
Report to: Business Innovation and Growth Panel

Date: 7 March 2018

Subject: **Business Support Update**

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1 Purpose of this report

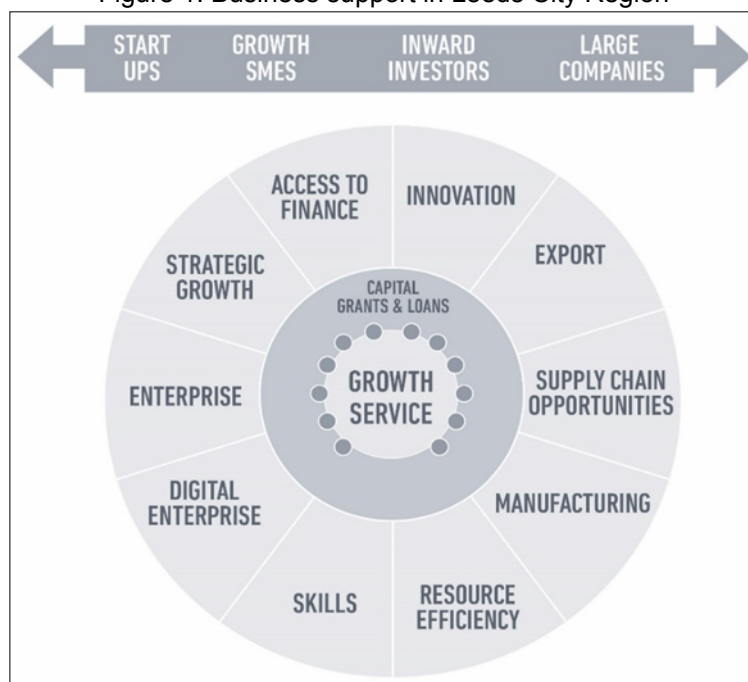
- 1.1 To provide the Panel with an update on business support activity being undertaken, including the LEP Growth Service, the Business Growth Programme, the Resource Efficiency Fund, Access Innovation, Strategic Business Growth, the Travel Plan Network and the Northern Powerhouse Investment Fund.

2 Information

LEP Growth Service

- 2.1 The Growth Service provides businesses in the Leeds City Region 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.
- 2.2 The Growth Service is the City Region'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. The diagram below demonstrates how the service underpins the business support infrastructure in the City Region.

Figure 1: Business support in Leeds City Region



- 2.3 Businesses can access the Growth 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 small and medium-sized enterprises (SMEs) with clear growth potential and ambition. The Growth Managers operate at the district-level and are co-funded by the Growth Service and the city region’s local authorities.
- 2.4 Following the Government’s announcement on the new Industrial Strategy in November 2017, the Department for Business, Energy and Industrial Strategy (BEIS) has confirmed that Business Growth Hubs will continue to receive funding for a further two years from 1 April 2018. This means that the Growth Service will receive £512,500 in both 2018/19 and 2019/20, which will enable the current delivery model to be maintained.

Progress to date

- 2.5 Table 1 below highlights the progress made to date against the headline 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 Apr 17 – Jan 18
SMEs supported - light-touch & intensive (such as attendance at events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2500	1998
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	509
All business enquiries handled by the LEP gateway (helpline, email and web)	No contractual target	1321

- 2.6 The service has continued to make good progress towards the annual target of supporting 2500 businesses in 2017/18, with 1998 supported since April 2017. Of these, 509 have been supported more intensively by the SME Growth Managers. In addition, a further 307 businesses have had support from other LEP business support products, namely Resource Efficiency Fund, Access Innovation and Strategic Business Growth.
- 2.7 Over 4,200 individual businesses have received support from the service since its launch in July 2015. This demonstrates the continued reach of the service into the SME community of the City Region, with its value evidenced by over 500 firms accessing more than one product since April 2017 (see **Appendix 1** for more information on this and on the impact of the service on the SMEs supported).

