

BUSINESS, ECONOMY AND INNOVATION COMMITTEE

**MEETING TO BE HELD AT 2.00 PM ON WEDNESDAY, 29 MARCH 2023
IN COMMITTEE ROOM 1, WELLINGTON HOUSE, 40-50 WELLINGTON
STREET, LEEDS, LS1 2DE**

A G E N D A

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- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSEABLE PECUNIARY INTERESTS**
- 3. EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE MEETING HELD ON THE 24 JANUARY 2023**
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12. DATE OF THE NEXT MEETING

The date of the next meeting will be Wednesday 26 July 2023, subject to the approval of the proposed Calendar of Meetings 2023-24 at the Combined Authority's Annual Meeting.

Signed:

A handwritten signature in black ink, consisting of the letters 'BSM' in a stylized, cursive font, with a horizontal line underneath.

**Managing Director
West Yorkshire Combined Authority**



**MINUTES OF THE MEETING OF THE
BUSINESS, ECONOMY AND INNOVATION COMMITTEE
HELD ON TUESDAY, 24 JANUARY 2023 AT COMMITTEE ROOM 1,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS, LS1 2DE**

Present:

Councillor Shabir Pandor (Chair)	Kirklees Council
Andrew Wright (Deputy Chair)	Private Sector Representative (LEP)
Councillor Lisa Martin	Leeds City Council
Councillor Jane Scullion	Calderdale Council
Simon Langdale	Private Sector (Representative)
Asma Iqbal	Private Sector (Representative)
Karl Oxford	Private Sector (Representative)
Richard Paxman	Private Sector (Representative)
Paul Price	Private Sector (Representative)
Alan Williams	Private Sector (Representative)
Philip Wilson	Private Sector (Representative)
Sue Cooke	Advisory Representative (LCR Universities)
Dr Peter O'Brien	Advisory Representative (Yorkshire Universities)
Palvinder Singh	Advisory Representative (West Yorkshire Consortium of Colleges)
Lee Viney	Advisory Representative (Innovate UK)
Neville Young	Advisory Representative (Yorkshire & Humber Academic Health Science Network)
Dr Martin Stow	Observer (Nexus – University of Leeds)

In attendance:

Philip Witcherley (Interim Director)	West Yorkshire Combined Authority
Louise Allen (Officer)	West Yorkshire Combined Authority
Jo Barham (Officer)	West Yorkshire Combined Authority
Patrick Bowes (Officer)	West Yorkshire Combined Authority
Sarah Bowes (Officer)	West Yorkshire Combined Authority
Marianne Hewitt (Officer)	West Yorkshire Combined Authority
Thomas Hutchinson (Officer)	West Yorkshire Combined Authority
Myles Larrington (Officer)	West Yorkshire Combined Authority
Stephanie Oliver-Beech (Officer)	West Yorkshire Combined Authority
Joshua Rickayzen (Officer)	West Yorkshire Combined Authority
Henry Rigg (Officer)	West Yorkshire Combined Authority
Jennifer Robson (Officer)	West Yorkshire Combined Authority

1. Apologies for absence

Apologies for absence were received from Fara Butt, Martin Booth, Cllr Eric Firth, Deb Hetherington, Amir Hussain, Cllr Michael Graham, Cllr Ashley Mason, Simon Mellon, Professor Nick Plant, Mandy Ridyard, Cllr Alex Ross-Shaw, Bobby Thandi and Simon Wright.

2. Declarations of Disclosable Pecuniary Interests

There were no declarations of pecuniary interests at the meeting.

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

There were no agenda items that required the exclusion of the public and press.

4. Minutes of the Meeting held on the 19 October

Resolved: That the minutes of the meeting of the Business, Economy and Innovation Committee held on 19 October 2022 be approved.

5. Chair's Update

The Chair opened the meeting by noting that the Convention of North was due to take place in Manchester on Wednesday 25 January 2023. The purpose of the convention was to celebrate the North, outline a number of unique value propositions and growth opportunities, and the investment potential of the North to the UK's global success. The Convention would be chaired by The Rt Hon Mayor Andy Burnham, the Mayor of Greater Manchester and would set out a series of propositions to the Government and opposition. Next year, the Convention was due to be hosted in West Yorkshire.

In addition, the Chair also referred to the publication of the LEP Integration paper by the Combined Authority. The paper provided clarity on the role of LEPs within a mayoral combined authority and would be considered at the Combined Authority meeting on 2 February 2023. Members would then consider the next steps, including the governance arrangements and the recruitment of a permanent LEP chair.

The Combined Authority continued to work with local authority partners within West Yorkshire to submit successful levelling up funding bids. The Chair observed that, while it was positive that Kirklees Council received £12 million pounds in approved funding, he offered his commiserations to the other four local authorities who did not have any of their funding bids approved. He indicated that he would continue to make the case that the gap should be narrowed in terms of improving investment opportunities within West Yorkshire.

6. Crisis in the Cost of Living and Doing Business

The Committee considered a report on the latest economic and business

intelligence, particularly relating to the cost of living and doing business.

The Chair introduced the report which provided an update on the regional activity to support businesses, households and recent Government announcements relating to this. Officers presented the report and explained that:

- Productivity in West Yorkshire was on the increase, but there remained a gap between the output per hour worked in West Yorkshire and nationally.
- The labour force had become better qualified over time in West Yorkshire although there was still ground to be made up with the national average.
- The transport and storage sector, and the accommodation and food service sector were growing fast in West Yorkshire compared to the national level.
- West Yorkshire's digital infrastructure was a key strength. The area outperformed the national average on key measures relating to the gigabit-capable and mobile 4G coverage.

The Combined Authority was also canvassing Government to commit to supporting energy-intensive and enhanced risk businesses, the hospitality sector and the wider supply chain businesses post-March 2023 - which was when the Energy Bill Relief Scheme would be replaced by the Energy Bill Discount Scheme.

The new scheme represented a reduction in support to businesses of around 66%, as smaller businesses that do not operate in Energy and Trade Intensive Industries would receive the least amount of support, which was likely to mean culture and night time economies would be particularly exposed to high energy costs. The Combined Authority proposed to make a further submission to the Government in advance of the Spring Budget, about the need for further support for businesses to help with the cost of energy.

Members made the following observations:

- The continuing disruption to transport services was having an incremental effect on retail footfall. Members expressed an interest in receiving specific data on the impact on GDP and the Head of Research and Intelligence indicated that this would be collated accordingly and brought to the committee for discussion at a future date.
- It was agreed that the Combined Authority continue to work to encourage businesses in West Yorkshire to invest in new sustainable technologies to ensure the region had greater energy security in the future.
- Members indicated that while the Mayor's Fares Bus initiative was very welcomed, it would be helpful to have some data on the impact the scheme was having. The Head of Research and Intelligence indicated that an assessment was currently being undertaken and outcomes would be presented to the next Transport Committee.

Resolved:

- i. The Committee noted the evidence presented in the submitted report and considered it as part of the decision-making process.
- ii. Members provided their comments on the additional asks that should be made of Government in order to help support businesses with rising energy costs.

7. Healthtech - Year One Update

The Committee considered a report on the progress of the West Yorkshire Healthtech Strategy.

The Chair introduced the report which provided an update on activity and progress following creation of the Healthtech Regional Lead role, leading to approval of the Healthtech Strategy. It also provided an overview on key areas of focus for the coming year. The Regional Healthtech Lead then presented the report and explained that:

- Healthtech provided a broad range of products, services and solutions to improve and save lives, from prevention to diagnosis and cure. Healthtech products ranged from commonplace objects such as surgical masks and wheelchairs, through to non-invasive diagnostic tests like lateral flow tests, implantable devices such as heart valves and replacement joints, and to medical applications and healthcare IT systems.
- West Yorkshire has a significant Healthtech sector as the region is consistently identified as one of the UK's leading Healthtech locations by business number and employment. For example, 22% of all UK digital health jobs were based within the region.
- The role of Healthtech Regional Lead was created to provide a focus in the Combined Authority to drive forward the region's approach to this sector.
- The main aim of this was to seek approval of the region's first Healthtech Strategy, with strong buy-in across from partners to the vision that the region would be the number one place for Healthtech entrepreneurs, innovators and industry.

Members made the following observations:

- As the European Union (EU) was potentially more complex to operate in following Brexit, it was essential to examine the US market which could represent an easier landing space for this initiative.
- In terms of deploying this initiative in the NHS, it was important to recognise that the NHS was always keen to test products but there were often barriers to products purchases, especially within the regulatory framework. Members took the view that health science networks, in particular, could help to support the aims of the Healthtech Strategy.

- A key part of the strategy must be the aim of inclusive growth. Members expressed a desire that the notion of inclusive growth must form part of the core design of the Healthtech Strategy in order to enable disadvantaged minority groups to contribute at this strategic level by seeking out creative contributions and strong talents to help achieve its main aims.
- Members expressed a desire that the Healthtech Strategy should focus on rewarding companies that seek to drive down health inequalities and have good employment practises such as those who pay the living wage.

Resolved: The Committee noted the progress made over the first year of this sector-focus approach to innovation and endorsed the areas identified for future work, including pipeline development.

8. West Yorkshire Plan and Economic Strategy

The Committee considered a report which provided an update on the progress and development of a West Yorkshire Plan and the Economic Strategy.

The Chair introduced the report and then invited officers to present the West Yorkshire Plan and the Sector Manager on Healthcare and Life Sciences to present the Economic Strategy.

Officers noted that work had been ongoing on the development of a West Yorkshire Plan to provide an overarching narrative for the region. The plan would:

- Explain who West Yorkshire was and what we wanted to do;
- Set the trajectory for the longer-term up to 2040;
- Ensure that government and wider local and national stakeholders were clear on the priorities and ambitions of the region and how these would align with the new Government's plans for economic growth;
- Ensure that all regional partners would speak with one strong voice;
- Continue to develop shared endeavour between the Combined Authority and the local authorities.

The Sector Manager on Healthcare and Life Sciences explained that the Economic Strategy would provide a vision for the future of the West Yorkshire Economy to support the development of investment priorities to meet these aims and objectives.

Members of the Committee made the following observations:

- West Yorkshire would be a region where diverse groups would form the majority by 2050, according to current projections. Members expressed a desire to see this referenced in the report and to have more extensive measures relating to EDI, so that the future economy was based on greater diversity to unlock the potential within the region.
- Productivity needed to be better defined within the report, so that members had some way of quantifying the outcomes of the West

Yorkshire Plan and the Economic Strategy.

- As Huddersfield was the home of precision technologies, members wished to see this referenced in the regional plan.

Resolved:

- i. The Committee considered the draft West Yorkshire Plan and provided feedback on how the content should be shaped moving forward.
- ii. The Committee considered the draft Economic Strategy and provided feedback on how the content should be shaped moving forward.

9. Innovate UK West Yorkshire Action Plan

The Committee considered a report which sought input on the Innovate UK Action Plan for West Yorkshire.

The Chair invited officers to present the report and it was noted that:

- The plan had been developed with Innovate UK in partnership with the region, which would lead to increased investment for businesses and additional profile for the region.
- It was proposed to have targeted activities to support local innovation as UK transparency data showed that businesses in West Yorkshire received significantly fewer grants than the UK national average.
- The Action Plan would be launched at an invite only event in February 2023 at NEXUS, where there would be a significant opportunity to secure increased regional and national profile.
- Innovate UK was working closely with the Department for Business, Energy and Industrial Strategy to identify clusters within the region.

Resolved: The Committee noted the contents of the action plan and provided feedback.

10. Business and Innovation Activity

The Committee considered a report which provided an overview of the progress of current and future activity across Business and Innovation.

The Chair introduced the report and then invited officers to present the report. Members noted that:

- The 2023 Convention of the North would be held in Manchester on 25 January 2023. As this was the region's major annual gathering, both the Mayor and the Chair of the LEP Board would be in attendance.
- The Combined Authority meeting on 2 February 2023 would consider a paper on the LEP Integration Plan that set out the steps that were required to fully integrate the LEP into the Combined Authority, including further governance changes required and the impact on the recruitment of the new LEP Chair and board members.
- Following the work of the Manufacturing Task Force and the

subsequent recommendations report, a Manufacturing Advisory Board had been set up, with the first meeting taking place in December 2022. The Board would continue to work to identify gaps in provision and seek to identify opportunities to ensure manufacturers in the region were supported to become more resilient.

- The Combined Authority continued to help to support the Advanced Machinery Productivity Institute (APMI) to drive innovation in West Yorkshire's advanced machinery sector.
- The Mayor's Innovation Prize was currently in delivery as a pilot challenge competition. Applications for the project would close on 22 January 2023 and participants would be shortlisted for a series of bootcamps to further develop their ideas.
- Planning was underway for this year's West Yorkshire Innovation Festival which would be held during the week commencing 13 November 2023.

Members expressed an interest in how small and medium-sized enterprises (SMEs) placed graduates to help advance skills, drive productivity and innovation across the region. They indicated that this information should be reflected in the report.

It was also observed by Members that business-to-consumer (B2C) businesses should be included in resource planning, with consideration as to whether representatives from these sectors should be invited to sit on the committee.

Resolved:

- i. The Committee noted the activity currently underway.
- ii. Members provided feedback on the approach to more targeted business support in the new wave of programmes.
- iii. Members endorsed the recommendation to offer a financial contribution of £2.5k to further the Strength in Places Fund (SIPF) programme and industrial engagements across West Yorkshire.

11. Digital Update

The Committee considered a report which provided an update on the recent activity relating to digital across the region.

The Chair introduced the item and invited officers to present the report. Members noted that:

- A refresh of the Digital Framework was being instigated. To support this work, mapping of the digital tech sector in West Yorkshire had been commissioned.
- Additional work was underway to map the entire West Yorkshire regional economy with granular analysis of digital sector employment.
- To further support the refresh of the Digital Framework, on the 12

December 2022 the Chair of the LEP Board hosted a LEP Deep Dive session on digital for private sector members of the Board.

