

BUSINESS INNOVATION AND GROWTH PANEL

**MEETING TO BE HELD AT 2.00 PM ON TUESDAY, 10 SEPTEMBER
2019 IN BIC 1/23 EXHIBITION SPACE, 3M BUCKLEY INNOVATION
CENTRE, FIRTH STREET, HUDDERSFIELD, HD1 3BD**

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**
 1. To highlight Appendix 1 to Agenda Item 9 which officers have identified as containing exempt information within the meaning of Schedule 12A to the Local Government Act 1972, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.
 2. To consider whether or not to accept the officers' recommendation in respect of the above information as set out in paragraph 4.1 of Agenda Item 9.
 2. If the recommendation is accepted, to formally pass the following resolution:-

RESOLVED – That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix 1 to Agenda Item 9 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 4. MINUTES OF THE MEETING OF THE BUSINESS INNOVATION AND GROWTH PANEL HELD ON 28 MAY**
(Pages 1 - 6)

- 5. CHAIR'S UPDATE**
- 6. GOVERNANCE ARRANGEMENTS**
(Pages 7 - 10)
- 7. ECONOMIC REPORTING**
(Pages 11 - 24)
- 8. LOCAL INDUSTRIAL STRATEGY DEVELOPMENT**
(Pages 25 - 28)
- 9. BUSINESS FINANCE**
(Pages 29 - 66)
- 10. CHANNEL 4 AND DIGITAL SECTOR SUPPORT**
(Pages 67 - 72)
- 11. TRADE AND INVESTMENT**
(Pages 73 - 78)
- 12. BUSINESS PRODUCTIVITY PILOT**
(Pages 79 - 84)
- 13. BUSINESS SUPPORT**
(Pages 85 - 108)
- 14. PANEL WORK PROGRAMME 2019/ 20**
(Pages 109 - 112)

Signed:

A handwritten signature in black ink, appearing to be 'BDM', with a horizontal line underneath it.

Managing Director
West Yorkshire Combined Authority

**MINUTES OF THE MEETING OF THE
BUSINESS INNOVATION AND GROWTH PANEL
HELD ON TUESDAY, 28 MAY 2019 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Simon Wright (Chair)	Yorkshire Bank
Martin Booth	Witt UK Gp
Nicola Greenan	East Street Arts
Amir Hussain	Yeme Architects
Councillor Mohammed Iqbal	Leeds City Council
Councillor Peter McBride	Kirklees Council
Councillor Shabir Pandor	Kirklees Council
Sandy Needham (Advisory Representative)	West & North Yorkshire Chamber of Commerce
Professor Liz Towns-Andrews (Advisory Representative)	University of Huddersfield

In attendance:

Mark Roberts	Beer Hawk Ltd
Andrew Latchmore	Shulmans
Alan Reiss	West Yorkshire Combined Authority
Henry Rigg	West Yorkshire Combined Authority
Sarah Bowes	West Yorkshire Combined Authority
James Hopton	West Yorkshire Combined Authority
Emma Longbottom	West Yorkshire Combined Authority
Jonathan Skinner	West Yorkshire Combined Authority
Vincent McCabe	West Yorkshire Combined Authority
Ben Kearns	West Yorkshire Combined Authority

47. Apologies for Absence

Apologies for absence were received from Andrew Wright, Councillor Tim Swift, Councillor Andrew Lee, Councillor Darren Byford, Mike Danby, Will Roebuck, Phillip Wilson, Peter O'Brien and Lisa Roberts.

48. Declarations of Disclosable Pecuniary Interests

There were no disclosable pecuniary interests declared by members at the meeting.

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

There were no items requiring the exemption of the press or public at the meeting.

50. Minutes of the Meeting of the Business Innovation and Growth Panel held on 26 February

Resolved: That the minutes of the Business Innovation and Growth Panel held on the 26 February be approved.

51. Chair's Update

The Panel was updated on the progress of the LEP merger between the Leeds City Region LEP and the York and North Yorkshire LEP and informed that a report would be taken to the Leeds City Region LEP board on the 6 June which would detail the latest position.

52. Economic Reporting

The Panel considered a report which provided an update on the latest economic and business intelligence.

The Panel discussed the potential impact that Brexit could have on businesses in the region with 61% of respondents having devoted management time to consider the potential impact of Brexit. It was noted that while this figure was encouraging, it meant that a significant amount of business had not considered the implications of Brexit.

Resolved: That the analysis presented in the economic update and dashboard be noted.

53. Local Industrial Strategy Development

The Panel considered a report which provided an update on the development of the Local Industrial Strategy. The Panel was informed that instead of a joint Local Industrial Strategy with York and North Yorkshire the development of a separate Local Industrial Strategy was now underway. This would allow a more focussed approach to local distinctiveness and more engagement with local businesses.

The Panel was presented with the emerging evidence base particularly around innovation and productivity and Panel members were asked to provide feedback on some of the strengths and opportunities across of the region.

In addition the Panel noted the intention to set up a steering group to oversee the development of the LIS as well as the aim to establish working groups to provide challenge and support regarding policy priorities. Panel Members were invited to be involved in the groups and additionally to facilitate engagement with a diverse range of business groups.

Panel Members discussed the report and the following points were made:

- The importance of capturing the distinctiveness of the Asian business community in the region.
- That the diversity of the business activity across the region was a key strength.
- The importance of infrastructure and skills to support growth.
- The challenge of reaching businesses which did not habitually engage with the LEP.
- The needs to link the Local Industrial Strategy into the Government's 'Grand Challenges' and tell a coherent story about the region's strengths.

Resolved:

- (i) That the progress made developing the Local Industrial Strategy be noted and the proposed way forward be endorsed.
- (ii) That the Panel provide feedback on the strength, assets and opportunities across the geography, particularly relating to the Business Environment and Ideas elements of the LIS.

54. Innovation

The Panel considered a report which provided an update on plans to embed innovation into the Local Industrial Strategy and the wider policy framework and was provided with a presentation regarding the emerging findings of an investigation into the City Region's innovation performance.

The Panel also discussed the 'Connecting Innovation' programme which was under development and Panel Members were asked for their input.

Resolved: That the findings and the Panel's feedback on next steps be noted.

55. Business Productivity Activity

The Panel considered a report which provided an update on the activity being undertaken to improve productivity and promote key characteristics of high performing firms.

The Panel was updated on the progress of the Productivity Pilot and informed that seven applications had been recommended for approval, and were now in delivery. Detailed findings and feedback on the pilot would be reported to the Panel upon the completion of the investment projects – expected by the end of Summer 2019), and thereafter for up to 24 months in relation to the impact on productivity.

The Panel welcomed the update and reiterated its support for the Pilot which Members felt filled a gap in business support by focussing on improved productivity as opposed to job creation. Members were keen to undertake another pilot later in 2019 / early 2020 when further detail on the impact of the current one is available.

The Panel was also updated on the Business Basics competition which aimed to improve productivity in mid to low productivity firms. It was agreed that the draft messages which would be sent out to business owners/managers would be circulated to Panel Members for comment and feedback.

Resolved: That the progress made on activity to improve business productivity, specifically the Business Basics Fund and the Productivity Pilot, be noted.

56. Trade and Investment

The Panel considered a report which provided an update on the trade and investment activity which had been undertaken.

Resolved: That the report on the progress made to date be noted.

57. Business Support

The Panel considered a report which provided an update on business support activity being undertaken.

The Panel discussed the Business Growth Programme and in particular the proposed changes to the guidance and criteria, following recent consultation with the Business Investment Panel. It was noted that the feedback from the Business Investment Panel was included at Appendix 2.

Regarding the productivity focus of the BGP, members felt that it was right that fit-out / refurbishment costs should remain eligible but that the proportion of the project related to fit-out / refurbishment costs should be capped. Members suggested that a cap at 50% of the total project costs was a workable option, as was reducing the intervention rate fit-out / refurbishment costs by 50%. Officers were asked to undertake some scenario planning to determine the most efficient and business friendly approach for consideration by the LEP Board in July 2019.

Resolved:

- (i) That the progress made to date on the delivery of business support projects, programmes and services be noted.
- (ii) That the Panel's feedback on the proposed changes to the guidance and criteria for the Business Growth Programme be noted and used to inform proposals for consideration by the LEP Board in July 2019.

58. Preparing for Brexit

The Panel considered a report which provided an update on the ongoing work to prepare business ahead of the UK's withdrawal from the EU.

The Panel noted the proactive proposals for two business support programmes, Investment Readiness and Business Resilience, as well as the

options endorsed by the LEP board in March 2019.

Resolved: That the report be noted.

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Report to: Business Innovation and Growth Panel

Date: 10 September

Subject: **Governance Arrangements**

Director(s): Angela Taylor, Director of Corporate Services

Author(s): Ben Kearns

1. Purpose of this report

1.1 To note the governance arrangements for the Business Innovation and Growth Panel.

2. Information

2.1 At the Annual Meeting on 27 June 2019, the Combined Authority resolved to appoint the Business Innovation and Growth Panel as an advisory committee of the Combined Authority which reports to the LEP Board, on the **terms of reference** attached as **Appendix 1** to this report.

2.2 The terms of reference were revised from the last municipal year to include a reference to clean growth, to reflect the revised corporate priority.

2.3 No changes have been made to the **quorum** of the Panel, which remains four voting members (to include one member of the Combined Authority or other local authority member and one private sector representative), and **voting** arrangements are also unchanged.

2.4 The Combined Authority at its annual meeting also appointed Andrew Wright as Chair of the Panel.

2.5 The Combined Authority also agreed dates for meetings of the Panel, as follows:

- 10 September 2019
- 26 November 2019
- 27 February 2020
- 21 May 2020

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 Business Innovation and Growth Panel notes the governance arrangements for the Panel approved by the Combined Authority at the Annual Meeting on 27 June 2019.

8. Background Documents

None.

9. Appendices

Appendix 1 – Terms of Reference for the Business Innovation and Growth Panel



Terms of Reference

Business Innovation and Growth Panel¹

The Business Innovation and Growth Panel is authorised to advise the Combined Authority and the Leeds City Region Enterprise Partnership in support of their ambition to secure inclusive and clean growth in relation to:

- a) approving, reviewing or varying any policy or investment priorities, strategy or plan;
- b) identifying and promoting opportunities for obtaining devolved funding and bidding for other funding;
- c) developing and delivering new services;
- d) monitoring and reviewing the delivery of agreed outcomes and impact of any strategy plan or services²;
- e) developing and promoting a shared understanding of growth opportunities and inhibitors with key partners; and
- f) aligning strategic priorities, strategies and plans³

in respect of any function of the Combined Authority relating to **business growth**⁴ within the Leeds City Region.

¹ The Business Innovation and Growth Panel is an advisory committee of the Combined Authority, appointed under S102(4) Local Government Act 1972, and in this capacity also acts as the Combined Authority's Joint Trade and Investment Board.

² This includes the delivery of key projects and work programmes.

³ Through liaison with other committees or sub-committees of the Combined Authority and partner councils.

⁴ This includes business support, innovation, digital, trade and inward investment.

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Report to: Business, Innovation and Growth Panel

Date: 10 September 2019

Subject: **Economic reporting**

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

Author(s): James Hopton, Patrick Bowes

1 Purpose of this report

1.1 To provide the latest economic and business intelligence to the Panel.

2 Information

2.1 This report presents recent global, national and local economic developments.

Appendix 1 presents the quarterly Leeds City Region Economic & Brexit Monitor for August 2019, which provides a summary of the latest national and international economic developments, before presenting a detailed look at the latest economic data for Leeds City Region with sections focused on business performance and trade, the labour market and housing, property and investment. Appendix 2 summarises the Monitor into a single page dashboard.

The report from the 2019 Leeds City Region Business Survey has also now been published and is available online at www.the-lep.com/media/2876/leeds-city-region-business-survey-2019.pdf. The now annual survey is a key source of information on business views and activity in the region. It provides insight on a range of topical issues such as Brexit, plugs evidence gaps on issues such as barriers to growth, skills and innovation and provides a deeper understanding of the climate in which businesses are operating.

The survey findings have been used to inform the development of projects and policies for the Growth Service and other areas of the organisation. The key findings are reported at section 2.4 below, and will be presented to the panel.

Main national and international headlines

2.2 The main national and international headlines this quarter include:

- Global growth has been subdued in recent months as range of geopolitical tensions show signs of taking effect on investment, trade and demand, increasing fears of recession.

- UK GDP decreased by 0.2% in Q2 2019, the first quarterly contraction since 2012. Brexit-related stockpiling was a factor – this contributed to stronger than predicted growth in Q1 which tailed off thereafter. The UK employment rate picture remains strong however.
- Given these issues many forecasters have revised down their outlook with markets concerned about the risk of recession in some countries.

2.3 Leeds City Region economic headlines

For Leeds City Region, the latest headlines include:

- The City Region employment rate increased to 73.8% in Q1 2019 – the highest on record. There are 6,100 (0.4%) more people in work than the previous quarter – a faster increase than many other comparator LEPs.
- Businesses reported a slowdown in domestic and export activity in the Q2 Quarterly Economic Survey (QES) with the Chambers of Commerce, with many businesses holding stock following the Brexit preparations in Q1.
- The service sector exports net balance turned negative for the first time in a decade, signalling declining activity according to the QES.
- Yorkshire & Humber businesses exported goods worth £4.46bn in Q1 2019, a fall of 4.8% from the record high of Q4 2018 though exports remain higher than a year ago.
- The value of goods imported into the region increased by 5.5% between Q4 2018 and Q1 2019, significantly exceeding the 0.4% national increase.

2.4 Leeds City Region Business Survey, 2019

BMG Research were commissioned to carry out the survey of a representative sample of 2,000 businesses across Leeds City Region in early 2019. The key findings from the latest survey include:

- Business performance has held up compared to the last survey in 2017. Businesses are less confident about the coming year, however. This mirrors other business surveys showing less certainty for the year ahead.
- Generally speaking businesses report lower levels of investment than previous years, again confirming other survey findings. Despite this, investment in ICT infrastructure is increasing, emphasising the importance of Digital to our economy.
- Brexit has become the most frequently mentioned barrier to growth – mentioned by 17% of businesses in 2019, compared to 5% in 2017.

- 15% of businesses identified opportunities offered by Brexit, such as increased demand, less regulation and more domestic investment. 60% mention a risk, most commonly higher costs, general uncertainty/lack of confidence and losing customers/business.
- On balance, a third of businesses think Brexit will be detrimental to their business, up from 28% in 2017. The proportion seeing it as beneficial is largely unchanged at 11%.
- Whilst a quarter of businesses will consider moving premises in the next five years, the vast majority will look to stay within their local area or the wider region. Very few are considering moving overseas.
- Overall, satisfaction with the region as a place to do business is very high – 88% of businesses are either satisfied or very satisfied with their current location as a place to operate.

2.5 **Brexit commentary and assessment**

The slowdown seen in Q2 is an added layer of uncertainty for those businesses who have forward provisioned for the initial Brexit deadline and who may face cash flow challenges, particularly when potentially faced with a similar set of circumstances in October. Implementing similar plans for a second time may pose practical and financial challenges for many businesses.

The devaluation of sterling coupled with increased demand for (and cost of) warehousing space, would suggest that the challenges posed by a second round of no deal planning could potentially prove more complex than the last.

Additionally, the Combined Authority has been undertaking work to assess the potential impact of Brexit in the region. This is not intended to duplicate work that has taken place elsewhere, but to complement this by utilising sources such as the Leeds City Region Business Survey.

As noted elsewhere in this report, and in previous iterations, Brexit and the related wider uncertainty is already having an impact on the economy, but in attempting to look forward it is accepted by most commentators that the impact will be significantly different depending on whether there is a negotiated deal and transition period or a non-negotiated exit.

Therefore, whilst acknowledging that the outlook remains highly uncertain, this assessment work has looked as far as possible to consider both scenarios, drawing out a number of conclusions:

- We are already experiencing the effects of Brexit on the economy, even while the final conclusion remains uncertain.
- We have a comprehensive intelligence picture of Brexit preparations across businesses and the economy more widely. There are some specific

gaps in our knowledge and interactions in relation to large indigenous businesses and more widely on the impact on households.

- Although there are significant opportunities and challenges for businesses in the Leeds City Region, there are no major implications that are not also true for businesses across the UK.
- In the current economic climate (and depending on the outcome of Brexit) it is more challenging to achieve the further investment across the city region that is required to drive productivity growth.
- While short term sterling depreciation has supported exporters, (depending on the outcome of Brexit) there are implications for the future of trade for city region businesses that will be particularly felt in supply chains.
- While the labour market has proven to be resilient to date, there are challenges in particular sectors to the supply of skilled workers.
- The LEP has already begun to put in place support that can assist businesses looking to succeed in the current environment, and is ready to implement further programmes as necessary in a no deal scenario

These conclusions are being used to form a series of recommendations to guide further work and develop an action plan ahead of the UK's exit.

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.

6 Recommendations

- 6.1 The Panel is asked to note the analysis presented in the economic update and the Business Survey, and consider how this relates to its work.

7 Background Documents

None.

8 Appendices

Appendix 1 – Leeds City Region Economic Update Report
Appendix 2 – Leeds City Region Economic Dashboard

ECONOMIC AND BREXIT MONITOR: LEEDS CITY REGION, AUGUST 2019

Key points at glance

This report presents the latest assessment of the Leeds City Region economy. It sets out recent national and international developments along with trends and forecasts for global growth. It considers in more detail the latest developments in Leeds City Region and the implications for the economy as the UK approaches its exit from the European Union.

National and international headlines

- Global growth has been subdued in recent months as a range of geopolitical tensions show signs of taking effect on investment, trade and demand, increasing fears of recession.
- UK GDP decreased by 0.2% in Q2 2019, the first quarterly contraction since 2012. The tailing off of Brexit-related stockpiling was a factor – this contributed to stronger than predicted growth in Q1 which tailed off thereafter. The UK employment rate picture remains strong however.
- The Eurozone economy grew by 0.2% in Q2 2019, half the growth rate recorded in Q1. GDP in Germany contracted by 0.1% in Q2, whilst US growth also slowed as the impact of trade tensions with China took effect in America, Europe and Asia.
- Given these issues many forecasters have revised down their outlook with markets concerned that recession may be possible in some countries in the near term.
- The IMF revised down its forecasts for the UK for this year and next. Both are 0.2% lower than its January forecasts, and both are predicated on the UK securing an orderly exit from the EU.
- The election of a new Prime Minister in the UK and the shortening time frame has increased the likelihood of the country leaving the EU without a deal at the end of October, according to the Institute of Government.
- As such, many businesses will likely be revisiting the contingency plans they had in place in February/March.