Service developments

- 2.8 The service has appointed two new business support officers to deliver the central gateway function. Significant work has been undertaken to support the development of these colleagues and provide a seamless transition, whilst maintaining a high standard of customer service.
- 2.9 Mechanisms are now in place to capture more timely feedback on the satisfaction levels of customers who have accessed the central gateway for support. This is being monitored on a monthly basis and further information is available within **Appendix 1**.
- 2.10 An independent evaluation of the service will shortly be commissioned. This will assess the economic impact to date, and will include detailed case studies of several firms supported by the SME Growth Managers to determine the impact of their support. 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 underpinned by the wider 'Let's Talk Real Business' marketing campaign:

- 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 featuring businesses that have received support from the LEP and its partners have become an important way to further raise the profile of the service, particularly in the City Region's different districts. Three case studies have been developed this quarter featuring a Bradford-based engineering company ([Global Precision](#)), a Wakefield-based manufacturer and distributor ([OE Electrics](#)) and a Leeds-based manufacturer ([Leeds Galvanising](#)), all of whom have benefited from recent support. A full range of case studies can be found via <http://www.the-lep.com/case-studies/>.
- 2.13 Blogs from industry experts and business leaders offering practical tips and messages also play an important part of the wider engagement strategy with businesses. The most recent blog features Katie Rigarlsford, SME Ambassador for the Chartered Institute of Marketing and Regional Development Manager at Leeds Beckett University Business Centre, exploring the importance of marketing for businesses. http://www.the-lep.com/news-and-blog/blog/december-2017/let%E2%80%99s-talk%E2%80%A6marketing-for-sme%E2%80%99s/?dm_t=0,0,0,0 All of the current blogs can be accessed via the following link:- <http://www.the-lep.com/news-and-blog/?type=blog>

Innovation campaign

- 2.14 Helping businesses to access the full range of innovation support and expertise available to them in the City Region continues to remain a key priority. As such, a dedicated marketing campaign has gathered momentum this quarter involving social media, various press releases (including featured content in [BQ](#), [Bdaily](#), [Business Insider](#)), and on the website of [104.7 Minster FM](#), dedicated content on various local authority websites (including [Selby](#), [Wakefield](#) and [York](#)) and the development of a [blog](#).
- 2.15 Since the start of the campaign in late 2017, information about the support available has reached over 10,000 Twitter accounts, generating over 120 engagements (clicks, retweets, replies, follows). It has attracted 188,504 impressions and 268 clicks on Business Insider, and the 'Let's talk developing new products and processes' blog has been viewed over 100 times. Moreover, during the campaign the LEP website has seen a 60% increase in the number of visitors to the Access Innovation page, making it the third most visited product page behind Access to Finance and Skills. The campaign will continue to the end of March 2018.
- 2.16 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 newsletters feature information about the latest Business Support 'Pop-ups', Access Innovation, blogs, Bike Friendly Business and Data Protection. Newsletter content can be accessed via <https://mail-the-lep.com/t/3LTT-BTE8-4782RMB83/cr.aspx> and <https://mail-the-lep.com/t/3LTT-B406-4782RMB83/cr.aspx?v=0>

Events

- 2.17 Events continue to be an effective way to promote business support from the LEP, and its partners, to a wider audience. The service is working with RTC North to deliver a series of [Design Network North](#) events, which encourage businesses to innovate by embedding design throughout their products, processes and services. The first event took place in Harrogate on 26 January 2018 with a focus on the food and drink sector, and included a presentation from former BIG Panel member, Sophie Jewett of York Cocoa House. The second took place at the Hepworth in Wakefield on 22 February 2018 and focussed on design in the entertainment industry, and the third will take place in Bradford in March 2018 with a focus on artificial intelligence.
- 2.18 The service exhibited and presented at the Colne Valley Business Conference at the 3M Buckley Innovation Centre in Huddersfield on 9 February 2018. This event was organised and hosted by Thelma Walker (MP, Colne Valley) and was attended by over 50 businesses from the area.
- 2.19 The service delivered its fifth Leeds City Region SME Support Network event on 25 January 2018 at Eureka in Halifax. These events provide business support professionals working on publically-funded projects and services with the opportunity to network with colleagues, and keep abreast of the current SME support offer in the City Region. The event focussed on employment and skills and included presentations on apprenticeship support, the Enterprise Advisor Scheme, the Employer Brokerage Service and the new Skills Service. Two young employees from Covea Insurance in Halifax also gave a particularly well-received presentation on their experiences of undertaking apprenticeships with the company.
- 2.20 Employment and skills was also the main theme of the private sector intermediary network (the 'Professionals' Perspective') event that took place on the 22 February 2018 in Leeds. It was attended by over 20 representatives of banks, accountants and legal firms operating across the City Region, and gave attendees the chance to understand how the LEP's services and products can help their clients and customers to grow. The events are also an opportunity to gain valuable insights into current business conditions, and to gather the views of the professional community on key business issues.
- 2.21 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.