- The Local Digital Skills Partnership (LDSP) was in its third and final year of Department for Digital, Culture, Media and Sport (DCMS) funding. In creating the Digital Skills Plan (DSP), the LDSP had accomplished their core targets. The DSP was launched on 28 November 2022 and had been received with enthusiasm across private, public and third sector partners across West Yorkshire.

Members sought to clarify where digital and cyber security fit into the report. It was clarified that the report made a distinction between digital first businesses and digital enabled businesses, as the definition of a digital business needed to be part of the wider conversation.

Resolved: Members noted the report and provided feedback on the next steps.

12. Date of the Next Meeting

It was noted that the next meeting of the Business, Economy and Innovation Committee would be held on 29 March 2023.



Report to: Business, Economy and Innovation Committee

Date: 29 March 2023

Subject: **Evidence Report**

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

Author: Thomas Newton, Economic Analysis Team Leader

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, particularly relating to the cost of living and doing business, as well as the Spring Budget.
- 1.2. To update the Business, Economy and Innovation Committee on the Business Health Dashboard and the early insights that it is providing.

2. Information

Macroeconomy

- 2.1. The Spring Budget was held on 15 March, where the following key announcements were made:

- The Energy Price Guarantee scheme will continue to be frozen at current levels for the next 3 months. As it stands, the Ofgem Energy Price Cap is greater than the EPG level, but that is anticipated to reverse throughout 2023. At the same time, the £400 rebate will be withdrawn, instead to be replaced by more means-tested support. **This £400 withdrawal will push up to a further 32,000 West Yorkshire households into fuel poverty.**

- The Government will introduce a new programme to support people with disabilities and long-term sickness into work. A new Universal Support programme will match individuals in England and Wales who want to work with existing job vacancies, and ensure they are supported to enter and stay in work by funding the necessary training and workplace support. The Government is expecting to provide 50,000 jobs per year through this scheme, with £4,000 worth of funding for each individual. **Of the 344,000 economically inactive people in West Yorkshire, 80,000 are inactive due to long-term sickness, and a further 6,400 are due to short-term sickness.**
- The Government will introduce Returnerships, a new offer promoting existing skills interventions to the over-50s, focussing on flexibility and previous experience to reduce training length. They will be supported by a £63.2 million investment for an additional 8,000 Skills Bootcamps in 2024-25 in England.
- The Government will provide £4.1 billion by 2027-28 to deliver 30 hours a week of free childcare for eligible working parents of children aged 9 months up to 3 years in England, where eligibility will match the existing three to four-year-old 30 hours offer. To support delivery, the Government will also provide £204 million in 2023-24 from September, followed by increases each year, to uplift the funding rate for the existing childcare offers. **There are currently 73,000 economically inactive people in West Yorkshire that are inactive due to looking after their family.**

2.2. In addition to the above, the following tax changes were announced:

- The Government is maintaining the level of Fuel Duty at the current level, including the extension of the 5p cut, costing £5 billion in 2023/24 and estimated to save the average driver £200. **Within West Yorkshire, 74% of households have at least one car, up from 71% in 2011.**
- Businesses in the Film and high-end TV industry will be eligible for a credit rate of 34% and animation and children's TV will be eligible for a rate of 39%. The new Video Games Expenditure Credit will have a credit rate of 34%. **Across West Yorkshire there are roughly 450 businesses within these sectors.**
- R&D tax relief for the largest companies will increase from 13% to 20% from 1 April 2023. From 1 April, tax relief for smaller companies will also change. There will be increased relief for loss-making, R&D intensive SMEs. By April 2024, the Government will have finalised R&D tax support for SMEs going forward, which have recently been consulted on. **In the FY 2019/20, 2,920 R&D tax credit claims were made, worth £150m. 96% of the claims made by West Yorkshire firms were from SMEs.**

- The Lifetime Allowance charge will be removed from 6 April 2023, with the Lifetime Allowance fully abolished by April 2024. The maximum tax-free lump sum will be frozen at the old limit of £268,275 (representing 25% of the old limit). The Annual Allowance for pension contributions will also increase from £40,000 to £60,000.

2.3. Given these measures, the Office for Budget Responsibility has produced the following forecasts:

- The UK economy will avoid a technical recession – but only just. Q1 2023 GDP growth is forecast to be -0.4%, and 0.0% in Q2. This means that the peak-to-trough fall in GDP will be 0.6%, better than the previously forecast 2.1% in November 2022.
- CPI inflation will fall to 2.9% in Q4 2023, a greater reduction than was previously anticipated. Continued falls in energy prices are likely to take the Ofgem energy price cap to £2,200 by the end of this year, which will combine with the timing effects of last year's higher energy prices falling out of the 12-month calculation.
- Real Household Disposable Income (RHDI) per person – a measure of real living standards – is expected to fall by 5.7% between April 2022 and March 2024. Whilst this is 1.4 percentage points less than was forecast in November, this is still the largest two-year fall in living standards since records began in 1956-57. This is largely due to rising energy costs outstripping wage rises, meaning that real living standards will be 0.4% lower in March 2028 than they were in March 2020.
- Improvements in economic prospects has led to a brighter outlook for public finances, and the Chancellor has spent two-thirds of this uplift in fiscal outlook, leaving around £6 billion in fiscal headroom. The budget is therefore exposed to significant risks from volatile energy prices and interest rates, as well as the assumptions made around labour market participation.

2.4. CPI inflation rose by 10.1% in the year to January 2023. Whilst this change represents a fall in the rate of inflation compared with the 12 months to December 2022, it is important to note that prices are still increasing, and at historically high rates, but slightly more slowly than they were previously. The most notable movement in price has come in the transport sector, where the annual inflation rate has fallen for a seventh consecutive month to 3.4%, down from its peak of 15.2% in June. Restaurants and hotels are also increasing their costs at a slower rate than they were previously, with this effect being visible mostly on drinks prices in cafes and restaurants.

2.5. In order to bring CPI inflation back to its 2% target, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 in favour of raising the Bank Rate from 3.5% to 4%. The Bank of England's model assumes a peak in the Bank Rate of 4.5% in Summer 2023 and a rate of 3.25% over the next three years. This move is in line with the Federal Reserve in the USA and the European Central Bank, who have also increased interest rates this week to bring the rate of inflation down to their long-term targets.

- 2.6. It is anticipated that inflation will fall sharply this year, falling to around 5% by the end of 2023, though it should be noted that inflation would naturally be lower this year due to timing effects. For example, the energy price cap had a relatively large increase in 2022, and the increases going forward are expected to be lower. Even though inflation is looking likely to decline, it does not mean that prices are overall getting cheaper for people, it simply means prices are increasing at a slower rate.
- 2.7. In the twelve months to February 2023, median pay in West Yorkshire rose by 4.8%. Given that CPI inflation was 10.1% for the same period, the average person in West Yorkshire became 5.3% poorer over the last year. Across the UK, median pay rose by 5.6% during the same period, meaning that the median pay gap between West Yorkshire and the UK has continued to rise in the past twelve months.
- 2.8. The monthly count of online job postings is volatile but remains at very high levels in historic terms. There were 33,600 unique, new postings recorded in December 2022, a 16% increase on November 2022 and 43% higher than the level for December 2021. Job vacancies increased in all five districts between November and December. In terms of the impact across sectors, sales saw the biggest growth in absolute (+810) and percentage terms (+33%) but there were also big increases for Clerical / Admin, Engineering, Business management and operations and Hospitality, food and tourism.

Businesses

- 2.9. No new business support for energy bills was announced at the Spring Budget, meaning that the Energy Bill Discount Scheme announced in January will come into effect from 1 April. The scheme works by offering businesses and public sector organisations discounted prices for wholesale gas and electricity. This support will run until 31 March 2024, with the level of support capped at £5.5 billion in order to protect the taxpayer from volatile energy markets. Whilst all businesses will receive some form of discount, there are additional discounts for those operating in Energy and Trade Intensive Industries. A list of these industries can be found in Appendix 1.
- 2.10. The Government have also announced a British Industry Supercharger scheme to ensure that energy costs for key UK exporting industries are in line with other major economies around the world. Details are currently light on the mechanisms, eligibility, and delivery of this scheme, but consultation will begin in Spring 2023, with rollout due to commence in Spring 2024.
- 2.11. February saw 1,953 business registrations in February 2023 largely in line with the 2022 trend. The wholesale and retail trade sector, as well as the transport and storage sector are over-represented in the business registrations figures relative to their overall business base share.

2.12. There were also 1,426 business liquidations in February, with the manufacturing and construction sectors, as well as the arts and entertainment sectors are over-represented in the liquidation figures relative to the proportion of businesses within the region. This matches intelligence around high inflation on input prices and the impacts of inflation in reducing discretionary spending by households, leading to businesses in these sectors having less money to spend on non-essential items. Taking registrations and liquidations together, West Yorkshire saw 526 net new businesses in February.

2.13. The Economic Analysis team are currently in the process of developing a Business Health Dashboard, which is intended to provide a snapshot of how businesses are dealing with historically high costs of doing business and the ongoing labour market challenges. Screenshots of the Dashboard can be seen in Appendix 2, and the team would welcome feedback on data visualisation and the metrics captured within the dashboard. Currently, the following indicators are being monitored:

- Out of work claimant counts by district
- In work claimant counts by district
- Vacancies by both district and sector
- New business registrations by district and sector
- Business liquidations by business and sector
- SME debt levels by district
- Business sentiment from the West and North Yorkshire Chamber of Commerce's Quarterly Economic Survey

2.14. The key insights from the dashboard thus far are as follows:

- On business liquidations, the manufacturing and construction sectors, as well as the arts and entertainment sectors are over-represented in the liquidation figures relative to the proportion of businesses within the region. This matches intelligence around high inflation on input prices and the impacts of inflation in reducing discretionary spending by households, leading to businesses in these sectors having less money to spend on non-essential items.
- Vacancy rates within West Yorkshire remain high. Since November 2021, the total number of job vacancies in West Yorkshire has remained around double the pre-pandemic levels, with 33,600 vacancies in the region in December 2022. This is close to the peak number of vacancies observed in October 2022, when there were 36,700 job postings in the region. Two in every three vacancies in West Yorkshire fall within two sectors: Administration and Support Services and Financial and Insurance Activities.

Households

2.15. The Ofgem price cap fell by £999 to £3,280 for April to June, but energy prices will still rise for households. Current legislation means that consumers pay the

lower of the Ofgem price cap or the Energy Price Guarantee (EPG) offered by the government, which is currently £2,500 per year for average household energy usage.

- 2.16. The decision by the government to maintain the £2,500 Energy Price Guarantee for average household energy consumption but end the £400 energy bill discount that every household was entitled to, represents a £400 increase in average household energy bills. In West Yorkshire, this means that an estimated 42% of households will be in fuel poverty compared with 32% nationally.

3. Tackling the Climate Emergency Implications

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

4. Inclusive Growth Implications

- 4.1. It is expected that the ending of the £400 energy bill discount for households will push up to an additional 32,000 West Yorkshire homes into fuel poverty, giving West Yorkshire an estimated fuel poverty rate of 42% from April, compared with 32% nationally.

5. Equality and Diversity Implications

- 5.1. The government's decision to offer 30 hours of free childcare for children aged 9 months or over will provide important support to the 73,000 West Yorkshire residents who are currently economically inactive due to looking after their family.

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 note the latest intelligence around the West Yorkshire economy and comment specifically on the asks of government.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – List of sectors eligible for the Energy and Trade Intensive Industries scheme

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List of sectors eligible for the Energy and Trade Intensive Industries (“ETII”) scheme

Firms with primary operations in the sectors listed below will be eligible for support under the ETII scheme. Further detail on eligibility and the application process will be published in due course.

The ETII sectors were identified via the EBRS review as those meeting certain thresholds for energy and trade intensity, in addition to sectors currently included in existing Energy Compensation and Exemption schemes. Energy intensity was based on electricity and gas consumption as a % of a sector’s GVA using ONS data. Trade intensity was based on goods trade using ONS data. To qualify as an ETII sector, the sector had to be above the 80th percentile for energy intensity (i.e., fall in the top 20% of sectors by energy intensity across the UK), and the 60th percentile for trade intensity (i.e., fall in the top 40% of sectors by trade intensity across the UK). The ETII scheme is subject to consideration of state aid rules.

We will publish further information on the ETII scheme by the end of March 2023, including guidance for firms that believe their operations are not correctly classified by Standard Industry Classification (SIC) code.

