

BUSINESS INNOVATION AND GROWTH PANEL

**MEETING TO BE HELD AT 2.00 PM ON TUESDAY, 26 NOVEMBER
2019 IN COMMITTEE ROOM A, WELLINGTON HOUSE, 40-50
WELLINGTON STREET, LEEDS**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
 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.
 3. 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 10 SEPTEMBER**
(Pages 1 - 8)
- 5. CHAIR'S UPDATE**

6. INNOVATION

(a) **MIT REAP**
(Pages 9 - 10)

(b) **SMARTY INTERREG PROGRAMME**
(Pages 11 - 14)

7. TRADE AND INVESTMENT

(Pages 15 - 20)

8. BUSINESS SUPPORT

(Pages 21 - 58)

9. FUTURE BUSINESS FINANCE - PROGRESS UPDATE

(Pages 59 - 92)

Signed:

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

Managing Director
West Yorkshire Combined Authority



**MINUTES OF THE MEETING OF THE
BUSINESS INNOVATION AND GROWTH PANEL
HELD ON TUESDAY, 10 SEPTEMBER 2019 AT BIC 1/23 EXHIBITION
SPACE, 3M BUCKLEY INNOVATION CENTRE, FIRTH STREET,
HUDDERSFIELD, HD1 3BD**

Present:

Andrew Wright (Chair)	
Mike Danby	Advanced Supply Chain Lead
Amir Hussain	Yeme Architects
Will Roebuck	E-Radar
Simon Wright	Yorkshire Bank
Councillor Darren Byford	Wakefield Council
Kersten England	Bradford Council
Councillor Jane Scullion	Calderdale Council
Councillor Naheed Mather	Kirklees Council
Councillor Tim Cheetham	Barnsley MBC
Andrew Latchmore	Shulmans
Professor Liz Towns-Andrews (Advisory Representative)	University of Huddersfield
Marie Gilluley (Advisory Representative)	West Yorkshire Consortium of Colleges

In attendance:

Zoe Davidson	Deloitte
Henry Rigg	West Yorkshire Combined Authority
Ian Smyth	West Yorkshire Combined Authority
Sarah Bowes	West Yorkshire Combined Authority
Alexander Clarke	West Yorkshire Combined Authority
James Hopton	West Yorkshire Combined Authority
Hamzah Shami	West Yorkshire Combined Authority
David Shepherd	West Yorkshire Combined Authority
Charlotte Michael	West Yorkshire Combined Authority
Janette Woodcock	West Yorkshire Combined Authority

1. Apologies for Absence

Apologies for absence were received from Councillor Tim Swift, Councillor Shabir Pandor, Councillor Andrew Lee, Councillor Alex Ross-Shaw, Martin Booth, Nicola Greenan, Philip Wilson, Mark Roberts, Sandy Needham, Dr Peter O'Brien and Prof Lisa Roberts.

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

That in accordance with paragraph 3 of Part 1 Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix 1 to Agenda Item 0 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 maintain the exemption outweighs the public interest in disclosing the information.

3. Declarations of Disclosable Pecuniary Interests

4. Minutes of the Meeting of the Business Innovation and Growth Panel held on 28 May

Resolved: That the minutes of the Business Innovation and Growth Panel held on the 28 May 2019 be approved.

5. Chair's Update

The Chair welcomed new members to the Panel.

The Panel was updated on the progress of the LEP merger between the Leeds City Region LEP and the York and North Yorkshire LEP. Firm proposals have not yet been brought forward, discussed or agreed by both LEPs but joint discussions are scheduled to continue in early October.

The Convention of the North in partnership with NP11 will host a major summit on 13 September at Magna, Rotherham as a working event and will debate six policy priorities for the North and these will be brought together ahead of next year's spending review. Innovation and Trade and Investment are two of the themes being debated.

6. Governance Arrangements

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 the report.

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

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 unchanged.

The Combined Authority at its annual meeting appointed Andrew Wright as chair of the Panel and agreed dates for meetings of the panel as follows:

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

Resolved: That the Governance arrangements for the Panel approved by the Combined Authority at the Annual Meeting on 27 June 2019 be noted.

7. Economic Reporting

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

The report presented recent global, national and economic developments and in Appendix 1 the quarterly Leeds City Region Economic and Brexit Monitor for August 2019, which provided a summary of the latest national and international economic data for Leeds City Region with sections focused on business performance and trade, the labour market and housing, property and investment. Appendix 2 summarised the Monitor into a single page dashboard.

The report also included:

- Main national and international headlines.
- Leeds City Region economic headlines.
- Leeds City Region Business Survey 2019.
- Brexit commentary and assessment.

The Panel was asked to reflect on the findings in the report and if they felt that the findings reflected business experience.

The Panel discussed the potential impact of Brexit and felt that business confidence was at an all-time low with Brexit uncertainty as the main contributory factor. The number of businesses with a business plan was queried and it was felt there was a need to bridge gaps and to increase advanced IT skills.

The cost of land was another contributory factor for those businesses looking to grow and expand and more work is required concerning the availability of business premises along with diversity and resilience. It was felt it would be good to bring this to the next meeting

Resolved:

- (i) That the analysis presented in the economic update be noted.
- (ii) That the comments from the Panel that the finding reflected business experience be noted.

8. Local Industrial Strategy Development

The Panel considered a report to update a Local Industrial Strategy (LIS) providing an update on the development process and a presentation at the meeting provided an overview of the emerging draft priorities.

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.

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, maximising the potential key strategic assets and reflecting the diversity of place.

In addition, Government has set out four Grand Challenges – Clean Growth, Artificial Intelligence and Data, Future Mobility and Aging 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.

The Panel was asked to discuss the emerging priorities.

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

- That the diversity of the business activity across the region was a key strength
- Inclusive opportunities in sectors and how these touch the lives of people.
- The need to link the Local Industrial Strategy into the Government's 'Grand Challenges' and tell a coherent story about the region.
- Need to get the business environment right.
- Good Growth
- High levels of Productivity
- Rebalancing of the skills network
- Good to focus on local schools
- Challenge to build opportunities into the regional economy, people, place, partners.
- Bold ambitions to drive economic growth in the region.
- Concern over innovation and ideas
- The information provided could be shorter and punchier but felt great for promoting discussion.

Resolved:

- (i) That the contents of the report and presentation be noted.
- (ii) That the Panel's discussion and feedback on the emerging priorities be noted.

9. Business Finance

The Panel considered an report to update on the work in relation to business finance, in particular future plants for grants and loans included in Exempt Appendix 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 the previous conversations at the Business Innovation and Growth Panel meeting in February 2019 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.

The Chair welcomed Zoe Davidson from Deloitte's to the meeting to update the Panel on the first phase of the work as accessing public money can be confusing so wanted to make this much more straight forward by creating a single access point for people to engage.

The Panel provided the following feedback:

- Provision of a single point of contact key.
- Want to be able to offer support early.
- How to articulate the "ask"
- Ensure appropriate help with business planning.
- Ensure the correct information and guidance is available.
- Training for Business Advisors so specific to individual business needs.
- Investment Readiness Programme to help businesses understand, investment market is not well developed in the north.
- Where to get advice and expertise.

Resolved:

- (i) That the contents of the report be noted.
- (ii) That feedback from the Panel be noted

10. Channel 4 and Digital Sector Support

The Panel considered a progress report to update 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 and was asked to note the progress.

Resolved:

- (i) That the content of the Progress report be noted.
- (ii) That the Panel's views and feedback on the ongoing development of the support offer for the creative and digital sector in the City Region be noted.

11. Business Support

The Panel considered an update report 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 and was asked to note the progress made to date.

Resolved: That the progress to date on delivery of the business support projects, programmes and services be noted by the Panel.

12. Trade and Investment

The Panel considered a report to provide an update on Trade and Inward Investment activity since the last Panel Meeting in May 2019 which included:

- Event attendance
- London Tech Week
- Upcoming planned activities
- Trade
- Investor Development
- Inward Investment Activities and Performance

The Panel thanked the Trade and Investment Team for the update.

Resolved:

- (i) That the contents of the report be noted.
- (ii) That the feedback on the progress made to date on the delivery of Trade and Investment Activity be noted.

13. Business Productivity Pilot

The Panel considered a report and was asked 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).

The Panel discussed and felt there was confidence there would be a take up as results provided show the first round has been on track so would be happy

to endorse a second pilot.

Resolved:

- (i) That the contents of the report be noted.
- (ii) That the Panel discussed and endorsed the recommendation to deliver a second round of the Productivity Pilot.
- (iii) That Officers in the Business Support Team of the Combined Authority / LEP will progress delivery of the second pilot.

14. Panel Work Programme 2019/ 20

The Panel considered a report to set out the proposed forward agenda plan for the Business Innovation and Growth Panel.

Resolved:

- (i) That the contents of the report be noted.
- (ii) That the Panel considered the recommendations and agreed the forward agenda plan.

15. Date of Next Meeting

The next meeting of the Business Innovation and Growth Panel will be held on 26 November 2019.

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Report to: Business Innovation and Growth Panel

Date: 26 November 2018

Subject: **MIT REAP**

Director(s): Alan Reiss

Author(s): Sarah Bowes

1 Purpose of this report

- 1.1 To update the BIG Panel about the University of Leeds led Massachusetts Institute of Technology Regional Entrepreneurship Acceleration (MIT REAP) programme.

2 Information

- 2.1 The Panel will be aware that Leeds University are leading a cohort as part of the MIT REAP programme to drive entrepreneur led innovation in Leeds and the wider City Region.
- 2.2 The two year programme, run by the Sloan School of Management at MIT, started in October 2018. Lisa Roberts will attend the meeting and provide an update on the programme one year in and discuss alignment with the Local Industrial Strategy.
- 2.3 Panel members will also have the opportunity to discuss taking part in a new BEIS MIT programme 'MIT lite'. Further details will be provided at the meeting.

