

BUSINESS INNOVATION AND GROWTH PANEL

**MEETING TO BE HELD AT 10.00 AM ON THURSDAY, 7 SEPTEMBER 2017
IN COMMITTEE ROOM A, WELLINGTON HOUSE,
40-50 WELLINGTON STREET, LEEDS**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE MEETING OF THE BUSINESS INNOVATION AND GROWTH PANEL HELD ON 23 JUNE 2017**
Copy attached.
(Pages 1 - 4)

Trade and Investment

- 5. INWARD INVESTMENT**
Led by: David Shepherd
(Pages 5 - 6)
- 6. INTERNATIONAL TRADE**
Led by: David Shepherd
(Pages 7 - 16)

Business Innovation and Growth

- 7. INDUSTRIAL STRATEGY AND INCLUSIVE GROWTH**
Led by: Jonathan Skinner
(Pages 17 - 20)
- 8. LEP GROWTH SERVICE**
Led by: Henry Rigg
(Pages 21 - 32)

9. ACCESS INNOVATION

Led by: Philip Wilson

(Pages 33 - 40)

For information

10. INNOVATION

(Pages 41 - 58)

11. DIGITAL

(Pages 59 - 60)

12. BUSINESS SUPPORT

(Pages 61 - 66)

Signed:

A handwritten signature in black ink, appearing to read 'P. Wilson', with a long horizontal line extending from the bottom of the signature.

WYCA Managing Director



**MINUTES OF THE MEETING OF THE
BUSINESS INNOVATION AND GROWTH PANEL
HELD ON FRIDAY, 23 JUNE 2017 AT RELIANCE PRECISION, HUDDERSFIELD**

Present:

Andrew Wright (Chair)	Reliance Precision
Councillor Darren Byford	Wakefield Council
Mike Danby	Advanced Supply Chain Lead
Professor John Fisher	University of Leeds
Sandy Needham	Chamber of Commerce
Ian Sharp	Digital Health Enterprise Zone
Andrew Welsh	Bradford College
Phillip Wilson	Slipstream Design

In attendance:

Sarah Bowes	WYCA
Sue Cooke	WYCA
Elizabeth Davenport	WYCA
Henry Rigg	WYCA
David Shepherd	WYCA
Dathan Tedesco	WYCA

1. Apologies for absence

Apologies for absence were received from Councillors Richard Foster, Roy Miller, Patrick Mulligan and Tim Swift, and Dean Cook, John Eaglesham, Kersten England, Sophie Jewett, Mark Robson, Lee Savage, Simon Wright.

The Chair thanked two retiring members of the Panel, Amanda Lennon and Chris Schofield, for their contributions and informed members that recruitment of replacement members would commence in the coming months.

2. Minutes of the meeting of the Business Innovation and Growth Panel held on 9 March 2017

Resolved: That the minutes of the Business Innovation and Growth Panel held on 9 March 2017 be approved.

3. Declarations of interest

None were declared.

4. Governance

The Panel considered a report on governance arrangements which was presented by WYCA's Legal and Governance Services Solicitor.

The Panel were informed of the proposal to integrate the LEP Panels, including the Business Innovation and Growth Panel, into WYCA's decision making structure with the principal advantages of streamlining decision making, increasing accountability and transparency and having direct private sector involvement in WYCA decision making.

The Panel discussed the implications of the changes and noted that a report on the proposals would be considered by WYCA on 29 June and, if approved, the Business Innovation and Growth Panel would be appointed as an advisory committee of the West Yorkshire Combined Authority with effect from 1 September 2017.

Resolved: That the contents of the report be noted.

5. Business Innovation and Growth Plan

Members were presented with the most up to date draft of the Business Innovation and Growth (BIG) Plan and asked to provide comment and input.

Following on from the last Panel meeting, the working group of Philip Wilson, Simon Wright and John Fisher had continued to refine the draft BIG Plan.

In parallel to the work to develop a new Plan, discussions had been taking place with Chief Executives and the LEP Board around a new Inclusive Industrial Strategy to replace the Strategic Economic Plan. It had been agreed that over the summer work would take place to identify what a new Inclusive Industrial Strategy might look like.

The work undertaken to date to draft the BIG Plan would provide an important starting point for input into a new Inclusive Industrial Strategy and any associated Delivery Plans.

Panel members discussed the plan and thanked members and officers for their work to progress it.

Resolved: That the work undertaken to develop the Business Innovation and Growth Plan be noted.

6. Innovation

Members were presented with an update on innovation activity, including:

- The emerging partnership agreement between the LEP / WYCA and Innovate UK.
- The emerging proposal by the eleven northern LEPs to develop a Northern Innovation Strategy.
- The ongoing work of the Innovation Working Group in mapping and identifying innovation active companies across the Leeds City Region.
- An update on the progress of innovation capital programmes.
- The progress of WYCA's innovation support programmes, including the £9.2m Access Innovation programme, supporting SMEs to develop new products and processes, and to develop long term productive working relationships with R&D specialist organisations.

Professor John Fisher also presented a summary report of the Med-Tech Science & Innovation Audit for Leeds City Region, which had been circulated by email in advance of the meeting. Members discussed how they could support the work and its propositions moving forwards.

Resolved:

- (i) That the contents of the report be noted.
- (ii) That the Panel considers how it can support and provide input into the next steps of the Leeds City Region Med-Tech Audit.

7. Inward Investment

WYCA's head of Trade & Investment presented the Panel with an update on inward investment performance and activity.

Having finalised performance figures for 2016/17, the Trade & Investment team had set new targets for 2017/18 and were pleased to report that there had already been two new significant inward investment project successes, bringing an anticipated 900 new jobs to the City Region.

Members were also provided with an overview of the projects and enquiries on the investment pipeline together with a summary of the business development activity taking place to help develop further enquiries.

Resolved: That the contents of the report be noted.

8. International Trade

WYCA's Head of Trade & Investment presented the Panel with an update on key activities within the International Trade Plan and an overview of the current trade

performance figures.

Resolved: That the contents of the report be noted.

9. Any other business

None.

10. Date of next meeting

7 September, 10.00am, Committee Room A, Wellington House, Leeds

Director: Sue Cooke, Executive
Head of Economic Services
Author: David Shepherd



Report to: Business Innovation and Growth Panel

Date: 7 September 2017

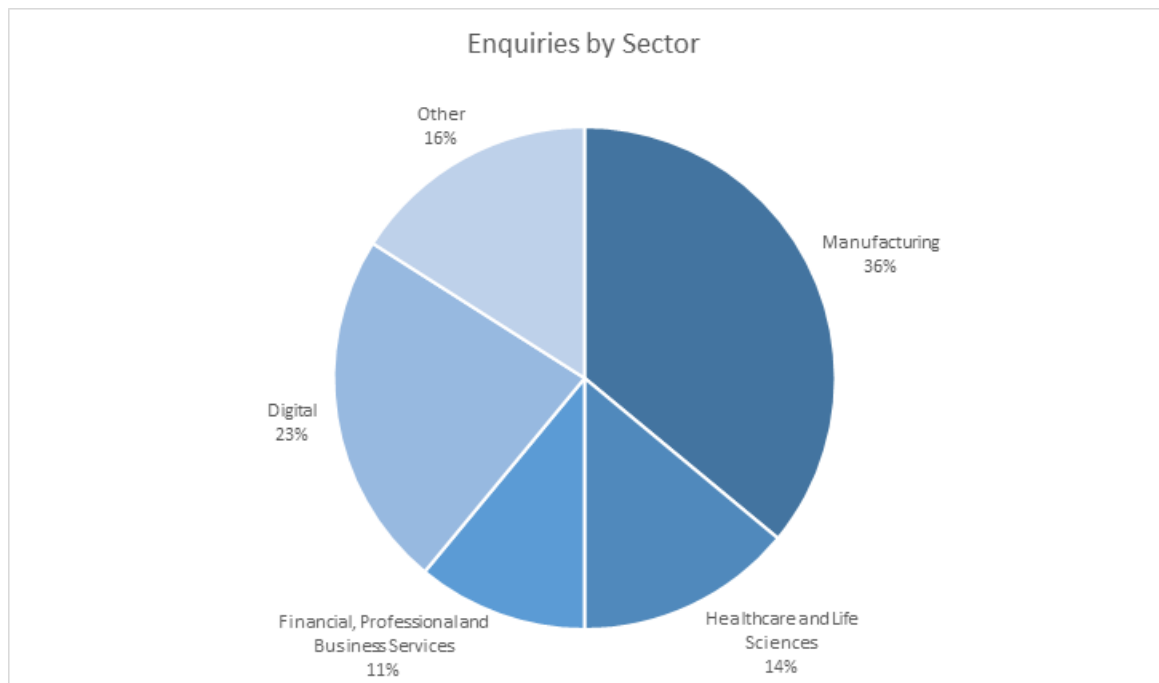
Subject: Inward Investment

1 Purpose

- 1.1 To provide BIG Panel with an update on inward investment activity.

2 Performance

- 2.1 There has been one reported success since the last panel report, creating 300 jobs. The Trade and Investment Team continues to work on a number of large strategic inward investment opportunities, including Channel 4.
- 2.2 There is a strong mix of enquiries across our priority sectors as shown below.



3 New developments

- 3.1 Under Growth Deal 3 (GD3) the West Yorkshire Combined Authority (WYCA) has been allocated funding to run a Strategic Inward Investment Fund.
- 3.2 Some funds from the GD3 allocation will be used to support interventions attracting inward investor businesses in the digital and technology sector. This scheme (Digital Sector Soft Landing Scheme) is currently being designed.

- 3.3 The Trade and Investment team attended the Northern Powerhouse (NPH) Town Hall event in July to understand NPH's future strategic direction and partners were encouraged to input into the approach. DIT (NPH) are considering establishing an over-arching panel that defines and manages the inward investment strategy for the NPH. The Trade and Investment team are also being consulted on the forthcoming re-tender of DIT's national inward investment services contract.
- 3.4 Discussions over Key Account Management (KAM) funding with the Department for International Trade (DIT) are ongoing.
- 3.5 DIT announced the UK Foreign Direct Investment (FDI) results and the LCR results showed an increase of 22%.
- 3.6 The Trade and Investment team is undertaking numerous business development initiatives across the UK and overseas to attract enquiries. There is a sustained plan of business development activity that will be executed this financial year.
- 3.7 Leeds City Region was represented at the London Technology week, meeting with multiple international contacts as well as exhibiting at the Global Expansion Summit.
- 3.8 The Trade and Investment team hosted a delegation from the DIT Fintech and Innovation team and presented to delegates as part of a Chinese Investment Promotion Agency mission to the UK.
- 3.9 The Trade and Investment Team has led the Leeds City Region's response to the Department of Digital, Culture, Media and Sport (DDCMS) consultation regarding the potential relocation of Channel 4's operations beyond London. We are engaging with senior level stakeholders across the screen and digital sectors as well as key industry and political influencers in our efforts to anchor a presence and further investment by Channel 4 in the Leeds City Region.

4 Recommendations

- 4.1 That the update on inward investment activity be noted and feedback provided.

Director: Sue Cooke, Executive
Head of Economic Services
Author: Amanda Potter



Report to: Business Innovation and Growth Panel

Date: 7 September 2017

Subject: International Trade

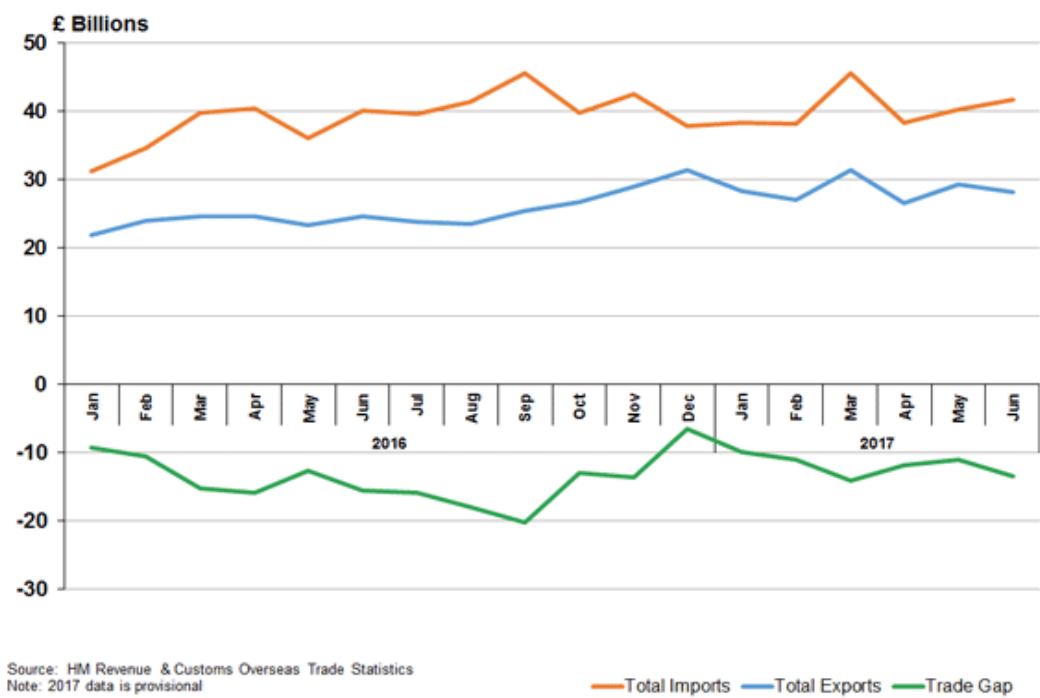
1 Purpose

- 1.1 To provide BIG Panel members with an update on key activities within the International Trade Plan and an overview of the current trade performance figures.