- 2.22 The latest Business Support ‘Pop-up’ event took place on 28 February at the Carlisle Business Centre in Manningham, Bradford. These events are free and provide smaller firms with a platform to meet professional experts on a range of key business issues and opportunities all under one roof. Local experts provide practical help and advice on such with topics as social media and marketing, digital and websites, international trade, skills and apprenticeships, raising finance, accountancy and tax, innovation and business planning.
- 2.23 The latest Leeds City Region Business Survey provides positive information regarding the continuing increased awareness of the LEP and its services amongst the SME population. The survey was conducted in summer 2017 with 2,368 businesses across all sectors and all districts of the City Region. It found that 49% of firms are aware of the LEP’s services, up from 39% in 2015. Apprenticeship and skills support, business grants and loans, and more general business advice, were areas where awareness of the LEP’s activity was highest.

Business Growth Programme (BGP)

- 2.24 The BGP provides grants of between £10,000 and £250,000 to businesses in the City Region towards capital investment (land, building, plant, equipment, machinery) that will lead to new job creation. Grants contribute up to 20% of the total cost of an investment, with businesses needing to demonstrate that they have access to the remaining finance required.
- 2.25 The current programme is funded with £42.7m of Local Growth Deal funding (LGF) up to the end March 2021. Table 2 below presents progress since 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 February 18)
Expenditure	£42.7m	Committed - £27.88m Actual - £21.28m
New Jobs Created	4,100	Committed - 4,720 + 1,760 safeguarded Actual - 2,384 + 1,682 safeguarded
Businesses Supported	765	Committed - 566 Actual - 458
Number of Grants Awarded	N/A	Committed - 566 Actual - 458
Public/ Private Sector Leverage	£168.5m	Committed - £290m Actual - £205.3m
Total Cost Per Job	No contractual target	Committed - £5,909 Actual - £8,926

- 2.26 As the above table highlights, the programme is achieving a good return in terms of cost per new job at just under £9,000. This figure would be lower if

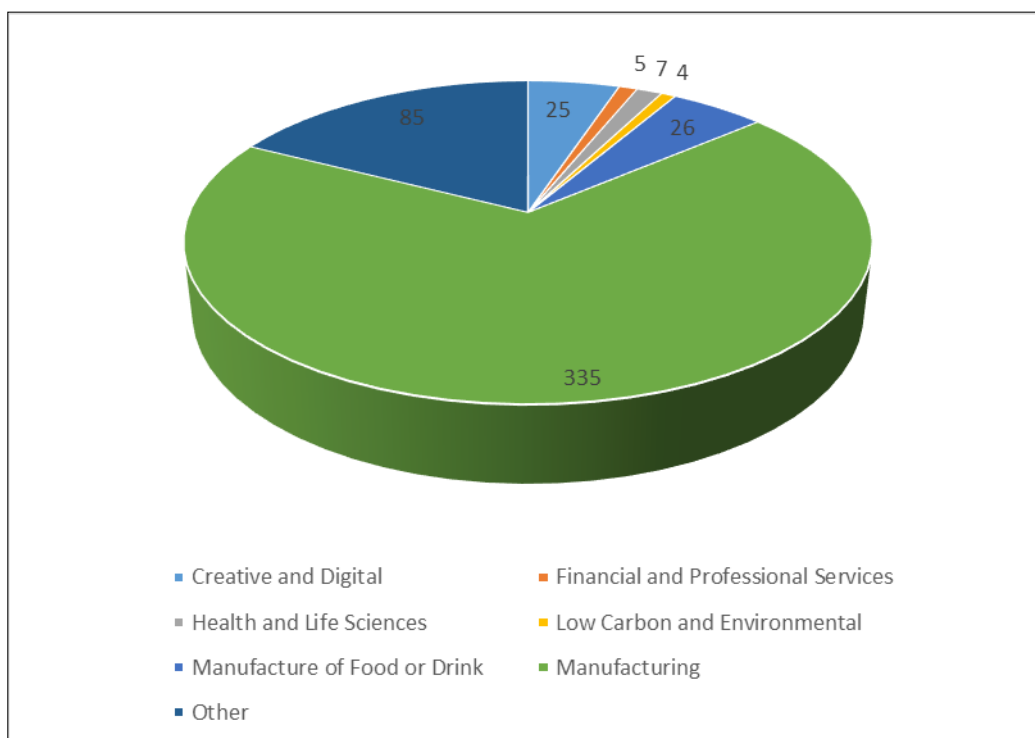
the 1,682 actual safeguarded jobs were included in the overall calculation and would equate to just over £5,234 per job.