3 Financial Implications

- 3.1 There are no financial implications.

4 Legal Implications

- 4.1 There are no legal implications.

5 Staffing Implications

- 5.1 There are no staffing implications.

6 External Consultees

6.1 University of Leeds have been consulted on this report.

7 Recommendations

7.1 That BIG Panel note the contents of the verbal update by Prof Lisa Roberts and discuss alignment with the Local Industrial Strategy.

8 Background Documents

None.

9 Appendices

None.



Report to: Business, Innovation and Growth Panel

Date: 26 November 2019

Subject: **Innovation: Smarty Interreg programme**

Director: Alan Reiss, Director Policy, Strategy & Communications

Author(s): Alex Clarke, Sarah Bowes

Purpose of this report

1.1 To update the Business, Innovation and Growth Panel on the Leeds City Region's participation in a European Union interregional cooperation project on Industry 4.0.

2. Information

2.1 The West Yorkshire Combined Authority (the Combined Authority), on behalf of Leeds City Region Enterprise Partnership (the LEP), has recently begun work on a European Union interregional cooperation project on Industry 4.0 (also sometimes referred to as the fourth industrial revolution – see box below). The “Smarty” project is a collaboration between regional government bodies and business research institutions from seven European regions with a focus on exchanging best practice on how policy can unlock the full potential of Industry 4.0. The Textiles Centre of Excellence, based in Huddersfield, are also a project partner and the Combined Authority will be working closely with the Textiles Centre of Excellence on regional coordination.

What will the project do?

2.2 The overall objective of the project is to trigger a policy change in the implementation of regional policies and programmes, increasing the awareness and adoption of Industry 4.0 solutions and technologies by Small and Medium Sized Enterprises (SMEs). In practical terms, the project consists of a three year programme of exchanging best practice, followed by a year of monitoring implementation of a targeted action plan in each region. During the first five semesters, partners will share examples both of policy and of direct interventions that relate to four themes, with the opportunity for the Leeds City Region to showcase examples from the region:

Industry 4.0

The concept of Industry 4.0 or the Fourth Industrial Revolution, sits at the heart of the UK's industrial strategy grand challenges. According to the [2017 Industrial Strategy White Paper](#):

“This fourth revolution is characterised by a fusion of technologies that is blurring the lines between the physical, digital and biological worlds. It will disrupt nearly every sector in every country, creating new opportunities and challenges for people, places and businesses to which we must respond.”

Although often applied to manufacturing, technologies of Industry 4.0 impact on the products, processes and supply chains in all aspects of industry. Across Europe, a number of national strategic initiatives are looking at how businesses can make the most of these opportunities: Industrie 4.0 (Germany), Industrie du Futur (France), Produktion 2030 (Sweden), Fabbrica Intelligente (Italy).

1. **Production Performance Monitoring Systems:** connecting demand and supply capabilities across specific Industry 4.0 landscapes where critical mass and cost sharing require enhanced collaboration;
 2. **Predictive modelling and maintenance:** development of ICT capabilities at design and production levels to optimise company processes by exploiting data analytics, big data as well as machine learning, predictive techniques and digital twins for more efficient production chains.
 3. **Virtual Reality and Simulation Technologies:** zero-defect and customized production techniques that use simulation techniques to substitute specific tests (thus limiting risks and costs of testing) and develop predictive models through further integration of virtual processing into the manufacturing process;
 4. **Smart logistics and network management:** multi-stakeholder supply chain management for value chain tracking and monitoring, brand protection, logistic hubs safety and fleet management.
- 2.3 The project will also produce reports and mapping on the current Industry 4.0 context in each region, and will culminate in each region committing to an action plan on how they will implement the best practice learned from partners. Each city region will also be responsible for establishing a local stakeholder group for the project which should bring together relevant partners. It is proposed that the Business, Innovation and Growth Panel could play a significant role in the leadership of this stakeholder group.
- What are the benefits for the Leeds City Region?*
- 2.2 Funded through the European Regional Development Fund (ERDF), Interreg projects are aimed at supporting regional and local governments across Europe to develop and deliver better policy. Therefore, as a city region we will be able to benefit from participating in the Smarty project in a number of ways:
- Provide opportunities to showcase best practice in the Leeds City Region on industry 4.0

- Learn from other regional partners in terms of what works on policy and interventions
- Align strongly with the work of the Leeds City Region digital framework and local industrial strategy
- Provide a framework for engaging with regional partners on what industry 4.0 means for our economy and citizens
- Build collaborative partnerships with regions within Europe that could lead to further opportunities

2.3 The project aligns strongly with the regions new Digital Framework, particularly the ‘digital opportunities for all businesses strand’ and will help inform and determine future interventions through the Local Industrial Strategy.

Next steps

2.5 Before January 2020 a number of initial tasks will need to be completed by each project partner:

- Establish a stakeholder group for the project in the city region and identify relevant partners to involve
- Complete an initial Industry 4.0 mapping and context investigation
- Agree on a number of best practice case studies to share on the first theme
- Communicate details of the project and set up local dissemination channels

3. Financial implications

3.1 The Smarty project is funded by Interreg Europe through the European Regional Development Fund (ERDF). The Combined Authority has been allocated a budget of €90,000 of which 85% of eligible spend will be reimbursed by Interreg Europe, with the remaining being contributed through staff time and related minor travel expenses.

4. Legal implications

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

5. Staffing implications

5.1 Eligible staffing costs are included in the allocated budget for the project. Those members of staff involved in the project will have a declared percentage of their overall time allocated to the project.

6. External consultees

6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That the panel discusses the update provided on the Smarty project and the opportunities it offers for the City Region.
- 7.2 It is recommended that the panel agree to act as the principle stakeholder group for the project, and that a working group be established to include key BIG Panel members and other key stakeholders.

8. Background documents

- 8.1 None.

9. Appendices

- 9.1 None

Report to: Business, Innovation and Growth Panel

Date: 26 November 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 September 2019

2. Information

Inward Investment Activities and Performance

- 2.1 The team have supported 14 investment successes in 2019-20 with 50% of those converting outside the core city of Leeds.
- 2.2 36 new enquiries were received in August, September and October. Three investor visits to the region were hosted during this period. Five inward investment successes (including investor development) were recorded in this period.
- Hothams - A gin company from Hull are expanding into the region and establishing a gin school in Leeds creating six jobs.
(<https://www.yorkshirepost.co.uk/business/hotham-s-gin-school-expands-into-leeds-1-10071284>)
 - Large chemicals company investing in additional premises to accommodate future growth.
 - Manufacturer in the construction industry have expanded at their existing site to incorporate the installation of a new production line to be used for the production of construction materials.
 - Swedish engineering firm Novotek have established a new office and Innovation Lab in Leeds creating 12 jobs.
(<https://www.investleedscityregion.com/all-news-and-blogs/novotek-opens-new-offices-and-innovation-lab-in-leeds/>)
 - A South African investment crowdfunding platform has established an office in the City Region.

Investor Development

- 2.3 The Key Account Management team has increased the number of companies engaged over the last three months to over 130 across the region, and now actively account manages 93 of these.
- 2.4 Approximately 55% of the companies are in the advanced engineering and manufacturing sector.
- 2.5 Over the period August to October 2019, the team completed 32 visits to foreign owned companies and identified ten new expansion/relocation projects.
- 2.6 The team achieved two project successes involving manufacturing firms this quarter (see 2.2). Through investor development support these firms have expanded into additional premises, and invested new capital into their existing operations in the region creating new employment.
- 2.7 The team delivered a business roundtable event in early September in partnership with Gateley Plc and Innovate UK, focussed on Research and Development and innovation support. Eight account managed firms attended with a combined global turnover in excess of £3 billion.

Sector, Trade and International Business Development Activity

- 2.8 The Trade and Investment team have attended a number of events and conferences over the past three months with the aim to raise the profile of Leeds City Region and engage with industry.
- 2.9 This included attendance at
 - **Sibos (London)** – Leading Banking and Finance trade show in the world hosting over 7000 senior delegates from the leading banks and financial institutions as well as a host of Fintech providers. Held for the first time in 30 years in the UK, the LEP attended alongside the Department of International Trade and the economic development teams of Northern Ireland, Manchester, Birmingham and London. The trip resulted in over 15 leads and prospects and the team hosted a roundtable fintech event in partnership with KPMG and the Deputy Mayor of London Rajesh Agarwal.
 - **NHS Expo (Manchester)** - The NHS Expo is the largest NHS (England) event showcasing health and innovation trends. The LEP attended as a delegate, meeting a number of companies, health bodies and academics. Three potential leads were identified during the Expo.

Upcoming planned activities

- 2.10 **SMART Cities Expo, Barcelona** - Leeds City Region is exhibiting at the Smart City World Congress (the foremost Smart Tech show in Europe) on the 19-22 November. A delegation made up of circa 60 people from local

authorities, universities, developers and businesses operating within the Smart Tech space in a public / private partnership will form part of the Expo.

- 2.11 **China and Business of Design Week in Hong Kong, Hangzhou and Qingdao** - Business of Design Week (BODW) will take place from 4-7 December to showcase the design and creative expertise of the UK to an international audience and particularly across South East Asia. A number of organisations from across the city region will be participating in Design Week as part of a UK delegation of over 100 or independently. This will include the University of Leeds and Huddersfield. Attendance at BODW promotes Leeds City Region as a proactive international partner and place to do business.
- 2.12 Immediately following BODW, Leeds City Region will be visiting Hangzhou and Qingdao from 9-13 December. The LEP is currently working with our in-market partners, China Britain Business Council (CBBC) to develop a visit programme which will engage with key business contacts and build on our relationship and work in this important market.
- 2.13 This programme of activities in China will be an important step in delivering on our key objectives. In particular, to increase awareness in China of the world leading innovative businesses and universities, critical assets, growth plans, and investment opportunities in Leeds City Region to accelerate trade relations and bi-lateral investment flows.
- 2.14 **Arab Health, Dubai** - Arab Health 2020 will take place from 27-30 January 2020 and the LEP are again working with Medilink to showcase the city region as part of the UK Pavilion. The event will bring together organisations from the region who will form the key focus of the showcase and highlight the strengths of the region in health and life sciences.
- 2.15 **MIPIM 2020, Cannes** - Planning for MIPIM Cannes 2020 is progressing well. Sponsorship agreements are progressing with the private sector. The percentage towards sponsorship target committed thus far is 80% and are actively engaging with 18 companies who have returned their contracts. Sponsors have been invited to submit initiatives for the programme and the team are currently working on a draft programme.

