

Director: Sue Cooke, Executive
Head of Economic Services
Author: Henry Rigg



Report to: Business Innovation and Growth Panel

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Subject: Business Support

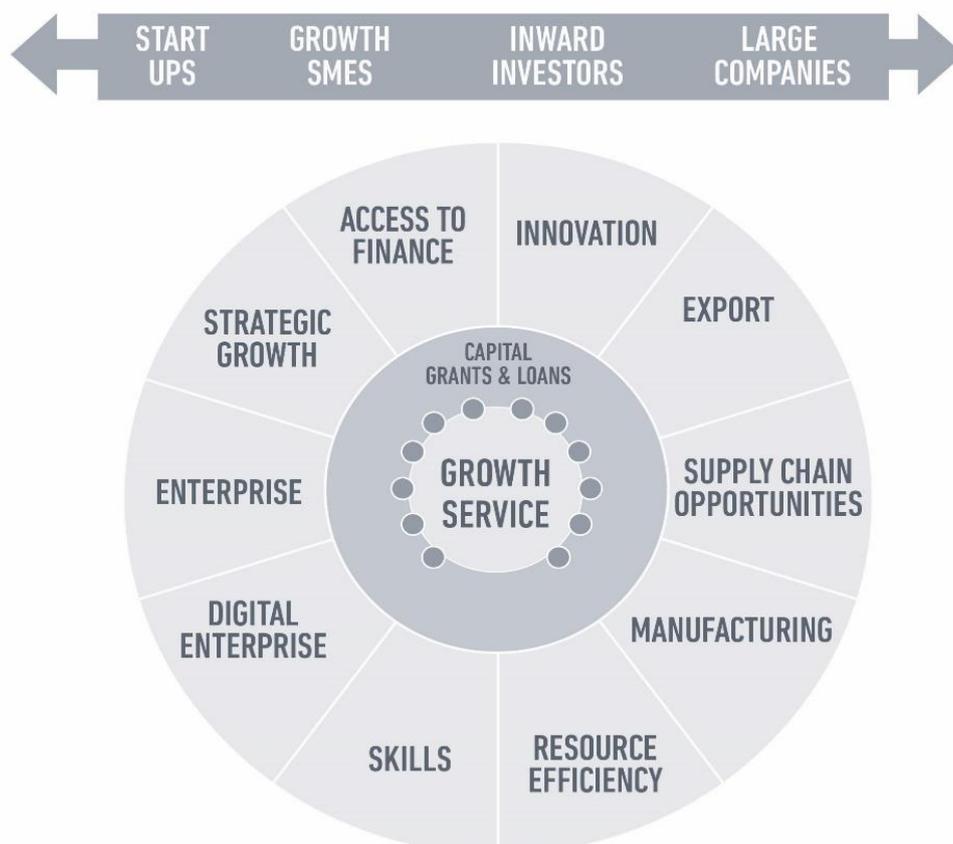
1 Purpose

- 1.1 To provide the Panel with an update on business support activity being undertaken, including the LEP Growth Service, the LEP Capital Grants Programme, the Resource Efficiency Fund (REF), Strategic Business Growth, the Travel Plan Network and the Northern Powerhouse Investment Fund. Separate individual reports are covering progress with the LEP Growth Service and Access Innovation, with the Digital Enterprise programme covered within the accompanying Digital update report.

2 LEP Growth Service

- 2.1 The Growth Service provides SMEs in LCR with direct access to the full range of publically-funded products and services available to help them grow. This includes those delivered directly by the LEP and those available via partner organisations, such as the Department for International Trade, Innovate UK, Local Authorities, Chambers of Commerce, Universities and Colleges. The diagram below demonstrates how the Service is central to the business support infrastructure in the city region.