Sectors were defined under the SIC hierarchy. A more detailed description of each SIC code, including inclusions and exclusions, is available here [Link to definitions of SICs e.g. https://onsdigital.github.io/dp-classification-tools/standard-industrial-classification/ONS_SIC_hierarchy_view.html]

SIC Code	Description
05.10	Mining of hard coal
06.10	Extraction of crude petroleum
08.11	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate
08.12	Operation of gravel and sand pits; mining of clays and kaolin
08.99	Other mining and quarrying n.e.c.
10.11	Processing and preserving of meat
10.12	Processing and preserving of poultry meat
10.20	Processing and preserving of fish, crustaceans and molluscs
10.41	Manufacture of oils and fats
10.42	Manufacture of margarine and similar edible fats
10.51	Operation of dairies and cheese making
10.61	Manufacture of grain mill products
10.62	Manufacture of starches and starch products
10.71	Manufacture of bread; manufacture of fresh pastry goods and cakes
10.81	Manufacture of sugar
10.82	Manufacture of cocoa, chocolate and sugar confectionery
10.85	Manufacture of prepared meals and dishes
10.86	Manufacture of homogenised food preparations and dietetic food
10.89	Manufacture of other food products n.e.c.
10.91	Manufacture of prepared feeds for farm animals
11.02	Manufacture of wine from grape
11.03	Manufacture of cider and other fruit wines
11.05	Manufacture of beer
11.06	Manufacture of malt
13.10	Preparation and spinning of textile fibres

SIC Code	Description
13.20	Weaving of textiles
13.30	Finishing of textiles
13.91	Manufacture of knitted and crocheted fabrics
13.92	Manufacture of made-up textile articles, except apparel
13.93	Manufacture of carpets and rugs
13.94	Manufacture of cordage, rope, twine and netting
13.95	Manufacture of non-wovens and articles made from non-wovens, except apparel
13.96	Manufacture of other technical and industrial textiles
13.99	Manufacture of other textiles n.e.c.
14.11	Manufacture of leather clothes
14.12	Manufacture of workwear
14.19	Manufacture of other wearing apparel and accessories
14.31	Manufacture of knitted and crocheted hosiery
14.39	Manufacture of other knitted and crocheted apparel
15.11	Tanning and dressing of leather; dressing and dyeing of fur
15.12	Manufacture of luggage, handbags and the like, saddlery and harness
16.10	Sawmilling and planing of wood
16.21	Manufacture of veneer sheets and wood-based panels
16.22	Manufacture of assembled parquet floors
16.29	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials
17.11	Manufacture of pulp
17.12	Manufacture of paper and paperboard
17.21	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard
17.22	Manufacture of household and sanitary goods and of toilet requisites
17.23	Manufacture of paper stationery
17.24	Manufacture of wallpaper
17.29	Manufacture of other articles of paper and paperboard
19.10	Manufacture of coke oven products
19.20	Manufacture of refined petroleum products
20.11	Manufacture of industrial gases
20.12	Manufacture of dyes and pigments
20.13	Manufacture of other inorganic basic chemicals
20.14	Manufacture of other organic basic chemicals
20.15	Manufacture of fertilisers and nitrogen compounds
20.16	Manufacture of plastics in primary forms
20.17	Manufacture of synthetic rubber in primary forms
20.20	Manufacture of pesticides and other agrochemical products
20.41	Manufacture of soap and detergents, cleaning and polishing preparations
20.60	Manufacture of man-made fibres

SIC Code	Description
22.11	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres
22.19	Manufacture of other rubber products
22.21	Manufacture of plastic plates, sheets, tubes and profiles
22.22	Manufacture of plastic packing goods
22.23	Manufacture of builders' ware of plastic
22.29	Manufacture of other plastic products
23.11	Manufacture of flat glass
23.12	Shaping and processing of flat glass
23.13	Manufacture of hollow glass
23.14	Manufacture of glass fibres
23.19	Manufacture and processing of other glass, including technical glassware
23.20	Manufacture of refractory products
23.31	Manufacture of ceramic tiles and flags
23.32	Manufacture of bricks, tiles and construction products, in baked clay
23.41	Manufacture of ceramic household and ornamental articles
23.42	Manufacture of ceramic sanitary fixtures
23.43	Manufacture of ceramic insulators and insulating fittings
23.44	Manufacture of other technical ceramic products
23.49	Manufacture of other ceramic products
23.51	Manufacture of cement
23.52	Manufacture of lime and plaster
23.61	Manufacture of concrete products for construction purposes
23.62	Manufacture of plaster products for construction purposes
23.63	Manufacture of ready-mixed concrete
23.64	Manufacture of mortars
23.65	Manufacture of fibre cement
23.69	Manufacture of other articles of concrete, plaster and cement
23.70	Cutting, shaping and finishing of stone
23.91	Production of abrasive products
23.99	Manufacture of other non-metallic mineral products n.e.c.
24.10	Manufacture of basic iron and steel and of ferro-alloys
24.20	Manufacture of tubes, pipes, hollow profiles and related fittings, of steel
24.31	Cold drawing of bars
24.32	Cold rolling of narrow strip
24.33	Cold forming or folding
24.34	Cold drawing of wire
24.41	Precious metals production
24.42	Aluminium production
24.43	Lead, zinc and tin production
24.44	Copper production

SIC Code	Description
24.45	Other non-ferrous metal production
24.46	Processing of nuclear fuel
24.51	Casting of iron
24.52	Casting of steel
24.53	Casting of light metals
24.54	Casting of other non-ferrous metals
25.92	Manufacture of light metal packaging
26.11	Manufacture of electronic components
26.52	Manufacture of watches and clocks
27.20	Manufacture of batteries and accumulators
27.32	Manufacture of other electronic and electric wires and cables
27.51	Manufacture of electric domestic appliances
28.91	Manufacture of machinery for metallurgy
91.01	Library and archive activities
91.02	Museum activities
91.03	Operation of historical sites and buildings and similar visitor attractions
91.04	Botanical and zoological gardens and nature reserve activities



Report to: Business, Economy & Innovation Committee

Date: 29 March 2023

Subject: **Innovation Finance and Regional Investment Vehicles**

Director: Phil Witcherley, Interim Director Inclusive Economy, Skills & Culture

Author: Mitchell McCombe, Interim Head of Innovation & Digital Policy

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input 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 the Committee with an overview of innovation finance policy development and outline proposals relating to Northern Gritstone.

2. Information

Innovation Finance Policy Development

- 2.1. Innovation finance is a fundamental tool to support high-potential and IP-rich businesses to grow and scale.
- 2.2. Traditionally, SMEs have access to three forms of finance to grow their companies:
 - **Debt:** where businesses receive a loan from a bank and repay that loan with additional interest rates on top of the borrowing.
 - **Grants:** where businesses can apply for competitive funding and receive either match-funding or unmatched funding to develop an idea or business proposal.
 - **Equity:** where individuals or venture-capital firms invest money into an SME using their own funding. In return, they receive a stake of ownership

in the firm and some decision-making powers (such as being a non-executive director).

2.3. In West Yorkshire, businesses have access to a range of these finance options for their companies, but there are a number of setbacks with each option:

Mechanism	Challenges
Debt	Start-ups and spinouts are less likely to secure debt as banks view them as risky investments at such an early stage of the business development cycle.
Grant	Grants are highly competitive and tend to be lower value in nature (<£100,000). In some cases, businesses will also be required to match the grant-funding awarded.
Equity	Venture capital and angel investment are highly competitive. The US Venture Capital Association estimates that for every 100 business plan submissions, 10 are assessed and only 1 receives funding ¹ . In the UK, venture capital and angel investment are heavily concentrated in London and the Greater South East.

2.4. In particular, there is a relatively strong gap in the provision of equity finance that is available to businesses – particularly those which have high-growth potential and are IP-rich. We know the following:

- The British Business Bank² estimates that London also secured almost half of all equity deals (1,286), Yorkshire and the Humber secured only 86.
- A recent report from Harvard University on Tackling the UK's *Regional Economic Inequalities* found that there is a statistically significant difference in the likelihood of receiving funding for SMEs in other regions – particularly the Yorkshire and Humber. SMEs in the Yorkshire and Humber were only 50% as likely to receive equity funding compared to equivalent firms in London³.
- Aggregated data from Beauhurst also suggests that total deal investment across West Yorkshire equalled around £269 million in 2022. In comparison to other regions, Greater Manchester in the same period secured £625 million and London taking over £18.8 billion.
- Further Beauhurst data also shows that West Yorkshire has 0.41 spinouts per 1,000 businesses compared to 0.56 in London, 0.76 in Greater Manchester and 0.99 in South Yorkshire.

¹ [New-Approaches-SME-full-report.pdf \(oecd.org\)](#)

² [Nations and Regions Tracker Infographic 2022 - British Business Bank \(british-business-bank.co.uk\)](#)

³ [Tackling the UK's regional economic inequality: Binding constraints and avenues for policy intervention | Harvard Kennedy School](#)

- 2.5. To resolve this challenge, the West Yorkshire Innovation Framework, approved by the Combined Authority in 2021, outlined a priority around innovation finance availability. This identified a priority that focuses on exploring new ways to address the investment gap attracting more choice in equity investment including angel investment and venture capital to the region.
- 2.6. Developing policy interventions around seedcorn financing was one of the investment priorities the Committee previously agreed at a meeting in Autumn 2022 and options for future Combined Authority-led schemes are in the early stages of development.
- 2.7. Work will continue to explore the potential opportunities relating to the delivery of interventions that address the seedcorn finance gap. In addition to this, the Combined Authority will also explore the need for developing a series of investment principles that align with our position on tackling the climate emergency, delivering inclusive growth and promoting equality, diversity and inclusion.

Northern Gritstone

Overview

- 2.8. Aligning to the ongoing policy development, the Combined Authority has been approached by Northern Gritstone Ltd.
- 2.9. Northern Gritstone was founded in 2020 by the Universities of Leeds, Manchester and Sheffield. Its purpose is to support the commercialisation of intellectual property-rich and innovation-driven science and technology businesses from across the North of England.
- 2.10. Northern Gritstone operates as an investment company that invests its own capital directly in the investee businesses rather than a fund managed by a third party. This has the benefit that any profits will be retained in the business rather than paid as a carried interest to the fund manager, which should afford greater growth potential for any investments. Unlike other funds, it is a true evergreen structure as there is not an investment and realisation period.
- 2.11. The organisation is aiming to raise over £500 million, of which £250 million will be allocated for follow on investment.
- 2.12. In its first investment round which closed in May 2022, Northern Gritstone secured £215 million. The company is now targeting to close a second round in Spring 2023. They will provide much needed venture capital finance to university spinouts and startups from across the region that are focused in high-growth sectors.

- 2.13. Since the first round, Northern Gritstone has invested in a number of companies across the north of England. This includes local spinouts such as Slingshot Simulations.

Investment Opportunity

- 2.14. Northern Gritstone have approached the Combined Authority for contributing to the latest round of investment calls. It is proposed that the Combined Authority would invest £1.5 million into Northern Gritstone.
- 2.15. Our investment is in addition to investment that will be made by other northern Mayoral Combined Authorities, public sector pension fund organisations as well as further investment leveraged from the private sector.
- 2.16. This investment would:
- Be used to provide venture capital to university spinouts (60-70% of funds) as well as high-growth startups outside of universities (30-40% of funds) across the West Yorkshire, Greater Manchester and South Yorkshire regions.
 - Focus on a series of high-growth sectors such as clean tech; software, digital and AI; electronics, materials and manufacturing; and life sciences and biosciences.
- 2.17. Investment in Northern Gritstone would contribute to supporting around 30 companies over the next 5 years (18 of which are university spinouts). The companies receiving investment have the potential to grow significantly and could provide a significant return to shareholders. In addition to this it is anticipated that the investments would create 450 additional skilled jobs.
- 2.18. Investment is anticipated to achieve an Internal Rate of Return of up to 20%. This means that from an initial £1.5 million of investment, within 10 years, this would be worth £6 million, and within 20 years would be worth £40 million.
- 2.19. The Combined Authority met on 16 March 2023 and considered a report that included a recommendation to progress investing £1.5 million into Northern Gritstone. This is subject to further due diligence checks which will be taken through internal decision-making bodies. The report to the Combined Authority can be found as a link at the end of this report.

3. Tackling the Climate Emergency Implications

- 3.1. Northern Gritstone is a signatory to the Net Zero Asset Managers Initiative and is committed to being a carbon neutral business both in its own operations and across its subsidiaries and other investee companies.
- 3.2. Northern Gritstone as a venture capital firm have outlined clean tech businesses as a key sector for investment, and each investment is aligned to the UN Sustainable Development Goals. This means that interventions should

not have a negative effect on our regional ambitions to tackle the climate emergency.

- 3.3. Northern Gritstone identifies “clean tech” as one of the growth sectors which the company will focus on. This contributes to our regional climate emergency ambitions and the West Yorkshire Climate & Environment Plan (in particular CC06: Innovation for Net-Zero, Nature Recovery and Climate-Ready) by encouraging the creation of new products, services and technology that could support the transition to a low carbon economy.

4. Inclusive Growth Implications

- 4.1. Northern Gritstone was founded with the philosophy of Profit with Purpose, combining attractive returns for shareholders with wider positive, societal and economic impact, including supporting Levelling Up and high-skilled job creation in the North of England.
- 4.2. Our regional Innovation Framework outlines priorities to deliver inclusive innovation. Investment decisions undertaken by Northern Gritstone are mapped against the UN Sustainable Development Goals. Previous investments have been mapped to:
 - SDG5: Achieve gender equality and empower all women and girls.
 - SDG9: Building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation.
 - SDG10: Reduce inequality within and among countries.
 - SDG11: Make cities and human settlements inclusive, safe, resilient and sustainable.
- 4.3. In addition to this, Northern Gritstone are also signatories of the UN’s Principles for Responsible Investing Code.
- 4.4. The project also supports the West Yorkshire Economic Recovery Plan by delivering on the “supporting local businesses” chapter and directly contributes to support the action to “ensure the right finance is in place to support innovators from a range of backgrounds”.

5. Equality and Diversity Implications

- 5.1. Northern Gritstone is explicit in its commitment to Environmental, Societal and Governance (ESG) standards. Their philosophy supports Profit with Purpose, combining attractive returns for shareholders with wider positive, societal and economic impact, including supporting Levelling Up and high-skilled job creation in the North of England. The company is a signatory to the Investing in Women Code.
- 5.2. The Combined Authority’s financial contribution to Northern Gritstone is very modest (£1.5m of a £500m investment call), so - in the first instance - we may not be able to stipulate targets around EDI. However, with the Combined Authority being represented on the Steering Group, it is planned that we will

be able to influence the targeting of startups and spinouts able to access support through Northern Gritstone, aligning this with our EDI targets for business support services.

