

BUSINESS INNOVATION AND GROWTH PANEL

**MEETING TO BE HELD AT 2.00 PM ON TUESDAY, 26 FEBRUARY 2019
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 - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE MEETING OF THE BUSINESS INNOVATION AND GROWTH PANEL HELD ON 27 NOVEMBER 2018**
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- 6. LOCAL INCLUSIVE INDUSTRIAL STRATEGY**
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Signed:

A handwritten signature in black ink, appearing to be 'B. M.' with a long horizontal stroke underneath.

**Managing Director
West Yorkshire Combined Authority**



**MINUTES OF THE MEETING OF THE
BUSINESS INNOVATION AND GROWTH PANEL
HELD ON TUESDAY, 27 NOVEMBER 2018 AT ROOM 404,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Andrew Wright (Chair)	Reliance Precision
Nicola Greenan	East Street Arts
Amir Hussain	Yeme Architects
Phillip Wilson	Slipstream Design
Councillor Darren Byford	Wakefield Council
Councillor Barry Collins	Calderdale Council
Councillor Mohammed Iqbal	Leeds City Council
Councillor Peter McBride	Kirklees Council
Councillor Shabir Pandor	Kirklees Council
Councillor Alex Ross-Shaw	Bradford Council
Dean Cook (Advisory Representative)	Innovate UK
Sandy Needham (Advisory Representative)	West & North Yorkshire Chamber of Commerce
Dr Peter O'Brien (Advisory Representative)	Yorkshire Universities
Professor Lisa Roberts (Advisory Representative)	Leeds University
Professor Liz Towns-Andrews (Advisory Representative)	University of Huddersfield
Marie Gilluley (Advisory Representative)	West Yorkshire Consortium of Colleges

In attendance:

Steve Gregory	University of Huddersfield
Mark Roberts	Beer Hawk Ltd / Employment and Skills Panel
Kersten England	Bradford Council
Sue Cooke	West Yorkshire Combined Authority
Sarah Bowes	West Yorkshire Combined Authority
Marc Adams	West Yorkshire Combined Authority
James Hopton	West Yorkshire Combined Authority
Henry Rigg	West Yorkshire Combined Authority
David Shepherd	West Yorkshire Combined Authority
Jonathan Skinner	West Yorkshire Combined Authority
Megan Hemingway	West Yorkshire Combined Authority
Ben Kearns	West Yorkshire Combined Authority

26. Apologies for Absence

Apologies for absence were received from Councillors Roy Miller, John Dawson, Tim Swift, Andrew Lee and also from Simon Wright, Lee Savage and Martin Booth.

27. Declarations of Disclosable Pecuniary Interests

The Chair disclosed that his company, Reliance Precision, had applied for an Access Innovation grant.

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

There were no items on the agenda requiring the exclusion of the press and public.

29. Minutes of the Meeting of the Business Innovation and Growth Panel held on 13 September 2018

It was noted that Marie Gilluley was in attendance at the Business Innovation and Growth Panel held on the 13 September.

Resolved: That the minutes of the Business Innovation and Growth Panel held on the 13 September be approved.

30. Chair's Update

The Chair updated the Panel regarding the outcome of the LEP review. The Leeds City Region Enterprise partnership and part of the York, North Yorkshire and East Riding LEP had agreed to merge. It was noted that Barnsley was expected to remain with the Sheffield City Region LEP while East Riding will remain with the Humber LEP.

The Chair also welcomed the Channel 4 announcement regarding the relocation of their headquarters to Leeds. The Chair noted the support across the districts for the bid and the strength and diversity of the Higher Education and Further education offer. The Chair requested regular updates to the Panel as part of an inward investment item.

The Panel also noted the #bestofallworlds marketing campaign and it was suggested that the images could be circulated to members.

31. Innovation Support Programmes

The Panel considered a report which provided an update on the Access Innovation programme.

The Panel was also informed of a potential successor programme, with a working title of 'Connecting Innovation', currently in development.

It was proposed that this programme would broaden the scope of Access Innovation. An outline business case had been submitted to the European

Regional Development Fund. Members were asked to provide input on the development of the Connecting Innovation programme, which will be used to inform the Full Business Case when it is submitted later in 2019. The Panel noted the memorandum of understanding with InnovateUK and the agreement to cooperate in the design of Connecting Innovation.

Resolved: That the BIG Panel notes progress to date on Access Innovation and provides feedback on the proposed Connecting Innovation programme.

32. Preparing for Brexit

The Panel considered a report which provided an economic update and outlined the ongoing work in the City Region as the UK prepares to leave the EU.

The Panel discussed the challenges and opportunities and suggested that business support information to help businesses prepare for Brexit could be repackaged and made available to business, including through the LEP website and via key partners, including Chambers of Commerce. The Panel was also updated on some of the current and planned support for businesses related to Brexit, including the work of the Investor Development Team and the future Business Resilience project.

Resolved: That the Panel notes the analysis presented in the economic update and dashboard and the actions detailed in the paper in response to Brexit.

33. MIT REAP

The Panel was provided with a verbal update regarding the University of Leeds led Massachusetts Institute of Technology Regional Entrepreneurship Acceleration (MIT REAP) programme.

The Panel was informed that MIT REAP was a two year programme designed to promote innovation driven entrepreneurship. The next steps for MIT REAP included stakeholder engagement, data gathering and developing a baseline in order to measure progress.

The Panel asked to be provided with regular updates on MIT REAP's progress over the two years.

Resolved: That BIG Panel note the contents of the verbal update by Professor Lisa Roberts.

34. Supply Chains

The Panel was provided with a presentation by Steve Gregory, Head of Regional Engagement at Huddersfield University regarding the new supply chains support programme. The programme offers guidance and support for SMEs to improve their supply chain performance.

The Panel provided feedback on the programme, welcomed the support to be made available, and requested future updates. Steve Gregory requested ongoing input and support, including introductions to large enterprises that want to improve their supply chains.

Resolved: That the Panel notes the research and project delivery activity set out in the report.

35. Digital Framework

The Panel was updated on the development of the Leeds City Region Digital Framework following an extensive consultation exercise. This feedback was included in the report and incorporated into the revised Digital Framework.

Working groups will be established to ensure that the aspirations of the Digital Framework are realised. The working groups which will report to the Business Innovation and Growth Panel are as follows:

- Digital opportunities for all businesses
- Digital sector
- Tech for good

Resolved: That the Panel endorses the overarching outcomes and principles of the Digital Framework.

36. Trade and Investment

The Panel was updated on the work of the Trade and Investment team including their work involving investment development. Meetings had been held with 40 foreign owned companies and 26 direct investment proposals had been identified.

The Panel again welcomed the achievement in securing the Channel 4 National HQ and also noted the opportunities for further inward investment across the districts. It was also reported that UKTV planned to open an office in Leeds.

The Panel noted and discussed the priorities for trade and investment flagged for in the report for 2019/20 which included an increased focus on international trade with China and India.

Resolved: That the BIG Panel notes the report and welcomes the collective achievement in securing the Channel 4 National HQ.

37. Business Support

The Panel considered a report which provided an update on business support activity. It was reported that the service had supported over 10,000 businesses since its launch in July 2015. The Panel was also informed that the Productivity Pilot opened on 17 September 2018 and was set to close on 14 December 2018 with a number of applications already received.

The Panel noted that the Inclusive Growth commitments went live on 31 July 2018 for new applicants to the Business Growth Programme. It was reported that of the 26 grant approvals so far, 87% had committed to paying the Real Living Wage or above. A review of the new approach will take place in February 2019 with findings reported to the Panel later in 2019.

Resolved: That the Panel notes the progress made to date on delivery of the above business support projects, programmes and services.

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Report to: Business, Innovation and Growth Panel

Date: 26 February 2019

Subject: **Local Inclusive Industrial Strategy**

Director: Alan Reiss, Director Policy, Strategy and Communications

Author(s): Sarah Bowes, Jo Barham

1. Purpose of this report

- 1.1 To update BIG Panel on progress to develop a Local Inclusive Industrial Strategy (LIIS) for Leeds City Region.

2 Information

Background

- 2.1 In early 2018, the LEP Board and Combined Authority agreed that work would begin on the development of a LIIS for Leeds City Region. Sitting at the heart of a new, long-term strategic framework, the emerging LIIS will focus on bold steps aimed at driving inclusive growth, boosting productivity and improving living standards for a post-2030 economy. The latest version of the Policy Framework is provided in Appendix 1 of this report.
- 2.2 Guidance in the form of a policy prospectus on Local Industrial Strategies was published by Government in early October¹ 2018. The guidance highlights that agreeing a Local Industrial Strategy will be a necessary condition for LEPs and Mayoral Combined Authorities to draw down any future local growth funding being deployed. The prospectus also states that Local Industrial Strategies should remain strategic documents and not contain any proposals that require new funding or have spending implications outside of existing budgets available to local areas.
- 2.3 A LEP Board away day was held in September 2018 to help shape thinking on the development of the Leeds City Region's LIIS. Government representatives were invited to attend the event to update on the latest developments nationally and provide input and steer on Leeds City Region's proposed

¹ <https://www.gov.uk/government/publications/local-industrial-strategies-policy-prospectus>

approach. A summary of key messages discussed at the away day is provided in Appendix 2 to this report.

Following the LEP Review (September 2018) there is now local consensus that supports, subject to final agreement, the establishment of a LEP covering West and North Yorkshire, and York. Teams from the two existing LEPs are therefore working towards the development of one single Industrial Strategy to cover the entire geography. Latest indications from Government suggest working towards a deadline of December for a final version which can be signed off by Government.



Process

- 2.4 Government guidance is clear on the need for Local Industrial Strategies to be underpinned by robust evidence drawing out relative strengths and weaknesses, with an emphasis on productivity. The two LEPs are not starting from scratch and have a strong evidence base on which to build. For the Leeds City Region, tools such as the annual Business Survey and a new Household Survey will play a key role providing primary data to support policy development. This will continue to develop as work is ongoing and will be informed by additional in-depth research into particular issues.
- 2.5 Additional work will be undertaken where there is a gap in the existing knowledge base and a more intensive examination of the issues is required and will include focused work around: Productivity; Innovation; Supply Chains; Clean-Tech; and Health-Tech covering the new geography.

A call for evidence has also been published to allow the research community to help inform the development of the LIIS. Interested parties are encouraged to submit evidence before 31 March 2019. <https://www.westyorks-ca.gov.uk/projects/local-industrial-strategy/>

- 2.6 Plans are also being developed to establish an independent expert panel to provide expert challenge and critical review of the evidence base and subsequent policy priorities. Members of the panel will be invited by both LEP Chairs and drawn from academia, business, the public sector (including large employers such as the NHS), and the voluntary and community sector. The panel will complement existing LEP groups and panels by providing an independent view across all areas of the LIIS.
- 2.7 Working alongside the panel will be activity to engage with business, community and citizen groups to best understand their priorities and the role that the new LEP can play in meeting these. Reflecting the scale and long-term ambition of the LIIS, we will seek to engage with young people on their views and input into shaping our proposals through significant youth engagement.
- 2.8 A progress statement will be prepared to share with stakeholders in April/May 2019, which will align with plans to shape a submission to the Comprehensive Spending Review.

3. Financial Implications

- 3.1 In addition to core staff resource to support research and intelligence activity, a budget of approximately £200,000 is available from Combined Authority / LEP internal budgets across the financial years 2018-19 and 2019-20 (subject to business planning and budget setting) to support development of the evidence base for the LIIS. In addition, there is potential to access up to £130,000 which forms part of funding identified in the 'Strengthened Local Enterprise Partnerships' guidance² for capacity building. The additional funding has not been confirmed and will be subject to Government approval.

4. Legal Implications

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

5. Staffing Implications

- 5.1 LIIS forms a central component of the Combined Authority and LEP's programme of work to broaden its policy range. This will require capacity and expertise from the Combined Authority, local authorities and other partners. This can largely be provided within existing resources.

² <https://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships> this funding has been identified to provide LEPs with 'additional capacity funding' for development.

6. External Consultees

- 6.1 External engagement to inform the development of the Local, Inclusive Industrial Strategy is anticipated to commence in spring 2019.

7. Recommendations

- 7.1 That the BIG Panel notes progress made and endorses the proposed way forward on development of the evidence base.

8. Background Documents

- 8.1 There are no background documents.

9. Appendices

Appendix 1 – Leeds City Region Policy Framework
Appendix 2 – LEP Board away day key messages



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LEP BOARD AWAY DAY, 2018

KEY MESSAGES

BACKGROUND

The LEP Board Away Day was held on 20 September 2018, with the aim of shaping thinking on development of a Local, Inclusive Industrial Strategy and priorities for Leeds City Region. The discussion was structured around three key themes:

1. What is distinctive about Leeds City Region vs what is a national challenge and priority?
2. What should our priorities be?
3. What further evidence do we need to develop our understanding?

A summary of the key messages are provided below:

DISTINCTIVENESS OF LEEDS CITY REGION

- Diversity of Leeds City Region (geography, SME base, cultural assets, universities, clusters, age profile) is a strength but also can be a challenge in terms of building a strategy and vision. Need to think of a strong 'hook' which celebrates this diversity and provides a compelling narrative around which to structure and build-on strengths.
- Diverse SME base with niche tech strengths including Medtech and in Advanced Manufacturing
- University expertise is a real strength for Leeds City Region, niche opportunities for engagement including advanced manufacturing and supply chains. Need to exploit this more effectively including a move towards higher level skills.
- Blurring of sectors and ability to use strengths in one sector e.g. digital capabilities of the universities to support other aspects the economy – 'be digital or get digitised'.

WHAT IS WORKING WELL / WHAT MORE NEEDS TO BE DONE?