Key City Region and local developments

- The City Region employment rate increased from 73.4% in Q4 2018 to 73.8% in Q1 2019 – the highest on record. There are 6,100 (0.4%) more people in work than the previous quarter – a faster increase than many other comparator LEPS.
- Unemployment in the City Region fell by 1,700 (2.9%) last quarter.
- Businesses reported a slowdown in domestic and export activity in the Q2 Quarterly Economic Survey with the Chambers of Commerce, with many businesses holding stock following the Brexit preparations in Q1.
- The service sector exports net balance turned negative for the first time in a decade, signalling declining activity according to the QES.
- Yorkshire & Humber businesses exported goods worth £4.46bn in Q1 2019, a fall of 4.8% from the record high of Q4 2018 though exports remain higher than a year ago.
- The value of goods imported into the region increased by 5.5% between Q4 2018 and Q1 2019, to £9.56bn. This increase is significantly in excess of the 0.4% increase in national imports.
- House prices in Yorkshire and Humber increased by 0.9% in the year to June 2019, in line with the increase seen nationally.
- Sales volumes declined by 2.5% in Yorkshire in June 2019, compared to the same period last year. This is a relatively small decline compared to other regions, with national sales volumes down 7.2%.

Brexit implications and conclusions

- The global economy appears to be slowing and the risk of recession rising for major economies, and markets appear to be increasingly expectant of a downturn. The added challenges of Brexit are also contributing to the slowdown in the UK.
- This slowdown is an added layer of uncertainty for those businesses who have forward provisioned for the initial Brexit deadline and who may face cash flow challenges, particularly when faced with a similar set of circumstances ahead of the UK's prospective departure date in October. Implementing similar plans for a second time may pose practical and financial challenges for many businesses.
- The devaluation of sterling coupled with businesses reporting increased demand for (and therefore cost of) warehousing space, would suggest that the cash flow challenges posed by a second round of no deal planning could potentially prove more complex than the last.

These issues are explored in greater detail in the remainder of this document.

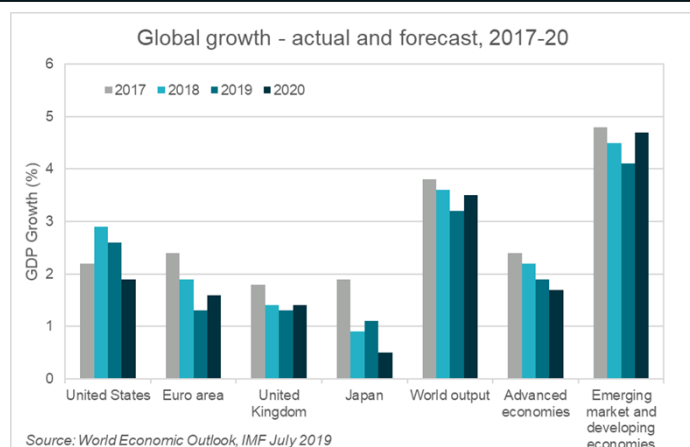
ECONOMIC AND BREXIT MONITOR: LEEDS CITY REGION, AUGUST 2019

Introduction

- This report presents the latest assessment of the Leeds City Region economy. It sets out recent global and national developments before considering in more detail the latest data for Leeds City Region and the implications for the economy as the UK approaches its exit from the European Union.
- New data available includes updated global economic forecasts from the IMF, whilst new official UK data is available on monthly GDP and the labour market for Q2 2019. There is also new official data on trade, inflation and retail activity and survey data on business sentiment.
- For Leeds City Region, the Quarterly Economic Survey with the Chambers of Commerce provides insight on business sentiment for Q2 2019. Labour market data from ONS for Q1 2019 and regional goods exports data from HMRC for the same period are also presented. Banksearch data on the number of new business bank accounts for Q2 2019 are also available.

Global economic and political developments

- Global growth has been subdued in recent months as a range of geopolitical tensions show signs of taking effect on investment, trade and demand, increasing fears of recession.
- The Eurozone economy grew by 0.2% in Q2 2019, half the growth rate recorded in Q1. GDP in Germany contracted by 0.1% in Q2, with the US-China trade war affecting its car industry.
- US growth also slowed. GDP increased by 0.5% in Q2, down from 0.8% in Q1. Again, the trade war is believed to be weighing on growth, though performance exceeded the expectations of many.
- China's economy faced similar issues, with growth slowing to annualised rate 6.2% in Q2, the slowest pace of growth since 1992. Chinese exports unexpectedly showed growth in July.
- The International Energy Agency has said growth in demand for oil has halved in the first five months of 2019, the weakest growth since 2008 as the global economy slides. Weaker demand has offset some of the upward pressures on oil prices from tensions in the Middle East seen recently, with prices falling from £67 per barrel in mid-July to £60 per barrel in mid-August.
- Given these issues many forecasters have revised down their outlook with markets concerned that recession may be possible in some countries including the UK and Germany where growth declined in Q2. In July, the IMF forecast global growth at 3.2 percent in 2019, picking up to 3.5 percent in 2020.
- Its forecasts for the UK were for growth of 1.3% and 1.4% this year and next respectively. Both are 0.2% lower than its January forecasts, and both are predicated on the UK securing an orderly exit from the EU.
- The election of a new Prime Minister in the UK and the shortening time frame has increased the likelihood of the country leaving the EU without a deal at the end of October, according to the Institute of Government.
- As such, many businesses will likely be revisiting the contingency plans they had in place in February/March. Rolls Royce has recently said it has spent £100m in planning for Brexit, but fears many in its supply chain are less well-prepared.



Global economy summary: A slowdown in activity across major economies is evident, with cyclical factors, trade wars and geopolitical tensions all contributing. This has led to a downward revision of growth trajectories and is raising fears about the threat of recession. The challenge is particularly acute in the UK as the ongoing Brexit uncertainty continues to weigh on growth.

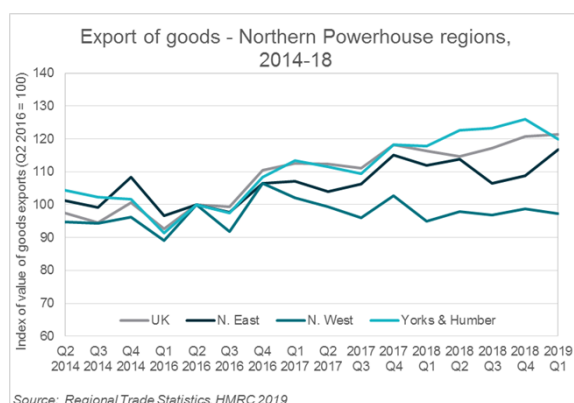
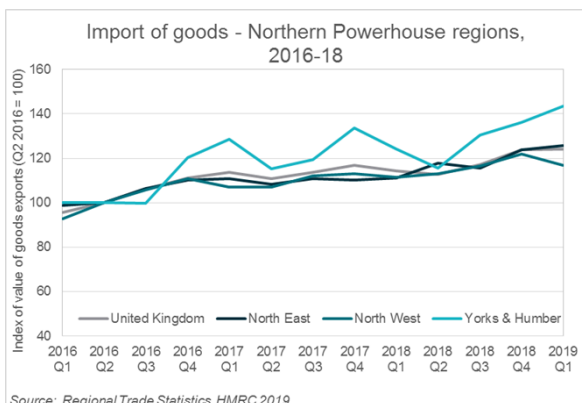
UK economic dashboard

Indicator	Latest position	Chart	Trend
Economic headlines	<p>UK GDP decreased by 0.2% in Q2 2019, the first quarterly contraction since 2012. GDP fell by 0.5% in April, before recovering to some extent in May and June. The Brexit-related stockpiling was also a factor – this contributed to stronger than predicted growth in Q1 which tailed off thereafter.</p> <p>Over the quarter, the service sector was the only area of growth (+0.1%), with manufacturing (-2.3%) and construction (-1.3%) both seeing falls.</p>	<p>UK GDP growth, 2008-19</p> <p>Source: Office for National Statistics, 2019</p>	
Confidence and sentiment	<p>Activity fell for the third consecutive month in the construction and manufacturing sectors in July, according to the IHS Markit / CIPS PMI surveys. A slowdown in new orders saw manufacturing production fall at the fastest pace for seven years.</p> <p>More positively, the service sector reported a slight improvement with modest expansion recorded for the 4th consecutive month but growth is still substantially below trend.</p>	<p>Purchasing Managers Index (PMI) by sector, 2016-19</p> <p>Source: Markit/CIPSPMI, 2016-19</p>	
Labour market	<p>32.75 million people were in work in the three months to May 2019, up 28,000 on the preceding three months, according to ONS. The employment rate of 76% is down slightly from the peak of 76.1% - the first quarterly decrease in almost a year.</p> <p>Unemployment has fallen by 116,000 over the past year, to 1.29 million. The unemployment rate remains at a record low of 3.8%.</p>	<p>UK employment growth 2008-19</p> <p>Source: Office for National Statistics, 2019</p>	
Trade and exports	<p>The volume of retail sales increased by 0.7% in Q2 2019 compared to Q1, a slowdown from an increase of 1.6% in the preceding quarter.</p> <p>The UK's trade deficit narrowed £16bn to £4.3bn in Q2 after widening in Q1. Total exports fell by 2.2% to £160.6bn, but imports fell more sharply – down 10.6% to £164.9bn.</p>	<p>UK trade in goods and services, 2017-19</p> <p>Source: Office for National Statistics, 2019</p>	
Inflation and wages	<p>Inflation remains stable, in line with the government's target of 2% in May and June.</p> <p>Regular pay increased by 3.6% in the year to May 2019. Accounting for the effects of inflation, wages increased by 1.7%, up from 1.5% in April and the highest real terms increase since October 2015.</p>	<p>Wage growth and inflation, 2012-19</p> <p>Source: Office for National Statistics, 2019</p>	

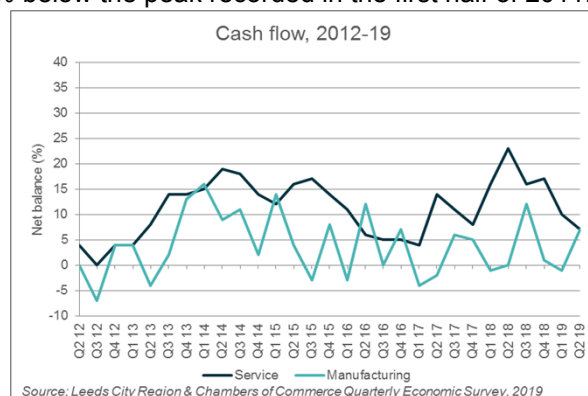
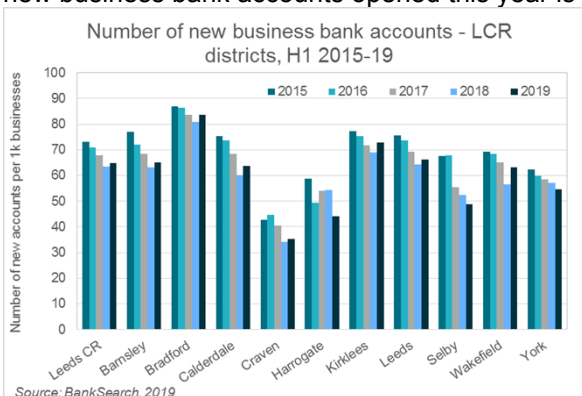
Brexit implications: The first quarterly fall in GDP in seven years points to the fact that the UK economy is facing a challenging period. Whilst Brexit is undoubtedly a factor in this, with the unwinding of the stockpiling seen in Q1 weighing on growth along with the ongoing uncertainty over future arrangements, it is clearly not the only factor given the similar pattern in other nations. It does however mean that the UK is entering a critical period in Brexit decision-making with the global economic outlook appearing more challenging. Surveys suggest that businesses don't anticipate a sharp upturn in performance in Q3, though strong employment and wage growth remain positives.

Leeds City Region – Business Performance and Trade

- Businesses reported a slowdown in domestic and export activity in the Q2 Quarterly Economic Survey with the Chambers of Commerce, with many businesses holding stock following the Brexit preparations in Q1.
- The service sector exports net balance turned negative for the first time in a decade at -3%, and though the net balance also fell among manufacturers, it remains close to its long run average at 20%.
- Business confidence continues to drop in the service sector in particular, with the fifth consecutive quarterly fall in profitability expectations. Cash flow shows a similar trajectory. Manufacturers are a little more positive, with an upturn in profitability expectations and an easing of cash flow concerns.
- Yorkshire & Humber businesses exported goods worth £4.46bn in Q1 2019, a fall of 4.8% from the record high of Q4 2018. Two other regions – the West Midlands and the South East – saw similar falls, though exports continued to increase elsewhere, most notably the North East (7.3%) and East Midlands (2.9%).
- The region's goods exports were 1.9% higher than in Q1 2018. Other than the West Midlands, which reported a 9.9% decline, this is the lowest growth rate of English regions over the past year.
- The value of goods imported into the region increased by 5.5% between Q4 2018 and Q1 2019, to £9.56bn. This increase is significantly in excess of the 0.4% increase in national imports. This appears to be driven by a 26% increase in imports from the EU, compared to a 5.5% increase nationally.
- Chemicals were the key driver of the increase at commodity level, with the value imported increasing by 107% to £2.59bn between Q4 2018 and Q1 2019. Whilst such trade in such commodities can be erratic, future data will have to be watched to assess whether this may reflect Brexit contingency planning or a similar one off event.



- 1,220 new business bank accounts were opened in June 2019 according to data from BankSearch, down from 1,380 in May but a similar level to June 2018.
- 8,150 new accounts have been opened so far in 2019, a 2% increase on the same period last year compared to a 0.4% increase nationally, which ranks Leeds City Region 14th out of 38 LEPs. The number of new business bank accounts opened this year is 28% below the peak recorded in the first half of 2011.



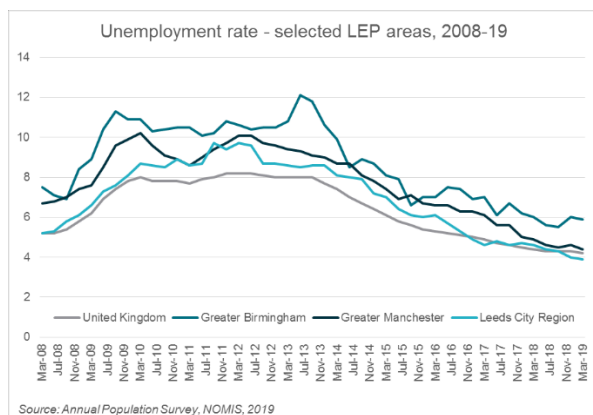
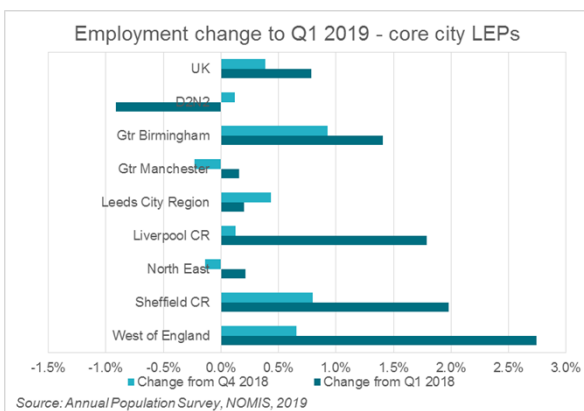
- Selby, York and Harrogate have seen falls in the number of new accounts opened so far this year. All other districts have seen increases, most notably Wakefield (9.8%), Calderdale (5.5%) and Kirklees (5.2%).
- Bradford has a higher rate of new business bank accounts opened, with 84 new accounts per 1,000 existing businesses so far this year compared to 65 across Leeds City Region and 67 in England.

Brexit implications: The issues facing the national economy in the first half of 2019 are replicated locally with businesses reporting falls in activity in Q2. Recent export growth also appears to be tapering, though imports increased markedly in Q1, perhaps reflecting businesses' preparations prior to the original Brexit deadline.

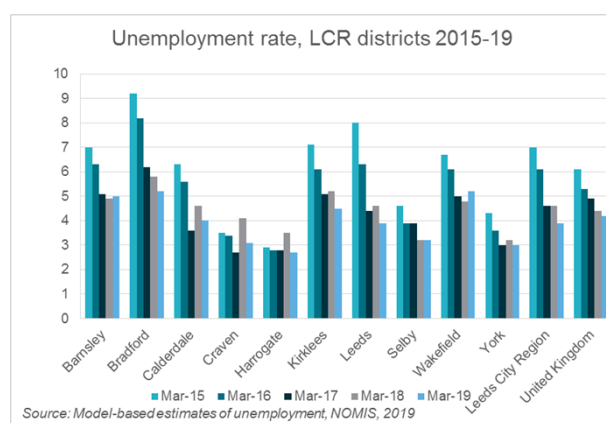
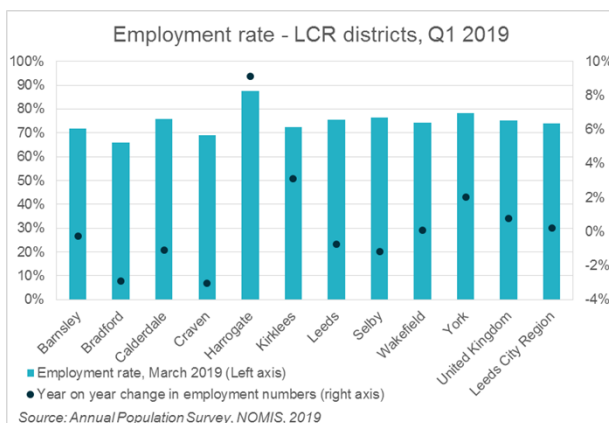


Leeds City Region – Labour Market

- Employment in Leeds City Region increased by 6,100 (0.4%) between Q4 2018 and Q1 2019. More than 1.41 million people are in work in the City Region, 2,800 (0.2%) more than a year ago. Local employment growth has exceeded that of Greater Manchester, Liverpool City Region, D2N2 and the North East LEPs over the past quarter. Whilst a number of core city LEPs have seen stronger growth over the past year, the City Region employment rate remains higher than most of these comparators.
- The City Region employment rate increased from 73.4% in Q4 2018 to 73.8% in Q1 2019 – the highest on record. It remains below the UK rate of 75.2% but among core city LEPs only West of England has a significantly higher employment rate (79.5%).
- Unemployment in the City Region fell by 1,700 (2.9%) last quarter. There are now 57,600 people unemployed, taking the unemployment rate to a joint record low of 3.9%. The unemployment rate is below the UK level of 4.2%. Only West of England and Liverpool City Region have lower rates (both 3.5%).
- 78.1% of Leeds City Region residents in work are employed in the private sector, a joint record high and up from 75% five years ago. This is comparable to the 78.5% nationally, and second only to Greater Birmingham among core city LEPs (80.5%).