- 5.3. By leveraging the support and values of our local universities, it is anticipated that targeting a diverse range of startups/spinouts will be a focus.

6. Financial Implications

- 6.1. The Combined Authority met on 16 March 2023 and agreed, subject to appropriate due diligence, to invest £1.5 million into Northern Gritstone.

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:
- a) Notes the progress on the policy development relating to innovation finance; and
 - b) Note the decision made by the Combined Authority to invest £1.5 million into Northern Gritstone.

11. Background Documents

[Report](#) to Combined Authority Meeting – 16 March 2023

12. Appendices

There are no background appendices referenced in this report.



Report to: Business, Economy and Innovation Committee

Date: 29 March 2023

Subject: **Equality, Diversity and Inclusion in Business Support**

Director: Phil Witcherley, Director of Inclusive Economy, Skills and Culture

Author: Josh Rickayzen, Policy Officer and Lorna Holroyd, Programme Lead

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

Draft Report on EDI for the Business, Economy and Innovation Committee

1. Purpose of this report

- 1.1 West Yorkshire is one of the most diverse regions in the country. Our diversity is a huge strength and opportunity for our region’s economic growth. For example, the decision of Channel 4 to relocate to our region was in part due to the markets the broadcaster could reach and the labour market it could access.
- 1.2 There is a distinct economic benefit to developing a strategy for increased inclusivity within business support. The Time to Change Report, commissioned by NatWest and authored by academics at the Centre for Research into Ethnic Minority Entrepreneurship (CREME) at Aston University, identifies the potential contribution of ethnic minority businesses to the UK economy as £100bn GVA, compared to the current figure of £25bn.
- 1.3 Ethnic minority businesses are 6% more likely to introduce a process innovation than non-ethnic minority businesses, and 11% more likely to introduce a product innovation (Unlocking the potential of ethnic minority businesses Report, Social Market Foundation 2021). Supporting a greater number of ethnic minority businesses could therefore bring other benefits to the regional economy.
- 1.4 Similarly, the Rose Review of Female Entrepreneurship identifies the potential added economic value of £250bn, if women started and scaled new businesses

at the same rate as men in the UK. Unlocking this potential, through an enhanced business support offer that directly tackles the barriers faced by under-engaged groups, would have a significant economic benefit for the region.

1.5 Over the last twelve months, the West Yorkshire Combined Authority has begun to specifically measure the impact of its interventions on business leaders with protected characteristics. We have made significant progress on work to support diverse communities in recent years. For example, through our Enterprise West Yorkshire programme that supports start-up businesses:

- 60% of those accessing support through the programme are female, versus a target of 50%
- 36.5% are from an ethnic minority background, versus a target of 20%

1.6 This report:

- Outlines the existing evidence on the reach and effectiveness of business support on business leaders with protected characteristics. This includes recent reports such as NatWest's Time to Change Report (launched in Leeds in February 2023) and the Combined Authority commissioned North Star report on black business engagement.
- Outlines existing progress made on delivery to support businesses led by people with protected characteristics.
- Seeks endorsement to develop an Equality, Diversity and Inclusion (EDI) Strategy for Combined Authority business support functions, to better ensure business support activity meets the needs of all of our diverse communities.

2. Information

Equality, Diversity and Inclusion

Context

2.1.1 It is vital to the mission of the Combined Authority that business support is accessible to all members of the community. Inclusive Growth and the tenets of EDI run as a 'golden thread' throughout the Combined Authority's delivery and vision for the region.

2.1.2 Where data shows challenges and a lack of access to business support, we need to work to develop programmes to inform future interventions. Female-led businesses are only 44% of the size of male-led businesses on average (Rose Review); 41% of disabled business owners do not use business support services (the Federation of Small Businesses, Business Without Barriers Report); ethnic minority business owners are less likely to seek business support through 'formal' avenues (Time to Change Report) like banking institutions or local governing bodies.

- 2.1.3 Barriers to access for specific groups are also reflected in data collected by the Combined Authority (see section 2.2) and in reports commissioned by the Combined Authority (see section 2.3). This data allows for better understanding of the barriers faced for business owners within West Yorkshire, and adjustments that could be made within our region.
- 2.1.4 The Combined Authority recognises that people with protected characteristics may encounter barriers when attempting to access support through publicly funded programmes. These barriers may include:
- Perceptions around ‘lack of suitability’, and previous negative experiences discouraging ethnic minority entrepreneurs from considering support (Time to Change Report)
 - Outdated cultural attitudes that discourage women from entering the entrepreneurial space or seeking support (Rose Review)
 - Complex administrative procedures involved with signing up for business support programmes being unsuitable for use by disabled entrepreneurs (Business Without Barriers Report)
- 2.1.5 The Combined Authority also recognises that people in more than one minority group are more likely to experience disadvantage, due to the presence of numerous, inter-related barriers, and thus are less likely to be able to access support for entrepreneurial activity.
- 2.1.6 The Combined Authority is in a unique position in being able to influence removal of these barriers (where responsible for direct delivery), and to influence stakeholders and partners to improve equitable access to support programmes.
- 2.1.7 Within the Combined Authority, the Inclusive Economy, Skills and Culture directorate takes responsibility for development and delivery of a wide number of business, employment and skills support programmes. As such, the directorate is well placed to ensure equitable access to a broad spectrum of programmes that have the opportunity to reach and benefit our diverse communities.

How our existing services are supporting diverse businesses

- 2.2.1 Since April 2022, the Combined Authority has been collecting data on the protected characteristics of those who access Business Support programmes through ‘About You’ questions developed by the Combined Authority. These questions are shown in Appendix 1.
- 2.2.2 Data has been collected from approximately 1772 businesses/individuals – the Combined Authority recognises that, while this sample size is limited, the data can give initial insight into the exploration and identification of key gaps, wherein provision is not adequately engaging with specific minority groups.
- 2.2.3 It is important to note that there are challenges in collecting data in relation to businesses, as businesses do not in themselves have protected characteristics.

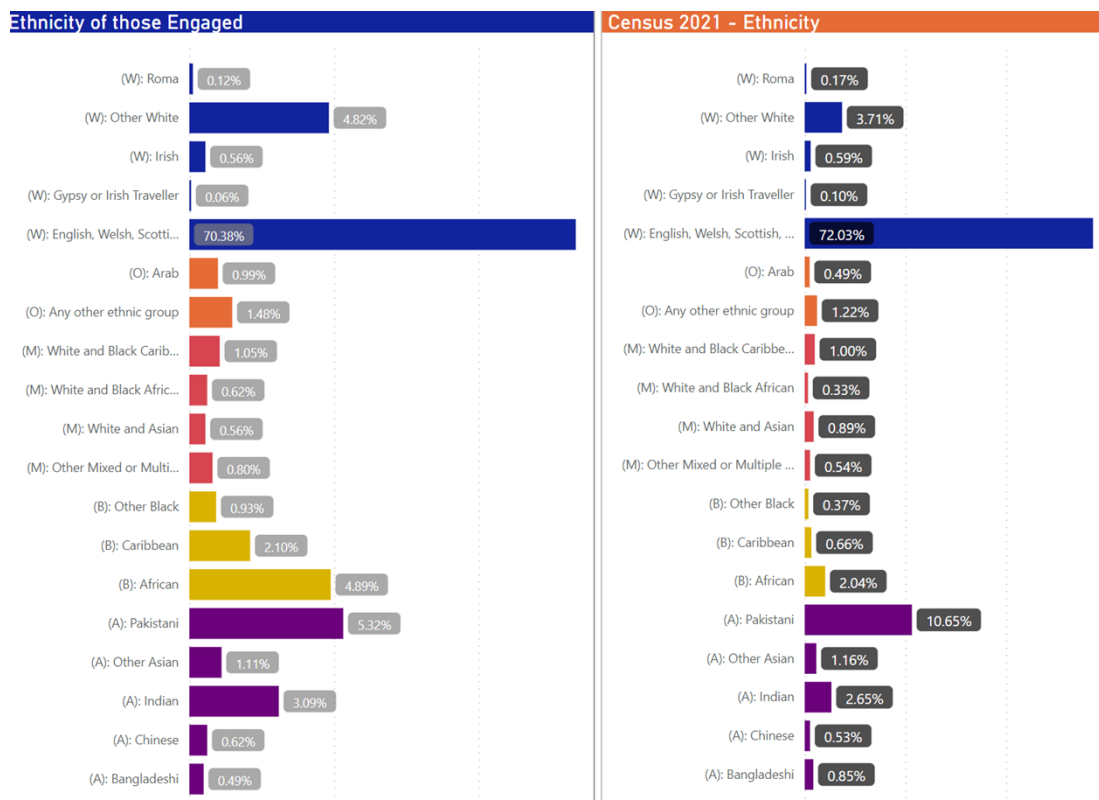
The 'About You' questions are therefore collected from the individual within the business who is engaging with the Combined Authority.

2.2.4 There is also limited data available on the protected characteristics of business owners in West Yorkshire, against which to benchmark our performance. We have used data from the 2021 Census, but this is based on population demographics which may be different to the demographics of business owners. Nonetheless, the Census is still useful in comparing our engagement against the population demographics of the region.

2.2.5 Where the data shows certain groups have been under-engaged (e.g., where the level of engagement is lower than the Census data for West Yorkshire), this should provide justification for developing strategies to target provision for specific groups, and consider how access can be improved through understanding and dismantling of specific barriers that different groups may face.

2.2.6 Reports like the Time to Change Report and the North Star Report examine the difficulty/barriers faced by ethnic minority business owners in terms of business support access. It is worth examining how those from ethnic minority backgrounds interact with Combined Authority business support programmes. Graph 1 shows uptake amongst ethnic minority groups for Combined Authority business support services (left), compared to Census 2021 data showing the prevalence of these groups in West Yorkshire (right).

Graph 1: Diversity of businesses supported by the Combined Authority versus the Census 2021 data for West Yorkshire

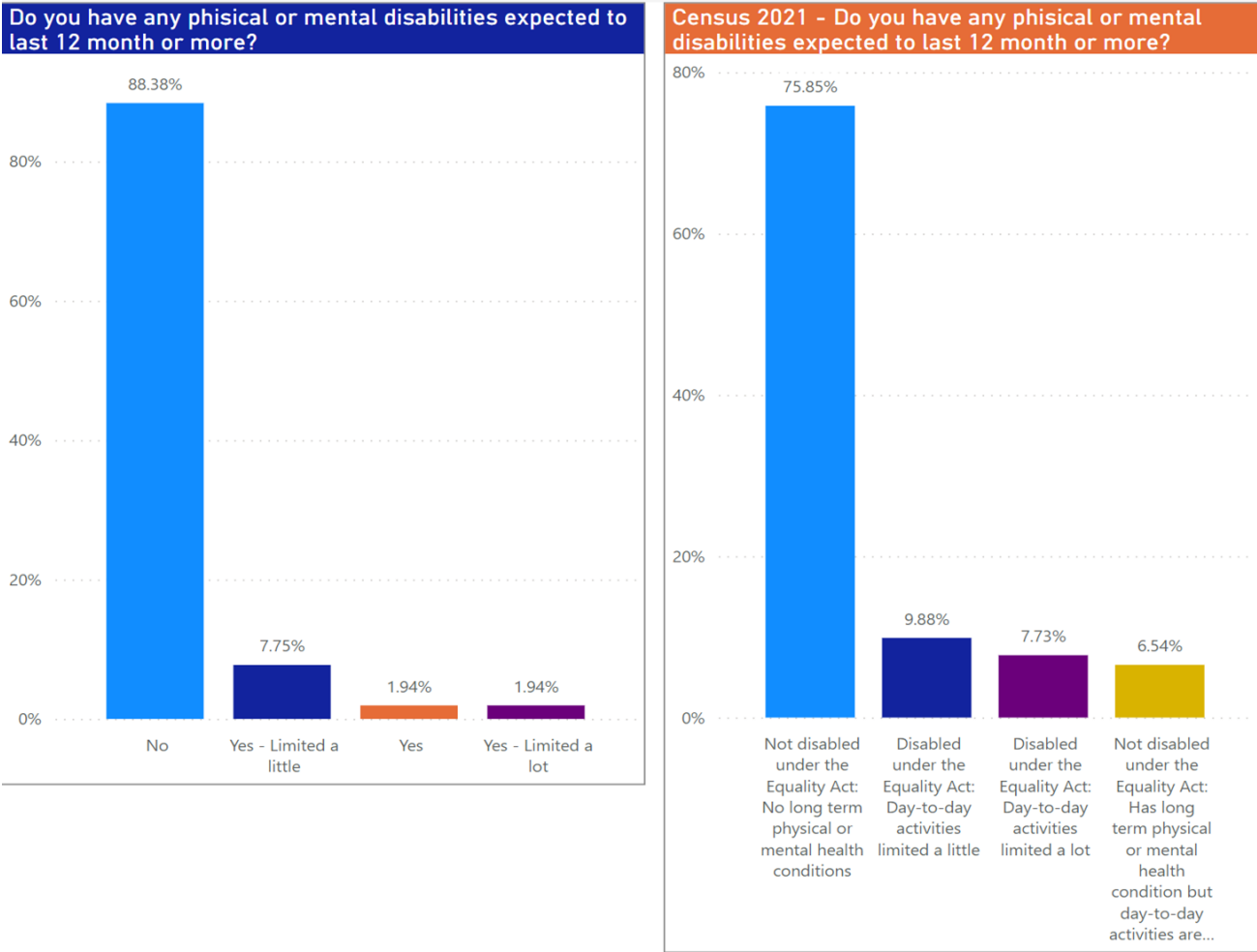


Graph 1 – Ethnicity of Business Owners against Ethnicity in Census Data

2.2.7 Census data from 2021 shows that 10.65% of West Yorkshire residents are from Asian Pakistani backgrounds. Data from the Combined Authority’s business support programmes shows that 5.32% of those accessing support are from Asian Pakistani backgrounds. Uptake in Combined Authority support programmes across those from Black ethnic minority backgrounds is 9.59%, with Census data showing that just over 3% of West Yorkshire residents are from Black ethnic minority backgrounds.