Figure 1: Business support in Leeds City Region



- 2.2 The Growth Service is LCR’s Business Growth Hub. There are 38 other Growth Hubs in operation across the country, one in each area served by a Local Enterprise Partnership.
- 2.3 Businesses can access the Service by telephone (T: 0113 3481818 - weekday from 9am – 5pm), the LEP’s website (www.the-lep.com/for-business, or, email (businessgrowth@the-lep.com). The enquiries are handled by a central gateway team and there is also a team of 13 SME Growth Managers, who provide more intensive support for SMEs with clear growth potential and ambition. The Growth Managers work within specific Local Authority districts and are funded by the Growth Service and the city region’s Local Authorities.
- 2.4 The Department for Business, Energy and Industrial Strategy (BEIS) has provided £512,500 of funding to support the delivery of the Service in 2017-18. This is the third year that BEIS has funded the Service. The Government’s announcement regarding the new Industrial Strategy on 27 November 2017 included the following positive quote on future support for Growth Hubs: -

‘Government will ensure that all businesses have access to a ‘Growth Hub’. Building on the programme, providing continued funding to enable Growth Hubs to bring public and private sector partners together, such as UK Research and Innovation, the British Business Bank, Tech Nation, investors and universities.

We want Growth Hubs to carry on building their reach, developing peer to peer networks, signposting businesses to the best support available from the private and public sectors, and working with businesses with the greatest growth potential.’

Further detail on how the above will be implemented is expected before the end of 2017.

Progress to date

- 2.5 Table 1 below highlights the progress made to date against the main targets for the Service in 2017/18. More detailed information on the achievement of targets and on the number and type of businesses supported by the Service is provided in **Appendix 1**.

Table 1: Performance against headline targets 2017-18.

Target Measure	Target	Achieved April 17– October 17
SMEs supported - light-touch & intensive (such as attendance at events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2500	1391

SMEs supported - intensively by SME Growth Managers (more ongoing support over the year i.e. several meetings, diagnosis of need, personal referral to relevant products/services, support with funding applications etc).	630	363
All business enquiries handled by the LEP gateway (helpline, email and web)	No contractual target	1020

- 2.6 Good progress towards the annual target of supporting 2500 businesses in 2017/18 is being made, with 1,391 supported since April 2018. Of these, 363 have been supported more intensively by the SME Growth Managers. In addition, almost 200 businesses have had intensive support from three other LEP business support products, namely Resource Efficiency Fund, access Innovation and Strategic Business Growth.
- 2.7 Over 4,600 individual businesses have received support from the Service since its launch in July 2015, many of which have used it on more than one occasion. This demonstrates the value of the Service to businesses in the city region, with over 360 accessing more than one product since the Service launched (see **Appendix 1** for more information on this and on the impact of the service on some of the SMEs supported).

Service developments

- 2.8 The 2017 LCR Business Survey, involving over 2000 businesses, has provided the Service with leads from firms interested in further support from the LEP and its local and national partners. These are currently being followed up by the gateway team and SME Growth Managers. Encouragingly, there has been a 25% increase in respondents reporting that they knew about the LEP, compared to the previous survey in 2015. The full results of the survey will be available in early 2018.
- 2.9 The Service has continued to support the Better Business for All (BBFA) campaign by improving linkages between the regulatory environment and providers of business support. Work is taking place to develop the web content and provide more information and practical tools for businesses. The Service will also work in partnership with the Sheffield City Region Growth Hub to deliver an event for intermediaries in early 2018. This will raise awareness about the types of support available to their clients through BBFA.
- 2.10 An independent evaluation of the Service will commence in January 2018. This will assess the economic impact to date, and will include detailed case studies of several firms supported by the Growth Managers. The study will also compare progress to other Growth Hubs in the country in order to share, and learn from, good practice.

Marketing and Communications

- 2.11 The marketing plan for the Service has three priority areas:
- Attracting new customers
 - Providing additional support to existing customers
 - Working more closely with the private sector (especially banks and accountants) to encourage more and better quality referrals into the Service.
- 2.12 Case studies on businesses supported by the Service, the production of blogs from industry experts and business leaders offering practical tips and messages, and attending and hosting events remain the core activities that continue to raise the profile of the Service within the SME community. Six new case studies on SMEs that have received intensive support from the Service have been commissioned and will be added to the bank of current case studies that can be accessed via <http://www.the-lep.com/case-studies/>
- 2.13 Helping businesses to realise their potential to innovate and access the support and expertise available to them in the city region, remains a key priority for the Service, particularly in relation to 'scale-up' ambitions. The most recent blog features Dr Lisa J Hill, Innovation Development Manager at [Translate](#), offering a perspective on the importance of connecting businesses with academics when developing new products and services. <http://www.the-lep.com/news-and-blog/blog/november-2017/lets-talk-developing-new-products/>
- 2.14 An additional blog featuring testimonials from a delegate and business expert who have attended previous 'pop up' business advice cafés has been produced to help promote further 'pop ups' <http://www.the-lep.com/news-and-blog/brighthouse-pop-up/> whilst a further blog is being produced with the Yorkshire Enterprise Network (YEN) on practical tips for business networking. All of the current blogs can be accessed via the following link:- <http://www.the-lep.com/news-and-blog/?type=blog>