2 Trade Performance and Outlook

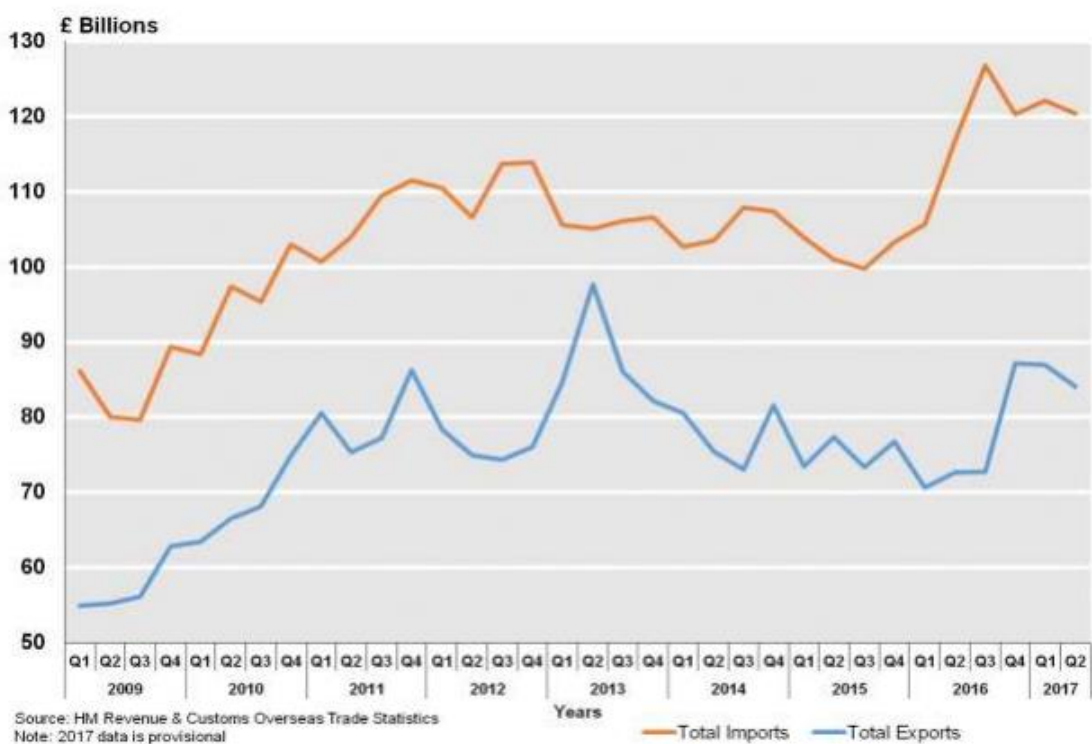
- 2.1 The most recent Regional Trade Statistics for the first quarter of 2017 released by HMRC show that in the year to March 2017, the UK export value went up 11% on last year. All English regions saw an increase, including an increase of 7.6% in Yorkshire and the Humber.
- 2.2 The total number of UK businesses exporting increased by 6.6%, between Q1 (quarter 1) 2016 and Q1 2017. During the same period, Yorkshire & the Humber saw an increase of 5.6%, with around 7,404 exporters in the region.
- 2.3 The British Chambers of Commerce (BCC) Quarterly Economic Survey for Q1 2017 reports that 26% of manufacturers and 10% of service businesses reported improved export sales in quarter 1 2017, up from 16% and 8% respectively in Q4 2016.
- 2.4 The positive message is reinforced in the EEF/BDO Manufacturing Outlook 2017 Q2, which finds that exports continue to be boosted by healthy global demand, especially from markets in Asia, North America and Europe, and weak Sterling.
- 2.5 The survey shows that mechanical and electrical equipment and electronics are reporting a growing strength in export sales. Food and drink sales overseas, however, appear to be dropping, perhaps in response to consumers feeling the effect of rising inflation in other advanced economies.
- 2.6 At a national level the most recent data from HMRC shows that total trade exports for June 2017 were £28.3 billion, a decrease of £1.0 billion (3.5%) compared with the previous month, but an increase of £3.6 billion (15%) compared with June 2016 (Figure 1).

Figure 1: Total UK monthly trade (Jan 2016 – June 2017)



2.7 The UK total export trade for Q2 of 2017 was £84.1 billion, an increase of 16% compared with £72.7 billion for Q2 of 2016. There was a trade deficit of £36.3 billion for Q2 of 2017, a decrease of 18% compared with Q2 of 2016. These values were strongly influenced by trade in non-monetary gold (Figure 2).

Figure 2: Quarterly UK trade (2009 – 2017)



- 2.8 The next regional and national trade data will be published in September and will provide a clearer indication of how closely the Yorkshire and Humber region is following the national picture.

3 Trade Plan - Progress

- 3.1 It is recognised, however, that there is a significant and persistent gap between trade performance in the region and the national average. More needs to be done to close this gap and it has been acknowledged that a review of current trade support is needed to help understand the underlying causes and potential solutions. Work is under way to gather, assess and share with partners the latest evidence and research as part of the industrial strategy (see item 7), with a view to presenting findings by the end of the year.
- 3.2 In terms of progress on the current Trade Plan, the Trade & Investment team has recently concluded the latest call for Expressions of Interest (EOIs) for Kaola.com, the Chinese online shopping site. 45 initial EOIs were received, with 39 suppliers subsequently listed in the final catalogue for Kaola.com.
- 3.3 This current call for expressions of interest was supported by a number of partners helping to disseminate the information, including the members of the trade working group (DIT, Chambers, Enterprise Europe Network, Yorkshire Universities, Yorkshire Asian Business Association & private sector) and other organisations such as the China Britain Business Club (CBBC), Manufacturing Yorkshire and Deliciously Yorkshire.
- 3.4 The Trade & Investment team is working with DIT to build additional activity around the Gulf Tour to the UK 2017, which will visit Leeds on 18th September as part of a national tour. <https://www.events.trade.gov.uk/gulf-tour-to-the-uk-2017/>.
- A campaign will be run leading up to this event to highlight the opportunities in the Gulf States for business in the city region.
 - On the 18th September, a breakfast roundtable will take place for businesses in the healthcare sector followed by two company visits to healthcare businesses during the afternoon.
- 3.5 Partners in delivering these activities are DIT, Export Exchange, Medilink and the British Centre for Business in Dubai. Further activity on the Gulf States will continue after the visit in September.
- 3.6 Working with DIT and the Honorary Consul for South Africa, the Trade & Investment team is organising a visit from the South African High Commission to the city region in October. This will focus in particular on key sectors to highlight where the potential business opportunities may be for businesses in the city region.
- 3.7 MDS Transmodal has now completed the final version of the trade analysis commissioned to examine trade in the Leeds City Region. The key messages from the report will be disseminated in the autumn.

4 Delivery Partners Update

Department for International Trade

- 4.1 Following the General Election, it has now been confirmed that The Rt Hon Dr Liam Fox MP remains as Secretary of State for International Trade and President of the Board of Trade. Also continuing are The Rt Hon Greg Hands MP as Minister of State for Trade and Investment, Lord Price CVO as Minister of State for Trade Policy and Mark Garnier MP as Parliamentary Under Secretary of State.
- 4.2 DIT (Department for International Trade) has appointed Crawford Falconer as the Chief Trade Negotiation Adviser and Second Permanent Secretary. This position is in addition to the existing Permanent Secretary Antonia Romeo.
- 4.3 The Northern Powerhouse trade missions have now been published and a full list is included at **Appendix 1**. The Trade & Investment team is therefore currently looking at where opportunities for joint working may exist and welcomes suggestions from Panel members.

Exporting for Growth (EfG)

- 4.4 The take up of the European funded EfG export grant programme in the city region currently stands at 72 grant offer letters issued to the end of July 2017 making offers of a total of £247,581 in grant funding.
- 4.5 The new Export Exchange peer to peer network for the city region launched on 30th June and introduced the first 50 'Patrons' <https://www.exportexchange.co.uk/patrons.php>. The Patrons, all experienced exporters and business leaders, will share their expertise on every aspect of exporting and growth with fledgling SME exporters.

5 New Developments

- 5.1 The International Trade Working Group is evolving to form a new wider and more inclusive partnership group to enable closer working with a wider range of public and private sector partners and organisations in the city region who have an interest and role in supporting businesses to trade internationally. This will support the Trade Plan ambition to create 'closer and stronger collaboration between partners across the City Region resulting in more businesses exporting from Leeds City Region and the value of our exports increasing'.
- 5.2 The Trade & Investment team is looking at ways to develop its web presence to provide a better platform to communicate and disseminate information on trade activities.

6 Recommendations

- 6.1 That the update on International Trade activity be noted and feedback provided.

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2017/18 Northern Powerhouse Mission Program

Location	Event	Sector	Date	Lead Region	Rationale
San Francisco, USA	Mission	Tech & Med Tech	September 24 th – 28 th	NW	Partnership with IoD and Virgin Atlantic utilising new Manchester-San Fran direct flight. Will be a follow up mission to event in March 2017 launched by Greg Hands. Linked to High Value Campaign -USA Digital Economy. ITA Lead: Karl Susol Karl.susol@tradenw.org 07730 211630
Netherlands	Starter Mission	Consumer Retail	October 3 rd – 6 th	Y&H	Starter mission primarily for new and less experienced exporters, with a support programme that includes briefing, training and matchmaking. ITA Lead: Duncan Slater duncan.slater@mobile.trade.gov.uk 07881 266270
Cologne, Germany	Anuga Starter Mission	Food & Drink	October 8 th – 10 th tbc	NW	Starter mission primarily for new and less experienced exporters, with a support programme that includes briefing, training and matchmaking, focused on group visit to Anuga trade show (on DIT Core Events list). ITA Lead: Lynne Gillen lynne.gillen@tradenw.org 07966 560642
Singapore/ Malaysia	Mission	Technology	October 8 th – 12 th	NW	Building on first ever NPH mission in 2015 with 60 delegates, led by SoS and timed to coincide with PM SE Asia mission. Linked to High Value Campaign – Malaysia Technology ITA Lead: Philomena Chen Philomena.Chen@tradenw.org 07764 836919

2017/18 Northern Powerhouse Mission Program

Dusseldorf, Germany	Starter Mission	Creative	November tbc	NE	<p>Starter mission primarily for new and less experienced exporters, with a support programme that includes briefing, training and matchmaking.</p> <p>ITA Lead: Maria Dotsch maria.dotsch@mobile.trade.gov.uk 0788 580 5735</p>
Los Angeles USA	American Film Market	Creative	November 1 st – 8 th	NW	<p>Follow up to successful 17 company NPH delegation to AFM in 2016. NPH delegation linked to High Value Campaign - USA Creative Industries</p> <p>ITA Lead: Karen Holden Karen.holden@tradenw.org 07753 984517</p>
China	FHC Shanghai	Manufacturing	November 11 th – 19 th	NW / NE (joint)	<p>First NPH delegation to premier catering and hotel equipment trade show in China (on DIT Core Events list). Linked to High Value Campaign – China Food & Drink</p> <p>NW ITA Lead: Penny Wang-Orme Penny.wang-orme@tradenw.org 07717 447292</p> <p>NE ITA Lead: Chris Jewitt</p>
Dusseldorf Germany	Medica	Life Science	November 13 th – 16 th	Y&H	<p>In partnership with Medilink, NPH delegation to Medica in Germany; the premier sector trade show internationally, and on DIT Core Events list.</p> <p>ITA Lead: Tom Elliot t.elliott@medilink.co.uk 07772 519525</p>
Warsaw Poland	Starter Mission	Advanced Manufacturing	November 19 th – 22 nd	Y&H	<p>Starter mission primarily for new and less experienced exporters, with a support programme that includes briefing, training and matchmaking.</p> <p>ITA Lead: Duncan Hoyland</p>

2017/18 Northern Powerhouse Mission Program

					duncan.hoyland@mobile.trade.gov.uk 07500 082586
Boston, USA	Mission	Digital	November 25 th – 1 st	NE	NPH delegation linked to two High Value Campaigns. USA Creative Industries and also USA Digital Economy. ITA Lead: Simon Crosby Simon.Crosby@mobile.trade.gov.uk – 07968 428121
Paris, France	Maison & Object Exhibition Starter Mission	Consumer Retail	January between 19 th - 23 rd tbc	NE	Starter mission primarily for new and less experienced exporters, with a support programme that includes briefing, training and matchmaking. ITA Lead: Sue Beverley Sue.Beverley@mobile.trade.gov.uk - 07966222258
UAE	Arab Health	Life Science	January 29 th – 1 st	Y&H	Follow up NPH delegation to pre-eminent international life sciences trade show, on DIT Core Events list, and building on 58 company mission in 2017. ITA Lead: Tom Elliot t.elliott@medilink.co.uk 07772 519525
India	Nasscom	Technology	February tbc 15-17 trade show dates	NW	First NPH delegation to Nasscom, on DIT Core Events list and linked to High Value Campaign. ITA Lead: Barbara Singleton Barbara.singleton@tradenw.org 07764 836947
UAE	Gulfood	Food & drink	February tbc 18-22 trade show dates	Y&H	Delegation to Gulfood (on DIT Core Events List), building on successful NPH mission in 2017 with 37 companies. ITA Lead: Eve Husband eve.husband@mobile.trade.gov.uk 07740 835795
South Korea	Mission	Digital & Creative	Feb / March	NE	NPH delegation linked to HVC South Korea.

2017/18 Northern Powerhouse Mission Program

tbc					
<p>ITA Lead: John Holmes-Carrington john.h-carrington@mobile.trade.gov.uk 07843 069521</p>					
USA	SxSW	Digital & Creative	March 9 th – 18 th	Y&H	Follow up to NPH delegation in 2017, with 36 delegates. On DIT Core Events list and links to High Value Campaign, USA Creative Industry.
<p>ITA Lead: Jo Hubbard jo.hubbard@mobile.trade.gov.uk 07500 082589</p>					

Trade show dates have been included for reference only where precise visit dates are yet to be confirmed, but should encompass some of if not all of the day's outlines of the trade shows.

Director: Rob Norreys, Director of Policy, Strategy & Communications
Author: Jonathan Skinner



Report to: Business Innovation and Growth Panel

Date: 7 September 2017

Subject: Industrial Strategy and Inclusive Growth

1 Purpose

- 1.1 To inform Panel Members of the opportunity provided by Government's modern industrial strategy, and seek views on the challenges to improving competitiveness given prevailing economic conditions, and ensure this drives inclusive growth outcomes.
- 1.2 The three particular outputs from this work are:
 - 1.2.1 Extend the city region's policy range to all drivers of competitiveness. This will be driven by a single, bold city region strategy owned by both the LEP and Combined Authority, with inclusive growth at its core.
 - 1.2.2 Refocus established programmes and projects to drive inclusive growth outcomes, so far as is possible given the conditions attached to government funding; and,
 - 1.2.3 A bid to government ahead of the Autumn Budget, given the impending expiry of several key Growth Deal funding streams.