- Harnessing the power of the business¹

¹ The Chancellor has announced **£31m for a business-led package of initiatives aimed at driving up firm-level productivity**, including:

- *Creating a 'Small Business Leadership Programme'*, providing management training to 2,000 small business leaders in its' first year with our ambition to train 10,000 people per year by 2025.
- *Strengthening local networks to focussed on business improvement*, so that the UK's hundreds of thousands of business leaders can learn from each other about management excellence and technology adoption. This will form a core element of our Local Industrial Strategies, which will be focused on strengthening business productivity at a local level.
- *A new mentoring programme for SMEs*. Ten of these leading companies, including GSK, Amazon, KPMG and Siemens UK, have already signed up to provide over 100 mentors to small business leaders.

- *Proposals for a private sector advisory group* providing peer-to-peer support for businesses whether online or face-to-face,
 - *Promoting a joined-up approach to business support* ensuring messages reach as many business as possible, using technology to maximise the impact of this. Harnessing the power of business and other leaders to tackle low productivity – link to discussions on ‘No Wrong Door’ agreement on business support across all public and private intermediaries.
 - Effective delivery of core business support services, ensuring that the fundamentals of business support programmes are sound. This includes robust evaluation of existing activities and private sector engagement on service design
- Ensure that the Industrial Strategy provides a compelling narrative for the City Region which gets buy-in from a range of partners, including the voluntary and community sector
 - More needs to be done to raise the profile of the LEP, more collaboration between business representative bodies and clearer demonstration of the value for businesses to engage.
 - Continued investment in digital tech, skills, etc. will be key to adapting to, and exploiting the opportunities associated with the ‘future economy’. We need to ensure that new digital technologies are used as enabling tools, bringing business, the public sector and people together with a shared vision.
 - Aligning the strengths of our universities with the needs of businesses and promoting the diffusion of innovation through strengthened networks. Diffusion of innovation to improve productivity is as important as the process itself.
 - Support and encourage peer-to-peer sharing of good practice and understanding
 - Engaging with the voluntary and community sector to build on strong foundations for inclusive growth. Supporting inclusive growth is vital in order to improve living standards and tackle stubborn deprivation in the City Region. The voluntary and community sector plays a key role working with communities to tackle complex issues and remove barriers to participation. These interventions provide the foundations to build on as development of the Local, Inclusive Industrial Strategy takes place.
 - Engage with stakeholders at a pan-northern level where collaboration at a bigger geography can enhance activity. This will build on ongoing work with the
-
- *Creating a partnership between the government, professional services firms, large banks and technology firms*, to reach out to the 5.7 million UK companies and support them to adopt new management practices and modern business tools.

Northern Powerhouse (NP) 11² to drive economic growth in the prime capabilities of the North³.

EVIDENCE BASE

- Further evidence needed on *supply chains, innovation networks and tech based sector strengths and cluster opportunities*:
 - **Supply chains**: identifying areas where there are opportunities to improve processes and develop new opportunities for businesses
 - **Innovation**: exploration of innovation networks and how information is shared. Alignment and connectivity of assets is important to support this activity
 - **Tech strengths/cluster opportunities** (clean tech, med-tech, textiles, etc. deep dive)
- **Productivity**: including:
 - better understanding of the difference between growth and productivity and clear on which is the priority;
 - greater analysis of productivity performance across the City Region, including analysis of sectors that have significant levels of low productivity firms
- **Understanding impact of existing support products**: understanding of what works, key lessons, better use of evaluation (e.g. Randomized Control Trials) to understand impact.

² NP11 is a collaboration of 11 Northern LEPs, and is chaired by Roger Marsh.

³ The Northern Powerhouse Independent Economic Review identified Energy, Health Innovation, Advanced Manufacturing and Digital as the Prime Capabilities for the North

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Report to: Business, Innovation and Growth Panel

Date: 26 February 2019

Subject: Trade and Investment

Director(s): Sue Cooke, Executive Head of Economic Services

Author(s): David Shepherd, Head of Trade and Investment

1. Purpose of this report

- 1.1 To consult with the Business Investment and Growth (BIG) Panel on the 2019/20 forward plan of activity and provide an update on work of the Trade and Investment team.

2. Information

Planning for 2019/2020

- 2.1 In preparation for the Leeds City Region Enterprise Partnership (LEP) Board meeting, the forward plan of trade and investment activity will be presented at the BIG panel meeting and will include a reflection on previous years' activity and a review of recent FDI trends from the past three years.
- 2.2 The plan will outline some significant areas of work to focus on throughout 2019/20 which have the potential to deliver a step change in the work on China and India.
- 2.3 It will also outline pro-active measures that will be taken to generate greater levels of inward investment to the wider towns and cities beyond Leeds.
- 2.4 Through the implementation of sector plans and reviewing trends/data greater clarity on what the region's investment opportunities are, where the investment is coming from and how to further align trade and investment activity has been gathered.

Sector and International Business Development Activity

- 2.5 Since the previous BIG Panel meeting the Leeds City Region has been showcased internationally as an inward investment destination at several key sector events.

SMART Cities, November 2018 – Barcelona

- 2.6 Leeds City Region exhibited at the Smart Cities World Congress held in Barcelona in November. This event is the largest of its type (over 600 stands and 21,000 visitors) and attracts prominent delegates from high level tech companies as well as global cities including Moscow, Tel Aviv and Dubai.
- 2.7 Delivered in partnership with local authorities, universities and the private sector it included a programme of ten presentations as well as numerous meetings and interactions - over 168 connections were made by the delegation including Amazon Web Services, Microsoft and Cisco Systems. The visit received widespread positive feedback from all partners and as a result a number of technology businesses are prepared to engage with the Combined Authority and the LEP on future trade initiatives and to develop Digital Policy through participation on various working groups.
- 2.8 Planning is underway to look objectively at the LEP attendance in 2019 including exploring a public/private sector funding model.

Valve World Expo, November 2018 - Dusseldorf

- 2.9 Leeds City Region attended Valve World Expo 2018 as part of the Energy Industries Council pavilion. As an international valve trade fair, this presented an excellent opportunity for the LEP to showcase the region's capability in flow control and fluid power technologies to a worldwide audience.
- 2.10 Attendance at the event generated valuable contacts and intelligence which will inform future work with this important sector in the region. This will enable a more targeted future focus and discussion are already underway with the British Valve and Actuators Association about collaborating on future opportunities to enhance the region's profile, attract inward investment and identify export opportunities.

Doing Business in Europe' events

- 2.11 The final event in this series concluded on 4 December. The series covered, HR, contracts & legal issues; ecommerce & IT; export procedures and customs; and getting paid. Feedback from the above workshop attendees was very positive commenting that the presentations were of a very high quality and extremely useful. The content from each event has been made into a checklist to ensure that the information is beneficial to a wider audience.
- 2.12 The full suite of business checklists produced as a result of the 'Doing Business in Europe' events before Christmas are now available on the LEP website <http://www.the-lep.com/top-links/projects/lets-talk-brex-it-checklists/>

Arab Health January 2019 – Dubai

- 2.13 This was the second year of working with Medilink to showcase the Leeds City Region at Arab Health. As part of the UK Pavilion the LEP joined over 4,000 exhibiting companies and 84,500 attendees from 160 plus countries. The Leeds City Region's delegation is currently working on the follow-up to the show but made over 100 contacts for the region and the companies that were showcased. This was an excellent opportunity to showcase the region's strengths in the medical and life sciences field. Feedback both at the show and post the event has been positive regarding the value of raising the profile of the region, the sector specialisms and the leads generated for businesses showcased.

New Trade Focused Web Pages

- 2.14 New look trade web pages have been created on the LEP website which are now more scenario based, seeking to respond to questions and highlighting where to find appropriate help. <http://www.the-lep.com/for-business/international-trade/>

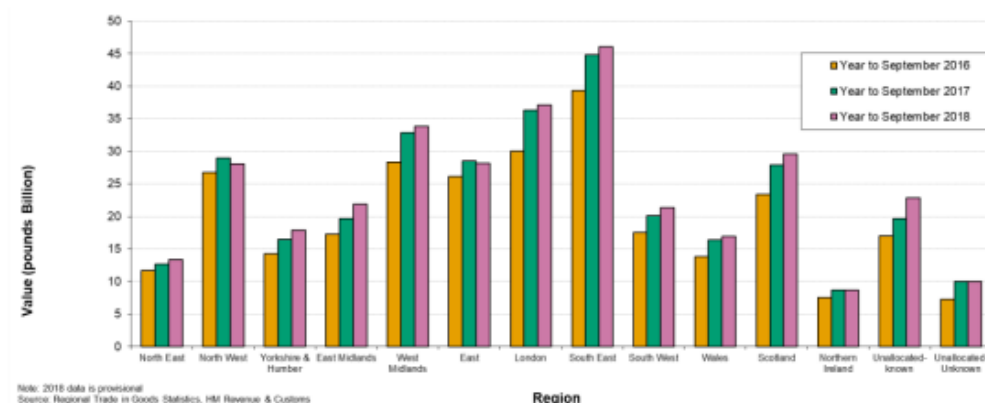
MIPIM, March 2019, Cannes

- 2.15 Key private sector sponsors secured include, Bruntwood, Caddick, Munroe K, CEG, Extra MSA, MEPC, Park Lane Group, Shulmans, Scarborough Group, Town Centre Securities and Arup. The Universities of Leeds and Huddersfield have recommitted their support this year. A number of new sponsors have confirmed this year including the University of Bradford, Fuse Studio, SKA Developments, Squire Patton Boggs, Irwin Mitchell, Deloitte and Mott Macdonald. Leeds Bradford Airport are also sponsoring and providing support as the departure airport with Leeds based Jet2 as the flight providers.
- 2.16 The next MIPIM Steering group for the sponsors and local authority delegation will be on 13 February and a full final briefing for MIPIM delegates will take place on 4 March.
- 2.17 The Leeds City Region programme will include twice daily panel sessions on the stand across the following themes; connected cities and intelligent transport, a joint session with Lille and Dortmund sharing perspectives on urban development, opportunities from clean growth, innovation and entrepreneurship and creating communities/inspiring places to live.
- 2.18 Evaluation of MIPIM activity will be undertaken with the stakeholders and sponsors as the strategy for MIPIM is continued to be developed.

Trade

- 2.19 In the year to September 2018, the value of UK trade in goods exports increased by 4% compared with the same period the previous year. There was an increase in annual export value for seven English regions with Yorkshire & the Humber showing an increase of 8.6%.

Figure 2: UK Exports by Region, years to September 2016, 2017 and 2018



- 2.20 Comparing Q3 2018 with Q3 2017, the total number of businesses exporting from the UK increased by 1.5%. The number of businesses in Yorkshire & the Humber grew by 1.6% over the same period.
- 2.21 The British Chambers of Commerce Quarterly Economic Survey for Q4 2018 shows the balance of manufacturing firms reporting improved export sales rose by a point from +19% to +20%, while the balance of those reporting improved export orders rose from +14% to +18%. The balance of service sector firms reporting improved export sales remains unchanged from the previous quarter at +14%, while those reporting improved export orders fell from +12% to +9%.
- 2.22 The EEF/BDO Manufacturing Outlook for Q4 2018, shows that export order balances have decreased from 24% to 12% but only 18% of respondents were not able to identify any export growth opportunities in any overseas market, with Europe remaining the main source of revenues from abroad. The EU remains the main source of opportunities for manufacturers with 59% per cent of respondents reporting positive demand conditions from there. Expectations for the next three months remain positive.

Upcoming planned activities

- 2.23 'Up Your Game' – This is a B2B matchmaking event organised by Enterprise Europe Network (EEN) taking place alongside the Yorkshire Games Festival on 7th and 8th February. The aim of this event is to explore potential collaboration, ideas, innovation and investment in animation, games, motion graphics, VFX, AR and VR, bringing together the games developers with other businesses who could use gaming technologies. The LEP is supporting EEN with their drive to encourage more overseas buyers to attend the event.
- 2.24 The International Food & Drink Event (IFE) – Working in partnership with DIT and other Yorkshire LEPs, the Leeds City Region will stage a showcase of Yorkshire food and drink at the IFE in London in March. IFE is a premier food and drink trade event bringing together over 1,000 manufacturers with buyers from across the world.

- 2.25 A China roundtable will bring together organisations from across the region who are experienced in the Chinese market to help inform next steps in the delivery of the China strategy.
- 2.26 A renewed three year Chinese Social Media Contract commenced on 1 February which manages the LEP's Chinese social media accounts on Weibo and WeChat. The new contract will focus on further developing the LEP's social media presence in China. In the last 12 months followers have increased from 3,000 to over 32,000. The most popular post last year was of the visit to China in September which received over 1.4m views.



Investor development

- 2.27 In partnership with the Department for International Trade (DIT) the LEP continues to engage with a number foreign owned companies that currently do not have an established relationship with Government.
- 2.28 Working with foreign owned businesses enables the LEP and partner local authorities to support increased volumes of investment and jobs whilst gathering vital intelligence to help shape future economic strategies and approaches.
- 2.29 Relationships have been established with over 60 foreign owned businesses and over 80 investor development meetings have been held since May 2018. An important focus in the last quarter has been gathering business intelligence in the context of Brexit and sharing relevant trends and policy implications across the Combined Authority and with government.

Inward Investment Activities and Performance

- 2.30 There have been four project successes since the last report in November. Two inward investment successes are not yet in the public domain but will be provided in more detail at the next BIG Panel meeting.
- 2.31 Two international businesses to expand and grow in the city region have been supported, this includes Mastek Limited, an Indian owned global IT business which has created a multimillion pound, national graduate development centre in Leeds.

Welcome Digital Inward Investment Fund

- 2.32 To increase the number of inward investment enquiries and projects from the digital sector a lead generation strategy has been devised targeting growing digital businesses particularly in the FinTech, Artificial Intelligence and data fields and a consultant has been appointed to deliver this workstream.

