

BUSINESS INVESTMENT PANEL

**MEETING TO BE HELD AT 2.00 PM ON THURSDAY, 9 AUGUST 2018
IN COMMITTEE ROOM A, WELLINGTON HOUSE, 40-50 WELLINGTON
STREET, LEEDS**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**
 1. To highlight Appendices 2, 3, 4 and 5 of Agenda item 7 and Appendices 1 and 2 of Agenda item 8 which officers have identified as containing exempt information within the meaning of Schedule 12A to the Local Government Act 1972, and where officers consider that the public interest in maintaining the exemptions outweighs the public interest in disclosing the information, for the reasons outlined in the report.
 2. To consider whether or not to accept the officers' recommendation in respect of the above information as set out at paragraph 10.1 of Agenda item 7 and paragraphs 2.4 and 2.5 of Agenda item 8.
 3. If the recommendations are accepted, to formally pass the following resolution:-

RESOLVED – That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendices 2, 3, 4 and 5 of Agenda item 7 and Appendices 1 and 2 of Agenda item 8 on the grounds that they are likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**4. MINUTES OF THE MEETING OF THE BUSINESS INVESTMENT
PANEL HELD ON 12 JUNE 2018**

(Pages 1 - 4)

5. GOVERNANCE ARRANGEMENTS

(Pages 5 - 8)

6. STRATEGIC INWARD INVESTMENT FUND

Led by: Lorna Holroyd

(Pages 9 - 10)

7. BUSINESS GRANTS PROGRAMME

Led by: Neill Fishman, Lorna Holroyd

(Pages 11 - 54)

8. GROWING PLACES FUND LOANS

Led by: Leanne Walsh

(Pages 55 - 62)

Signed:

A handwritten signature in black ink that reads "A Taylor". The signature is written in a cursive style with a large initial 'A' and a trailing dot.

**Director, Resources
West Yorkshire Combined Authority**



**MINUTES OF THE MEETING OF THE
BUSINESS INVESTMENT PANEL
HELD ON TUESDAY, 12 JUNE 2018 AT COMMITTEE ROOM A
WELLINGTON HOUSE, LEEDS**

Present:

Michael Allen
Jonathan King
Roger Marsh OBE

Marcus Mills
Councillor Graham Swift
Councillor Tim Swift
Simon Wright (to minute 8)
Gareth Yates

NatWest Bank
Medusa Holdings Ltd
Leeds City Region Enterprise
Partnership
BigWord
Harrogate Borough Council
Calderdale Council
Yorkshire Bank
Ward Hadaway

In attendance:

Paul Hyde
Phil Cole
Henry Rigg
Chris Brunold
Elizabeth Courtney
Lauren Thomas
Janette Woodcock

Leeds City Council
Leeds City Council
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority

1. Apologies for absence

Apologies were received from Councillors, Judith Blake, Shabir Pandor and Marcus Mills.

In the absence of Councillor Blake, the meeting was Chaired by Councillor Tim Swift.

2. Declarations of disclosable pecuniary interests

Simon Wright declared a Pecuniary Interest in Agenda Item 8 Growing Places Fund Loans.

3. Exempt information - Exclusion of the press and public

RESOLVED – That in accordance with paragraph 3 of part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix 1,2,3 and 4 of Agenda item 7 on the grounds that they are likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present, there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. Minutes of the meeting of the Business Investment Panel held on 3 April 2018

That the minutes of the meeting of the Business Investment Panel held on 3 April 2018 be approved and signed by the Chair.

5. Strategic Inward Investment Fund

The Panel considered a report to outline the current position regarding progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Strategic Inward Investment Fund (SIF)

Resolved: That the progress report on the Strategic Inward Investment Fund be noted.

6. Business Growth Programme

The Panel considered a report to outline the current position regarding committing grants through the Leeds City Region Enterprise Partnership (the LEP) Business Growth Programme (BGP)

In the private session, the Panel reviewed grant application BGP 964, including a re-appraisal of the applicant's financial position. It was concluded that further information on the progress of the project from the applicant was required

Resolved:

- i. That the progress report on the Business Growth Programme be noted.
- ii. That the BGP 964 applicant is requested to provide a progress update for consideration at the July 2018 Panel meeting.