2 Industrial Strategy and Inclusive Growth

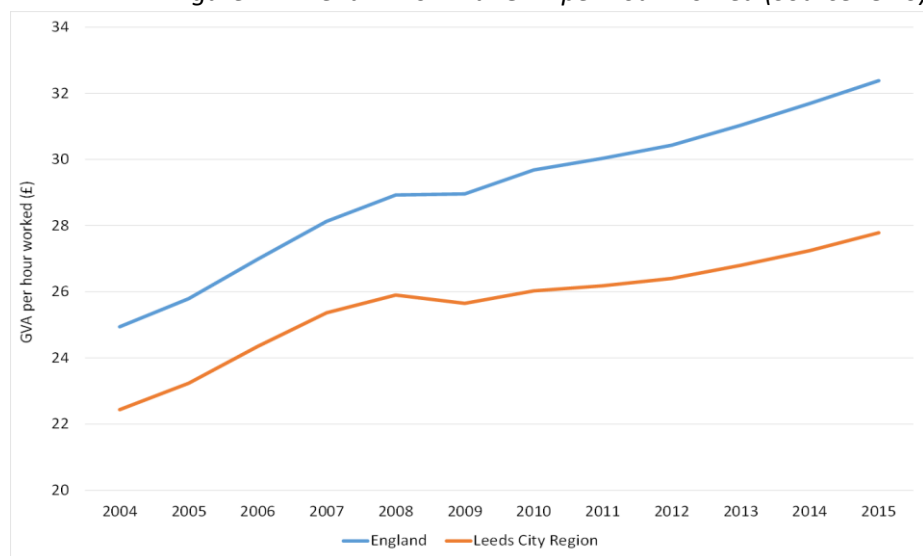
Boosting earning power and living standards means improving productivity

- 2.1 Prevailing economic conditions have changed markedly in the relatively short time since the LEP and its strategic remit were established:
 - unemployment in the UK has hit a 42-yr low (and virtually halved in the LCR);
 - the trajectory of real wage growth has flipped from positive to negative;
 - UK business confidence remains positive, but is weakening;
 - the UK is 18mths from new international trading opportunities, a new but uncertain relationship with its largest trading partner, and constraining the supply of relatively skilled and cheap labour; and,
 - there has been a significant rise in in-work poverty.
- 2.2 In this context, government initiated a *modern industrial strategy* to boost UK productivity and earning power, and used the recent Queen's Speech to confirm

government's intention to "spread prosperity and opportunity across the country through a new modern industrial strategy". This fits well with the city region's vision of a globally-recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone.

- 2.3 The LEP Board will consider what this means for the strategic economic plan, but in the interests of clarity, there will be a single, bold top-level city region strategy owned by both the LEP and Combined Authority, with inclusive growth at its core. The LEP Board awayday on 19 September will shape the direction of this local industrial strategy which will be, as far as possible, co-produced with partners across business, universities, local authorities, national government and other local stakeholders.
- 2.4 Having inclusive growth at the core means **improving living standards by boosting earning power and a more inclusive labour market**. Both of these improvements require a more productive economy, particularly as the UK moves to a new global footing. In 2004 the city region's labour productivity level was 90% of the national average; by 2015 the gap had grown to 14% (i.e. 86% of national levels). **Closing this gap is worth more than £10bn to the city region's economy**, and requires action across businesses, universities, government and other stakeholders.

Figure 1 – Trend in nominal GVA per hour worked (Source: ONS)



- 2.5 There will be a short presentation to provide Panel Members with further information about what a more radical focus on productivity might mean in practice, along with some more practical short-term options like:
- Refocusing the current range of city region projects and programmes to more clearly drive inclusive growth outcomes.
 - Pursuing the devolution of powers and funding that ensures local decision-makers can tailor policy interventions according to the needs of the economy; and,
 - Securing the continuation of programmes that support the business base.

This may mean, for example, that the LEP's enterprise adviser offer for schools will focus on children in the most deprived communities – so 6,000 of our most deprived young people will benefit from enhanced contact with employers to help shape their career choices, or efforts to improve community entrepreneurship are targeting in disadvantaged communities.

3 Recommendations

- 3.1 That the update on the city region's developing approach to industrial strategy and inclusive growth and the plan to further engage on the productivity challenge be noted.
- 3.2 That the work being undertaken to refocus established programmes and projects to drive inclusive growth outcomes be noted.
- 3.3 That the plan to propose the continuation of several key Growth Deal programmes to government ahead of the Autumn Budget, in light of their impending expiry, be endorsed.

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



Report to: Business Innovation and Growth Panel

Date: 7 September 2017

Subject: LEP Growth Service

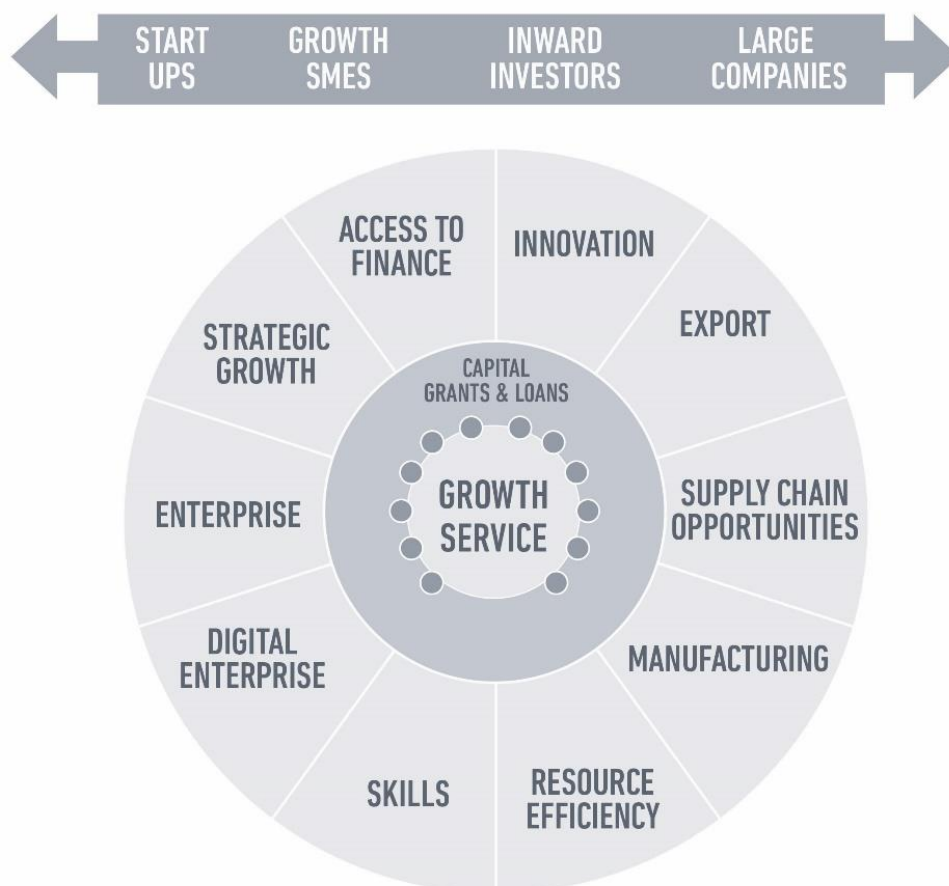
1 Purpose

- 1.1 To provide the Panel with an update on the LEP Growth Service.

2 Growth Service

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

Figure 1: Business support in Leeds City Region



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

Progress to date

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

Table 1: Performance against headline targets 2017-18.

Target Measure	Target	Achieved April 17– July 17
SMEs supported - light-touch & intensive (such as attendance at LEP events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2500	587
SMEs supported - intensively by SME Growth Managers (more ongoing support over the year i.e. several meetings, diagnosis of need, personal referral to relevant products/services, support with funding applications etc).	630	283
All business enquiries handled by the LEP gateway (helpline, email and web)	No contractual target	638

- 2.6 The Service is making steady progress towards the target of supporting 2500 businesses in 2017/18, with 587 supported between April and the end of July 2017. This includes support via the Gateway (telephone helpline, emails and web), events

across the city region and the more intensive support from the Growth Managers, who are currently working with over 280 SMEs.

- 2.7 Since the Service was launched in July 2015, it has provided support to over 3,200 individual businesses, many of which have used the Service on more than one occasion. This demonstrates the value of the Service to city region businesses and there is a continued trend towards businesses taking-up several of the current products available (see **Appendix 1** for more information on this).

Service developments

- 2.8 A Scale-Up plan has been produced on the request of BEIS to set out how the Service will support those small firms with the highest growth potential (defined as those most likely to achieve at least 20% growth in turnover, and/or, employment over a three-year period).
- 2.9 The plan for LCR includes the support available from the Growth Managers, as well as that provided by several products currently available in the city region, such as Ad:Venture (the city region's support programme for start-up and early-stage businesses) , Strategic Business Growth and Access Innovation. The plan also includes some analysis of the fastest growing businesses in LCR undertaken by WYCA's Research and Intelligence Team. This will be further enhanced and then used to target specific businesses with tailored growth-related support.
- 2.10 WYCA's Travel Plan Network (TPN) is now being actively promoted to businesses as another key product available from the Growth Service. The TPN provides businesses of all sizes with advice and guidance to implement sustainable travel solutions, including discounted public transport offers. It operates as a membership model and currently has 316 members within West Yorkshire, although the offer will soon be extended to the full city region.
- 2.11 The integration of the TPN within the Growth Service is now giving its members the opportunity to benefit from a much wider range of support, whilst also helping the Growth Service's existing clients to realise the benefits of TPN membership i.e. reduced costs, reduced carbon emissions and healthier and more productive employees. 24 businesses have joined the TPN since the start of April 2017, which contributes to the annual target of recruiting 50 new members. Several of the new members have been introduced by the SME Growth Managers.
- 2.12 An evaluation of the Growth Service will be undertaken in early 2018, following on from the two previous evaluations required as a condition of the funding from BEIS. This will focus on the economic impact of the Service to date, and will include detailed case studies of several firms supported by the Growth Managers. It will also compare the Service to other similar ones being delivered elsewhere on the country in order to share, and learn from, good practice.

Future Funding of the Service

- 2.13 As stated at point 2.4 above, the Service is funded by BEIS until the end of March 2018, with no current commitment beyond that date. BEIS has confirmed that it cannot make any commitments to future funding of Growth Hubs at this point in time, and that if funding is made available, it will be announced within the next Autumn Statement (expected in November 2017).
- 2.14 Therefore, the CA/LEP continues to work closely with BEIS, and other Growth Hubs across the country, to put forward a strong case for continued funding based on evidence of impact to date and ambitious future growth plans. This involves strong participation in the Northern Powerhouse Growth Hub Network, which is working with Government on a 'blueprint' for the future of Growth Hubs, and continued support for the national 'task and finish' group on Growth Hub sustainability.
- 2.15 There will be a presentation at this meeting of the Panel on options for the future funding of the Service for three to five years from April 2018 onwards. This includes the possible use of external funding streams and closer involvement of the private sector.

Marketing and Communications

- 2.16 The Service's marketing plan has three priority areas:
- Getting new customers
 - Providing additional support to existing customers
 - Working more closely with the private sector (especially banks and accountants) to get more and better referrals into the Service.
- 2.17 The bank of case studies on the businesses supported by the Service continues to grow, and is an effective way to engage with new customers across the city region. Recent case studies include:- OE Electrics (manufacturing and distribution company based in Wakefield), Harrison Spinks (mattress-manufacturer based in Leeds), Weidmann Whiteley (paper-manufacturer based in Leeds) and Duffield Printers (new business centre in Leeds). Please see below for links to current case studies:-
- <http://www.the-lep.com/case-studies/>
 - <http://www.bqlive.co.uk/yorkshire/2017/08/11/news/paper-manufacturer-steam-ahead-26918/>
 - <http://news.leeds.gov.uk/flood-hit-printing-premises-reborn-as-thriving-business-centre/>
- 2.18 Blogs from industry experts and business leaders also help to promote the Service to new customers, communicate important practical messages to businesses and raise its profile within the SME community. Recent blogs have focussed on such areas as exporting, financial management and apprenticeships. The next one will be on

business networking and will involve the founder of the Yorkshire Enterprise Network (YEN), Nasser Malik. Please see below for a link to the current blogs:-

<http://www.the-lep.com/news-and-blog/?type=blog>

- 2.19 Recent media releases have focused heavily on 'Innovation', including the partnership with Innovate UK and the launch of the new Access Innovation programme (please see the Innovation update report for more details). Recent features include:
- The Access Innovation and Strategic Business Growth programmes
<http://www.yorkshirepost.co.uk/news/enterprise-partnership-launches-programmes-to-support-businesses-1-8640024>
 - The LEP's partnership agreement with Innovate UK
<https://bdaily.co.uk/articles/2017/06/28/newly-formed-partnership-aims-to-drive-business-innovation-across-leeds-city-region>
 - The additional Growth Deal funds for businesses
<http://www.thebusinessdesk.com/yorkshire/news/2005701-2005701>
 - General information about the Growth Service and Innovation support
<http://www.the-lep.com/news-and-blog/news/accelerating-economic-growth-through-innovation-in/>
 - Innovation Support http://www.huffingtonpost.co.uk/roger-marsh1/the-innovation-revolution_b_17527608.html
- 2.20 Attending and hosting events continues to be an effective and cost-efficient way to promote business support from the LEP, and its partners, to a wider audience. Recent events include: - panel member of an access to finance seminar as part of Wakefield Business Week; exhibitors at the Creative and Digital Industries (CDI) Yorkshire conference in Leeds and the launch of the Access Innovation programme at Borg Warner in Bradford.
- 2.21 SME Growth Managers in York and Leeds have also recently taken part in a programme of business 'master classes' in partnership with private sector organisations and local universities (Leeds Beckett and University of York). These have focussed on themes related to business growth, such as developing and retaining staff, access to finance, exporting and accessing new markets.
- 2.22 The Service worked with the West Yorkshire Joint Services and West Yorkshire Fire and Rescue to deliver the Leeds City Region SME Support Network event on 22nd June 2017 in Morley, Leeds. This promoted the Better Business for All (BBFA) campaign to the city region's business support professionals and helped to improve linkages between the regulatory environment and providers of business support.
- 2.23 The Service is planning a major access to finance event in partnership with the Yorkshire Enterprise Network. This will take place in Bradford on the 28th September 2017 and will cover the finance options available to firms in the city region, including the Northern Powerhouse Investment Fund (NPIF), the Business Enterprise Fund, Start-Up Loans and the LEP's capitals grants and loans.

- 2.24 The programme of 'Pop-up' business support cafés continues to be delivered across the city region. Three took place in July 2017 at Hebden Bridge Town Hall, Castleford Rugby League stadium and Steeton Hall in Keighley near Bradford. The cafes provide smaller firms with the opportunity to meet professional experts on a range of key business issues and opportunities all under one roof. The experts cover such topics as finance, sales and marketing, social media, exporting, business planning and innovation.
- 2.25 61 businesses (71 individual attendees) attended the July events and feedback continues to be consistently positive, with businesses rating these events as either good (19%) or excellent (81%). Planning is underway to deliver two more 'pop ups' in Brighouse and Batley in the Autumn, and another two in more disadvantaged parts of the city region later in 2017 as part of the inclusive growth strategy.
- 2.26 Significant e-marketing activity has taken place over the last two months with three newsletters sent to approximately 13,000 businesses across the city region. These have featured articles on the Travel Plan Network, 'Bike-Friendly' Businesses, Access Innovation, 'Pop up' business café's, Apprenticeships, the Export Exchange and exporting opportunities with Kaola.