3. Financial Implications

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

4. Legal Implications

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

5. Staffing Implications

- 5.1 There are no staffing implications directly arising from this report, however there may be revisions to staffing needed to respond to the forward plans once finalised.

6. External Consultees

- 6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That the BIG Panel comments on the proposals for the forward plan of activity for 2019/2019
- 7.2 That the BIG Panel notes the progress made to date on delivery of the above.

8. Background Documents

None.

9. Appendices

None.

Report to: Business, Innovation and Growth Panel

Date: 26 February 2019

Subject: **Preparing for Brexit – Supporting Businesses**

Director: Alan Reiss, Director of Policy, Strategy and Communications
Sue Cooke, Executive Head of Economic Services

Author(s): Alex Clarke and Henry Rigg

1 Purpose of this report

- 1.1 To update the Panel on work to prepare and support the city region's businesses ahead of the UK's withdrawal from the EU.

2 Information

- 2.1 At the last Panel meeting in November, an update was provided on developments in the global, national and local economies and on how the Local Enterprise Partnership (LEP) was supporting businesses, people and communities as the UK transitions to a new trading model. This work has continued to progress, with a number of programmes, including on investment readiness and business resilience, shortly ready for delivery.
- 2.2 It is important that the LEP is well prepared to respond to the requirements of businesses as a result of Brexit, and therefore economic intelligence will continue to drive any decisions. The LEP will also continue to seek further clarity and details from central government, and ongoing discussions are taking place with government departments to ensure that the advice to businesses locally is up to date and that future decisions on national support programmes and funding is coordinated alongside local offers.
- 2.3 The Growth Service is providing intelligence into the BEIS Growth Hub Network to provide local insight and aid national Brexit preparation. The LEP website has also published Brexit guidance using .gov sources. The current "Europe Checklists" signposting on the "For Business" section of the website has now been enhanced by the addition of a dedicated "**Preparing for Brexit**"¹ **mini-hub** (this went live on the 14th January 2019); consolidating a wider range of information and support assets to business in a single resource.
- 2.4 In addition to this activity, due to the ongoing uncertainty on the process of the UK's withdrawal from the EU, and the potential impact of a non-negotiated exit

¹ <http://www.the-lep.com/lets-talk-brexit/>

from the EU, it is right that the LEP also prepares what its response might be in the event of a non-negotiated exit and how it could assist businesses in the short term to overcome potential barriers and challenges, as well as maximise any opportunities. Further work is taking place to explore options for growth deal flexibility to provide Brexit specific business support products and services, particularly in the result of a non-negotiated exit from the EU. The intention is to engage with government on the basis of the preferred options, to seek the relevant flexibilities to growth deal monies and to flag the potential need for additional funding.

3 Financial Implications

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

4 Legal Implications

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

5 External Consultees

- 5.1 No external consultations have been undertaken in direct production of this report. However, external consultation, particularly with government departments, as well as intelligence gathering from businesses, has taken place on matters related to Brexit and will continue.

6 Recommendations

- 6.1 The Panel are asked to note the work ongoing to prepare for Brexit.

7 Background Documents

None.

8 Appendices

- 8.1 None

Report to: Business, Innovation and Growth Panel

Date: 26 February 2019

Subject: **Growing Places Fund & Business Investment**

Director: Alan Reiss, Director, Policy, Strategy and Communications

Author(s): Alex Clarke

1. Purpose of this report

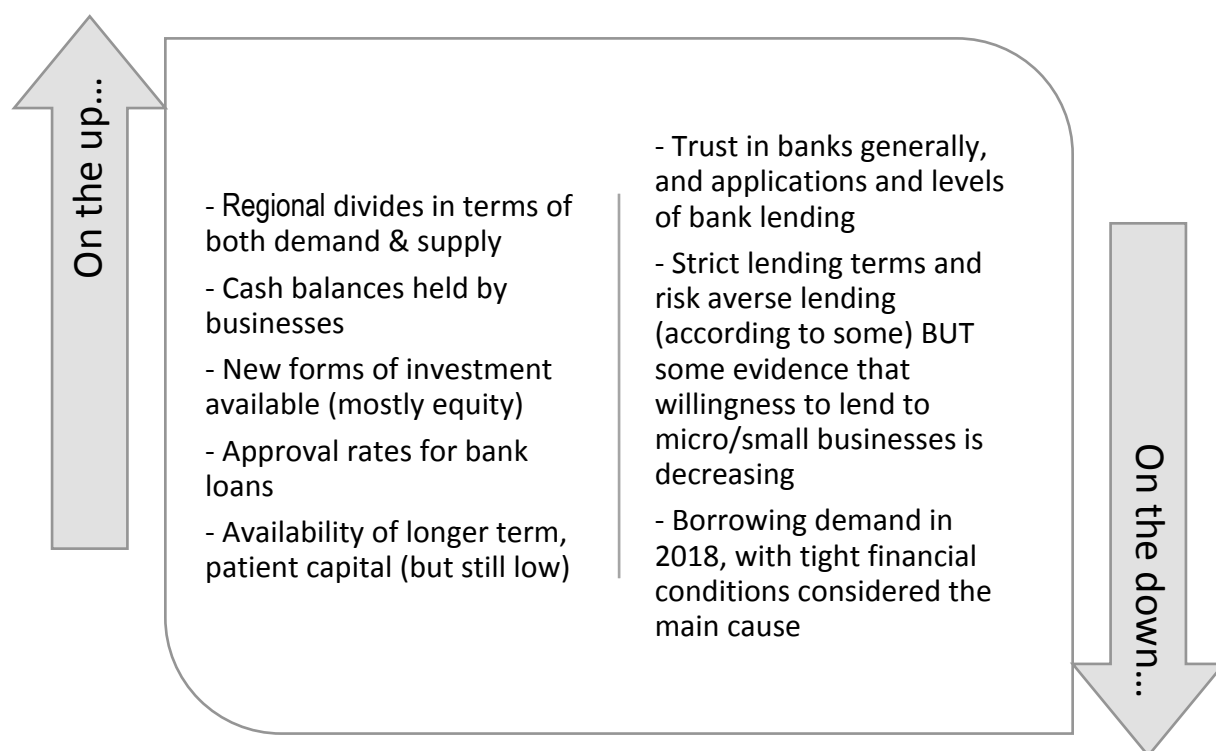
- 1.1 To update the Panel on developing Leeds City Region Enterprise Partnership (LEP) policy on issues of business finance, in particular on the role of the LEP in making business investments and the future use of returned funds from the Growing Places Fund, and seek the Panel's view on how this work should be further developed; including through external support.

2. Information

Background and context

- 2.1 The role of public intervention in business finance is usually focussed on achieving broader policy priorities as well as helping overcome the asymmetric / imperfect information, or imperfect competition / coordination problems, between business finance supply and demand that cause market failure.
- 2.2 In recent history this market failure has been driven particularly by a lack of liquidity in the market following the financial crisis. In those circumstances the LEP played an important role in providing financial support to encourage investment that was not being provided through private market sources, helping stimulate business growth. However, evidence suggests that this has now changed, with an increasing number of actors in the business finance landscape offering a larger and more varied product offer, meaning the issue for accessing business finance is less about liquidity in the market and more about risk appetite and investment readiness (a summary of analysed trends is outlined in diagram 1 below).
- 2.3 In order to ensure that the LEP continues to fulfil a role that is not met by the existing business finance market, whilst aligning to new policy priorities around productivity and inclusive growth, work has been undertaken to understand current business finance trends and to begin to map where the LEP's investment role in the future should be.

Diagram 1: Analysis of trends in business finance¹



Aligning business finance policy to city region priorities

- 2.4 In developing the LEP's role in business investment going forward, one of the guiding principles should be the City Region's priorities. Table 1 below maps how business finance can contribute to these priorities, indicating where some existing LEP products are already doing so.

Priority	Potential impact of business finance (existing programmes)
1. Boost productivity	<ul style="list-style-type: none"> • Supports investment in business processes or projects that deliver greater firm level productivity (productivity pilot, strategic business growth programme, investment readiness project) • Providing the financial support required to drive research & innovation (access innovation / connecting innovation ESIF bid) • Target productivity enhancing behaviour particularly in low productivity sectors (business basics fund project)
2. Enable inclusive growth	<ul style="list-style-type: none"> • Make finance conditional on improving inclusive growth outcomes (criteria being rolled out across programmes) • Stimulate regeneration in more economically disadvantaged places through supporting businesses in specific locations and stimulating demand

¹ The table summarises evidence from a number of sources: British Business Bank, Treasury Committee, Bank of England, Patient Capital Review, Grant Thornton

3. Deliver a connected transport system	<ul style="list-style-type: none"> • Unlock investment in infrastructure or businesses on key route networks
4. Support transition to a low carbon / clean growth economy	<ul style="list-style-type: none"> • Supporting firms that particularly look to operate in a low carbon / clean growth approach (resource efficiency fund) • Speeding up the diffusion of new, cleaner businesses practices across all sectors by enabling business investment; including air quality

A future business investment model for the LEP

2.5 Historically the LEP has worked on the basis of individual business finance products, ring-fenced to deal with specific locations (e.g. Enterprise Zones) or offer a single product (e.g. Growing Places Fund loans). Whilst this model has worked well and unlocked significant investment, specific location or product approaches do limit the potential investment in other projects or businesses that could generate significant growth for the City Region and contribute to wider policy aims. It has also functioned well in a market where there was a strong rationale for public investment to unlock investments that otherwise would not be fulfilled by the private market. However, as described above the business finance market has since changed significantly with increased liquidity available and broader range of finance options. Taking on board this learning, and based on the emerging policy work and analysis of business finance trends, it is proposed that the LEP look to a future business investment model based on two more broad, yet distinct, products:

1. A returnable investment, structured income fund supporting regional growth whilst delivering sustainable returns to the LEP
2. A flexible growth fund that can be used to invest in targeted investments to respond to changes in business needs, where there is clear evidence of market failure and therefore additional levels of risk.

Structured Income fund

- 2.6 Whilst the market may be providing greater levels of liquidity for business investment, there remains significant room for further investment in the City Region. At a national level, business investment has hardly grown since 2016², and current forecasts suggest the impact of the UK leaving the European Union will affect this further, at least in the short term.
- 2.7 Within this context, and with a desire for the LEP to generate a returnable income stream from lower risk opportunities that can be used to support the City Region's priorities, it is proposed that further exploratory work is undertaken to understand how a LEP structured income fund could operate.

² <https://www.ft.com/content/cf51e840-7147-11e7-93ff-99f383b09ff9>

This will include exploring the types of opportunities that would deliver a sustainable returned income, and how it would enable further investment in the City Region.

Flexible growth fund

- 2.8 The second product would be a more flexible funding pot that had as its primary objective the addressing of market failures in the business finance market. Here the focus would also be on making investments that deliver productivity and inclusive growth in the City Region, however it would look to operate where those investments were not being adequately supported by the private market, and, therefore, in an area where there is a higher level of risk.
- 2.9 The primary source for this investment pot would be the returned capital from the current Growing Places Fund (GPF), with the capability to increase in size as wider funds become available. GPF was one of the first funding streams for LEPs, with the Leeds City Region LEP receiving £35.5 million of capital funding in 2011/12 to use for loans and grants to unlock stalled developments that had been particularly affected by the tightening of credit. With significant capital receipts returned and more forecast to arrive by 2019/20, and the changes to the external economic environment and business finance landscape as outlined above, it was proposed at the LEP Board meeting of 20 September 2018 that there is now the opportunity to consider future use of these returned funds. This has been reinforced by an external evaluation report of the programme, which reported at the end of 2018.
- 2.10 It is proposed that the flexible fund pot would be established in line with the recommendations agreed by the LEP Board in September 2018. In particular, in line with the guiding principles, 80% of the returned funds would be used to continue providing investment capital on a returnable basis. Work on how the further 20% would be utilised to directly (grant) fund projects that support inclusive growth is also being progressed separately.
- 2.11 In terms of how the flexible funding pot would operate, it is intended to take on board the recommendations of the evaluation report of the GPF programme in terms of administration, appraisal and approval and risk management. Also reflecting the findings of the report, in terms of the current business finance conditions, it is suggested that it be deployed across a number of potential investment options to ensure the fund addresses the challenges for business investment, particularly around risk appetite. Current options being considered include:
- Capital finance loans - similar to the existing GPF but with new criteria and a defined target market that reflects current priorities of the City Region.
 - Supporting businesses with additional finance above a mainstream loan - partnering with an existing or multiple existing financial institution to provide additional finance that is required for a project to be viable, but not supported by the main lender
 - Open market opportunities to finance SMEs e.g. peer to peer lending platforms that allow regional and sectoral targeting

Next steps

- 2.12 Subject to the views of the Panel, in order to develop these two products further, it is proposed that the LEP take the following three steps:
1. Engage with external advice on the approach and design of the two products
 2. Work to develop the internal capacity required within the LEP to service our commercial grant and loan activity, with the ambition to establish a centre of excellence
 3. Further scoping of the two products and soft market testing of the opportunities in the existing market.
- 2.13 The final design of the two products will be directed by a number of key questions for the LEP to agree on:
- the balance of risk and return desired in investments, and the extent to which investment operate in an area of clear market failure or just a market gap
 - how far LEP finance products should contribute to the City Region's four policy priorities, in particular inclusive growth.
 - whether the LEP is comfortable with, or actively wishes to pursue, new approaches such as peer to peer lending (as opposed to a loan funding approach)
 - if strategic partnering with private sector business finance providers (such as banks) is desirable and the extent to which the LEP could rely on their due diligence processes
- 2.14 In support of this proposed action, it is also recommended that a working group is established with representation from businesses. It is proposed that the group reports to the BIG Panel on development of the two products, and that Panel members consider their potential involvement in the group.