7. Implementation of Inclusive Growth Outcomes from the Business Growth Programme

The Panel considered a report to update on the new inclusive growth criteria and associated conditions for recipients of capital grants on the Business Growth Programme and was asked to provide input.

The City Region's approach to a local inclusive industrial strategy aims to tackle the growing productivity gap and sustainably improve living standards for all. This extends to using the Combined Authority's economic services including the Business Growth Programme – to incentivise businesses to grow in a way that delivers inclusive growth.

The aim of introducing inclusive growth outcomes for the Business Growth Programme is to better target limited public support at those businesses seeking to 'get ahead of the curve' on matters such as in-work progression, apprenticeship opportunities, supporting employees with disabilities, introducing more sustainable travel and boosting productivity.

The Panel expressed support for the proposed approach to delivering the new criteria and associated conditions from July 2018 onwards.

Resolved:

- (i) That the forthcoming changes to the criteria for awarding BGP grants related to inclusive growth outcomes be noted.
- (ii) That the Panel's feedback and advice on the proposed implementation plan be noted.

8. Growing Places Fund Loans

The Panel considered a report to update on progress in committing loans through the LEP Growing Places Fund and was asked for feedback on the findings from one project which has received an interim review and one project with changed circumstances.

Simon Wright left the meeting prior to discussion of Agenda item 8.

In private session the Panel discussed GPF 305 Interim Review Report, GPF 305 External Consultants Report and GPF 315 Changed Circumstances.

Resolved:

- (i) That the update on progress in committing loans through the LEP Growing Places Fund be noted.
- (ii) That the interim review Report be noted
- (iii) That the Panel's feedback on the project with changed circumstances be noted.

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Report to: Business Investment Panel

Date: 9 August 2018

Subject: **Governance arrangements**

Director(s): Angela Taylor, Director of Resources

Author(s): Caroline Allen, Head of Legal and Governance Services

1. Purpose of this report

1.1 To note the governance arrangements for the Business Investment Panel.

2. Information

2.1 At its meeting on 4 July 2018, the West Yorkshire and York Investment Committee resolved to appoint the Business Investment Panel as an advisory sub-committee, on the **terms of reference** set out in **Appendix 1**. The terms of reference are unchanged from last municipal year.

2.2 The West Yorkshire and York Investment Committee also resolved to appoint a voting co-optee from each West Yorkshire council onto the Panel. There are now 4 members of the Combined Authority on the Panel. The **quorum** of the Panel remains **4 voting members**, to include:

- 1 member of the Combined Authority or local authority co-optee, and
- 1 private sector representative.

2.3 The West Yorkshire and York Investment Committee also resolved to appoint Councillor Blake as Chair of the Business Investment Panel.

2.4 The dates of Business Investment Panel meetings were approved by the Combined Authority at the annual meeting, as follows:

- 16 July 2018
- 9 August 2018
- 31 August 2018
- 5 October 2018
- 6 November 2018
- 5 December 2018
- 10 January 2019
- 5 February 2019

- 7 March 2019
- 4 April 2019
- 30 April 2019
- 4 June 2019

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.

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 The Business Investment Panel is recommended to note the governance arrangements for the Panel as set out in this report.

8. Background Documents

None.

9. Appendices

Appendix 1 – Terms of reference for Business Investment Panel

Terms of Reference Business Investment Panel¹

The Business Investment Panel is authorised to advise the West Yorkshire and York Investment Committee² and the Leeds City Region Enterprise Partnership in relation to economic development loans and grants within the Leeds City Region.

¹ This is a sub-committee of the West Yorkshire and York Investment Committee, appointed under S102(4)(b) Local Government Act 1972

² Or the Managing Director on behalf of the West Yorkshire and York Investment Committee

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Report to: Business Investment Panel

Date: 9 August 2018

Subject: **Strategic Inward Investment Fund**

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

Author(s): Lorna Holroyd

1. Purpose of this report

- 1.1 To outline the current position regarding progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Strategic Inward Investment Fund (SIIF).

2. Information

- 2.1 Spend and outputs for SIIF are detailed below.