3 Recommendations

- 3.1 That the update on the LEP Growth Service be noted and feedback provided.

Analysis of enquiries to the LEP Growth Service, 2017/18

1.0 Analysis of business enquiries 2017/18

- 1.1 Performance data is monitored on a weekly, monthly and quarterly basis. The following information presents more detail on the performance of the Service (Gateway and Growth Managers) from 1st April 17 to date. It also provides comparisons to previous years in order to assess progress over time.
- 1.2 The Service is working towards a target of 625 businesses supported per quarter in order to achieve the 2017/18 target of supporting 2500 individual businesses. A total of 809 SMEs (activity line orange below) have been supported since the start of April 2017, averaging 405 businesses per quarter. Those businesses have interacted with the Service 919 times (activity line blue), indicating confidence by many businesses in returning to the Service for additional support.

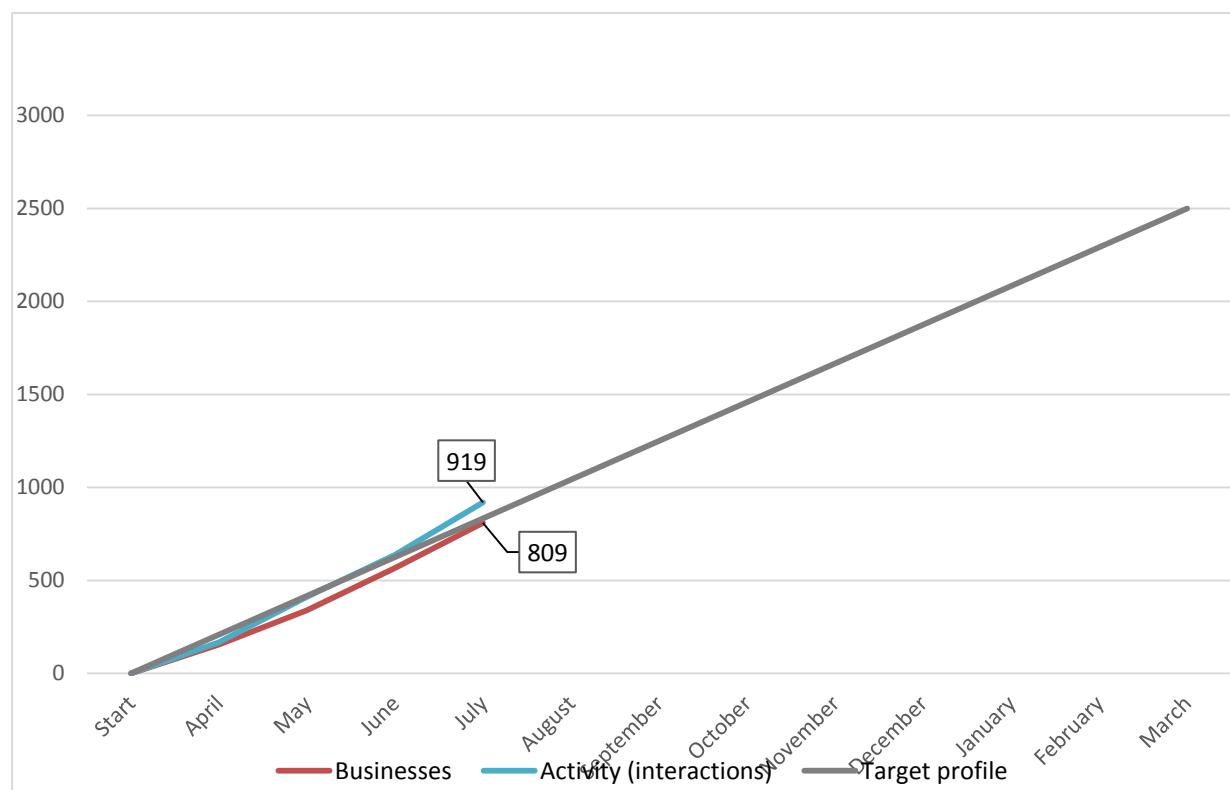


Figure 1: Actual/projected performance against the target of supporting 2500 businesses (Apr 17 – August 17).

- 1.3 Level 1 (light-touch support) and Level 2 (more intensive support) enquiries represent the Service's target client group. As the Figure 2 below shows, the Service has been receiving roughly twice as many enquiries per month this financial year than in the corresponding months of 2016/17, with July 17 being the busiest month so far in 2017/18.

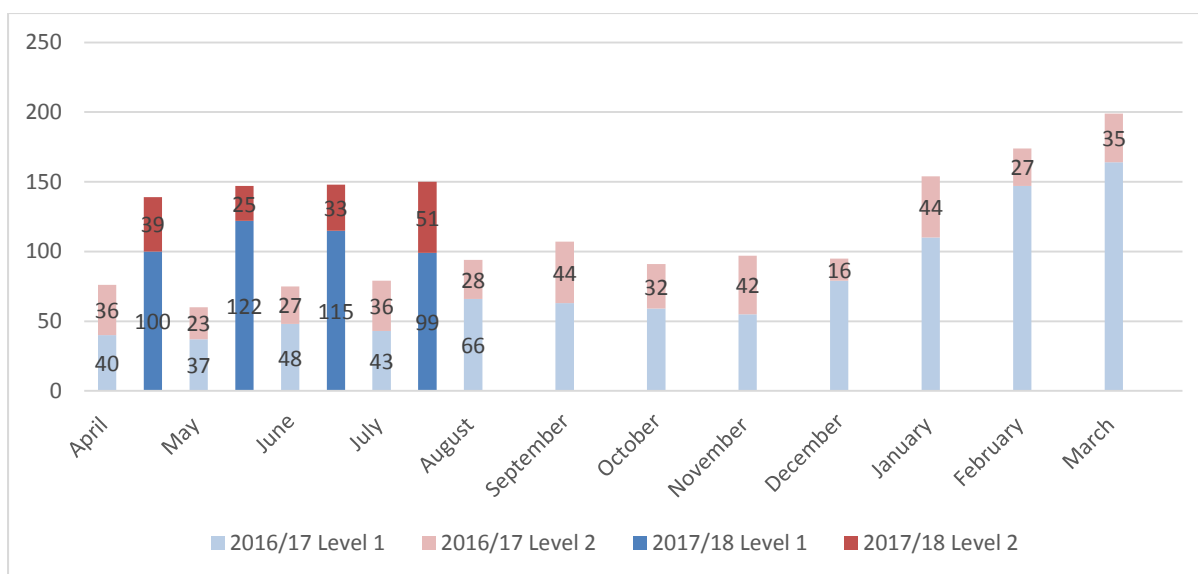


Figure 2: LEP Growth Service enquiries to the Gateway by client group (Apr 16 – August 17)

- 1.4 The table below shows the increase in enquiries to the Gateway from target clients (i.e. those with plans to grow, classified as Levels 1 and 2). It also shows a converse ongoing decrease in enquiries from non-target clients, such as very early pre-start firms and businesses with information requests.

Table 1: Number of enquiries into the Gateway (June 15 – August 17)

Enquiry Type	Total July 15 – Mar 16	Total April 16 – Mar 17	Total April 17 to Aug 17
Level 0 – Non Target Client Group	410	252	51
Level 1 – Light Touch Referral	427	911	438
Level 2 – In depth Referrals	235	390	149
Total Gateway Interactions	1072	1553	638

- 1.5 The surge in enquiries from target businesses may be attributed to the ‘Lets talk real business’ campaign (and the associated smaller campaigns on such issues as apprenticeships and exports), as well as the ‘pop-up’ business cafés, the launch of new business support products and more targeted eMarketing activity.
- 1.6 The routes of enquiry from businesses accessing the Service has remained fairly stable since launch in July 2015, with the most popular route being the telephone helpline (45%). This percentage has declined slightly (-2%) since the end of March 2017, whilst the percentage of website enquiries has slightly increased (+2%). This could be partly attributable to a move to on-line enquiry and application forms for most business support products.

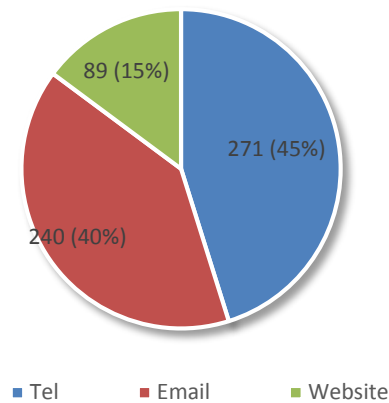


Figure 3: Gateway channels of enquiry (Apr 17 – Aug 17).

- 1.7 All businesses are asked how they have heard about the Service and just over 60% (n=495) have provided this information. The Internet remains the most frequently cited channel, followed by referrals from another LEP product/service and referrals from another business or friend.

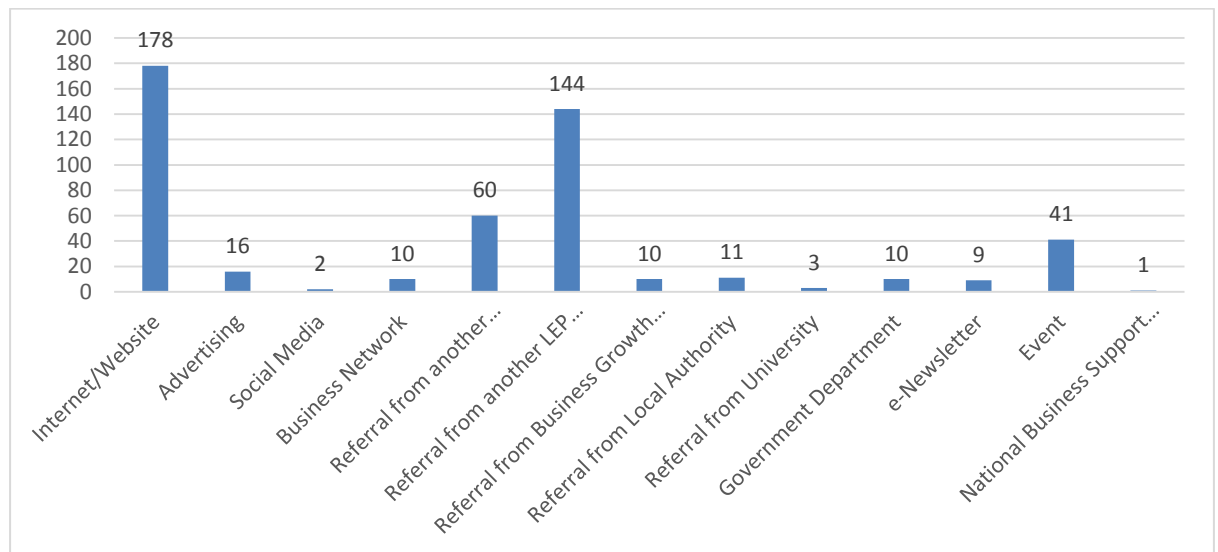


Figure 4: How customers report hearing about the service (Apr 17 – August 17)

- 1.8 The SME Growth Managers have supported 279 businesses so far this financial year, with 194 receiving ongoing intensive support. Table 2 below provides a breakdown of the number of clients supported by the managers in their districts.

Table 2: SME Growth Manager clients by district (Apr 17 – Aug 17)

SME Growth Manager	Total Clients	Intensively Supported
Bradford & Craven (x2 FTE)	38	35
Calderdale (x1 FTE)	43	14

Harrogate (x1 FTE)	41	29
Kirklees (x1.5 FTE)	28	21
Leeds (x2.5 FTE)	68	51
Wakefield (x1 FTE)	27	22
York (x1 FTE)	26	18
Selby (x0.5 FTE)	8	4
Total	279	194

- 1.9 Figure 5 shows the spread of enquiries to the Gateway from across the LCR compared to the percentage of all SMEs by district. Leeds and Bradford continue to generate more enquiries than their proportion of overall LCR stock, whilst the opposite is the case in the North Yorkshire districts.

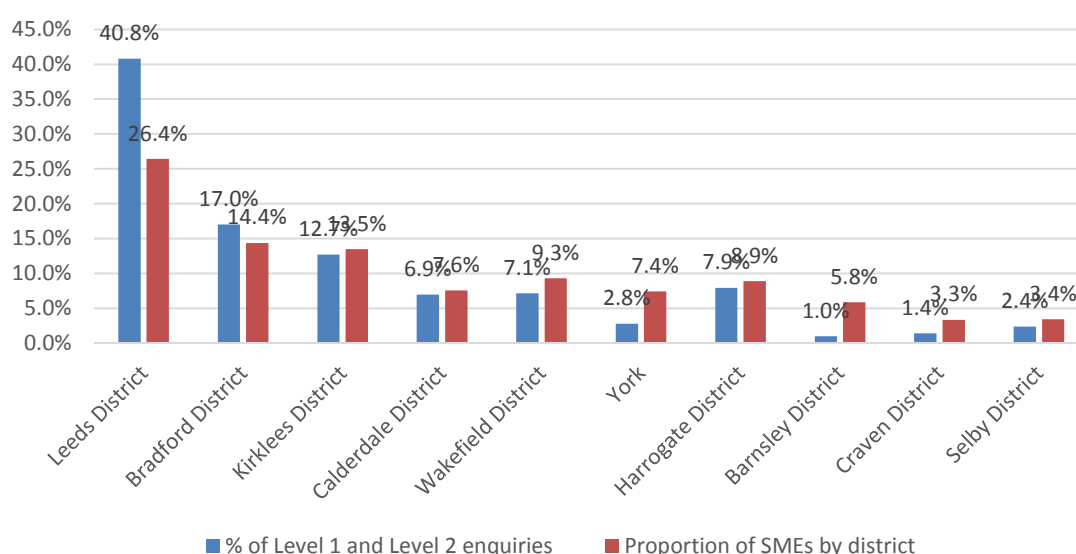


Figure 5: SME enquiries compared to the proportion of SMEs by district (Apr 17 – Aug 17)

- 1.10 Access to Finance continues to be the most popular topic for support for both Gateway enquiries and the clients of the SME Growth Managers. Business Planning and IT/Connectivity are the next common topics for Gateway enquiries, which likely coincides with the recent high interest in the city region's Digital Enterprise programme. In contrast, Skills/Recruitment and Premises are the areas most Growth Manager-clients want support with, followed by access to finance.

