

INFORMAL CONSULTATIVE MEETING OF THE BUSINESS, ECONOMY, AND INNOVATION COMMITTEE

**MEETING TO BE HELD AT 2.00 PM ON WEDNESDAY, 5 JANUARY
2022 AS A REMOTE MEETING - TO BE LIVESTREAMED HERE:
[HTTPS://WWW.YOUTUBE.COM/CHANNEL/UCAZJNSGPQZZT41VIBN2
ZK9A/LIVE](https://www.youtube.com/channel/UCAZJNSGPQZZT41VIBN2ZK9A/LIVE) (COPY AND PASTE THE LINK IN YOUR BROWSER)**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXEMPT ITEMS - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
 1. To highlight Appendix 1 to Agenda Item 9b which officers have identified as containing exempt information within the meaning of Schedule 12A to the Local Government Act 1972, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.
 2. To consider whether or not to accept the officers' recommendation in respect of the above information as set out in paragraph 8.2 of Agenda Item 9b.
 2. If the recommendation is accepted, to formally pass the following resolution:-

RESOLVED – That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix 1 to Agenda Item 9b on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. MINUTES OF THE MEETING HELD ON 18 OCTOBER

(Pages 1 - 6)

5. ECONOMIC REPORTING

(Pages 7 - 32)

6. INNOVATION CHALLENGE COMPETITION

(Pages 33 - 36)

7. WEST YORKSHIRE INNOVATION FESTIVAL

(Pages 37 - 40)

8. BUSINESS SUPPORT PIPELINE

(Pages 41 - 48)

9. CURRENT DELIVERY

(a) ENTREPRENEURSHIP PROGRAMME

(Pages 49 - 54)

(b) BUSINESS ACCELERATOR FUND

(Pages 55 - 74)

For Information

10. LINK TO EMPLOYMENT AND SKILLS COMMITTEE WORK

[Link](#) to the meeting of the Employment and Skills Committee held on 29 October.

Signed:



**Managing Director
West Yorkshire Combined Authority**



**MINUTES OF THE MEETING OF THE
BUSINESS, ECONOMY AND INNOVATION COMMITTEE
HELD ON MONDAY, 18 OCTOBER 2021 AT NEXUS, DISCOVERY WAY,
UNIVERSITY OF LEEDS, LEEDS, LS2 3AA**

Present:

| | |
|-------------------------------------------|---------------------------------------------|
| Councillor Shabir Pandor (Chair) | Kirklees Council |
| Andrew Wright (Deputy Chair) | LEP |
| Councillor Jane Scullion | Calderdale Council |
| Mandy Ridyard | LEP |
| David Sidlow | BorgWarner Ltd |
| Philip Wilson | Slipstream Design |
| Karl Oxford (Advisory Representative) | African and Caribbean Business Ventures Ltd |
| Sue Cooke (Advisory Representative) | LCR Universities |
| Simon Mellon (Advisory Representative) | Department for International Trade |
| Sandy Needham (Advisory Representative) | Chamber of Commerce |
| Derek Whitehead (Advisory Representative) | West Yorkshire Consortium of Colleges |

In attendance:

| | |
|------------------|-----------------------------------|
| Jacqui Gedman | Kirklees Council |
| Brian Archer | West Yorkshire Combined Authority |
| Liz Hunter | West Yorkshire Combined Authority |
| Sarah Bowes | West Yorkshire Combined Authority |
| Alexander Clarke | West Yorkshire Combined Authority |
| Henry Rigg | West Yorkshire Combined Authority |
| Ben Kearns | West Yorkshire Combined Authority |

1. Apologies for Absence

Apologies were received from Councillor Firth, Councillor Pryor, Councillor Byford, Councillor Ross-Shaw, Councillor Waller, Amir Hussain, Martin Booth, Mike Danby, Richard Paxman, Andy Peterson, Simon Wright, Lee Viney, Dr Peter O'Brien, Neville Young and Professor Nick Plant.

2. Declarations of Disclosable Pecuniary Interests

Sue Cooke wished to declare that the University of Huddersfield was a partner in a Made Smarter bid.

3. Exempt Information - Possible Exclusion of the Press and Public

There were no items which required the exemption of the press or public.

4. Governance Arrangements

Members noted a report which set out the governance arrangements for the Committee as agreed by the Combined Authority at its annual meeting.

Members considered the role of the Committee and its focus on supporting businesses in the region but emphasised the importance of the Mayor's skills pledge as well as the need to link up with the other Committees.

Members discussed their shared commitment to inclusive growth and the need for it to be interwoven through the work of the committee.

Resolved: That the governance arrangements be noted.

5. Economic Reporting

The Committee considered a report that provided an update on the latest economic and business intelligence in the region.

Members emphasised the importance of good data to identify the base performance in the region in order to target interventions and monitor performance.

Members had the following questions and comments:

- That there was a chance to focus on the retail, leisure and tourism sector as new funding no longer prohibited intervention in the business to consumer sector.
- The need to define part-time work and consider it differently. Some have chosen to work part-time during the pandemic for a better work/life balance.
- The widespread impact of the reversal of the Universal Credit uplift in the region – with up to 56% of families in the region to be affected.
- The need to understand what new working patterns, e.g., hybrid working, will mean for the region.
- The increase in people categorised as 'inactive' – those not employed, not retired, and not looking for employment.
- That the resilience of businesses in the region was vital – particularly the interplay of attracting new staff and promoting a hybrid working offer to become an employer of choice.
- The need to reach BAME businesses with business support offer.

Resolved: That the report be noted.

6. Mayoral Pledges

The Committee considered a report which provided an update on Mayoral

pledge activity in relation to the Business Innovation and Economy Committee. £500,000 had been approved by the Combined Authority to progress work to support the supporting local businesses pledge.

Members made the following comments:

- Member were very supportive of the pledges and looked forward to working with the Mayor to meet the targets.
- That possible areas to support with development funding was the leisure and tourism sectors.
- Another possible intervention was to improve broadband in towns and rural areas. The Committee noted that broadband was nationally funded, so would require a lobbying function from the Committee.
- The interplay between the two pledges of supporting businesses and on skills and training and consequently the importance of joining up the work of the corresponding committees.
- A focus should be maintained on innovation. It was suggested that work could be undertaken to measure the uptake of R&D tax credits across the region and broker support to SMEs to aid their application for R&D tax credits.

Resolved: That the Mayoral pledges and the Committee's feedback be noted.

7. Business Support Initiatives

The Committee considered a report that provided an update on the delivery of the current business support and innovation programmes.

Members noted that the Business Accelerator Fund was nearing completion of a detailed procurement exercise. The Made Smarter pilot for the Yorkshire and Humber area was also in the process of a procurement exercise and delivery was expected to commence in November 2021.

The Committee noted the Entrepreneurship Programme with workstreams 1 and 2 in delivery and workstream 3 to commence shortly. Members also noted the Asian SME Growth Programme which aimed to build capacity and value within an underrepresented group.

Members made the following comments:

- Whether the region could do more to retain recent graduates and help SMEs recruit graduates.
- That the business support programmes over the last 7 years had been a brilliant success and provided a foundation for further interventions.
- It was noted that there was a high level of uncertainty around funding. The Combined Authority was awaiting announcements from the comprehensive spending review and the community renewal fund.
- Members discussed the possibility of looking at other sources of funding to plug any gaps in government funding.

Resolved:

- (i) That the progress on the delivery of Business Support and Innovation services be noted
- (ii) That the position on the development of the West Yorkshire Business Accelerator Fund be noted

8. Business Productivity Programme

Members considered a report that provided an update on the development of a potential new business productivity programme. A strategic outline business case would be developed to secure funding for delivery from April 2022 onwards.

Members supported the continued development of a new business productivity programme. Productivity was a key driver for business growth as well as the creation of strategic and resilient jobs which could provide people in the region with a platform for growth and development.

Resolved: That the report be noted.

9. West Yorkshire Trade Strategy

Members considered a report set out the purpose and scope of an emerging trade strategy.

The strategy would focus on empowering SMEs the region to access international markets. The trade strategy would be presented to the Combined Authority for endorsement

Members discussed the complexity of international trade and the need for specific technical advice. Members also discussed the higher education sector as being a key strength in the region which could be brought out more in the trade strategy.

Resolved:

- (i) That the West Yorkshire Trade Strategy be endorsed.
- (ii) That the progress made to date on the delivery of trade and investment activity be noted.

10. Healthtech Strategy

The Committee considered a report that provided an update on the development on the regions Health Innovation agenda and the emerging Healthtech Strategy.

The draft Healthtech strategy was attached at appendix 1 to the submitted report and members recognised that the region was well placed because of

the strengths of its industry, university, and health assets.

Members discussed the need to narrow in on specific assets to maximise advantage. Members noted the launch of the Healthtech catalyst, a networking programme aimed at providing support across the system and brokering connections across and between the ecosystems.

Resolved: That the report be noted.

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Report to: Business, Economy and Innovation Committee

Date: 5 January 2022

Subject: **Economic Reporting**

Director: Alan Reiss, Director of Strategy, Communications and Policing

Author: Tom Purvis, Economic and Transport Analysis Manager

| | |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Is this a key decision? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information or appendices? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | |
| Are there implications for equality and diversity? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

1. Purpose of this report

- 1.1 To provide an update on the latest economic and business intelligence for the Committee, and to update the Committee on the latest activity and intelligence around understanding the impact of COVID-19 and EU Exit. The data used in this report primarily relates to time periods before Plan B was introduced.

2. Information

- 2.1 The **employment** situation in the region continues to improve. The number of payrolled employees in West Yorkshire recorded on PAYE Real Time Information systems, increased by around 1% between October and November 2021 to 1,003,500. Employment in the region is now 3% above the pre-pandemic level seen in February 2020 and 5% higher than its lowest point in the pandemic in November 2020. This means that the number of payrolled employees has increased by 50,000 between November 2020 and November 2021. All local authorities in West Yorkshire have returned to their pre-crisis levels of employment. Bradford, Leeds and Kirklees have seen the strongest growth in their payrolled employee counts. The re-imposition of restrictions will have an impact on the economic and labour market recovery.

- 2.2 The **claimant count** has continued to fall but there is still a very large number of people on out-of-work benefits. The latest figures show a 2% fall in the count between October and November 2021 to 83,000 in West Yorkshire. The claimant count is now 24% lower than its peak in March 2021, but it is still 47% higher than pre-pandemic figures in February 2020. There are variations at local authority level. For example, the claimant count remains 54% higher than its pre-pandemic level in Bradford, compared to 35% in Calderdale. The claimant count unemployment rate for West Yorkshire is 5.6%, higher than the national average of 4.7%.
- 2.3 The **Job Retention Scheme** ended on 30 September 2021. At the end of September, 35,000 jobs were still furloughed in West Yorkshire. Local data is not available on what has happened to those 35,000 jobs but the national data suggests that most have returned to work. Of those furloughed across the UK at the end of the scheme, 65% returned to work on the same number of hours, 16% returned to work on reduced hours and 6% returned to work on increased hours.
- 2.4 **Recruitment** activity remains above pre-pandemic levels with all local authorities within West Yorkshire experiencing strong growth in job postings throughout November 2021. Leeds registered the strongest growth rate with job postings climbing by 34% between October and November. There was also a substantial increase in job postings across all occupational categories. Health Care, Clerical and Administrative and Hospitality, Food and Tourism recorded the largest growth in job postings across West Yorkshire. These sectors were significantly damaged as a result of the pandemic. Job postings in the week ending 11 December fell by 8% across West Yorkshire and nationwide. This may reflect the introduction of Plan B and it will be monitored closely.
- 2.5 **Leading indicator** data from the Q4 West and North Yorkshire Chamber of Commerce Quarterly Economic Survey will be available to discuss at the Business, Economy and Innovation Committee.
- 2.6 The latest data shows that **business liquidations** have climbed in recent weeks. There was an average of 407 business liquidations per week in the most recent four-week period up to the 7 December, an increase of 10% from the previous four-week period. All local authorities in West Yorkshire have seen an increase in business liquidations from the previous four-week period. In the first quarter of 2020, business liquidations averaged 328 per week.
- 2.7 However, there has been growth in the number of **business bank accounts** opened across West Yorkshire. There was a 3% increase in the opening of business bank accounts across West Yorkshire to 831, from August to September 2021. Leeds had the greatest number of new accounts, 279, but Wakefield experienced the strongest month-on-month growth of 25% to 100 new accounts.

- 2.8 **Growth projections** for the UK economy have been revised upwards. The Office for Budget Responsibility now expect long-term economic scarring from the pandemic to be 2% of GDP, rather than 3%. Forecasts now also project faster short-term growth: 6.5% in 2021, 6% in 2022 and 2.1% in 2023.
- 2.9 Projections for **inflation** have been significantly increased by the Office for Budget Responsibility. Inflation is now expected to hit 4.4% in 2022 with the potential that it could increase to 5%, significantly above the 2% Bank of England target. Energy prices have played a key role in the upward revision of inflation. The latest figures show that inflation in the 12 months to November 2021 was 5.1%.
- 2.10 In October, the Government published the **2021 Spending Review** to set out spending plans for the next three financial years. There were a series of announcements designed to help businesses innovate and grow, including:
- £1.4 billion Global Investment Fund to invest across the UK in life sciences, offshore wind and the automotive sector.
 - £1.6 billion to support a series of regional investment funds, including £660 million for the second Northern Powerhouse Investment Fund.
 - An increase in funding for Innovate UK's core programmes to around £1 billion.

3. Tackling the Climate Emergency Implications

- 3.1 There are no tackling the climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

- 4.1 The number of people claiming out of work benefits in West Yorkshire remains very high relative to the pre-pandemic position. There is a risk that labour market inequality within West Yorkshire could grow, although there have been reductions in claimant counts across all districts. There is a further risk that long-term unemployment could grow due to scarring, although national data suggests that this risk is receding.
- 4.2 National data shows that economic inactivity has increased during the pandemic. The main causes for this are health-related (temporary sickness or long-term sickness) and early retirement amongst older people. This creates a risk of greater economic exclusion for this group.
- 4.3 Energy prices have increased dramatically throughout the pandemic, particularly natural gas. There is a risk that this could further exacerbate fuel poverty in West Yorkshire, which already sits at a higher rate than the national average (17% versus 13%).

5. Equality and Diversity Implications

- 5.1 Nationally, the share of people in temporary or part-time jobs because they cannot find a permanent or full-time job has increased throughout the pandemic. Both are trending downwards since restrictions were lifted but there is a risk that a significant number of workers may find themselves in insecure work or 'second choice jobs'. Overall, part-time working remains below its pre-pandemic level which disproportionately impacts women, who account for over 70% of the part-time workers population. From June 2020 onwards, the number of women workers with second jobs has increased significantly, which could be due to the ongoing pressures on employment or the cost of living.

6. Financial Implications

- 6.1 There are no financial implications directly arising from this report.

7. Legal Implications

- 7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

- 8.1 There are no staffing implications directly arising from this report.

9. External Consultees

- 9.1 None

10. Recommendations

- 10.1 The Committee are asked to note the latest intelligence around the economic impacts of COVID-19 and EU Exit and consider how this relates to their work and future work plans.

11. Background Documents

None.

12. Appendices

Appendix 1: COVID-19 Insights Report

COVID-19 Economic & Transport Insights Report

Research & Intelligence
20th December 2021

Executive Summary – Economic Impact

- Between October and November 2021, there was a net increase in payrolled employees in West Yorkshire of around 10,000 (+1%). Employment is now 25,000 (3%) above the pre-pandemic level seen in February 2020 and 50,000 (5%) higher than at its low-point in November 2020.
- The latest claimant count figures for West Yorkshire, which relate to the number of people on out-of-work benefits, show a 2% fall between October and November 2021. With around 83,000 claimants in the region, the claimant count is now 24% lower than in March 2021, when it was at its peak. West Yorkshire's claimant unemployment rate, of 5.6%, is higher than the national average of 4.7%
- 12
▪ According to data from Bureau van Dijk's Fame database, up to the week ending 7th December there were 407 business liquidations in West Yorkshire (4-week moving average) A growth of 10% from the previous 4 week period. Over the last month, the number of businesses liquidating has been decreasing, but over the last week this trend is starting to reverse. All districts has seen an increase in liquidations from the previous week.
- In September, 831 new bank accounts were opened in West Yorkshire, which is a 3% increase relative to the previous month. Leeds was the district with the most, new accounts (279). Kirklees and Wakefield has seen the strongest growth of 15% and 25%, growing to 171 and 100, respectively.

