
Report to: Business Investment Panel

Date: 31 August 2018

Subject: **Business Grants Programme**

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1. Purpose of this report

- 1.1 To outline the current position regarding progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Business Grants Programme (BGP).
- 1.2 To update the Panel on proposals to introduce a Productivity Pilot and to revise the criteria for multiple grant applications within BGP.

2. Information

- 2.1 Spend and outputs for the grant schemes funded through the Local Growth Fund (LGF) are detailed below. Achievements against these targets can be made through the three capital grants schemes which make up the BGP; the big scheme, the small scheme and the Business Flood Recovery Fund. The big scheme is for grants over £100,000, the small scheme grants of between £10,000 and £100,000 and the Business Flood Recovery Fund grants of £10,000 to £100,000 for businesses affected by the Boxing Day Floods of 2015 (note that this programme is now closed to new applications).

Performance indicator	Target	Big Scheme Committed	Small Scheme Committed	Flood Grants Committed	Total Commitments	Actual Outputs (17/08/18)
Direct jobs	4,100	2,863	2,119	n/a	4,982	3,098
Safeguarded jobs	n/a	152	0	1,541	1,693	1,682
Number of grant awards	765	36	533	63	632	534
Total investment	£168,500,000	£144,441,164	£152,851,268	£12,793,515	£310,085,947	£238,574,863

Performance indicator	Target	Big Scheme Committed	Small Scheme Committed	Flood Grants Committed	Total Commitments	Actual Outputs (17/08/18)
Programme Spend	£38,963,000	£8,681,754	£18,309,135	£2,860,375	£29,851,264	£24,687,387
Cost per job	n/a	£3,032	£8,642	n/a	£5,992	£7,970
Cost per job (including safeguarded jobs)	n/a	£2,880	n/a	£1,856	£4,472	£5,165

*It should be noted that 1,400 of committed jobs under the Big Programme relate to one major project within the Wakefield District. Initial monitoring of the project has now been completed and a total of 290 new jobs have been created to date.

- 2.2 To date commitments of £26.99 million have been made through a combination of the big and small schemes.
- 2.3 As outlined in previous Business Investment Panel papers, grants are now funded through a combination of the Business Growth Programme and Access to Capital Grants, both of which are funded through the LGF.
- 2.4 Commitments through the Business Flood Recovery Fund currently stand at £2.86 million. A total of £3.18 million was approved through the fund, but 3 projects (totalling £168k) have been withdrawn and a further 16 projects have gone ahead, but at a lower level, thereby reducing commitments by £152,000. Of a total of 66 projects approved, three have been withdrawn, 52 are complete and £185,000 is left to pay to 11 businesses whose projects are still live.
- 2.5 All grant awards are listed in summary form on the LEP website and updated quarterly.¹
- 2.6 **Appendix 1** provides a summary of all BGP grant approvals made between 1 April 2015² and 17 August 2018. This is broken down by district and shows commitments and actuals for grant awarded, match investment and jobs.
- 2.7 A summary of the governance arrangements for BGP is provided in **Appendix 2**.

3. New large programme applications

- 3.1 There are no new applications for consideration on today's agenda.

¹ <http://www.the-lep.com/about/governance-and-funding/grants-for-business/>

² A small number of projects were approved prior to 1 April 2015. These were approved under the Regional Growth Funded (RGF) BGP and as the projects were not able to commence prior to the end of the RGF programme, they were recommitted to the LGF funded programme which became operational on 1 April 2015

4. Update on applications recommended for approval at Business Investment Panel on 9 August 2018

- 4.1 An update regarding the two applications considered at Business Investment Panel on 9 August 2018 (Project Refs: 1098145 and 1098371) can be found at **Appendix 3**.