- Whilst it is important to note that data at district level is based on relatively small sample sizes and is therefore prone to fluctuation, employment growth was most notable in Harrogate, Kirklees and Leeds this quarter, with these districts seeing around 2,500 more residents in work each. Calderdale and York both saw employment fall by around 1,500.
- Half of the districts in Leeds City Region have employment rates in excess of the UK rate of 75.2% - Calderdale (75.7%), Harrogate (87.4%), Leeds (75.5%), Selby (76.5%) and York (78.4%).



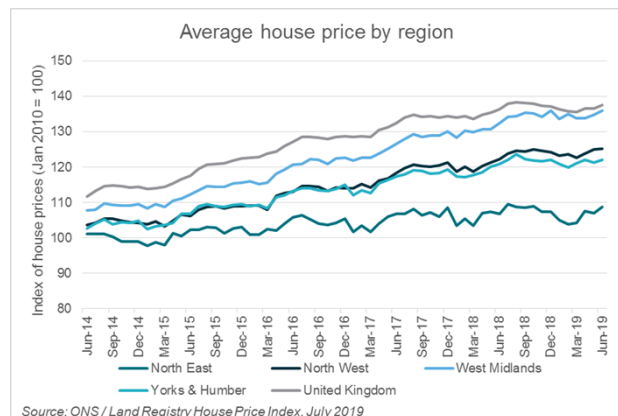
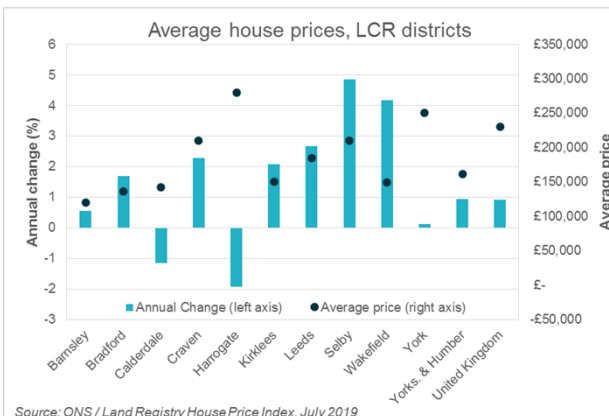
- The unemployment rate fell in 7 of the 10 City Region districts between Q4 2018 and Q1 2019, according to modelled estimates from NOMIS. It was largely unchanged in Barnsley and Selby, with only Wakefield seeing an increase (from 4.8% to 5.2%).
- With employment rates at a record high, businesses in the QES report challenges finding appropriately skilled staff. 44% of service sector companies, 61% of manufacturers and 80% of construction firms reported such difficulties in Q2.

Brexit implications: Recent growth in employment numbers has seen the Leeds City Region employment rate reach a new record high. This positive trend reflects the national labour market, though it appears to be exacerbating the recruitment challenges facing many employers.

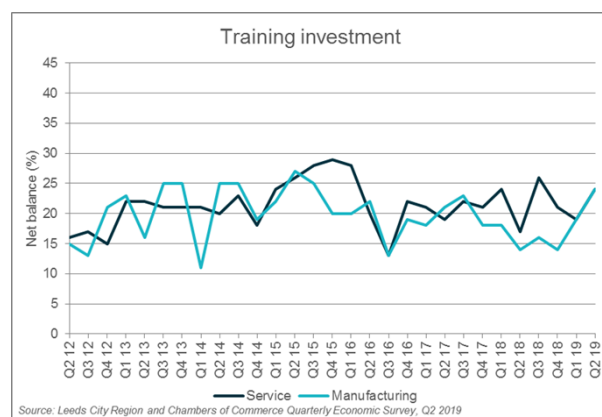
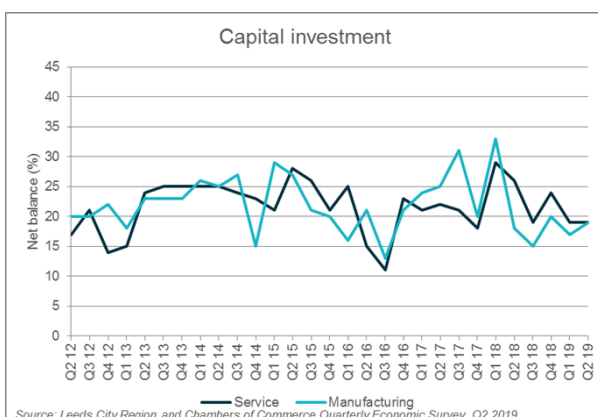


Leeds City Region – Housing, Property and Investment

- House prices in Yorkshire and Humber increased by 0.9% in the year to June 2019, in line with the increase seen nationally. The average price also increased by 0.6% between May and June, reflecting the relatively static picture in the year up to that point. The average house price in the region is £162,000.
- Whilst local house price growth has followed national trends, other regions in the North have seen a more rapid increase over the past year, with North West prices up 2.4% to £164,000, and North East prices up 1.8% to £130,300. The West Midlands has also seen a relatively high increase, up 2.6% to £199,000. All of these areas remain substantially more affordable than nationally, where prices average £230,300.
- Sales volumes declined by 2.5% in Yorkshire in June 2019, compared to the same period last year. This is a relatively small decline compared to other regions, with national sales volumes down 7.2%. Only West Midlands saw a smaller fall in activity than Yorkshire & Humber.



- Selby and Wakefield have seen the strongest increase in prices in the past year, up by 4.9% and 4.2% respectively. In contrast, prices have declined in Calderdale (-1.2%) and Harrogate (-1.9%).
- Most districts of the City Region remain substantially more affordable than the UK as a whole. Prices in most West Yorkshire districts are 60-65% of the UK average, except Leeds where prices are 80% of UK levels. North Yorkshire districts tend to be more expensive to buy, with prices higher than the national average in York (9% above UK levels) and Harrogate (22%).
- Average office rents in West Yorkshire increased to £24.86 per square foot in July according to data from EG Radius, up from £20 in May and £16 at the start of the year.



- Manufacturers reported an increase in investment in Q2 2019 across both capital and training according to the QES. The service sector also reported an upturn in investment in training this quarter, with the net balance at 24% and close to the long run average.
- Service investment in capital projects remained flatter however, with the net balance at 19% for both services and manufacturing – some way below the levels achieved in early 2017.

Brexit implications: As with last quarter, businesses remain hesitant to commit to capital investments though have at least appeared more willing to invest in training this quarter. Households remain similarly hesitant with further Brexit uncertainty on the horizon, though the impact on activity in the Yorkshire housing market is relatively low compared to other regions.



Conclusions and outlook

- The global economy appears to be slowing and the risk of recession rising for major economies, and markets appear to be increasingly expectant of a downturn. Germany and the UK appear to be at the forefront of concerns, given the two nations already saw output decline in Q2.
- Germany's challenges are reflective of those faced by other major economies, principally the impacts of a tariffs and trade tensions between the US and China affecting manufacturers and the automotive sector in particular, coupled with a cyclical weakening of demand.
- Whilst these challenges are also present in the UK, as evidenced by the ongoing weakening of its own automotive sector, the added challenges of Brexit are also contributing to the slowdown here. Whilst the pre-Brexit stockpiling may have helped to inflate activity in the first quarter of the year, the unwinding of the inventories built up through that process may have accelerated the slowdown seen in Q2.
- Although this means that the impact on growth may in some senses be seen as artificial, it is likely to pose real challenges to businesses faced with an excess of stock. Those who have forward provisioned for the initial Brexit deadline may face cash flow challenges, particularly when faced with a similar set of circumstances ahead of the UK's prospective departure date in October. Implementing similar plans for a second time may pose practical and financial challenges for many businesses.
- Anecdotal evidence from businesses in Leeds City Region confirms these challenges, particularly when aligned with a further devaluing of sterling which is feeding through into higher import prices. Coupled with businesses reporting increased demand for (and therefore cost of) warehousing space, this would suggest that the cash flow challenges posed by a second round of no deal planning could potentially prove more complex than the last.
- Other data point to a slightly more subdued level of activity in the local and regional economy this quarter, though in most cases performance remains at a similar or higher level than a year ago. This is true of both new business bank account activity, which has seen modest growth over the past year, and activity in the housing market which, although seeing a slight fall, has held up more strongly than in most other regions.
- Export growth has tailed off slightly, but the value of goods exported remains substantially above pre-referendum levels. Import patterns have been somewhat more erratic of late, though have been on an upward trend for Yorkshire & Humber for the past year.
- The spike seen in imports in chemicals and from the EU may or may not prove to be a one off event, possibly linked to Brexit preparations. It does however serve to further highlight the importance of the single market area to businesses in one of the region's key international trade strengths.
- The labour market continues to perform strongly, both locally and nationally with the employment rate reaching a new record high in Q1 2019 in Leeds City Region, and the unemployment rate reaching a joint-record low.
- This is perhaps related to the upturn in training investment shown in the Quarterly Economic Survey last quarter – as workers become harder to access, businesses can increasingly look to upskilling their own workforce. Whilst this clearly helps the business to meet its own skills needs, it is also of benefit to the individual and their own future career progression, which should be welcomed.

This briefing has been produced by the West Yorkshire Combined Authority Research & Intelligence team. Any comments or queries can be addressed to research@westyorks-ca.gov.uk

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National and international				Leeds City Region			
Indicator	Latest position	Chart	Trend	Indicator	Latest position	Chart	Trend
Economic headlines	<p>Global growth has been subdued in recent months as range of geopolitical tensions show signs of taking effect on investment, trade and demand, increasing fears of recession.</p> <p>UK GDP decreased by 0.2% in Q2 2019, the first quarterly contraction since 2012. The tailing off of Brexit-related stockpiling was a factor – this contributed to stronger than predicted growth in Q1 which tailed off thereafter.</p>		☁️	Economic headlines	<p>Businesses reported a slowdown in domestic and export activity in the Q2 Quarterly Economic Survey with the Chambers of Commerce, with many businesses holding stock following the Brexit preparations in Q1.</p> <p>The service sector exports net balance turned negative for the first time in a decade at -3%, and though the net balance also fell among manufacturers, it remains close to its long run average at 20%.</p>		☁️
Business performance & confidence	<p>Activity fell for the third consecutive month in the construction and manufacturing sectors in July, according to the ISH Markit / CIPS PMI surveys. A fall in new orders saw manufacturing production fall at the fastest pace for seven years.</p> <p>More positively, the service sector reported a slight improvement with modest expansion recorded for the 4th consecutive month but growth still substantially below trend.</p>		☁️	Business performance & confidence	<p>The service sector saw the fifth consecutive quarterly fall in profitability expectations. Cash flow shows a similar trajectory. Manufacturers are a little more positive, with an upturn in profitability expectations and an easing of cash flow concerns.</p> <p>8,150 new accounts have been opened so far in 2019, a 2% increase on the same period last year compared to a 0.4% increase nationally, which ranks Leeds City Region 14th out of 38 LEPs.</p>		☁️
Labour market	<p>32.75 million people were in work in the three months to May 2019, up 28,000 on the preceding three months, according to ONS. The employment rate of 76% is down slightly from the peak of 76.1% - the first quarterly decrease in almost a year.</p> <p>Unemployment has fallen by 116,000 over the past year, to 1.29 million. The unemployment rate remains at a record low of 3.8%.</p>		☁️	Labour market	<p>Employment in Leeds City Region increased by 6,100 (0.4%) between Q4 2018 and Q1 2019. The City Region employment rate increased from 73.4% in Q4 2018 to 73.8% in Q1 2019 – the highest on record. It remains below the UK rate of 75.2% but among core city LEPs only West of England has a significantly higher employment rate (79.5%).</p> <p>Unemployment in the City Region fell by 1,700 (2.9%) last quarter, taking the unemployment rate to a joint record low of 3.9%.</p>		☁️
Trade and exports	<p>The volume of retail sales increased by 0.7% in Q2 2019 compared to Q1, a slowdown from an increase of 1.6% in the preceding quarter.</p> <p>The UK's trade deficit narrowed £16bn to £4.3bn in Q2 after widening in Q1. Total exports fell by 2.2% to £160.6bn, but imports fell more sharply – down 10.6% to £164.9bn.</p>		☁️	Trade & exports	<p>Yorkshire & Humber businesses exported goods worth £4.46bn in Q1 2019, a fall of 4.8% from the record high of Q4 2018. Two other regions – the West Midlands and the South East – saw similar falls. The region's goods exports were 1.9% higher than in Q1 2018.</p> <p>The value of goods imported into the region increased by 5.5% between Q4 2018 and Q1 2019, to £9.56bn. This increase is significantly in excess of the 0.4% increase in national imports.</p>		☁️
Inflation and wages	<p>Inflation remains stable, in line with the government's target of 2% in May and June.</p> <p>Regular pay increased by 3.6% in the year to May 2019. Accounting for the effects of inflation, wages increased by 1.7%, up from 1.5% in April and the highest real terms increase since October 2015.</p>		☁️	Housing and property	<p>House prices in Yorkshire and Humber increased by 0.9% in the year to June 2019, in line with the increase seen nationally. T</p> <p>Sales volumes declined by 2.5% in Yorkshire in June 2019, compared to the same period last year. This is a relatively small decline compared to other regions, with national sales volumes down 7.2%. Only West Midlands saw a smaller fall in activity than Yorkshire & Humber.</p>		☁️
Summary	<p>The global economy appears to be slowing and the risk of recession rising for major economies, and markets appear to be increasingly expectant of a downturn. This slowdown seen in Q2 is an added layer of uncertainty for those businesses who have forward provisioned for the initial Brexit deadline and who may face cash flow challenges, particularly when faced with a similar set of circumstances ahead of the UK's prospective departure date in October. Implementing similar plans for a second time may pose practical and financial challenges for many businesses. Other data point to a slightly more subdued level of activity in the local and regional economy this quarter, though in most cases performance remains at a similar or higher level than a year ago.</p>						

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Report to: Business, Innovation and Growth Panel

Date: 10 September 2019

Subject: **Local Industrial Strategy Development**

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

Author(s): Emma Longbottom

1. Purpose of this report

- 1.1 To update the Panel on progress to develop a Local Industrial Strategy (LIS). This paper provides an update on the development process, while a presentation at the meeting will provide an overview of the emerging draft priorities.

2. Information

- 2.1 As previously reported, a LIS is being developed for the LEP area which will focus on bold steps aimed at boosting productivity and driving inclusive and clean growth for a post-2030 economy. This will be completed by December 2019, to be signed off by Government in March 2020.
- 2.2 Work has commenced to identify key priorities against the five foundations of productivity – People, Place, Infrastructure, Ideas and Business Environment, which are being further developed and tested over the autumn to ensure that the LIS is reflective of all parts of the region, maximizing the potential of key strategic assets and reflecting the diversity of place.
- 2.3 In addition, Government has set out four Grand Challenges – Clean Growth, Artificial Intelligence and Data, Future of Mobility and Ageing Society. Work is also being undertaken to identify local strengths, assets and opportunities, in order to demonstrate how and where Leeds City Region can contribute to one or more of these global challenges.
- 2.4 The LIS is being co-produced with Government. Its ultimate endorsement by Government will mean it is a local expression of Government policy, making it a particularly powerful and influential strategy which will have an impact on future decisions about the region, for instance with regards to funding.

Process

- 2.5 Government guidance is clear on the need for LISs to be underpinned by robust evidence which draws out relative strengths and weaknesses, with an emphasis on productivity. The draft economic analysis is now complete, which will be further developed to support the policy priorities and narrative over the autumn.
- 2.6 As previously reported, work was commissioned where a gap in the existing knowledge base and a more intensive examination of the issues was required to determine areas of distinctiveness across the LEP area. These commissions are now nearing completion and will be published as part of a suite of evidence on the LEP website.
- 2.7 Over 700 people have attended and taken part in over 40 consultation and engagement activities to date. These meetings and events presented the headlines from the draft economic analysis and provided forums to discuss the implications for the LIS and possible areas of focus. Consultees have included: LEP Board Panels; businesses; business representative groups such as the Chambers of Commerce and Federation of Small Businesses; universities; local authorities; District level economic and business partnerships; sector groups; and community and citizen groups.
- 2.8 In addition, two calls for evidence have been completed through the LEP website. A broad range of stakeholders responded to these and provided information to support and further inform the development. The responses to the initial call for evidence provided information regarding inclusive growth, construction skills, innovation and utilization of work-place skills. The second, which was more focused around the foundations of productivity provided useful insight which has supported the development of the draft priorities.
- 2.9 In order to understand the priorities and needs of individuals within the region an online YourVoice consultation exercise has been undertaken, which closed on 30 August 2019.
- 2.10 Engagement with young people has also commenced to understand their ambitions for the region. To date 45 young people have taken part in two focus groups. Further workshops will take place in September.
- 2.11 The initial economic analysis and associated commissions have been brought together with the consultation feedback to inform the draft priorities, which will be consulted on during the second phase over September and October. In addition the learning from MIT REAP has informed the draft priorities relating to the Ideas and Business Environment foundations of productivity, which will be presented verbally at the meeting.

- 2.12 Panel members are asked to provide feedback regarding the ambition of the priorities, whether they will improve productivity in the region and any areas they feel are missing.
- 2.13 To provide external rigour to the LIS development process an independent panel was established to provide expert challenge and advice, and critical review of the evidence base and subsequent policy priorities. The panel met for the second time on 9 July and provided feedback regarding the findings of the external commissions. A final meeting is planned for October to consider the priorities for the LIS and associated outcomes, along with the implications for policy development.
- 2.14 The process to develop the LIS will be iterative and will therefore evolve. Engagement and co-production with Government will be undertaken throughout the development process to ensure that the LIS is completed and submitted to Government in December 2019. Engagement with government has been ongoing throughout the development process. This includes:
- Monthly attendance at Project Board meetings
 - Workshop with Cities and Local Growth Unit (CLGU) and Business, Energy and Industrial Strategy (BEIS) analysts in March
 - Meetings with key departments on the foundations of productivity
 - Workshop with CLGU, BEIS and Yorkshire LEPs in June
 - Innovation workshop with BEIS, CLGU, Innovate UK, Institute for Manufacturing and northern LEPs in June
 - Infrastructure workshop with CLGU, DfT and Yorkshire LEPs in September.
 - Individual sessions with relevant departments will be arranged in September once draft priorities have been agreed.