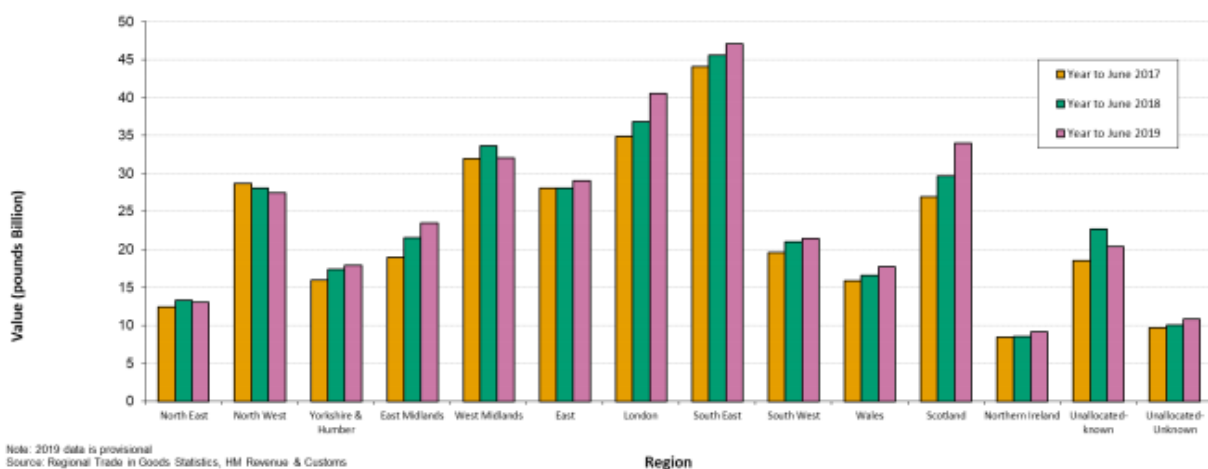
Creative Industries Opportunity programme

- 2.16 The Creative Industries Opportunity programme is currently going through the Combined Authority assurance process. Extensive consultation has taken place with industry bodies and stakeholders, and consequently a number of initiatives have been designed to address critical barriers to growth for the screen industries in LCR. Elements of this programme will be procured following this process in line with public procurement policy.
- 2.17 The project is committed to supporting inclusive growth, and as part of this the programme was used to sponsor an event hosted by the Women in Film and TV (WFTV) network which is dedicated to advancing the professional development of women working in media. The event, 'WFTV: An Audience with Sally Wainwright' was held at Northern Ballet on 15 October and was well-attended by individuals from across the UK and featured an in-depth

discussion with Sally Wainwright on her Halifax-based drama, ‘Gentleman Jack’.

Trade

- 2.18 The latest regional trade statistics show that in the year to June 2019, the value of UK trade in goods exports increased by 3.3% compared with the same period last year. There was an increase in annual export value for all English regions except the North East, North West and the West Midlands. Yorkshire and the Humber has continued to grow and saw an increase of 3% over the same period.



- 2.19 Comparing Q2 2019 with Q2 2018, the total number of businesses exporting from the UK decreased by 3.9% from 109,071 to 104,815. The number of businesses in Yorkshire and Humber also fell by 3.9% over the same period.
- 2.20 The latest overseas trade figures at a national level show that total exports of goods for August 2019 were £27.7 billion. This was a decrease of £2.5 billion (8.3%) compared with the previous month and was a decrease of £3.7 billion (12%) compared with August 2018. In terms of Q2 2019, the total export trade from the UK increased by 1% compared with Q2 2018.
- 2.21 The British Chambers of Commerce Quarterly Economic Survey for Q3 2019 indicates that the balance of manufacturing businesses reporting improved export sales fell from +10 to +3, the weakest since Q4 2015 and the balance of manufacturing businesses reporting increased export orders dropped from +4 to -3 – the weakest since Q3 2009. In terms of the service sector the balance of firms reporting improved export sales remained steady at +6. Those reporting increased export orders fell from +5 to +1.
- 2.22 The MakeUK/BDO Manufacturing Outlook for Q3 2019 shows that export orders have continued to decline this quarter reaching 6% compared to 12% in Q1 and 8% in Q2. The report also notes that manufacturers still consider the EU to be the most important market for international orders, followed by North

America and Asia. All however within the context of a general weakening of export markets.

- 2.23 From a regional perspective, a recent survey by Exporting for Growth, the ESIF funded export support project reported that 95% of clients who have benefitted from the programme stated that the support they received has delivered commercial benefits on a quicker and larger scale than they anticipated. Surveyed companies who took part in the project have already or will achieve several wider internationalisation benefits including 'Access to potential customers' (83%), 'Improved reputation, credibility and profile' (84%), 'Access to key contacts and networks' (79%), and 'Improved capability to internationalise' (77%).

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

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Report to: Business Innovation and Growth Panel

Date: 26 November 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

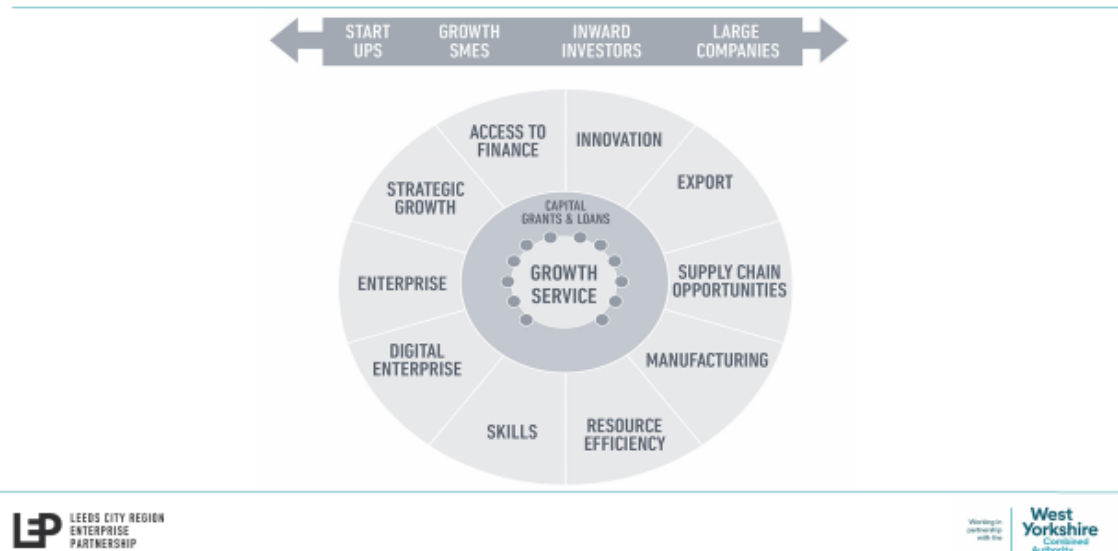
- 1.1 To provide the Panel with an update on business support activity being undertaken, including the LEP Growth Service, the Business Growth Programme, the Resource Efficiency Fund, Access Innovation, Strategic Business Growth, Travel Plan Network, the Northern Powerhouse Investment Fund, Investment Readiness and Brexit Business Support.

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

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

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

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

Brexit Business Support

- 2.3 The planned Brexit Business Support Scheme, which will provide businesses with advice and access to some funding to purchase specialist technical support, has been delayed until the New Year.
- 2.4 The Government's Brexit Roadshow event held in Leeds on 4 October 2019 had over 200 business attendees, which made it the most well-attended outside of London in the country. The Growth Service had a stand at the event and engaged with a large number of businesses on a range of issues, including employment, export/import, business planning advice and access to finance.
- 2.5 The Growth Service is also leading a Growth Hub Cluster for Yorkshire and Humber, which involves coordinating Brexit support activity and 'on the ground' business intelligence from across the four LEP geographies in the region. In Leeds City Region, this has included the appointment of consultants to develop closer working relationships with a number of our larger UK-owned businesses. The aim is to gather more current and detailed intelligence on issues facing the businesses and to help inform potential support interventions.
- 2.6 The remainder of this report also provides additional information related to Brexit preparation, response and intelligence gathering.

LEP Growth Service

- 2.7 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

- 2.8 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 - October 2019
SMEs supported - light-touch & intensive (including enquiries/support from LEP products and services plus events)	3,025	1880

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	424
Intensive support to SMEs (including support from Growth Managers, and the LEP's core business support products)	1035	820
Delivery of Business Advice Pop Up events (with 7 in the 20% most deprived parts of the country)	14	6 (4 in the 20% most deprived area)
Proportion of businesses supported likely to recommend it	90%	81%
Service Expenditure (combined budget) - BEIS (£512,500) - Business Rates (£44,838)	£557,338	£148,075 (BEIS £136,056 BR £12,019)

2.9 The service is working towards an annual target to provide support to 3,025 individual businesses in 2019/20. 1880 individual SMEs have received support since 1 April, of which 424 have been intensively supported by the team of SME Growth Managers. An additional 396 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

2.10 The team has developed a Service Quality Enhancement Plan as recommended in the latest annual evaluation of the Growth Service (see Executive Summary at Appendix 2). This will encompass a number of service improvements in direct relation to some of the recommendations of the evaluation, including:

- Exploring new channels and technologies to meet changing business needs – i.e. better use of technology to screen and field enquiries, implementing more agile methods of working.
- Further promotion and use of the National Business Support Helpline and its content where it meets local requirements, potentially using the Growth Service helpline to focus more on those firms with productivity or Scale Up potential.
- Promotion of professional development standards, such as SFEDI qualifications, to enhance the consistency and quality of service provision amongst SME Growth Managers.
- Refreshing SME campaigns and messaging so that these are less reactive and better able to capture the voice of business, possibly by commissioning more market research to better understand the current and future needs of businesses.
- Refreshing the structure of the LEP website to offer inspirational and engaging themes that meet the needs of business at different stages of maturity, including through more dynamic business-to-business content..