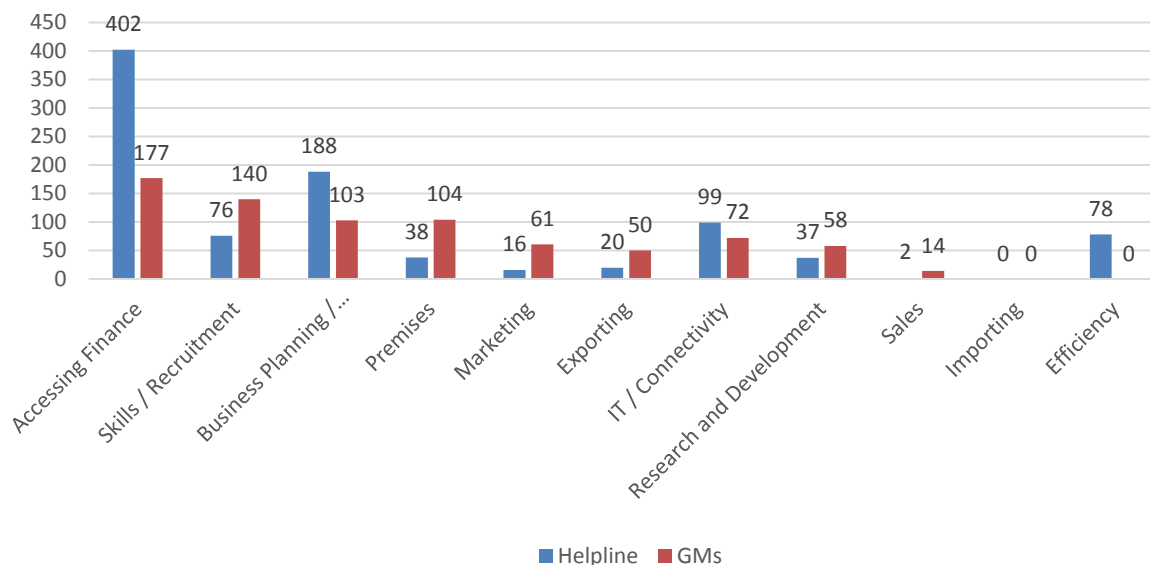


Figure 6: Topics for business support (Apr 17 – Aug 17)

- 1.10 Since the launch of the Service in July 2015, businesses from the Manufacturing Sector have always provided the highest number of enquiries into the Gateway. Similarly, it remains that Growth Manager-clients are more likely to be in the LEP's priority sectors, particularly Manufacturing and Digital, than those firms that come directly through the Gateway. This is attributable to the nature of the current support offer which lends itself to these two sectors, and the prominence of SMEs in the priority sectors across our largest districts.

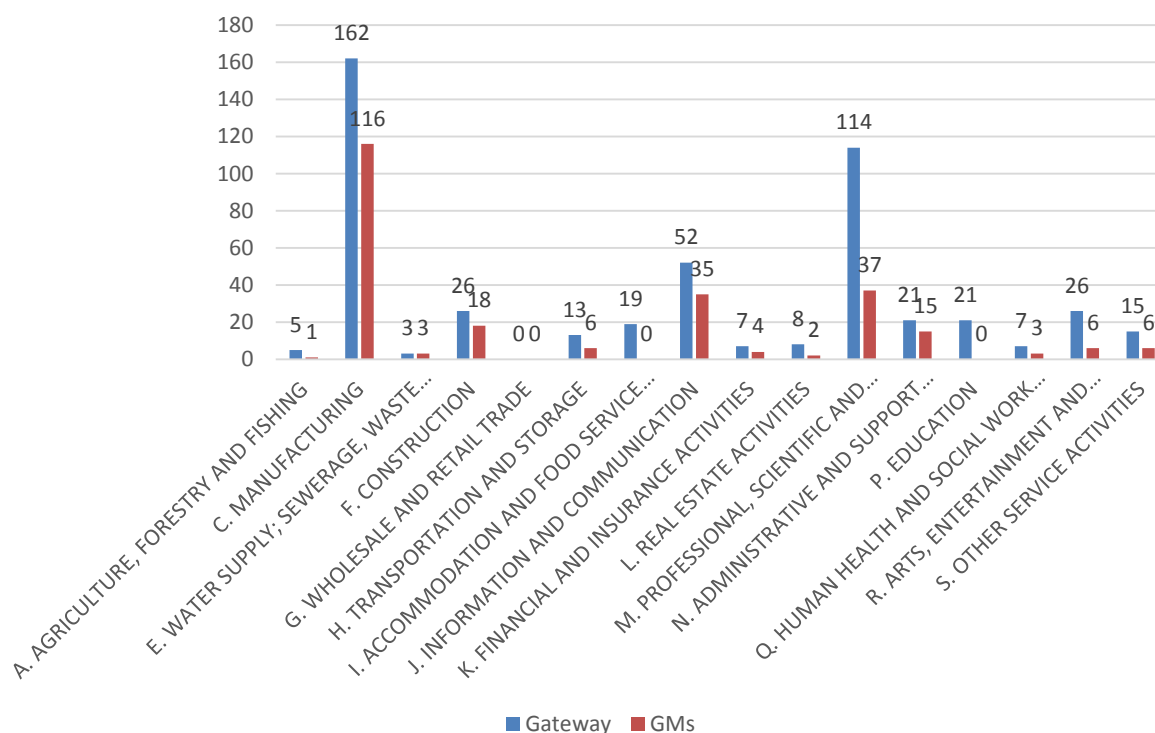


Figure 7: Percentage of Growth Service clients (Gateway and Growth Manager) by sector (Apr 17 – Aug 17)

- 1.11 Figure 8 below illustrates the breadth of referrals to business support products and organisations from both the Gateway and Growth Managers. The highest number of referrals are to LEP products (particularly the Capital Grants and Resource Efficiency Fund), and to the National Business Support Helpline, which caters more effectively for pre-start firms and livelihood businesses. Encouragingly there has been a recent increase in export-related referrals to the Department for International Trade, and to Higher Education providers, particularly Leeds Beckett University.

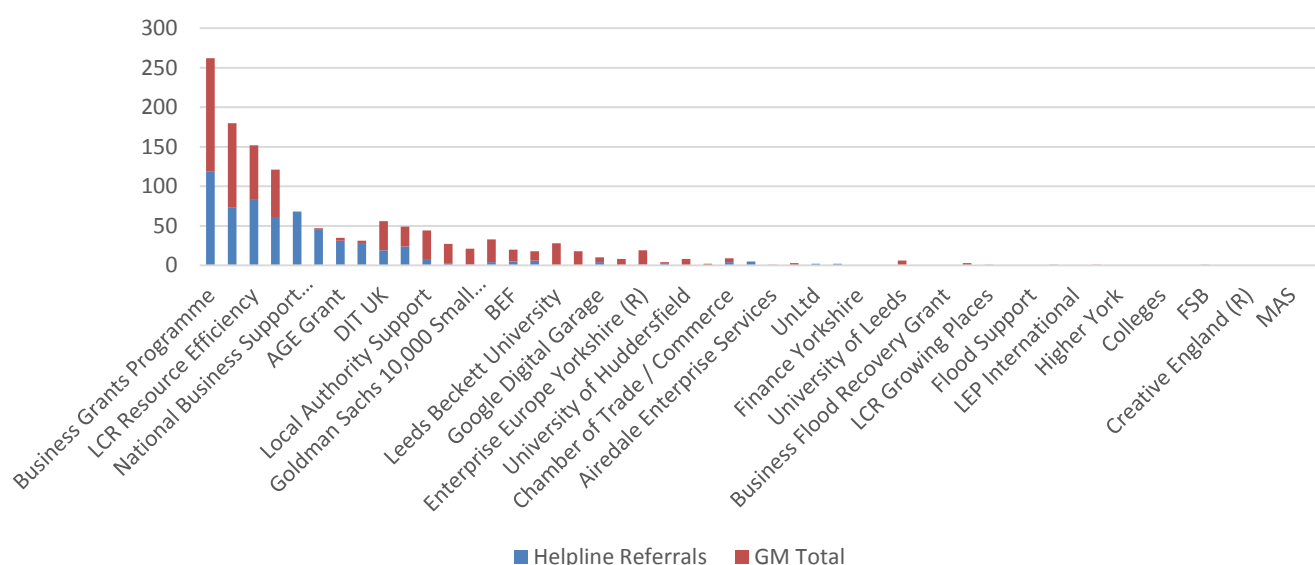
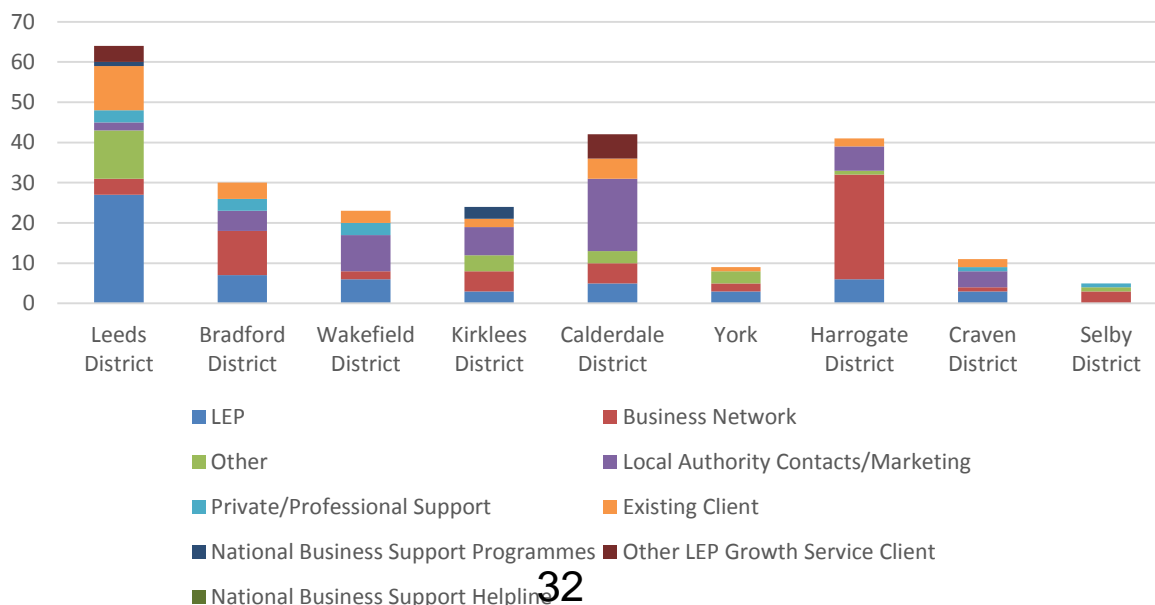


Figure 8: Number of business support referrals (Apr 17 – Aug 17)

- 1.12 The Growth Managers are working towards a target of collectively account managing 693 Business, with 25% of those being new clients for 2017/18. Business networks continue to be a good source of clients for Growth Managers in York, Bradford and Harrogate, whilst Wakefield and Calderdale are working closely with regulators and planning departments.



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



Report to: Business Innovation and Growth Panel

Date: 7 September 2017

Subject: Access Innovation

1 Purpose

- 1.1 To update BIG Panel on the Access Innovation Programme.

2 Access Innovation

- 2.1 The £9.1m Access Innovation programme is now being delivered across the city region with funding from the European Regional Development Fund (ERDF) and the Local Growth Fund (LGF). It supports Small and Medium-sized Enterprises (SMEs) to develop new products and processes by linking them directly to the expertise and facilities within research intensive organisations, such as universities or Catapult Centres. It provides advice to businesses on which organisations can support them with their innovation activities, and also grants of between £5,000 and £50,000 towards the cost of working with the right organisations.
- 2.2 The programme has been developed in response to the relatively low levels of Research and Development (R&D) activity and investment amongst the business population of the city region. This has been evident across several proxy indicators of business innovation in LCR, including the number of registered patents, the take-up of R&D Tax Credits and the allocation of Innovate UK funding. The programme aims to address this situation by reducing some of the barriers to SMEs developing longer-term working relationships with research intensive organisations. In doing so, it will contribute to one of the city region's long-term ambitions as set out within the current Strategic Economic Plan i.e. 'to enable vibrant private sector growth based on innovation and exports'.
- 2.3 Access Innovation is one of the LEP Growth Service's key products to improve the competitiveness of SMEs across the city region. As such, it is now being actively promoted by the team of SME Growth Managers and the central Gateway. It also complements many of the other finance and innovation support products available in LCR, including the LEP Capital Grants, the Northern Powerhouse Investment Fund, Innovate UK, the Manufacturing Growth Programme, GamesLab, Export for Growth, Digital Enterprise and Innovate2Succeed.
- 2.4 The Access Innovation team is also working with a range of local and national partners to stimulate the appetite for innovation and Research and Development (R&D) investment amongst the city region's SME population. This involves one-to-

one support for individual SMEs from the programme's three Innovation Growth Managers, and the delivery of sector-specific workshops and events on the premises of well-known business innovators.

- 2.5 One of the programme's main longer-term aims is to build lasting relationships between SMEs and providers of R&D support. As well as the city region's universities, the Innovation Growth Managers have developed good working relationships with such organisations as the Digital Health Enterprise Zone and Digital Catapult, the Textiles Centre of Excellence and the national Physical Laboratory.
- 2.6 The Access Innovation Programme Advisory Group has BIG Panel-representation from Philip Wilson of Slipstream Engineering. The group's role is to provide strategic guidance for the project, make appropriate connections to other areas of support for innovation activity and put forward recommendations to the Combined Authority for the award of the grants. The Panel is asked to review and approve the group's Terms of reference as set out within the attached **Appendix 1**.
- 2.7 The programme began working with businesses in late June 2017 and has now provided support to 127 SMEs, 57 of which have received one-to-one support from the Innovation Growth Managers resulting in a detailed action plan for taking their innovation projects forward. Two applications for grants have been received and a number of other SMEs are currently working on their applications.
- 2.8 To date, the business sectors with the highest level of interest in the programme have been manufacturing, digital and healthcare. This will be built on in the next few months with more targeted marketing and communications activity, including eNewsletters and events.
- 2.9 BIG Panel will receive a detailed presentation on the programme at this meeting. This will include specific requests for advice and practical support from the Panel with the following:
 - 1. How can the programme attract more interest from SMEs in LCR?
 - 2. Which business networks and organisations should the programme connect with to increase interest and participation from SMEs and R&D-providers?
 - 3. BIG Panel is requested to approve the Terms of Reference for the Project Advisory Group.