Key Milestones

- 2.15 Key milestones for the development of the LIS throughout 2019 are:
- Initial call for evidence completed May
 - Initial economic evidence report complete June
 - Initial stakeholder engagement completed August
 - Second call for evidence completed July
 - Initial economic evidence report published August
 - Draft policy proposals completed August
 - Consultation and engagement on draft proposals September/October
 - LIS drafted and tested October/November
 - LIS finalised and submitted to Government December
 - LIS published March 2020

3. Financial Implications

- 3.1 In addition to core staff resource to support research and intelligence and policy development activity, a budget of approximately £200,000 is available from Combined Authority / LEP internal budgets across the financial years 2018-19 and 2019-20 to support development of the evidence base for the

Local Industrial Strategy. In addition, funding identified in the 'Strengthened Local Enterprise Partnerships' has been allocated and approved by Government.

4. Legal Implications

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

5. Staffing Implications

5.1 The LIS development 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.

6. External Consultees

6.1 A programme of external engagement is being undertaken to inform the development of the Local Industrial Strategy (see paragraphs 2.7-2.10).

7. Recommendations

7.1 That the panel notes the progress made.

7.2 Members provide feedback on the draft priorities.

8. Background Documents

8.1 None

9. Appendices

9.1 None



Report to: Business, Innovation and Growth Panel

Date: 10 September 2019

Subject: **Business finance**

Director: Alan Reiss, Director Policy, Strategy & Communications

Author(s): Alex Clarke

Purpose of this report

1.1 To update the Business, Innovation and Growth Panel on work in relation to business finance, in particular on future plans for grants and loans.

2. Information

2.1 The Combined Authority and Leeds City Region Enterprise Partnership (the LEP) are currently engaged in work on developing options for a new loan fund that responds to current market needs. This builds on previous conversations at the Business, Innovation and Growth Panel in February on the business finance landscape and a number of ideas for future business finance products for the LEP, which received approval from the LEP Board in March.

2.2 Further information on this is included in **Exempt Appendix 1**.

3. Financial implications

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

4. Legal implications

4.1 The information contained in **Appendix 1** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendix 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 report provided in **Exempt Appendix 1** on business finance and the future plans for grants and loans be discussed and feedback given to inform future activities.

8. Background documents

8.1 None.

9. Appendices

9.1 **Exempt Appendix 1** – business finance.

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Report to: Business Innovation and Growth Panel

Date: 10 September 19

Subject: **CHANNEL 4 AND DIGITAL SECTOR SUPPORT**

Director(s): Henry Rigg, Executive Head of Economic Services

Author(s): David Shepherd, Charlotte Michael

1 Purpose of this report

- 1.1 To provide the BIG Panel with a progress report on Channel 4's investment in the City Region and subsequent delivery, and to outline the Combined Authority and LEP's increased support for the creative and digital sector through both the Creative Industries Opportunity Programme and the Digital Inward Investment Fund.
- 1.2 To seek views from the Panel on the ongoing development of the support offer for the creative and digital sector.

2. Information

Channel 4 National HQ – Delivery Update

Background

- 2.1 Since the relocation decision on 31 October 2018, Channel 4 has shown a strong commitment to its Nations and Region strategy, particularly with regards to its investment in Leeds City Region. Currently based in Platform in Leeds City Centre, the Channel 4 team is expanding across a number of roles and currently recruitment of local talent into its Technology Team is well underway.
- 2.2 Alongside this, a number of other companies within the sector have made investments in the region. These include:
 - Pact (Producers Alliance for Cinema and Television)
 - UKTV
 - Workerbee (Endemol Shine North)
 - The Garden

- NFTS (National Film and Television School)
- Wise Owl Films (Lime Pictures)

2.3 The Channel 4 Partnership Board has also been established, with representatives in attendance from across Leeds City Region and Channel 4. The board oversees the delivery of our commitments to growing the TV production sector and wider creative industries across the City Region, which have so far encompassed the activities set out below.

Sector Growth

2.4 Post-Channel 4 announcement, a number of activities have taken place to maximise the benefits.

- Redefining criteria of our existing schemes in order to make them more accessible to the creative industries (further outlined in section 2.8)
- Increasing knowledge of our business support schemes to the sector through our recent 'Let's Talk...Production' campaign
- Developing a number of bespoke initiatives under the 'Creative Industries Opportunity Programme' (further outlined in section 2.7)
- Ongoing engagement and account management with companies within the sector
- Communications with Growth Managers across the City Region to increase awareness of the needs of this sector and various support schemes available, both through the LEP and external organisations, such as Universities, Screen Yorkshire and Creative England

Skills Development

2.5 Post-Channel 4 announcement, a number of activities have taken place to coordinate the skills ecosystem and address the anticipated needs of the sector.

- A number of sub-groups involving industry and education providers have been formed to ensure productive discussions are taking place. These groups are as follows:
 - Skills Working Group: comprised of local authority skills representatives and Screen Yorkshire
 - TV Indies Panel: a formal group of independent production companies that help steer and shape the required interventions
 - Broadcaster Collaboration: a group of major broadcasters who convene to ensure the collective needs of the sector are understood and economies of scale are achieved
- Screen Yorkshire continues to be a key partner in the delivery of a range of initiatives, including the successful Beyond Brontes, which is now live. They are also continuing to enhance their Connected Campus initiative
- A number of other initiatives are soon to be in place, including Assistant Editor training, 'Future Goals', a mixture of interventions within our local schools network and the provision of support to encourage Indies to take on apprentices

- Interventions in the adult learning space include funding courses to retrain individuals in Digital skills, Employment Hubs and the Leeds City Region Skills Network
- A series of programmes and events have been identified that provide opportunities to develop a collaborative approach between Channel 4, Creative and Cultural Skills, Screenskills and local authorities. These will inform and enthuse the next generation of talent through the provision of Channel 4 open days, Discover! Creative Careers week, industry-led apprenticeship seminars and 'Open Doors'

Infrastructure

2.6 Leeds City Council has commenced investment in the infrastructure to be used across the TV and Film Production Sector. This includes:

- Established the Engine House as a post-production opportunity. The Expressions of Interest process is now complete and Leeds City Council is liaising with companies to seek a tenant. Completion is expected from Autumn 2019 as part of the wider Southbank regeneration
- A major TV and Film studio space in Leeds has now been announced. Negotiations are expected to be finalised later in the year, following which fit-out works will commence

Creative Industries Opportunity Programme

Overview

2.7 The Creative Industries Opportunity Programme has been created to capitalise on Channel 4's decision to open its National HQ in Leeds. The scheme will encompass a range of bespoke initiatives that were identified as critical during the bid to attract Channel 4. They are being designed and developed to facilitate the growth of the sector and mitigate any issues caused by its rapid expansion in the region. The initiatives will have a strong inclusivity focus and will encompass three main objectives;

- To support our region's young talent and diverse communities to benefit from the Channel 4 investment, leading to the development of the region's talent base
- To support the regional ecosystem of creative, digital and production companies to benefit from the Channel 4 investment, at pace, leading to the expansion of the production sector
- To support Channel 4 to successfully relocate to Leeds City Region, to establish operations in the region, build networks with industry and key stakeholders – meeting their timescales and deadlines

2.8 It is anticipated that the Opportunity Programme will be approved in Autumn 2019 and that the initiatives will run until December 2022.

Digital Inward Investment Fund (DIIF)

#Welcome & #Grow

- 2.9 The Digital Inward Investment Fund consists of two branded grant schemes:- #Welcome (for new to region businesses) and #Grow (for indigenous businesses with growth plan. Both schemes assist and incentivise creative and digital businesses to invest in Leeds City Region, with grants of between £10,000 to £50,000 available. The overall aim of this fund is to increase the size and impact of the sector in the City Region, including through more sustainable employment growth.
- 2.10 The LEP Board recently approved the criteria for #Grow, which have been designed to capitalise on the anticipated growth of the creative and digital sector in the City Region, and subsequent supply chain benefits of the Channel 4 investment. Demand for this support from indigenous businesses has been building, with over 30 recent enquiries from firms in the sector seeking investment and support to achieve their growth ambitions. The new criteria better reflect the make-up of the sector, with 94% being micro firms that are less likely to make large capital investments, such as those supported via the Business Growth Programme. The job creation requirement has also been relaxed to reflect the employment structure of the sector. However, there does remain a requirement for some permanent employment growth.

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 Extensive consultations have taken place with key organisations in the sector and relevant industry bodies to inform the expansion of support for creative and digital businesses. There has also been a strong steer from the Channel 4 Partnership Board.

7. Recommendations

- 7.1 That the Panel notes progress on Channel 4's investment in the City Region and subsequent delivery, and the Combined Authority and LEP's increased

support for the creative and digital sector, including through both the Creative Industries Opportunity Programme and the Digital Inward Investment Fund.

- 7.2 That the Panel provides views on the ongoing development of the support offer for the creative and digital sector in the City Region. .

8. Background Documents

None.

9. Appendices

None.

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Report to: Business, Innovation and Growth Panel

Date: 10 September 2019

Subject: **Trade and Investment**

Director(s): Henry Rigg, Interim Executive Head of Economic Services

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

1. Purpose of this report

- 1.1 To provide an update on Trade and Inward Investment activity since the last Panel meeting in May 2019.

2. Information

Sector, Trade and International Business Development Activity

- 2.1 The Trade and Investment team have attended a number of events and conferences over the past quarter with the aim to raise the profile of Leeds City Region and engage with industry.
- 2.2 This included attendance at
- **Chem Expo (Harrogate)** – The first ChemUK exhibition. Three new delegates were invited to the Chemical Skills roundtable held on 14 May 2019 where three potential enquiry leads were made.
 - **Making Pharma Expo (Coventry)** – A supply chain event for the pharmaceutical industry. Met with 39 companies with seven potential leads made.
 - **Railtex (Birmingham)** – An international exhibition for the rail industry. The presence of three Leeds City Region university institutes offered the opportunity to be introduced to new contacts in large rail companies and their supply chains. The Department for International Trade (DIT) also had overseas posts present.
 - **Med Tech Innovation Expo (Birmingham)** – A networking event with 23% of exhibitors being foreign-owned companies. Met with 43 companies with six potential leads made.
 - **Digital Health and Care Congress (London)** – Secretary of State Rht Hon Matt Hancock MP was the keynote speaker explaining his vision for the role of digital health in integrating services across the NHS. Three potential leads were made

- **City UK annual conference (London)** - Introductory address from TheCityUK's new Board Chairman, Mark Tucker. Keynote speeches from the City Minister John Glen MP, Foreign Affairs Select Committee Chair Tom Tugendhat MP, and Treasury Select Committee Chair, the Rt Hon Nicky Morgan MP, as well as two panel sessions that explored the critical issues of innovation and digitisation and future skills and talent needs.
- **Future of Place Festival (London)** – Networking event and opportunity to research further topics for the 2020 MIPIM programme.

London Tech Week

- 2.3 An evening panel session event was held in Shoreditch, sponsored by Accenture with speakers from ANDigital, Channel 4 and Wired Score to promote the digital and creative sector opportunities in Leeds City Region to an invited audience. Representatives from the team also attended the London Tech XLR8 exhibition and a number of associated fringe events, undertaking lead generation activities which resulted in over 30 new contacts and generated four potential investment leads.
- 2.4 During London Tech Week, Leeds City Region was also promoted through digital screens throughout Old Street underground station at the heart of the capital's tech scene. This provided the opportunity for over 400,000 people to see this campaign.

Upcoming planned activities

SIBOS – London

- 2.5 LCR will partner with the Deputy Lord Mayor of London's office to host a roundtable event in the city to coincide with the global financial services event, SIBOS. This will provide an opportunity to deepen relationships with London stakeholders and the financial services community, promote FinTech and payment processing capabilities and profile the Leeds City Region as the "north shoring" partner of choice for growing London based businesses looking to expand their UK footprint.

MIPIM 2020

- 2.6 Following the recent independent evaluation of MIPIM activity, it has been confirmed that Leeds City Region will not exhibit at MIPIM UK this autumn. Instead, efforts will be focused on MIPIM Cannes 2020. Our sponsorship opportunities were recently officially launched to private sector and local authority partners at an evening event hosted at Platform in Leeds and supported by Bruntwood.

SMART Cities Expo - Barcelona

- 2.7 Leeds City Region is exhibiting at the Smart City World Congress in November 2019, the foremost Smart Tech show in Europe. Building on the presence from previous attendance, this year we will attend alongside leadership of partner

local authorities, universities, developers and businesses operating within the Smart Tech space in a public / private partnership.

China and Business of Design Week

- 2.8 Work is continuing on the City Region's involvement with Business of Design Week, working closely with colleagues in the North West to support the development of an Northern Powerhouse (NPH) delegation as part of the wider UK delegation. There has been an excellent response from across the region and to date there have been 22 expressions of interest from organisations in the City Region to join the delegation. In addition to the main programme, the week will also now involve activities specific to the NPH.
- 2.9 Immediately following attendance at Business of Design Week, Leeds City Region is also planning a visit to China in December. This will follow-up on previous visits by continuing to develop engagement and relationships and create further opportunities for the region. Since the last visit we have further developed our relationship with Alibaba in particular and discussed possibilities for joint initiatives to further develop our relationship with the business..
- 2.10 Leeds City Region is working closely with the China Britain Business Council to bring their SME China Forum to Leeds in September. The event will be held at the Leeds College of Music on 24 September and presents an excellent opportunity for SMEs looking to trade with China to hear directly from the experts.

Arab Health – Dubai

- 2.11 Attendance at Arab Health 2020 in January has now been secured. Over the coming months the team will connect with businesses in the medical and life sciences sector to build our city region showcase at the event.
- 2.12 Working with partners, Leeds City Region will hold roundtable events later in the year on intellectual property issues and skills.

Creative Industries in the Leeds City Region: Review of International Trade Activity and Potential Opportunities

- 2.13 The work by KADA Research has now been concluded and has provided a valuable insight into the international activity within the city region and suggestions for next steps.
- 2.14 The report provides an interesting picture of a vibrant and growing sector in the City Region, one which has exhibited growth at a much faster rate than the rest of the City Region's economy. The headline figures suggest that the total number of creative industries registered businesses in the City Region is an estimated 8,745, with approximately 1,570 businesses trading internationally. The report estimates total Leeds City Region exports of goods and services for the creative industries sector to be £697m.
- 2.15 In terms of next steps, the report includes a suggested action plan which highlights a number of areas which we will now look to take forward. These

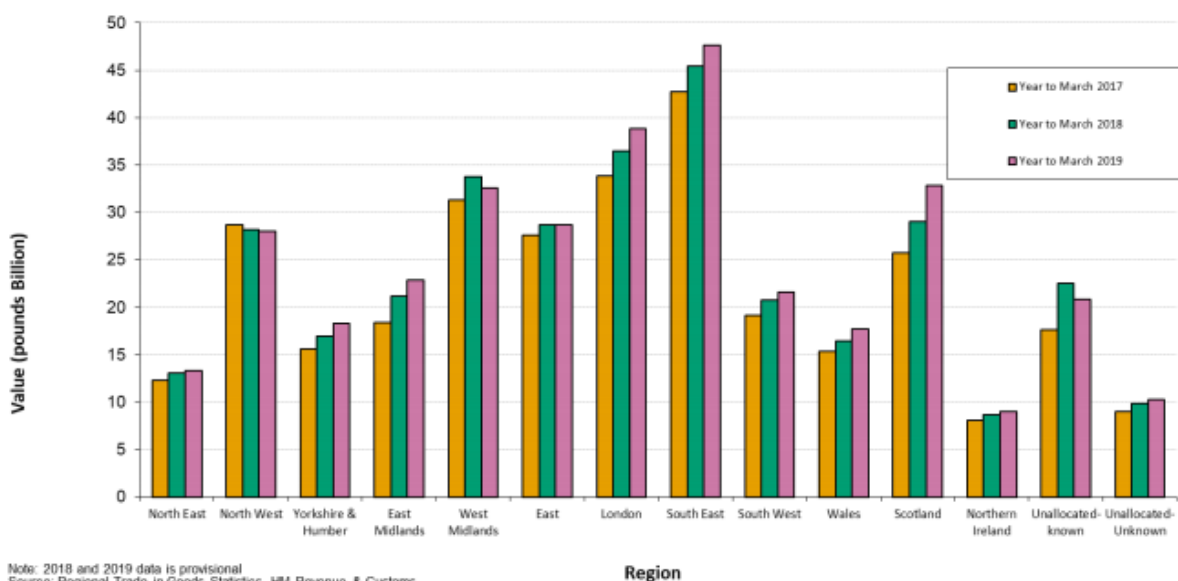
include: tailoring and targeting business support activity in the region to ensure it is relevant and accessible to creative businesses; support for R&D in the sector; communicate the value and capability of the creative sector in the region; target key international creative events to open up opportunities for SMEs in the region and a focus on high growth, mature and emerging markets identified by stakeholders in Asia Pacific (China, Hong Kong), South East Asia (India), the Middle East (Dubai and Saudi) and North America.

International Markets Development – China/India

- 2.16 The recruitment of an International Markets Development manager is now complete and the success candidate will commence in role on 1 October 2019.

Trade

- 2.17 The latest regional trade statistics show that in the year to March 2019, the overall value of UK trade in goods exports increased by 3.5% compared with the same period last year. There was an increase in annual export value for all English regions except the North West and the West Midlands. Yorkshire and the Humber has continued to grow and saw an increase of 7.6% over the same period.



- 2.18 Comparing Q1 2019 with Q1 2018, the total number of businesses exporting from the UK increased by 4.8% from 105,758 to 110,831. The number of businesses in Yorkshire and Humber grew by 2.1% over the same period.

- 2.19 The latest overseas trade figures at a national level show that total exports of goods for May 2019 were £31.1 billion. This was an increase of £1.1 billion (3.6%) compared with the previous month, and an increase of £0.8 billion (2.7%) compared with May 2018. In terms of Q1 2019 the total export trade from the UK increased by 3.8% compared with Q1 of 2018.