- 2.11 'Be the Business', a Government-backed initiative aimed at addressing the underperformance of UK productivity, has launched its business mentoring scheme within Leeds City Region. The programme aims to facilitate knowledge transfer, exchange of ideas, expertise and experience to shape the future direction of SMEs with a focus on delivering a step-change in business productivity and growth. The introduction of the mentoring scheme follows on from a successful pilot of 180 matches between businesses and mentors made across Greater Manchester, Birmingham, the North East of England and London in the last 12 months. The target is now to match 50 SMEs in Leeds City Region with experienced mentors from some of the UK's leading businesses (including GSK, Amazon and The John Lewis Partnership) by the end of March 2020. This offer is now integrated within the Growth Service and is being actively promoted by the SME Growth Managers.
- 2.12 Work is progressing on the HMRC and BEIS-led pilot scheme focussing on the improved use of data to develop a greater understanding of the types of businesses that use Growth Hubs. Along with 12 other Growth Hubs, the Growth Service has now entered into a Memorandum of Understanding with HMRC and the first batch of data on businesses supported has been submitted for analysis. The pilot will track the growth journeys of the businesses alongside a control group of businesses not supported to date in order to determine the impact of support.
- 2.13 The team is engaged with representatives of NatWest, who are involved in a national piece of work exploring how best to accelerate female entrepreneurship. This follows on from a piece of research (the Rose Review 2019), which examined some of the barriers facing women looking in relation to starting and growing businesses. The team is connecting NatWest's district based business development managers to initiatives taking place within the City Region, as well as looking at opportunities to collaborate on a number of potential activities over the next 12 months.
- 2.14 The service delivered the latest Leeds City Region SME Support Network event on 24 September in Halifax. The events are for public sector business support professionals to share best practice and 'on the ground' intelligence on issues affecting their clients. They also provide the opportunity to keep up to speed with the latest business support offers from all partners. This latest event focussed on opportunities and support to the City Region's creative and digital businesses, particularly in the context of Channel 4's HQ relocation to Leeds. Over 50 people attended and guest speakers included Creative England and Digital Enterprise, as well as the LEP's Trade and Investment team, focussing on the new #Grow scheme, and Employment and Skills team, focussing on skills and career development opportunities within the sector.
- 2.15 The latest Professionals' Perspective Network event for private sector business intermediaries took place on 24 September 2019 and focussed on the challenges and opportunities arising from Brexit. It was attended by representatives from mainstream banks, venture capitalists, the British Business Bank, legal firms and large professional services providers.

Attendees shared a broad range of issues facing their clients and their own businesses, and provided useful feedback on the LEP's proposed interventions to help businesses prepare and respond.

- 2.16 Monthly SME Growth Manager meetings take place for the team to share best practice, build strong links with partners and support the professional development of both the Growth Managers and the Gateway Team. Presentations over the last quarter featured the relaunch of the Digital Enterprise scheme, Department for International Trade's export support, Be the Business mentoring scheme and the Enterprise Advisor Network. The SME Growth Managers have also been involved in a consultation exercise on the Business Growth Programme to support the development of a successor programme in 2021.
- 2.17 Work continues to support the 'Better Business for All' (BBFA) campaign to improve working links between businesses and regulators. The team hosted the West Yorkshire Regulators group meeting in September 2019 and attended the regional BBFA Group meeting in early November 2019.

Marketing and communications

- 2.18 A number of written case studies are in development, following on from 10 video case studies that 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/>.
- 2.19 Events over the last quarter included exhibitors at Halifax's digital festival (18-20 Sept) Bingley Business Expo (25 Sept), Huddersfield Business Week (30 Sept – 4 Oct), Bradford Manufacturing festival, and Leeds Manufacturing week. The team also presented at NPL's Innovation using emerging technologies event on 22 Oct at the 3MBIC event and the SME Growth Managers have attended a number of district based events. The team have also supported all seven of the regional Brexit specific events organised by BEIS and DIT as both exhibitors and/or guest speakers to promote the support available to businesses via the Growth Service.
- 2.20 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 includes the newly launched Productivity Pilot, Brexit information and event links, ask the expert pop-ups, #Grow, Investment Readiness workshops, NP11 Energy and Clean Growth Conference and Innovation Week. A separate Brexit focused newsletter was also issued to businesses advising them of the tools and information to help them prepare for a no deal EU exit. The newsletters can be accessed via <https://mail-the-lep.com/t/3LTT-FFI7-4782RMB83/cr.aspx>.
- 2.21 Social media activity which underpin the marketing campaigns and initiatives, have had a prominent focus on Brexit under the 'let's talk Brexit' banner. Likewise an article was released in late September 2019 in the Yorkshire Post

directing businesses to the Growth Service, as well as the Government’s website and national events for more information and support.

- 2.22 The team have delivered four of the planned 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 and are a cost efficient way for the LEP to engage with the Private Sector in some of the City Region’s more outlying and disadvantaged areas. The last two took place in Halifax as part of Halifax Digital Festival and The textile centre in Huddersfield as part of Huddersfield Business Week. Three more have been scheduled to take place at the end of November/early December in Wakefield, Leeds and Bradford.

ERDF Growth Service (Business Resilience)

- 2.23 Two additional SME Growth Managers took up their positions in Harrogate and Calderdale in early October 2019, and a new one for Kirklees has also recently joined the team following a retirement. The additional post for York is expected to be filled this month, but there are continued challenges in filling the 1.5 FTE posts in Bradford following two unsuccessful recruitment rounds. Therefore, there are currently 16.5 Growth Managers in place, with one more to follow shortly.
- 2.24 The team has collectively supported 39 businesses since the start of the additional ERDF funding period (April 2020), with three hours of assistance and are currently on track to achieve the outputs for 2019-20. Two key pieces of work are currently taking place to support the intensive business assist outputs (12 hours per business), including the development of a business diagnostic tool as well and a series of business resilience-themed workshops. Procurement for both of these elements will take place over the next quarter with delivery expected to commence in early 2020.

Business Growth Programme (BGP)

- 2.25 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.
- 2.26 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 21 Oct 19)
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Expenditure	£44.32m	Committed - £35.10m Actual - £30.66m
New Jobs Created	4,100	Committed – 5,570 + 1,693 safeguarded Actual – 4,357 + 1,682 safeguarded
Businesses Supported	No contractual target	Committed - 621 Actual – 563
Number of Grants Awarded	765	Committed - 763 Actual – 680
Public/ Private Sector Leverage	£168.5m	Committed - £367.09m Actual - £291.11m
Total Cost Per Job	No contractual target	Committed - £6,303 Actual - £7,038

2.27 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 £5,078 per job.

2.28 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. The main reasons for this are lower numbers and concentrations of manufacturing businesses in these areas; a similar grant offer from North Yorkshire LEP available in these areas; and the fact that the more established route to support for some North Yorkshire businesses is through the North Yorkshire LEP Growth Hub (with which there is a close working relationship). For those programmes that are not as directly relevant to the manufacturing sector (e.g. Digital Enterprise, Adventure and Strategic Business Growth), take-up in the North Yorkshire districts is higher and more proportionate to the overall make-up of the City Region's business stock.

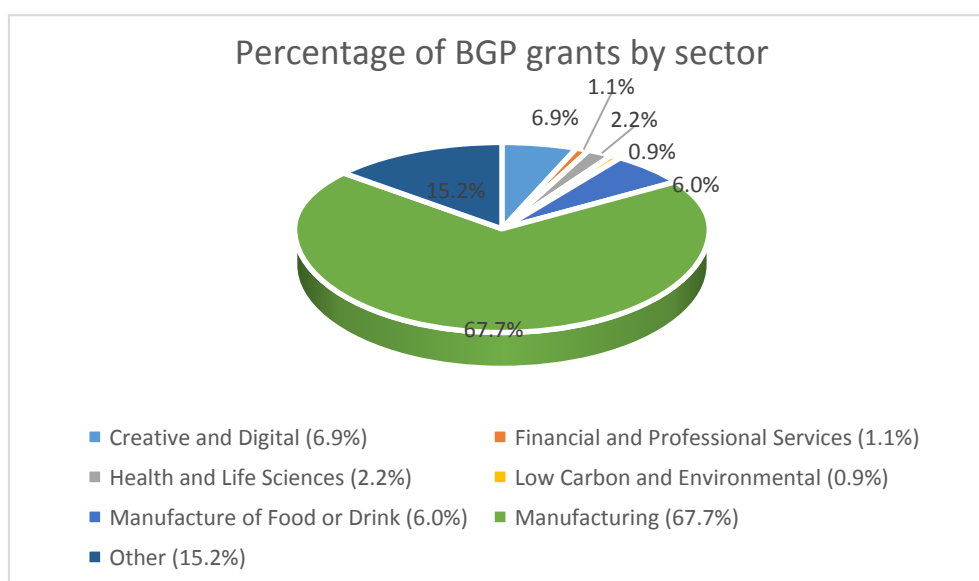
Table 3: Grant awards by district April 2015 – October 2019

District	SME Stock %	Number of Grants	% of Number of Grants	Value of Grants	% of Value of Grants
Barnsley	5.9%	38	5.0%	£ 1,792,141	5.1%
Bradford	14.5%	124	16.3%	£ 6,094,036	17.4%
Calderdale	7.5%	103	13.5%	£ 5,045,140	14.4%
Craven	3.2%	14	1.8%	£ 368,740	1.1%
Harrogate	8.5%	28	3.7%	£ 1,068,909	3.0%
Kirklees	13.5%	138	18.1%	£ 5,437,920	15.5%
Leeds	26.8%	223	29.2%	£ 9,779,565	27.9%
Selby	3.4%	4	0.5%	£ 233,800	0.7%

Wakefield	9.5%	75	9.8%	£ 4,746,866	13.5%
York	7.2%	16	2.1%	£ 532,057	1.5%
Total	100.0%	763	100.0%	£ 35,099,174	100.0%

2.29 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 67.7% of all grants awarded since April 2015. The next most popular sectors are Creative and Digital and Food and Drink, with 6.9% and 6.0% of grant awards respectively. Other sectors represent 15.2% 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 – October 2019



Productivity Pilot

2.30 The second round of the Productivity Pilot will launch on 1 November 2019, with businesses invited to complete applications by 31 January 2020. The pilot aims to incentivise productivity improvements within a small cohort of businesses, rather than requiring projects to lead to the creation of new jobs. An update will be provided at the next BIG Panel meeting.