3. Financial Implications

- 3.1 There are no direct financial implications as a result of this report. However, the LEP Board's decision about the future design of business investment products will have financial implications, and a further report will be required that describes the potential costs and income from the proposed products including interest, technical support, resource and potentially balancing a portfolio of risk.

4. Legal Implications

- 4.1 There are no direct legal implications as a result of this report.

5. Staffing Implications

- 5.1 There are no direction staffing implications arising from this report. However, the operationalisation of the proposed products would have staffing

implications. For this reason the report recommends further work be undertaken to develop the internal capacity required within the LEP to service commercial grant and loan activity.

6. External Consultees

- 6.1 The LEP board and Business Investment Panel have received the expert report on the future of the GPF and the current programme risks, and will continue to be involved in the development of the new products. As well as the expert report, some informal conversations have taken place with market lenders on the current business finance landscape.

7. Recommendations

- 7.1 The panel are asked to note the progress of work to date on business finance, and to provide feedback in particular on the suggested approach to business investment based on two products:

1. A returnable investment, structured income fund supporting regional growth whilst delivering maximum returns to the LEP
2. A flexible growth fund that can be used to invest in targeted investments to respond to changes in business needs, where there is clear evidence of market failure and therefore additional levels of risk

- 7.2 They are also asked to consider the three proposed actions to take this work forward:

1. Engage with external advice on the approach and design of the two products
2. Work to develop the internal capacity required within the LEP to service our commercial grant and loan activity, with the ambition to establish a centre of excellence
3. Further scoping of the two products and soft market testing of the opportunities in the existing market.

- 7.3 In support of this proposed action, it is also recommended that a working group is established with representation from businesses. It is proposed that the group reports progress to the BIG Panel on the development of the two products, and that Panel members consider their potential involvement in the group.

8. Background Documents

- 8.1 None

9. Appendices

- 9.1 None

Report to: Business, Innovation and Growth Panel

Date: 26 February 2019

Subject: **Review of Inclusive Growth for Business Grants**

Director(s): Sue Cooke, Executive Head of Economic Services

Author(s): Lorna Holroyd

1 Purpose of this report

- 1.1 To consider the effectiveness of the new approach to securing inclusive growth commitments from applicants for business grants from the LEP's Business Growth Programme (BGP) and determine whether it should be continued.
- 1.2 To consider the recommendation from the Combined Authority's Overview and Scrutiny Committee that inclusive growth commitments be extended more widely to the grant elements of all business support programmes.

2 Information

Background

- 2.1 In early 2018, the Leeds City Region Enterprise Partnership (the LEP) Board and the Combined Authority agreed that work should begin on the development of a Policy Framework and Local Inclusive Industrial Strategy (LIIS) for Leeds City Region. The Policy Framework will be an agile, long-term strategic approach aimed at driving growth, boosting productivity and earning power, for a post-2030 economy. The Policy Framework will provide room for bold, long-term planning with a focus on tackling the key challenges the City Region faces:
 - Productivity gap is increasing;
 - Investment in innovation and research and development is very low;
 - Living standards have stalled; and
 - Stubborn deprivation persists.

- 2.2 Inclusive growth is embedded as an enabler of the Policy Framework and will act as a strategic driver for strategies aligned to the Policy Framework¹.
- 2.3 As initial discussions around the Policy Framework and the LIIS progressed, it was identified that an opportunity existed to promote inclusive growth through the delivery of business grant programmes. In the first instance, it was recommended that inclusive growth outcomes be introduced for BGP, to ask capital grant recipients to contribute more proportionately on a range of social value commitments, as well as incentivise payment of the Real Living Wage for jobs supported by the grant awards.
- 2.4 The BIG Panel considered a paper on the introduction of inclusive growth conditions for BGP recipients at its meeting on 7 March 2018. The revised criteria and associated conditions were then approved by the LEP Board at its meeting on 27 March 2018 and Combined Authority on 10 May 2018. The revised criteria were implemented for business applicants to BGP from July 2018. The criteria are outlined in **Appendix 2**.
- 2.5 The Combined Authority asked for a review to be undertaken after six months to assess the initial effectiveness of the approach, and to inform decisions as to whether to continue and/or expand the approach further.

Review of Initial Effectiveness

- 2.6 Prior to the introduction of the revised criteria, analysis of BGP grants awarded in the previous 12 months (June 2017 to June 2018) showed that **42% of the jobs created** (totalling 466) were paying below the Real Living Wage.
- 2.7 Since the introduction of the new criteria in July 2018, 47 BGP applications have been approved. These applications are linked to the creation of 172 new jobs, 140 of which are proposed to pay above the Real Living Wage. This represents **81% of all of the jobs to be created** via the investment projects to be supported on BGP. So far, six of these jobs have been created, five of which are paying at least the Real Living Wage. This represents 83% of jobs created in the introductory phase to date, and this will continue to be closely monitored as the supported projects progress and the associated jobs are filled.
- 2.8 Additionally, the wage levels of all jobs created on the BGP since July 2018 have also been monitored, including for those projects approved prior to the introduction of the new criteria. This monitoring has shown that of the 283.5 jobs created since July 2018, 198 (69.8%) are paying at least the Real Living Wage.
- 2.9 Nine BGP applications of above £50,000 have been approved since the introduction of the new approach. Applicants at this grant level are required to commit to additional inclusive growth commitments, as well as creating new jobs. So far, 22 additional inclusive growth commitments have been secured

¹The latest version of the Policy Framework is provided in **Appendix 1** of this report.

from these nine grant recipients. A list of inclusive growth commitments has been developed that the businesses can adopt, and support is available from the LEP/Combined Authority, and its partners, such as Jobcentre Plus and Local Authorities, to implement the various commitments (see Appendix 2).

- 2.10 The current commitments include: - Inspire the next generation by working with schools and/or colleges; Develop a Skills Plan including apprenticeships; Offer training to low paid staff to help them progress; Offer work opportunities to local people with disabilities or health issues; Offer more sustainable 'green travel' options to employees; Undertake an energy audit to identify ways to reduce energy consumption; Undertake a supply chain audit to identify opportunities to buy more from local suppliers, Pay small business suppliers in accordance with the Prompt Payment Code - <http://www.promptpaymentcode.org.uk/> - including a commitment to pay all suppliers within 60 days and to commit to 30 days as the norm; Commit to paying staff the Real Living Wage within an agreed timescale.
- 2.11 Of commitments agreed with businesses to date, the highest number are for undertaking an energy audit (22.7%), followed by offering more sustainable green travel options for employees and developing a skills plan (both 18.2%). All commitments have had at least one adoption, except for undertaking a supply chain audit to identify opportunities to buy more from local suppliers, but the new Supply Chain Development Programme at the University of Huddersfield will support businesses with this commitment in due course.
- 2.12 Informal feedback from businesses has been positive to date, with the majority being receptive to the new approach. As perhaps expected, the smaller businesses have been those that have expressed some concern related to their more limited resources to implement the commitments.
- 2.13 Payment of the Real Living Wage has been the main challenge reported for businesses since the new approach has been implemented, in particular for those operating in lower value sectors, and/or, in geographical areas where wages are lower than the City Region average. These are often more disadvantaged areas, so the decision to adopt a two-tier grant rate has been beneficial to avoid an outright exclusion of certain firms in certain locations from grant support.
- 2.14 BIG Panel is, therefore, asked to consider whether the inclusive growth criteria and commitments for the BGP should be continued.

Broadening the inclusive growth approach

- 2.15 At its meeting on 14 September 2018, the Combined Authority's Overview and Scrutiny Committee considered a report on the business grants currently delivered by the Combined Authority/LEP. This covered an update on the outputs associated with each grant programme and the recent introduction of the inclusive growth approach for capital grants.

- 2.16 The Committee recommended that consideration be given to extending the inclusive growth approach to the grant elements of all business support programmes and also to grants of all values.
- 2.17 The LEP currently manages seven grant programmes for businesses, and has contributed match funding to a further two managed by Leeds City Council on behalf of the City Region. These are listed in Appendix 3. Across these programmes, 894 grants were approved in 2017/18, and 521 have been approved to date in 2018/19, which demonstrates the high volume of transactions and businesses supported.
- 2.18 BIG Panel is, therefore, also asked to consider the benefits and risks of extending/adapting the approach to other grant programmes in the LEP's portfolio. Considerations include the potential impact on smaller businesses arising from perceived bureaucracy; and therefore potential impact on the take-up of the grants; the proportionality of applying the criteria and commitments for all grant values, particularly where jobs creation is not a requirement of the grant (e.g. the Resource Efficiency Fund grant that targets carbon reduction as its primary output); and the additional cost of staffing resources required to monitor the delivery of the commitments and outcomes across all grant awards, particularly the smaller £2,000 Apprenticeship Grant for Employers.

3 Financial Implications

- 3.1 There may be financial implications arising from the recommendation to extend inclusive growth commitments more widely, in terms of extra staff monitoring resources required. There may also be potential risk to programme spend and outputs on contracted Local Growth Deal programmes and the risk of clawback on ESIF/government funded contracts, if there is a disincentive effect to businesses for applying for grant support from those programmes.

4 Legal Implications

- 4.1 There are no legal implications directly arising from this report. However, there would be increased requirement for legal resources for contracting and compliance issues if the inclusive growth criteria were to be applied to grants on all programmes, and at all values.

5 Staffing Implications

- 5.1 There may be staffing implications relating to paragraph 3.1 and 4.1 above.

6 External Consultees

- 6.1 No external consultations have taken place. The Inclusive Growth & Public Policy Panel will also be consulted.

7 Recommendations

- 7.1 That the Panel considers the progress to date on the implementation of the new inclusive growth criteria and commitments to the BGP and gives a steer to the LEP Board as to whether they should be continued.
- 7.2 That the Panel considers the recommendation from the Combined Authority's Overview and Scrutiny Committee that inclusive growth commitments be considered for the grant elements of all business support programmes.

8 Background Documents

None.

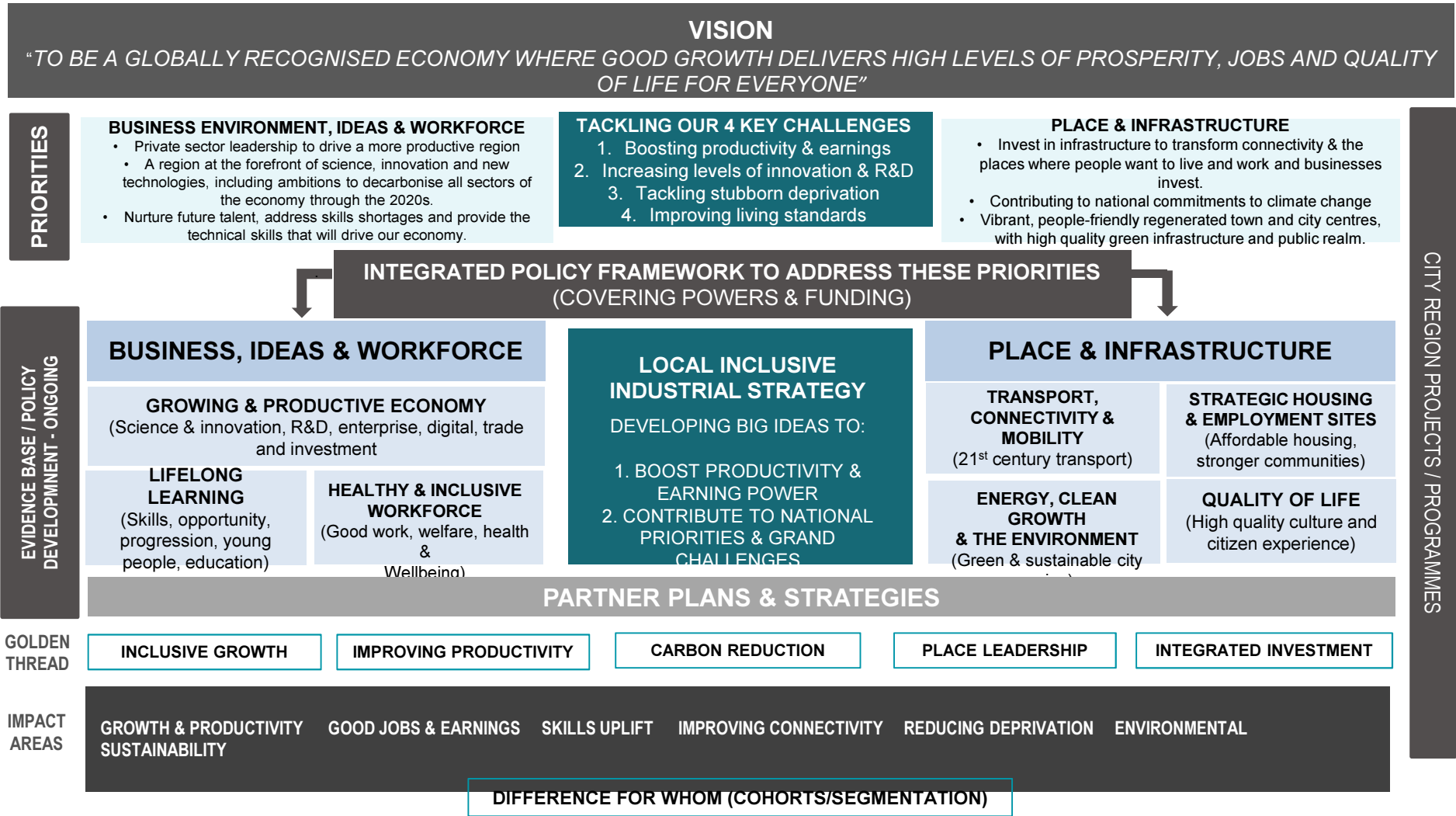
9 Appendices

Appendix 1 – Policy Framework

Appendix 2 – New criteria for the Business Growth Programme

Appendix 3 – List of LEP Grant Programmes

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Item 9b - Appendix 2

Business Growth Programme Grant criteria

The Leeds City Region Enterprise Partnership (LEP) is incentivising business to pay the Real Living Wage through its Business Growth Programme (BGP). Recipients are expected to meet certain core criteria, including:

- Investment projects must create permanent new jobs in the Leeds City Region
- Applicants will be incentivised to employ staff on or above £9 per hour, by allocating more grant per new job for those paying that rate
- All new jobs funded by the LEP grant must be paid at least the National Living Wage or Minimum Wage (£7.83 per hour from age 25+ as of April 2018)
- Apprenticeship jobs are permissible but applicants are expected to pay the apprentice at least the National Minimum Wage appropriate for the age of the apprentice (rather than the lower national apprenticeship wage)
- For each new job created, the following maximum amounts will be available to the applicants:

Pay Rates for New Jobs Created with LEP Grant	Maximum Amount per new job
Pay £9 per hour (Real Living Wage)	£12,500
Pay £7.83 per hour (National Living Wage / Minimum Wage)	£7,500

- Applicants must have private finance available: either of their own, from a bank, or other commercial finance to invest alongside the grant
- For every £1 of LEP funding sought, applicants must be able to provide at least £4 of private sector investment
- The minimum grant level is £10,000 and total project cost must be at least £50,000 - therefore applicants must have at least £40,000 of private sector finance to invest for every £10,000 of grant
- Applicants must be established for at least 12 months and must operate from commercial premises
- Applicants must generate the majority of their turnover by trading with other businesses, or applications must demonstrate how the grant-supported project will lead to this
- Projects must support the City Region's key growth sectors and/or their direct supply chains: specifically health and life sciences, digital and creative industries, low carbon and environmental industries, manufacturing, financial and professional services or business to business services
- Refurbishment or renovation projects will only be supported where the applicant will be the sole occupier within the refurbished or renovated property

- Businesses engaged in retailing or providing localised business to consumer services are not eligible for grant support. However, applications from businesses who derive their turnover exclusively from e-commerce/internet sales will be considered on a case by case basis

Additional Inclusive Growth Commitments

Businesses receiving grants of over £50,000 will be expected to offer additional “inclusive growth” commitments as outlined below:

- Inspire the next generation by working with schools and/or colleges
- Develop a Skills Plan including Apprenticeships
- Offer training to low paid staff to help them progress
- Offer work opportunities to local people with disabilities or health issues
- Offer more sustainable ‘green travel’ options to employees
- Undertake an energy audit to identify ways to reduce energy consumption
- Undertake a supply chain audit to identify opportunities to buy more from local suppliers
- Pay small business suppliers in accordance with the Prompt Payment Code - <http://www.promptpaymentcode.org.uk/> - including a commitment to pay all suppliers within 60 days and to commit to 30 days as the norm.
- Commit to paying staff the Real Living Wage within an agreed timescale.

The expected commitment will vary depending on the level of grant awarded:

- For grants from £50,000 - £99,000, the applicant is expected to agree to **two or more** of the additional commitments.
- For grants from £100,000 -£249,000, the applicant is expected to agree to **three or more** of the additional commitments.
- For grants over £250,000, the applicant is expected to agree to **four or more** of the additional commitments.

Item 9b - Appendix 3

List of Leeds City Region Enterprise Partnership (LEP) Grant Programmes

The LEP currently offers the following grants to businesses:

Grant Scheme	Purpose	Range of grant awards £	Number of grants awarded (April 18 to end Dec 18)
Business Growth Programme	Provides grants for capital investment to businesses within priority sectors that enable them to grow and create new jobs.	£10k-250k	42
Access to Capital Grants (A2CG)	Provides grants for capital investment to SMEs only for projects directly linked to innovation, digital, supply chain development/sustainability and business start-up. Also provides funding for the grant element of Strategic Business Growth and part funds the grant element of Access Innovation and partner products Ad:venture and Digital Enterprise (covered below).	£2k-£100k	43
Strategic Business Growth	Provides capital grants to high growth SMEs engaging with the advisory support element of the Strategic Business Growth programme.	£10k-£40k	25
Resource Efficiency Fund	Provides financial support to SMEs for capital investment projects that lead to reductions in use of energy, water and waste.	£1k-£10k	35
Access Innovation	Provides grants to SMEs to procure external expertise to support the development of new products and processes.	£10k-£100k	37
Strategic Inward Investment Fund	Provides grants for capital investment to businesses investing in the Leeds City Region that are creating at least 50 new jobs.	€200k-£1m	1

Digital Inward Investment Fund	Provides grants for capital investment to digital businesses investing in the Leeds City Region that are creating at least 5 new jobs.	£10k-£50k	2
Apprenticeship Grant for Employers	Supports SMEs to recruit individuals into employment through apprenticeships.	£2-2.5k	1
Programmes managed by Leeds City Council which include some LEP capital grant element.			
Ad-Venture (start-ups)	Provides grants for capital investment to new and early-stage SMEs (up to three years trading) that enable them to grow and create new jobs.	£0.5k-£25k	54
Digital Enterprise	Provides grants to SMEs to support investment in digital capability and capacity.	£0.5k-£5k	281

Report to: Business Innovation and Growth Panel

Date: 26 February 2019

Subject: **Business Support**

Director(s): Sue Cooke, Executive Head of Economic Services

Author(s): Henry Rigg

1 Purpose of this report

- 1.1 To provide the Panel with an update on business support activity being undertaken, including the LEP Growth Service, the Business Growth Programme, the Resource Efficiency Fund, Access Innovation, Strategic Business Growth, the Travel Plan Network and the Northern Powerhouse Investment Fund.
- 1.2 In addition, to update the Panel on new and emerging business support products, including Investment Readiness, Business Resilience, Productivity Pilot and Channel 4 activity.

2 Information

Business Support Context and Strategy

- 2.1 The support provided to businesses via the LEP's products and services is complemented by a wide range of others available to City Region firms and delivered by local, regional and national partners. This includes export support from the Department for International Trade (DIT) and the Chambers of Commerce, innovation support from universities, Innovate UK and the wider Knowledge Transfer Network, and finance from the Northern Powerhouse Investment Fund and the Start-Up Loans Company. The private sector also plays a critical function within the support ecosystem, particularly banks and other funders/investors, and providers of professional advice and support. The figure below shows the eco-system of business support in the City Region and how this is integrated within the LEP Growth Service model.

Figure 1 : Business Support Eco-System



- 2.2 Figure 2 below sets out a logic model for the City Region's business support provision as part of the policy framework for the emerging local industrial strategy. This also reflects the importance of providing our uniquely large SME base with a cohesive and progressive programme of support, underpinned by a continued emphasis on Digital, Innovation and Low Carbon as priority areas.

Figure 2: Business Support Policy Logic Model

Business support policy logic model

CONTEXT: The long term vision for the City Region economy is *'to be a globally recognised economic powerhouse that creates good growth, jobs and prosperity'*. Important in realising this ambition is private sector leadership driving a more productive region. The productivity gap is growing between Leeds City Region & the wider UK (& other advanced economies). This is a problem because real terms living standards can only be increased sustainably by increasing productivity. As described in the city region's policy framework, driving up productivity and growth requires an environment that enables businesses to start-up, innovate, trade and invest.

RATIONALE: e.g. There is a wealth of evidence that suggests business practice has a significant role to play in business productivity. The Leeds City Region has a productivity gap with the UK, driven by a longer tail of unproductive firms, below average private sector investment in innovation, lower levels of skills and weak competition. Business support plays a significant role in addressing these issues, providing advice, guidance, funding and mentoring to help businesses grow and become more productive, which ultimately supports increased living standards.

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACTS
<ul style="list-style-type: none"> European Regional Development Fund European Social Fund Local Growth Fund BEIS (DIT & Growth Hubs) LCR Business Rates Pool Innovate UK / KTN Universities / HEFCE British Business Bank & EIB Business-match 	<ul style="list-style-type: none"> LEP products (capital grants, Access Innovation, SBG, REF, Investment Readiness, TPN, Productivity Pilot and IG Outcomes) NPIF Export for Growth Manufacturing Growth Programme Knowledge Transfer Partnerships Ad.Venture Digital Enterprise 	<ul style="list-style-type: none"> Businesses supported Grants provided Private investment leveraged Co-operation between businesses and research institutions Skills and training 	<ul style="list-style-type: none"> Jobs created Increased exports New products to market Follow on investment Increased research and innovation Enterprises established Resource efficiency Increased skills 	<ul style="list-style-type: none"> Economic output Increased productivity More firms engaged in R&D Increased business scale ups Higher skilled jobs Improved living standards
EXTERNAL FACTORS: e.g. macro-economic, devolution, Brexit, national policy, business demand, other business support providers				

LEP Growth Service

- 2.3 The Growth Service provides businesses in Leeds City Region with direct access to the full range of publicly-funded products and services available to help them grow and/or sustain. This includes those delivered directly by the LEP and those available via partner organisations.

Progress to date

- 2.4 Table 1 below highlights progress against the headline targets for the service in 2018/19. **Appendix 1** provides more detailed information on the scope, scale and impact of the service.

Table 1: Performance against headline targets 2018-19.

Target Measure	Target	Achieved Jan 2019
SMEs supported - light-touch & intensive (including enquiries/support from LEP products and services plus events)	2750	2236
Intensive support to SMEs by Growth Managers (ongoing support over the year i.e. several meetings, diagnosis of need, personal referral to relevant products/services, support with funding applications etc).	630	642
Intensive support to SMEs (including support from Growth Managers, and the LEP's core business support products)	900	1139
Delivery of Business Advice Pop Up events (with 7 in the 20% most deprived parts of the country)	12	10 (7 in 20% most deprived)
Proportion of businesses supported likely to recommend it	85%	86% (April 18 – Jan 19)
Service Expenditure	£600,500	£387,837

- 2.5 The service is on track to meet its annual target of supporting 2750 businesses. 2236 individual SMEs have received support since 1 April 2018, of which 642 have been intensively supported by the team of SME Growth Managers. 1139 businesses have received support from the range of LEP business support products, namely Resource Efficiency Fund, Access Innovation, Strategic Business Growth, Business Growth Programme and the Growth Managers.

Service developments

- 2.6 Feedback from businesses across the City Region about Brexit is being collated by the team and provided to BEIS on a weekly basis. This activity supports the Government's aim to capture more 'real time' intelligence from businesses about the perceived and reported impacts of Brexit. The business support pages of the LEP's website have also been updated to reflect the current Government guidance for firms on preparing for a 'no deal' Brexit – <http://www.the-lep.com/lets-talk-brexit/>. In addition, the team will shortly procure a series of Brexit 'health-check' workshops to help raise awareness about the support available to businesses, as well as facilitating peer-to-peer discussions regarding key issues, mitigation measures and potential collaborative business opportunities.
- 2.7 SME Growth Manager meetings over the last quarter featured presentations from the University of Huddersfield on the new supply chain development programme and colleagues from the Combined Authority on the new Leeds City Region Employment Hub. These meetings are held every month to support the professional development of the Growth Managers and the Gateway team, whilst building strong working links with key partners.
- 2.8 The service continues to participate in the Northern Powerhouse Growth Hub Network and the support the Better Business for All (BBFA) Regional Group, which included hosting the recent regional BBFA meeting on 16 January 2019. The SME Growth Manager attended the BBFA awareness training session workshop in the 29 January 2019 to a number of regulators better understand the role of the Growth Hubs, and the specific 'hub and spoke' model deployed in this City Region. He will also attend the business insight training for regulators on 26 March 2019 as a guest speaker.

Marketing and communications

- 2.9 The marketing strategy focuses on three priority areas, as part of a wider 'let's talk real business' marketing theme:
- Engaging and supporting new Growth Service customers
 - Providing additional support to existing Growth Service customers
 - Developing the private sector intermediary network as a route to market
- 2.10 Ten case studies, including video case studies, have been commissioned this quarter to feature a range of businesses and sectors across the City Region that have received support from the LEP and its local and national partners. A full range of case studies can be found at <http://www.the-lep.com/case-studies/>.
- 2.11 E-marketing with more targeted content is used to help build brand-awareness and stimulate the appetite for business support. Over 12,000 business contacts across the City Region are in receipt of the SME eNewsletter on a quarterly basis. Featured content over the last quarter included promotion of the Pop Up Business Advice cafés, Travel Plan Network membership,

information for businesses on preparing for Brexit information and some of the aforementioned case studies. Please see <https://mail-the-lep.com/t/3LTT-FFI7-4782RMB83/cr.aspx>

- 2.12 Social media activities underpin all of the marketing campaigns and initiatives. A social media campaign was used to promote Small Business Saturday on 1 December 2018 as well as the latest Pop Up Business Advice Café's and other district-based events. A press release on the impact of the Resource Efficiency Fund (REF) was also distributed in the last quarter and gained good traction.
- 2.13 The business support pages of the LEP website have been updated to include the latest Government guidance on Brexit preparation – <http://www.the-lep.com/lets-talk-brexit/> . Featured content about the business support available from the LEP, and its partners, is also continually updated on the Made in Yorkshire microsite and newsletter, which helped to generate interest in the recent Productivity Pilot.
- 2.14 Events continue to be an effective way for the service to promote the City Region's wide range of business support products and services. Recent events include guest speaker roles at a round table event held by one of the City Region's leading accountancy practices (24 January 2019), and at Invest in Bradford breakfast seminar (30 January 2019) attracting over 70 delegates.
- 2.15 The team of SME Growth Managers have also been proactive in coordinating/facilitating district based business engagement activities. The SME Growth Manager for the Harrogate district delivered an event in partnership with FintechNorth, through the Harrogate Digital group. It showcased the presence of Fintech businesses (large and small) in the district and was the first FintechNorth event held outside a major city. The event attracted 65 attendees. Further details can be found here <https://www.fintechnorth.uk/event/fintech-north-harrogate-forum/>
- 2.16 The Leeds district SME Growth Manager team coordinated a North Invest Funding for Innovation workshop in partnership with one of the City Region's leading accountancy practices and a private consultant. The event, held on 5 December 2018, raised awareness amongst tech business about Innovate UK funding programmes, angel investor networks and the availability of R&D tax credits to support innovation. The Leeds team also supported the 'Leeds Digital Summit' on 4 December 2018, which was attended by over 60 businesses and focused on how digital technologies are driving forward business growth and productivity.
- 2.17 Following on from the series of business weeks held last quarter in the Wakefield, Bradford, York and Leeds districts, Selby will be delivering a business week commencing 4 March 2019. The SME Growth Manager has been instrumental in coordinating this event over this last quarter and further details can be found here <https://www.selby.gov.uk/business-week>

- 2.18 The team has worked with the SME Growth Managers and local businesses to deliver 11 Pop-up Business Support Café events since 1 April 2018. The latest was delivered on 7 February 2019 in Elland, which was attended by 12 small businesses and included 38 different advice sessions equating to 12 hours of support. 60% rated the support they received as excellent and 40% as very good. The final two events of the financial year are taking place in Holmfirth (27 February 2019) and Bradford (22 March 2019).
- 2.19 The 'Pop-Up' model involves business experts volunteering their time to advise owners of smaller or start-up firms on such important topics as marketing, business planning and access to finance. The events have proven to be an effective and cost-efficient way for the LEP to engage with the private sector in some of the City Region's more outlying and disadvantaged areas. **Appendix 1** also provides further information about the impact of the events.