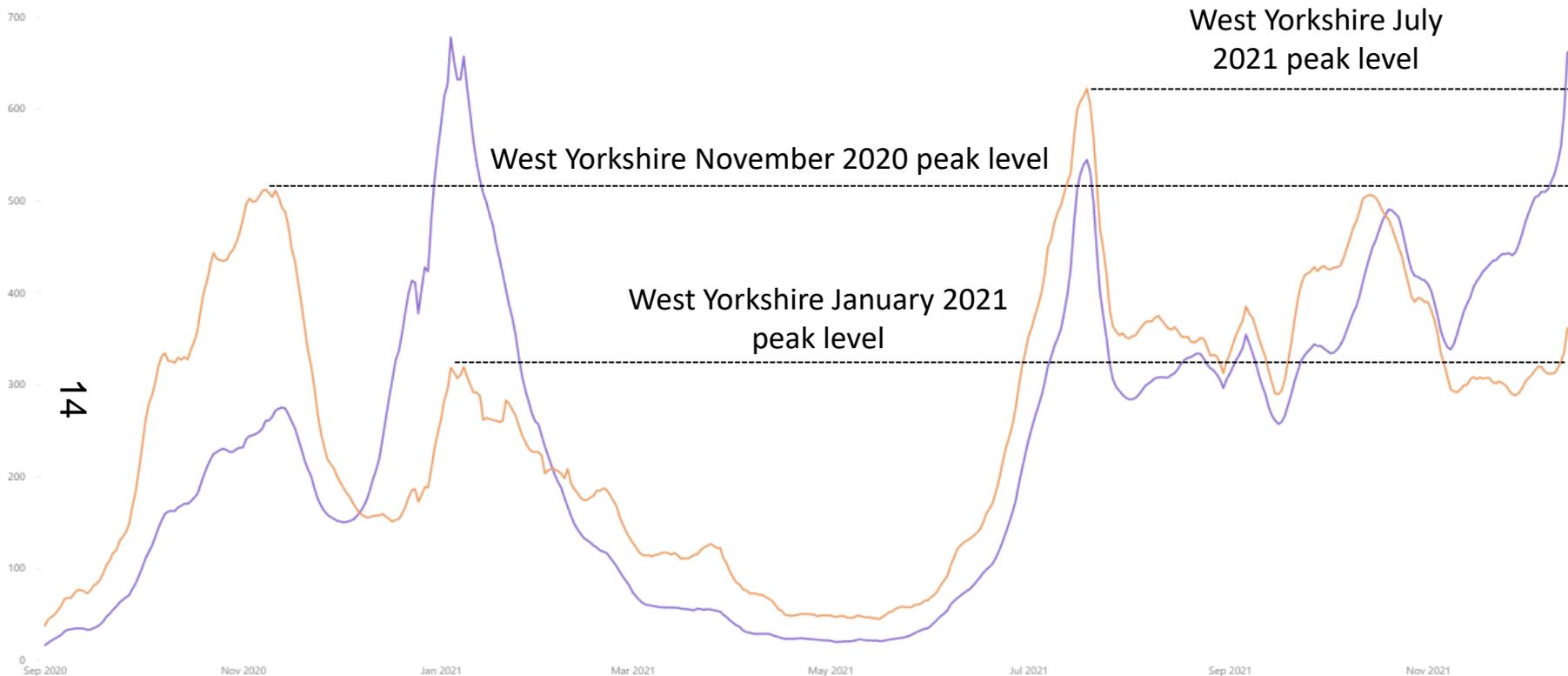
Executive Summary – Transport Impact

- National motor vehicle and bus appear to be stable in the run-up to the announcement of the new restrictions and the real impact of this is currently unclear.
- Footfall at Leeds rail station has remained broadly stable over recent weeks with some changes linked to extreme weather and weekend levels on Sunday 5th December reached the highest levels relative to the baseline. The impact of recently reintroduced restrictions, including working from home guidance, remains uncertain, however the Monday 13th December footfall does appear low compared to recent weeks.
- Provisional bus use data for 13th December (when home-working guidance was reintroduced) reveals little change compared to previous weeks.
- Looking at patterns of the time and day public transport has been used recently, relative to pre-pandemic, reveals:
 - The busiest 15 minutes in weekday AM peak footfall at Leeds Station footfall is now slightly earlier and a greater proportion of people are now traveling during the off peak period.
 - Bus use in the traditional commuter peaks periods is still substantially lower than pre-pandemic, and overall recovery has been stronger outside of peak hours, particularly on evenings and weekends.

Virus prevalence – West Yorkshire trend

ROLLING RATE OF NEW CASES PER 100,000 PEOPLE

● England ● West Yorkshire



As of the 14th December 2021, the 7-day moving average **West Yorkshire COVID-19 rate was 361.3 per 100k, a 15% increase from the previous week.** In England overall case rates increased by 30% to 661.3 per 100k, almost level with the January 2021 peak.

Source: COVID-19 PHE data portal. Note there is a lag in the very latest data PHE COVID-19 data to account for all test results to be processed and recorded.

Virus prevalence – West Yorkshire

The table below shows the most recent COVID-19 case data from Public Health England's (PHE). Note that due to reporting delays, for comparison between local authorities the most recent 5 days are excluded from the calculations of rates and moving averages.

West Yorkshire COVID-19 Dashboard

Case rate data up to:
14/12/2021

| District | UTLA rank | Current case rate per 100,000 population | Percentage change in rate from last week | Number of new cases in the last 7 days | Total number of cases to date | Total number of cases per 100,000 population | Total number of deaths to date | Crude death rate per 100,000 population |
|-----------------------|-----------|------------------------------------------|------------------------------------------|----------------------------------------|-------------------------------|----------------------------------------------|--------------------------------|-----------------------------------------|
| 15 Bradford | 145 | 304.9 | ↑ 3 | 1653 | 100657 | 18567 | 1293 | 239 |
| Calderdale | 147 | 299.4 | ↑ 2 | 633 | 37518 | 17744 | 391 | 185 |
| Kirklees | 146 | 303.9 | ↑ 20 | 1341 | 76918 | 17430 | 967 | 219 |
| Leeds | 118 | 439.2 | ↑ 32 | 3508 | 150984 | 18902 | 1598 | 200 |
| Wakefield | 137 | 380.6 | ↓ -1 | 1338 | 65600 | 18658 | 920 | 262 |
| West Yorkshire | | 361.3 | ↑ 15 | 8473 | 431677 | 18407 | 5169 | 220 |
| England | | 661.3 | ↑ 30 | 373985 | 9655061 | 17074 | 127977 | 226 |

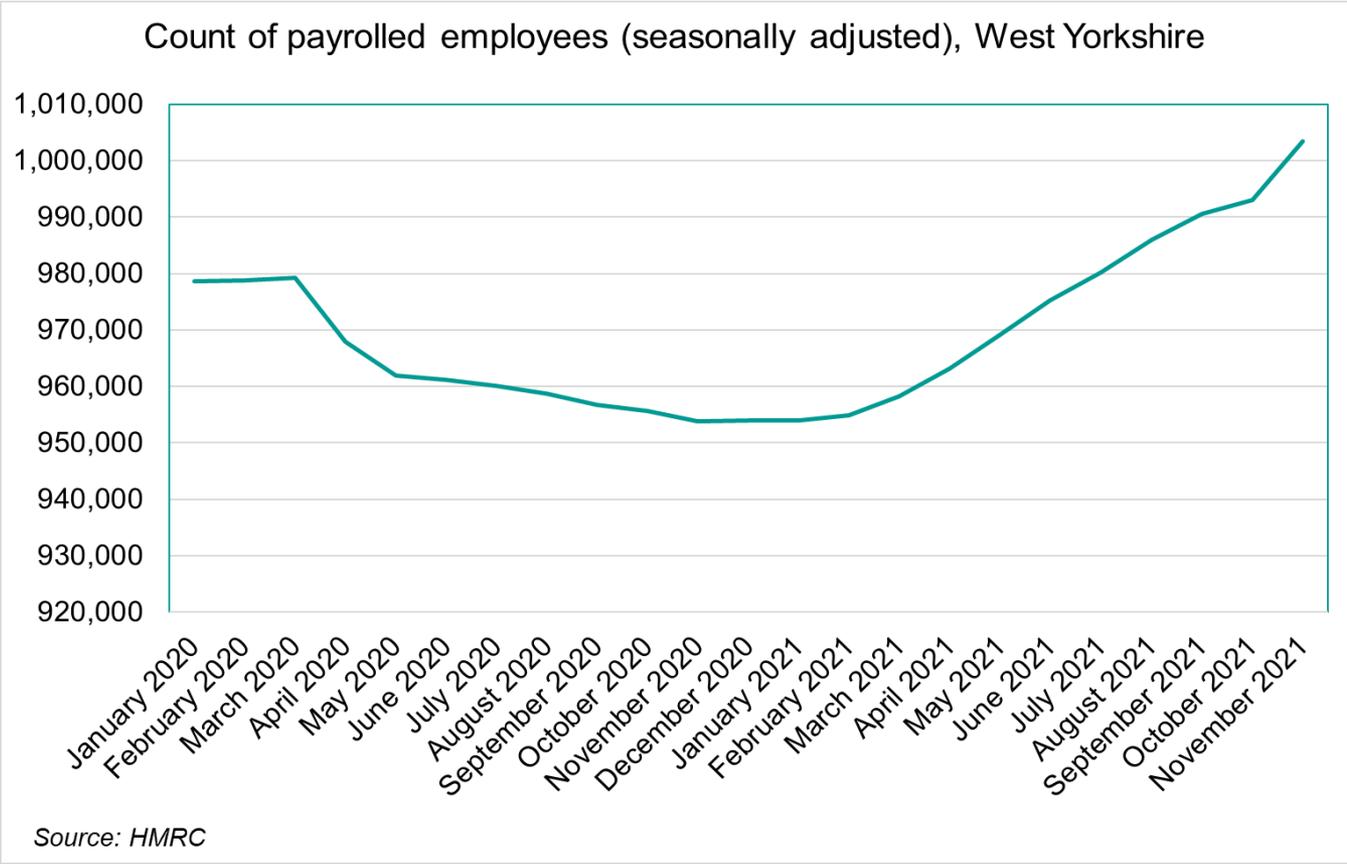
Cases: Number of people with a positive COVID-19 virus test (either lab-reported or rapid lateral flow test), reported by the specimen date
 Deaths: Total number of people who had a positive test result for COVID-19 and died within 28 days of the first positive test, reported by the date of death
 Crude death rate: total deaths per population. This does not take account of variation caused by different population age structures

Economic Insights



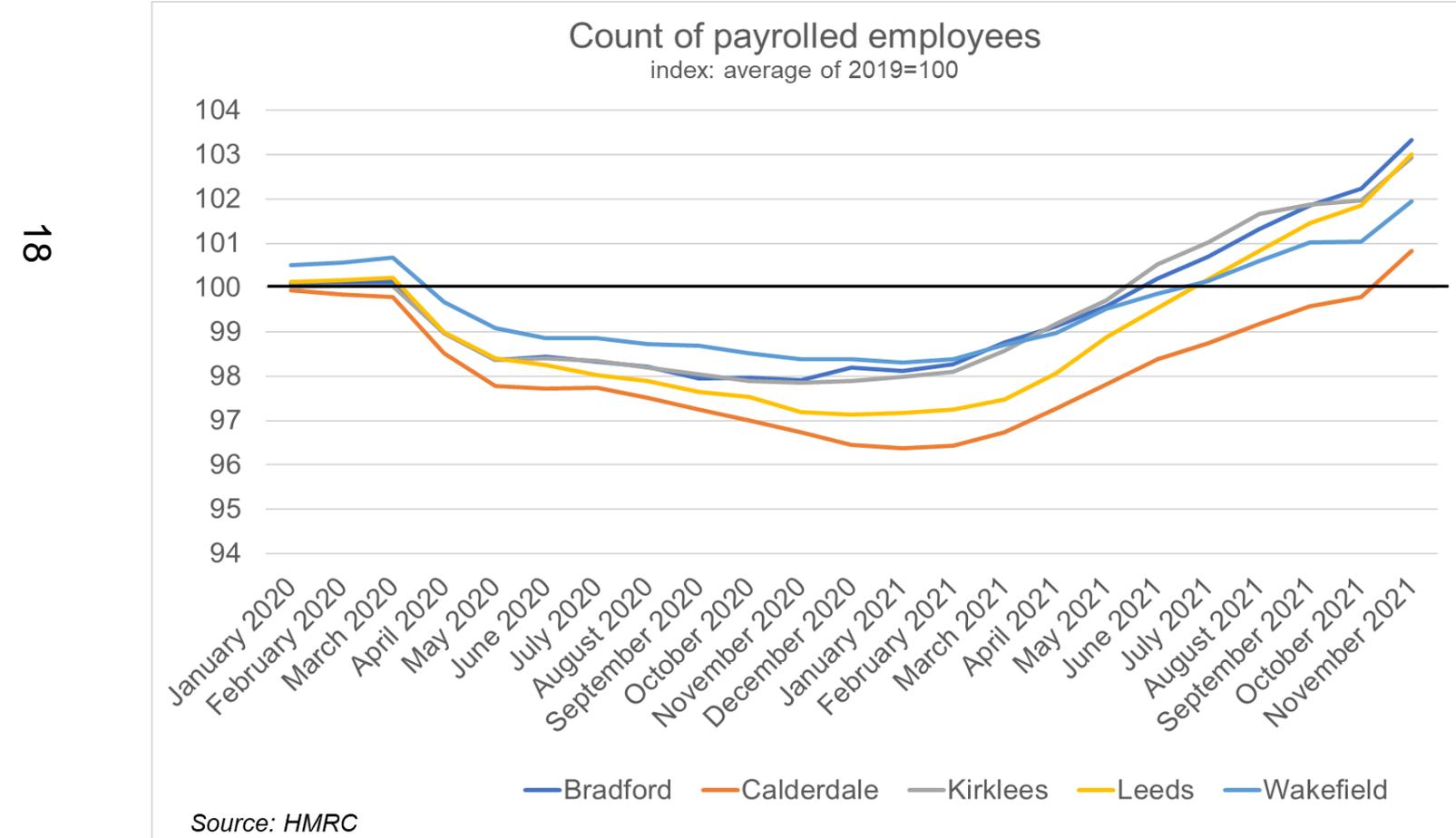
Sharp increase in employee count in November

Between October and November 2021, there was a net increase in payrolled employees in West Yorkshire of around 10,000 (+1%). Employment is now 25,000 (3%) above the pre-pandemic level seen in February 2020 and 50,000 (5%) higher than at its low-point in November 2020.



Bradford, Leeds and Kirklees performing strongest on employment

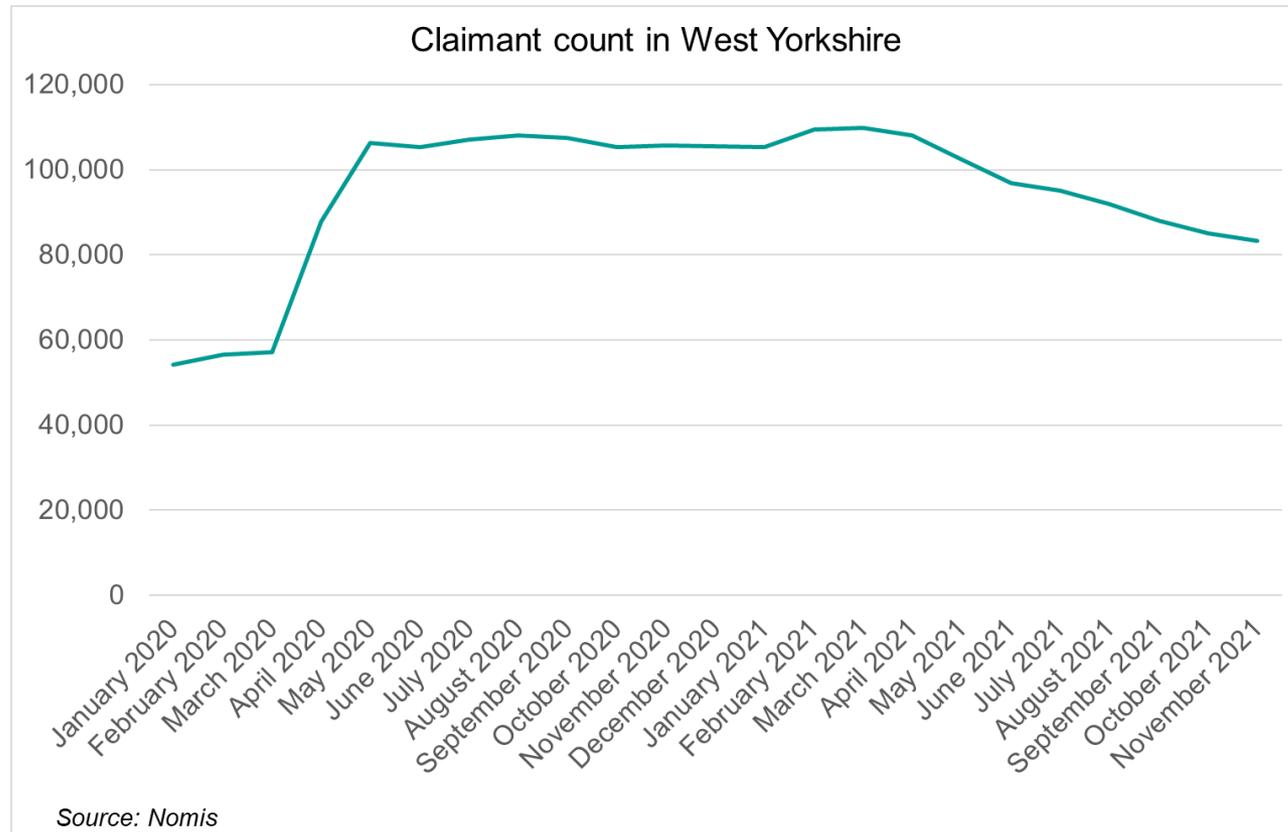
There has been a return to pre-pandemic employment levels in all local authorities from spring onwards, reflecting the national trend. Since restrictions were lifted Bradford, Leeds and Kirklees have seen the strongest growth in their employee counts.