Events

- 2.15 Events continue to be an effective way to promote business support from the LEP, and its partners, to a wider audience. Over the last quarter, the Service has worked in partnership with the Ad:Venture enterprise programme and Leeds Beckett University in support of Leeds Business Week (October 2017) to deliver a seminar on Access to Finance. This was also the subject for a LEP presentation at a Yorkshire Enterprise Network (YEN) workshop in September 2017, which also involved Natwest, Business Enterprise Fund, Northern Powerhouse Investment Fund, Start-Up Loans and the Department for International Trade.
- 2.16 The Service also supported Innovate UK's regional event in Wakefield in October 2017, with a particular focus on the Access Innovation programme, and exhibited at the annual YEN Expo (Bradford Business Conference delivered in partnership with Bradford College) in November 2017. In addition, Access Innovation was profiled at Translate's MedTech Challenge conference in Leeds in October 2017. All these events

have brought the Service into direct contact with a broader range of businesses, business support professionals and academics, which will contribute to an increased take-up of support.

- 2.17 A private sector intermediary networking event took place on the 22nd November 2017 in Leeds - 'The Professionals' Perspective'. This was attended by over 20 representatives of banks, accountants and legal firms operating across the city region. It was an opportunity to promote the newer SME support products, particularly Access Innovation and Strategic Business Growth, with a view to improving the range and quality of referrals. It was also an opportunity to gain valuable insights into current business conditions, and to garner views on how to boost productivity and contribute to Inclusive Growth. The events will take place every quarter from 2018 onwards.
- 2.18 SME Growth Managers in York and Leeds continue to deliver a programme of business 'master classes' in partnership with private sector organisations and universities (Leeds Beckett and University of York). These focus on themes related to business growth, such as developing and retaining staff, access to finance, exporting and accessing new markets.
- 2.19 The programme of 'Pop up' business advice café's, which provide smaller firms with a platform to meet professional experts on a range of key business issues and opportunities all under one roof, continues to prove popular with the small business community. Three more were delivered between October and November 2017 at Brighouse, Batley and Harehills (Leeds). Collectively, they attracted 52 attendees from 43 businesses who were able to receive advice on a range of topics including finance, sales and marketing, social media, exporting, business planning and innovation.
- 2.20 Customer feedback on the 'Pop ups' remains very positive with 98% of attendees rating the events as good or excellent. Attendees also report that they are likely (20%) or very likely (50%) to do something different as a direct result of meeting with the experts. To date, attendees have benefitted from 374 business advice sessions, which equates to 123 hours of one-to-one advice tailored to their needs. A comprehensive programme to deliver 12 more 'pop ups' from April 18, has been developed, four of which will be delivered in more disadvantaged parts of the city region as part of the Inclusive Growth strategy.
- 2.21 The SME eNewsletter continues to be distributed to over 13,000 business contacts across the city region, providing them with concise and up to date information on new products, events and valuable insights from recognised business experts. The most recent newsletter included details of two workshops on the grant-funding available via the Rural Development Programme for England. These can support businesses in rural areas of the city region to boost tourism and diversify their operations, and can also support the growth of firms anywhere in the city region involved in the Food Processing sector.

3 LEP Capital Grants

Current Programme

- 3.1 The LEP Capital Grants programme provides grants of between £10,000 and £250,000 to businesses in Leeds City Region to support with capital investment projects. This can include where a business is purchasing new equipment or making improvements to existing business premises. The grants can contribute up to 20% of the total cost of a capital investment, with businesses needing to demonstrate that they have the remaining required finance in place. Businesses also need to create new jobs to access the grants.
- 3.2 The current programme is funded with £33.7m of Local Growth Deal funding (LGF) up to the end March 2021. Table 2 below presents progress since the LGF funding commenced in April 2015.

