 strands a series of workshops should take place which should bring in the key stakeholders to explore where we are now and begin to develop a vision for the City Region. BIG Panel will discuss this proposal in greater detail at their December meeting.

Digital Enterprise Programme

- 5.4 The Digital Enterprise Programme achieved its first anniversary of delivery of business support to eligible SMEs in the Leeds City Region in September 2017. During its first 12 months of delivery, the programme received just under 500 applications for funding from SMEs, in Phase 1 of the voucher scheme, which ended in March. Phase 2 was launched in September and received 165 applications from SMEs in its first 4 weeks.
- 5.5 Two new strands to the programme were also launched in September/October, including a Digital Knowledge Exchange (workshops, masterclasses and mentoring support available to managers and owners of eligible SMEs) and Connectivity Vouchers, specifically targeted at businesses that need to upgrade their digital connectivity to improve productivity and capacity.

6 Business Support

LEP Capital Grants Programme

- 6.1 The programme supports capital investments being made by businesses across the city region that are expanding and creating new jobs. It is currently funded via £33.2m from the Local Growth Fund (LGF) up to March 2021.
- 6.2 The table below presents progress to date:

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of October 17)
Expenditure	£33.2m	£27.4m (committed) £20.5m (actual)
New Jobs Created	4,100	4,772 new (committed) 1,760 safeguarded (committed) 1,721 new (actual) 1,652 safeguarded (actual)
Businesses Supported	765	476 (committed) 376 (actual)
Grants Awarded	n/a	552 (committed) 438 (actual)
Public/ Private Sector Leverage	£168.5m	£274m (committed) £166.7m (actual)
Total Cost Per Job Created	No contractual target	£5,742 (committed) £11,912 (actual)

- 6.3 As the above table highlights, the programme is performing well in terms of how much it costs for each new job to be created (cost per job), with the current figure of £11,912 being significantly below the national average for programmes of this nature (circa £30K per new job). If the actual jobs safeguarded via the grants awarded to flood-affected businesses are included, this figure would be even lower at £5,889 per job.

- 6.4 The Business Investment Panel recently recommended the approval of two grants totalling £280,000. One is for £130,000 for a Kirklees-based textiles manufacturer that is making a £1.3m investment into a new production facility, resulting in 11 new jobs and two apprenticeships. The second is for £150,000 to contribute to the property fit-out costs of a multi-million heritage and leisure development in Calderdale, which will create 31 new jobs.
- 6.5 The Business, Innovation and Growth (BIG) Panel will consider the proposed approach to capturing a broader range of outcomes from those businesses in receipt of larger grants at its meeting on 7th December 2017. This is part of the CA's Inclusive Growth strategy and examples of potential outcomes include: - local supply chain opportunities, links to the enterprise in schools agenda and recruiting higher-level apprenticeships. Following the BIG Panel meeting, the revised approach will be taken to LEP Board and the CA Board in early 2018 for further consideration.

LEP Business Floods Recovery Fund

- 6.6 The above fund has now closed to new applications and has approved funding of £3.18m to support capital investments by 66 businesses badly affected by the floods in late 2015. The majority of the grants have gone to businesses in Calderdale (33) and Leeds (20), with seven awarded to York businesses, four to Bradford ones and two to ones in Kirklees. The grants will attract a further £10m of investment from the businesses receiving them. To date, £1.85m has been paid to the businesses, which has helped them to move closer to how they were operating before the floods. The grants will help to safeguard over 1500 jobs in the city region. This support for flood-affected firms is a good example of how funding can be diverted in a flexible and responsive manner to meet urgent business needs.

LEP Growth Service

- 6.7 The service provides businesses across the city region with access to products and services that can help them to grow. This includes those directly delivered by the LEP and those available by other organisations, such as Department for International Trade, Innovate UK, Local Authorities, Chambers of Commerce and Universities. The service is Leeds City Region's Growth Hub, of which there are 39 across the country.
- 6.8 Since its launch in July 2015, the service has supported over 3,700 businesses, over 1,440 of which have been given more intensive support from a team of district-based SME Growth Managers. The most popular topics for support amongst businesses remain access to finance and training and recruiting staff, with digital connectivity and business planning also proving popular in recent months. Manufacturing remains the most popular sector for business enquiries, followed by Creative & Digital and Financial & Professional Services.
- 6.9 The service has been receiving an average of 129 enquiries from businesses per month in 2017/18, compared to 81 per month during the corresponding period last financial year. There also continues to be an increase in the volume of enquiries from

businesses that want to grow, which represent the service's target customers. This can be partly attributed to more targeted communications activity, and to the ongoing delivery of new business support products in the city region that are focussed on growing firms e.g. Access Innovation, Strategic Business Growth, Digital Enterprise and the Northern Powerhouse Investment Fund.