West Yorkshire claimant count (out of work benefits) continues to decline steadily

The latest claimant count figures for West Yorkshire, which relate to the number of people on out-of-work benefits, show a 2% fall (-1,700 in absolute terms) between October and November 2021. With around 83,000 claimants in the region, the claimant count is now 24% (or 27,000) lower than in March 2021, when it was at its peak, but still 47% higher than pre-pandemic, in February 2020. West Yorkshire's claimant unemployment rate, of 5.6%, is higher than the national average of 4.7%

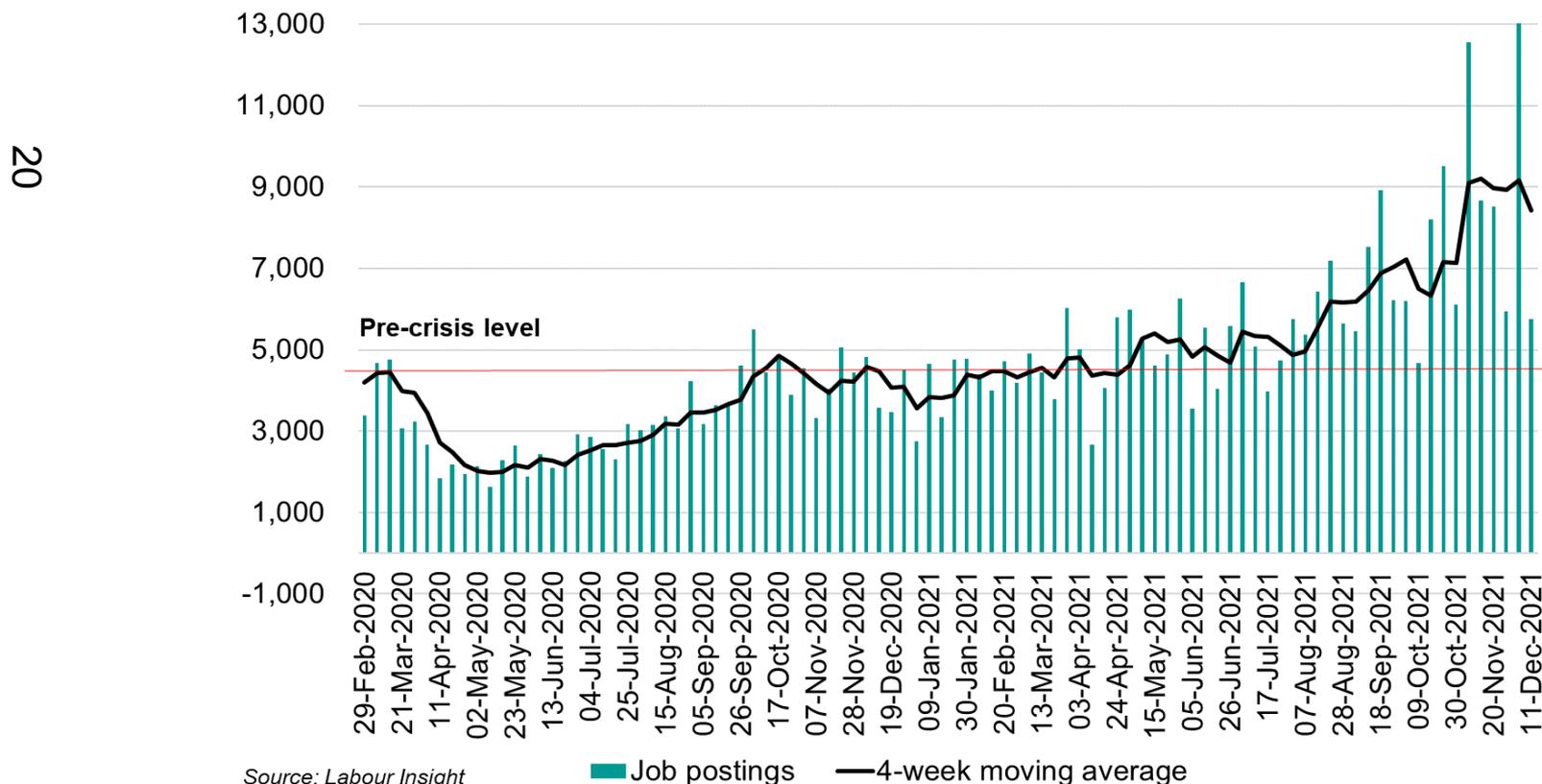
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Vacancies: initial signs that Plan B is weighing on recruitment activity

The number of vacancies for jobs in West Yorkshire posted online during week ending December fell by 8% on the previous week, based on a 4-week moving average (whilst the national average also decreased by 8% for the same period). The sharp fall in the unadjusted count of postings in week ending 11 December may reflect the impact of the government's Plan B announcement

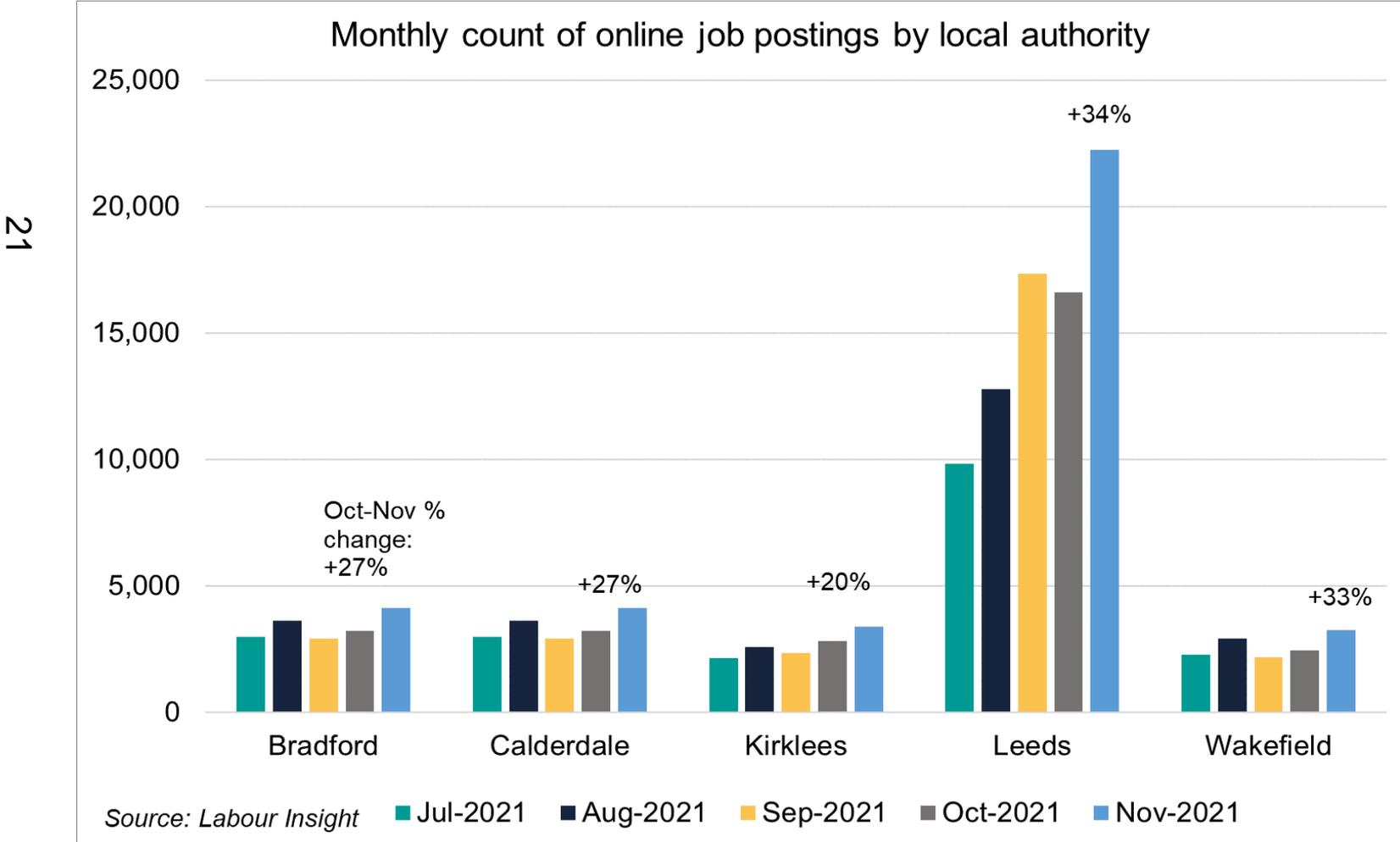
Trend in weekly count of online job postings - West Yorkshire



Source: Labour Insight

Vacancies: strong growth in postings for all local authorities in November

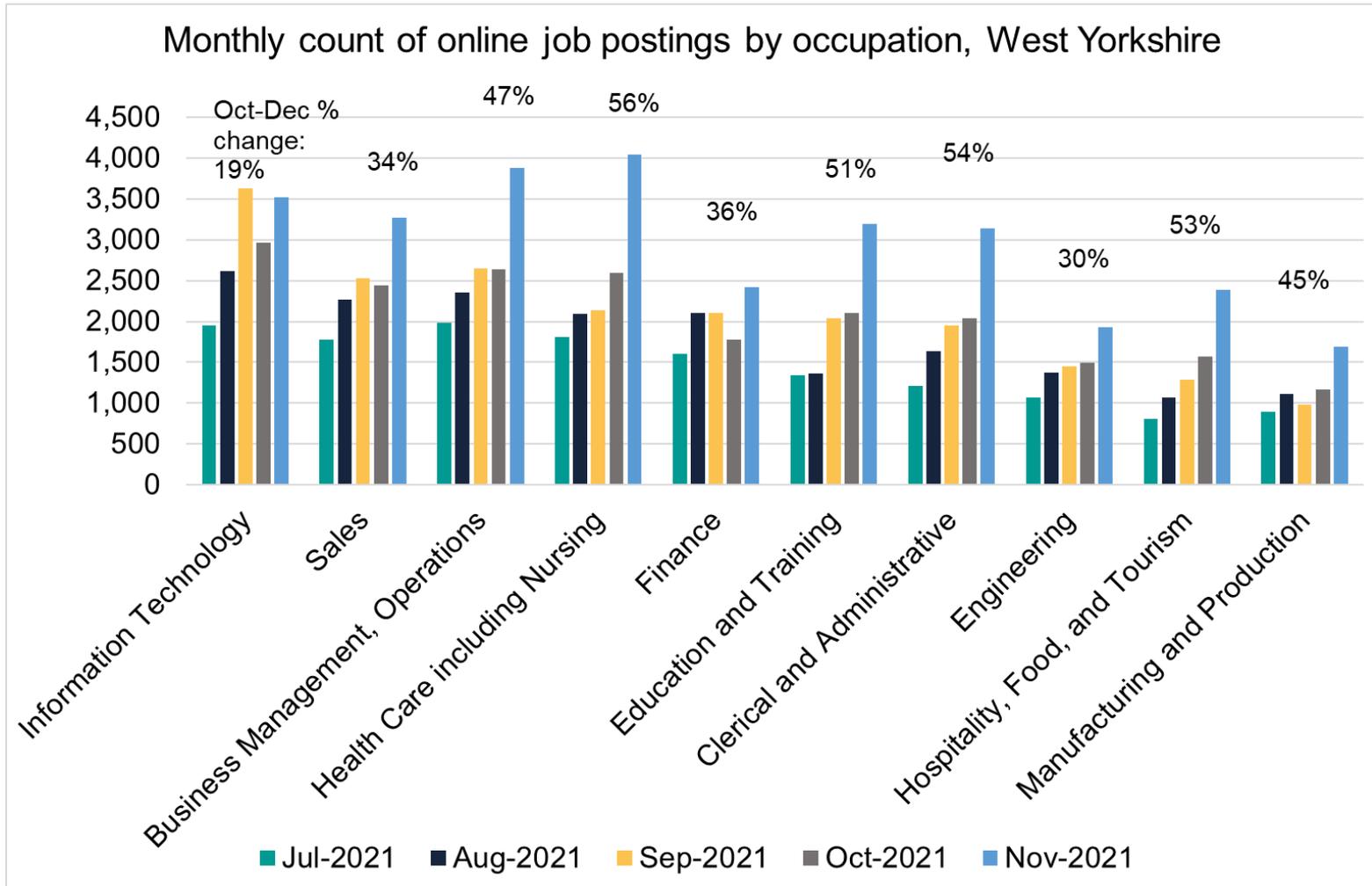
All West Yorkshire's local authority areas saw substantial growth in postings during November, continuing the trend since restrictions were lifted. Leeds and Kirklees registered the strongest growth rates.



Vacancies: big increases in postings for all occupations in November

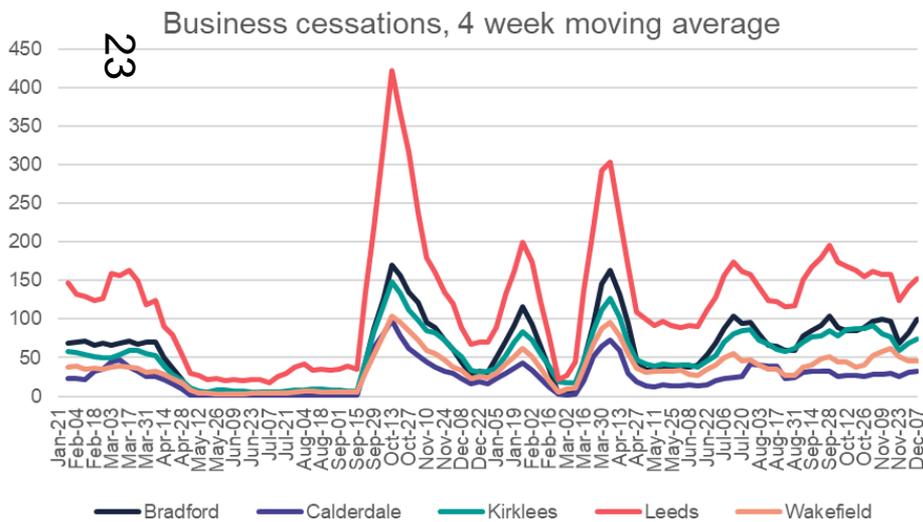
There were strong increases in the count of online job postings for all occupational categories in November, the biggest rates of growth being for Health care, Clerical and administrative and Hospitality, food and tourism.

22

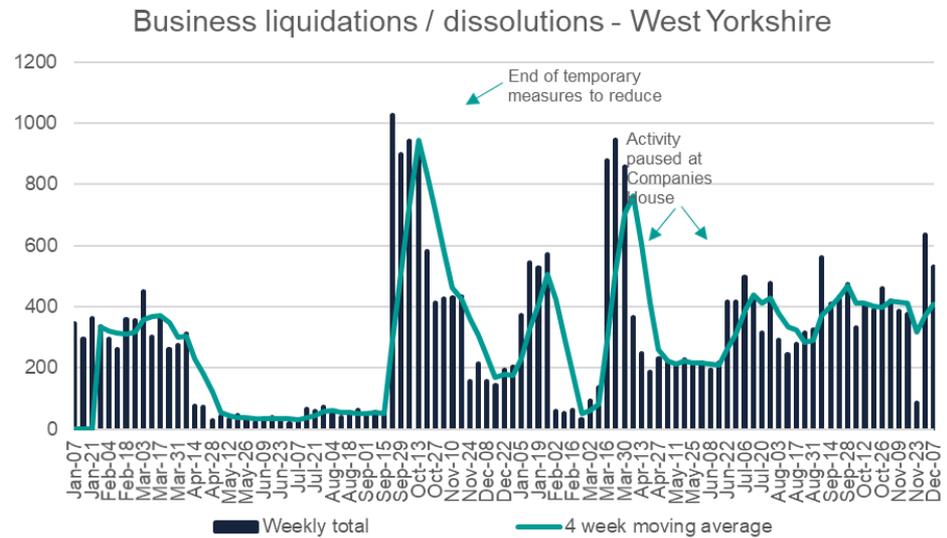


Business liquidations have seen an increase in recent weeks

According to data from Bureau van Dijk's Fame database, up to the week ending 7th December there were 407 business liquidations in West Yorkshire (4-week moving average) A growth of 10% from the previous 4 week period. Over the last month, the number of businesses liquidating has been decreasing, but over the last week this trend is starting to reverse. All districts has seen an increase in liquidations from the previous week.



Source: FAME, Bureau van Dijk, 2021



Source: FAME, Bureau van Dijk, 2021

*Source: FAME, Bureau van Dijk, 2021. Analysis based on company registration address, location of activity may differ in some cases.

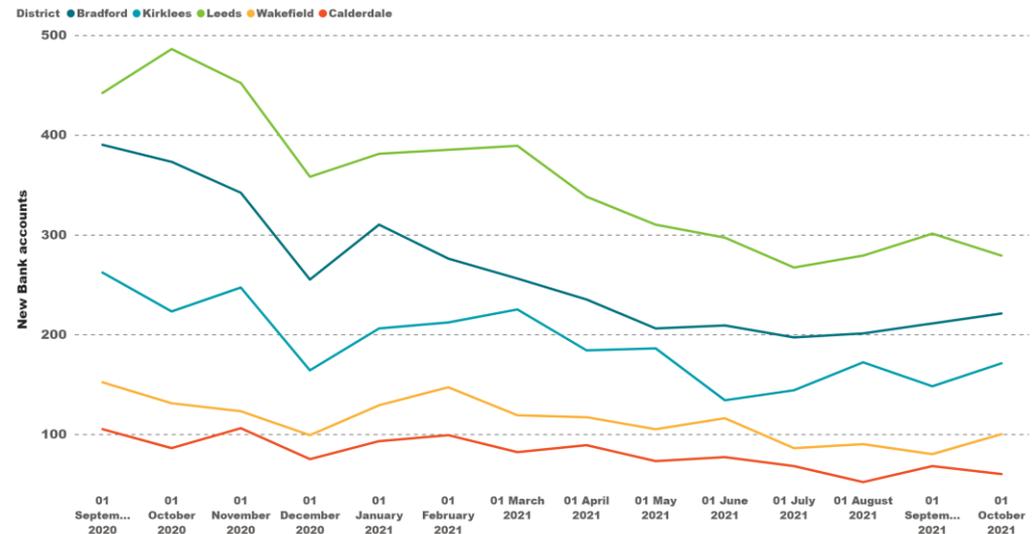
Strong Growth in new business bank accounts in some districts

The Bank Search data shows the number of new business bank accounts opened in West Yorkshire during the course of a month.

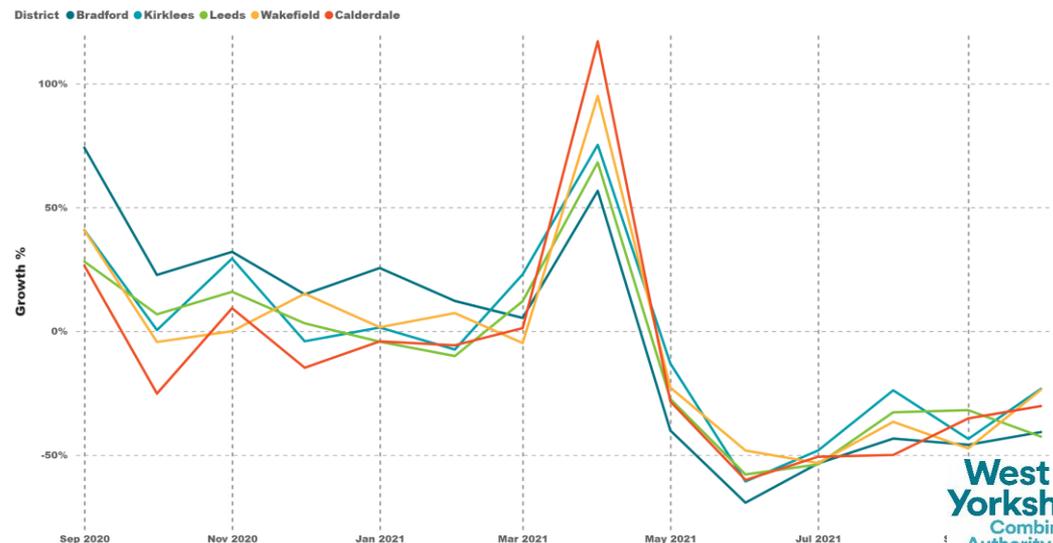
In September, 831 new bank accounts were opened in West Yorkshire, which represents a 3% increase relative to the previous month. Leeds was the district with the most new accounts (279). Kirklees and Wakefield has seen the strongest growth of 15% and 25%, growing to 171 and 100, respectively.

However, the number of new business bank accounts was considerably lower than during the same period last year.