2.2.8 Similarly, the Business Without Barriers Report, commissioned by the Federation of Small Businesses, identifies barriers faced by disabled entrepreneurs and business owners. Graph 2 compares uptake from disabled business owners on Combined Authority business support programmes (left) with individuals who identified as disabled in the Census 2021.

Graph 2: Delivery of business support in West Yorkshire versus Census demographics – Disability



Graph 2 – Disability status of business owner against Census data

2.2.9 Amongst Combined Authority business support programmes, 11.63% of individuals identify as having some form of disability that impacts their daily lives. Amongst the West Yorkshire population, 17.61% identify as disabled under the Equality Act definition, with 24.15% of residents reporting a long-term physical/mental health condition as impacting on their day-to-day activity.

2.2.10 It is worth noting that the Enterprise West Yorkshire programme (one of the first Combined Authority programmes to feature key performance indicators on diverse representation) has overperformed against its targets on diversity:

- 60% of those accessing support through the programme are female, versus a target of 50%
- 36.5% are from an ethnic minority background, versus a target of 20%
- 11.3% have some form of disability, versus a target of 3%

2.2.11. Data does not show the same diversity across all programmes – high uptake amongst diverse groups on the Enterprise West Yorkshire programme is much stronger with regards to diversity than many other programmes. It is therefore important to consider a) how learnings from the Enterprise West Yorkshire programme, in terms of its approach to marketing and engagement, may be applied to other programmes in order to increase diverse uptake, and b) how the types of businesses supported (e.g. Start-Ups; Social Enterprises) through programmes may influence uptake by different diverse groups.

2.2.12. The successes of the Enterprise West Yorkshire programme indicates that an approach to business support that incorporates diversity as a key metric of delivery will lead to better access for under-engaged groups. In particular, the Enterprise West Yorkshire team has used mapping data as part of a targeted approach to marketing/events and has delivered interventions in community settings. As such, officers would be keen that the development of an EDI strategy for the directorate stresses the importance of incorporating data and KPIs on diversity into programme performance.

2.2.13. It is important to remember that collected data cannot give much insight into the specific barriers faced by under-engaged groups when attempting to access business support – as such, it is important to use other data sources (e.g., consultation with community groups; reports) to develop understanding of barriers, and how they may be dismantled.

A range of initiatives are already underway across the region to address these barriers and improve reach and access to business support opportunities.

2.3.1 The Combined Authority has been working closely with NatWest on both women in business initiatives and work to support ethnic minority businesses. The Combined Authority supported the launch of the Time to Change report in West Yorkshire on 21 February 2023. The launch event allowed for the brokering of numerous relationships with key stakeholders across the region, and Combined Authority officers are currently examining how to use these relationships to continue offering support to ethnic minority business owners across the region.

2.3.2 The Combined Authority has also developed a relationship with stakeholders in the Neurodiversity and Entrepreneurship Association (NEA), in order to begin to develop an understanding of how neurodiverse individuals may struggle to access business support, and what adjustments to business support offers

could most benefit Neurodiverse individuals. This relationship has, so far, resulted in members of the NEA presenting at internal EDI Group meetings attended by business-facing staff, to better inform inclusive provision.

- 2.3.3 The Combined Authority is also committed to furthering support for females in the tech/digital sectors, enabled – in part – through the activity of the Local Digital Skills Partnership, and the publication of the West Yorkshire Digital Skills Plan. A recent event saw female digital leaders from across the region come together to discuss the opportunities and barriers for women in tech in West Yorkshire.
- 2.3.4 The Combined Authority is also currently undertaking conversations with the BAME Committee at the West and North Yorkshire Chamber to explore how the remit of the group can be expanded to further promote tenets of diversity and inclusion amongst the business community of the region.
- 2.3.5 Last year, the West Yorkshire Combined Authority commissioned a report by African Caribbean Business Ventures, entitled ‘North Star – A Vision for Black Business Development in West Yorkshire’.
- 2.3.6 The report was intended to explore and understand the level at which the regional Black business community engages with business support functions delivered by the Combined Authority, its contracted delivery partners and the wider business support ecosystem of West Yorkshire.
- 2.3.7 The report was also intended to make recommendations to the Combined Authority around how engagement with this community could be improved, to further increase uptake of business support amongst the Black business community, in turn contributing to the Combined Authority goals of Inclusive Growth across the region.
- 2.3.8 The North Star Report has put forward 10 recommendations to the Combined Authority, in order to promote better engagement with the Black Business Community within Business Support programmes.
- 2.3.9 The North Star Report identifies the Black business community as having the potential to contribute meaningfully to regional economic growth, but also that there are barriers this community face that must be dismantled. The report suggests that there is low engagement from the Black business community with Combined Authority programmes, and that this is due to multiple factors:
 - Institutional mistrust amongst Black business owners
 - Failure of providers to explicitly target Black businesses through their interventions
 - Preference amongst Black business owners to seek support through informal, community-based networks
 - Lack of visible diversity within Combined Authority programmes/delivery teams

The findings put forward in the North Star report echo the findings of other publications.

2.3.10 There is distinct alignment between the recommendations put forward in the North Star report and other reports on ethnic minority businesses such as the Time to Change Report commissioned by NatWest. This further increases the impediment for action in key areas.

2.3.11 As a response to the North Star paper, and when considering its findings in the context of programme performance data (outlined above in section 2.2), the Combined Authority has developed a response table which outlines areas of current and future activity in relation to each recommendation made by the report. The table also references where alignment can be found with recommendations made within the Time to Change report. This can be found in Appendix 2.

2.3.12. Combined Authority officers would be keen to utilise a number of the recommendations put forward by the North Star and Time to Change Reports, should they receive endorsement from Committee members, to develop an EDI strategy – namely, the recommendations around EDI targets and strengthening relationships with community partners.

2.3.13 The Combined Authority is currently working with Lloyds Bank to support its establishment of a Black Business Engagement Group in West Yorkshire, based on previous initiatives that Lloyds has undertaken in other areas of the country. This support will include the sponsorship of an event to formalise the group's membership and function, as well as sponsoring further engagement events with community organisations through the group. The Combined Authority is keen to develop a relationship with this group, in order to better understand the challenges faced by Black business owners within the region, utilise the experience/networks of group members to further interactions with community partner organisations, and consult on service design elements where appropriate.

2.3.14. Whilst the Combined Authority is confident that the above activity represents positive initial steps toward considering how EDI can influence business support, officers are keen to further develop an EDI Business Support strategy, to ensure support is focussed on areas/groups that show least engagement at this point.

Next Steps

2.4.1 Insights from under-engaged communities are integral to understanding how barriers present, and why take up might be low. For example, the North Star report makes it clear that Black-owned businesses still report a level of mistrust when engaging with bodies like the Combined Authority, and that there are steps that can be taken to address this.

2.4.2 It is important that West Yorkshire Combined Authority better understands the specific challenges that under-engaged groups in West Yorkshire, including

ethnic minority business owners, face when considering access to business support programmes. It is also important to better understand how the notion of intersectionality increases the disadvantage for those in more than one minority group. The Combined Authority intends to further its understanding of these barriers/challenges through developing an EDI strategy. As these barriers become better understood, the Combined Authority will look at how future interventions may directly address these barriers, as well as identifying any changes to current delivery that may give a similar result.

- 2.4.3 The Combined Authority also recognises a need to ensure that diverse case studies are developed, and that events feature diverse panels, reflective of the diversity of our communities in West Yorkshire.
- 2.4.4 **Based on the above, it is proposed that we develop a strategy and action plan to better ensure business support activity meets the needs of specific under-engaged groups.** This strategy also has the potential to inform further activity across the Inclusive Economy, Skills and Culture directorate.
- 2.4.5 Officers are proposing that a strategy first focusses on under-engaged communities that are shown to have low areas of engagement with Combined Authority business support programmes through collected data. These may then be expanded to other protected characteristic groups as learnings are gathered and more data becomes available for benchmarking.
- 2.4.6 With this in mind, officers are proposing to develop an EDI Business Support strategy to set out clearly the ambitions and objectives to increase opportunities and reach of business support across the region.

Actions from the strategy are expected to include:

- Building relationships with partner and community-based organisations already delivering interventions, in order to; better understand the barriers faced by under-represented groups with regards to accessing business/employment support; open up communication and increase opportunity for programme co-design.
 - Continue identifying opportunities to work with larger corporate partners on initiatives relating to EDI, in order to maximise regional impact and further position the Combined Authority as a 'thought leader' on EDI.
 - Understand and develop adaptations to existing business support programmes, to further improve access and remove barriers for those from under-engaged groups.
 - Consider how expansions and adaptations to existing business support functions can better support social enterprises, co-operatives, and other models of business ownership that put the interests and wealth-building of under-represented groups at the heart of their mission.
- 2.4.7 Should an endorsement for the development of a strategy be received, officers are proposing the following protected characteristic groups as priority targets for these actions, with the opportunity to use learnings to expand action beyond these areas in the future.

- **Ethnicity:** With a focus on:
 - Asian-Pakistani business owners, given low-levels of engagement with current business support programmes.
 - Black business owners – the impending creation of a regional Black Business Engagement Group (via Lloyds) offers an opportunity for community engagement that may provide a model for future engagement with other groups.
- **Disability:** low numbers of disabled business owners engage with business support programmes; the Combined Authority is keen to continue to understand why this is, and what adjustments can reverse this trend.
- **Gender:** whilst overall engagement with female business owners is relatively in-line with census data (52.58% of engaged businesses are female-owned, compared to 51.07% in West Yorkshire population), this is skewed by high engagement of female business owners on the Enterprise West Yorkshire programme.¹ The Combined Authority is keen to understand how barriers intrinsic to this group are affecting take-up rates with regards to the wider support offer.

2.4.8 Officers also recognise that the sample size of available data, with regards to other protected characteristics (e.g. pregnancy; religion) in relation to business ownership, is still limited. Any possibility to gather further data on a national, regional or local level relating to other protected characteristics will be greatly welcomed, in helping to illuminate any potential gaps in accessibility. This may include specific aims around data development and data sharing across different business support organisations within an agreed EDI strategy.

2.4.9 Responsibility for building and delivering the strategy will be held by officers within the Inclusive Economic, Skills and Culture directorate, and will be developed in consultation with appropriate external and internal stakeholders, specifically those from under-represented groups. The EDI Strategy will also be developed with performance indicators in mind, to be able to readily measure effectiveness.

2.4.10. Should the board members authorise the development of the strategy and the approach, Officers will begin identifying opportunities for stakeholder engagement events, to ensure voices from under-represented communities play a key role in shaping the strategy.

2.4.11. Following the above, Officers would intend to bring a developed version of the strategy to the next BEI Committee for sign-off, with a launch/kick-off event taking place following the post-election period in mid-Summer.

3. Tackling the Climate Emergency Implications

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

4. Inclusive Growth Implications

¹ Business Growth Programme – 30.08% of applicants are female. #Grow – 20% of applicants were female.

- 4.1 As highlighted throughout this report, the Combined Authority remains committed to ensuring growth in the region seeks to uplift all members of the wider community, particularly those from underrepresented groups or who may face inequalities. The Combined Authority is also committed to ensuring business and employment support programmes are readily accessible for those from underrepresented communities, including those delivered by the Combined Authority and by other organisations in the public and private sectors.

5. Equality and Diversity Implications

- 5.1 There are direct positive implications for Equality and Diversity, as the Inclusive Economy, Skills & Culture directorate seeks to develop a strategy that would allow for better access to business/employment support programmes for those from under-represented groups.

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 Committee Members endorse the approach to develop an EDI strategy for the Business Support function within the Combined Authority.

11. Background Documents

['Time to Change: A Blueprint for Advancing the UK's Ethnic Minority Businesses'](#)

['The Alison Rose Review of Female Entrepreneurship'](#)

['Business Without Barriers: Supporting Disabled People and Those with Health Conditions in the Workforce'](#)

12. Appendices

Appendix 1 – ‘About You’ questions, asked of individuals engaging with Business Support programmes through the Combined Authority – Attached Separately

Appendix 2 – Table that indicates recommendations made by the North Star Report, current Combined Authority Business Support action that supports these recommendations, and further propositions based on the recommendations.