Inclusive Growth

2.31 The previously approved Inclusive Growth criteria and conditions have been in operation since last August (with a revised approach introduced from July 2019). This incorporates incentive-based criteria linked to the Real Living Wage for all programmes which create jobs, thus building on the success of the BGP experience to date. It also extends the list of inclusive growth commitments to the wider range of grant programmes and includes a lower threshold (£25,000 and above) at which grant recipients are asked to make commitments as a condition of the grant.

2.32 Those businesses receiving grants of between £10,000 and £24,999 are now expected, and supported, to deliver one commitment, but it is not mandatory, and there is no expectation on those receiving grants below £10,000.

Review of initial effectiveness – Real Living Wage

2.33 Prior to the introduction of the revised criteria, analysis of BGP grants awarded in the previous 12 months (June 2017 to June 2018) showed that **58% of the jobs created** were paying the Real Living Wage or above.

2.34 Since the introduction of the new criteria in July 2018, 141 BGP applications have been approved. These applications are linked to the creation of 676 new jobs, 542 of which are proposed to pay above the Real Living Wage. This represents **80% of all of the jobs to be created** via the investment projects to be supported on BGP. So far, 221 of these jobs have been created, 179 (81%) of which are paying at least the Real Living Wage, and this will continue to be closely monitored as the supported projects progress and the associated jobs are filled.

2.35 It is a requirement of recipients of the Digital Inward Investment Fund (#Welcome) and the Digital Investment Fund (#Grow) that all jobs must pay at least the Real Living Wage.

2.36 There have been no approvals for grants through the Strategic Inward Investment Fund since the introduction of the revised criteria in July 2019, but two of the grant recipients are fully accredited Real Living Wage Foundation employers, paying all employees the Real Living Wage.

Review of initial effectiveness – inclusive growth commitments

2.37 A summary of the commitments obtained to date across each grant programme is provided in table 3.

2.38 The criteria has been a mandatory requirement of recipients of BGP grants of £50,000 or above since 31 July 2018.

2.39 The criteria has been a mandatory requirement of recipients of grants of £25,000 or above across all grant programmes and a voluntary ask of businesses receiving a grant of between £10,000 and £24,999 since 1 July 2019.

Table 3: Number of inclusive growth commitments by programme

Programme	Number of grants approved since introduction of	Number of mandatory commitments obtained from businesses	Number of voluntary commitments obtained from businesses
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	inclusive growth criteria		
Business Growth Programme	90	85	5
Access Innovation	5	1	4
Strategic Inward Investment Fund	2	0	2
Strategic Business Growth Programme	1	1	0
Digital Inward Investment Fund (#Welcome)	3	3	0
Productivity Pilot	9	8	1
Total	110	98	12

2.40 A summary of the number of each commitment obtained to date is provided in table 4.

Table 4: Number of inclusive growth commitments by commitment type

Commitment	Number	Percentage of all commitments
Inspire the next generation by working with schools and/or colleges	20	18.2%
Develop a Skills Plan including apprenticeships	21	19.1%
Offer training to low paid staff to help them progress	9	8.2%
Offer work opportunities to local people with disabilities or health issues	2	1.8%
Offer more sustainable 'green travel' options to employees	14	12.7%
Undertake an energy audit to identify ways to reduce energy consumption	17	15.0%
Undertake a supply chain audit to identify opportunities to buy more from local suppliers	3	2.7%
Pay small business suppliers in accordance with the Prompt Payment Code	10	9.1%
Commit to paying staff the Real Living Wage within an agreed timescale	8	7.2%
Other	6	5.4%
Total	110	100%

- 2.41 Of commitments agreed with businesses to date, the highest number are for developing a skills plan (19.1%), followed by working with schools and/or colleges (18.2%).
- 2.42 Informal feedback from businesses has been positive to date, with the majority being receptive to the new approach. As perhaps expected, the smaller businesses have been those that have expressed some concern related to their more limited resources to implement the commitments.
- 2.43 Payment of the Real Living Wage has been the main challenge reported for businesses since the new approach has been implemented, in particular for those operating in lower value sectors, and/or, in geographical areas where wages are lower than the City Region average. These are often more disadvantaged areas, so the decision to adopt a two-tier grant rate has been beneficial to avoid an outright exclusion of certain firms in these locations from grant support.

Resource Efficiency Fund

- 2.44 The Resource Efficiency Fund (REF) is being delivered through the Growth Service until December 2019 (having recently had a two month extension approved) 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. Initial clarifications from the Managing Authority have been dealt with and further feedback is expected in early November.
- 2.45 696 businesses have engaged with the project as of September 2019. These engagements have resulted in 361 assessments being commissioned and the completion of 357 assessment reports that identified clear actions the firms can take to improve their resource efficiency. 158 grant applications have been approved and payments totalling £ 888,631 having been made to 139 businesses, leveraging over £1 million of SME spend. Progress is broadly in line with contractual targets. The grant pot is now almost fully committed.
- 2.46 Projects approved since the last meeting of the Panel have been mainly in the areas of basic heating (including wood waste burners), lighting, insulation and compressor investments. To date, total estimated CO2 savings across all approved projects stands at 2,409 tonnes per annum, with estimated savings to the recipient-businesses of £655,891 per annum.

Access Innovation

- 2.47 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.

- 2.48 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.
- 2.49 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.
- 2.50 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.
- 2.51 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.
- 2.52 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

- 2.53 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.
- 2.54 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. 352 businesses are now fully engaged with the programme (against a target of 302 by January 2020), including 321 that have developed detailed growth action plans with their allotted account managers. Of these, 291 have benefitted from a combined total of over 11,860 hours of coaching support and 112 have attended an average of three of the workshops available. 44 businesses have also participated in the peer to peer leadership workshops offered through the programme.
- 2.55 The 352 businesses supported to date through the programme have created 686 new jobs, exceeding the January 2020 target of 596 by 15%.
- 2.56 As of 1 October 2019, 37 SME grant applications had been approved 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, 31 had completed their investments by the end of September 2019, receiving £714,043 in grants and contributing over £2.31 million of private sector match funding in the process.
- 2.57 An outline application was submitted under the most recent call for projects which closed on 30 September 2019. This relates to extending the project by three years from 1 April 2020 to 31 March 2023. Total project value £3.256 million, ERDF request £1.628 million.

Investment Readiness

- 2.58 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.

- 2.59 Activity has now started on the Investment Readiness programme which is being delivered by Winning Pitch Trading Ltd, in conjunction with Grant Thornton and Garbutt + Elliott. Support available through the programme includes a series of ten workshops covering key themes relating to finance alongside peer-to-peer networks, 1-2-1 funding and tailored coaching sessions with a Growth Finance Advisor.

Travel Plan Network

- 2.60 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 34 businesses have joined since 1 April 2019. The total membership now stands at 467 businesses that employ almost 300,000 staff between them.
- 2.61 The team is funded by a European project Interreg SHARE-North, and a key target is to provide 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. As such the team have recently completed a mapping exercise with support from the CA's spatial intelligence team to better understand what air quality issues exist across the West Yorkshire districts and where, help to identify larger businesses within those districts, and proactively target them to join and receive assistance via the TPN.
- 2.62 The team are also regularly attending the monthly SME Growth Manager meetings which form part of the LEP's business Growth Service to help raise awareness about the support available to businesses via the TPN and encourage more client referrals. Additionally the team have been providing support to Leeds City Council's Clean Air Alliance (CAA) group and are looking to help the implementation of a proposed 'champion led modal shift' programme working with schools/businesses/faith organisations. Likewise, the team are also part of a transport working group for the main Climate Emergency Advisory Committee focusing on how the group can support businesses within Leeds with travel planning.
- 2.63 Work continues to assist those members relocating within the City Region, including Premier Farnell, Wellington Place (for HMRC and NHS Digital) and Kirkstall Forge (for BUPA) including support with shared travel plans were needed. Bradford Royal Infirmary have recently re-engaged with the team for further assistance around the development of a shared travel plan and two new members have joined requiring relocation assistance. The team have also met with Energy Savings Trust (EST) to discuss the free fleet reviews available to businesses to help make their fleets more efficient, cost effective and lower emissions. This information has been promoted more widely across the network via member updates as well as EST's Fleet Hero's awards 2019.