- 2.20 The British Chambers of Commerce Quarterly Economic Survey for Q2 2019 indicates that the balance of firms reporting an increase in export sales this quarter has dipped to a three-year low. The balance of firms reporting improved export sales fell from 14% to 10%, the weakest since Q2 2016 and the balance of firms reporting improved export orders dropped from 10% to 4%, the weakest since Q4 2015.
- 2.21 The EEF/BDO Manufacturing Outlook for Q2 2019 shows that export orders have declined from 12% to 8% this quarter. They also report that the EU remains the largest market for international orders, albeit with demand weakening. The EU is followed by North America, Asia and Middle East markets.

Investor Development

- 2.22 The Key Account Management team is currently engaging with over 125 companies across the region and actively account managing 85 of these. Approximately 65% of the companies are in the advanced engineering and manufacturing sector, with 20% from the creative and digital sector.
- 2.23 Since the start of June 2019, the Investor Development team has visited a further 25+ companies and identified ten active expansion/relocation projects.
- 2.24 There have been three project successes (see section 2.26) involving manufacturing firms in Barnsley, Harrogate and Leeds. With support from the team these firms have expanded into bigger premises, grown their existing sites as well as invested further to enhance product portfolios.
- 2.25 The team continues to explore various ways in which more value can be added to our company engagements. The next roundtable event is scheduled for 17 September 2019 and will focus on simplifying the R&D and Innovation landscape both at a local and national level. Speakers from Innovate UK and Gateley Plc will deliver short interactive sessions on these topics. The aim is to support our foreign owned companies to be more proactive and enable them to feel more confident in accessing mainstream business support.

Inward Investment Activities and Performance

- 2.26 29 new enquiries were received in June and July since the last BIG Panel on 28 May 2019. Four investor visits to the region were hosted during this period. Nine inward investment successes (including investor development) were recorded in this period (four of which remain confidential at the time of this report's writing).
- OSO Polymers - Chinese Polymer manufacturer establishing a facility in Leeds which will create 260 jobs by 2022.
 - DXW - A software development company expanding from its Shoreditch base, supported to invest in Leeds via the Digital Inward Investment Fund creating 12 new jobs.
 - Boroughbridge - headquartered UNTHA UK - part of the global UNTHA brand based in Austria - supply innovative waste shredding technology and waste management expertise. UNTHA are investing into their site creating three new jobs. To support the investment UNTHA have

successfully secured an ERDF grant (via the York University-led PAPI project) towards capital investment in infrastructure.

- US owned, Euro-Pro Europe Limited, whose products include the Shark Ninja floorcare and kitchen appliances, have signed a lease to expand their European HQ in Leeds City Region. With support from the LEP Trade & Investment and Business Growth Programme, Euro-Pro will move into new premises in Leeds later this year. The move will create at least nine new jobs in addition to the existing workforce of 118.
- London headquartered Oviva have established a presence in Leeds. Oviva provide expert nutrition and lifestyle advice through healthcare coaching and are working closely with the NHS creating 30 new jobs.
- Large chemicals company investing £2.7 million in their existing site to accommodate new product lines.
- Global aerospace company have committed to a new site in the City Region safeguarding 200 jobs and creating 50 new jobs
- Food production company have invested into a new production line with plans to create 40 new jobs in the next 12 months.
- Services company have expanded their existing presence with plans to create 150 jobs.

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 BIG Panel notes and comments on the progress made to date on the delivery of Trade and Investment activity.

8. Background Documents

None

9. Appendices

None

Report to: Business Innovation and Growth Panel

Date: 10 September 2019

Subject: **Business Productivity Pilot**

Director(s): Henry Rigg, Interim Executive Head of Economic Services

Author(s): Lorna Holroyd

1 Purpose of this report

- 1.1** For the Panel to endorse the recommendation to deliver a second round of the Productivity Pilot, focussed on improving the productivity of businesses in receipt of capital investment grants from the LEP's Business Growth Programme (BGP). If endorsement is secured from the Panel, officers in the Combined Authority's / LEP's Business Support Team will progress delivery and provide the Panel with regular progress reports.

2 Information

Context

- 2.1** BGP provides grants of between £10,000 and £250,000 to support capital investment by businesses. There is a current contractual requirement for the businesses awarded grants to create new jobs at between £7,500-£12,500 per new job created, depending on the salary level (with the higher grant only available for businesses paying at least the Real Living Wage).
- 2.2** At its meeting in March 2018, the Panel expressed a strong view that more should be done to incentivise improved productivity as a condition of awarding capital grants, as opposed to purely job creation.
- 2.3** Following development by a working group, which included private sector members of this Panel, a senior representative of the Cities and Local Growth Unit, and officers of the Combined Authority/LEP, it was agreed to trial a different approach with a ring-fenced budget of £500,000 from BGP. A Productivity Pilot was developed to incentivise productivity improvements within a small cohort of businesses, rather than requiring projects to lead to

the creation of new jobs. This clearly aligns with the productivity agenda and its prominence within the emerging Local Industrial Strategy.

Objectives of the pilot

2.4 The key objectives for the pilot were to:

1. Improve productivity within a cohort of businesses in the City Region.
2. Gain a better understanding of the key productivity drivers for businesses and of effective ways to measure productivity at the firm-level.
3. Identify robust and meaningful interventions to boost productivity that could replace, and/or, supplement job creation as a condition for future support from the public purse.
4. Incentivise and support businesses to adopt a more proactive approach to improving productivity, including meaningful interventions and measurements tailored to their business needs.
5. Capture practical learning to directly inform future interventions to improve business productivity, understanding the different approaches depending on business size or sector.
6. Better meet the needs of businesses in the current economic climate, particularly manufacturers.
7. Build close working relationships with a cohort of businesses and monitor their productivity over a longer period.
8. Position the City Region at the forefront of developing policies and evidence-led interventions on business productivity.

Key features of the pilot

2.5 Key features of the pilot included:

- The pilot was run as a competition, with an Open Call inviting businesses to apply between 17 September and 14 December 2018. Applications were invited from businesses for grants of between £25,000 and £100,000 (with corresponding total project costs of between £125,000 and £1 million) to support capital investments leading to clearly-evidenced productivity improvements. It was expected that the projects would be undertaken between 1 February and 31 July 2019, with evidence of the productivity improvements to be demonstrated by 31 July 2020.
- As part of the application process, applicants were asked to demonstrate how they currently measure productivity and what improvements they will make and evidence within a 12-month period following the investment.
- Applicants were also asked to use an Office of National Statistics calculator that measures output per worker, so that a consistent measure for productivity could be applied across all applicants and tracked through monitoring of projects.
- Although not mandatory, applicants were asked to commit to other firm-level productivity interventions such as commitment to achieve an industry or technical accreditation, and/or, commitment to a productivity-improvement

activity, such as Lean Manufacturing, Six Sigma or implementing Industry 4.0 activity.

- Although not required to create any new jobs, applicants were all asked to commit to maintaining at least existing employment levels.
- In order to monitor the productivity improvements, applicants were asked to commit to taking part in a longitudinal survey that will track their productivity via an agreed metric(s), such as output per worker, over a three-year period.

Outcomes of the pilot

2.6 A total of 11 applications were received, with a total grant request of £687,050. Seven applications were approved (with a total grant value of £500,165), and four were rejected (with a total grant value of £186,885).

2.7 Early stage findings from the pilot are.

- There is a demand for a product of this nature with applicants, and the wider manufacturing sector, welcoming the opportunity for grant support linked to productivity improvements, rather than job creation. In addition to the 11 applications received, there was significantly higher interest in the pilot, but not all projects met the defined timescales required for the pilot and therefore did not come forward as applications.
- All applications were from businesses in the manufacturing / engineering sector, and most related to the development of new automated 'production 'cells' that aim to reduce waste and/or save time e.g. reduce / eliminate bottlenecks.
- Applicant businesses all measure productivity in different ways which makes capturing outputs / outcomes at a programme level more challenging.
- At a project level, applicants have contracted to deliver operational and financial key performance indicators.
- All successful applicants were able to clearly identify additional firm-level productivity interventions to be delivered within an agreed period alongside, or shortly after, the capital investment e.g. training of specific employees and gaining industry supplier accreditation.
- Applicants receiving grant awards of £50,000 or above have also committed to additional Inclusive Growth commitments (as per the policy at the time of application), such as undertaking an energy audit, working with local schools, undertaking more sustainable green travel for employees, or, offering employment opportunities for those furthest from the labour market.

Future delivery options

2.8 The Panel is now asked to consider whether the LEP should deliver a second round of the Productivity Pilot in late 2019. The following options have been identified:

One	Ring-fence a further £500,000 from BGP to deliver a second round of the Productivity Pilot in autumn 2019
Two	Change the criteria for BGP to enable the standard programme to support projects leading to productivity improvements, as well as those creating new jobs
Three	Defer a decision until after the outcome on exiting the European Union (EU) is known

Option One

- 2.9 The working group envisaged that a further round of the Productivity Pilot would be launched in 2019, with the evidence from the first two rounds used to inform future policy in relation to the delivery of business grants. Circa £7m is left in the BGP budget to commit to businesses, so there is headroom within the budget to ring-fence £500,000 for a second round of the pilot.
- 2.10 This would allow further evidence gathering to support a future decision, and would provide a small grant fund that could immediately be more flexible in responding to business needs in the event of a no deal exit from the EU.

Option Two

- 2.11 BGP is funded through two programmes; the Business Growth Programme and Access to Capital Grants (A2CG). A2CG also match funds a number of other programmes, namely the Strategic Business Growth Programme, Access Innovation, Digital Enterprise and Ad:venture. At programme level, BGP is contracted to deliver 3,660 jobs with A2CG contracted to deliver 1,500 new jobs. The table below shows committed jobs (the number of jobs existing approved projects are committed to deliver) and actual jobs to date (to 30 June 2019) against the contractual targets. This includes 1,682 jobs safeguarded through the Business Flood Recovery Fund, which was also funded from the BGP budget.

Scheme	Contracted target number of jobs	Committed jobs	Actual jobs
BGP	3,660	6,287	4,595
A2CG	1,500	2,024	1,606

- 2.12 As the contracted target number of jobs has already been achieved on both BGP and A2CG, there could be some flexibility on how the remaining funds are used, subject to agreement with the Department for Business, Energy and Industrial Strategy (BEIS). This would enable a more flexible grant fund, better able to deal with current uncertainties in markets. However, the evidence from the first pilot to support this decision is limited at this stage.

Option Three

- 2.13 Given uncertainties in the current economic climate and around the possibility of a 'no deal' exit from the EU, a decision on whether to undertake option one or two could be delayed until the implications of an exit are better known.

- 2.14 This could allow the LEP and Combined Authority to respond more flexibly to the outcome of the exit. However, incentivising ongoing business investment will be critical from November 2019 onwards and a second round of the Productivity Pilot would support this.
- 2.15 It is recommended that option one is undertaken, to gather further evidence on the effectiveness of using capital grant funding to deliver business productivity improvements. The learning from the first two rounds of the Productivity Pilot would then be used to inform the future delivery of business grant programmes.
- 2.16 If this recommendation is taken forward, the findings of both pilots will be used to gain a better understanding of firm-level productivity, to explore what types of improvements to productivity can be supported through a publically-funded programme and to inform future interventions to stimulate and measure productivity improvements within businesses.
- 2.17 In consideration of the Combined Authority’s declaration of a climate emergency, the Panel is asked to consider the extent to which clean growth considerations and principles should be embedded in a second pilot. This could include, for example, the requirement for all applicants to undertake a detailed resource efficiency assessment to determine the environmental impact of the investment project. This could be linked to the current and future Resource Efficiency Fund programmes to also identify carbon reduction activities that the applicant could undertake outside of the particular investment project. A key principle to test would be the causal impact of resource efficiency on productivity improvements.
- 2.18 Continuing to encourage, support and incentivise business investment is a key priority in the light of current uncertainty around the post-Brexit business environment.

Governance and Delivery

- 2.19 As with the first round, it is proposed that the working group assesses applications and makes recommendations to the LEP and Combined Authority for grant awards.
- 2.20 The Combined Authority’s Business Support Team would be responsible for the overall delivery and monitoring of the second round of the pilot, with support from the Policy, Strategy and Communications Directorate.

Indicative Timescale

- 2.21 Subject to approval, the following table gives indicative timescales for the implementation of the pilot project.

Activity	Date
Call opens	1 November 2019
Deadline for applications	31 January 2020

Decisions on awards	28 February 2020
Timeframe for projects supported to be undertaken	March 2020 to September 2020
Longitudinal survey of grant-recipients	March 2020 to March 2022

3 Financial Implications

- 3.1 As set out in the report, a budget of £500,000 would be made available as a ring-fenced amount from the existing BGP budget. Circa £7m is left in the BGP budget to commit to businesses, so there is headroom within the budget to ring-fence £500,000 for a second round of the pilot and BEIS has previously agreed for it to be used for this purpose.

4 Legal Implications

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

5 Staffing Implications

- 5.1 As set out in the report, the staffing resource to implement and monitor the pilot would come from the existing Combined Authority Business Support Team.

6 External Consultees

- 6.1 No external consultation has been undertaken specifically on the proposed pilot. However, a number of businesses and other key stakeholders were consulted on the proposed changes to the BGP criteria that were approved at the March 2018 meetings of the Panel and the LEP Board. The need to address business productivity within the BGP was a clear outcome from that consultation process.

7 Recommendations

- 7.1 That the Panel endorses the recommendation to deliver a second round of the Productivity Pilot as detailed in 2.11, focussed on improving the productivity of businesses in receipt of capital investment grants from BGP. If endorsed, officers in the Business Support Team of the Combined Authority / LEP will progress delivery of the second pilot.

8 Background Documents

None.

9 Appendices

None.

Report to: Business Innovation and Growth Panel

Date: 10 September 2019

Subject: **Business Support**

Director(s): Henry Rigg, Interim Executive Head of Economic Services

Author(s): Vincent McCabe and Melissa Liburd

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, Travel Plan Network, the Northern Powerhouse Investment Fund, Investment Readiness and Business Resilience.

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.

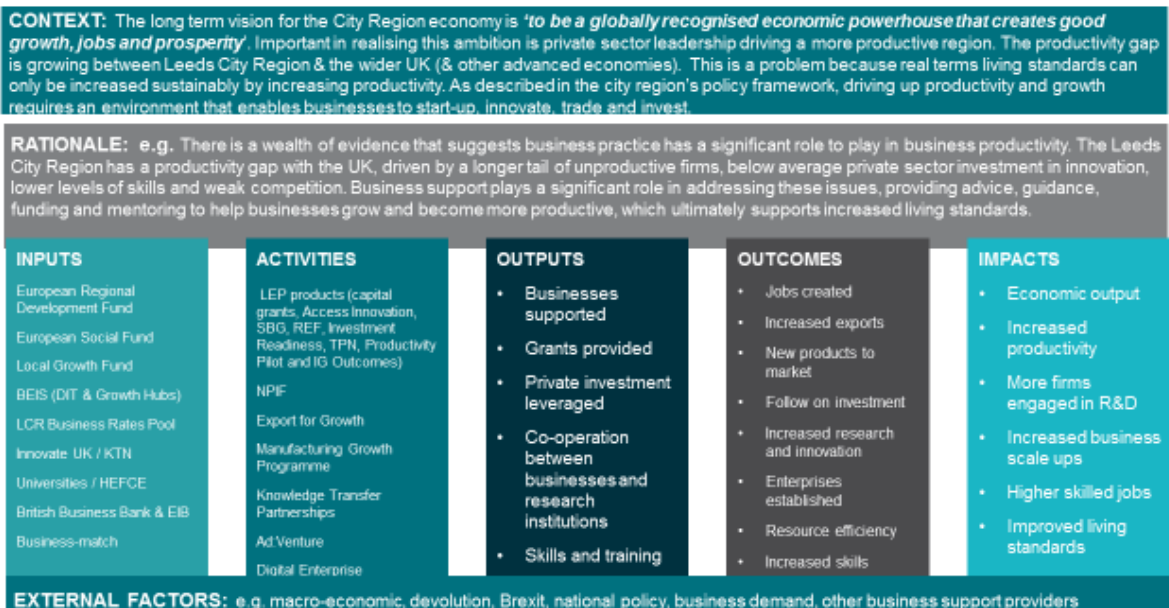
Figure 1 : Business Support Eco-System



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 Clean Growth as priority areas.

Figure 2: Business Support Policy Logic Model

Business support policy logic model



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 the annual service performance against the headline targets for 2019/20. Appendix 1 provides more detailed information on the scope, scale and impact of the service.

Table 1: Performance against headline targets 2019-20.

Target Measure	Target	April - August 2019
SMEs supported - light-touch & intensive (including enquiries/support from LEP products and services plus events)	3,025	1,309
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	352
Intensive support to SMEs (including support from Growth Managers, and the LEP's core business support products)	1035	500
Delivery of Business Advice Pop Up events (with 7 in the 20% most deprived parts of the country)	14	2 (2 in 20% most deprived)
Proportion of businesses supported likely to recommend it	90%	79%
Service Expenditure (combined budget) - BEIS (£512,500) - Business Rates (£44,838)	£557,338	£ (£86,594 - BEIS) (£1,448 - BR)

- 2.5 The service is working towards an annual target to provide support to 3,025 individual businesses in 2019/20. Just over 1300 individual SMEs have received support since 1 April, of which 352 have been intensively supported by the team of SME Growth Managers. An additional 148 businesses have received support from the range of LEP business support products, namely Resource Efficiency Fund, Access Innovation, Strategic Business Growth, Business Growth Programme.