- 6.10 Since April 2017, six business advice 'pop-up' cafes have been delivered across the city region at Hebden Bridge, Castleford and Steeton in July 2017, Brighouse in September 2017, Batley in October 2017 and Harehills, Leeds in November 2017. They were attended by 124 different businesses, with 99% of attendees rating them as good or excellent.
- 6.11 The 'pop-ups' are free events that give smaller firms the chance to meet professional experts on a range of key business issues and opportunities all under one roof and in their own locality. The experts, who provide their time for free, cover topics such as finance, sales and marketing, social media and exporting. Attendees also have direct access to the LEP's business support products, alongside those of other partners. To date, attendees at the 'pop-ups' have benefitted from 374 business advice sessions, which equates to 123 hours of one-to-one advice tailored to their needs.
- 6.12 The service is funded directly from Central Government at circa £500K per year, but this only runs to the end of March 2018, with no current commitment beyond that time. Therefore, the LEP/CA is now working closely with the city region's Local Authorities, other LEPs across the North and with the Government, to secure additional funding from April 2018 onwards.

New Business Support Programmes

- 6.13 The £2.66m Resource Efficiency Fund (REF) is being delivered through the LEP Growth Service over the next three years. It is jointly-funded by the Government's Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provides advice and funding to SMEs to identify and put in place improvements on how they use water, waste and energy. Please see the Green Economy update report for further detail on the delivery of REF to date.
- 6.14 The £7m Strategic Business Growth (SBG) project is now being delivered by the LEP and its appointed contractor, Winning Pitch. It is also funded by ERDF and LGF, and provides small ambitious businesses with a package of tailored support to help them achieve their growth potential. This includes one-to-one business coaching, one-to-many workshops on key areas of business growth and an important peer-to-peer element that allows businesses to share their experiences and expertise.
- 6.15 There are 57 business coaches with a range of specialisms and good working knowledge of the different districts in the city region now working on the project. Two Growth Coach "Speed Dating" events were held in September 2017, allowing the coaches to network with each other and with the project team. 65 businesses have engaged with the project to date; including 12 that have developed detailed

Growth Action Plans with their allotted Account Managers, and are now receiving coaching support, and 20 that are in the process of developing their Growth Action Plans.

- 6.16 Growth workshops and peer-to-peer board meetings will commence in November 2017, located in venues across the city region. These will cover a range of topics, including; leadership and management, recruitment, 'scaling-up' the business, attracting finance and developing 'value propositions'. Another major element of the project will be the requirement for Winning Pitch to closely monitor and report the impact of their support on the SMEs over the lifetime of the contract. This will encompass a range of indicators related to productivity, which will include, but not be limited to, employment creation.
- 6.17 The Northern Powerhouse Investment Fund (NPIF) formally launched on the 22nd February 2017 and has since invested £4.5m of funding into 40 businesses un Leeds City Region, including four equity investments and 25 micro loans. There is an even spread of investments across the priority sectors of the city region's Strategic Economic Plan. NPIF is funded by ERDF, the British Business Bank (BBB) and the European Investment Bank. Approximately £18m of the city region's ERDF allocation is supporting the fund.
- 6.18 NPIF promotion has continued by both the appointed Fund Managers and the BBB with extensive networking and attendance at key events. Mercia Fund Managers ran a networking event on the 16th November in Leeds at which around 50 people attended. The communications focus continues to be private sector professionals, such as banks, accountants and solicitors, the business membership organisations, including those represented on the LEP's Business Communications Group, and the LEP Growth Service in terms of widening awareness of, and participation in, the Fund.
- 6.19 Feedback from both fund managers, and the BBB, confirms a continued positive level of demand from businesses across the city region, which is reflected in the level of loans and investments completed to date and a healthy forward pipeline of SMEs looking for finance. The conversion rate from enquiries to successful applications continues to be high, which is a positive indication of the demand for external finance in the city region. Further positive indicators are that Leeds City Region has received the highest number of applications into the fund of the ten LEP areas involved, and the highest number of applications converting into completed deals.

7 Inclusive Growth

- 7.1 Following an audit of current activity and ideas for future work, the Panel is considering how both current and future programmes can be better aligned to meet inclusive growth priorities. More detailed proposals will be presented at the Panel's next meeting in December 2017.

8 Recommendations

8.1 The LEP Board is asked to note the contents of the Panel update.