- 2.64 Sustainable travel campaigns, initiatives, offers to network members and good news stories are promoted through our TPN member monthly updates. Promotions and updates over the last quarter focused on local, national and global events as well as cycling and shared mobility including: European mobility Week (16-22 Sept), Cycle September, Let's Ride, World Car Free Day (22 Sept), City Connect's Bike Friendly Business scheme, Liftshare Week (7-13 Oct), International Walk to School Month (Oct). Minster Law based at Calder Park was also promoted as an exemplar of good practice for car sharing. Businesses were also directed to wider business support provision via the Growth Service including for Brexit related information and were encouraged to participate in the 'give an hour campaign' to help inform the career choices of young people.

Northern Powerhouse Investment Fund

- 2.65 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested £27.2m in 117 businesses in Leeds City Region. £1.6m has been invested in 44 businesses via the micro fund, £14.0m has been invested in 56 businesses via the debt fund, and £11.6m in 17 businesses via the equity fund.
- 2.66 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.

#Grow

- 2.67 A total of £13.45m was awarded to the West Yorkshire Combined Authority through the Growth Deal for use on inward investment grant programmes. £12.45m was allocated to Strategic Inward Investment Fund (SIIF) and £1m to the Digital Inward Investment Fund (#Welcome), another inward investment product offering grants of £10,000-£50,000 as a contribution of up to 50% of eligible project costs. This is designed to support small and medium sized businesses from the sector establish new operations in Leeds City Region.
- 2.68 In the context of Channel 4's investment in a new National HQ in Leeds City Region (City Region), there is an opportunity to generate enhanced growth in the creative and digital sector. To support this growth, in May 2019 Investment Committee and Combined Authority approved a change to transfer £1.5m from SIIF to #Welcome. A new grant scheme, #Grow, has been developed to support creative and digital businesses with an existing presence in the City

Region. SIIF currently stands at £10.95m, with £2.5m allocated to support #Welcome and #Grow. #Grow was launched at Halifax Digital Festival on Wednesday 18 September 2019.

- 2.69 #Grow offers support to digital businesses to invest in capital to support the growth of the business and create new jobs. Grants are available of between £10,000 and £50,000, as a contribution of up to 50% of eligible project costs. The priority sub-sectors for the fund are:
- Creative industries (including creative content e.g. TV, film and media and creative services);
 - IT, software and hardware;
 - Cyber securities and data protection technologies;
 - Smart technology, smart cities, Internet of Things and new technologies.
- 2.70 A project team is now in place to support the delivery of #Grow, and a part-time Marketing Officer is also in place to support marketing activities that relate to #Grow and the Channel 4 Opportunity Fund. The fund is being actively promoted through the LEP's network of partners (including the SME Growth Manager function), and through an active marketing campaign, including social media promotion.
- 2.71 Three applications have been approved to date totalling £92,020, with the creation of 10 jobs. A further five applications are currently under review and we are working through a pipeline of 50 enquiries.

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 2 – Growth Service Evaluation

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 (yellow line). The service is on track to meet that target having supported 1880 individual SMEs (black line) since 1 April 2019. Those businesses have interacted with the service 2362 times (activity line blue), indicating that some have returned for additional support.

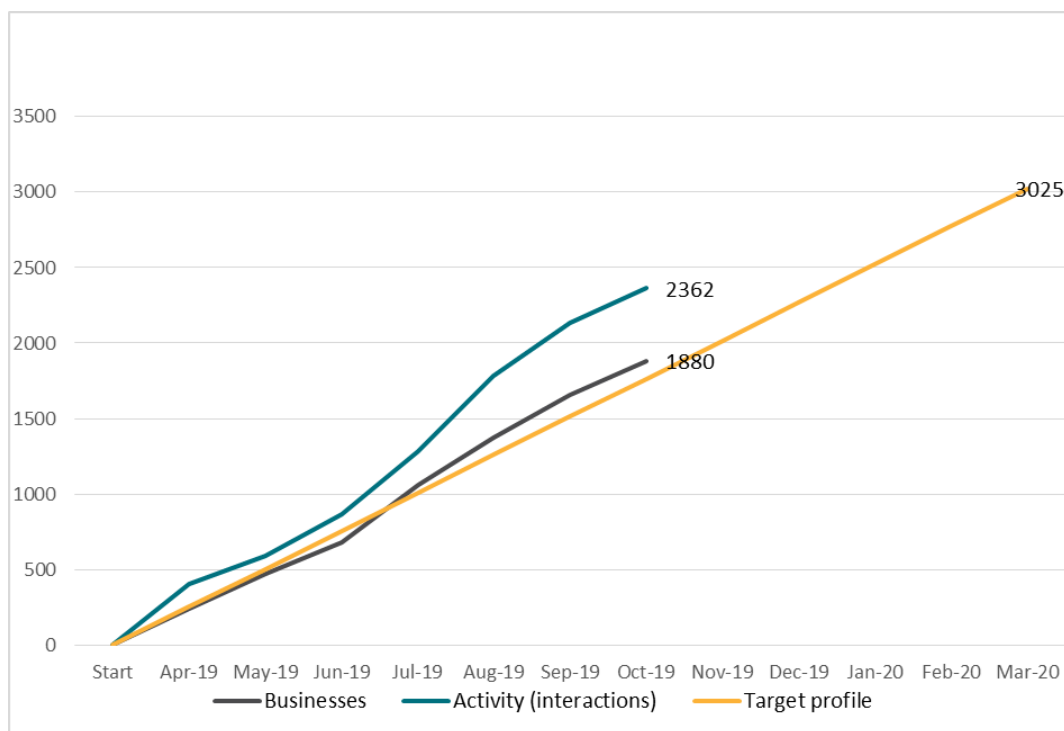


Figure 1: Projected and actual performance against the 2019/20 annual target (Apr 19 – Oct 19).

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 72% of the enquiries received by the gateway in the year to date. The number of enquiries has decreased by 21% compared to the same period in the previous year. This is due to a significant decline in the last 4 months because during this period the previous year the helpline was undertaking proactive outgoing calling.

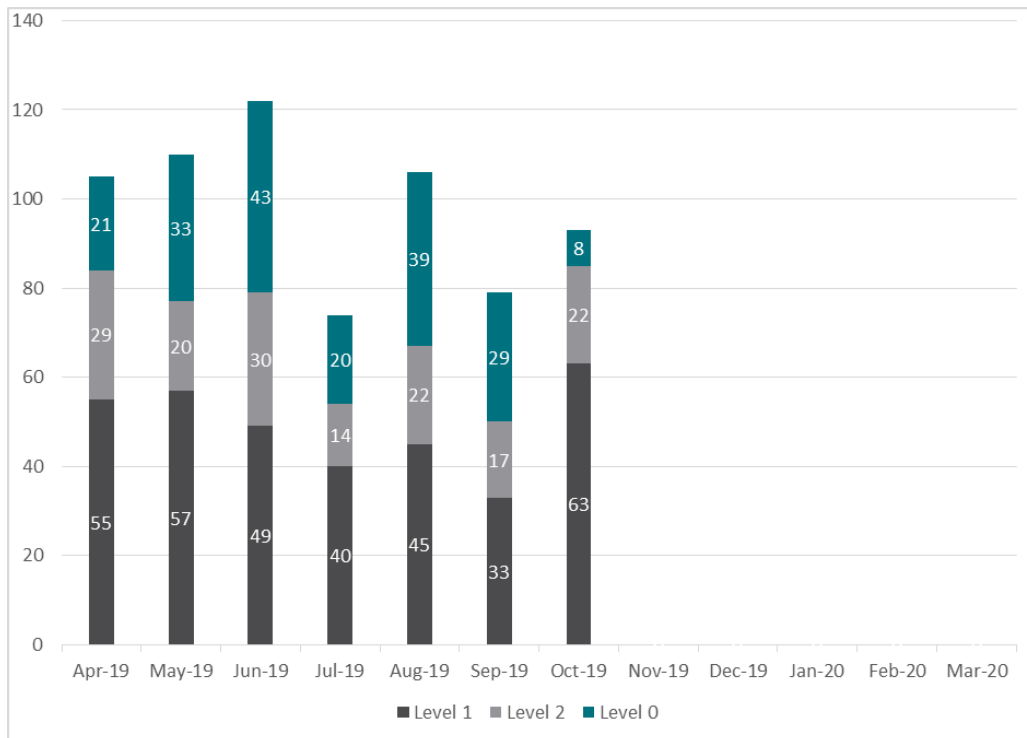


Figure 2: LEP Growth Service enquiries to the Gateway by client group (Apr 19 – Oct 19)

1.4 The number of enquiries from the service’s target group (level 1 and 2 responses) have also declined for the same reason. The service has recorded a greater number of enquiries from pre-start and early stage businesses, which helps to inform future marketing activities.