Business Growth Programme (BGP)

- 2.20 The BGP provides grants of between £10,000 and £250,000 to businesses in the City Region towards capital investment (land, building, plant, equipment, machinery) that will lead to new job creation. Grants contribute up to 20% of the total cost of an investment, with businesses needing to demonstrate that they have access to the remaining finance required.
- 2.21 An additional £7m has been secured for the programme from the Growth Deal allocation. This was approved by the Combined Authority on 13 December 2018 and takes the total allocation to £49.7m. Of this, £5.38m is being used to provide match-funding for four projects being supported by the European Regional Development Fund (Access Innovation, Strategic Business Growth, Digital Enterprise and Ad:Venture). Table 2 below presents progress on BGP since LGF funding commenced in April 2015.

Table 2: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of Jan 19)
Expenditure	£44.32m	Committed - £31.26m Actual - £27.28m
New Jobs Created	4,100	Committed – 5,180 + 1,693 safeguarded Actual – 3,556 + 1,682 safeguarded
Businesses Supported	No contractual target	Committed - 569 Actual – 499
Number of Grants Awarded	765	Committed - 671 Actual – 586
Public/ Private Sector Leverage	£168.5m	Committed - £330.6m Actual - £260.1m
Total Cost Per Job	No contractual target	Committed - £6,034 Actual - £7,670

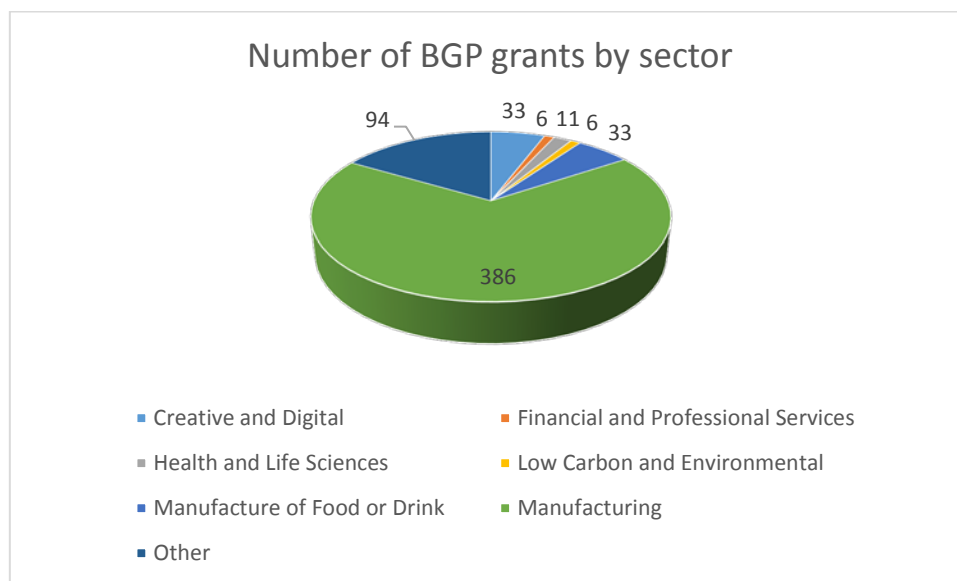
- 2.22 As the above table highlights, the programme is achieving a good return in terms of cost per new job at under £8,000. This figure would be lower if the 1,682 actual safeguarded jobs were included in the overall calculation and would equate to £5,207 per job.
- 2.23 The table below compares the proportion of SMEs per district within the City Region against the proportion of all grants awarded. It shows that West Yorkshire districts (particularly Calderdale and Kirklees) all perform well in terms of successfully accessing the programme, but that the North Yorkshire districts have a proportionately lower take-up rate. This can be partly attributed to the relatively low number of manufacturers in North Yorkshire and the existence of a similar grant scheme in that area.

Table 3: Grant awards by district since April 2015

District	Share of BGP Grants	Share of the City Region Business Stock
Leeds	30.0%	26.8%
Kirklees	18.8%	13.5%
Bradford	16.3%	14.5%
Wakefield	9.8%	9.5%
Calderdale	11.3%	7.5%
Barnsley	6.5%	5.9%
Harrogate	3.9%	8.5%
Craven	1.8%	3.2%
York	1.4%	7.2%
Selby	0.5%	3.4%

- 2.24 The below chart presents the number of grants awarded via sector, and highlights the continued importance of the programme to the manufacturing sector, which accounts for 68% of all grants awarded since April 2015. The next most popular sectors are Food and Drink and Creative and Digital, each with 6% of awards.

Figure 2: BGP Grants by Sector since April 2015



Productivity Pilot

- 2.25 The Call for projects under the Productivity Pilot opened on 17 September 2018 and closed on 14 December 2018. As endorsed by the BIG Panel at its May 2018 meeting, the pilot invited businesses to submit applications for capital grant investment that will result in measurable productivity improvements and activities, but that do not require net additional jobs to be created within the business. The pilot was allocated £500,000 ring-fenced from the overall BGP allocation.
- 2.26 11 applications were received in total with a combined investment value of over £7.5m and a combined grant request of just under £600,000. All of the applications were from manufacturers spread evenly across the City Region, with nine from SMEs and two from large businesses (over 250 employees). They were considered in early January 2019 by an appraisal panel, which included private sector representation from the BIG Panel and a senior representative from the Department for Business, Energy and Industrial Strategy, along with officers from the Combined Authority and Leeds City Council.
- 2.27 The panel scored all of the applications based on the submitted productivity plans, which required the applicants to clearly set out the how they currently measure productivity in their business, how they intend to measure productivity following the capital investment projects, how the capital investment projects will boost productivity in the businesses, and what additional, complementary activity the applicants will undertake to maximise the positive impact of the capital investment.
- 2.28 A more detailed report on the status of the applications will be provided at the next BIG Panel meeting in May 2018.

Resource Efficiency Fund

- 2.29 The Resource Efficiency Fund (REF) is being delivered through the Growth Service until October 2019 as a key product to improve productivity and efficiency for SMEs in the City Region. It is jointly funded by the Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provides advice and funding (grants of up to £10,000) to SMEs to identify and implement improvements related to their use of resources i.e. water, waste and energy. An outline business case for a successor project was submitted in response to the last EDRF Call for Projects in late November 2018, and is currently in appraisal. A linked proposal was also submitted to a call in York & North Yorkshire LEP area to replicate the project in that region.
- 2.30 As of January 2019, 537 businesses had engaged with the project, with 522 having received visits from the two REF Managers. These have resulted in 287 assessments being commissioned and the completion of 274 assessment reports. 121 grant applications have been approved, and payments totalling £678,644 having been made to 101 businesses. Progress is in line with contractual targets.
- 2.31 Projects approved since the last meeting of the BIG Panel have mostly been in the areas of basic heating, lighting, insulation and compressor investments. However, there has been one energy management system project and a project to automate boiler dosing to increase process water heating efficiency. To date, total estimated carbon dioxide (CO₂) savings across all approved projects stands at 2,047 tonnes per annum, with estimated savings to the recipient-businesses of £500,780 per annum.

Access Innovation

- 2.32 Access Innovation is being delivered across the City Region with funding from the European Regional Development Fund (ERDF) and the Local Growth Fund. Its primary objective is to help SMEs to become more productive and competitive through the development of new products, processes and services. The programme links SMEs directly to specialist expertise and facilities within research intensive organisations, such as universities, Catapult Centres and some private sector specialists. It provides advice to businesses on which organisations can support them with their innovation activities, and also grants of between £5,000 and £30,000 towards the cost of working with the relevant expert organisations.
- 2.33 To date, the programme has engaged with 479 SMEs, 248 of which have received one-to-one support from the three Innovation Growth Managers, resulting in detailed action plans for taking their innovation projects forward. 45 applications for grants have been approved to date with a collective value of £1,739,892. A further nine applications totalling £139,144 have been received and are currently being appraised. A number of other applications of varying sizes are currently being developed with support from the Innovation Growth Managers.

- 2.34 The highest number of enquiries and approved applications to date are from the healthcare and life sciences, manufacturing and digital sectors. The programme team continue to build strong working links with organisations in these sectors, including Innovate UK, Knowledge Transfer Network, local Manufacturing Alliances, National Physical Laboratory, Digital Catapult, Centre for Process Innovation, Advanced Manufacturing Research Centre, Translate/Grow Med-Tech, the Yorkshire & Humber Academic Health Science Network and universities within and outside the City Region.
- 2.35 Referrals into the programme are from a number of sources, particularly the City Region's universities, other LEP business support products and through attending a number of local and regional conferences and networking events.
- 2.36 As part of the Access Innovation programme, the Combined Authority has appointed RTC North to support SMEs to increase their innovation capacity. RTC commenced delivery of its range of specialist workshops and advice sessions in November 2018, and so far over 60 SMEs have been supported, with over 50 more signed up. The provision will run until autumn 2019 and will provide the programme with a stronger pipeline of innovation-ready SMEs for Access Innovation and other complementary products available in the City Region.
- 2.37 In response to the interim evaluation, and the team's experience to date of delivering the programme, the Combined Authority submitted an outline business case on 23 November 2018 for European Regional Development Funds. This is for a successor programme to commence on completion of Access Innovation in December 2019. The working title for the programme is 'Connecting Innovation', to signify the importance of connecting ideas and links between partners, and connecting SMEs with funding and support from across the regional and sub-regional innovation eco-system. The Panel will be kept appraised of the application's progress, and feedback from the innovation discussion item at the November 2018 meeting will be incorporated within the full business case submission.

Strategic Business Growth – support for SMEs with high growth potential

- 2.38 The £6.75m Strategic Business Growth (SBG) project is being delivered by the LEP and its appointed contractor, Winning Pitch. It is also part-funded by ERDF and LGF and provides small, ambitious businesses with a package of tailored support to help them achieve their growth potential. This includes one-to-one business coaching, one-to-many workshops on key areas of business growth and an important peer-to-peer element that allows businesses to share their experiences and expertise, and identify collaboration opportunities.
- 2.39 Ongoing analysis on the coaching support requested by SBG clients to date has identified the three most common areas where support is requested as: process improvement, growth strategy and marketing/sales respectively. 230 businesses are now fully engaged with the support available, including 186 that have developed detailed growth action plans with their allotted account managers. Of these, 137 have benefitted from a combined total of over 5,500 hours of further coaching support and 56 have attended on

average two or three of the 32 workshops available. The three most recently delivered workshops (delivered in Selby, Wakefield and Calderdale respectively) covered: - 'honest conversations' with staff and customers, scaling-up to the level of growth and accessing external finance. These workshops have been consistently rated as very good or excellent by the attendees. The support provided to date has already led to the creation of 242 jobs and the introduction of 22 new products.

- 2.40 As of January 2019, 31 grant applications had been approved for businesses across the City Region representing all of the priority sectors of the current Strategic Economic Plan (Low Carbon & Environmental, Finance & Professional, Digital & Creative, Food & Drink, Health & Life Sciences and Manufacturing). The grants are contributing to investments in new machinery and the fit-out of new premises, with over 150 new jobs expected to be created as a result. The combined value of the 31 investment projects is over £3.4m, with the grants contributing £805,000. Of these, 19 had completed their investments by the end of December 2018, providing over £1.35m of private sector match in the process.

Investment Readiness and Business Resilience

- 2.41 The new £1.4m Investment Readiness project is on target to commence delivery from April 2019 onwards for three years. It will provide SMEs across the City Region with advice and guidance on the full range of finance products available in the marketplace, and will assist them to access the finance they need to grow and/or sustain their operations. The support will be accessed via the Growth Service and will be a new referral product for the Growth Managers, as well as for all business support professionals working on other projects e.g. Export for Growth, Manufacturing Growth Programme and the Northern Powerhouse Investment Fund. A tender opportunity for the appointment of a main contractor will close in February 2019.
- 2.42 Following direction from the Panel at its last two meetings, a new Business Resilience project is under development with delivery expected to commence in early 2019/20. The project will be an extension of the current Growth Manager function, and will aim to put some of the City Region's larger SMEs in stronger positions to benefit from future challenges and opportunities via more intensive account-management.
- 2.43 The above will include Brexit-related matters, but will also cover other new and emerging factors that firms may need to prepare for, such as property requirements, clean air legislation, major infrastructure schemes and ongoing changes to the national living wage. The project is currently subject to a £1.6m application to the European Regional Development Fund, with match-funding required from the Combined Authority and the City Region's Local Authorities via the current Growth Service funding arrangement.