Monthly New business accounts for the West Yorkshire region



Yearly growth rate for new bank accounts



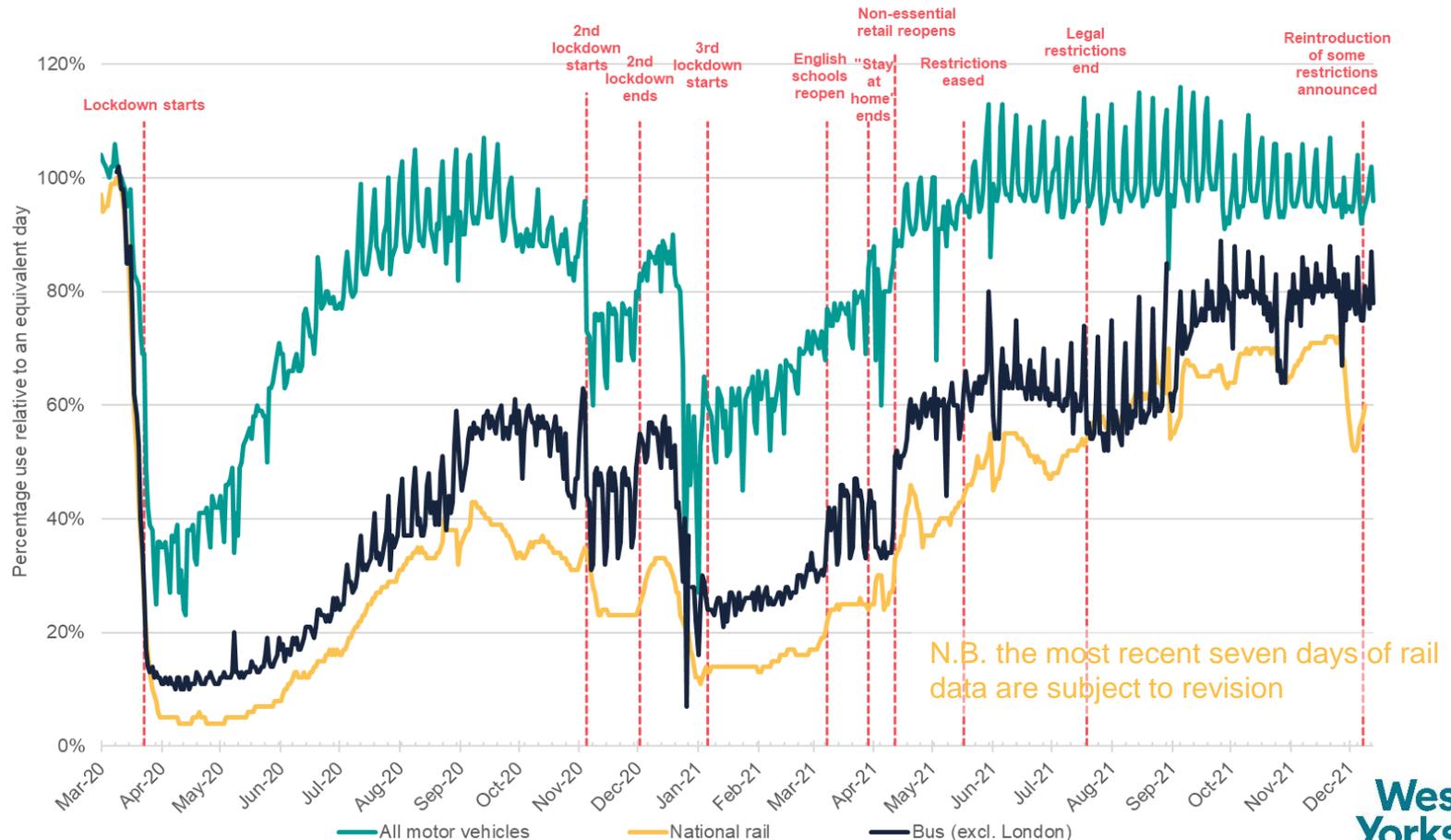
Transport Insights



Nationally, road and bus usage remain broadly stable over recent weeks

Motor vehicle and bus use appear to be stable at slightly lower levels than September, with reduced fluctuation. Rail use declines notably however as there are missing dates and the local picture does not reflect this, this rail data should be treated with caution.

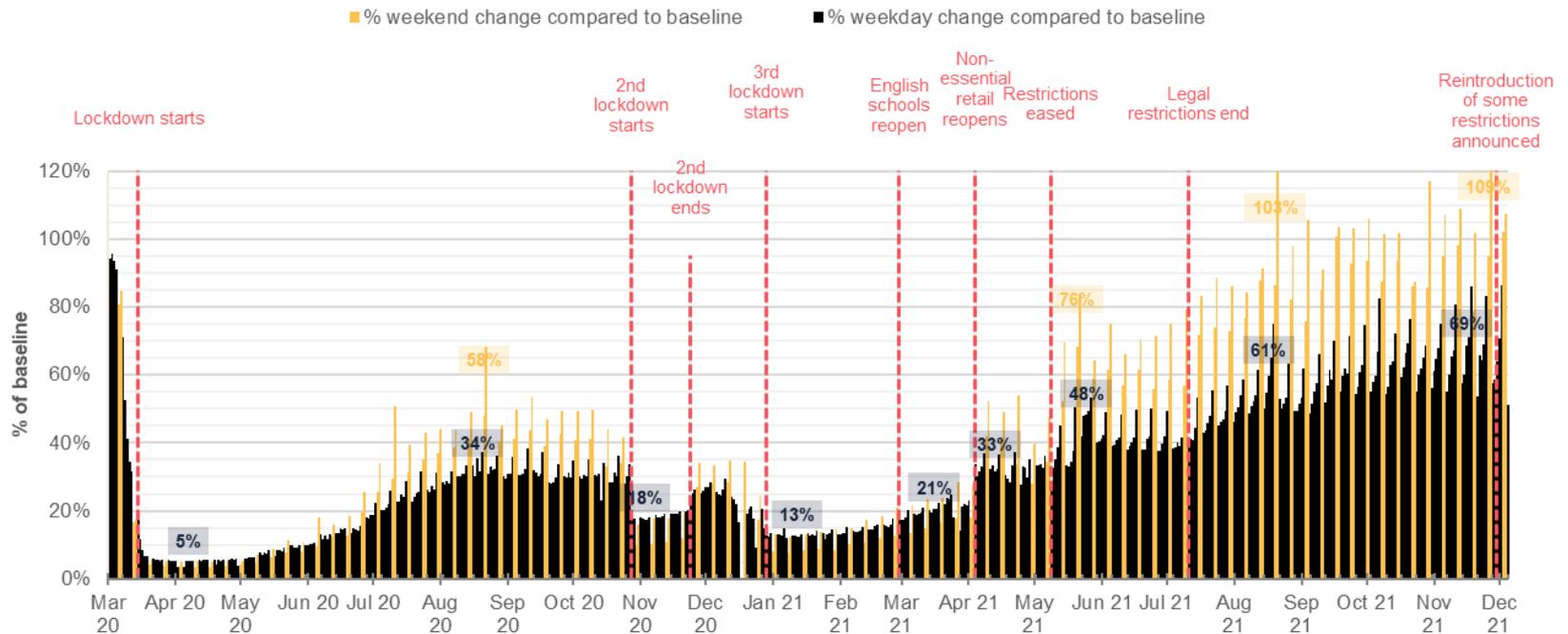
DfT transport use during the coronavirus (COVID-19) pandemic



Leeds rail station weekday footfall remains broadly stable while weekends fluctuate

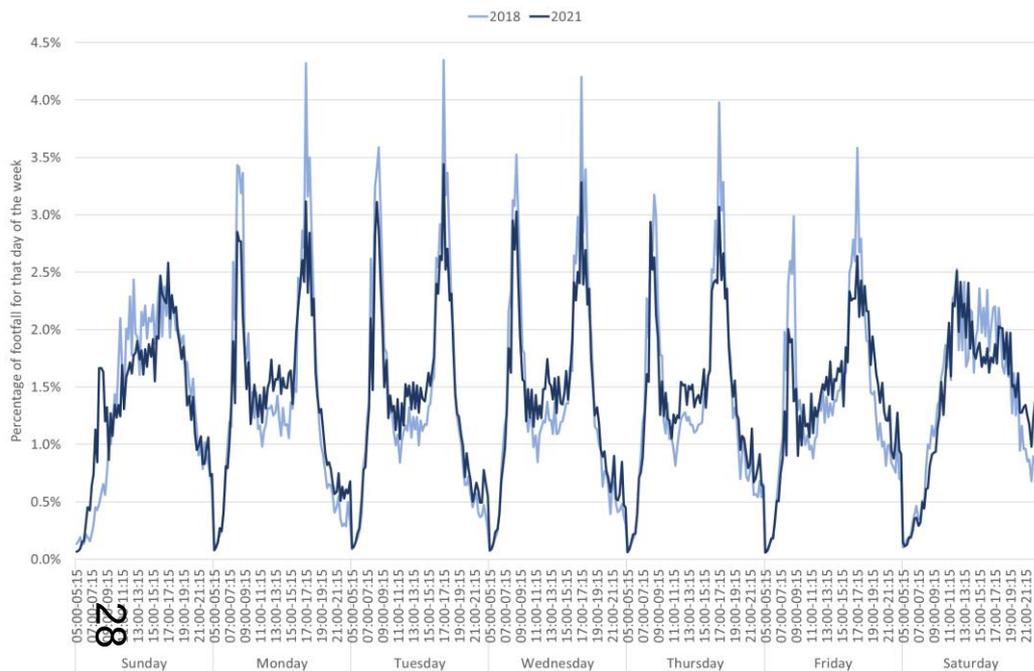
The level of footfall at Leeds rail station has remained broadly stable over recent weeks with some changes linked to extreme weather. Weekend levels have fluctuated but reached the highest increase observed against baseline on Sunday 5th December. The impact of recently reintroduced restrictions, including working from home guidance, is not yet apparent however the most recent Monday does appear low compared to recent weeks.

27
RAIL
(Leeds
Station
Footfall)



Baseline period is Monday 2nd - Friday 6th March 2020 (weekdays) and 29th Feb -1st March and 6th-7th March (weekends)

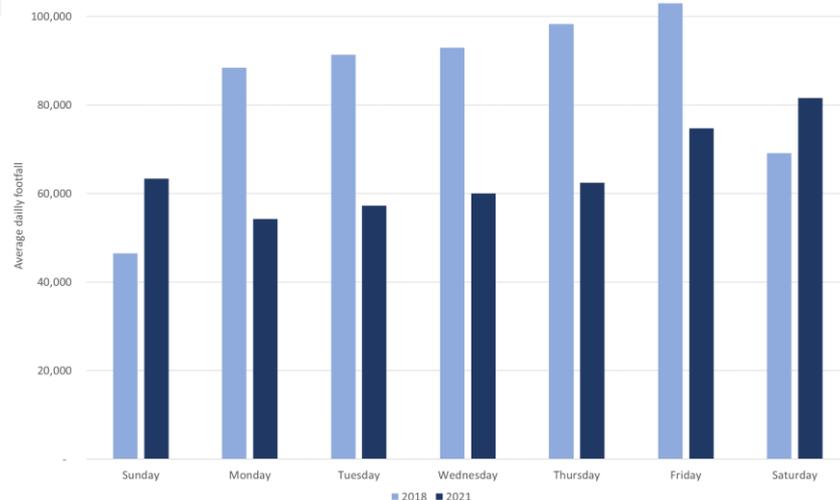
Changes in travel time/day - Rail



A comparison of Leeds Station footfall data from 3 weeks in 2018 and 2021 in 15 minute time slices reveals that

- the busiest 15 minutes in weekday AM peak periods is now slightly earlier
- a greater proportion of people are now traveling during the off peak period
- a greater proportion of people are travelling late in the evening particularly on Fridays

- people are travelling later on Saturdays and earlier on Sundays
- looking at the days on which people are choosing to travel reveals that footfall during the working week has not returned to pre-pandemic levels, Friday remains the busiest working week day and footfall at weekends during this period in 2021 was 37% higher than in 2018.



Data used is from 30/09/2018 to 20/10/2018 and 26/09/2021 to 16/10/2021. 2018 has been used as a pre-covid comparison rather than 2019 when footfall counts were affected by the work moving the barriers and improving the concourse at Leeds Station.

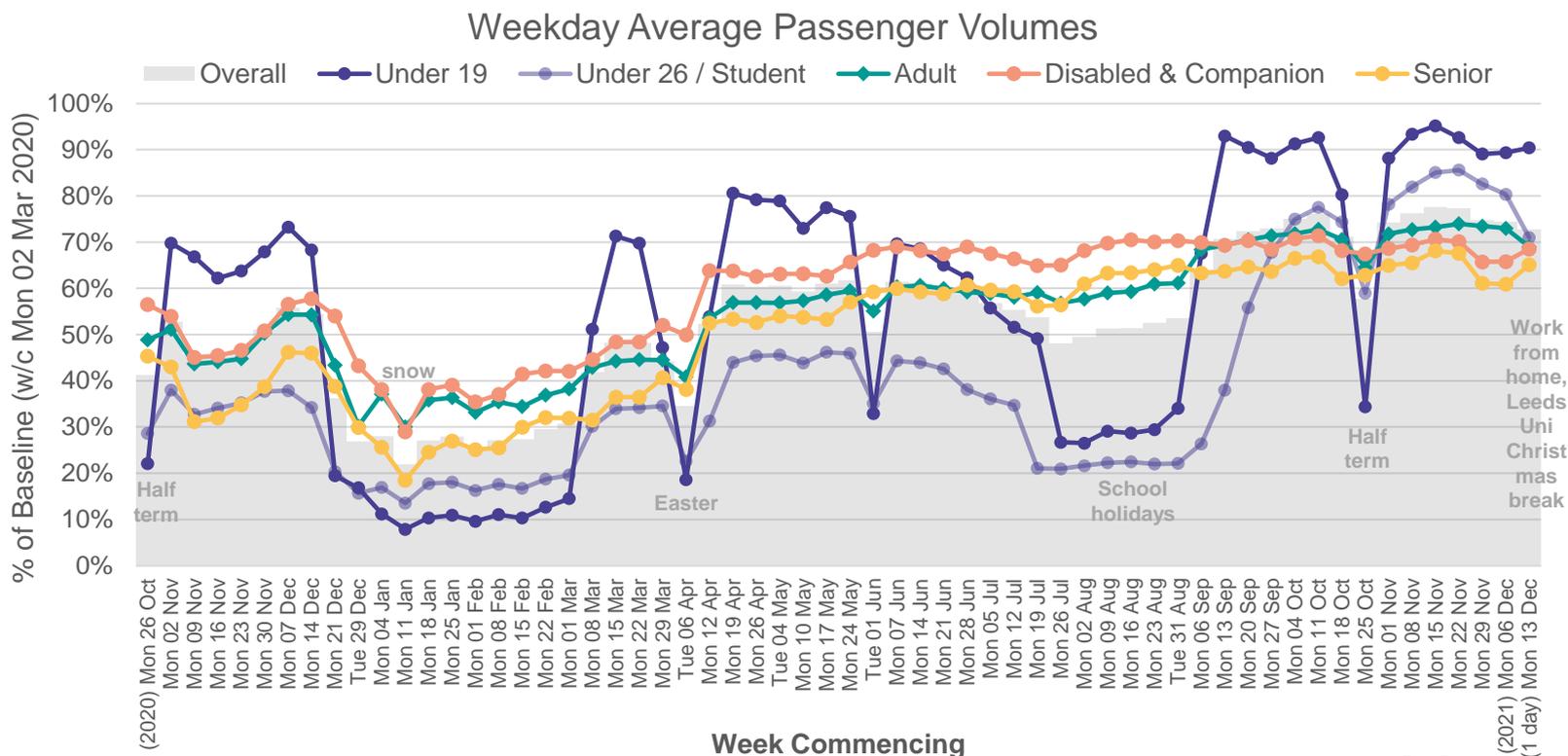
Source: Leeds Rail Station Footfall - Network Rail

Initial indications are that latest Government advice has had little effect on bus use

Ticket machine data shows weekday bus use reached 78% of baseline in mid November before dropping a little. Initial data for 13 December reveals that the latest Government advice has had little impact if any. Use by Under 26 / Students has dropped but this coincides with the start of the University of Leeds Christmas break. Use by adults appears to have dropped a little but it is only 2% lower than the previous Monday. Other cohorts exhibit an increase in use.

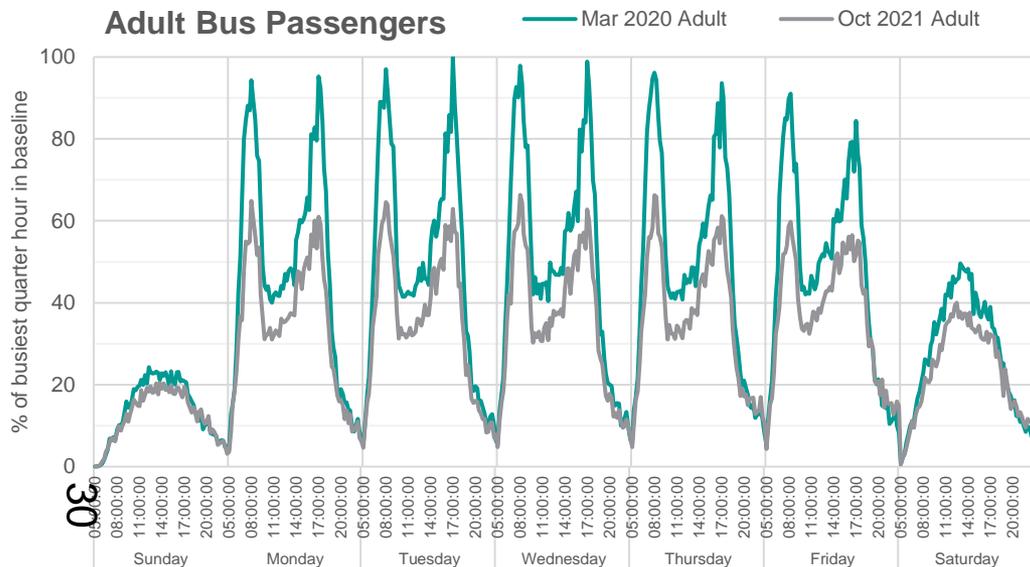
| Passengers per weekday before COVID | |
|-------------------------------------|---------|
| Adult | 221,000 |
| Under 19 | 101,000 |
| Senior | 74,000 |
| Under 26 / Student | 34,000 |
| Disabled & Companion | 29,000 |
| Miscellaneous | 9,000 |

Data from First, Arriva, Yorkshire Tiger and Transdev



Baseline period is w/c Mon 02 Mar. Source: Bus operators electronic ticket machine data, passenger boarding locations in West Yorkshire. First, Arriva, Yorkshire Tiger and Transdev account for over 90% of bus services in West Yorkshire. Graph shows First, Transdev and Yorkshire Tiger data. Data is for weekdays excluding bank holidays, with ticket types assigned to broad cohorts.