3 Recommendations

- 3.1 That the update on the Access Innovation Programme be noted and feedback provided.
- 3.2 That members help to identify networks and organisation which might help increase SME engagement in Access Innovation.

- 3.3 That the Terms of Reference for the Project Advisory Group, attached at **Appendix 1**, be approved.

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Programme Advisory Group Access Innovation Programme

Terms of Reference And Rules of Procedure

Introduction

1. This document sets out the terms of reference (role and tasks) and rules of procedure for the Programme Advisory Group (PAG) of the Access Innovation programme funded by European Regional Development Funds.
2. Terms of reference for Access Innovation programme are based on Funding Agreement, point 7.0 of Application Form

Role

3. The role of the PAG is to oversee the implementation, make recommendations on higher value project applications, and provide scrutiny of the Access Innovation project.

Tasks

4. The main tasks of the PAG are:
 - Monitor delivery against innovation support targets of the Access Innovation project as well as targets under the ERDF Funding Agreement
 - Oversee project from a financial perspective
 - Review and assess application for funding of over £25K.
 - Recommend significant changes to grant agreements for funding of over £25K
 - Review and assess complex applications regardless of the value
 - Undertake periodic reviews of applications made to ensure consistency, value for money and continued alignment with the programme's strategic objectives
 - Oversee risk management arrangements and provide guidance
 - Issue recommendations regarding implementation of the Access Innovation programme
 - Monitor actions taken as result of its recommendations
 - Monitor methodology and criteria used for selection of SMEs and application assessment.
5. The above list is not exhaustive and should not exclude consideration of other issues of relevance to the Access Innovation project which may arise.

Membership

6. This group will comprise of
 - Service Manager – Chair
 - Innovation Policy Lead – Deputy Chair
 - Private sector BIG Panel – Member
 - Local Authority representatives (3) – Members
 - Universities representatives (2) – Members
 - Growth Manager representative – Member
 - Innovate UK – Member
 - Enterprise Europe Network – Member
 - Head of Business Support – Member

- Project Manager – Member
 - DCLG as a Managing Authority – Observer
7. The appointed members, if necessary their deputies, are present at the PAG meetings, as well as the appointed members. If the PAG decides, other guests may be invited to take part in the meetings.
 8. Members unable to attend will inform the Chair in writing, 2 working days prior to the meeting and delegate a deputy.
 9. Meetings may proceed without a quorum of members present (defined below) but in those circumstances in-principle decisions will be made for ratification at the next quorate meeting or considered by written procedure. For these purposes a quorum is considered to be not less than 60% of the total number of full members (or their deputies) and representing an adequate representation of the scope of members' interests. It is for the Chair to be satisfied as to the representative nature of the quorum and their decision on this issue shall be final.

Minutes of the PAG meetings

10. The Central Team provides permanent secretariat support to the PAG and is responsible for overseeing the preparation of documentation relating to reports, agendas and summery minutes of the meetings.
11. The Central Team will draw up agendas for meetings. Members may request inclusion of particular item via the Project Manager no less than 5 working days before the meeting.
12. The Central Team will maintain minutes of the meetings including the names of the present, any apologies and decisions on grant applications.
13. Minutes of the meeting will be produced by the Central Team and sent to the members within no less than 5 working days.
14. The Minutes shall be approved within no less than 5 working days.

Frequency of the Meetings

15. The PAG will meet every 2 months for the duration of the Access Innovation project.
16. The PAG may be required to meet more frequently when required.

Other Matters

17. Partners must declare an interest in any agenda items at the start of each meeting and must not participate in discussions about either the development of a project in which they have an interest; or outline and full project applications that they have been directly involved in. When appropriate it will be at the Chairs discretion to ask members to leave the room whilst these discussions take place
18. Funding applications may be circulated to the members for agreement electronically by written procedure. Members will normally be given 5 days in which to respond. In such cases, no response by the deadline will be taken as approval of the proposal however a minimum of two-thirds of PAG members must respond for an approval to be made.
19. It is expected that the decisions will be made by consensus although where consensus isn't possible decisions can be made based on a majority of votes.

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Director: Rob Norreys, Director of Policy, Strategy & Communications
Author: Sarah Bowes



Report to: Business Innovation and Growth Panel

Date: 7 September 2017

Subject: Innovation (*for information only*)

1 Purpose

- 1.1 To consult BIG Panel on the work to develop the Innovation priority area.

2 Policy development

Relationship with Innovate UK

- 2.1 The Partnership Agreement between WYCA/The LEP and Innovate UK setting out the principles and practical arrangements for closer collaboration between the organisations was officially signed at an event on 28 June.
- 2.2 The signing, between Kevin Baughan, Deputy CEX of Innovate UK, Andrew Wright, Chair of BIG Panel, and Cllr Tim Swift, BIG Panel Leader, took place alongside a roundtable Panel session, where invited attendees debated with Innovate UK 'how we can ensure the Leeds City Region fulfils its potential as a competitive force driving the UK's innovation and business growth, particularly as the country exits the EU.' See **Appendix 1** for the press release and **Appendix 2** for photographs of the day.
- 2.3 The second part of the day included an SME workshop session, hosted by Borg Warner, with the purpose of providing businesses with information on support available to innovate through the Access Innovation programme and Innovate UK.
- 2.4 Following on from this initial event, planning is underway to deliver an Innovate UK Local event in October 2017 at Unity Works, Wakefield. This event will showcase the range of support available through the Innovate UK family, including the network of Catapults, EEN and KTN alongside local innovation support.
- 2.5 The main objective of this event is to raise the profile and visibility of Innovate UK and the support and funding available for Leeds City Region SMEs to access. Recent analysis of Innovate UK data has shown that the reason our SMEs don't access their fair share of funding from Innovate UK is simply because they don't apply in the first place (as opposed to applying but being unsuccessful).

To address this, the Access Innovation team is working closely with Innovate UK to develop a pipeline of projects which could be fed from Access Innovation through into Innovate UK funding competitions. In addition, work is underway to simplify the

innovation support landscape to make the opportunities available easier to navigate for business support providers (including Growth Managers).

Northern Innovation Strategy

- 2.6 The eleven Northern LEPs have now established a working group to actively explore the development of a Northern Innovation Strategy. The working group is made up of officers from the LEPs/Combined Authorities of Greater Manchester, Hull and Humber, North East and Leeds City Region.
- 2.7 The ambition of the group is to have a Northern Innovation proposal published in time to influence the Autumn Statement. The attached paper (**Appendix 3**) sets out emerging thinking around areas of collaboration which include both short term and longer term aspirations.
- 2.8 The paper was discussed and supported by the Northern LEP Chairs at their last meeting in July. More detailed proposals will be taken to their next meeting in September in advance of any submission.

Financing Growth in Innovative Firms Consultation

- 2.9 The Government has recently launched a consultation seeking views on how to increase the supply of capital to growing innovative firms.
- 2.10 Patient capital supports small firms to grow into large, world-leading businesses. The UK provides a fertile ground for world-leading innovation, but a lack of effective supply of patient capital continues to hold some UK firms back from commercialising this innovation successfully.
- 2.11 The consultation sets out the evidence around a gap in the supply of patient capital in the UK. It then considers potential policy options that might help to address any gap.
- 2.12 It is proposed that BIG Panel submit a response to this consultation on behalf of the LEP. Views are therefore sought from Panel members to support the response.

LEP University engagement

- 2.13 Roger Marsh will host his regular meeting with the City Region Vice Chancellors on 4 October. This will provide continued opportunity to identify opportunities to work more collaboratively on areas of mutual interest on a variety of subjects (including innovation and business support). To support this, a meeting with Leeds City Region Knowledge Transfer Directors will take place in early September.
- 2.14 Leeds City Region Science and Innovation Audit is expected to be published in September. Once this has officially been released it will be circulated to the Panel with details of next steps.

3 Innovation delivery

Innovation capital programmes

- 3.1 Work continues on the university innovation/incubation projects at Huddersfield and Leeds, into which the LEP/CA has committed up to £6m of Local Growth Deal funding to provide world-class innovation facilities for new-start and fast-growing businesses in the city region.
- 3.2 The £3m for the Leeds University Nexus project has been drawn down and the project is progressing well. The University of Huddersfield has submitted a change request which will be presented at the Investment Committee on 6th September.
- 3.3 In August Government announced a £15m Northern Cultural Regeneration Fund to boost the regions tech, creative and cultural industries (capital funding). One project per LEP area can be submitted so to ensure an open and transparent process, WYCA will be issuing an open call for proposals for this. This open call process will also seek wider projects which may benefit from any future funding the organisation may secure (future Growth Deal, post ESIF funding etc).

4 Recommendations

- 4.1 That the update on work to develop the Innovation priority area be noted.

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Press release - 28 June 2017

New national partnership set to boost business innovation across Leeds City Region

Businesses across Leeds City Region will have more access to national innovation support thanks to a ground-breaking partnership agreement between The West Yorkshire Combined Authority and Leeds City Region Enterprise Partnership (LEP) and Innovate UK, the government's national innovation agency. The agreement signed today will herald a new dawn of innovation and development across the City Region (Wednesday 28 June).

With a strong innovation pedigree that has its roots in the Industrial Revolution, Leeds City Region has a growing reputation for innovation and invention – buoyed by its significant concentration of world-leading universities and largest cluster of manufacturing jobs in the country.

Despite these significant strengths, Leeds City Region currently attracts only 57% of the UK average investment per employee from Innovate UK. The new partnership will tackle this deficit by helping the region's SMEs compete more effectively for this national funding.

Business-focused measures the LEP and Innovate UK will now work together on include:

- Making it easier for businesses across the Leeds City Region to get help with innovation thanks to a joined-up, accessible programme of support provided by both the LEP and Innovate UK
- Making it simpler for local businesses to access funding from the LEP and Innovate UK
- Taking an increasingly proactive and targeted approach to identifying, supporting and inspiring SMEs to innovate.

Cllr Tim Swift, Deputy Chair of the West Yorkshire Combined Authority (WYCA) and Calderdale Council Leader, put pen to paper on the agreement alongside Andrew Wright, Chair of the LEP Business, Innovation and Growth (BIG) Panel and Kevin Baughan, Deputy Chief Executive of Innovate UK. The partnership was signed in front of key local business leaders at Borg Warner, in Roydsdale Way, Bradford.

Cllr Tim Swift said:

"We're delighted to be signing today's official partnership agreement with Innovate UK. The Leeds City region has a strong and proud history of innovation that extends into the present day, particularly in key digital and medical technology sectors. We hope that by working even more closely with Innovate UK and helping even more businesses access the support and funding on offer, we can ensure we remain at the forefront of ground-breaking advancement and development for years to come."

Kevin Baughan said:

“In today’s world we are competing within a global innovation economy and so our future prosperity is increasingly linked to the ability of our businesses to deliver their customers with better outcomes through new products, services and processes.

“Through this partnership, and by working much more closely together, we can have a much higher impact by building on the key interceptions between the national goals of Innovate UK and the local ambitions of the Leeds City Region.”

Andrew Wright said:

“The LEP shares the government’s commitment to innovation and we want the Leeds City Region to be recognised globally for the strength of its innovation eco-system. By signing today’s partnership agreement, we are taking a huge step towards achieving this aim, helping us to be both recognised on the global stage and to attract the talent, ideas and investment we need.

“This agreement is also about supporting the many SMEs and businesses already in our region that see innovation as key to growth for them. By creating an environment that will nurture innovation, we will create a strong, productive, resilient economy where an uplift in productivity and business competitiveness will go hand in hand with access to good jobs and higher wages for all.”

In a recent survey of innovation across the Leeds City Region, 47% of businesses reported they had introduced new or significantly improved processes over the past 12 months, while 39% had also introducing new or improved products. In addition, the region has one of the largest concentrations of universities in Europe and research and development within Higher Education that is already outperforming the rest of the UK.

Business innovation is a key element of the Leeds City Region’s Strategic Economic Plan that will deliver more than 35,000 additional jobs and £3.7 billion of additional annual economic output by 2036.

Nationally, the Government has also prioritised innovation within its Industrial Strategy as the key means of achieving economic success, prosperity, productivity and trade. All parties hope today’s partnership will see greater coordination and support for business both locally and nationally.

In addition to today’s signing, local business leaders also took part in a round table discussion on the benefits of innovation and an SME innovation workshop, delivered by Borg Warner.

For more information on accessing support, speak to the LEP’s Business Growth Service on 0113 348 1818 or email businessgrowth@the-lep.com. Alternatively, visit: www.the-lep.com/business

For more information on Innovate UK, visit:
www.gov.uk/government/organisations/innovate-uk

Ends

For media interviews or further information on the LEP – Innovate UK partnership, please contact Kate Wilson on kate.wilson@westyorks-ca.gov.uk or Ben Ormsby on 0113 348 1557 / ben.ormsby@westyorks-ca.gov.uk

NOTES TO EDITORS

The LEP

The Leeds City Region Enterprise Partnership, also known as the LEP, is a private and public sector partnership, working to stimulate business growth across the Leeds City Region. The Leeds City Region geography includes 11 local authorities (Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield, York and North Yorkshire County Council).

- Our vision: To unlock the potential of the City Region, developing an economic powerhouse that creates jobs and prosperity.
- Our mission: By acting as a bridge between government and business, we will help businesses to unlock their potential, attracting and retaining the best talent to the City Region and building its profile nationally and internationally.

Innovate UK

Innovate UK is the UK's innovation agency. Innovate UK works with people, companies and partner organisations to find and drive the science and technology innovations that will grow the UK economy - delivering productivity, new jobs and exports. Our aim at Innovate UK is to keep the UK globally competitive in the race for future prosperity.

Innovate UK is the trading name of the Technology Strategy Board, which is an executive non-departmental public body sponsored by the Department for Business, Energy and Industrial Strategy and incorporated by Royal Charter in England and Wales with company number RC000818. Registered office: Polaris House, North Star Avenue, Swindon SN2 1FL

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Partnership Agreement signing – Borg Warner, 28 June 2017





Innovation North

A framework for innovation collaboration and action in the North of England

Executive Summary

This paper has been prepared by a Task & Finish Group (TFG) of the Northern LEPs Innovation Working Group - comprising the Innovation Leads of the 11 Northern LEPs, Innovate UK, and the N8 Research Partnership.

It is set within the context of the proposals set out in the UK Industrial Strategy Green Paper to deliver interventions and investment which can strengthen growth and productivity across the country and the wide range of assets and opportunities currently present within the North of England including innovation hubs for major corporates, nationally and internationally recognised science and research, existing innovation and cluster based networks and UK leading examples of local eco-system development.