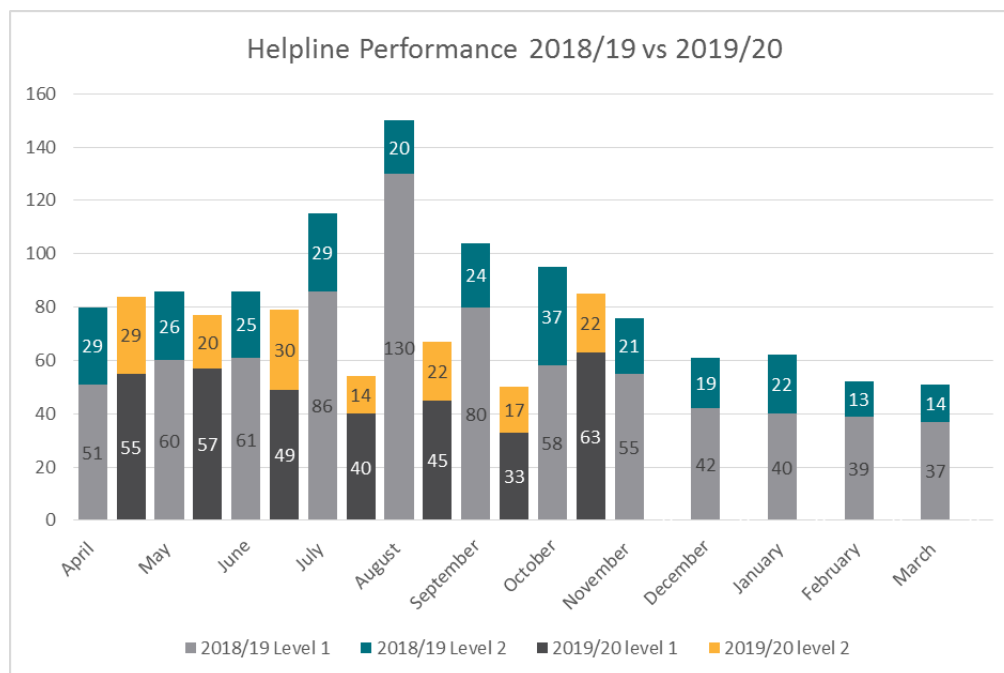


Figure 3: LEP Growth Service enquiries to the Gateway by target client group (Apr 18 - Oct 19)

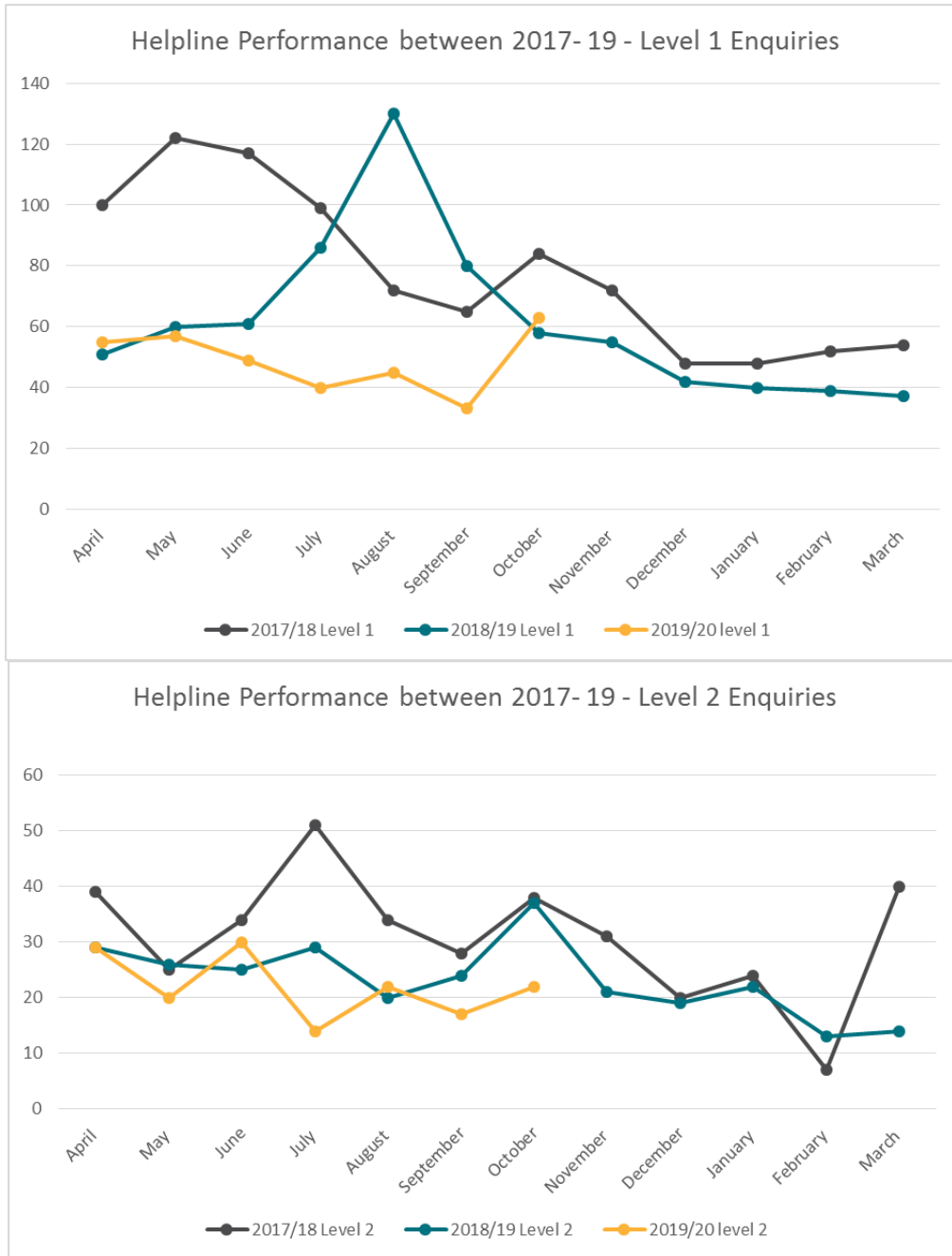


Figure 4: LEP Growth Service enquiries to the Gateway by target client group (last 3 years)

1.5 The table below shows the total number of gateway interactions per annum since the launch of Service in July 2015. The team is 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 – Oct 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 Oct 19
Non Target Client Group Level 0	410	252	210	282	234
Light Touch Referral Level 1	427	911	933	783	342
In depth Intensive Referrals Level 2	235	390	375	296	154
Total Gateway Interactions	1072	1553	1518	1361	730

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. Just under 60% of enquiries were fielded by telephone this quarter following a similar profile as 2018-19.

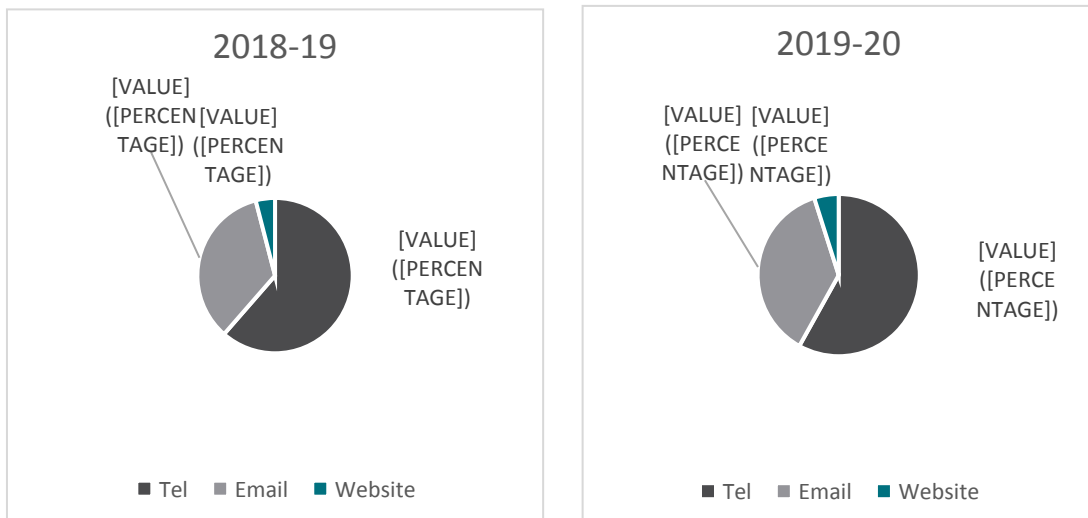


Figure 5: Gateway channels of enquiry (Apr 18 – Mar 19 & Apr 19 – Oct 19)

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 in the year to date 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.

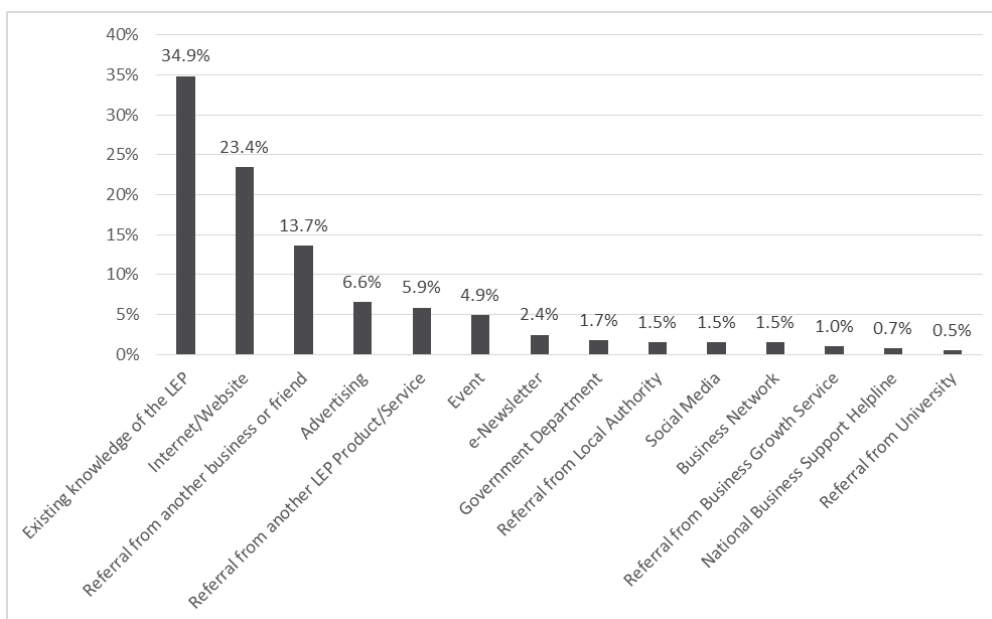


Figure 6: How customers report hearing about the service (Apr 19 – Oct 19)

- 1.8 The Growth Managers are working towards an annual target to collectively account-manage 630 businesses. They have supported 538 businesses this quarter, with 424 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 – Oct 19)

SME Growth Manager	Total Clients	Intensively Supported
Bradford & Craven (x2 FTE)	80	78
Calderdale (x1 FTE)	28	24
Harrogate (x1 FTE)	44	39
Kirklees (x1.5 FTE)	53	46
Leeds (x2.5 FTE)	148	67
Wakefield (x1 FTE)	95	92
York (x1 FTE)	30	21
Selby (x0.5 FTE)	60	57
Total	538	424

- 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. After underachieving in Quarter 2, the Growth Managers have reported 39 businesses supported in Quarter 3, 4 over profile for this quarter. The programme is currently 6 under profile but we are confident they will achieve these in Quarter 4. The programme experienced a

delay in recruiting New Growth Manager's with 2.5 FTE posts still to be recruited and 2 starting in October. This has impacted on the ability to achieve 12 hours of support and we anticipate three 12 hour assists by the end of Quarter 4. Although this means the programme will have underachieved in Year 1, we are confident that they will be achieved during the first 2 quarters of Year 2 when all New Growth Managers will be in post.