5. Multiple Business Growth Programme Applications

- 5.1 There has been an increasing trend recently of businesses supported through BGP applying for grants on multiple occasions. There is currently no restriction on the number of applications a company can submit, though there is a cap of a maximum of £500,000 any one business can receive within a three year period.
- 5.2 With demand for the programme very high, it is proposed that the maximum level of grant support an individual business can receive within a three year period is reduced from £500,000 to £250,000. It is also proposed that businesses can submit a maximum of three successful applications within a three year period. The rationale behind this is threefold:-
- The budget for the programme is limited and may be fully committed in 2019
 - To encourage more strategic approaches to business planning, including future capital investments, amongst applicant businesses;
 - To make the programme accessible to as wide a range of SMEs across the city region as possible.
- 5.3 These proposals will be taken to the Business, Innovation and Growth Panel on 13 September 2018 for consideration, with a view to going live in October.

6. Productivity Pilot

- 6.1 The Leeds City Region Enterprise Partnership (LEP) will launch a business productivity pilot in September 2018 as part its and West Yorkshire Combined Authority's work to drive up productivity across Leeds City Region through private sector leadership. This has been identified by the Business, Innovation and Growth Panel as a priority for the City Region's emerging Local Inclusive Industrial Strategy.
- 6.2 The aim of the pilot is to support firms in the City Region to improve their productivity through capital investment grants, and to improve how they measure and report productivity gains. The pilot will award capital grants of between £25k and £100k to those businesses that best demonstrate how investments will have a positive impact on their productivity. Funding for the grants will be met from ring-fencing £0.5 million from the Business Growth Programme grant budget to the project.

- 6.3 Beneficiaries of the project will not be required to create new jobs as a condition of the grant, but will need to maintain existing employment levels. They will also be expected to clearly describe how they currently measure productivity and how it will improve following the grant supported investment project.
- 6.4 The pilot will also help the LEP and wider City Region to:
- Capture practical learning to inform future activities to improve productivity and allow greater insight into the different approaches taken by businesses;
 - Better meet the needs of businesses in the current economic climate;
 - Build close working relationships with a cohort of businesses and monitor their productivity over a longer period;
 - Be at the forefront of developing evidence-led interventions on business productivity.
- 6.5 The pilot will run as a competition through an Open Call inviting businesses to apply for grants of between £25,000 and £100,000 to support capital investment projects that will lead to clearly-evidenced productivity improvements. This evidenced improvement will provide vital data to support the policy arguments for any future business support programme based on productivity, demonstrating the value added of such an approach. Intervention rates will be between 10 and 20%, depending on the size of the business (20% for firms with under 50 staff, and 10% for those with 50 or above). This means that the minimum size of project that will be supported is £125k. The Call will be open for an initial period of three months, with a further Call to follow depending on how many projects are supported in the first round.
- 6.6 A consistent way to measure productivity for all applicants will be used before and after the investment projects, in line with measurements that have been used by the West Yorkshire Combined Authority's policy and research and intelligence teams in work on the city region's productivity as part of the overall policy framework. This will be via the Office of National Statistics' (ONS) 'How productive is your business?' online tool, which provides a single, easy to use, productivity measure for a business via an online platform - <https://content.govdelivery.com/accounts/UKONS/bulletins/1fc8202>.
- 6.7 A panel of experts from the private and public sectors will assess all of the applications and make recommendations to the Executive Head of Economic Services, who then make the final decision as to whether to approve or reject the application, as part of the Combined Authority's scheme of delegations. Technical appraisals of applications will be undertaken by officers of the LEP and Combined Authority, focussing on the financial viability of applicants and their projects.
- 6.8 In terms of timeframes the Call is expected to go live mid-September 2018, with a deadline for receipt of applications of 14 December 2018 and a decision on grant awards to be made by 1 February 2018.

7. Financial implications

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

8. Legal implications

8.1 The information contained in **Appendix 3** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.

9. Staffing implications

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

10. External consultees

10.1 No external consultations have been undertaken.

11. Recommendations

11.1 That the Panel notes the progress report and offers views on proposed developments to the programme.

12. Background documents

None.

13. Appendices

Appendix 1 – All BGP grant approvals, programme start date to 17 August 2018

Appendix 2 – Governance arrangements

Exempt Appendix 3 – Update on projects previously recommended for approval