Recommendation from North Star Report (<i>italicized indicates similar recommendation from NatWest Time to Change Report</i>)	Current Combined Authority Business Support action	Further propositions for future Business Support programmes
<p>The implementation of EDI targets in all contracts, and targets for engagement of Black businesses – with specific EDI targets for Black businesses within broader minority targets.</p> <p><i>Gather better data on entrepreneurial diversity to foster evidence-based policymaking</i></p>	<p>Recently approved aspects of delivery (e.g., Enterprise West Yorkshire) have begun including EDI targets/KPIs. These targets are able to show participation amongst specific ethnicities/race.</p>	<p>EDI monitoring built into future delivery – including stipulations for delivery partners to monitor/target EDI uptake in future contracts.</p> <p>Decisions on future delivery to be based on monitoring</p>
<p>Utilizing marketing & promotion to build a campaign specifically targeted at increasing the awareness of West Yorkshire Combined Authority brand & products amongst black businesses</p>	<p>There are ‘unofficial’ targets around representation in existing marketing materials, case studies etc., that seek to ensure all collateral is representative of the communities we serve in terms of diversity.</p> <p>The forthcoming ‘Be The Boss’ campaign, designed to promote the Enterprise West Yorkshire programme, will work with community media channels, highlighting case studies of a diverse range of individuals that have been supported so far through the programme.</p>	<p>Based on monitoring data, work with marketing colleagues on targeted campaigns for under-engaged groups where necessary.</p> <p>Continue building case studies of people from diverse backgrounds.</p> <p>Move to Business West Yorkshire (working title) presents opportunity to deliver and promote more clearly under one brand.</p>
<p>Increase visibility of the Black community amongst delivery infrastructure (e.g. staffing; mentors; guest speakers).</p> <p><i>Monitor engagement with diverse suppliers to facilitate EMBs’ access to procurement opportunities</i></p>	<p>The Equality, Diversity & Inclusion Officer at the Combined Authority has been working up a number of proposals/frameworks to ensure the Combined Authority’s work adheres to EDI guidelines.</p>	<p>Begin conversations with delivery partners around how to achieve representative delivery. This could include building EDI requirements into tenders and other commissioned delivery.</p> <p>Continue work with internal EDI HR team to work toward a more</p>

	Equality Impact Assessment procedure is being reviewed by policy team to ensure these documents retain function in the delivery stage of a project.	representative & diverse staff resource within West Yorkshire Combined Authority
<p>Co-design of a business support programme targeted at Black business; using this programme to build relationships with the Black business community.</p> <p><i>Include EMB communities in the policy formulation process to enhance the relevance of support; Improve access to business support by establishing trust-based relationships with ethnic minority communities</i></p>	<p>Current business support offer does not specifically target any ethnic group/race.</p> <p>A Development Fund tender, through Enterprise West Yorkshire, will invite pilot projects (up to £25k) to target interventions at specific minority groups that experience barriers in entrepreneurship.</p>	<p>Combined Authority to examine how existing business support functions can be leveraged to more specifically target under-engaged groups.</p> <p>Business West Yorkshire programme may include specific training for Growth Managers around helping under-engaged communities access support.</p> <p>Using monitoring info/data & community feedback to help further shape delivery.</p>
<p>Establishing a workshop to develop provider understanding of the Black business sector.</p> <p><i>Foster local networks of support through partnership working to strengthen support for EMBs</i></p>	<p>All Combined Authority staff currently undergo mandatory EDI training, which includes learning on protected characteristics.</p> <p>Internal EDI team have run workshops/webinars to increase understanding of initiatives like Black History Month, & their importance to Combined Authority work.</p>	<p>Future workshops to focus further on specific barriers faced by those from specific underrepresented groups, and how delivery staff can actively address/dismantle these barriers.</p> <p>Opportunity to further bring external providers/partners into future EDI sessions to cover all protected characteristics.</p> <p>Possibility of delivery via external partners for specific EDI training packages/toolkits for SME business community.</p>
<p>Strengthening community engagement with the Black community through information, outreach & collaboration on promotions/pilots</p> <p><i>Create local community hubs to better engage with EMBs and ease access to finance and business support</i></p>	<p>Work is already being undertaken with Lloyds Banking Group to embed aspects of their 'Supporting Black-owned businesses' initiative into regional delivery.</p> <p>Enterprise West Yorkshire are examining how recipients of support from under-represented groups may form attendance of focus group activity, to obtain learnings from their experience.</p>	<p>Continuing and expanding engagement with all under-engaged members of the community, using outreach schemes where possible. Trust and visibility amongst our communities are key to the success of any future delivery.</p>
<p>Developing a 'Navigator' team, tasked with connecting Black businesses with relevant support.</p>	<p>15 district-based Growth Managers proactively support SMEs to achieve growth plans or build resilience by providing</p>	<p>Renewed EDI focus through Business West Yorkshire model will support GMs and other business-facing staff to better</p>

<p><i>Create local community hubs to better engage with EMBs and ease access to finance and business support</i></p>	<p>access to the right support, at the right time.</p>	<p>understand the barriers that Black business owners (and other protected characteristics) face when accessing support would enable these barriers to be addressed.</p> <p>Business West Yorkshire will be setting future EDI targets based on service data collected since April 22, alongside Census 2021 data.</p>
<p>Establishing an EDI community of practice to share experiences & provide peer support amongst the Black business community.</p>	<p>Currently supporting Lloyds Banking Group to establish a Black business group, focused on sharing good practice/peer support.</p>	<p>Use learnings from this group to inform future interventions that directly address barriers faced by underrepresented groups.</p>
<p>Initiate a programme of networking events & guest speakers in collaboration with the Black business sector.</p>	<p>Above mentioned Group likely to feature aspects of networking.</p>	<p>The black business group above will include networking events, guest speakers etc</p> <p>Opportunities to use this network to inform our learning about barriers faced, and the ways these may be overcome.</p>
<p>Ensuring any interventions that are enacted as a result of these recommendations are performance managed, with a focus on increasing the take up of West Yorkshire Combined Authority services.</p> <p><i>Gather better data on entrepreneurial diversity to foster evidence-based policymaking</i></p>	<p>Recently approved aspects of delivery (e.g., Start-Up West Yorkshire) have begun including EDI targets/KPIs. These go beyond usual 'BAME' delineations and are able to show participation amongst specific ethnicities/race. EDI monitoring is collected across all programmes.</p>	<p>'Performance management' will only be possible on programmes that include KPIs on ethnicity already (e.g., Enterprise West Yorkshire). However, monitoring can take place across all activities.</p>



Working in
partnership
with the



About You Survey - Business Productivity Service

We ask questions about you so that we can understand who is engaging with our projects. The information helps us to understand which groups of people we are engaging with and which groups we could engage with better. We only know this by asking the questions.

All of the questions about you are completely optional and will be anonymous.

As a public body we have to follow the public sector equality duty. This means we consider the needs of everyone in our day-to-day work, which supports good decision making.

What do we do with the information?

The information from the questions about you will be used for reporting purposes to help with the planning, delivery, communications and targeting of support. All of the information you provide is completely anonymous and cannot be used to identify you.

1. Position within the organisation?

- Owner / Director
- Senior Management
- Middle Management
- Line Manager /Employee
- Prefer Not to Say
- Other

2. How many directors are there in your business/organisation?

- 1
- 2
- More than 2
- Prefer Not to Say

3. Which district do you live in?

- Barnsley
- Bradford
- Calderdale
- Craven
- Harrogate
- Kirklees
- Leeds
- Selby
- Wakefield
- York
- Out of Region
- Prefer Not to Say

4. What is your sex?

- Female / Woman
- Male / Man
- Intersex
- Prefer not to say

5. Is the gender you identify with, the same as your sex registered at birth?

- Yes
- No
- Prefer not to say
- Other

6. How old are you?

- 16 - 24
- 25 - 34
- 35 - 44
- 45 - 54
- 55 - 64
- 65 - 74
- 75 - 84
- 85+
- Prefer not to say

7. What is your ethnicity?

- White - English, Welsh, Scottish, Northern Irish or British
- White - Irish
- White - Gypsy or Irish Traveler
- White - Roma
- White - Any other white background
- Mixed/Multiple ethnic groups - White and Black Caribbean
- Mixed/Multiple ethnic groups - White and Black African
- Mixed/Multiple ethnic groups - White and Asian
- Mixed/Multiple ethnic groups - Any other Mixed/Multiple ethnic background
- Asian/Asian British - Indian
- Asian/Asian British - Pakistani
- Asian/Asian British - Bangladeshi
- Asian/Asian British - Chinese
- Asian/Asian British - Any other Asian background
- Black/ African/Caribbean/Black British - African
- Black/ African/Caribbean/Black British - Caribbean
- Black/ African/Caribbean/Black British - Any other Black/African/Caribbean background
- Arab
- Prefer not to say

Other

8. Do you have any physical or mental health conditions or illnesses lasting or expected to last 12 months or more?

Yes

No

Prefer not to say

9. Do any of your conditions or illnesses reduce your ability to carry out day-to-day activities?

Yes, limited a lot

Yes, limited a little

No

Prefer not to say

10. How would you describe your sexual orientation?

Heterosexual or straight

Gay man or gay woman / lesbian

Bisexual

Prefer not to say

Other

11. What is your religion or belief?

- No religion (including atheist)
- Christian (including Church of England, Catholic, Protestant, and all other Christian denominations)
- Buddhist
- Hindu
- Jewish
- Muslim
- Sikh
- Prefer not to say
- Other

12. If your first language is not English, do you have a preferred language to speak and read in?

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Report to: Business, Economy and Innovation Committee

Date: 29 March 2023

Subject: **Business support principles and Business West Yorkshire**

Director: Phil Witcherley, Interim Director of Inclusive Economy, Skills and Culture

Author: Louise Allen, Programme Development Lead (Business and Innovation) and Patrick Robertson, Programme Lead (Business Productivity)

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 the Committee with an update on the development of the Combined Authority's new Growth Service offer (working title Business West Yorkshire) service, funded via Gainshare.
- 1.2. To update the Committee on the opportunities and potential flexibilities afforded by the new funding streams for new programmes, with the ending of ERDF funding, and to highlight the challenges in implementing these.
- 1.2. To seek input into policy development in terms of businesses that should be prioritised for support in the new wave of business support offers which are commissioned or delivered by the CA.

2. Information

Context – Business Support

- 2.1 'Business West Yorkshire' is the Combined Authority's overarching business support infrastructure, due to begin delivery in April 2023. It is an evolution of the current Growth Service, which is delivered in partnership with all five Local Authorities.

- 2.2 The aim of the evolved service is to simplify the whole business support landscape for SMEs in the region, with a single point of contact, consistent audience focussed branding, an improved website, and user experience. The new service will continue to be delivered in partnership across all five Local Authorities. This is simplified access to **all business support** available in the region, whether delivered by the CA, commissioned by the CA or delivered by the wider ecosystem.
- 2.3 A key element of the new approach to increase the reach of the service is the development of how the whole business support offer is presented online. Internal workshops and market testing have already taken place to scope the requirements for the new online offer. The key driver of the change to the online presence is the need for structure and content to be designed specifically for a small business audience and that it works in conjunction with other ICT systems to facilitate effective targeting of support. Consultation with businesses will follow and a further update will be provided to the committee.

The opportunity for CA commissioned delivery

- 2.6 New business support offers delivered or commissioned by the CA will be funded through the Single Investment Fund (which includes gainshare and UK SPF). This presents an opportunity to review the business criteria for accessing services and consider a potentially more flexible approach.
- 2.7 Although greater flexibility, there is significantly less funding available through the new streams than there was through European funding. European funding has previously been worth £120m for West Yorkshire however UK Shared Prosperity Funding is valued at £83m.
- 2.8 Feedback from SMEs suggests that the eligibility criteria under ERDF has, in some cases, made public sector support seem complex, inflexible and bureaucratic.
- 2.9 Current ERDF restrictions mean that, with some exceptions, only Business to Business (B2B) enterprises can access support, and Business to Consumer (B2C) enterprises are mostly ineligible.
- 2.10 ERDF restrictions also limit support to those that fit the EU definition of a Small and Medium Sized Enterprise (up to 249 employees, turnover <€50m or balance sheet <€43m). This can mean that overseas-owned businesses (where this takes them beyond these thresholds), with operations in the region have previously been unable to access some schemes of support, even if they operate autonomously from their parent companies. This has negated the region's ability to attract some re-invest projects and to realise supply chain opportunities.
- 2.11 A refreshed approach to business support eligibility could provide a consistent framework which can be applied across all services (commissioned or delivered by the CA). This will support the simplification and accessibility of business support provision.

- 2.12 The Combined Authority's business support offer has already been approved through the Assurance Framework (including support for innovation, sustainability, productivity and Business WY). Many of the business support offerings have proposed prioritising targeting SMEs at the smaller end (5-100 employees but with flexibility) but have not proposed any sector restrictions on any of the programmes. See Appendix 1 for details of current eligibility/suitability.

Sector

- 2.13 In total, the retail, hospitality and culture sectors make up 27% of the West Yorkshire business stock.
- 2.14 Recent economic challenges have increased the demand and need for public sector intervention and support into retail and hospitality sectors. For example, The Combined Authority played an active role in the economic response to Covid including the delivery of 1114 Covid-19 recovery grants which were predominantly to retail and hospitality businesses. During the energy crisis, the Combined Authority and Local Authorities offered grants to businesses to help with energy costs. This was open to all sectors but take up from retail and hospitality has been particularly high at 52% of all funding applications.
- 2.16 There are however valid evidenced economic reasons for prioritising support on B2B. Funding for B2C businesses can sometimes negatively affect other businesses and lead to their displacement through increasing competition, price wars, or supporting market dominance. This could mean that the financial benefits to one business are offset by the financial impact on its local competitors and therefore not benefitting West Yorkshire as a whole. [ERDF Eligibility Guidance](#) states that "improved performance for one retail facility is regarded as displacing similar activity elsewhere."
- 2.17 Feedback from programme delivery is that a blanket ban on supporting B2B is not appropriate because there are exceptions (like those that predominantly trading online with a more national or international market) who can benefit from improved productivity, innovation or adoption of new technologies.
- 2.18 Through discussion about the merits of supporting businesses from different sectors and the experience of administering SME grant programme, there is also a need to consider circumstances where supporting particular businesses conflicts with the strategies and ethical position of the Combined Authority. There is a need to formalise the policy position on supporting certain activities which could include, for example the position on supporting tobacco, petrochemicals or other sectors that conflict with the net zero objective.

Size

- 2.19 The EU and UK definition of SME very broad, covering everything from a single person start-up to an established company with 249 employees with a turnover of tens of millions. The resource levels of micro and medium sized businesses are therefore very different and the market failure that applies to

public sector intervention in business support is more applicable to those at the smaller end of the SME definition.