- 2.27 The Business Investment Panel recently recommended the approval of a grant of £167,086 for a bed-manufacturer that is making a £1.67 million investment in new equipment and alterations to premises, resulting in the creation of 45 new jobs and 16 apprenticeships.
- 2.28 All grants awarded to businesses, 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.
- 2.29 The table below compares the proportion of SMEs per district within the City Region against the proportion of grants awarded. It shows that West Yorkshire districts all perform well in terms of successfully accessing the programme, but that the North Yorkshire districts have a proportionately lower 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.

Table 3: Grant awards by district

District	Grants per district	SMEs per district
Leeds	29%	26.8%
Bradford	16.2%	14.5%
Kirklees	18.3%	13.5%
Wakefield	11%	9.5%
Calderdale	11%	7.5%
Barnsley	6.8%	5.9%
Harrogate	4%	8.5%
Craven	1.9%	3.2%
York	1.9%	7.2%
Selby	0.4%	3.4%

- 2.30 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.



Business Floods Recovery Fund

- 2.31 Following the floods of Boxing Day 2015 and the subsequent devastating impact on many businesses across the City Region (particularly in Calderdale and parts of Leeds), the LEP and the Combined Authority agreed to ring-fence £5m of the overall Business Growth Programme budget to a Business Floods Recovery Fund.
- 2.32 The fund has provided grants of between £5,000 and £100,000 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.
- 2.33 The fund, which was closed to new applications at the end of 2016, has supported 63 businesses with a combined grant-commitment of £3.08m, £2.62m of which has been paid to flood-affected firms. To date, this has helped to safeguard 1,682 jobs and will leverage over £13m of private investment.

Resource Efficiency Fund

- 2.34 The £2.66m Resource Efficiency Fund (REF) is being delivered through the Growth Service over the next two 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 £10,000) to SMEs to

identify and implement improvements related to their use of resources i.e. water, waste and energy.

- 2.35 At the end of January 2018, 298 businesses have contacted the project (against an original target of 167 each year), with 290 having received visits from the two REF Managers. These have resulted in 162 assessments being commissioned and the completion of 153 assessment reports.
- 2.36 73 grant applications have been approved with a collective value of £540,050, with payments made to 31 businesses. Additional marketing activity has commenced to stimulate more interest from businesses, including a telemarketing campaign and the production of a number of case studies and press releases.
- 2.37 The majority of new projects supported have been lighting upgrades, but there have also been heating (including an air source heat pump) and ventilation upgrades, and the installation of a new compressor. The grant rate for lighting projects has been reduced to 25% to reflect the over-demand for this type of investment and to help to reduce the average grant value. Total estimated carbon dioxide (CO₂) savings across all of the approved projects is 1,330 tonnes per annum, with estimated savings to the successful business applicants of £294,851 per annum.

Access Innovation

- 2.38 Access Innovation is being delivered across the City Region with funding from the ERDF 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. The programme links SMEs directly to the expertise and facilities within research intensive organisations, such as universities or Catapult Centres. It provides advice to businesses on which organisations can support them with their innovation activities, and also grants of between £5,000 and £100,000 towards the cost of working with expert organisations.
- 2.39 To date, the programme has engaged with over 260 SMEs, 127 of which have received one-to-one support from the three Innovation Growth Managers, resulting in detailed action plans for taking their innovation projects forward. Nine applications for grants have been approved to date with a collective value of circa £236,500. There are a number of other applications of varying sizes currently being developed with support from the Innovation Growth Managers.
- 2.40 The highest number of enquiries and approved applications to date are from the healthcare and life sciences, manufacturing (including textiles) and digital sectors. The programme team continue to build strong working links with organisations in these sectors, including the Engineering Employers' Federation, Digital Health Enterprise Zone, Digital Catapult, Advanced Manufacturing Research Centre, Translate, and the Yorkshire & Humber Academic Health Science Network.