Travel Plan Network

- 2.44 The Travel Plan Network (TPN) provides its business members with expert advice and guidance on implementing sustainable travel solutions, including discounted public transport offers, cycling initiatives and relocation support. 74 new members have been recruited since April 2018 against a target of 80 for 2019/20, and total membership now stands at 429 businesses that employ almost 300,000 staff between them.
- 2.45 Shared travel plans are being developed at ten multi-occupied sites as part of an Interreg European-funded project (Share North). This is helping employers at the sites adopt collaborative approaches to encourage modal shifts within the commuting patterns of their employees. A series of free car park management workshops have been commissioned as part of a package of support to these sites, with additional places being offered to other TPN members. Two sessions have been delivered throughout January 2019 at Leeds City College and Next (South Elmsall site) with a further four planned to take place throughout February and March 2019.
- 2.46 The TPN team continues to promote various sustainable travel campaigns, initiatives and offers to network members via monthly news updates. Campaigns over the last quarter include:- City Connect's Love to Ride Winter Wheelers challenge <https://www.lovetoride.net/cityconnect>, Pink MCard Christmas campaign www.m-card.co.uk/pink-suits-me/ and liftshare's small change campaign <http://blog.liftshare.com/liftshare/a-small-change-campaign-win-1-x-annual-cinema-pass-terms-and-conditions>. Members have also been directed to wider business support provision, including pop-up business advice café events, and have also been encouraged to participate in consultation exercises involving major travel schemes throughout West Yorkshire.
- 2.47 Peer to peer support is being encouraged to help businesses implement sustainable travel solutions within their organisations. For example, Leeds-based Opera North have been showcased within the network as an exemplar of best practise around cycling initiatives. The organisation has also agreed to support others to learn from their approach.
- 2.48 Relocation support remains a major element of the TPN's activity, with current examples including Premier Farnell and HMRC. Preparations are also underway to support the imminent relocation of Channel 4 employees to the City Region.

Northern Powerhouse Investment Fund

- 2.49 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested £17.65m of funding in 84 businesses in Leeds City Region. £1.22m has been invested in 33 businesses via the micro fund, £10.33m has been invested in 40 businesses via the debt fund, and £6.1m in 11 businesses via the equity fund.

- 2.50 NPIF promotion has continued by both the appointed fund managers and the British Business Bank with extensive networking and attendance at key events. The focus continues to be private sector professional intermediaries (e.g. banks, accountants and solicitors), business membership organisations and the LEP Growth Service to continue to widen awareness of, and participation in, the fund. This activity is contributing to the high level of take-up in the City Region, which has so far received 18% of total enquiries resulting in 25% of all applications to the fund across the North.

Channel 4

- 2.51 Following the successful attraction of their National HQ to Leeds, Channel 4 held their first Board meeting in the city in January 2019. Channel 4 also hosted a briefing for commissioners which was well attended by the screen industries sector. A separate networking event was also held which attracted over 200 businesses and stakeholders from the Leeds City Region. The first Channel 4 Partnership Board meeting also took place in January 2019, which brings together partners from across the region to oversee the delivery of initiatives that will support the establishment of Channel 4's National HQ and build capacity in the TV and Screen Industries sector.
- 2.52 The LEP and its partners are now developing and re-purposing a package of business and skills support that is more tailored to the needs and growth opportunities of the screen industries.

3 Financial Implications

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

4 Legal Implications

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

5 Staffing Implications

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

6 External Consultees

- 6.1 No external consultations have been undertaken specifically on this report.

7 Recommendations

- 7.1 That the Panel notes the progress made to date on delivery of the above business support projects, programmes and services.

8 Background Documents

None.

9 Appendices

Appendix 1 – LEP Growth Service Performance Update

Appendix 1 - Analysis of enquiries to the LEP Growth Service, 2018/19

1. Analysis of business enquiries 2018/19

- 1.1 Performance data continues to be monitored on a weekly, monthly and quarterly basis. The following information presents more detail on the performance of the service (Gateway and SME Growth Managers) from April 2018 to date. It also provides comparisons to previous years in order to assess progress over time.
- 1.2 The service has a target of supporting 2750 individual businesses in 2018/19. In order to achieve this target, 675 businesses per quarter need to be supported. Since the start of April 2018, 2236 individual SMEs (purple line below) have been supported resulting in 2757 interactions (blue line) overall. The trend of businesses accessing multiple business support products has continued and signals a high level of confidence with the service, and the wider business support ecosystem.

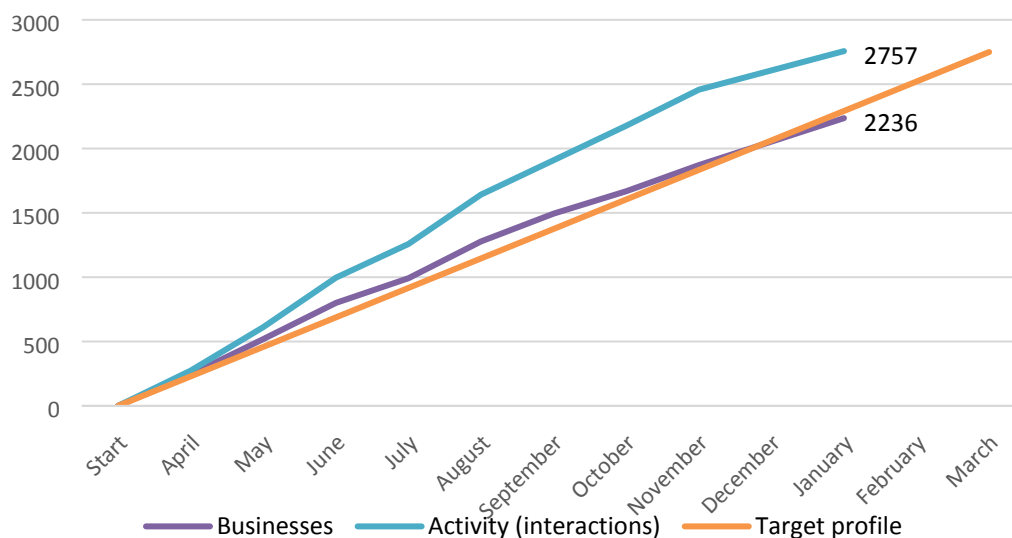


Figure 1: Projected and actual performance against the 2018/19 annual target (Apr 18 – Jan 19).

- 1.3 Light touch support (Level 1) and more intensive support (Level 2) enquiries represent the Service's target client group. A spike in gateway enquiries was recorded throughout the summer months following targeted activity by the Gateway team to engage businesses from the 2017 business survey. Although the gateway witnessed a slight dip in the number of enquiries in Q3, this trend is identical compared with the corresponding period of the previous two years, with December being the most quiet month.

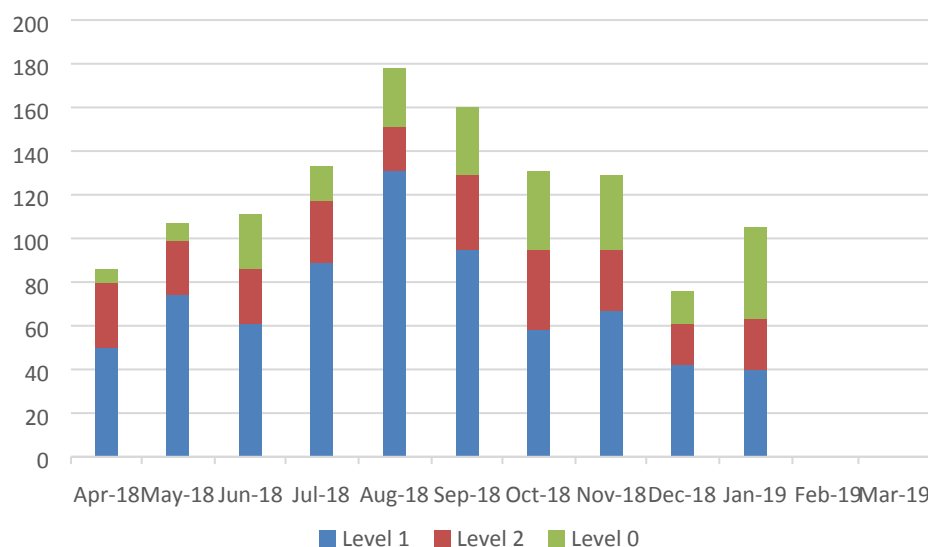


Figure 2: LEP Growth Service enquiries to the Gateway by client group (Apr 18 – Jan 19)

- 1.4 The table below shows the number of enquiries to the gateway from target clients (i.e. those with plans to grow, classified as Levels 1 and 2). It continues to show a decrease in enquiries from non-target clients, such as pre-start firms.

Table 1: Total enquiries into the gateway (July 15 – Jan 19)

Enquiry Type	Total April 16 – Mar 17	Total April 17 to Mar 18	Total April 18 to Jan 19
Non Target Client Group	252	210	239
Light Touch Referral	911	933	707
In depth Intensive Referrals	390	375	269
Total Gateway Interactions	1553	1518	1216

- 1.5 There has been little change with regards to the most popular routes of enquiries from businesses accessing the service since its launch in July 2015. Although there have been minor fluctuations throughout the years, the most popular route continues to be via the telephone helpline (62%).

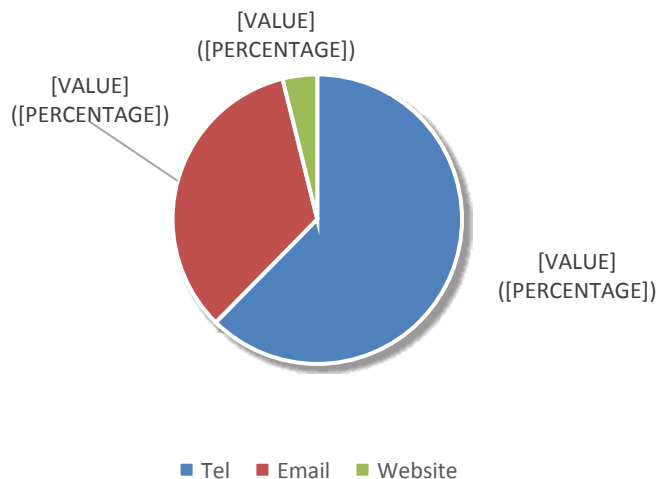


Figure 3: Gateway channels of enquiry (Apr 18 – Jan 19)

- 1.6 Every business contacting the gateway is asked how they have heard about the service. Internet searches is the most commonly cited response, remaining unchanged since this information was monitored.

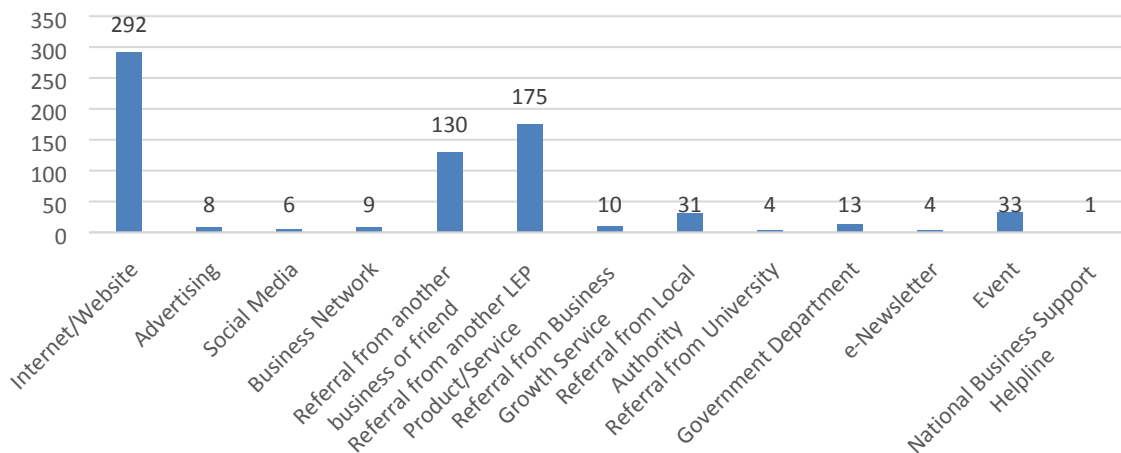


Figure 4: How customers report hearing about the service (Apr 18 – Jan 19)

- 1.7 The Growth Managers are working towards an annual target of collectively account-managing 630 businesses. Since April 2018, they have supported 911 businesses, with 647 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 18 – Jan 19)

SME Growth Manager	Total Clients	Intensively Supported
Bradford & Craven (x2 FTE)	169	151
Calderdale (x1 FTE)	87	61
Harrogate (x1 FTE)	78	53

Kirklees (x1.5 FTE)	118	81
Leeds (x2.5 FTE)	216	132
Wakefield (x1 FTE)	85	56
York (x1 FTE)	79	51
Selby (x0.5 FTE)	82	62
Total	911	647

- 1.8 Figure 5 shows the spread of enquiries to the gateway from across the city region compared to the percentage of the City Region's business stock per district. Leeds and Bradford continue to generate more enquiries than their proportion of overall business stock, as has Harrogate. The proportion from each district remains relatively similar to previous quarters.