- 2.20 98.9% of the business population of West Yorkshire have less than 100 employees. The World Economic Forum highlights the agility of SMEs, particularly in response to the pandemic. In particular it highlights that their smaller size, with fewer decision-making processes than larger firms, enables them to respond quickly and effectively to market emergencies and implement new business plans.
- 2.21 Smaller firms are less likely to have the resources, both financial and human, to be able to invest. Support into smaller firms can prove particularly effective in the following areas:
- **Productivity:** Smaller firms are less likely to measure their own productivity and are more likely to be part of the 'long tail of productivity'. There are particular benefits in engaging smaller businesses in understanding opportunities to increase productivity (and potentially financially supporting interventions).
 - **Job creation:** Smaller businesses (<100 employees) are major job creators in West Yorkshire, providing two thirds of employment. Prioritising and providing funding to support their growth can help to stimulate employment and economic activity in the region.
 - **Access to finance:** SMEs often have limited access to finance compared to larger businesses, which can make it challenging for them to access the capital they need to start or grow their businesses.
 - **Digital adoption:** Many smaller businesses will not have dedicated ICT teams, knowledge and expertise and resourcing to invest in the latest digital technologies that can form a key element of increasing firm level productivity.
 - **Local ownership:** SMEs are often locally owned and operated, meaning that funding directed towards them can have a direct positive impact on the West Yorkshire communities in which they operate.

Discussion

- 2.23 The Committee is asked to discuss, consider and guide how support should be targeted in the new wave of business support programmes to ensure that we capitalise on this flexibility, support businesses that will deliver the most positive impact, whilst using funding in the most efficient and effective way, and attract a more diverse range of businesses to the support available, including those who have not accessed support before.

With limited funding, but more flexibility, how should business support in West Yorkshire be targeted to support accessibility and maximise impact?

3. Tackling the Climate Emergency implications

- 3.1. All programmes being developed will support and encourage businesses to decarbonise and improve their environmental sustainability, reducing their overall carbon impact and help achieve the region's net zero ambitions.

4. Inclusive Growth implications

- 4.1. Inclusive Growth is a cross cutting theme in all programmes at each stage of policy, development, and delivery. Programmes will include targets to ensure geographical representation across the region and to reach and support underrepresented members of our business community.

5. Equality and Diversity implications

- 5.1. Each of the programmes being developed will have targets attached to ensure proactive engagement with underrepresented groups, including women, people from ethnic minority backgrounds, and people with disabilities. Work will be undertaken to ensure we are engaging with key, influential networks and that our services are proactively promoted and easily accessible to all.

6. Financial implications

- 6.1. Funding routes have been agreed for each programme and are assured through the Assurance Framework.

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. Consultation has taken place with District Officers, West Yorkshire Innovation Network and this Committee. Specific programme development activity has included consultation with other key stakeholders including businesses, universities and business intermediaries and networks.

10. Recommendations

- 10.1. That the Committee notes the activity currently underway.
- 10.2. That the Committee provides feedback on the approach to more targeted business support in the new wave of programmes.

11. Background documents

11.1 There are no background documents referenced in this report.

12. Appendices

Appendix 1

Support	Eligibility / fit		
	Sector	Size (emp)	Targeting
Business West Yorkshire	All	5 – 100 (with flexibility)	Growth, resilience and productivity
Business Sustainability	All	5 – 100 (with flexibility)	Financial support expected to be mostly taken up by energy intensive sectors like manufacturing
Business Productivity	All	5 – 100 (with flexibility)	Expected to be predominantly manufacturing sector.
Innovation	All	5 – 100 (with flexibility)	Net-zero and health innovations prioritised for higher value grants.
Ad:Venture / Enterprise West Yorkshire	All	Pre-start /Up to 3 years	Displacement still relevant so this will exclude some B2C depending on exact displacement criteria
Digital Enterprise	All	2-250 but most will be 2-100	Minimum 3 years old. Displacement still relevant so this will exclude some B2C depending on exact displacement criteria



Report to: Business, Economy & Innovation Committee

Date: 29 March 2023

Subject: **Inward Investment**

Director: Phil Witcherley, Interim Director Inclusive Economy, Skills & Culture

Author: Henry Rigg, Interim Head of Trade & Investment

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input 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 the Committee with an update on the key trade and inward investment achievements in 2022/23.
- 1.2. To seek support from the Committee on the need for a new inward investment strategy for 2023/24 onwards, and to seek input on the proposed areas of focus for a new strategy.

2. Information

- 2.1 The Trade and Investment service sits within the Combined Authority's Inclusive Economy, Skills and Culture directorate. Its primary functions are to attract new investment into the West Yorkshire region from business 'end-users', and to support the businesses based in the region to export more of their products and services into markets across the world.
- 2.2 To this end, the service makes a significant contribution to job creation and job retention across the region's districts. It also contributes to the region's GVA by supporting firms to trade more in familiar markets, whilst also establishing themselves in new and emerging ones. Furthermore, the service has a positive impact on supply chain resilience and sustainability by supporting new and existing investors to engage with our huge SME base, and it also helps to position West Yorkshire globally as an attractive and welcoming location.

Working with overseas-owned businesses that already have a presence in the region is also an important part of the service’s work, which has yielded much success in recent years e.g. Thornton & Ross in Kirklees, Covea Insurance in Calderdale, Carnaud MetalBox Engineering in Bradford, Group Schneider in Leeds and Brilliant Stages in Wakefield.

- 2.3 The service works in close collaboration with a wide range of public and private sector partners to win new business investment and to support export activity. These include our Local Authorities, the region’s universities and other knowledge-intensive organisations, the two chambers of commerce, the Department for Business & Trade (DBT), and with other similar services across the North via the Northern Powerhouse Trade & Investment group.

Key Achievement in 2022/23

- 2.4 The table sets out achievement against the core KPIs for the Combined Authority’s Trade and Investment service in the current financial year. Several inward investment projects are expected to land this month (March 2023), and these will be reported in due course to the Committee.

Performance indicator	Targets for 2022/23	Progress as of February 2023
New inward investment enquiries generated	100	90
Inward investment successes	30	18
Jobs created / safeguarded	2000	1417
R&D collaborations brokered between investors and universities in WY	10	54
Strategic international trade initiatives / programmes delivered	10	8
Businesses assisted with international trade initiatives	350	180

- 2.5 Linking investors to the expertise within the region’s higher education institutions has been a particularly effective way of landing new projects in the region this year. Much of our international focus has been on India, including a market entry accelerator programme visit to Bhubaneswar in Odisha, Hyderabad and Delhi in mid-March 2023. The CA partnered with the Department for Business & Trade and the Academic Health Science Network for Y&H on the visit, and outcomes will be reported to the Committee in future reports. The commentary below provides more detail on progress towards the performance indicators.

Inward Investment Successes

- 2.6 We have supported a number of new businesses to invest and grow in the region:

- **UK Greetings** – Kirklees-based business investing £11m in the manufacturing capacity of its Dewsbury site as part of a major reshoring project from China. This will result in 66 new jobs being created and the business was visited by the LEP Cahir in November 2022.
- **Allied Glass** – the business plans to invest over £40m in its West Yorkshire sites, creating 25 new graduate jobs and 60 in total. The investment includes a new building, new lines and a new furnace being installed to increase capacity. New posts will be filled across a range of disciplines, including engineers, and there will also be significant upskilling of the current workforce. The investment will increase the environmental sustainability and productivity of Allied's West Yorkshire sites, and the new furnace and building is expected to result in a 20% reduction in energy usage.
- **EMI** - announced in February 2023, EMI have launched EMI North and chosen the region as the location. Five new jobs are expected and the new operation will invest in local talent across the North. EMI will be the first British label to open a space outside London and have already partnered with Clue Record and Come Play with Me.
- **XDesign** – Scottish-owned tech company confirmed Leeds as their chosen location for expansion, creating an initial ten new jobs with up to 90 more at their Park Row address. The business recently announced a partnership with Leeds City Council to encourage more local people to consider tech careers.
- **LabCorp** - US-owned global diagnostics **and** drug development company has invested £100m into a new 100-bed clinical trials facility, pharmacy and UK headquarters in the region, thereby consolidating two existing sites into one. There is a strong R&D element to this investment which will create at least 72 new jobs and safeguard 300.
- US-owned provider of integrated insurance, tax and legal services that announced plans in early 2023 to take 20k sq. ft. of office space in Leeds City Centre. This will be a Northern Hub for the business and will create / safeguard circa 200 jobs. The CA team met with Markel on an anonymous basis in July 2022 and provided a bespoke investment proposal that set out the advantages of the region as a business location.
- **PEXA** – Australian-owned FinTech business that will be creating 50 new jobs and safeguarding 300 in the region following its acquisition of Leeds-based Optima Legal in late 2022. For the last nine months, the UK Chief Operating Officer has been in a continued dialogue with the CA team to develop a bespoke prospectus showcasing the region's strengths in finance and FinTech, alongside its world-class talent pool and quality of life. The Mayor met with the PEXA Chief Executive in early 2023 to welcome them to the region.

- **LHV Bank** – Estonian-owned banking services provider, opened its second office in the UK in Leeds in May 2022, with the creation of circa 50 jobs. LHV provides services to over 200 FinTech and crypto companies, including Wise, Paysafe, Coinbase and Blockchain. The arrival of such a prominent player in FinTech sends out a strong, resounding message to the global FinTech community about this region’s clear credentials as a global leader in the sector.
- A UK-based medical device manufacturer (confidential at this stage) has committed to create 100 jobs in the region. This investment has landed following a well-established relationship with the University of Leeds for R&D and the strength of the talent pool for the sector in West Yorkshire.
- **Ledidi** – Norwegian digital health business with a focus on providing software for clinical trials for life science companies. The business has committed to 15-30 new jobs in the region over the next three years, following its participation in the first Nordic Propel bootcamp. The business visited the region in mid-March 2023 as part of a wider Nordic mission.
- Netherlands-based VR/AR business supported by the CA team locate in the region and become embedded in the digital health ecosystem. The CA is also supporting with recruitment and the business expects to create 10 new jobs initially.
- Rolls-Royce SMR - although not successful in getting **Ferrybridge** through to the final three shortlisted sites for the Heavy Pressure Vessel factory, the region remains well-placed for the two further SMR factories which will be required for Rolls-Royce to deliver SMR technology for the UK and worldwide export markets. The CA team has built a strong relationship with Rolls Royce who have been very complementary about the high quality of the investment proposition put forward by West Yorkshire.

International Trade

India

- 2.7 The Mayor led a trade mission to Bangalore and Mumbai in September 2022. She was joined by the LEP Chair her Chief of Staff, and members of the trade and investment team. The delegation met with key businesses, cultural groups, and government leaders, and was joined by senior representatives from the British High Commission in India.
- 2.8 The purpose of the visit was to unlock trade opportunities, encourage inward investment, create new jobs, and drive forward innovation partnerships. The Mayor provided a keynote speech at FICCI Frames, Asia’s largest convention

on the business of Media and Entertainment, to a live audience of over 700 people and shared a stage with Bollywood superstar, Ranveer Singh.

- 2.9 Following a visit to its Bangalore headquarters during the mission, the Mayor was also able to announce that global technology and business process outsourcing company, Mphasis, will create 1,000 new jobs in West Yorkshire.
- 2.10 During the above visit, the CA delegation also met with senior representatives from one of the largest online marketplaces, Flipkart, to discuss export opportunities for West Yorkshire businesses. As a follow-up, the team organised a webinar entitled, 'India - exciting export opportunities for Northern Powerhouse businesses" in partnership with Flipkart, the UK India Business Council (UKIBC) and the Department for International Trade. 170 people registered from across West Yorkshire, the Northern Powerhouse, and India, and this was followed by in-person meetings with 11 West Yorkshire businesses to discuss the opportunity in more detail.
- 2.11 The CA team has supported the forging of stronger ties with Estonia, Norway (Oslo), India, the US and Israel, via trade missions and the signing of the Leeds Israel Innovation Gateway in May 2022.

Arab Health

- 2.12 In January, the team attended Arab Health 2023, exhibiting as part of the Medilink UK Pavilion. Arab Health forms part of our trade and investment plan of activity as it is the largest gathering of healthcare and trade professionals in the Middle East and North Africa region, if not the world. The event brings together the world's leading manufacturers, distributors and service providers, displaying the latest technology, innovations and trends within the healthcare and life sciences industries. The exhibition has regularly attracted in excess of 100,000 visitors from 150 countries attracting a truly global audience from the Middle East, Asia, Europe and North America.
- 2.13 The Mayor also attended Arab Health as a guest of Healthcare UK to support the UK's drive to increase exports from the sector. This also presented a valuable opportunity to position the region at the forefront of that national focus and promote it in the wider context of the UK health & life sciences offer.
- 2.16 Specific outcomes so far from attending Arab Health include:
- The UK Government's Trade Minister referring to West Yorkshire, and the businesses based here, in his speech to an international audience of 200 people, and his agreement to visit West Yorkshire, following his meeting with the Mayor.
 - The Mayor's meeting with the Estonian Ambassador to the MENA region and Estonian health tech businesses, which has led to a potential MOU with the Estonian Government and their health tech cluster. This would bring closer economic links between the region and Estonia.

- The CA and Mayor's presence at the fringe events led to developed conversations with several inward investment leads, including a US multibillion dollar business.
 - Progress in discussions between the CA, DIT and the British Embassy in Manila, on a potential working relationship between the region and a city in the Philippines developing health and care institutions.
- 2.17 The CA team is now considering with partners how we can capitalise on this momentum and enhance our presence for Arab Health 2024 and beyond.