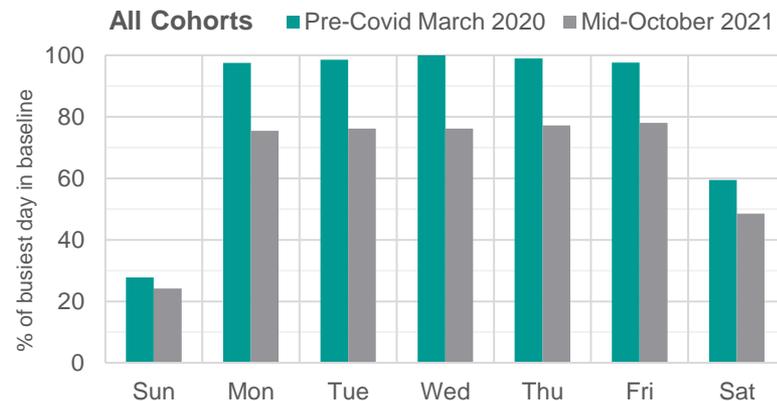
Changes in bus use are most apparent in the traditional commuter peaks



A comparison of adult bus use shows:

- Use in the traditional commuter peaks is still substantially lower than pre-pandemic
- The weekday peaks in use by adults have remained at 08:00 to 08:15 and 17:00 to 17:15.
- Recovery has been stronger outside of peak hours, particularly on evenings and weekends.

Bus use remains lower on all days of the week than pre-pandemic. This is true of each cohort, and therefore also true of all cohorts combined. Unlike the Leeds station footfall figures the overall distribution by day of the week follows a similar pattern to pre-pandemic, with perhaps Sunday being nearest to the baseline.



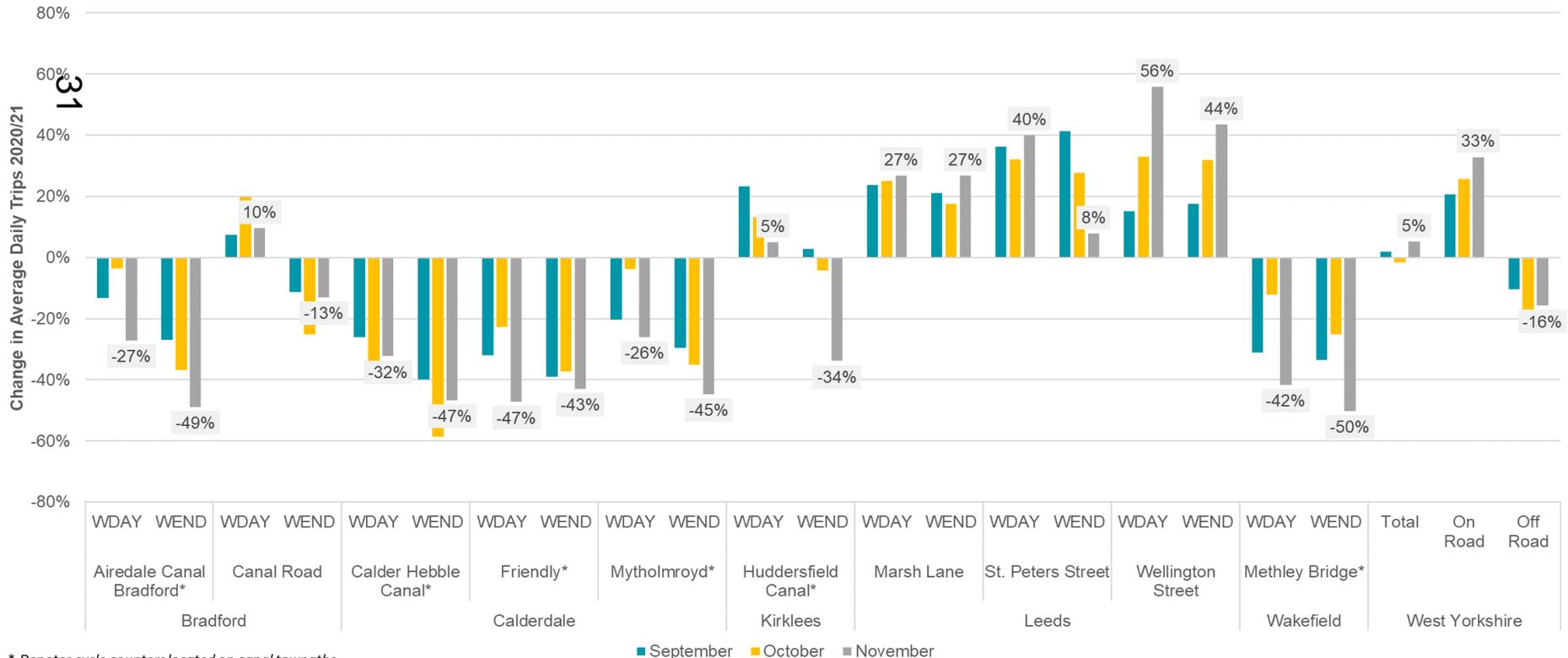
Extract of bus ticket machine data from 01/03/2020 to 07/03/2020 and 10/10/2021 to 16/10/2021. Data may not be fully representative of West Yorkshire.

Source: Leeds Rail Station Footfall - Network Rail

Off-road cycle counts fall while commuting trips increase

Off-road cycle counts, often attributed to leisure trips, are lower than the same months in 2020 – when government restrictions were in place. Conversely, on-road counts have increased as people return to workplaces. This can be seen at sites approaching Leeds City Centre and on weekdays at Canal Road (Bradford) and Huddersfield Canal (Kirklees), which are both on the approach to urban centres. Overall, cycle counters in Leeds have recorded more use, relative to the same months in 2020, than other West Yorkshire districts.

CityConnect Phase 2: Annual Change in Average Daily Cycle Counts 2020/21



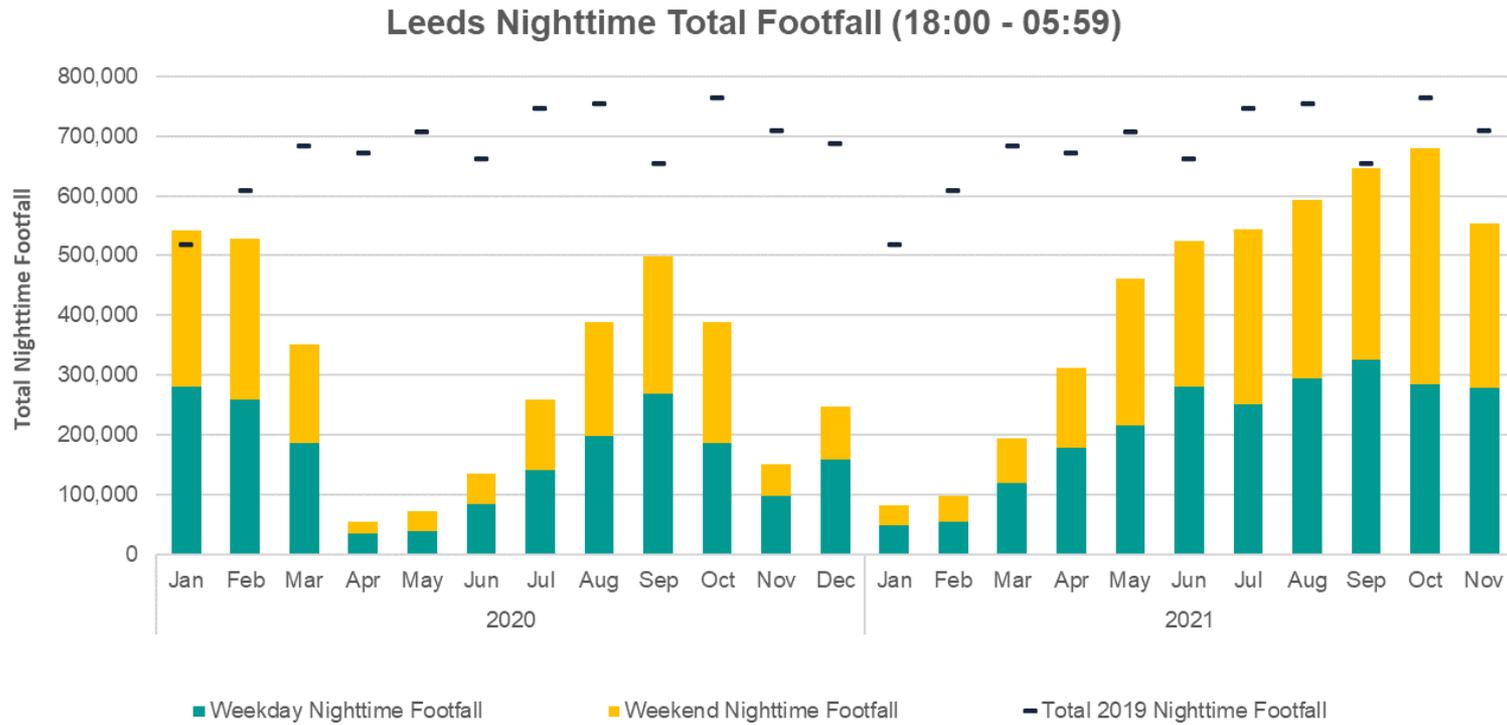
* Denotes cycle counters located on canal towpaths

Source: Leeds City Council

Evening footfall in Leeds City Centre decreased from October to November

Weekday and weekend evening footfall (Friday 18:00 – Monday 05:59) in Leeds decreased in November, the first time a decline from the previous month has occurred in 2021, however declines into the winter months are normal. Although footfall remains above 2020 levels, this is still lower than the same period in 2019.

32



Source: Leeds City Council



Report to: Business, Economy & Innovation Committee

Date: 5 January 2022

Subject: **Innovation Challenge Competition**

Director: Liz Hunter, Director of Policy & Development

Author: Mitchell McCombe, Policy Officer

| | |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Is this a key decision? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information or appendices? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | |
| Are there implications for equality and diversity? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

1. Purpose of this report

- 1.1 To seek the views of the committee for proposals to launch a pilot innovation challenge competition as part of the West Yorkshire Innovation Festival in 2022.

2. Information

Overview of Challenge Competitions

- 2.1 The [West Yorkshire Innovation Framework](#) outlines the region's vision to be a globally recognised place for developing an open, inclusive, thriving and coherent innovation ecosystem. One of the priorities critical to achieving this vision is for our region to adopt a mission-based approach to innovation by using initiatives such as challenge competitions.
- 2.2 Innovation challenge competitions are initiatives which aim to bring together entrepreneurs, SMEs or students (as participants) to **develop a new innovative product or service to address a given societal problem**. A judging panel then usually awards a prize to the best or most effective solution. In some cases, the winners and runners-up may be given further business support to commercialise their idea and bring it to market.

- 2.3 Challenge competitions tend to have a number of benefits¹ such as:
- They have low barriers to entry – meaning opportunities to be involved in innovative activity are increased.
 - Prizes can sometimes be a catalyst for change – shifting regulation or driving policy proposals.
 - Because public money is a component of a challenge competition of this sort, there is typically a public benefit – meaning that any product or service that is developed should improve the livelihoods of the population group it is targeted at.
- 2.4 Challenge competitions have been successfully implemented on similar regional scales across the UK and internationally.
- 2.5 The Mayor of London has run a [Civic Innovation Challenge](#) in previous years in partnership with Microsoft Corporation, Transport for London and other organisations and asked for applicants to solve challenges related to democratising town and country planning in London, and identifying methods to increase active travel across the city.
- 2.6 Challenge competitions were also identified as one of the good practices on the SMARTY Interreg Project² which the Combined Authority participates in, and our proposed pilot challenge competition would form the central element of our regional action plan, a deliverable of the SMARTY project.

Proposal

- 2.7 The Committee will recognise that COP-26 acted as an opportunity to build on the growing momentum relating to tackling the climate emergency. Building on this, and in recognition of our own regional ambition to tackle the climate emergency and reach net zero carbon by 2038, the Mayor has suggested that the competition focuses on developing a product or service addressing climate change.
- 2.8 We would welcome comments from the Committee on where the emphasis should be in terms of a pilot Mayoral Challenge Competition. The purpose of the pilot will be to provide the organisation an opportunity to gather a greater understanding of the key components and resources needed to run these types of projects. They will act as a lessons-learned exercise for a future larger programme of activity.
- 2.9 The Combined Authority has identified three areas of focus for a potential pilot challenge competition that could be delivered, and the Committee is asked to provide thoughts on the below proposals:

¹ [Report](#): The Great Innovation Challenge – How challenge prizes can kick-start the British economy.

² See link for more detail on the Combined Authority's involvement in the SMARTY Interreg Europe project: <https://www.interregeurope.eu/smarty/>

- **Focus 1:** Proposal to deliver a business facing challenge competition which will be targeted at SMEs and/or entrepreneurs.
- **Focus 2:** Proposal to be aimed at university students at either undergraduate or postgraduate level.
- **Focus 3:** Proposal to target secondary school students across West Yorkshire.

2.10 There is also an option to explore some form of corporate sponsorship should the Committee support this being progressed.

Delivery & Proposed Timescales

2.11 Subject to BEIC comments, the Combined Authority's Business, Innovation and Skills Policy Team will plan to undertake a procurement exercise in early 2022 seeking to appoint a delivery provider to manage the pilot throughout its entirety (challenge definition to prize winner). The successful delivery provider will also advise on the length of the competition itself.

2.12 The competition will be formally announced at the West Yorkshire Innovation Festival 2022.

2.13 There is an opportunity for Committee members to get involved in the steering group to support the festival and events as part of the festival.

3. Tackling the Climate Emergency Implications

3.1 In recognition of West Yorkshire's ambitions to tackle the climate emergency and reach net-zero carbon by 2038, both pilots are proposed to focus on issues surrounding net-zero and sustainability. Each cohort will be asked to tackle a given problem surrounding the climate emergency and will develop solutions to address it.

4. Inclusive Growth Implications

4.1 Traditionally, many large industry competitions and challenges are led and dominated by established innovation players who may have credited experience, resources and status. Challenge competitions are effective ways in ensuring that more people are able to contribute to, and benefit from, economic growth because they give early-stage businesses, entrepreneurs, SMEs and young people the opportunity to partake in innovation activities and access opportunity to commercialise products and services.

5. Equality and Diversity Implications

5.1 Our Innovation Framework's first priority is focused on creating an innovation ecosystem by and for everyone. Challenge competitions support this by providing an easily accessible platform for underrepresented groups to get

involved in innovation activities. As part of the pilot, a series of communications activities will need to be undertaken and will be promoted across a variety of channels and networks in order to capture a diverse range of participants.

6. Financial Implications

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

7. Legal Implications

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

8. Staffing Implications

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

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That the Business, Economy and Innovation Committee notes and provides comments on the proposals for an innovation challenge competition pilot.

10.2 That Committee members express an interest in getting involved in both the planning and delivery of the festival.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

None.



Report to: Business, Economy & Innovation Committee

Date: 5 January 2022

Subject: **West Yorkshire Innovation Festival**

Director: Liz Hunter, Director of Policy & Development

Author: Sarah Bowes, Policy Manager

| | |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Is this a key decision? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information or appendices? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | |
| Are there implications for equality and diversity? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

1. Purpose of this report

- 1.1 To seek input into the scope, scale and remit of the West Yorkshire Innovation Festival 2022.

2. Information

West Yorkshire Innovation Festival 2021

- 2.1 The West Yorkshire Innovation Festival was created in 2021 by the West Yorkshire Innovation Network with two overarching ambitions: to raise the profile of innovation and innovative businesses in the region and showcase the range of support available in the region. It did this by creating a platform for organisations to showcase the opportunities for innovation and profile some of the regions great success stories: 14 virtual events were hosted by 21 different organisers – primarily members of the WYIN – with over 1,485 attendees.
- 2.2 The idea of a festival was proposed by the WYIN to ensure the region isn't left behind in terms of its profile and visibility as a hub of innovation. Other regions have successfully delivered innovation festivals for a number of years

including the North East Innovation SuperNetwork who provided advice to West Yorkshire.

- 2.3 From panel discussions on the impact of innovation in our economic recovery post COVID-19, to inspiring stories from businesses who have transitioned, grown, evolved and shifted, to academic research into how crisis is a driver for innovation, to lively discussions on embedding change in businesses.
- 2.4 The festival aimed to inspire innovation and open up the conversation, connect people with the right resources, expertise and support to bring their idea to a reality. Innovation starts with an idea and our regional ambition is to better connect the SMEs who need the help and want the external support, to be able to access it and know what is available for them. A focus for the region moving forwards is to stimulate and embed an entrepreneurial and innovation led recovery and this festival helped to galvanise the ecosystem to this mission.
- 2.5 The first year (2021) ran on the format of headline coordination and facilitation by the LEP, with partner organisations running their own events under the banner of the WYIF (a similar model to the Leeds Digital Festival). This was entirely virtual.
- 2.6 In addition to creating the platform and facilitating the events, the CA/LEP also hosted a number of its own events including a thought leadership round table chaired by Sir Roger Marsh and LEP Business Support surgery.

Comments from the 2021 evaluation are included below:

“It’s been an excellent jam packed week.... May it be the first of many! Delighted to have been involved and thank you...”. **Mandy Ridyard, Produmax**

“Couldn’t agree more with what has already been said. I have really enjoyed being involved as well as further learning about what an amazing innovation eco system we have. We have a lot to be proud of and shout about!” **Natalie Allen, Leeds Beckett University**

“We’ve certainly enjoyed a full week of interesting innovation events with very positive contributions from businesses of all kinds joining in. Thanks to you for having the ambition to make it happen and the whole team for pulling together a brilliant programme”. **Sue Cooke, 3M BIC**

“It really was very nicely organized with the introduction of what we are doing in the region. Great points made. Excellent kick off”. **Sir George Buckley, former CEO and Chairman 3M**

“What a fantastic event. Well organised. Very pleased to be part of it. Congratulations to all involved. Excellent work..!” **Richard Hall, PDM**

“Having attended a good few events this week, it's been a huge testament to the innovation services and offerings we have in the region. Hugely impressed”. **Deb Hetherington, Bruntwood**

Andrew Wright, chair of the BIG Panel commented on the ‘buzz’ on social media around the festival.