Table 2: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of November 17)
Expenditure	£33.2m	Committed - £27.4m Actual - £20.5m
New Jobs Created	4,100	Committed - 4,772 + 1,760 safeguarded Actual - 1,721 + 1,652 safeguarded
Businesses Supported	765	Committed – 467 Actual – 376
Number of Grants Awarded	n/a	Committed - 552 Actual – 438
Public/ Private Sector Leverage	£168.5m	Committed - £274m Actual - £166.7m
Total Cost Per Job	No contractual target	Committed - £5,742 Actual - £11,912

- 3.3 As the above table highlights, the programme is achieving a good return in terms of cost per job, with even the actual figure achieved to date for new jobs of £11,912

being significantly below the national average for programmes of this nature (circa £30,000). This figure would be even lower if the 1,652 actual safeguarded jobs were included in the overall calculation, and would equate to just over £6,000 per job.

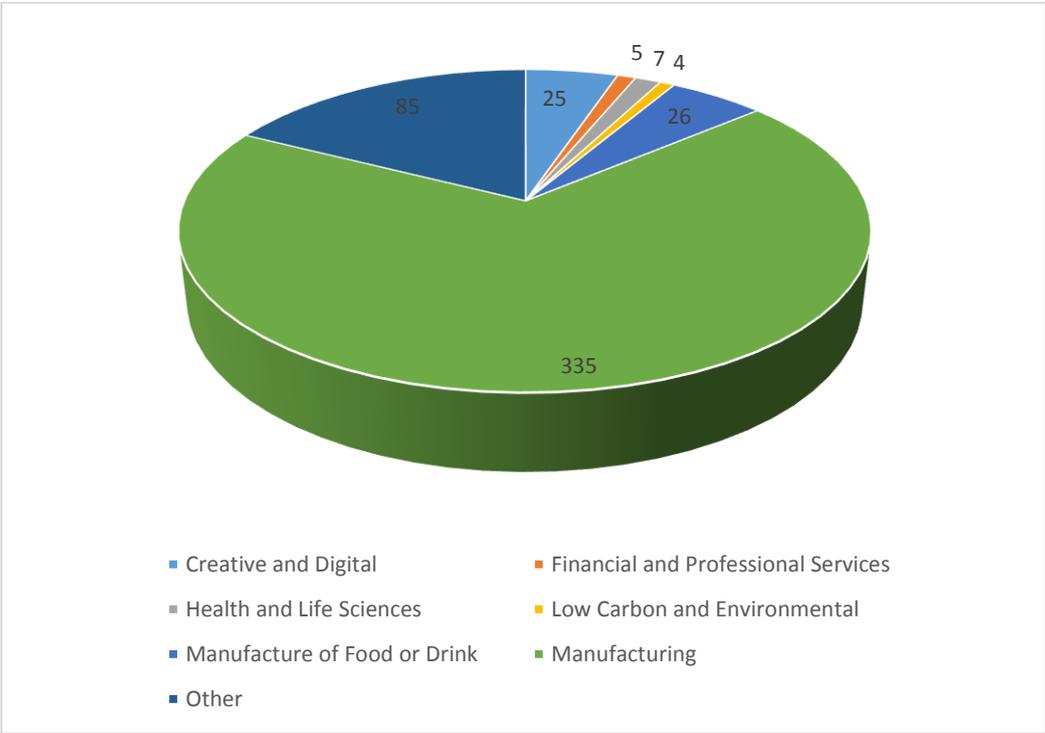
- 3.4 WYCA’s Business Investment Panel recently recommended the approval of three grants totalling £406,500. The first is for £110,000 for a large food manufacturer that is making a £1.1 million investment in new equipment and alterations to premises, resulting in the creation of 30 new jobs. The second is for £126,500 to an SME internet-wholesaler that is investing £1.26 million in fitting out a new distribution facility, resulting in 104 new jobs. The third is for £170,000 for an automotive manufacturer that is investing £2.3 million in new equipment, leading to the creation of eighteen new highly-skilled jobs.
- 3.5 All grants awarded to businesses by the LEP, including those from the BGP, are now published on the LEP website (<http://www.the-lep.com/about/governance-and-funding/grants-for-business/>). This includes the name of the business and the amount of grant awarded.
- 3.6 The below table compares the proportion of SMEs per district of the city region with the proportion of grants awarded per district. It shows that the West Yorkshire districts all perform well in terms of successfully accessing the grants, but that the North Yorkshire districts have a proportionately low take-up rate. This can be partly attributed to the relatively low number of manufacturers in North Yorkshire, and the existence of a similar grant scheme in that area. Craven is the one North Yorkshire district that has seen a recent increase in grants, which could be due to the presence of the SME Growth Manager covering the Airedale Corridor.