It recognises that whilst a number of pan-Northern organisations already exist – e.g. Transport for the North, Health North, Tech North, Northern Powerhouse Partnership – none of them have innovation as their sole or primary remit.

Against this backdrop, the paper sets out how partners can seek to maximise the impact of innovation initiatives and interventions by working collectively and seeking out opportunities to combine evidenced local and regional smart specialisation assets, capabilities and eco-systems¹, in order to yield a step change in productivity that can also directly contribute to national economic rebalancing.

The paper recognises that there are a number of potential routes to delivering strengthened innovation performance in the North:

- Strengthening national and international profiling, positioning and understanding of the North's distinctive innovation-related capabilities
- Focusing and channelling dialogue and collaboration to support innovation delivery
- Strengthening the performance of key industrial supply chains
- Strengthening local innovation eco-systems
- Enhancing the pace and scale of commercialisation, i.e. the translation of world class scientific research capabilities into innovation with economic impact
- Increased inward innovation focused engagement and investment

Key proposals

This paper is significant in its own right as the first to have been developed jointly between a group of LEPs and Innovate UK working with other partners, and focuses on things that can meaningfully and best be delivered at Northern scale aiming to complement existing local, regional and national actions.

¹ These are identified in a range of documents including Strategic Economic Plans, Science and Innovation Audits, Smart Specialisation Report and National datasets. This analysis has yet to be aggregated.

It acknowledges that this spirit of shared understanding of opportunity and collaborative enterprise will be central to build on this momentum. It proposes work over two phases:

Short term proposals (0-6 months):

- Agree a framework identifying those issues and interventions which could benefit from a collaborative Northern approach, by:
 - Summarising and projecting the genuinely distinctive, nationally or internationally significant innovation **assets, capabilities and partnership vehicles** across the North drawing from analysis of existing reports, e.g. Strategic Economic Plans, Smart Specialisation Strategies, and Science and Innovation Audits plus national level data and evidence
 - Identifying themes and challenges aligned with the **Northern Independent Economic Review** prime capabilities and **Industrial Strategy Challenge Fund** themes as the potential focus for a group of Northern innovation competitions, to be resourced from new national funding streams and aimed at accelerating commercialisation.
 - Convening the Chairs or an industry leader from the respective Innovation Board or equivalent from each of the 11 LEP areas, working with Innovate UK and the N8 and other northern leaders to begin to define the shape of the right **leadership model to drive collaborative innovation** across the North
- Prepare a collaborative **submission to the Autumn budget** from Northern LEPs and partners to resource the support for development and delivery of the subsequent longer term actions below.

Longer term proposals (6 months to 2 years):

- Deliver agreed programme **of Northern Innovation Competitions**
- Commission a detailed strategic review of innovation capability and opportunity across the North in our **international context**, drawing information from the Smart Specialisation Hub, and learning from best practice to consider opportunities and challenges for the North in the context of Brexit and the UK Industrial strategy. It proposes the specific option of updating the analysis in the **OECD's 2008 Review of Northern Innovation**
- Identify **5-10 large scale collaborative innovation projects or interventions** that could have a genuinely additional impact on the long term economic performance of the North.
- Define both the **strategic governance and programme delivery and management arrangements** required.

27 June 2017

Background

1. Productivity continues to remain one of the key challenges for the North of England, to enable it to more strongly contribute to economic growth within the UK, and ensure more effective public services. Innovation is widely recognised as one of the key drivers of productivity. The UK itself underperforms on a basket of innovation metrics compared with more leading economies, and within the UK context the North as a whole underperforms against UK averages.
2. It is clear that companies which innovate grow faster than those that do not, and that across the North there are opportunities for both process and product improvements to raise productivity within companies, and to deploy new technologies to respond to rapidly changing markets. Similar improvements are available to the public sector to deliver new approaches to public service delivery and offer better value.
3. Action to strengthen the focus on innovation is already underway through the adoption of **strategic economic plans** (SEPs) in each of the eleven LEPs across the North, many of which have been updated over the last few months. Joint work between LEP Innovation leads over the last 15 months at the officer level has created a context within which there is now a chance to examine how partners can more effectively cooperate on driving innovation at the Northern scale, firstly by bringing together local, regional and national partners to identify opportunities at this larger spatial scale, and also to complement the development of existing Northern bodies dedicated to transport, health and the tech sector. This also recognises the broader landscape shaped by devolution and central government's place-based growth agenda, including the creation of Combined Authorities and Metro Mayors and emerging industrial strategy.
4. These discussions have identified a number of approaches and frameworks to innovation which are currently being developed in different parts of the north and which offer different potential areas of innovation opportunity including:
 - Strengthening the performance of key industrial supply chains
 - Strengthening innovation focused dialogue within local/regional and network based innovation eco-systems to create opportunities to deliver innovation outcomes, and to develop dialogue across these communities
 - Acceleration of research and knowledge along the Technology Readiness spectrum to deliver higher levels of value through commercial and social applications
 - Strengthening the projection of northern capability into national and global innovation communities to secure inward engagement and investment

Recent activity

5. A number of reports have focused on the potential for strengthening innovation in the North of England. **Northern Prosperity is National Prosperity** (IPPR North 2012) recommended the creation of a Northern Innovation Council to lead innovation across the north. The first report of the **Northern Powerhouse Partnership** (NPP 2017) has highlighted the opportunity for action in the North in this area. It recommended that employers and civic leaders be brought together to

develop a Productivity and Innovation Strategy which would analyse what could and should be done at the appropriate spatial level to raise productivity.

6. Both argued that strong cooperation will ensure that stakeholders can better understand where collectively a focus or prioritisation of activity around science and innovation can achieve the greatest productivity gains for all – in turn supporting investment so the North can be genuinely world class in key areas. It argued that such collective activity should be business-facing – to ensure it address the barriers most critical to the private sector.
7. This work would follow through on previous collaborative models which have strengthened the profile and delivery of innovation across the North, including The Northern Way. The Northern Powerhouse Independent Economic Review (2016) commissioned by Transport for the North (TfN) highlighted the additional gains to be achieved through a focus on strengthening the performance of a set of Prime Capabilities alongside a significant science and knowledge base.
8. There is now an opportunity for LEPs and other partners to engage pro-actively with, and lead, this work by cooperating together across individual LEP geographies at the scale of the North. As well as being an opportunity, it has been suggested that without effective action at the Northern level then there is a potential risk that the region will fall further behind in terms of productivity gains, may face the prospect of less visibility in public policy environments given the development of the Midlands Engine which has gained some recent traction in this area and will miss out on opportunities in global investment and talent markets in a highly competitive international environment.

Task and Finish Group

9. As outlined above, officers from the eleven LEPs across the North have been meeting on a regular basis for more than a year to share thinking and best practice. This was initially intended as a way to understand complementarity in the undertaking of Science and Innovation Audits (SIAs) with central government². The Audits are aimed at helping to provide a better understanding of specific science assets and research excellence, and how these strengths can be better commercialised in order to drive innovation. It evolved subsequently evolved to engage a wider set of national and regional partners and has been a point of increasingly fruitful discussion.
10. Building on this, Northern LEPs subsequently established a Task and Finish Group (TFG) to scope out and make recommendations as to how a framework to support innovation in the North can potentially be taken forward. This has included working alongside Innovate UK as well as the N8 Research Partnership – recognising that innovation is tied closely with the research and science base. More broadly, such an approach presents an opportunity to better align local, regional and national action in the context of national Industrial Strategy objectives, the Northern LEP Strategic Economic Plans, and Northern assets and priorities.

² Wave 1: Greater Manchester & Cheshire East; Lancashire & Sheffield CR; Wave 2: Liverpool City Region; Leeds City Region; Northern Bio-Economy (led by York); Off-Shore Renewable (led by Newcastle).

Partnering with Innovate UK

11. In February, the Chairs of the eleven Northern LEPs wrote to the Chief Executive of **Innovate UK**, Ruth McKernan, seeking its active involvement in these discussions with the aim of developing a co-ordinated approach across national, regional and local levels through a partnership approach which recognising the opportunities from aligning this work where appropriate with objectives of central government.
12. Innovate UK responded positively, highlighting the opportunity to *“come together at an appropriate spatial level to drive northern productivity and to develop the region’s alignment on innovation with the local and national scales”*. It offered to collaborate with the TFG and bring a national perspective, sector experts and datasets – and has agreed that its regional engagement team should provide additional resource and expertise where needed. Moving forward this could include project management and secretariat functions to support development of the work, as well as to act as the collator of input from the LEPs and others, and help develop draft papers on pertinent topics.

Suggested framework of actions

13. The initial work of the TFG has identified a group of initial areas of potential cooperation which can aim to build awareness and understanding of Northern innovation opportunities and enhance delivery of policy. It has also identified a long list of other partners and stakeholders whose work could be engaged to support such a programme and whose views should shape it. These include other northern clusters and innovation networks, the full complement of universities and other research bodies, catapults and other centres for excellence and business and public sector networks, as well as national departments and innovation agencies. It has also identified the importance of co-ordination with other bodies operating at the scale of the North to ensure complementary approaches and the avoidance of misunderstanding and duplication. In this regard, organisations including the Northern Powerhouse Partnership, Transport for the North, Business North and the DIT NP Team, as well as structures such as the N8 and IPPR north need to be engaged.

(i) Towards the development of a collaborative Northern Research and Innovation Framework

14. In the short-term there is the need to agree an approach to a collaborative Northern Research and Innovation (R&I) framework which will put in place the basis for ongoing cooperation between key partners and wider stakeholders from local, regional, northern and national levels. A first step should ideally include a refresh of highlights from the existing innovation evidence base, an understanding and presentation of the key science, research and innovation assets across the North, and an articulation of opportunities for further cooperation, particularly in the context of the change in global markets and the emergence of new global challenges. The report could be produced in two formats: a general written summary report, as well as an audio-visual

presentation for use in inward investment discussions and at the Great Exhibition of the North to be held in 2018.

15. The report could focus on opportunities for driving innovation by focusing on challenges across the existing Prime Capabilities - for example digital applications in low carbon and renewable energy, and other applications into advanced manufacturing which can lead to strengthened application of the science base, innovation led growth in the SME base and inward investment. It should also identify opportunities for strengthening market facing dialogue which can support new innovation to be developed by matching need with possibility. Over time a group of value-adding projects at the scale of the North which could strengthen the economic environment could be proposed including areas such as health innovation and data analytics, transportation links such as the Northern Arc Hyperloop project and the proposed Northern Hydrogen network.
16. The TFG proposes that if progress is to be made around a Northern Innovation Strategy then it must secure additional value to existing operations and must be built on a shared sense of mission. It is not sufficient simply to duplicate or aggregate work occurring at the local level – but identify those areas where cooperation across the wider regional geography brings specific additional benefits. This implies the achievement of scale compared with the local level, through the identification of complementarity in specialisms across boundaries, or the improvement of targeting on opportunity compared with the national level, recognising the limitation of a “one size fits all” set of national policies and actions. Such a strategy must also be objective – being clear about the genuine strengths and opportunities as opposed to listing all activity that occurs in this space. Strong objectivity and prioritisation will help ensure credibility with external partners, both nationally and internationally.
17. It is important therefore that partners are able to draw upon a **strong evidence base** to properly understand Northern innovation assets and eco-systems and to identify the interventions or investments which can add value. Some of this is already in place – for example the NPIER, the analysis underpinning SEPs, as well as the first two waves of SIAs, smart specialisation reports, and outputs from national bodies including the Smart Specialisation Hub and Innovate UK. Going forward, it may be useful to commission additional analysis as appropriate to plug any gaps, for example on better understanding linkages across Northern supply chain networks and how these support knowledge transfer from HEIs, or opportunities to encourage product and process innovation.
18. A number of **case studies** should also be identified which highlight where cooperation across the North is already underway (for example around the energy and transport sectors), and where science/ research assets are already well connected and helping to drive innovation and further examples could be developed learning from international practice. As well as to identify actions and opportunities for further inward investment or to better respond to external markets. This could include the connections across the North between the various components of the High Value Manufacturing Catapult, between the Royce, the AMRC, and the CPI working with industrial clusters, the collaboration between digital and tech clusters through Tech North. It should be outward looking rather than insular, and the linkages between the east and west coast

centres of renewable energy and the ORE test centre at Blyth provide both an opportunity for the North and could also provide a strong basis for strengthening collaboration with Scotland.

19. As part of this Strategy, it would be particularly valuable to short-list **priority projects** or joint programmes that could be delivered by partners across the North. As a first step, LEP innovation leads propose to identify what these potential actions might be – and then begin to draw in thoughts from a wider set of stakeholders including the universities (both N8 and other Northern-based HEIs), the Northern Growth Hub Network, the Catapults Network, and the Smart Specialisation Hub. In terms of timing the aim should be to produce a draft strategy by the end of October to influence thinking around the Budget.
20. One of these projects could be to put in place a programme **of Northern Innovation Competitions** - working with technology specialists at Innovate UK and key businesses to target “grand challenges” under each of the four Prime Capabilities; aiming to catalyse delivery of new responses by industry (for example around industrial digitalisation) and to engage innovative SME’s and researchers in the delivery of solutions. Ideally this will mean working with central government to identify appropriate funding opportunities, including from the Industrial Strategy Challenge Fund and from new funds announced in the Autumn Budget. These competitions would be delivered through the Northern LEP network – and evaluated to demonstrate the benefits of intervention at the sub-national level to specifically drive innovation.

(ii) Autumn Budget Joint Submission

21. The Autumn Budget offers a good opportunity to demonstrate that key partners across the North are working more closely together to identify actions around innovation that are best undertaken at a regional level drawing together both local and national priorities. For clarity this will not cut across the work of individual LEPs working with partners to mobilise local and regional innovation eco-systems. A **collaborative submission** led by the LEPs describing a framework for a future multi-level approach would send a strong signal to Ministers and demonstrate the potential for delivering a genuinely strategic response to the Industrial Strategy and relevant funding opportunities.

(iii) Strategy Development: Drawing from International perspectives

22. While these initial actions will provide a basis for extending collaboration, the development of a strategic framework for ongoing cooperation between key partners and wider stakeholders will require a more detailed examination of the evidence base and should draw from insight over best practice from across the world.
23. In 2008, the OECD undertook a **Review of Regional Innovation for the North of England** which was helpful in developing a shared understanding of the opportunities and challenges in the North, and in drawing international perspectives and insights into the development of the innovation approach of a previous pan-Northern, multi-level initiative, The Northern Way. It observed the increasing recognition amongst OECD member states of the spatial dimension of innovation which require coherent policies to support, and that regional policy in the UK has a

clear aim to enhance productivity performance both to boost growth and reduce performance gaps.