Service developments

- 2.6 The latest Professionals' Perspective Network event for private sector business intermediaries was held on 17 July 2019. The event focussed on the employment and skills offer including promotion of the employment hub, apprenticeship support and opportunities for businesses to partner with schools and colleges regarding career opportunities for young people. A round table discussion was also held to better understand the challenges and barriers that exist around encouraging businesses to explore apprenticeships and the role that business intermediaries can play in the context of those challenges. A number of businesses have already been referred to the Enterprise Advisor programme by network members as a result of this event.
- 2.7 SME Growth Manager meetings take place every month, supporting the professional development of both the Growth Managers and the Gateway team, whilst helping to build strong working links with key partners. Presentations over the last quarter featured the Goldman Sachs 10,000 small business programme, as well as an update on the Manufacturing Growth Programme. The LEP's Trade and Investment Team also presented on the opportunities available to businesses in the creative and digital sector aligned with the Channel 4 investment in the City Region (see Item 10 for further details of #Grow and the Creative Industries Opportunity Programme).
- 2.8 The team participated in a debrief session with HMRC following on from the Service's participation in a pilot scheme with HMRC and BEIS in March 2019. The scheme was designed to target and direct businesses within the City Region with scale up potential to the LEP's high growth support via the Strategic Business Growth Programme (SBG). The Service is now supporting an additional HMRC led pilot scheme, along with 12 other Growth Hubs, involving improved use of data to develop a greater understanding of the types of businesses that use Growth Hubs. It will also track the growth journeys of businesses supported by the Service alongside a similar group not supported to determine the impact of business support.
- 2.9 Work continues to support the 'Better Business for All' (BBFA) campaign to improve working links between businesses and regulators. The team hosted the latest BBFA Regional Group meeting in June 2019 and has committed to hosting quarterly meetings of the West Yorkshire Regulators group. The group has recently been successful in accessing funds from BEIS to conduct a piece of research around the impact of regulations on supply chains. The team facilitated an introduction to the wider supply chain programme led by the University of Huddersfield, who will now help the group progress this piece of work.

Marketing and communications

- 2.10 A series of 10 video case studies have been developed featuring 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 Events over the last quarter included guest speaker slots at Wakefield Bond Holders (21 June) delivered by LEP Board member Rashik Palmar; a Business Breakfast event in Craven (8 July); and exhibiting at Made in Yorkshire (22 May) Leeds and Business Hub Kirklees/Works Better with colleagues from Ad:Venture and the Princes Trust. A number of SME Growth Managers also attended the Making Tax Digital event (22 May), organised by the Federation of Small Businesses and hosted by Garbutt & Elliot, and Indie Supercharge Business Day (26 May) organised by Channel 4.
- 2.12 The team of SME Growth Managers continue to be proactive in coordinating/facilitating district-based business engagement activities. The Leeds team recently met with providers of managed office space (including Avenue HQ and Bracken Workspace) and the business engagement team at Nexus (the new research and innovation hub at the University of Leeds). They will now hold regular 'drop-in sessions' and joint events to promote the City Region's business support to Nexus tenants and clients. In addition, Kirklees SME Growth Managers attended the inaugural Black Business Expo at John Smith Stadium, Huddersfield in June, where they engaged with over 70 attendees.
- 2.13 Over 12,000 business contacts across the City Region are in receipt of the SME e-Newsletter on a quarterly basis. Featured content over the last quarter included business events, such as the Keighley Business Awards and Wakefield Business Week; business support programmes including Investment Readiness, Apprenticeship Grant for Employers (AGE), AD:VENTURE, Resource Efficiency Fund (REF), The Global Business Innovation Programme (BGIP) and Access Innovation workshops; and sustainable travel campaigns and promotions, including clean air and catch the bus week, and a sustainable travel fund. The newsletter can be accessed via <https://mail-the-lep.com/t/3LTT-FFI7-4782RMB83/cr.aspx>.
- 2.14 Social media underpins all of the marketing campaigns and initiatives, with a number of platforms used to promote the above offers and activities. To raise awareness about the support available to businesses within the creative and digital sector, a dedicated social media campaign focused on 'Let's talk production' was recently launched. Likewise, there was a promotion of Yorkshire Day which celebrated the production and screen industries <https://www.prolificnorth.co.uk/news/broadcasting-news/2019/08/yorkshire-day-celebrates-countys-tv-and-film-locations>.
- 2.15 The team is working to deliver 14 'ask the expert' business pop-up events across West Yorkshire. The model involves business experts volunteering their time to advise owners of start-up and micro firms on a range of business topics. The first round of pop-ups took place in Beeston and Halifax attracting 10 businesses and leading to 41 individual business sessions, and an additional five sessions will be delivered during autumn 2019. To raise their profile and generate more local interest, the pop-ups will now align with other larger district-based initiatives including, Halifax Digital Festival, Wakefield

Business Week and Leeds and Bradford Manufacturing Festivals. These 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.

ERDF Growth Service (Business Resilience)

- 2.16 A new project manager, project assistant and 4 of the 8.5 new SME Growth Managers are now in place as part of the new £1.7m European Regional Development Fund (ERDF) Growth Service project. Recruitment has also taken place for two additional SME Growth Managers with the remaining vacancies expected to be filled by the end of September 2019.
- 2.17 The project commenced on 1 April 2019, is being delivered in partnership with the City Region’s local authorities, and involves an expansion of the SME Growth Manager function. The aim of the project is to help the City Region’s larger SMEs improve their business resilience, be in a stronger positions to address future challenges, and take advantage of future opportunities for growth and sustainability via more intensive account management. Preparation for exiting the EU is a key factor, along with financial and risk planning and emerging topics, such as clean air legislation, major infrastructure schemes (e.g. HS2) and ongoing changes to the national living wage.

Business Growth Programme (BGP)

- 2.19 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.
- 2.20 The total allocation for the programme is £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 1 Aug 19)
Expenditure	£44.32m	Committed - £34.39m Actual - £29.79m
New Jobs Created	4,100	Committed – 5,640 + 1,693 safeguarded Actual – 4,149 + 1,682 safeguarded
Businesses Supported	No contractual target	Committed - 608 Actual – 551

Number of Grants Awarded	765	Committed - 747 Actual - 658
Public/ Private Sector Leverage	£168.5m	Committed - £361.11m Actual - £281.81m
Total Cost Per Job	No contractual target	Committed - £6,102 Actual - £7,179

2.21 As the above table highlights, the programme is achieving a good return in terms of cost per new job at just over £7,000. This figure would be lower if the 1,682 actual safeguarded jobs were included in the overall calculation and would reduce the figure to £5,108 per job.

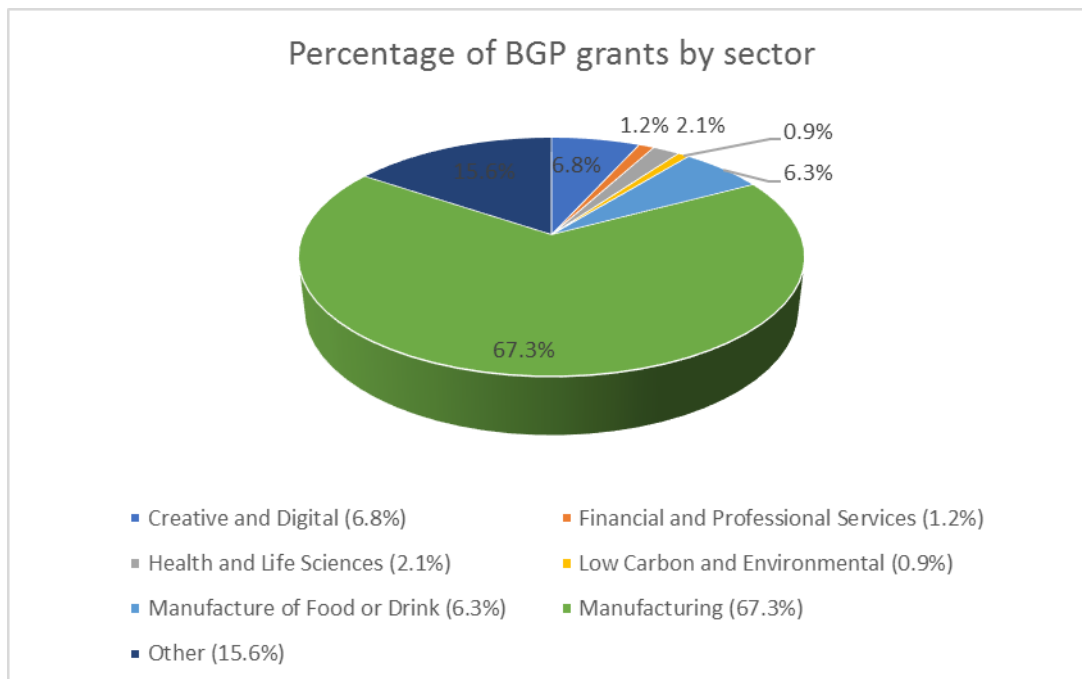
2.22 The table below compares the proportion of SMEs per district within the City Region against the proportion of all grants awarded. It shows that West Yorkshire districts (particularly Calderdale and Kirklees) all perform well in terms of successfully accessing the programme, but that the North Yorkshire 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 April 2015 – July 2019

District	SME Stock %	Number of Grants	% of Number of Grants	Value of Grants	% of Value of Grants
Barnsley	5.94%	38	5.09%	£ 1,792,141	5.21%
Bradford	14.48%	121	16.22%	£ 5,964,400	17.35%
Calderdale	7.50%	104	13.94%	£ 5,065,845	14.73%
Craven	3.22%	12	1.61%	£ 338,285	0.98%
Harrogate	8.48%	28	3.75%	£ 1,068,909	3.11%
Kirklees	13.48%	134	17.96%	£ 5,324,309	15.48%
Leeds	26.75%	216	28.95%	£ 9,405,498	27.35%
Selby	3.44%	4	0.54%	£ 233,800	0.68%
Wakefield	9.45%	73	9.79%	£ 4,661,208	13.56%
York	7.24%	16	2.14%	£ 532,057	1.55%
TOTAL	99.98%	746	100.00%	£ 34,386,452	100.00%

2.23 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 67% of all grants awarded since April 2015. The next most popular sectors are Creative and Digital and Food and Drink, with 6.8% and 6.3% of grant awards respectively. Other sectors represent 15.6% of grant awards. Projects defined as 'other' mostly relate to industries closely aligned to the manufacturing sector, such as warehousing and distribution.

Figure 2: BGP Grants by Sector April 2015 – July 2019



2.24 Following recommendations by the Panel, proposed changes to the programme guidelines and criteria were considered by LEP Board on 18 July 2019. The following changes were agreed, and will take effect from 1 October 2019:

(1) Sector eligibility

No changes to the sector criteria, but this will be reviewed following the conclusion of the consultation and review period for the new Local Industrial Strategy. Until then, applications from on-line retailers will continue to be accepted where significant levels of new employment will be created, significant being defined as more than 50 new jobs.

(2) Additionality and affordability

In order to be eligible for grant support, the maximum amount of remuneration (salary and/or dividends) per annum per director, averaged over a three-year financial period, must not exceed £150,000 (for grants of between £10,000 and £100,000). This formalises existing guidance.

(3) Applications from large businesses

Applications from large businesses will continue to be accepted, but only where minimum total project costs are £1,000,000 and proposed new job numbers are at least 20.

Additionally, grant awards will be restricted to 10% of eligible costs, even where projects are funded through De Minimis.

(4) Productivity Focus

Grant support for costs related to property fit-out/refurbishment will remain eligible, but the maximum grant amount available to support such costs will be £100,000. Furthermore, grant support for costs related to the fit-out/refurbishment of new premises will not be eligible if the applicant has already entered into a commercial lease or has recently purchased premises. Costs related to fit-out/refurbishment of existing premises will be considered when the applicant has occupied the premises for at least six months.

(5) Multiple applications

The current policy will be retained, which restricts businesses to the submission of three successful applications over a three-year period, or receipt of a maximum of £250,000 over the same period. This applies to all applications to the Business Growth Programme, whether funded through the Business Growth Programme or Access to Capital Grants.

(6) Appeals policy and process

The appeals policy is currently being reviewed and will be brought to Panel for consideration at a future meeting.

Productivity Pilot and Inclusive Growth

- 2.25 A more detailed update on the Productivity Pilot is provided at Item 12. The previously approved Inclusive Growth criteria and conditions have been in operation since last August (with a revised approach introduced from July 2019), and the Panel will be provided with an update on progress and impact at the November 2019 meeting.

Resource Efficiency Fund

- 2.26 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 ERDF Full Application for a successor project covering both Leeds City Region and the York & North Yorkshire LEP area has been submitted and is currently undergoing appraisal. Feedback is expected from the Managing Authority in late September 2019.
- 2.27 672 businesses have engaged with the project as of August 2019, with 658 having received visits from the two REF Managers. These have resulted in 350 assessments being commissioned and the completion of 345 assessment reports that identified clear actions the firms can take to improve their resource

efficiency. 147 grant applications have been approved and payments totalling £ 863,145 having been made to 133 businesses, leveraging over £1 million of SME spend. Progress is broadly in line with contractual targets.

- 2.28 Projects approved since the last meeting of the Panel have been in the areas of basic heating, lighting, insulation and compressor investments. To date, total estimated CO2 savings across all approved projects stands at 2,347 tonnes per annum, with estimated savings to the recipient-businesses of £626,960 per annum.

Access Innovation

- 2.29 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 £1,000 and £30,000 towards the cost of working with the relevant expert organisations.
- 2.30 To date, the programme has engaged with 504 SMEs, 274 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. 58 applications for grants have been approved to date with a collective value of £4.1m. A number of other applications of varying sizes are currently being developed with support from the Innovation Growth Managers.
- 2.31 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, 3MBIC, Nexus, 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.
- 2.32 As part of the Access Innovation programme, the Combined Authority is working with 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 248 SMEs have been supported, of which 62 have received 12 hours or more of innovation support. The provision will run until late 2019 and will provide a stronger pipeline of innovation-ready SMEs that can be supported by innovation support products available in the City Region.
- 2.33 In response to the interim evaluation, and the team's experience to date of delivering the programme, the Combined Authority submitted a full application in May 2020 for additional 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.

- 2.34 The Connecting Innovation proposal incorporates the feedback from recent Panel meetings, particularly the importance of clear, coordinated communication and messaging to support a culture of business innovation within the region. Whilst the new programme is not expected to commence until 2020, planning is underway to undertake market research with SMEs to identify appropriate messaging. The Panel will be kept apprised of the new programme's ongoing development.

Strategic Business Growth – support for SMEs with high growth potential

- 2.35 The £6.12 million Strategic Business Growth (SBG) project is being delivered by the LEP and its appointed contractor, Winning Pitch. It is part-funded by the European Regional Development Fund (ERDF) and the Local Growth Fund (LGF). It 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, as well as identify collaboration opportunities.
- 2.36 Ongoing analysis on the coaching support requested by SBG clients to date has identified that the three most common areas are in process improvement, strategic business planning and marketing/sales respectively. 296 businesses are now fully engaged with the programme (against a target of 302 by January 2020), including 274 that have developed detailed growth action plans with their allotted account managers. Of these, 205 have benefitted from a combined total of over 7,702 hours of coaching support and 100 have attended an average of three of the workshops available. 36 businesses have also participated in the peer to peer leadership workshops offered through the programme.
- 2.37 The 296 businesses supported to date through the programme have created 524 new jobs, against a target of 604 by January 2020.
- 2.38 As of 1 August 2019, 37 grant applications had been approved to businesses representing all of the priority sectors of the current Strategic Economic Plan (low carbon & environmental, finance & professional services, digital & creative, food & drink, healthcare & life sciences and manufacturing). Grants are contributing towards investments in new machinery and fit-out/refurbishment of premises. The combined value of the 37 investment projects is over £3.9m, with the grant contribution being £908,398. Of these, 29 had completed their investments by the end of July 2019, receiving £615,474 in grants and contributing over £1.92 million of private sector match funding in the process.

Investment Readiness

- 2.39 The £1.23m Investment Readiness programme, supported by funds from ERDF and the Leeds City Region Business Rates Pool, will provide SMEs across the City Region with advice and guidance on the full range of finance products available in the market place. It will assist them with accessing the finance they need to grow 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.
- 2.40 Following an open tender process, the investment readiness support is now being delivered by Winning Pitch Trading Ltd in conjunction with Grant Thornton and Garbutt and Elliott. Support available through the programme includes funding workshops covering key themes relating to finance, peer-to-peer networks, 1-2-1 funding and tailored coaching sessions with a Growth Finance Advisor.

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. The team is working to recruit an additional 96 businesses to the network this financial year and over 27 businesses have joined since 1 April 2019. The total membership now stands at 460 businesses that employ almost 300,000 staff between them.
- 2.45 The team is supported via a European funded project, Interreg SHARE-North, which focuses on promoting shared mobility as a strategy to reduce transport emissions, regain street space for people and enhance quality of life, and improve public health. Work has all but concluded on the development of 10 shared travel plans at multi-occupied sites. The plans encourage businesses and employees to adopt collaborative approaches to influence behaviour changes around travel choices of commuting employees as well as business travel. Members of the team also delivered a workshop at the latest SHARE-North partners meeting in Amsterdam in July 2019. This focussed on developing shared travel plans as well as stakeholder engagement methods.
- 2.46 A key project objective is to provide more intensive support to 50 businesses (over the lifetime of the project) located in electoral wards of the City Region with challenges related to clean air. The team supported a couple of events in Leeds as exhibitors on Clean Air Day (20 June 2019), including at Wellington Place and Leeds Briggate, to help promote the service and attract new members. Work is also ongoing to support business relocations within the City Region, including Premier Farnell, Wellington Place (for HMRC and NHS Digital) and Kirkstall Forge (for BUPA). Preparations are underway to support the imminent relocation of Channel 4 employees to the City Region.

- 2.56 Sustainable travel campaigns, initiatives, offers to network members and good news stories are promoted through our TPN monthly news. Updates and promotions over the last quarter focused on global and national events as well as public transport including: World environment day (5 June); Clean Air Day; Catch the bus week (1-7 July); journey planning tools; real time bus information; exclusive member offers by Transport operators Northern and Arriva; and MCard offers for young people under 19. Members were also encouraged to utilise their MCard for any travel to airports, and to trial family day saver tickets for day trips during the summer months. Businesses were also directed to wider business support provision, including the Access Innovation, Investment Readiness and Apprenticeship support, and were encouraged to participate in consultation exercises involving major travel schemes throughout the region.

Northern Powerhouse Investment Fund

- 2.57 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested £24.9m in 103 businesses in Leeds City Region. £1.48m has been invested in 39 businesses via the micro fund, £12.7m has been invested in 49 businesses via the debt fund, and £10.7m in 15 businesses via the equity fund.
- 2.58 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. Across the whole fund, Growth Hubs and the LEPs' Access to Finance teams continue to be a strong and fertile source of introductions with good conversion rates into completed deals.

Channel 4 & Creative & Digital Sector

- 2.59 An update on Channel 4's investment and the City region's ongoing support for the creative and digital sector, including the local TV and production community, is provided at Item 10.

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, 2019/20

1. Analysis of business enquiries 2019/20

1.1 Service performance 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) throughout 2019-20. It also provides comparisons to previous years in order to assess progress over time.