Table 3: Grant awards by district

District	Grants per district	SMEs per district
Leeds	29.0%	26.8%
Bradford	15.6%	14.5%
Kirklees	17.2%	13.5%
Wakefield	11.4%	9.5%
Calderdale	11.8%	7.5%
Barnsley	6.6%	5.9%
Harrogate	4.1%	8.5%
Craven	1.9%	3.2%
York	1.9%	7.2%
Selby	0.4%	3.4%

3.7 The below chart presents the number of grants awarded via sector, and highlights the importance of the programme to the manufacturing and food and drink sectors.

Figure 2: LEP Capital Grants by Sector



Business Floods Recovery Fund

3.8 Following the floods over Christmas 2015, and the subsequent devastating impact on many businesses across the city region (particularly in Calderdale and parts of Leeds), the LEP and WYCA agreed to ring-fence £5m of the overall Business Growth Programme budget in the form of a Business Floods Recovery Fund.

3.9 The fund has provided grants of between £5K and £100K for capital investment in plant, machinery and premises that were damaged by the floods, and that were not, for legitimate reasons, fully covered by insurance policies. The focus of the fund has been on safeguarding jobs, as opposed to creating new ones, and on supporting businesses to return to something like their pre-floods level of operation.

3.10 The fund, which was closed to new applications at the end of 2016, has supported 64 businesses with a combined grant-commitment of £3.15m, £1.78m of which has been paid to the flood-affected firms. To date, this has helped to safeguard 1,575 jobs and will leverage over £13m of private investment.

4 Resource Efficiency Fund

- 4.1 The £2.66m Resource Efficiency Fund (REF) is being delivered through the Growth Service over the next three years as a key product to improve productivity and efficiency for SMEs in the city region. It is jointly funded by the Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provides advice and funding (grants of up to £10K) to SMEs to identify and implement improvements related to their use of resources i.e. water, waste and energy.
- 4.2 248 businesses have been supported by the project to date (against an original target of 167), with 239 having received visits from the two REF Managers. These have resulted in 146 assessments being commissioned and the completion of 133 assessment reports.
- 4.3 48 grant applications have been approved for a collective value of £362,473, with payments made to 18 businesses by the end of October 2017. Additional marketing activity is due to commence to stimulate more interest in the Fund, which will include a telemarketing campaign and the production of a number of case studies.
- 4.4 The new projects supported include: 20 lighting upgrades, one insulated/fast-closing roller shutter door, nine heating upgrades, eight compressors, one glazing upgrade, and one waste and baler/compactor. Funding has also been approved for two more specialist projects: a refrigeration unit upgrade for a food manufacturer, and a controls and inverter upgrade on a moulding machine for a specialist plastic product manufacturer. Total estimated carbon dioxide (CO₂) savings across all of the approved projects are 976 tonnes per annum, with estimated savings to the successful business applicants of £202,729 per annum.

5 Strategic Business Growth – support for SMEs with high growth potential

- 5.1 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.
- 5.2 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.

- 5.3 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 Travel Plan Network

- 6.1 The Travel Plan Network (TPN) is now being promoted as a key products for businesses in Leeds City Region via the LEP Growth Service. TPN provides businesses of all sizes with advice and guidance to implement sustainable travel solutions, including discounted public transport offers, cycling initiatives and relocation support. 42 businesses have joined the network since April 2017 against an annual target of 50.
- 6.2 The TPN delivered its first Expo for network members at the DHEZ in Bradford on 31st October 2017, attracting over 60 businesses. It included presentations on current developments within sustainable travel from leading global experts, and provided businesses with direct access to travel operators and various sustainable travel schemes and initiatives. Membership is becoming increasingly popular with SMEs as well as the larger firms that have engaged to date.

7 Northern Powerhouse Investment Fund

- 7.1 The Northern Powerhouse Investment Fund (NPIF) formally launched on the 22nd February 2017 and has since invested £4.5m of funding into 40 businesses in 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.
- 7.2 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.
- 7.3 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.

8 Recommendations

- 8.1 That the progress made to date on delivery of the above business support projects, programmes and services be noted.