Sector Development in 2023/23

- 2.18 Following the launch of the international accelerator programme, Propel, by the Yorkshire & Humber Academic Health Science Network, there have been the first cohorts of international companies to pass through this health-focussed accelerator in 22/23. This includes a US and two Nordics-focused accelerators. On the US programme, 3/5 of the companies who attended have commenced investment in the region, including setting up subsidiaries and community membership at Nexus in Leeds. We expect to see these companies mature into full investments in 2023/24.
- 2.19 A high level of activity has been maintained on the Space Sector, particularly around our world class capabilities and cluster in Radio Frequency, Synthetic Aperture Radar and Earth Observation technologies. Working with external partners such as SHY, Clarion and our Universities and we have:
- Managed to attract two significant international space conferences to the region which will take place in the Autumn of 2023.
 - Generated over a dozen space sector investment enquiries
 - Held three RF/SAR sector roundtable events
 - Helped SHY to secure over £800,000 of UK Space Agency funding to continue the level of sector activity across the wider Yorkshire region
 - Brought industry together with Bradford Council, Bradford & Selby colleges, Leeds, Huddersfield and Bradford Universities and our Employment & Skills team to develop a comprehensive strategic solution to deliver the highly skilled talent required by the cluster for it to thrive.
- 2.20 The CA has continued to build relationships with DBT, both in the UK and overseas and in the process has produced high quality investment proposals which are often considered by DBT as being the best in class. The team has managed to successfully position the region as one of the UK's primary manufacturing locations, which has resulted in West Yorkshire being invited to respond to major (500+ jobs) investment enquiries, several of which are currently being handled by the Advanced Manufacturing Sector team.
- 2.21 In the coming months we will be finalising and launching two export showcases, one for the Food & Drink sector and another for the Space sector.

Inward Investment Strategy from 2023/24

- 2.22 The previous Leeds City Region Trade and Investment Strategic Plan was produced in 2014. It set out the priority sectors for attracting business investment into the region and for supporting businesses in the region to trade overseas. The sectors identified in the plan remain the priority ones and are as follows : -
- Business, Professional & Financial Services
 - Creative & Digital
 - Health & Life Sciences
 - Advanced Manufacturing
- 2.23 The Combined Authority adopted a new Trade Strategy in October 2022 to cover a five-year period up to 2027, but this does not specifically address inward investment priorities. Therefore, and to complement the Trade Strategy, it is proposed to Committee that a new strategy is commissioned for inward investment to cover the same period i.e. up to 2027.
- 2.24 It is proposed that the strategy would need to set out a clear framework, evidence base and rationale for which sectors and markets are targeted for inward investment from 'end-user' businesses. Furthermore, that it reflects the region's assets and opportunities as an investment destination in a post-Brexit and post-COVID world, and that it becomes the underpinning strategic plan to inform and improve our approach to positioning the region as an attractive business investment and re-investment location.
- 2.25 Views and input from Committee members are invited, but at this stage it is suggested that the strategy covers the following headline areas: -
- I. Set clear and unequivocal objectives and outcomes for the CA's inward investment workstream that benefit the whole region.
 - II. Target sectors and sub-sectors that have emerged / are emerging as areas of strength and opportunity for the region e.g. Space, Radio Frequency, Fintech, Green Finance, Electric Vehicles supply chain etc. What can we win and why we should target it.
 - III. Target markets (as above) and in terms of investment flows, trends and drivers, plus alignment to changing Government strategies and priorities and impact on our resources.
 - IV. Most effective and value for money interventions in sectors and markets (e.g. attending events / conferences, showcasing of key sectors, use of in-market experts, use of intelligence tools to directly approach potential investors, approach supply chain linkages, HEI alumni, civic linkages etc.), including some impact evaluation / assessment of recent interventions by the CA.
 - V. A proposed approach to Key Account Management / Investor Development i.e. working with existing large businesses to support investment and re-investment, and the balance of resources for this alongside 'new-to-region' investment, noting that circa 60% of UK inward investment comes from KAM.

- VI. Incentives and their importance in winning investment, including financial support (investment and tax), land and property, employment and skills, and other support.
 - VII. The role that Diaspora communities across the region can play in attracting inward investment, building on the existing successful work with India and other parts of South East Asia.
 - VIII. Supply chain and reshoring opportunities, including those from the region's existing large businesses and those holding strategic positions in significant global supply chains.
 - IX. Ethical position in terms of engaging with certain regimes around the world.
 - X. The role of the Mayor, and other political leaders in the region, in delivering the strategy.
- 2.26 Some specialist technical elements of the strategy may need to be procured externally, for example, analysis of global investment flows, trends and insights, and best practice from competitor locations and their trade and investment services. Whereas, other elements could be delivered in-house by the Policy and Intelligence functions of the CA based on our existing understanding of sector strengths, R&D assets, the region's labour market and its and business base, including track record on attracting foreign direct investment.
- 2.27 The estimated budget for the work is circa £50k and it is anticipated that significant consultation with a wide range of public and private sector stakeholders will be required. The below table sets out some proposed key milestones involved in the work: -

Activity	Timeline
Project scope defined following feedback from BEIC, internal project group established & project plan produced	April / May 2023
Initial consultation workshop with key internal & external stakeholders e.g. LAs, Universities, DBT, sector specific bodies, chambers etc.	June 2023
External delivery partner procured (if required), and ongoing consultation with key stakeholders	June - September 2023
First draft of strategy presented to original workshop attendees	October 2023
Strategy adopted by CA and delivery commences	December 2023 / January 2024

3. Tackling the Climate Emergency Implications

- 3.1. The service will continue to target sectors and sub-sectors with opportunities to contribute positively towards the climate emergency e.g. electric vehicles and the associated supply chains, environmental technologies (including on and off shore wind power), digital technologies and telehealth.
- 3.2. Large business investors in the region can benefit from the support of the CA's Travel Plan Network. This enables them to embed sustainable and active travel into their business operations via such activities as walking and cycling routes and schemes, public transport incentives, car sharing initiatives and carpark management. In addition, SMEs investing in the region can also access support from the CA's new Business Sustainability Programme, which can help them reduce energy use and costs and increase recycling and reuse.

4. Inclusive Growth Implications

- 4.1. Businesses supported to invest in the region are actively encouraged to adopt Inclusive Growth commitments, such as paying the Real Living Wage, working with a local school, taking on apprentices, employing people that have faced disadvantage in the labour market, paying suppliers in accordance with the Prompt Payment Code and upskilling their lowest paid employees.

5. Equality and Diversity Implications

- 5.1. The service will continue to work closely with the Diaspora communities in the region to increase trade and investment, and to engage more businesses led by people from diverse backgrounds in export support provision. Service targets on gender, ethnicity and disability will be set for the number of business leaders engaging with support programmes.

6. Financial Implications

- 6.1. None directly related to this report.

7. Legal Implications

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

8. Staffing Implications

- 8.1. It is not proposed that the inward investment strategy addresses structure and resources for the CA to be able to deliver against it, but it will help to shape and inform them.

9. External Consultees

9.1. No external consultations have been undertaken at this stage. Although this will be planned as part of the development of the new inward investment strategy.

10. Recommendations

10.1. That the Business, Economy and Innovation Committee:

- a) Notes the CA's key inward investment achievements in 2022/23; and
- b) Supports the need for a new inward investment strategy for 2023/24 onwards and provides input on the proposed areas of focus for the strategy.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

There are no background appendices referenced in this report.



Report to: Business, Economy and Innovation Committee

Date: 29th March 2023

Subject: **Growing Places Fund**

Director: Liz Hunter, Director of Policing, Environment and Place

Author: Kate Thompson, Head of Economic Implementation

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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	3
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 To update the Committee on progress in committing loans through the Growing Places Fund (GPF).

2. Information

- 2.1 The Growing Places Fund (GPF) began in 2012 with a £35.5 million allocation from Government. The Fund offered loans to support projects that required additional capital funding to deliver jobs and economic growth and to unlock stalled developments post-recession, generally within a timescale of five years or less. The Fund was open to all businesses and organisations of any size based in or looking to invest in the Leeds City Region. The Fund typically sought private sector leverage on the basis of 1:3.
- 2.2 Over the lifetime of the programme, the Local Enterprise Partnership (the LEP) and former Business Investment Panel, has made 15 investments using GPF capital. Of the 15 investments, 8 projects have completed successfully and 4 are still underway. 3 projects did not complete and investment therefore will not be returned in part or in full.
- 2.3 Infrastructure projects have included expansion of business premises, site remediation and developing new road junctions as part of opening up brownfield sites for housing or jobs. Funds have also been used by borrowers

to acquire or upgrade physical assets such as property, industrial buildings or equipment. Together, these projects have delivered developments that would otherwise have been unviable or significantly delayed. Outputs¹ have included:

- 97 hectares of remediated land
- 34,621 sq. m of commercial space
- 671 new homes built (plus a further 47 affordable homes)
- 177 jobs and 31 apprenticeships created or safeguarded

Budget position

- 2.4 Whilst the **residual capital** funding allocation within GPF is £1.988 million, no new loans have been approved since January 2020, when the Fund was paused pending the potential launch of a new investment fund – the West Yorkshire SME Investment Fund.
- 2.5 £250k of the residual capital funding (para 2.4) was approved by the Combined Authority at the February 2023 meeting for use in initial resourcing capacity to enter into a UK Research and Innovation (UKRI) bidding process to create a national centre for Convergent Screen Technologies and performance in Realtime (CoSTAR) located on the Langthwaite Enterprise Zone site at South Kirkby, which is in the ownership of the Combined Authority.
- 2.6 At the same meeting, the Combined Authority noted an indicative funding package for the Langthwaite project, subject to progression of the project through the Assurance Framework, which includes use of all residual capital funding and future unallocated loan repayments from the Growing Places Fund, as well as income related to other Enterprise Zone sites. Please refer to additional information contained in section 6 – Financial Implications.
- 2.7 **Loan repayments** are held separately and the LEP Board and Combined Authority has previously approved £21.65 million of returned GPF capital to be reinvested into the West Yorkshire SME Investment Fund. This leaves £3.156 million available for the Langthwaite EZ project to be allocated from future loan repayments. Please refer to additional information contained in section 6 – Financial Implications.
- 2.8 Taking into account the indicative allocation of funds detailed in paras 2.5-2.7 above, this effectively brings the GPF programme to a close. There are four live loans remaining and all capital is currently anticipated to be repaid by 9th October 2027. Live loans will be managed and monitored until completion, when individual project completion reports will be progressed through the Assurance Framework. Any loans with changed circumstances over this remaining period will be reported to the Committee as appropriate.

¹ Data monitoring to 2018

GPF Projects with Changed Circumstances

- 2.9 The Committee is requested to note that two separate GPF loans - which are linked to the same project - have changed circumstances in relation to the repayment of the loans. Details can be found in **Exempt Appendix 1**.

Project Ref	Total Loan	Recommendation
209, New Bolton Woods	£248,000	To note
318, New Bolton Woods	£346,000	To note

- 2.10 Variations to loan agreements have been delegated to the Director of Finance and Commercial Services by the Combined Authority on the condition that decisions are reported to the Business Investment Panel. As the Business Investment Panel has been disbanded, this decision is being reported to the Business, Economy and Innovation Committee (BEIC), the terms of reference for which include “*To advise the Combined Authority in respect of any Non-Mayoral Function which relates to, or impacts on, business, the economy or innovation*”. Therefore, the BEIC is able to advise the Combined Authority and the LEP on any future matters related to business finance and investment under the above point.

3. Tackling the Climate Emergency Implications

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

4. Inclusive Growth Implications

- 4.1 New Bolton Woods is a large mixed-use regeneration scheme in the Canal Road Corridor of Bradford district and once complete, will be a new sustainable urban village that will provide new employment opportunities, key social amenities and over 1000 new homes for local residents.

5. Equality and Diversity Implications

- 5.1 As detailed in para 4.1.

6. Financial Implications

GPF Residual Capital and Loan Repayments

- 6.1 The residual capital allocation is £1.738 million, following Combined Authority approval of £250k for the Langthwaite Enterprise Zone site. The residual capital is indicatively allocated to the Langthwaite Enterprise Zone, subject to successful progression of the project through the Assurance Framework.
- 6.2 The capital repaid by GPF loans to 31 January 2023 is £21,107,404 and the remaining capital anticipated to be repaid in 2022/23 is a further £83,610 (total £21.191 million). This funding is allocated to the West Yorkshire SME Investment Fund up to £21.65 million in line with previous LEP Board and Combined Authority approvals.

- 6.3 The total loan capital expected to be repaid beyond 31 March 2023 is £3,615,733. Part of this funding (£458,986 – residual from allocation at para 6.2) has been approved for the SME Investment Fund. The remainder (£3,156,747) has indicatively been allocated to the Langthwaite Enterprise Zone subject to successful progression of the project through the Assurance Framework.
- 6.4 BEIS have previously advised that the decision to re-allocate the GPF residual capital can be determined at local level by the Accountable Body (i.e. the Combined Authority), providing the aims are broadly similar to those of the original GPF. In addition, as GPF came through a Section 31 grant determination, the Accountable Body will need to ensure that the funding is utilised in the manner stipulated in the grant determination and any specific conditions are adhered to e.g. Under the S31 capital grant determination, the funding allocations must be used for infrastructure to unlock further development. The use of the GPF for the Langthwaite site would be in keeping with the S31 funding. The Combined Authority also has the ability to utilise future capital receipts from GPF loans once these are repaid as these are unencumbered.
- 6.5 Commercial implications in relation to GPF loans with changed circumstances as outlined in para 2.9 can be found in **Exempt Appendix 1**.

7. Legal Implications

- 7.1 The information contained in **Appendix 1 is exempt** under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.
- 7.2 Legal implications in relation to GPF loans with changed circumstances outlined in para 2.9 can be found in **Exempt Appendix 1**.

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 update on GPF repayments and changes to GPF Loans 209 and 318 as approved by the Director of Finance and Commercial Services and detailed in Exempt Appendix 1 be noted.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

12.1 Exempt Appendix 1 – Commercial Update

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