- 2.41 The LEP hosted a workshop in January 2018 with a wide range stakeholders involved in innovation support from within and outside the City Region. This proved to be a great opportunity to identify areas for closer collaboration across the whole innovation agenda, and to increase the number of good quality Access Innovation projects coming forward.
- 2.42 The Access Innovation offer to SMEs has recently been broadened to increase the range and quality of projects, and to align the programme more closely with the City Region's priority sectors. This includes increasing the value of projects that can be supported to £200,000, widening the scope of the programme to support more capital investment in innovation projects and simplifying the process for supporting smaller-value projects.
- 2.43 Following constructive feedback from the BIG Panel at its December 2017 meeting, a number of steps have been taken to increase awareness of the programme. This has included closer partnership working with private sector intermediaries, including banks and accountants, and with a broader range of business membership and sector specific organisations. Furthermore, the programme's marketing resource has been boosted, resulting in more direct targeting of sectors and sub-sectors, alongside an increase in exposure via social media and the regional/local business press (see 2.14 to 2.16).

Strategic Business Growth – support for SMEs with high growth potential

- 2.44 The £6.75m Strategic Business Growth (SBG) project is being delivered by the LEP and its appointed contractor, Winning Pitch. It is part-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.
- 2.45 Winning Pitch have recruited 66 business coaches with a diverse range of sector specialisms to work on the project. Examples of coaching support currently being delivered include development of a marketing strategy, business planning and access to finance. 148 businesses have engaged with the project to date, including 54 that have developed detailed growth action plans with their allotted account managers. All 54 are now receiving ongoing coaching support and a further 16 are in the process of developing their action plans.
- 2.46 A programme of growth workshops commenced in November 2017, delivered from numerous venues across the City Region. These cover a range of business topics, including development of a business plan, developing staff, the process of 'scaling-up' a business and developing a customer-value proposition. Two sector-based (food/drink and environmental) peer-to-peer networks will commence in March 2018.

Travel Plan Network

- 2.47 The Growth Service also acts as central point for businesses of all sizes across West Yorkshire to access the Travel Plan Network (TPN). Businesses that join the network receive free advice and guidance about implementing sustainable travel solutions, including discounted public transport offers, cycling initiatives and relocation support.
- 2.48 There has been a continued drive to increase membership of the network in order to encourage more employers, and their employees, to adopt sustainable ways to travel to and from, and during, work. 80 businesses have already joined the network since the start of April 2017, against an annual target of 50 new members.
- 2.49 The team has offered relocation support to Zenith who recently moved to their new premises at Kirkstall Forge, Leeds. This support involved various staff awareness events focussed on public transport options, the development and implementation of car sharing schemes, referrals to the Bike Friendly Business scheme. Similar advice and support is also being provided to Her Majesty's Revenues and Customs as part of their regional relocation plans.

Northern Powerhouse Investment Fund

- 2.50 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested over £5.79m of funding into 49 businesses in Leeds City Region. £1.25m has been invested in 30 businesses via the micro fund, £2.75m has been invested in 14 businesses via the debt fund, and £1.8m in 5 businesses via the equity fund.
- 2.51 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.
- 2.52 NPIF promotion has continued by both the appointed fund managers and the BBB with extensive networking and attendance at key events. The focus continues to be private sector professional intermediaries (e.g. banks, accountants and solicitors), business membership organisations and the LEP Growth Service to continue to widen awareness of, and participation in, the Fund.
- 2.53 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 second highest number of applications into the fund of the ten LEP areas involved, and the highest number of applications converting into completed deals.

3 Financial Implications

3.1 There are no financial implications directly arising from this report.

4 Legal Implications

4.1 There are no legal implications directly arising from this report.

5 Staffing Implications

5.1 There are no staffing implications directly arising from this report.

6 External Consultees

6.1 No external consultations have been undertaken.

7 Recommendations

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

8 Background Documents

None.

9 Appendices

Appendix 1 – LEP Growth Service Performance Update