2022 Planning

2.7 The Mayor has agreed that the delivery of the sub pledge to ‘turn the Leeds Digital Festival into a West Yorkshire wide festival’ should be realised through the delivery of the WYIF – incorporating more digital innovation and skills/SME transformation aspects than were evident in the 2021 festival.

2.8 There is therefore an aspiration to increase the profile of the festival and run additional CA/Mayor led events whilst retaining the original partnership concept of a range of organisations running events via a joined up platform.

2.9 *Outcome for the 2022 festival to include:*

- Increased profile for the region and its businesses and an increased external recognition of our critical role to play in levelling up
- Promotion of the range of support available in the region for businesses to innovate (including LEP support)
- Opportunity for businesses to network and learn from great examples of innovation
- Profile for the Mayor as a champion of business and innovation

2.10 Planning is starting for the 2022 festival and committee members are asked to provide input into the scope and remit of the festival. It is envisaged that a delivery partner will be commissioned to deliver the festival, working closely with the CA’s Connecting Innovation team and West Yorkshire Innovation Network. A steering group will be established to oversee the plans and volunteers from BEIC are sought.

2.11 Questions for the Committee:

- What content would be most useful for a business audience?
- Should the focus be on promotion of the region and its innovation strengths and potential or on supporting businesses to innovate more/showcasing support?
- How would the committee like to be involved throughout the planning and delivery?

3. Tackling the Climate Emergency Implications

3.1 The 2022 festival will continue to have a focus on innovation for societal good, in particular with the climate emergency challenge competitions.

4. Inclusive Growth Implications

- 4.1 Ensuring greater diversity of participation in the WYIF and the challenge competition process will ensure greater opportunities in support of inclusive growth across a range of communities in the region – both in terms of engagement and involvement in the process and the solving of some of the region biggest societal challenges

5. Equality and Diversity Implications

- 5.1 The 2021 festival provided a platform for the Innovation Framework and its ambitions around innovation for everyone. The 2022 festival will continue to focus on this and provide increased opportunities to deliver against this (eg challenge competition). With additional resources in 2022 there can be more focus in ensuring diversity of participation.

6. Financial Implications

- 6.1 A proportion of pledge funding will be used to support the delivery, in addition to Local Digital Skills Partnership (LDSP) funding (£40k in total).

7. Legal Implications

- 7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

- 8.1 There are no staffing implications directly arising from this report.

9. External Consultees

- 9.1 Discussions have taken place with the West Yorkshire Innovation Network.

10. Recommendations

- 10.1 That Committee members provide input into the festival 2022. Volunteers are also sought to be part of a steering group.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

None.



Report to: Business, Economy & Innovation Committee

Date: 5 January 2022

Subject: **Business Support Pipeline**

Director: Liz Hunter, Director of Policy & Development

Author: Alex Clarke, Business Growth & Resilience Policy Manager

| | |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Is this a key decision? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information or appendices? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | |
| Are there implications for equality and diversity? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

1. Purpose of this report

- 1.1 To provide Committee members with an update on Mayoral pledge activity in relation to the Business Innovation and Economy Committee and to frame a discussion around the future pipeline for business support.

2. Information

- 2.1 This item follows discussions at the last Business Innovation and Economy Committee regarding the forward work programme of the committee and particularly on delivery of the Mayor's Business Pledge. A central element of the work of the Committee will be to direct a new programme pipeline, focussing on new areas of intervention complementing ongoing business support delivered by the Combined Authority and local partners, building on best practice and enhancing the evidence base.
- 2.2 This pipeline will be central to the delivery of the West Yorkshire Investment Strategy, and in particular Investment Priority 1: Good Jobs and Resilient Businesses. The relevant section of the Investment Strategy is included as an appendix to the paper for reference. The following sections provide an overview of current programmes and the need for continuity, followed by some outline principles and early ideas for the developing pipeline.

Existing Business Support programmes

- 2.3 A wide range of business support is currently delivered by the Combined Authority / LEP in partnership with the region's Local Authorities. This includes support for businesses to reduce carbon emissions and energy costs, develop and implement strategic growth plans, develop new products and processes, implement sustainable and active travel within their operations and, most recently, to set-up new businesses. Access to all of this support, and to that delivered by our partners in the areas of exports, access to finance and innovation (e.g. Chambers of Commerce, Department for International Trade, InnovateEdge, Northern Powerhouse Investment Fund, universities and other knowledge transfer specialists), is through the region's Government-funded Growth Hub (known as the Growth Service in this region). The Growth Service is the underpinning infrastructure for business support in West Yorkshire and since July 2015 has supported over 20k different businesses. It is one of 38 Growth Hubs in England and is widely regarded as an exemplar model of integrated 'hub and spoke' support, with the Gateway Service delivered by the Combined Authority and the team of 20 SME Growth Managers funded by the Combined Authority and embedded within Local Authority delivery teams.
- 2.4 The core funding from Government for the 38 Growth Hubs in England (including the one for West Yorkshire, known as the Growth Service) has not yet been confirmed for 2022/23. This is causing some uncertainty and concern across the country, however, the Combined Authority has moved swiftly to underwrite the costs for the service next year, thus allowing the business planning process, and associated allocation of resources, to be progressed. The above situation has been possible due to the integration of the LEP and the Growth Service within the Combined Authority's governance and delivery structures.
- 2.5 The Growth Service costs circa £700k per year and this funding, alongside circa £300k from the Local Authorities, has been used to secure over £2.5m of additional European Union (EU) funding through to June 2023. 9 of the region's 20 SME Growth Managers are funded from this package, which has also been underwritten for next year by the Combined Authority as mitigation for the core Growth Hub funding from Government not being awarded. There remains a high degree of uncertainty related to funding for business support from 2023/24 onwards as this is when all EU funding will have finished, and detailed information on when the domestic replacement fund (the UK Shared Prosperity Fund) will be operational, and how it will be accessed, has not yet been made available. The majority of the business support provided in West Yorkshire by the Combined Authority / LEP and the Local Authorities is currently funded, or part-funded, by the EU.

Developing the future pipeline

- 2.6 The underpinning Growth Service infrastructure is seen as essential to our ongoing delivery model for business support. In terms of specific future interventions, a pipeline is required to prioritise our work and investments,

linked to our region's strategic aims in the Investment Strategy Priority 1: Good jobs and resilient businesses. As outlined at the October meeting of the Committee, the Mayor's business pledge contains four interconnected themes of activity, linking a number of existing policies of the Combined Authority (see brackets), which will form the basis for the pipeline:

1. **Economic Recovery** (West Yorkshire Economic Recovery Plan)
2. **Supporting business productivity** (Business Productivity and Resilience Plan, Trade Strategy)
3. **Innovation & R&D** (Innovation Framework, Healthtech Strategy)
4. **Community Wealth**

2.7 The pipeline work will look to bring forward and support prioritisation of business support interventions across these themes of activity, whether they come from the Combined Authority, local authorities or from wider stakeholders. The £500,000 development funding agreed by the Combined Authority to resource and provide Combined Authority development capacity for schemes to be brought through the pipeline will be utilised to facilitate this process. It is proposed that this pipeline will be used also to prioritise bids for funding from sources including the UK Shared Prosperity Fund and the Combined Authority's Single Investment Fund, connected to Investment Priority 1 of the West Yorkshire Investment Strategy: Good jobs and Resilient Businesses.

2.8 A thorough gap analysis will be conducted across each of the themes to identify potential opportunities, however a number of ideas have already been highlighted through previous discussions of the Committee and work on the related policies, which could feature on a first iteration of the pipeline:

- A Business Productivity Programme (as discussed in October, and at the LEP Board in November)
- Health tech interventions (£75,000 development funding available through funding allocated in June 2021)
- Future programme(s) to support business Net Zero adaptation
- Support for exporters and business internationalisation
- Work to support productivity in business to consumer sectors
- Support for high productivity inward investment opportunities
- Championing alternative business models e.g. cooperatives

2.9 In coming to a pipeline of future initiatives, it will also be important to capture at an early stage key details about each proposal to support decision making around prioritisation and sequencing in particular. Views on the information that should be captured and what should form a consistent approach to enable prioritisation and sequencing are sought from the Committee. As a starting point, the following key principles are suggested:

- That an initiative is able to clearly articulate the challenge or opportunity it seeks to address.
- That an initiative can demonstrate its alignment to the strategic priorities of the city region – including to policies as part of the Strategic Economic Framework and to the West Yorkshire Investment Strategy

- That indication can be given of the activity that will be delivered, its location, beneficiaries and the high-level outputs or outcomes to be achieved.
- An initiative should provide an indicative total cost figure, and if any existing funding exists

Next steps

- 2.10 Subject to input from the Committee, it is proposed that a draft pipeline structure be developed to begin capturing pipeline opportunities ahead of the next meeting of the Committee in March. An initial pipeline could then be brought forward to the next meeting of the Committee to discuss, to allow further refinement and prioritisation, and subject to budgetary decision, bring forward any immediate projects for consideration.

3. Tackling the Climate Emergency Implications

- 3.1 Tackling the climate emergency and protecting our environment is one of the Mayoral pledges. The Business, Economy and Innovation Committee will have a key role to play in ensuring that this pledge is considered from the perspective of business and the impact and opportunities for the economy, and this will inform the approach to the pipeline and the interventions that come forward through it.
- 3.2 In delivering the specific pledge around supporting local business, it will be critical to ensure that any support makes a positive contribution to tackling the climate emergency. It is therefore expected that any activity developed as part of this pledge will demonstrate a positive impact on this pledge.

4. Inclusive Growth Implications

- 4.1 In delivering the pledge around supporting local business, specific focus will be given to the importance of community wealth for inclusive growth. This includes considering the development of the Fair Work Charter as part of the future pipeline, and how that will interact with wider business support interventions. The pipeline is also expected to bring forward proposals around the business support needs of alternative models of business ownership, including cooperatives and social enterprises.

5. Equality and Diversity Implications

- 5.1 Reducing inequality is a key cross cutting theme across the Mayoral Pledges and is at the forefront of the role of the proposed Inclusivity Champion.
- 5.2 Equality Impact Assessments will be undertaken as part of scheme development within the pipeline for the supporting business pledge to ensure that as schemes progress through Assurance Framework equality, diversity and inclusion is embedded. This will also ensure that engagement takes place prior to commencement of delivery, and involve engagement with potential end user beneficiaries from underrepresented groups.

6. Financial Implications

- 6.1 Funding for interventions brought forward through the pipeline will be subject to decisions of the single investment framework of the Combined Authority, which will include exploring all available routes for funding.

7. Legal Implications

- 7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

- 8.1 There are no staffing implications directly arising from this report.

9. External Consultees

- 9.1 No external consultations have been undertaken.

10. Recommendations

- 10.1 That the Business, Economy and Innovation Committee notes the updates and provides comments on the proposed approach to developing the pipeline of future business support interventions.

11. Background Documents

[West Yorkshire Investment Strategy](#)

12. Appendices

- 12.1 Investment Priority 1: Good Jobs and Resilient Businesses

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Investment Priority 1 - Good jobs and resilient businesses

KEY DRIVERS – ADDRESSING INEQUALITIES AND CONTRIBUTING TO A ZERO CARBON ENVIRONMENT.

On 11th August 2020 it was confirmed that the UK economy had entered an official recession for the first time in 11 years, suffering its biggest slump on record between April and June 2020, with GDP shrinking 19.8% compared with the first three months of the year. Forecasts predict it may take between 2021 and 2024 to return to pre-crisis levels. Although there are some potential green shoots, the Bank of England's Chief Economist estimates the UK has already recovered "perhaps half of its losses", going on to state that the recovery in jobs will take longer but the risks to jobs have receded as spending and business confidence has picked up. Some sectors have been hit harder than others - retail sector furloughed the highest number of people, totalling over 1.9 million; 77% of those working in the hospitality sector have been furloughed; and nearly half a million people working in the cultural sectors have also been furloughed throughout the pandemic. There has also been a disproportionate impact on freelancers, home-based businesses, businesses with a dependency on face-to-face contact and the self-employed who were ineligible for Government support. Locally although the majority of businesses say they are now open as normal, almost a quarter (24%) continue to report significantly reduced operations.

| ALIGNMENT WITH SEF | HEADLINE CHALLENGES | OUTCOMES TO BE ACHIEVED | WYIS - PRIORITY AREAS FOR INVESTMENT | HOW WE WILL MEASURE SUCCESS | |
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| | | | | Outputs | Results |
| <ul style="list-style-type: none"> ▪ Business Productivity & Resilience ▪ Enabling Inclusive Growth ▪ Tackling the Climate Emergency ▪ Employment and Skills ▪ Digital ▪ Economic Recovery ▪ Innovation | <ul style="list-style-type: none"> • Rescuing and building resilience across strategic regional sectors - hard hit by COVID-19 - existing jobs will not be safeguarded or and new good job opportunities will be created which are needed as part of the rescue or re-imagining of the West Yorkshire economy. • Support the under and unemployed back to work - April and May 2020 saw an unprecedented increase in jobless claimants in West Yorkshire and the number of claimants has remained fairly steady since then. The current West Yorkshire claimant count for May 2021 of 108,815 is 93% higher (+53,420) than its pre-crisis level (in February 2020). Young people (18-24) have been worst affected. • Deliver levelling up through increased productivity in good work - prior to the pandemic the region had the fastest growing digital sector in the country (employment growth of 48% between 2015 and 2018), and previously identified strengths in health tech and food production which are now at the forefront of the recovery. Yet output per hour worked is largely unchanged since 2010 in West Yorkshire, once the impact of inflation is removed, and remains about 14% lower than UK levels. Productivity remains the key long-term route to improved living standards but must be done in a way that unlocks good work - 271,000 WY employees (29% of the total) were not in good quality work (ONS definition based on Taylor Review) before COVID-19 and response has shown just how important relationships between employers and employees can be. • Making supply chains more resilient - a third of businesses say disruption to their supplier base poses a risk to their business operating successfully as lockdown eases ▪ Increasing digital & innovation driven entrepreneurialism - entrepreneurialism has been a critical driver of economic growth out of difficult times, and West Yorkshire has the ingredients. Annually the region generates more than 10,000 start-ups. Many of these businesses are already innovating in response to COVID-19, in sectors identified as local strengths pre-COVID, including food & drink, health tech, creative & digital and professional services. In a scenario where there may be higher levels of unemployment and fewer job opportunities initially, digital skills, mission led innovation and a renewed focus on pre-start and start-ups will be critical to the region new opportunities as they arise and attracting talent into the region from elsewhere. | <ul style="list-style-type: none"> ▪ Safeguard jobs and create new job opportunities. ▪ As we move into re-imagining our economy, the focus should increasingly look to moving people into longer-term career progression pathways, offering support to access growing employment opportunities in digital and clean growth roles. ▪ Good Work through more inclusive employment environments and interventions, recognising the role played by Trade Unions and other employee bodies. ▪ Coupled with recovery from COVID-19, the UK's transition to a post-Brexit independent trading status makes it more important than ever that the region has the resilient supply chains needed both for businesses and consumers to thrive. ▪ Innovation as a key route through recovery – adaption, diversification and innovation for survival and future growth and make WY the best place in the UK for businesses to innovate and export. ▪ Increase the size of the WY business base relative to population - supporting survival beyond the first year will be a key success measure. ▪ Improve skills and boost employment and productivity in growth sectors. ▪ Increase employer and individual investment in skills. ▪ Enable those out of work to compete in the labour market by ensuring that they have the necessary skills. ▪ Create an aspirational, innovative enterprise and inclusive culture to reduce levels of deprivation. ▪ To connect vulnerable groups and residents living in deprived communities to economic opportunity. | <ul style="list-style-type: none"> ▪ Support the creation of good quality jobs in sectors with growth and higher productivity potential (in line with the Business Productivity and Resilience Plan) including through inward investment. Promote good work through the development of a good work standard, Focus on those jobs which offer social mobility, sectors/businesses with decarbonisation plans and growth in high skills roles and 'green' businesses. ▪ Support entrepreneurs by providing appropriate support to help people to create and grow businesses – including promoting and facilitating Social Enterprise / 'quality' self-employment as an option for disadvantaged groups and individuals in our most deprived communities, providing appropriate support mechanisms to do this. ▪ In line with the Innovation Framework, provide support for businesses seeking investment to innovate, explore new market opportunities or adopt new technology, particularly to grow jobs in areas of regional strength or tackle societal challenges, prioritising health innovation and clean growth tech particularly to close health and wellbeing inequalities. ▪ Support for project development costs as required to progress the Investment Priorities proposed above. | <ul style="list-style-type: none"> ▪ Number of businesses receiving support. ▪ Number of start-ups/scale ups. ▪ Employment increase in supported enterprises ▪ Number of unemployed (including long-term unemployed) participants supported; ▪ Number of inactive participants supported; ▪ Number of employed (including self-employed) participants; and ▪ Estimated GHG reduction. ▪ Number gaining a qualification. ▪ Number gaining employment, engaging in positive activities that address barriers to work or widen participation in training. | <ul style="list-style-type: none"> ▪ Increase in productivity. ▪ Increase in jobs created paying at Living Wage. ▪ Increase in business start-ups. ▪ Supporting the move to a low carbon economy. ▪ Improved income levels and poverty reduction. ▪ Increase output per hour worked (productivity) ▪ Technology adoption ▪ Total employment /share of employment in relevant sectors eg. low carbon ▪ Share of employment in disadvantaged groups. ▪ Diversity in strategic sectors ▪ Overall unemployment rate ▪ % of people long term unemployed in to work ▪ % into good quality work ▪ % attending green skills training sessions ▪ % of Health tech start ups ▪ 1-year survival rate & confidence ▪ Number of innovations for social good, especially health innovation ▪ Start-ups tackling environmental challenges / innovation |

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Report to: Business Economy and Innovation Committee

Date: 5 January 2021

Subject: **Current Delivery - Entrepreneurship Programme**

Director: Brian Archer, Director of Economic Services

Author: Henry Rigg, Head of Business Support

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|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Is this a key decision? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Is the decision eligible for call-in by Scrutiny? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information or appendices? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | |
| Are there implications for equality and diversity? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

1. Purpose of this report

- 1.1 To provide an update on the delivery of the Entrepreneurship Programme, which is being delivered across West Yorkshire with £6m of Gainshare funding in response to the West Yorkshire Economic Recovery Plan.