1.2 The service is working towards an annual target of providing support to 3,025 individual businesses (purple line). The service is on track to meet that target having supported almost 1300 individual SMEs (blue line) since 1 April 2019. Those businesses have interacted with the service just over 1300 times (activity line yellow), indicating that some have returned for additional support.

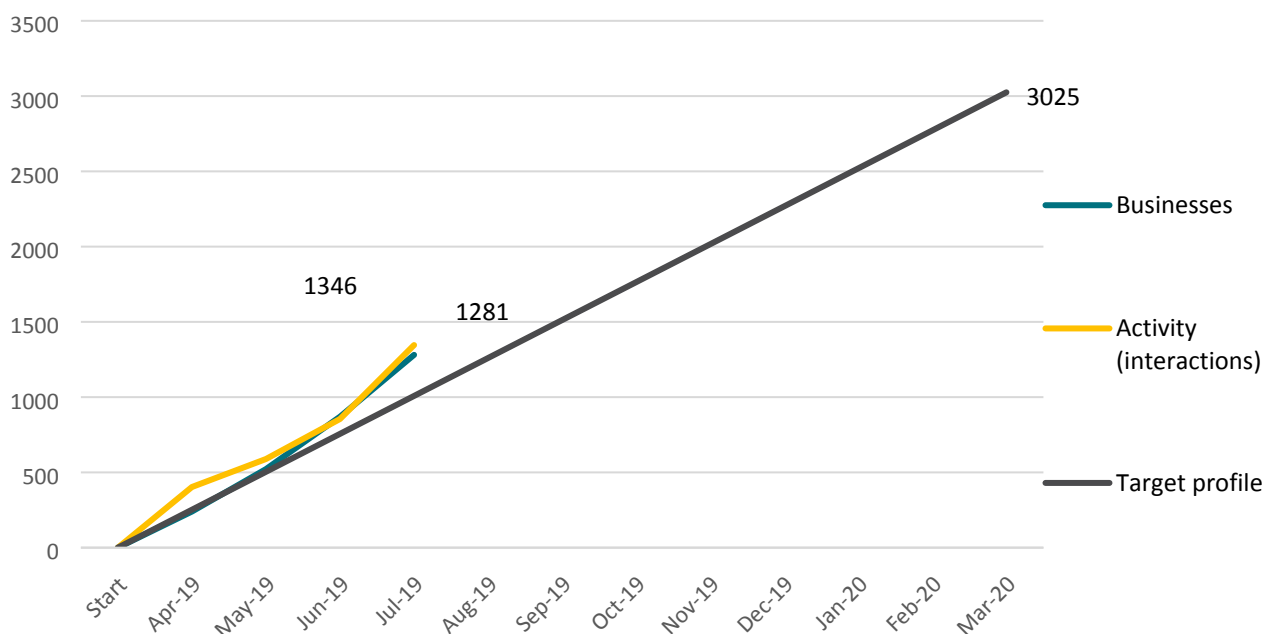


Figure 1: Projected and actual performance against the 2019/20 annual target (Apr 19 – July 19).

1.3 Level 1 (light touch) and level 2 (more intensive support) enquiries represent the service’s target client group i.e. those with the ambition and capability to grow. They account for 71% of the enquiries received by the gateway in the first financial quarter of 2019-20. The number of enquiries increased by 10% compared to the same quarter in the previous year. This can be partly attributed to the service’s participation in a pilot scheme with HMRC and BEIS in March 2019, which targeted City Region businesses with ‘scale-up’ potential and directed them to the LEP’s Strategic Business Growth Programme (SBG).

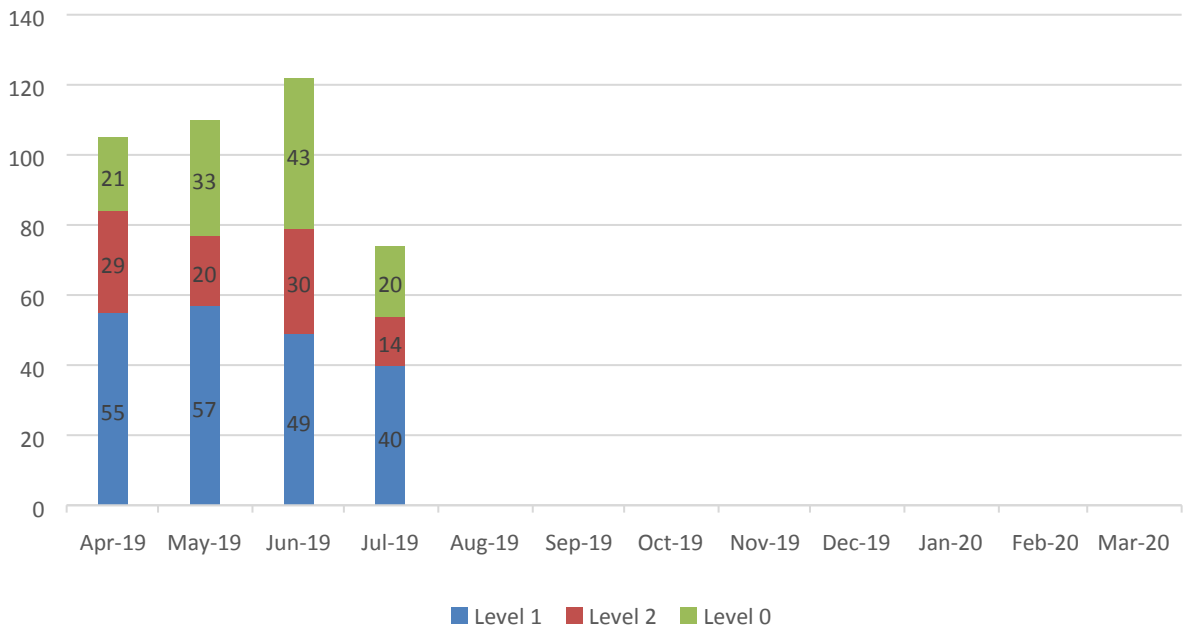


Figure 2: LEP Growth Service enquiries to the Gateway by client group (Apr 19 – July 19)

1.4 Although the service received a higher number of enquiries into the gateway compared to the same quarter in 2018-19, the number of enquiries from the service’s target group (level 1 and 2 responses) have been fairly static. The service has recorded a greater number of enquiries from pre-start and early stage businesses, which helps to inform future marketing activities.

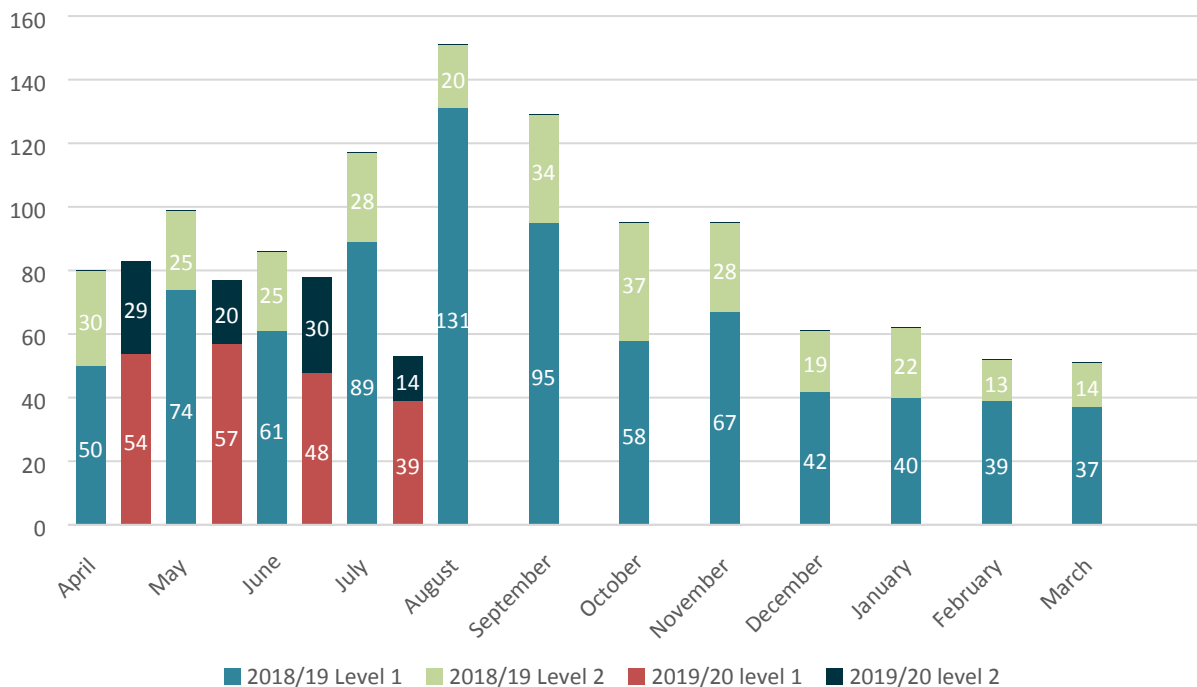


Figure 3: LEP Growth Service enquiries to the Gateway by target client group (Apr 18 - Jul 19)

1.5 The table below shows the total number of gateway interactions per annum since the launch of Service in July 2015. The team are working to increase the number of level 1 and 2 enquiries over the course of the year through dedicated marketing campaigns and the SME Growth Manager team.

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

Enquiry Type	Total Jul 15 – April 16	Total April 16 – Mar 17	Total April 17 to Mar 18	Total April 18 to Mar 19	Total April 19 to Jul 19
Non Target Client Group Level 0	410	252	210	282	154
Light Touch Referral Level 1	427	911	933	783	212
In depth Intensive Referrals Level 2	235	390	375	296	98
Total Gateway Interactions	1072	1553	1518	1361	464

1.6 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. 60% of enquiries were fielded by telephone this quarter following an almost identical profile as 2018-19.

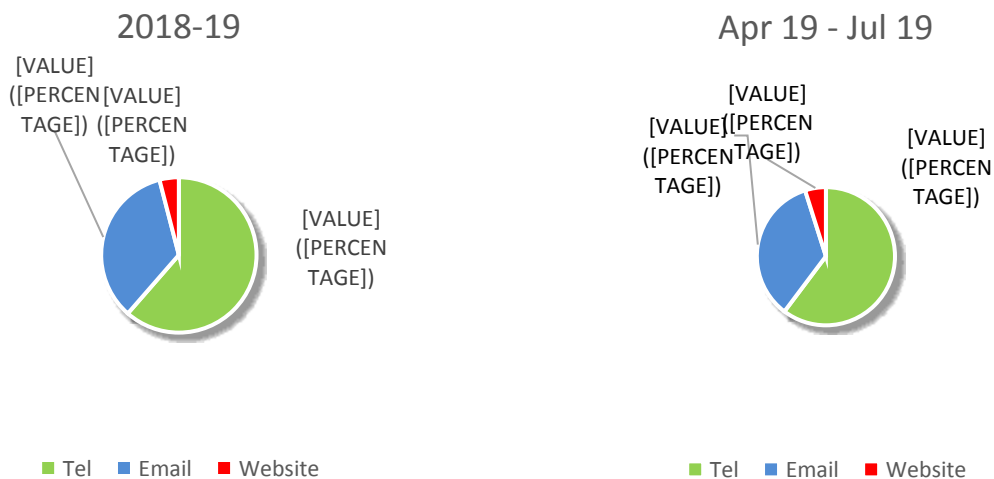


Figure 4: Gateway channels of enquiry (Apr 18 – Mar 19 & Apr 19 – Jul 19)

1.7 All businesses that contact the gateway are asked how they have heard about the service. Internet searches have historically been the most commonly cited response since this information has been monitored. However, the most frequent customer response this quarter has been 'existing knowledge of the

LEP'. Such findings, help to confirm the level of confidence that business appear to be showing in returning to the service for additional support.

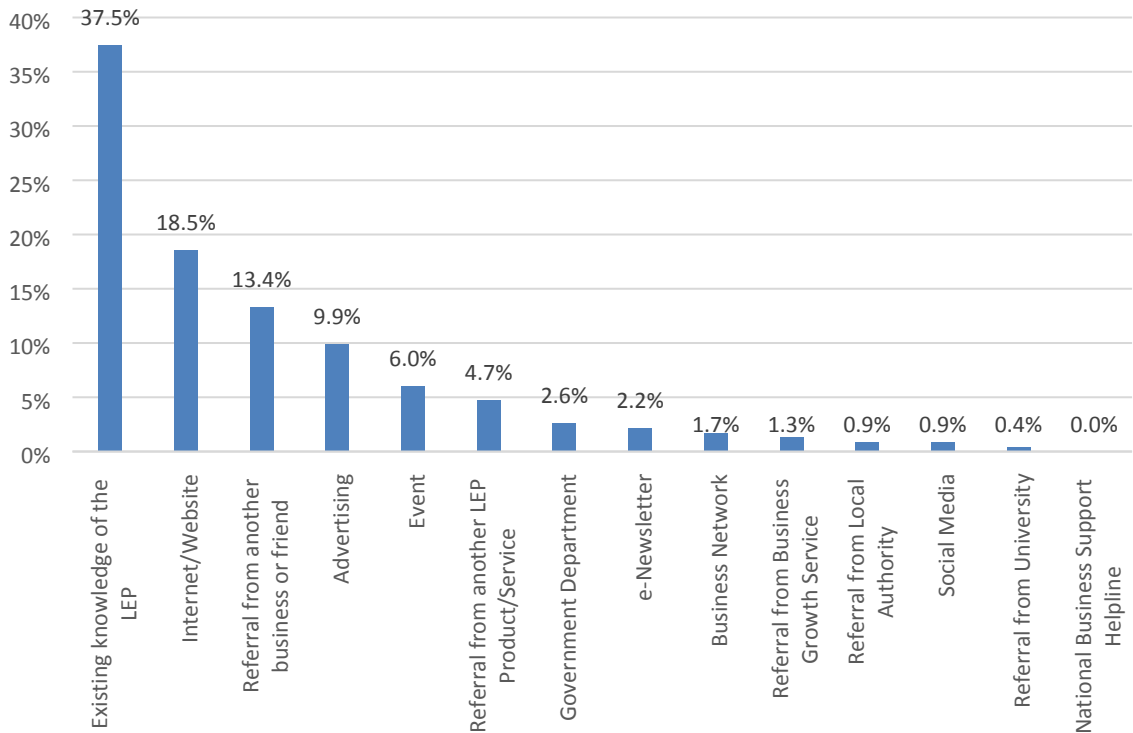


Figure 5: How customers report hearing about the service (Apr 19 – Jul 19)

- 1.8 The Growth Managers are working towards an annual target to collectively account-manage 630 businesses. They have supported 357 businesses this quarter, with 352 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 19 – Jul 19)

SME Growth Manager	Total Clients	Intensively Supported
Bradford & Craven (x2 FTE)	59	57
Calderdale (x1 FTE)	28	28
Harrogate (x1 FTE)	30	30
Kirklees (x1.5 FTE)	25	25
Leeds (x2.5 FTE)	97	97
Wakefield (x1 FTE)	59	59
York (x1 FTE)	19	18
Selby (x0.5 FTE)	40	38
Total	357	352

- 1.9 SME Growth Managers have additional targets to provide three hour information diagnostic and brokerage support (P013), 12 hour assists (C4) and support with job creation (C8) to larger SME's in the City Region as part of the ERDF Growth Service project. The project has been in the implementation phase throughout quarter one, resulting in slow progress being made towards these targets. However, due to the level of business engagement activity taking place, the SME Growth Managers are on track to achieve the targets by quarter 4.

Table 3: Performance against ERDF Growth Service targets 2019-2020

OUTPUTS	PROFILED (2019-2020)				ACTUAL (Apr 19 – Aug 19)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(C4) Number of enterprises receiving non-financial support	0	0	5	10	0	0		
(PO13) Number of enterprises receiving information, diagnostic and brokerage support	0	0	20	25	0	0		
(C1) Number of enterprises receiving support	0	10	30	40	0	0		
(C8) Employment increase in supported enterprises	0	0	0	0	0	0		
TOTAL	0	10	55	75	0	0		

- 1.10 Figure 6 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 continues to generate more enquiries than the proportion of overall business stock, as has Calderdale and Kirklees. The proportion of enquiries from each district has remained relatively consistent compared with all enquiries in 2018-19.

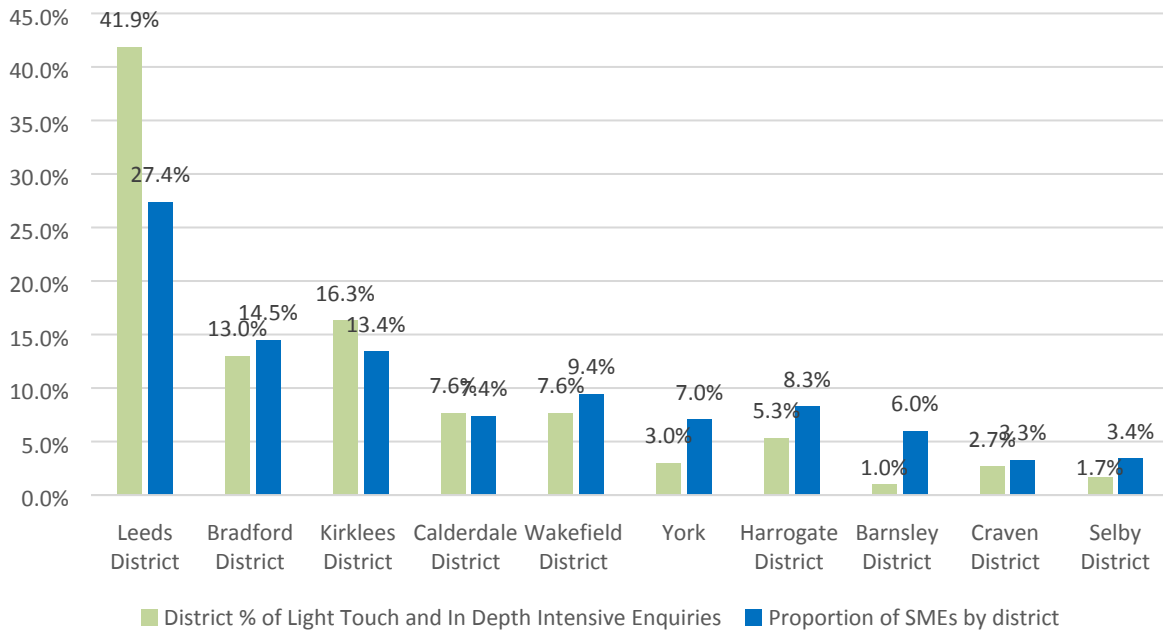


Figure 6: Enquiries compared to the district-proportion of total City Region business stock (Apr 19 – Jul 19)

1.11 ‘Access to Finance’ is the most popular topic for gateway enquiries followed by ‘Skills/Recruitment’. However, Skills/Recruitment is the most popular topic for SME Growth Manager clients. Interestingly, these findings appear to correlate more widely with additional intelligence gathered by the service from businesses about the UK’s exit from the EU. ‘Skills Gaps’ have been the most commonly cited concern raised by businesses from a range of sectors over the last nine months. Seeking assistance in this area could be reflective of the preparations that business are starting to make in relation to Brexit and will be better supported via the ERDF element of the Growth Service.