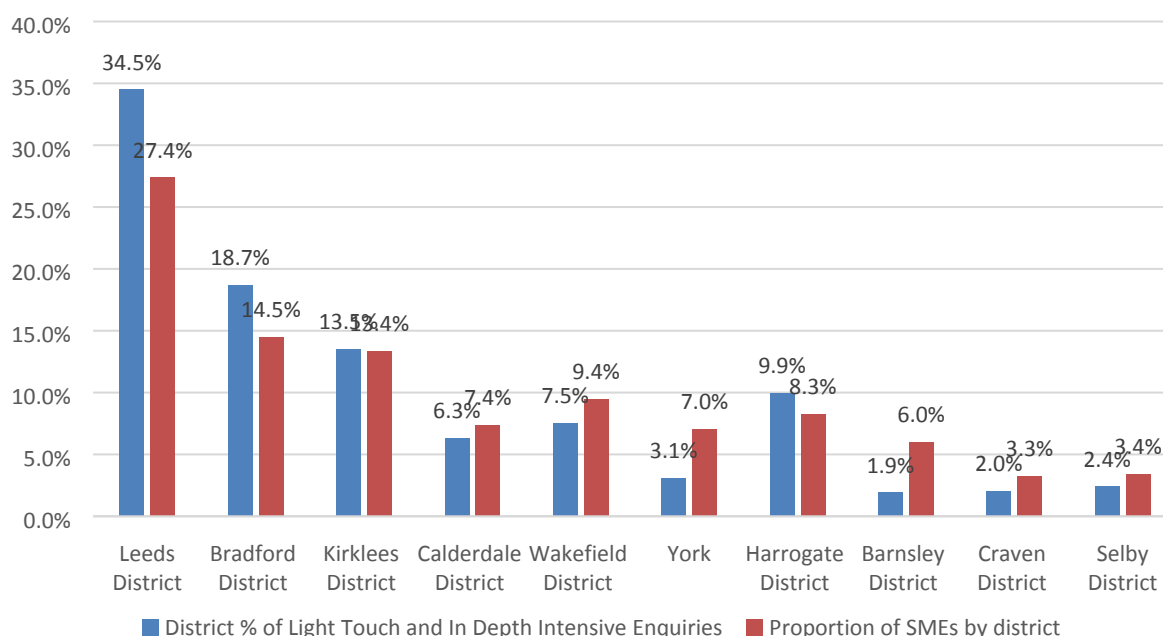
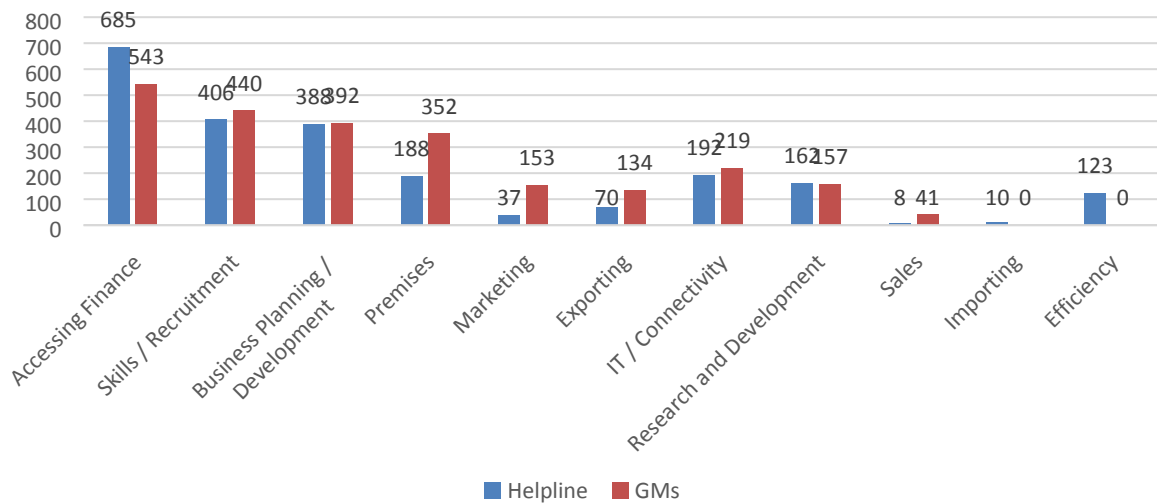


Figure 5: Enquiries compared to the district-proportion of total City Region business stock (Apr 18 – Jan 19)

- 1.9 'Access to Finance' continues to be the most popular topic for support for both gateway enquiries and the SME Growth Manager clients, followed by 'Skills/Recruitment' and 'Business Planning'. Interestingly, the request for assistance with Export support has almost doubled on the gateway and increased by 22% for Growth Manager clients compared to the corresponding reporting period last year. This increase could be indicative of the preparations some businesses are taking around trade as part of Brexit.



- 1.10 Businesses from the manufacturing sector continue to provide the highest number of enquiries into the gateway. Similarly, it remains that the Growth Managers' clients are more likely to be in the LEP's priority sectors, particularly Advanced Manufacturing and Creative 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 growing SMEs in the priority sectors across the city region's largest districts.

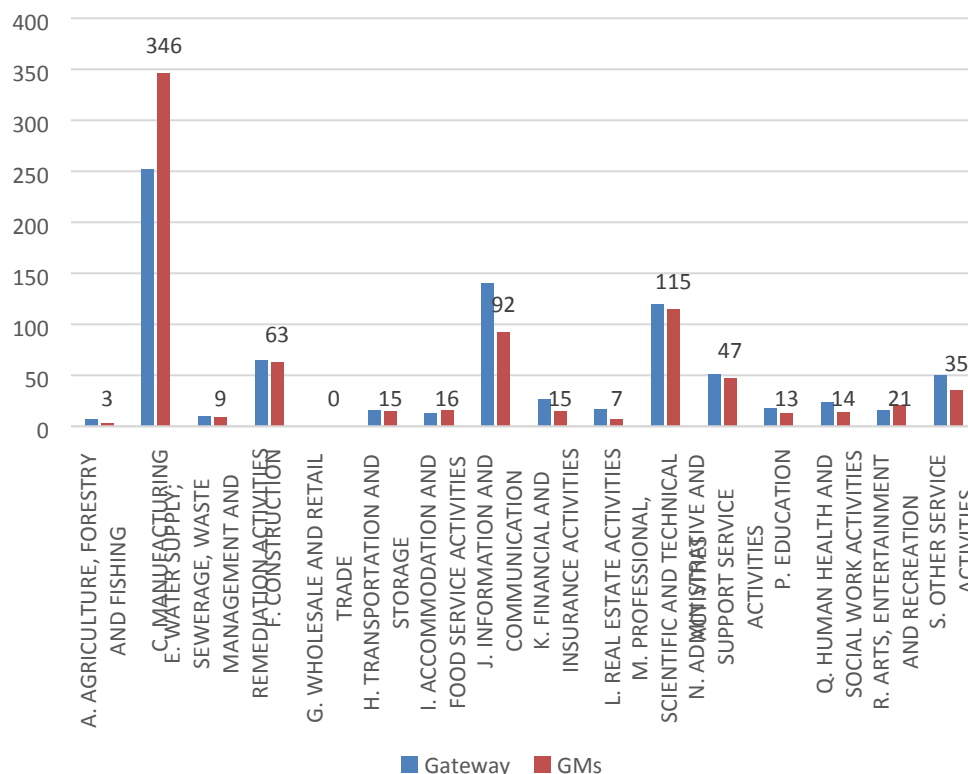


Figure 7: Percentage of Growth Service clients (Gateway and Growth Manager) by sector (Apr 18 – Jan 19)

- 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 since April 2018 are to the LEP Capital Grants programme, Digital Enterprise programme, and the Skills Service.

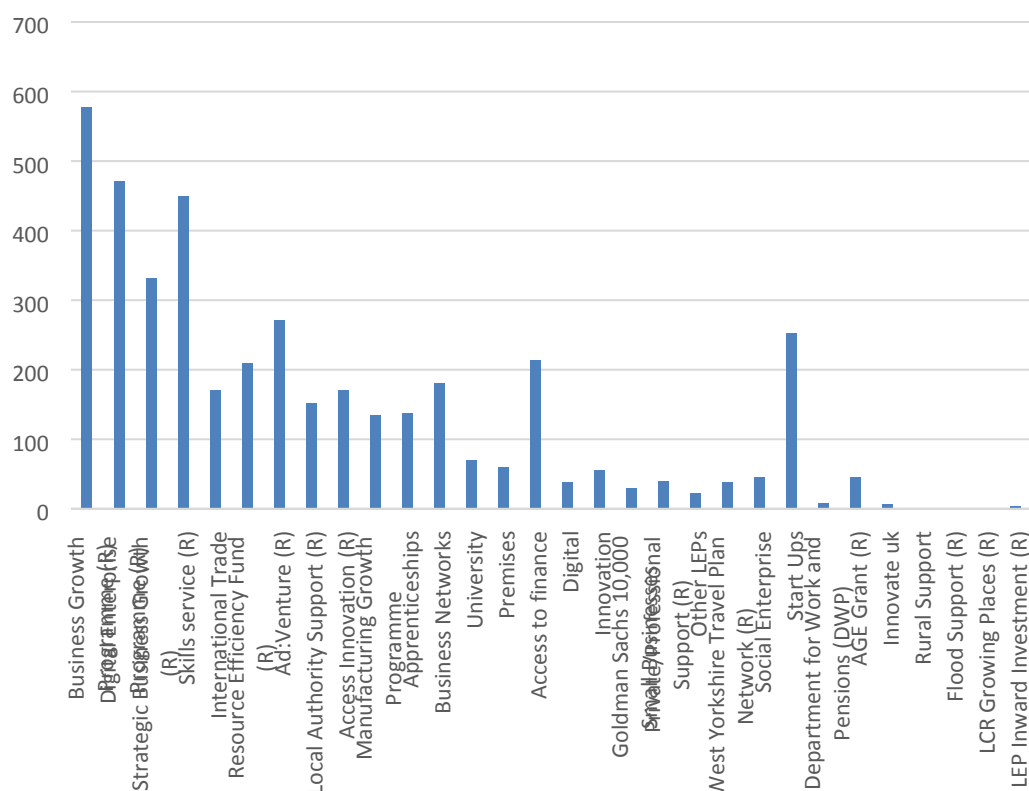


Figure 8: Number of business support referrals (Apr 18 – Jan 19)

- 1.12 Business networks continue to be a good source of clients for Growth Managers in Harrogate, Bradford and York in particular. Use of Social Media, including LinkedIn searches, have also been reported as effective engagement routes by several Growth Managers. This has been captured in the 'Other' category below.

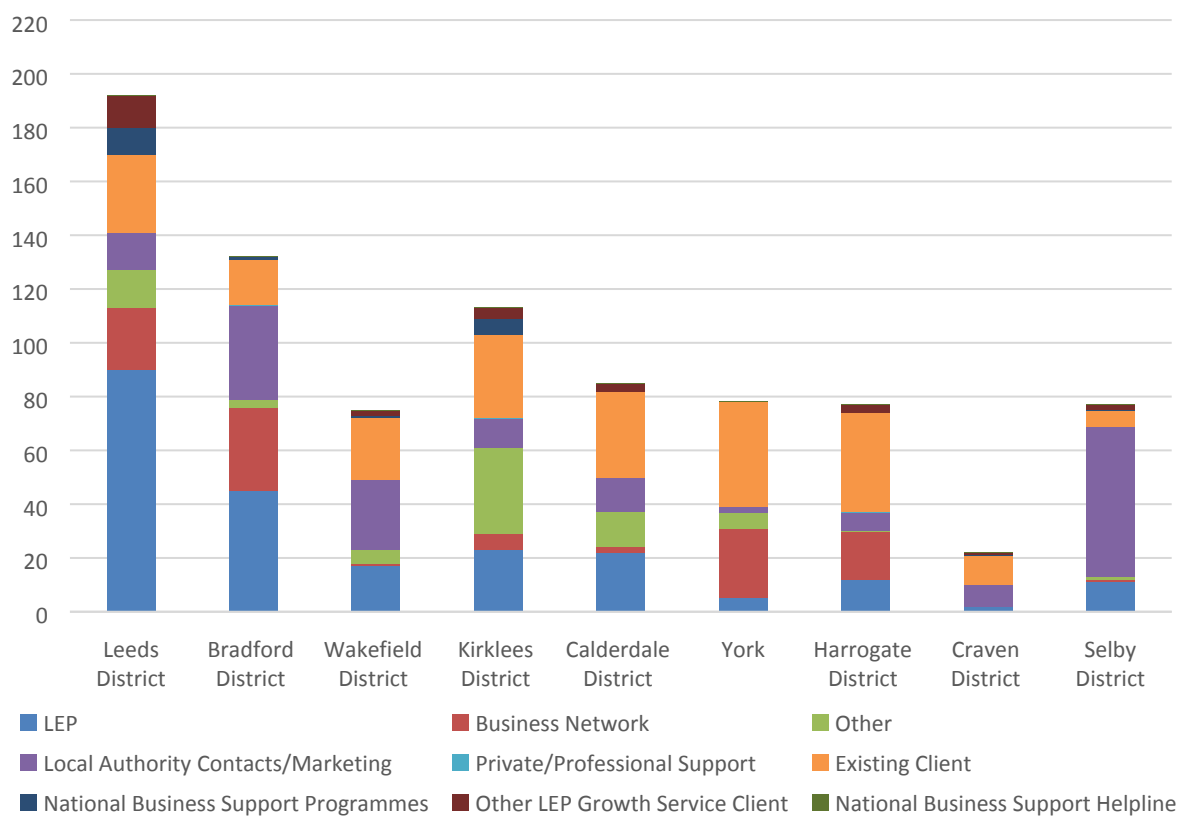


Figure 9: Source of Growth Managers' clients (Apr 18 - Jan 19)

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