2. Information

- 2.1 In June 2021, the Combined Authority’s (CA) Investment Committee approved a new £6 million Entrepreneurship Programme to be being delivered as a major contribution to the West Yorkshire (WY) Economic Recovery Plan. The programme is focused on a ‘ladder of enterprise support’ across three inter-connected workstreams that will help individuals in the region to explore and establish new businesses. A primary focus of the programme is Equality, Diversity and Inclusion and clear ‘minimum floor’ targets have been set to ensure that the support available is taken up by females, people from BAME backgrounds and people with disabilities, as we well as people from our more disadvantaged communities and localities (see below for more details).

- Workstream One - promoting enterprise as a career option (i.e. is enterprise / business start-up right for you?)

- Workstream Two – a universal business start-up support programme to help anyone who has made the decision to start a business. There is a primary focus on engaging people from equality groups and from the more disadvantaged communities of West Yorkshire.
 - Workstream Three – support for innovative entrepreneurs by providing intensive and targeted support for those with the potential to become successful, innovative and investable entrepreneurs and businesses. Societal and environmental impact of the new-starts will be a primary consideration in the support made available, as will the diversity of the entrepreneurs participating to ensure that they reflect the West Yorkshire population.
- 2.2 Following recent open tender exercises, preferred suppliers have been selected to deliver a £350k Exploring Enterprise programme (on Workstream One) and a £1 million Business Start-Up programme (on Workstream Two). Both commenced delivery in late September / early October 2021 and will be delivered for 18 months, with options to extend for the same periods subject to performance, outcomes and policy priorities.
- 2.3 The Exploring Enterprise Programme will deliver one-to-many support through online training, events, workshops and seminars. It is expected that a minimum of six hours of support will be delivered per participant. The support package will cover key areas to help consider starting a new enterprise and how to overcome any barriers that would prevent people from doing so. Programme content includes: - identifying the need/market research, creating an idea, networking, understanding different types of businesses, including social enterprise and cooperatives, and legal and financial support. Underrepresented groups, and those most adversely impacted by the pandemic, are being targeted to engage with the programme as follows: - 50% of participants will be women and 20% will be from BAME backgrounds. In addition, the provider has offered CV support for those that decide not to start a business and to seek employment instead.
- 2.4 Workstream Two's Business Start-Up programme (Enterprise West Yorkshire) is now providing new-start and start-up businesses up to 12 months old with a blended package of support covering the key topics required to establish and develop a new enterprise. This includes: - business and financial planning; business structure and tax; sales and marketing (including social media); access to finance and recruiting staff. There are no sector or growth-related restrictions and there are also clear 'minimum floor' targets in place to support new firms that are led by individuals from BAME backgrounds (20%), women (50%) and people with disabilities (3%).
- 2.5 Furthermore, five Start-Up Managers (two currently in post) are being recruited by the West Yorkshire Local Authorities to work alongside the existing SME Growth Managers. These posts are coordinating enterprise support activity at the district level and delivering some direct one-to-one support to early-stage micro firms with growth potential. The posts are focussing on the high street renewal agenda and, as a result, are working mostly with business-to-consumer operators where the impact of the pandemic has been most severe,

and where criteria associated with current funding schemes has restricted support for many firms in retail, leisure and hospitality. The managers are also focussing on the most disadvantaged parts of their districts and on ensuring that new and early-stage micro firms that have not previously been supported by publicly funded schemes, are engaged and assisted. Approximately 1,500 pre-start / start-up / early-stage firms will be supported through Workstream Two's activities.

- 2.6 Workstream Three issued a tender in late November 2021 for a programme of high intensity, tailored support for Innovative Entrepreneurs – in this context, the term refers to individuals or teams with potentially unique ideas that address a problem with a large market, and that has the potential to develop, scale and be financially sustainable. The tender welcomes responses encompassing innovative approaches to delivery and from consortia bids. 'Soft market testing' with a range of key stakeholders in the 'seedcorn' finance and 'accelerator support' marketplace took place over the summer and autumn of 2021, and this has informed the current open tender opportunity. This strand will also have clear and stretching targets to engage equality groups in the provision, and to engage with people from more disadvantaged parts of the region who have not previously accessed support. It also focusses on new ventures that have clear potential to positively impact on societal and/or environmental challenges and opportunities. The tender closes to application on 14th January 2022 and delivery on this strand is expected to commence in the spring of 2022.
- 2.7 A range of routes to market are in place, and in development, for all three workstreams, with a strong focus on engaging underrepresented groups, more disadvantaged parts of West Yorkshire and those that have not previously engaged with public sector support (directly delivered or funded). This includes working with several well-established community-based organisations and enterprise support agencies to both deliver support, and to make it more visible and accessible to a diverse range of people and businesses e.g. Airedale Enterprise Services in Keighley, Barca-Leeds, the Paddock Community Trust in Huddersfield, Inspired Neighbourhoods in Bradford and Aspire-igen in Wakefield and Leeds.
- 2.8 In addition, the programme is engaging with several networks and key influencers within business communities at the local and district level to raise the profile of the support available and increase take-up. These include the Yorkshire Asian Business Association (working with the Asian Standard) and the BAME Committee of West & North Yorkshire Chamber of Commerce. The CA/LEP already works with several key influencers in the enterprise support space to increase take-up amongst BAME-led and Women-led enterprises, and these strong working relationships will also be utilised for this programme. Taking the support available to other community settings, such as faith groups, enterprise centres and childcare providers, will also be a focus of activity to broaden reach and increase take-up, as will the use of role-models and mentors from diverse backgrounds that reflect the population of the region. Lastly, promoting the programme to target audiences via such vehicles as the Asian Standard publication and radio stations such as Sunshine Radio,

Peoples' FM and Fever FM, will also be considered as this has previously worked well in terms of increased engagement levels.

- 2.9 The programme was officially launched by the Mayor of West Yorkshire, Tracy Brabin, on 3 November 2021 at an on-line event with over 150 attendees. The event was hosted by local social entrepreneur and LEP Board Member, Kamran Rashid, and also featured case study presentations from several people from diverse backgrounds who have established successful enterprises in West Yorkshire. It also included the Mayor being interviewed by a student from Batley Girls High School on the importance of diversity and enterprise in the region, and a discussion between Sir Roger Marsh OBE DL and Heba Bevan, the Chief Executive of Utterbury, an advanced manufacturing business that is in the process of establishing a significant new venture in Leeds. Within 48 hours of the launch, the website for the programme ([Enterprise West Yorkshire - LEP | Business support and finance \(the-lep.com\)](https://www.the-lep.com)) had over 400 hits, which has since risen to over 1,000.
- 2.10 To date, over 100 referrals have been made to Enterprise West Yorkshire, mostly from Ad:Venture and the Growth Service Gateway, but also from several local partners in the public and private sectors (see below for examples). Over 40 clients have been signed up to the support, just under half of whom are female and 35% of whom are from BAME backgrounds. The first round of webinars are being delivered in December 21, and at the time of writing (mid-December 21), over 30 diagnostic meetings have been arranged for January 22. Although the take-up at this early stage from people from BAME backgrounds is 15% above the 'minimum floor' target, it is important to continue to identify and implement more effective routes to market and delivery methods. For example, promotion through local trusted networks and community leaders (including successful local business people), tailored messaging, language and branding for different target groups, and more innovative approaches to customer journeys capable of overcoming barriers to engagement. The delivery of 'in person' events - when safe to do so - across a wide range of community settings, including in some of our most disadvantaged areas, will be greatly beneficial in delivering the above.
- 2.11 Following the launch of the programme, the CA/LEP continues to engage with the Lloyds Banking Group Black Entrepreneurs Board. This has involved the team presenting on the new enterprise programme at the West Yorkshire Black Entrepreneurs Conversation event on the 18 November 2021, and also to the Jobcentre Plus Work Coaches and Self Employment Coaches on 9 December 2021. Both presentations and events have already resulted in referrals being made into the programme from people who have not previously engaged with the CA.LEP, particularly the start-up support available via Workstream Two. It is anticipated that this will increase significantly from January 2022 onwards, particularly from Jobcentre Plus clients.

3. Tackling the Climate Emergency Implications

- 3.1 All of the new-start and micro businesses on the programme will be made aware of, and where relevant referred into, the full range of advice, guidance and funding available in the region on net zero-related support. As and when workshops and events can be delivered safely in-person, these will take place in venues that are well-served via public transport links.

4. Inclusive Growth Implications

- 4.1 As referenced throughout the report, the programme will be proactively promoted through a range of existing networks, organisations and key influencers, including those that support enterprise activity within certain equality groups and within certain more disadvantaged areas. This will continue to be a key focus of the programme over the coming months, and all enterprises participating will be encouraged and supported to make Inclusive Growth contributions, as is the case with with the other current products and services delivered by the CA/LEP. For example, recruiting someone who has been out of the employment market for a long period, upskilling their lowest paid staff, working with a local school or becoming a Real Living Wage employer. It is envisaged that the enterprises supported on Workstream Three will be those best placed to make the more substantial contributions to the Inclusive Growth agenda, however, some of the more established micro firms supported on Workstream Two via the Start-Up Managers may also be in good positions to contribute.

5. Equality and Diversity Implications

- 5.1 The programme has specific targets to engage with women (50% of participants), people from ethnic minority backgrounds (20%) and people with disabilities (3%). Furthermore, and to highlight the target demographic of Workstream Three being those individuals who, due to certain societal / situational barriers would not be able to progress without the support of the programme, stretch targets have been applied specific to this workstream. These include:- entrepreneurs from an ethnic minority background (30%) and entrepreneurs self-identifying as disabled (5%) of the total population of beneficiaries of workstream 3. In addition, the CA / LEP is working with the Yorkshire Asian Business Association, the Asian Standard and the BAME Committee of the West & North Yorkshire Chamber of Commerce to raise awareness of the programme amongst BAME-led micros firms, start-ups and potential entrepreneurs.

6. Financial Implications

- 6.1 There are no financial implications directly arising from this report.

7. Legal Implications

- 7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

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

9. External Consultees

9.1 None on this report, but the design and development of the programme has been informed by consultation and engagement with a wide range of key stakeholders in the enterprise support eco-system for over 12 months.

10. Recommendations

10.1 To note progress on the development and delivery of the £6m Entrepreneurship Programme.

11. Background Documents

None.

12. Appendices

None



Report to: Business Economy & Innovation Committee

Date: 5 January 2022

Subject: **West Yorkshire Business Accelerator Fund**

Director: Brian Archer, Director Economic Services

Author: Brian Archer, Director Economic Services

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|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Does the report contain confidential or exempt information or appendices? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1: | 3 |

1. Purpose of this report

- 1.1 To update the Business Economy & Innovation Committee (BEIC) on the establishment of the new £21,650,000 commercial investment fund recycling recovered Growing Places Funding, to be named the West Yorkshire Business Accelerator Limited Partnership (WYBALP).

2. Information

Background

- 2.1 At the LEP Board meetings of 20 September 2018 and 26 March 2019, discussions were held on the creation of a Flexible Growth Fund that has as its primary objective the addressing of market failures in the business finance market making investments that deliver productivity and inclusive growth in the City Region.
- 2.2 The primary source for this investment pot would be the returned capital from the current Growing Places Fund (GPF) with the capability to increase in size as wider funds become available.
- 2.3 It was proposed that a flexible fund pot be established in line with the recommendations agreed by the LEP Board in September 2018. In particular, in line with the guiding principles, 80% of the GPF returned funds would be used to continue providing investment capital on a returnable basis. The Leeds City Region Enterprise Partnership (the LEP) received £35.5 million of

GPF capital funding in 2011/12. It is anticipated that £26 million will be recovered from current loans by 2027.

- 2.4 In November and December 2021, the LEP Board and Combined Authority endorsed £21,650,000 of the anticipated £26,000,000 of recovered GPF funding (which represents 83.3% of the total anticipated returned funding) being invested in the WYBALP.
- 2.5 The proposed fund was progressed to Full Business Case and approved via the internal Assurance Framework in October 2021, where it was recommended to progress to LEP Board and Combined Authority for approval subject to conditions being met.

Options for use of the returned Growing Places Funding

- 2.6 The project has not followed a traditional options appraisal route. A policy decision was taken by LEP Board in 2018 to explore the creation of an investment vehicle and the demand in the market for products. External consultants were commissioned to undertake the analysis associated with this decision to explore access to finance investment products which would meet the needs of the local business community and recycle the GPF funding with the potential to create an investment fund. This culminated in the Commercial Investment Fund Draft Business Case in February 2021.
- 2.7 The specialist skills required for equity investment make it impractical for the Combined Authority to establish a business-based debt and equity fund and to evaluate and manage investments in-house due to the high-risk nature of the planned investments. Consequently, this was not regarded as a viable option.
- 2.8 Soft market testing along with the Business Case informed the process and nature of the WYBALP Limited Partnership Agreement (LPA) and the Investment Managers Agreement (IMA) which have been prepared by the Combined Authority's external legal advisors.
- 2.9 The WYBALP is a new investment vehicle intervention utilising £20 million of the recycled GPF funding which will provide a new Access to Finance product to be delivered alongside grants and loans by the Combined Authority's Economic Services team to benefit West Yorkshire businesses and the wider economy. The fund will target high growth SMEs, generating strong commercial returns, supporting growth in high value employment, and promoting a low carbon and inclusive economy.
- 2.10 LEP Board and the Combined Authority recently endorsed that £21,650,000 of the GPF funding is invested into WYBALP, which will create a fund of £20 million (the remainder to cover delivery costs). A smaller sum is unlikely to attract the interest of experienced fund managers working with public sector funds. This sum is sufficiently large to be managed independently and to have sufficient scale to attract 1:1 co-investment to lever additional investment into

West Yorkshire and assist more businesses than £20 million alone could. It is hoped that the fund will become evergreen and will have a life beyond year 10 increasing in value to assist West Yorkshire businesses into the future. The Fund will have both environmental and social value credentials to boost the growth of local businesses meeting the objectives of the Strategic Economic Framework (SEF).

2.11 The rationale for development of the Fund has been strengthened by the market failures identified in Leeds City Region's finance and investment market. British Business Bank market research has revealed there is a gap in equity finance offered by the private sector, with regional markets receiving a disproportionately low amount of equity investment compared to those in the South of England or London. Equity finance is a way of raising funds for business by selling partial or complete ownership of the company's equity for money. The experiences and lessons learnt from similar investment products, successfully established by other Combined Authorities, have supported development of the West Yorkshire Fund.

2.12 Other options that were under consideration:

- A lesser investment in a fund was not deemed to be viable as soft market testing indicated that £20 million is required to establish an investment fund if it is to attract a good quality experienced fund manager. A smaller capital sum is also likely to attract a high fee structure due to the scale of management required for a reduced investment pot which is likely to make such a proposition unviable.
- An alternative use for the GPF may have been to purchase an investment asset or to fund capital or regeneration projects promoted by the Combined Authority. This may have involved a lower capital contribution from the Combined Authority and may have levered co-investment from other public sector or private sector organisations. This would have meant a lower return for the Combined Authority but potentially also a lower risk. However, if the investment failed and there were priority investors ahead of the Combined Authority, it may not have seen the investment returned.
- It was determined that other investment opportunities would not achieve the leverage of co-investment to be achieved by the creation of an investment fund multiplying the scale of investment in SMEs across the region, and would be unlikely to achieve the same level of job creation and social outputs anticipated from the Fund.

Growing Places Funding

2.13 The Combined Authority currently has £20.395 million of recovered funding. It is anticipated that by 2027 circa £26 million will have been returned to the

Combined Authority from the original loans which will be available for reinvestment.

- 2.14 The amount of funding required to set up and operate the Fund is £21.65 million over a ten-year period. This is made up of £20.05 million to set up, operate and invest in the Fund via an external Fund Manager and £1.6 million of internal Combined Authority costs.
- 2.15 The £21.65 million is 83.3% of the £26 million anticipated funds to be recovered to the Combined Authority, slightly above the 80% of the GPF proposed at LEP Board on 20 September 2018 to be used for the creation of a new Fund.
- 2.16 Funding will be drawn down for the purpose of investment and operational costs over the 10-year life of the Fund commencing 2022 and the cashflow compliments the anticipated GPF recovery of existing loans to 2027.
- 2.17 Further information on costs can be found in Section 6 Financial Implications.

Structure of the Fund

- 2.18 The Fund will be managed and operated on behalf of the Combined Authority by a Financial Conduct Authority (FCA) regulated external Fund Manager who will have delegated decision-making powers for investments. The Fund Manager will create a deal pipeline in accordance with the Fund's objectives, the investment criteria outlined by the Combined Authority and its proposed investment strategy, and will carry out full due diligence process in respect of potential investments.
- 2.19 The Fund will be structured as a Private Fund Limited Partnership (PFLP) which is the industry norm for this type of investment fund. The Combined Authority will comprise the sole Limited Partner (LP) and sole investor of the Fund whose liability will be limited to the total amount invested. The other party of the partnership will be the General Partner (GP), a Special Purpose Vehicle (SPV) to be set up by the appointed Fund Manager, which will have unlimited liability for the debts and obligations of the partnership.
- 2.20 The GP will be a wholly owned subsidiary of the Fund Manager and will have unlimited liability for the debts and obligations of the partnership. The GP will delegate its full power and authority to the Fund Manager, as the key decision entity held responsible for the day-to-day management and operation of the Fund in accordance with the Investment Management Agreement. The role of the GP will be limited to holding title to investments and entering into investment contracts with investees (businesses to receive funding) on behalf of the Partnership.
- 2.21 The Fund will be established as a 10-year fund with a 5-year investment period, followed by a 5-year realisation period. The Combined Authority will have the power to require up to two one-year extension periods to allow

remaining investments to be managed-out. At the end of the term of the Fund, the Combined Authority will also have discretion to continue the Fund, to roll-over the Fund into a continuation vehicle and to replace the General Partner and Manager to take over management itself.

- 2.22 The Fund documents contain the ability for the Combined Authority to remove the General Partner and Manager at any point for "Cause" with no right to compensation and to remove on a no-fault basis subject to an initial 12-month lock-in period plus compensation.