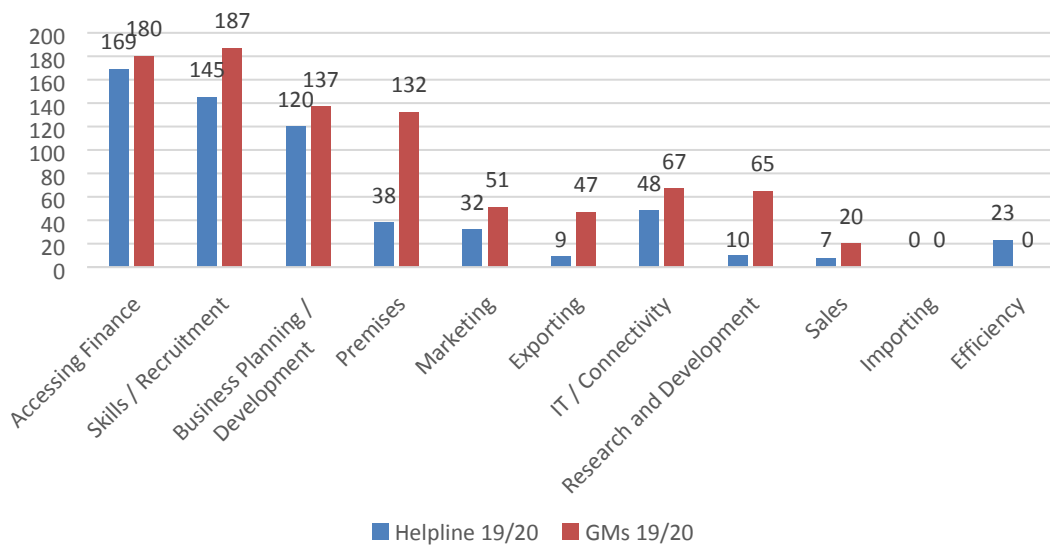


Figure 7: Topics for business support via the gateway (Apr 19 – July 19)

1.12 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.

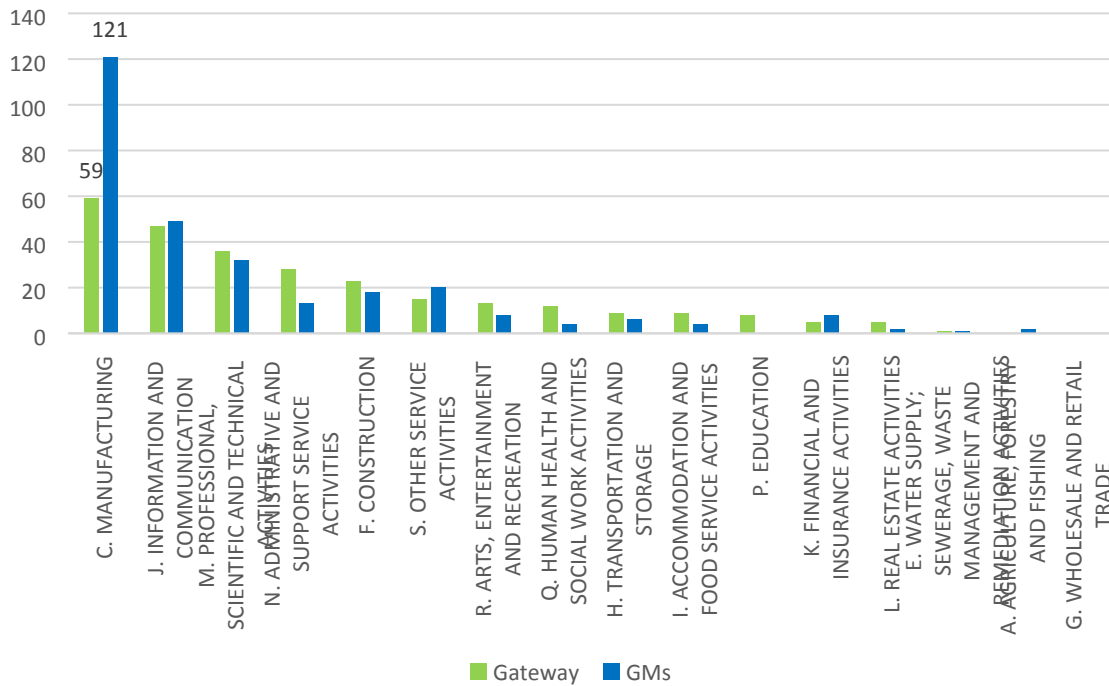


Figure 8: Percentage of Growth Service clients (Gateway and Growth Manager) by sector (Apr 19 – Jul 19)

1.13 Figure 9 below illustrates the breadth of referrals to business support products and organisations from both the gateway and Growth Managers. Collectively, the highest number of referrals to programmes this quarter is the Skills Service, the LEP's capital grants programme and the Digital Enterprise programme.

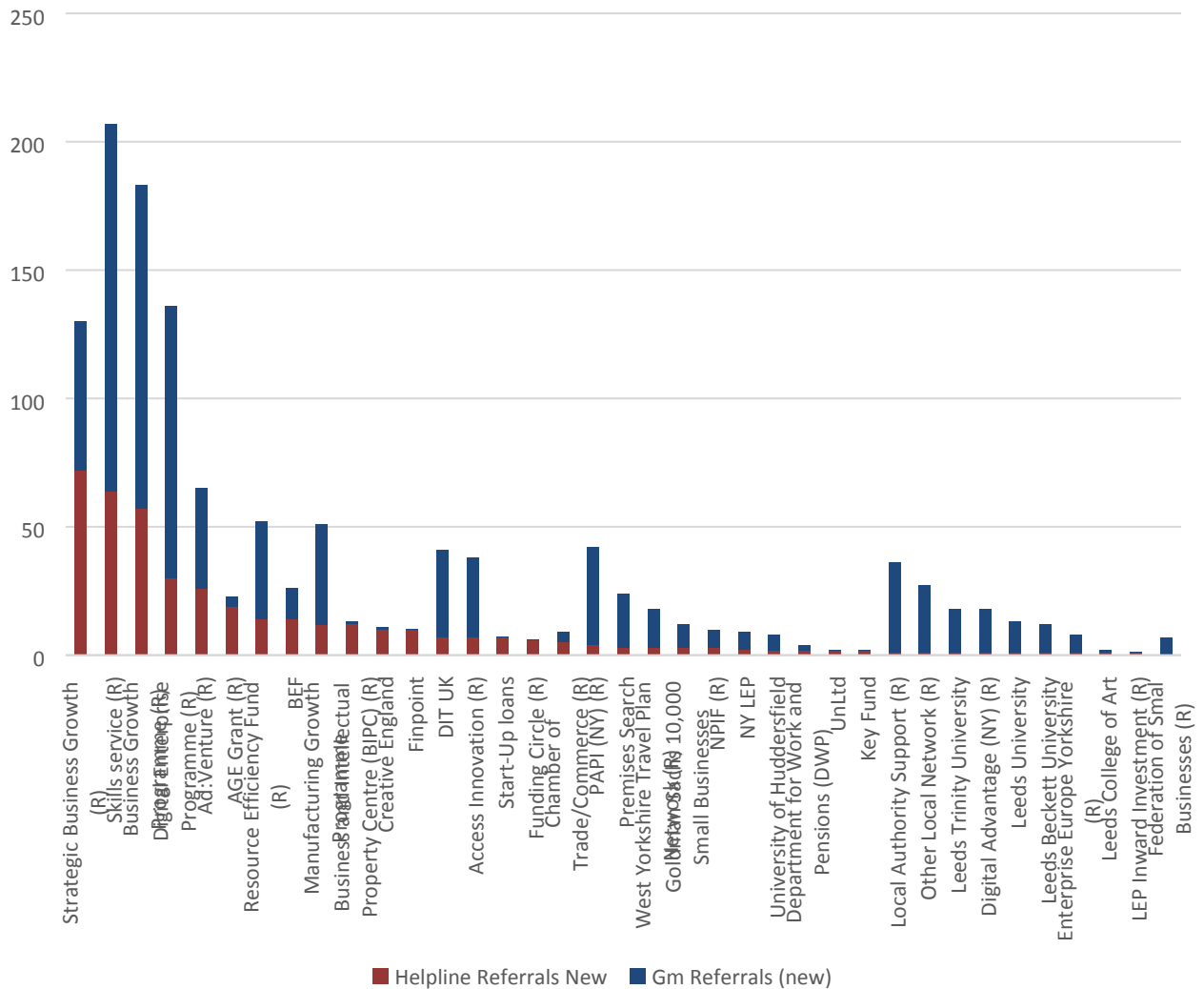


Figure 9: Number of business support referrals (Apr 19 – Jul 19)

1.14 Proactive cold calling continues to prove fruitful to generate client leads for the Selby, Craven and Bradford district based SME Growth Managers, which captured below as ‘local authority contacts’. Business networks also continue to be a good source of clients for Growth Managers in Wakefield in particular. The use of Social Media, including LinkedIn searches and promotion of events via twitter have also been reported as effective engagement routes by several Growth Managers including Harrogate and York. This information has been captured in the ‘Other’ category below.

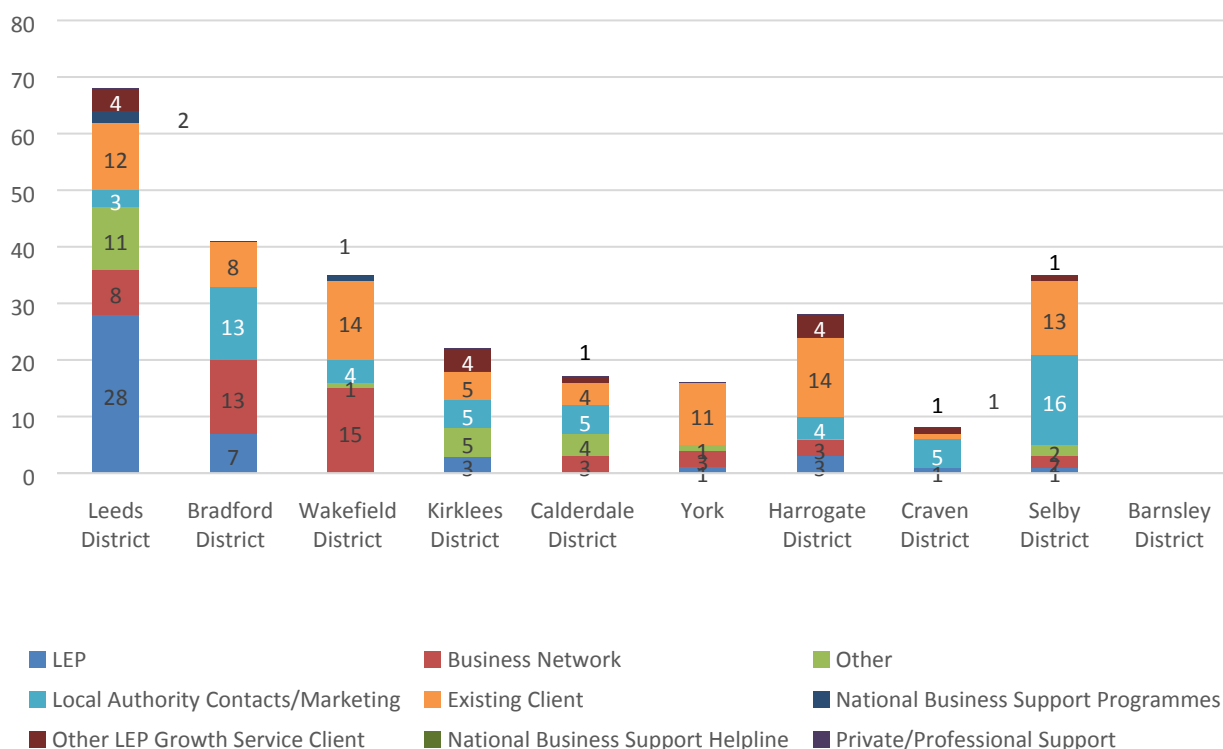


Figure 10: Source of Growth Manager Clients (Apr 19 - July 19)

1.15 The service has a target to deliver 14 ‘ask the expert’ Pop-Up business events throughout the year. The table below shows the number planned and delivered across the West Yorkshire districts within the city region this quarter.

Table 4: Business Support events Pop-ups per district (Apr 19- Jul 19)

District	Proposed no of events	No of events Delivered	Delivered in assisted areas	Number of individual sessions delivered
Bradford	3	0	0	
Calderdale	3	1	1	31
Kirklees	3	0	0	
Leeds	2	1	1	10
Wakefield	3	0	0	
Total	14	2	2	41

1.16 Attendees generally report high levels of satisfaction levels with these events which is a testament to the experts and the format. The last two events have generated an average satisfaction level of 91% rated Excellent or Good as per table 5 below.

Table 5: Satisfaction levels of attendees at ‘ask the expert’ Pop Up Events (Apr 19 – Mar 19)

Satisfaction rating	Percentage of overall respondents
Excellent	75%
Good	16%
Poor	0
No feedback	9%

Report to: Business, Innovation and Growth Panel

Date: 10 September

Subject: **Panel Work Programme 2019/20**

Director(s): Alan Reiss, Director of Policy, Strategy and Communications

Author(s): Jonathan Skinner

1. Purpose of this report

- 1.1. This report sets out a proposed forward agenda plan for the Business, Innovation and Growth Panel for the Panel's approval.

2. Information

- 2.1 The forward agenda plan is provided at **Appendix 1**, which outlines the proposed items for future Business, Innovation and Growth Panel meetings.
- 2.2 This forward plan takes into account:
- The Panel's role in developing the Local Industrial Strategy
 - The Panel's role in overseeing the delivery of Economic Services' operational programmes and future service plans
 - Items that need to be addressed in order to inform the development of the Combined Authority's policy framework
 - Opportunities for joint sessions with the Employment and Skills Panel focusing on issues of joint interest such as the future of work and automation.
- 2.3 Panel members are invited to consider the suitability of this forward programme, in the context of the Panel's terms of reference and emerging policy and operational priorities.

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 It is recommended the Panel consider, adapt and agree the forward agenda plan.

8. Background Documents

None.

9. Appendices

Appendix 1 – Draft Work Programme.

Appendix 1

COMMITTEE DATE: 26 November 2019		
REPORT TITLE	NOTES	OFFICER RESPONSIBLE
Chair's Update		Verbal
Local Industrial Strategy	<ul style="list-style-type: none"> Emerging LIS approach – business environment and ideas foundations. Approach to future projects and approach to 2020 Spending Review 	Emma Longbottom
Supply Chains, Trade & Investment (potentially separate items)	<ul style="list-style-type: none"> Findings from phase 1 of NP11/LCR supply chains study. Emerging NP11 trade and investment proposition. Update on performance against business plan and steps to boost the impact of inward investment across all parts of the City Region. 	Patrick Bowes, David Shepherd
Business leadership and support	<ul style="list-style-type: none"> Emerging policy discussion about business leadership and options to develop 'No Wrong Door' principles. Business support ecosystem and 6 month review of Inclusive Growth for Business Grants. Approach to Good Work standard. 	Alex Clarke, Vincent McCabe
Innovation	<ul style="list-style-type: none"> Innovation and MIT REAP 	Sarah Bowes
Trade & Investment	<ul style="list-style-type: none"> Update against business plan 	David Shepherd
Economic reporting and Brexit impacts	<ul style="list-style-type: none"> Intelligence about business sentiment and emerging impacts of Brexit 	James Hopton

COMMITTEE DATE: 27 February 2020		
REPORT TITLE	NOTES	OFFICER RESPONSIBLE
Chair's Update		Verbal
Local Industrial Strategy	<ul style="list-style-type: none"> Update on negotiations with Government (business environment and ideas foundations) 	Emma Longbottom
Labour market – business demand and inclusion	<ul style="list-style-type: none"> Policy discussion on labour market supply/inclusion Any initial/emerging Brexit impacts. 	Peter Glover, Jonathan Skinner

Business Support	<ul style="list-style-type: none"> • Agree business plan and KPIs for 20/21 • Proposals to embed clean growth principles in business support programmes 	Vincent McCabe, Jacqui Warren
Digital Framework	<ul style="list-style-type: none"> • Progress of the Digital Board on the themes of the Digital Framework. 	Sarah Bowes
Trade & Investment	<ul style="list-style-type: none"> • Agree business plan and KPIs for 20/21 	David Shepherd
Economic Reporting	<ul style="list-style-type: none"> • Intelligence about business sentiment and emerging impacts of Brexit. 	James Hopton

COMMITTEE DATE: 21 May 2020 <i>(potentially with ESP?)</i>		
REPORT TITLE	NOTES	OFFICER RESPONSIBLE
Chair's Update		Verbal
Local Industrial Strategy	<ul style="list-style-type: none"> • Implementation plan (assuming LIS agreed in March). 	Emma Longbottom
Future work, business environment and people	<ul style="list-style-type: none"> • Thinkpiece on future work and automation. 	Peter Glover, Lindsey Daniels
Supply chains study	<ul style="list-style-type: none"> • Findings from phases 2&3 of study 	Patrick Bowes, Jonathan Skinner
Trade & Investment	<ul style="list-style-type: none"> • Update against business plan. 	David Shepherd
Business Support	<ul style="list-style-type: none"> • Update against business plan. 	Vincent McCabe
Employment and Skills Programmes	<ul style="list-style-type: none"> • Update against business plan. 	Michelle Burton
Economic reporting and Brexit impacts	<ul style="list-style-type: none"> • Intelligence about business sentiment and emerging impacts of Brexit. 	James Hopton