24. 10 years on, a further OECD focus could help inform both the evidence base and the strategic discussion on a way forward – recognising the new institutions which have emerged in terms of the network of LEPs, the Catapults, the Knowledge Transfer Network, the N8 research partnership, and the Smart Specialisation Hub. A 2018 report would aim to provide an independent, external report to review progress in the North since 2008 against key metrics, helping to shape co-ordination of UK and northern institutions in the context of international best practice, and make recommendations on areas of focus or institutional practice which can accelerate performance. Initial soundings of the OECD Secretariat in Paris have been positive. However, such an exercise would cost at least 100k euros, and would need to be approved by the UK government.

(iv) Leadership

25. Longer term, it is clear that driving an innovation agenda at the level of the North will require coordinated and dedicated **senior leadership**. Around half of Northern LEPs formally have an innovation board in place, which also include local members of some of the regional networks such as N8 and representatives of key businesses and translation bodies.
26. One option would be to work towards putting in place a similar body that would address the agenda from the wider Northern perspective. It is likely that such a move would take some time. However, as a first step it is recommended to draw members of these Boards together alongside innovation leads from all the 11 LEPs to consider the actions set out in this paper, to explore others, and to oversee an agreed action plan. They would be supported in the first instance by LEP innovation officers and the Innovate UK team.

Next Steps

27. Having worked together on this proposed approach, the existing Innovation Leads Group recognises the importance of high level buy-in to this work from Northern LEP Chairs and other partners. Chairs have met recently to consider how they can retain collaborative momentum across the North, and have acknowledged that current Northern vehicles including Transport for the North, the Northern Powerhouse Partnership and Governments' Northern Powerhouse Partners Programme have delivered momentum and potentially offer useful vehicles to progress ambitions. However, they have also recognised other bodies and agreed it was important for the most appropriate machinery be developed to deliver a Northern innovation agenda.
28. This group therefore seeks input from Chairs at the meeting scheduled for 19 July, and welcomes the opportunity to present these proposals around innovation and seek endorsement going forward. The group also seeks comment on the existing capacity of LEPs to conduct this work, and agreement to the proposed mechanism to seek the additional resource set out in this paper.

Director: Rob Norreys, Director of Policy, Strategy & Communications
Author: Sarah Bowes



Report to: Business Innovation and Growth Panel

Date: 7 September 2017

Subject: Digital (*for information only*)

1 Purpose

- 1.1 To update the BIG Panel on work to develop the digital agenda.

2 Policy development

Digital Plan

- 2.1 BIG Panel will be aware from their previous meeting in June that work is taking place to refresh the Strategic Economic Plan, focusing instead around a Local Inclusive Industrial Strategy (item 7) with LEP Board discussing this at their next meeting in September.
- 2.2 Therefore work underway to develop a Digital 'Plan' for the Leeds City Region will be looked at against this wider context but will need to include the breadth of digital: digital infrastructure; digital inclusion; digital skills (being mindful of the existing Employment and Skills Plan); digital opportunities for non-digital businesses; and the digital sector.

Northern Cultural Fund

- 2.3 As referenced in the Innovation paper (3.2.3), in August Government announced a £15m Northern Cultural Regeneration Fund to boost the regions tech, creative and cultural industries (capital funding). One project per LEP area can be submitted so to ensure an open and transparent process, WYCA will be issuing an open call for proposals for this. This open call process will also seek wider projects which may benefit from any future funding the organisation may secure (future Growth Deal, post ESIF funding etc).

3 Digital delivery

Digital Enterprise Programme

- 3.1 The Digital Enterprise programme was formally launched in early February 2017. Led by Leeds City Council on behalf of a number of local authority partners including WYCA, the LEP has invested £750k of match funding.

- 3.2 The Digital Growth Voucher scheme received a huge response from businesses in the first phase, which ran from February to March. Approximately 150 voucher applications were expected, with the actual number of applications coming in at 480 (in 7 weeks.)
- 3.3 A mix of technologies were included in phase 1, ranging from hardware upgrades to website and digital connectivity projects, with many projects including a range of solutions (bundled projects).
- 3.4 The level of demand resulted in a temporary suspension of the scheme (at the end of March) to help manage the backlog. The second phase will now launch in September, with a third phase following in May 2018. Projects are being sought where applicants can demonstrate significant digital transformation for the business as well as economic impact.
- 3.5 The Digital Knowledge Exchange is a key component of the overall programme and will offer SMEs access to knowledge, expertise and advice on deploying digital solutions. The Digital Knowledge Exchange launched in July with keynote speaker Andrew Wright.

4 Recommendations

- 4.1 That the update on work to develop the digital agenda be noted.

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



Report to: Business Innovation and Growth Panel

Date: 7 September 2017

Subject: Business Support (*for information only*)

1 Purpose

- 1.1 To provide the Panel with an update on business support activity being undertaken, including the LEP Capital Grants Programme and new products to support small and medium-sized enterprises (SMEs) in Leeds City Region (LCR). The LEP Growth Service update is provided in item 8.

2 LEP Capital Grants

Current Programme

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

Table 2: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of 22 August 17)
Expenditure	£33.2m	Committed - £26.6m Actual - £19.4m
New Jobs Created	4,100	Committed - 4,656 + 1,760 safeguarded Actual - 1,538.5 + 1,575 safeguarded

Businesses Supported	765	Committed - 467 Actual – 362
Number of Grants Awarded	n/a	Committed - 534 Actual – 412
Public/ Private Sector Leverage	£168.5m	Committed - £274.0m Actual - £166.7m
Total Cost Per Job	No contractual target	Committed - £5,705 Actual - £12,582

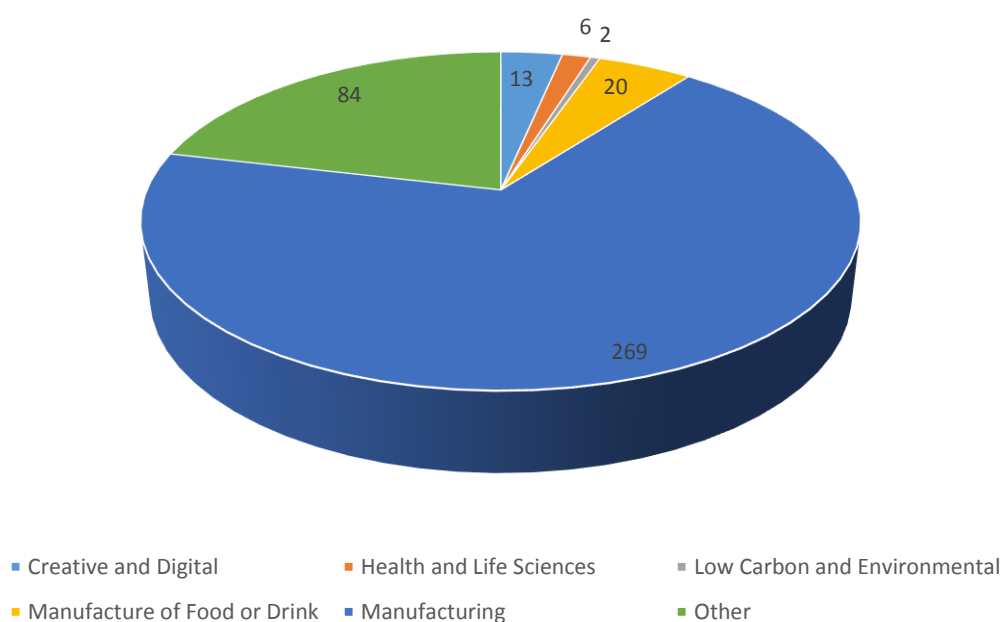
- 2.3 As the above table highlights, the programme is achieving a good return in terms of cost per job, with even the actual figure achieved to date for new jobs of £12,582 being significantly below the national average for programmes of this nature (circa £30,000). This figure would be even lower if the 1,575 actual safeguarded jobs were included in the overall calculation, and would equate to just under £6,232 per job.
- 2.4 The Investment Panel recently recommended the approval of three grants totalling £406,500. The first is for £110,000 for a large food manufacturer that is making a £1.1 million investment in new equipment and alterations to premises, which will result in the creation of 30 new jobs. The second is for £126,500 to an SME internet-wholesaler that is investing £1.26 million in fitting out a new distribution facility, which will create 104 new jobs. The third is for £170,000 for an automotive manufacturer that is investing £2.3 million in new equipment, leading to the creation of eighteen new highly-skilled jobs.
- 2.5 All grants awarded to businesses by the LEP, including those from the BGP, are now published on the LEP website (<http://www.the-lep.com/about/governance-and-funding/grants-for-business/>). This includes the name of the business and the amount of grant awarded.
- 2.6 The below table compares the proportion of SMEs per district of the city region with the proportion of grants awarded per district. It shows that the West Yorkshire districts all perform well in terms of successfully accessing the grants, but that the North Yorkshire districts have a proportionately low take-up rate. This can be partly attributed to the relatively low number of manufacturers in North Yorkshire, and the existence of a similar grant scheme in that area. Craven is the one North Yorkshire district that has seen a recent increase in grants, which could be due to the presence of the SME Growth Manager covering the Airedale Corridor.

Table 3: Grant awards by district

District	Grants per district	SMEs per district
Leeds	28.3%	26.8%
Bradford	15.2%	14.5%
Kirklees	17.7%	13.5%
Wakefield	12.7%	9.5%
Calderdale	12.2%	7.5%
Barnsley	5.1%	5.9%
Harrogate	3.4%	8.5%
Craven	2.5%	3.2%
York	2.1%	7.2%
Selby	0.8%	3.4%

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

Number Of BGP Grants By Sector



Business Floods Recovery Fund

- 2.8 Following the floods over Christmas 2015, and the subsequent devastating impact on many businesses across the city region (particularly in Calderdale and parts of Leeds), the LEP and WYCA agreed to ring-fence £5m of the overall Business Growth Programme budget in the form of a Business Floods Recovery Fund.
- 2.9 The fund has provided grants of between £5K and £100K for capital investment in plant, machinery and premises that were damaged by the floods, and that were not,

for legitimate reasons, fully covered by insurance policies. The focus of the fund has been on safeguarding jobs, as opposed to creating new ones, and on supporting businesses to return to something like their pre-floods level of operation.

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

3 New Business Growth Products

Resource Efficiency Fund

- 3.1 The £2.66m Resource Efficiency Fund (REF) is being delivered through the Growth Service over the next three years as a key product to improve productivity and efficiency for SMEs in the city region. It is jointly funded by the Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provides advice and funding (grants of up to £10K) to SMEs to identify and implement improvements related to their use of resources i.e. water, waste and energy.
- 3.2 203 businesses have been supported by the project to date (against an original target of 167), with 196 having received visits from the two REF Managers. These have resulted in 119 assessments being commissioned and the completion of 114 assessment reports.
- 3.3 15 grant applications have been approved for a collective value of £116,377, with payments made to three businesses by August 2017. Additional marketing activity will take place in September 2017 to maintain interest in the project and increase the number of businesses taking up the grants. This will include closer partnership work with local business networks, such as the city region's four manufacturing alliances covering Bradford and Airedale, Calderdale and Kirklees, Leeds and Wakefield.
- 3.4 The projects supported include:- seven lighting upgrades, two insulated/fast-closing roller shutter doors, three heating upgrades, three compressors and two waste and baler/compactors. Funding has also been approved for three more specialist projects linked to the dying process, including a cold water dyepan-feed, hot effluent heat-recovery and burner management controls. Total estimated carbon dioxide (CO₂) savings across all of the approved projects are 409 tonnes per annum, with estimated savings to the successful business applicants of £81,700 per annum.

Strategic Business Growth

- 3.5 The £7m Strategic Business Growth (SBG) project is now being delivered by the LEP and its appointed contractor, Winning Pitch. It provides small businesses with a package of tailored support to help them achieve their growth potential. This includes one-to-one business coaching, one-to-many workshops on key areas of business growth and an important peer-to-peer element that allows businesses to

share their experiences and expertise. The project runs up to the end of 2019 and there is also a £1m capital grant fund for the businesses recruited to the project by Winning Pitch.

- 3.6 Winning Pitch has recruited three Account Managers to cover the city region, and has now contracted with 30 business coaches with a range of specialisms and good working knowledge of the different districts in LCR. A further 40 coaches will be contracted in the coming weeks to further extend the reach and expertise of the project.
- 3.7 29 businesses have engaged with the project to date, with several referrals coming from the Growth Managers and the Ad:Venture programme, and the remainder being recruited directly by Winning Pitch. Of these 29 firms, 11 have undertaken an 'x-ray diagnostic' to assess business strengths and opportunities, and are now developing practical Growth Action Plans with their allotted Account Managers
- 3.8 Growth workshops and peer-to-peer board meetings will commence in September 2017, and will cover a range of topics, including: management & leadership, recruitment, 'scaling-up' the businesses, finance and 'value proposition'. Another major element of the project will be the requirement for Winning Pitch to closely monitor and report the impact of their support on the SMEs over the lifetime of the contract. This will encompass a range of indicators related to productivity, which will include, but not be limited to, employment creation.

Digital Enterprise and Access Innovation

- 3.9 Updates on the above two projects are included separately within the Digital and Access Innovation reports.

Access to Finance

- 3.10 The **Northern Powerhouse Investment Fund (NPIF)** formally launched on the 22nd February 2017 and has since invested over £4million of funding into LCR businesses, including the first Equity Fund Investment of £100,000. There is an even spread of investments across the priority sectors of the Strategic Economic Plan for LCR.
- 3.11 NPIF promotion has continued by both the Fund Managers and the British Business Bank (BBB) with extensive networking and attendance at key events. Focus is now on intermediaries, members organisations and the LEP Growth Service to continue to widen awareness of the Fund.
- 3.12 Feedback from both fund managers, and the BBB, confirms a continued positive level of demand from businesses across the city region, which is reflected in the level of loans and investments completed to date and a healthy forward pipeline of SMEs looking for finance. The conversion rate from enquiries to successful applications has been higher than anticipated by BBB, which is positive indication of the demand for external finance in the city region.

- 3.13 The first Regional Advisory Board meeting has taken place with LCR representative, Steve Harris (Lloyds Banking Group), in attendance. The second quarterly meeting to review the performance of the fund will take place in September 2017.

4 Recommendation

- 4.1 That the progress made to date on delivery of the business support programmes be noted.