Procurement of a Fund Manager

- 2.23 An Official Journal of the European Union (OJEU) compliant open tender procurement exercise took place during the summer of 2021 to identify a suitable Fund Manager based upon a £20m investment fund.
- 2.24 A company with extensive experience in public sector fund management has been identified as the preferred supplier. Due diligence is underway prior to contract award in late 2021 / early 2022.
- 2.25 The WYBALP will comprise a debt and equity investment product that will be funded from money previously invested and recycled through GPF. The Fund will provide access to finance to small and medium-sized enterprises (SMEs) and start-up businesses operating within West Yorkshire, supporting entrepreneurial growth across a wide range of sectors. The aim is to become a recyclable product whose financial returns can be reinvested in the future to support more businesses in the region or contribute to social value projects within West Yorkshire.
- 2.26 The Fund will be established as an Environmental Social and Governance (ESG) Fund. Investment decisions will be based not only on anticipated financial returns, but equally informed by environmental, societal, and corporate criteria and behaviour implications. The product aims to support low carbon, sustainable activity and businesses, create and safeguard jobs, enhance training and skills and encourage inclusive governance and leadership.
- 2.27 The Fund is aligned with the SEF priorities and Mayoral Pledges. It will not only drive productivity in the Region but will also help businesses to realise and achieve their carbon net zero goals and make a positive contribution to the communities in which they operate. There will be a clear focus on diversity and inclusion and on encouraging investee companies to incorporate training and social performance improvements into their working practices.

Investment Strategy

- 2.28 The Fund is a Special Purpose Investment Vehicle – a Partnership between the WYBALP and a Service Provider (the Fund Manager) and the Combined

Authority. It is not a grant or a loan to an individual organisation. It will be established as an opportunity to create a portfolio of diverse investments providing debt, equity and mezzanine finance to high growth SMEs. The aim is to achieve an evergreen fund which will increase in value enabling the Combined Authority to assist more SMEs with equity and loan finance over time.

2.29 As part of the Tender exercise, bidders were asked to develop a bespoke Investment Strategy and supporting Financial Model based upon their knowledge and experience of managing regional public sector funds targeting SMEs and informed by the Combined Authority Specification of Requirements in the Invitation to Tender (ITT).

2.30 The ITT provided the following guidance for bidders:

| Criteria | Description |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Geography | <p>Financing will be restricted to projects that will grow the economy in relation to job creation and increased GVA within West Yorkshire.</p> <p>In exceptional circumstances investments will be considered in projects outside the geographical area if the economic benefits to the region warrant their inclusion. The Fund Manager must present such prospective investments to the Combined Authority for its consideration and prior consent.</p> |
| Objectives | <p>Be established as an Environmental, Social and Corporate Governance (ESG) Fund seeking to invest in organisations with low carbon credentials and targeting net zero.</p> <p>The ambition is to create an evergreen investment fund that returns more than invested.</p> <p>Target an internal rate of return (IRR) of 12% over the length of the fund.</p> <p>Create significant growth in West Yorkshire SMEs in terms of robust profit growth potential, profitability and job creation/job protection.</p> |
| Environmental, social and governance credentials | <p>The Fund will have strong Environmental, Social and Governance credentials working towards Net Zero 2038 and maximising the benefits to the West Yorkshire region.</p> |
| Target sectors | <p>The portfolio should have a diverse sector approach to create a blended balanced portfolio.</p> <p>The Fund will target sectors identified in both the Local Industrial Strategy and West Yorkshire Economic Recovery Plan but not exclusively. These include Healthcare and Innovation,</p> |

| | |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Manufacturing, Financial and Professional Services and Digital Technologies.</p> <p>Opportunities will generally be non-asset-based applications with knowledge-based collateral and guarantees which may deliver significant growth to the West Yorkshire economy in relation to job creation and increased gross added value (GVA) to be determined on a project-by-project basis.</p> <p>Exclusions: nuclear; fossil fuels; property-based retail; property development; any activity which might bring the Combined Authority into disrepute.</p> |
| Business criteria | <p>The Fund will target businesses with robust turnover potential.</p> <p>The target sectors should primarily but not exclusively be determined based on those identified in the Strategic Economic Plan and future Industrial Strategy. These may vary due to wider economic events and so a process of reflection upon market failures in specific sectors should be undertaken regularly.</p> <p>A fundamental principle underpinning decision making and strategy across the future funding programme is ensuring that the products and support available are seen as being accessible to a diverse society. It is widely understood that applications for start-up and growth funding are more readily presented by male entrepreneurs and it is important that any programme established by the Combined Authority not only appeals across gender but also supports different cultural and economic backgrounds. Consideration of these issues will inform the application and appraisal process for any new investments; particularly where key parts of society may not currently have access to finance from traditional sources.</p> |
| Composition of the Fund | <p>The investment type will need to be flexible dependent upon individual company circumstance. It is expected that investment will be significantly weighted towards equity.</p> <p><u>Non-asset backed equity</u></p> <ul style="list-style-type: none"> • More traditional equity, investment is in intellectual property and people. • Based on capital required to implement business growth plan and become revenue generating to the extent that traditional finance can then be sought. • Target sector types, potential timescale for exit and minimum expected return on equity based on business projections over 5 years. • Mentoring support or regular business updates should be embedded within the investment strategy. • Strong business plan for growth required. |

| | |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>Debt Investment Product</u></p> <ul style="list-style-type: none"> • Secured or non-secured loan finance. • Supported by evidenced ability to service debt. • Business would be revenue generating or have robust cashflow projections that demonstrate an ability to commence repayments quickly. • Strong business plan for growth required. |
| Size of investments & co-investment | <p>£20 million will be spread across a range of investment sizes depending on risk. The portfolio will aim to have a mix of sizes and risk profiles to mitigate failure. The recyclable nature of the fund will allow for the finance to be repaid and invested resulting in the initial fund investments representing a greater value of investment across the region.</p> <p>Anticipated Investment value range - £50,000 - £2 million (equity) & £150,000- £2 million (debt).</p> <p>The management of the Fund should be targeted with attracting a similar level of co-investment from other sources. Opportunity to partner with other funds to share risk on a pari passu basis.</p> |
| Investment product | <p>The investment product will reflect the specific nature and requirements of each project. The Fund will provide but not be limited to:</p> <ul style="list-style-type: none"> • Debt finance on senior and mezzanine terms • Equity investment finance <p>Investment strategy will reflect need for further rounds of funding. Where investment is made a portion of capital should be retained to support follow-on funding.</p> |
| Target return | <p>A target financial return of a minimum of 12% Internal Rate of Return has been identified for the Fund.</p> <p>Individual investments will be determined on a project specific basis to be consistent with commercially available rates in compliance with applicable state aid and/or subsidy control requirements.</p> <p>The financing terms associated with the loans should be commensurate with the risk profile of the investment (including credit worthiness, form of collateral, risks to cashflows and sensitivity analysis) and in consideration of applicable state aid and/or subsidy control requirements.</p> |
| Recycling principles | <p>The Fund is proposed as an evergreen fund where returns from investments are used to further re-invest in the region. Any re-investment of cash needs to be approved in advance by the Combined Authority.</p> |

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|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Anticipated failure rates | <p>It is prudent to assume a level of investment failure that reflects the investment type.</p> <p>It is recognised that the post - Covid-19 environment could be more unsettled.</p> |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- 2.31 The preferred supplier has prepared a commercial model based on their experience to demonstrate the potential level of returns which may be achieved from a fund of this size. Investments will respond to business opportunities which present themselves throughout the life of the fund.
- 2.32 The Fund Manager will manage the day-to-day operation of the Fund on behalf of the General Partner. All investment decisions will be delegated to the Fund Manager, which will be based upon a business plan to be developed by the Fund Manager and which will be signed off by the Combined Authority.
- 2.33 Further information is set out in Section One of Appendix One.

Governance

- 2.34 Reporting at intervals will be required to demonstrate that the Fund Manager is carrying out due diligence processes in accordance with the agreed methodology and captured within the contract and terms of reference.
- 2.35 Formal and informal engagement with the Combined Authority and Fund Manager including monthly reporting milestones and investment meetings, risk profile updates, as well as quarterly, half year and annual reporting requirements.
- 2.36 Half-yearly presentations to the Combined Authority on the Fund's portfolio and the performance of investments.
- 2.37 Quarterly written report to the Combined Authority on the Fund's portfolio and the performance of investments.
- 2.38 Annual audited report and accounts for the Fund to be prepared and delivered to the Combined Authority.
- 2.39 The Fund Manager shall produce an annual business plan, to be approved by the Combined Authority which will set out plans for the year for the delivery of the Fund. This will include, but not be limited to, investment activity, marketing plans, project pipeline development, status of investments, budgetary position and projections, risk profile, delivery of KPIs and other relevant undertakings.
- 2.40 Following approval of the Fund by the Combined Authority on 9 December 2021, the legal documentation is being finalised which will include jointly drafting a communication strategy, and the Fund Manager developing the first business plan for consideration by the Combined Authority.

2.41 In the interim, the vehicle will be established and the Fund Manager will begin its search for opportunities which will feed into the business plan and which may form early investments.

Operational Summary

2.42 The key operational responsibilities of the Fund Manager will be to:

- Assist with the formulation of the Fund's Investment Strategy.
- Create and maintain the financial model for the Fund.
- Implement a comprehensive strategy for identifying pipeline investment opportunities, which should set out target sectors and businesses in line with the Fund's objectives.
- Work with the Combined Authority and the LEP, Local Authorities and other regional stakeholders to ensure that stakeholders are engaged and aware of the opportunities that the Fund provides to businesses. Relationships should be maintained with business and knowledge networks, including business support services provided by the Combined Authority and the LEP, to maximise pipeline opportunities.
- Maintain a robust pipeline that matches its clearly defined investment strategy and impact objectives and report on potential opportunities with updates to the Combined Authority.
- Undertake qualitative and quantitative due diligence and risk analysis of each investment, before making investment decisions.
- Undertake the structuring of funding agreements and other documentation, having regard to market pricing and applicable state aid and/or subsidy control requirements.
- Manage the acquisition, transfer, holding and management of, exit from and/or realisation of investments, in accordance with Fund documents.
- Follow the agreed communications strategy which will specify how the Combined Authority and the LEP will be kept aware of potential issues through the agreed reporting process in order to identify any potential reputational risks associated with investments.
- Refer SMEs back to the Combined Authority and LEP for further support where appropriate.
- Produce an annual business plan setting out plans for the year for the delivery of the Fund, to include, but not be limited to, investment activity, marketing plans, project pipeline development, status of investments, budgetary position and projections, risk profile, delivery of KPIs and other relevant undertakings.

- 2.43 The key responsibilities for the Combined Authority’s delivery team will be to:
- Design, oversee and implement the governance arrangements of the WYBALP, and ensure that it is delivered in a robust, transparent manner that is compliant with the Combined Authority’s Assurance Framework.
 - Ensure expenditure and contractual targets are met and that funding is allocated and awarded in accordance with the Combined Authority’s Assurance Framework, UK Subsidy Control regulations and external funding agreements.
 - Track performance of the Fund Manager, and the loan portfolio.
 - Manage issues and risks relating to WYBALP and ensure that these are escalated as required.
 - Report progress on the performance of the WYBALP to this Committee, the Business Investment Panel (BIP), LEP Board and Combined Authority.
- 2.44 Monthly updates will be provided to BIP by the Fund Manager / Programme Lead (Access to Finance).
- 2.45 Quarterly updates will be provided to this Committee by the Fund Manager / Programme Lead (Access to Finance).
- 2.46 Half-yearly updates will be provided to LEP Board and the Combined Authority by the Fund Manager / Programme Lead (Access to Finance).

Timeframe for Delivery

2.47 Key timescales:

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|-----------------------------|------------------------------------------------|
| Decision to Award Contract | Combined Authority approval on 9 December 2021 |
| Appointment of Fund Manager | By 30 January 2021 |
| Investment Period | January 2022 to January 2027 |
| Realisation Period | January 2022 to January 2032 |

2.48 The Limited Partnership Agreement (LPA) allows for the Combined Authority to review performance during the life of the Fund and to extend its life if appropriate. It is usual for a fund of this nature to run over its 10-year life by up to two years to obtain best value in divesting itself of investments.

Appraisal Summary

2.49 Following recommendations from the Combined Authority’s Senior Leadership Team at its meeting on 10 September 2021, an informal review of the preferred supplier’s commercial model has been undertaken. Although this does not include an assurance opinion or valuation, it does provide more

confidence that the investment model proposed by the preferred supplier is relatively typical of what would be seen in the marketplace for a carried interest fund model, in terms of transaction types, success rates, projected outcomes, measured Key Performance Indicators (KPIs) and co-investment structure. A yearly funding profile has also been provided showing expenditure and income throughout the 10-year life of the Fund. A Project Execution Plan is in place that outlines governance structures, roles, and responsibilities of the internal delivery team, planned engagement with the Fund Manager and reporting mechanisms.

- 2.50 Remaining outstanding deliverables include the development of a robust Monitoring and Evaluation Plan, an effective Communications Strategy, and the review of environmental and social KPIs and targets (including Equality, Diversity and Inclusivity targets) that will be discussed and agreed with the Fund Manager in advance of the contract being agreed.
- 2.51 Overall, the Fund has multiple, significant risks of a reputational and financial nature for the Combined Authority as the investor. The Combined Authority's lack of experience and expertise in fund management and not having delivered a finance product like the Fund before adding further risks and uncertainties. The informal review of the proposed investment model adds some confidence, however the pertinent financial risks of such an investment product remain.
- 2.52 There is, however, an opportunity for an additional and longer-term source of income and thus, funding to be generated that could be re-invested to widely support more and more businesses within the region and potentially other projects or aspirations of the Combined Authority. Lessons learned from a review of the Growing Places Fund suggest that several lenders are willing to explore the opportunity of lending alongside the Combined Authority. This could potentially result in increased co-investment from other public sector lenders towards individual investments, enabling the Fund to expand its capital base and impact.

3. Tackling the Climate Emergency Implications

- 3.1 The climate emergency implications have been considered as part of the business case development.
- 3.2 The WYBALP will be an ESG Fund, which will seek to incorporate strong environmental, social and governance criteria throughout the investment evaluation, due diligence and decision-making process. Prior to any investment decision being made, the Fund Manager will undertake analysis of the environmental policy, impact, and performance of each investee.
- 3.3 The Fund will invest in organisations with low carbon credentials supporting all businesses to achieve zero carbon by 2038.

- 3.4 Overall, the Fund will raise environmental awareness that is currently lacking amongst many start-ups and SMEs in the Region, whilst also providing them with access to finance that will enable them to realise and achieve their net zero goals.
- 3.5 Investees may also be able to access further support from the Combined Authority, with a number of other existing programmes supporting businesses to reduce their environmental impact e.g. REBiz, Connecting Innovation, Made Smarter and the Travel Plan Network.

4. Inclusive Growth Implications

- 4.1 The inclusive growth implications have been considered as part of the business case development.
- 4.2 The outputs, benefits and inclusive growth implications are set out in Section Two of Appendix One.

5. Equality and Diversity Implications

- 5.1 An Equality Impact Assessments (EQIA) has been undertaken as part of the business case development.
- 5.2 The equality and diversity implications are set out in Section Three of Appendix One.

6. Financial Implications

- 6.1 The report seeks endorsement to expenditure from the available Combined Authority funding as set out in this report.
- 6.2 Approvals to date total £265,000. £100,000 of development funding from the GPF was approved on 9 March 2021 by the Combined Authority. The remaining £165,000 has been approved in phases by the Combined Authority's SLT through Requests for Decisions and has been funded from reserves. Of this, £238,000 has been spent to date.
- 6.3 Drawdown of £21,650,000 of recycled GBF funding will be required in phases throughout the 10-year fund life according to the Fund Manager's investment decisions and as required to cover staff costs, overheads, Fund Manager's management fees, legal professional fees and operational costs.
- 6.4 A reasonableness test (an informal review) of the preferred supplier's Commercial Model has been undertaken by KPMG.
- 6.5 The scheme costs are set out in Section Four of Appendix One.

7. Risks

- 7.1 The scheme risks include:

- £20,395,000 of GPF returns are currently available for investment and the anticipated return profile will be sufficient to cover the WYBALP cashflow requirements.
- Reputational risks for the Combined Authority related to loss of fund capital and potential adverse social and environmental outcomes and impacts of investment. Mitigation includes:
 - Investment criteria and restrictions clearly set out in the Invitation to Tender document and to be included in the Limited Partnership Agreement with the appointed Fund Manager.
 - Robust due diligence process, assessment and monitoring of the ESG credentials of investees to be undertaken by the Fund Manager throughout the life of the Fund to inform investment selection and evaluation process.
 - Robust communications strategy and effective risk management plan to be jointly developed by the Fund Manager and the Combined Authority. Assurance will be provided by external legal, financial experts and auditors where required.
 - Regular assessment and review of the Fund Manager's performance against agreed KPIs to be undertaken by the Combined Authority.

7.2 Further risks are set out in Section Five of Appendix One.

8. Legal Implications

8.1 The Combined Authority will need to establish a Special Purpose Vehicle and enter into legal agreements for the Limited Partnership Agreement (LPA) and the Investment Manager Agreement (IMA). Drafts of these documents have been prepared as part of the procurement process by Pinsent Mason.

8.2 The investment strategy, inclusive growth implications, equality and diversity implications, scheme costs and risks are set out in Appendix One. These sections are exempt as they contain confidential information relating to financial or business affairs which are still subject to a public procurement process.

9. Staffing Implications

9.1 There will be little impact on staff across the Combined Authority. Two FTEs will be involved in delivering and promoting the new Fund:

- Programme Lead - Access to Finance (in post)
- Service Manager – Access to Finance (to be recruited)

9.2 A Project Execution Plan has been provided that outlines the proposed governance structure, roles and responsibilities of the internal delivery team

and all governance bodies involved whilst setting out reporting mechanisms, a high-level risk management and monitoring strategy, and lessons learnt from GPF.

10. External Consultees

- 10.1 Extensive consultation has been undertaken both across the Combined Authority at Officer and Director level and externally to inform the shape of the Fund. External consultees included several regional comparator funds, such as British Business Bank (Northern Powerhouse Investment Fund) and Finance Yorkshire.

11. Recommendations

- 11.1 That the Committee notes progress on the establishment of the West Yorkshire Business Accelerator Limited Partnership, and the recent endorsements by the LEP Board and approval by the Combined Authority to allocate £21,650,000 of the anticipated £26,000,000 of recovered Growing Places Funding (which represents 83.3% of the total anticipated returned funding) to be invested in the West Yorkshire Business Accelerator Limited Partnership.

12. Background Documents

- 12.1 None.

13. Appendices

- 13.1 **Exempt Appendix One** - investment strategy, inclusive growth implications, equality and diversity implications, scheme costs and risks.

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