Performance indicator	Target	Total Commitments	Actual Outputs (24/04/18)
Direct jobs	1,245	552	319
Number of enterprises	10	3	1
Total investment	£120,450,000	£17,151,961	£4,175,522
Programme Spend	£12,450,000	£1,853,386	£758,457

- 2.2 The building fit-out associated with SIIF 001 (Burberry) is now complete and 319 of the 329 jobs associated with that project have now been created.

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.

6. External consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Panel notes the progress report on the SIIF.

8. Background documents

None.

9. Appendices

None.

Report to: Business Investment Panel

Date: 9 August 2018

Subject: **Business Grants Programme**

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

Author(s): Neill Fishman, Lorna Holroyd

1. Purpose of this report

- 1.1 To outline the current position regarding progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Business Grants Programme (BGP).

2. Information

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

Performance indicator	Target	Big Scheme Committed	Small Scheme Committed	Flood Grants Committed	Total Commitments	Actual Outputs (19/07/18)
Direct jobs	4,100	2,863	2,073	n/a	4,936	3,033
Safeguarded jobs	n/a	152	0	1,541	1,693	1,682
Number of grant awards	765	36	527	63	626	520
Total investment	£168,500,000	£144,441,164	£149,173,201	£12,793,515	£306,407,880	£231,586,970
Programme Spend	£38,963,000	£8,681,754	£18,026,193	£2,860,375	£29,568,322	£24,339,154
Cost per job	n/a	£3,032	£8,698	n/a	£5,991	£8,026

Performance indicator	Target	Big Scheme Committed	Small Scheme Committed	Flood Grants Committed	Total Commitments	Actual Outputs (19/07/18)
Cost per job (including safeguarded jobs)	n/a	£2,880	n/a	£1,856	£4,461	£5,163

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

- 2.2 To date commitments of £26.71 million have been made through a combination of the big and small schemes.
- 2.3 As outlined in previous Business Investment Panel papers, grants are now funded through a combination of the Business Growth Programme and Access to Capital Grants, both of which are funded through the LGF.
- 2.4 Commitments through the Business Flood Recovery Fund currently stand at £2.86 million. A total of £3.18 million was approved through the fund, but 3 projects (totalling £168k) have been withdrawn and a further 16 projects have gone ahead, but at a lower level, thereby reducing commitments by £152k. Of a total of 66 projects approved, 3 have been withdrawn, 52 are complete and £185k is left to pay to 11 businesses whose projects are still live.
- 2.5 A full list of all LEP grant approvals is available on the LEP website.¹

3. New applications

- 3.1 Members are asked to consider the following applications. Grant applications and appraisals are attached as detailed.

Project Ref	District	Total Investment £	Grant Requested £	Proposed New Jobs	Appendix
1098371	Bradford	5,610,000	250,000	28	2
1098145	Kirklees	1,968,000	125,000	10	3
		7,578,000	375,000	38	

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

4. Project updates

- 4.1 Panel members were asked at the last Panel meeting on 12 June 2018 to reconsider BGP 964, an application previously approved in February 2017. At the meeting on 12 June 2018 members requested that officers seek further clarifications from the business. The business provided answers to the queries raised and a document was circulated via e-mail to panel members on 9 July 2018. As the queries have now been satisfactorily resolved, officers are progressing with completion of the funding agreement for issue to the business.
- 4.2 A grant of £140,580 was approved to BGP 694 in December 2015, a company based in Calderdale. The investment is now complete, however for a variety of reasons, the job creation associated with the project has proceeded at a lower level to that envisaged in the original application. A reduced offer of £62,500 has now been made to the business, to reflect five jobs created (at £12,500 per new job), all paying above the city region average salary of £21,800 per annum.

5. Revised criteria

- 5.1 At the Panel meeting on 12 June 2018, Members were updated on proposals to implement additional inclusive growth criteria for applications of over £50,000. These changes will take effect to new applicants from 31 July 2018, although businesses that had commenced the application process prior to this will be able to apply under the previous criteria until the end of September 2018.
- 5.2 **Appendix one** sets out the revised criteria.

6. Financial implications

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

7. Legal implications

- 7.1 The information contained in **Appendices 2, 3, 4 and 5** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.

8. Staffing implications

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

9. External consultees

- 9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That the BGP progress report be noted.

10.2 That the grant applications detailed at 3.1 and attached at **Appendices 2, 3, 4 and 5**

11. Background documents

None.

12. Appendices

Appendix 1 – revised criteria for the Business Growth Programme.

Appendix 2 – application and appraisal for project reference 1098371 (CONFIDENTIAL).

Appendix 3– LEP Grant Application Form (CONFIDENTIAL)

Appendix 4 – application and appraisal for project reference 1098145 (CONFIDENTIAL).

Appendix 5 – LEP Grant Application Form (CONFIDENTIAL)

Appendix 1 - Revised criteria for the Business Growth Programme

All grant recipients of the Business Growth Programme (BGP) will be expected to meet the core criteria outlined below from July 2018.

Revised Core Criteria

- Applicants must be based in the Leeds City Region, which includes the local authority areas of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York
- Investment projects must create permanent new jobs in the Leeds City Region
- In accordance with State Aid rules, applicants are eligible to apply for grants of between 10 and 20% of the total cost of a capital investment project
- Applicants will be incentivised to employ staff on or above £8.75 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, to be revised annually in line with published rates : -

Pay Rates for New Jobs Created with LEP Grant	Maximum Amount per new job
Pay at least £8.75 per hour (Real Living Wage)	£12,500
Pay at least £7.83 per hour (National Living Wage/ Minimum Wage/Apprentice rates see above *)	£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 LEP / Combined Authority, and its partners, can support applicants to directly access a number of products and services associated with the above commitments. Initial guidance and advice with the commitments is available to businesses via the LEP Growth Service on 0113 3481818 (businessgrowth@the-lep.com / www.the-lep.com/business)

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, one of which must be paying staff the Real Living Wage.

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Report to: Business Investment Panel

Date: 09 August 2018

Subject: **Growing Places Fund Loans**

Director(s): Melanie Corcoran, Director of Delivery

Author(s): Chris Brunold, Project Manager

1. Purpose of this report

- 1.1 To update the Panel on progress in committing loans through the LEP Growing Places Fund (GPF).
- 1.2 To update the Panel on a project with changed circumstances and ask for feedback.
- 1.3 To consult the Panel on the potential use of GPF to support future investment projects.

2. Information

Growing Places Fund update

- 2.1 The Growing Places Fund (GPF) has operated since 2012 offering loans to support projects that require additional capital funding to deliver jobs and economic growth and unlock stalled developments post-recession, within a timescale of 5 years or less. The fund is open to all businesses and organisations of any size based in or looking to invest in the city region. Applications from small and medium-sized enterprises, employing up to 250 staff, are particularly welcome.
- 2.2 The total original GPF allocation from Government was £35.5 million of which approximately £0.7 million currently remains unallocated. Loan repayments are also held separately and can be reinvested in the future. An external review of the progress and future focus of GPF has been commissioned and an update will be provided at a future meeting of the Panel.
- 2.3 The Fund typically seeks private sector leverage on the basis of 1:3.

GPF Projects with Changed Circumstances

- 2.4 One GPF project has changed circumstances on which feedback is sought as below. Information on the circumstances of the project, as it is confidential, is included in **Appendix 1**. As the changes in circumstances continue to evolve, a supplementary verbal update will also be provided to Panel.

Project Ref	Total Loan	Proposed Jobs/Homes	Recommendation
315	£800,000	24	Discuss

- 2.5 An outline of the type of support which may be considered for future investment projects is provided in **Appendix 2**, subject to LEP board consideration of the future scope of GPF investments.

3. Financial Implications

- 3.1 The changed circumstances of the loan for project 315, potentially delay the repayment of £800,000.

4. Legal Implications

- 4.1 The information contained in **Appendices 1 and 2** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.

5. Staffing Implications

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

6. External Consultees

- 6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That the update on progress in committing loans through the GPF be noted.
- 7.2 That the project with changed circumstances as detailed at paragraph 2.4 and in **Appendix 1** be noted, and feedback given.
- 7.3 That the Panel gives its views on the potential funding route detailed in paragraph 2.5 and in **Appendix 2**.

8. Appendices

Appendix 1 – GPF 315 Changed Circumstances (CONFIDENTIAL)

Appendix 2 – Further support for projects (CONFIDENTIAL)

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