Table 3: Performance against ERDF Growth Service targets 2019

OUTPUTS	PROFILED (2019)				ACTUAL (Apr 19 – Dec 19)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(C4) Number of enterprises receiving non-financial support	0	0	5	10	0	0	0	
(PO13) Number of enterprises receiving information, diagnostic and brokerage support	0	10	30	40	0	0	39	
(C8) Employment increase in supported enterprises	0	0	0	0	0	0	0	
TOTAL	0	10	35	50	0	0	39	

1.10 Figure 7 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.

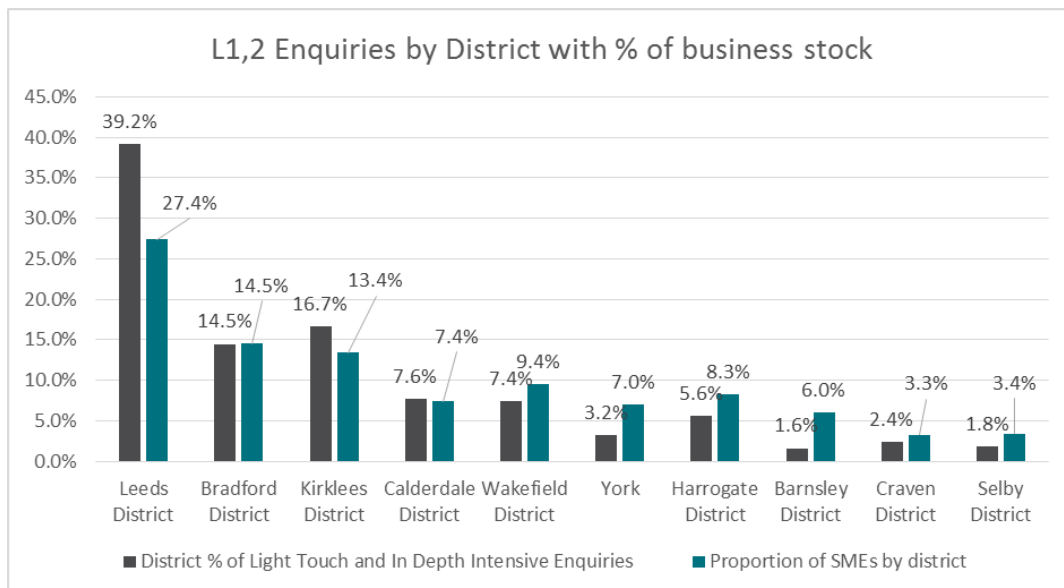


Figure 7: Enquiries compared to the district-proportion of total City Region business stock (Apr 19 – Oct 19)

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.

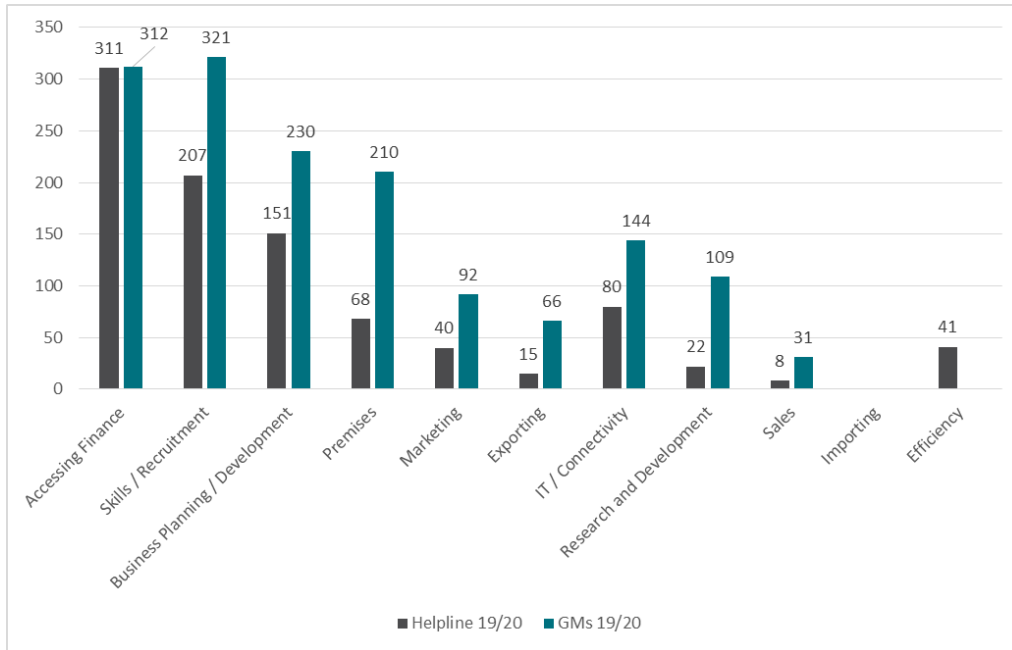


Figure 8: Topics for business support via the gateway (Apr 19 – Oct 19)

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.

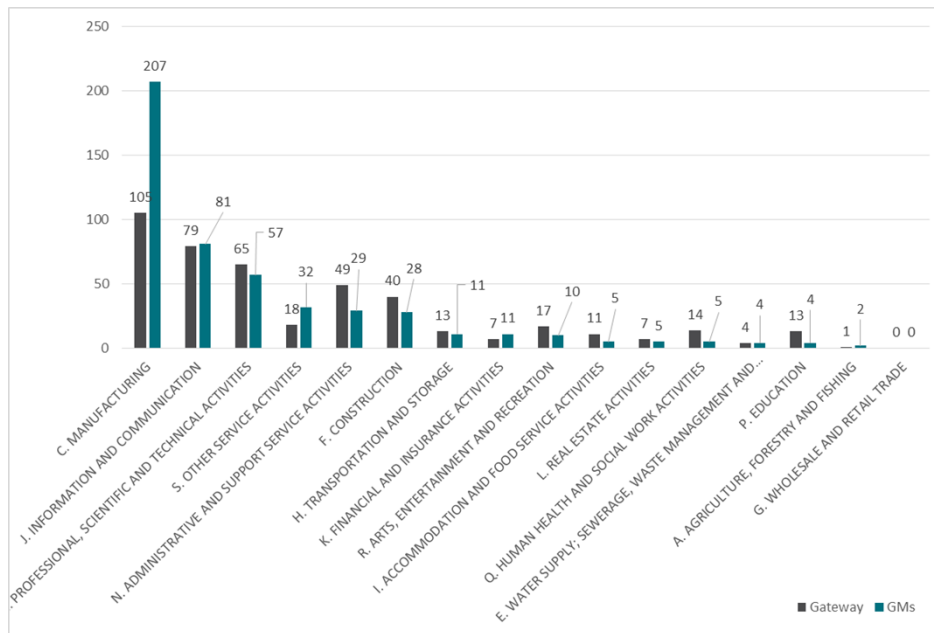


Figure 9: Percentage of Growth Service clients (Gateway and Growth Manager) by sector (Apr 19 – Oct 19)

1.13 Figure 10 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.

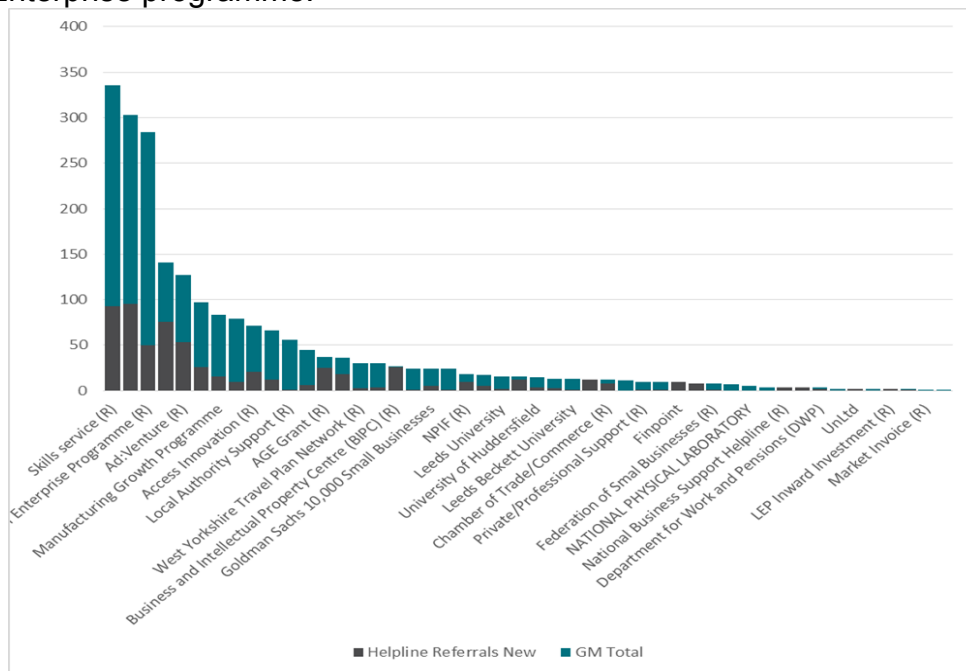


Figure 10: Number of business support referrals (Apr 19 – Oct 19)

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.

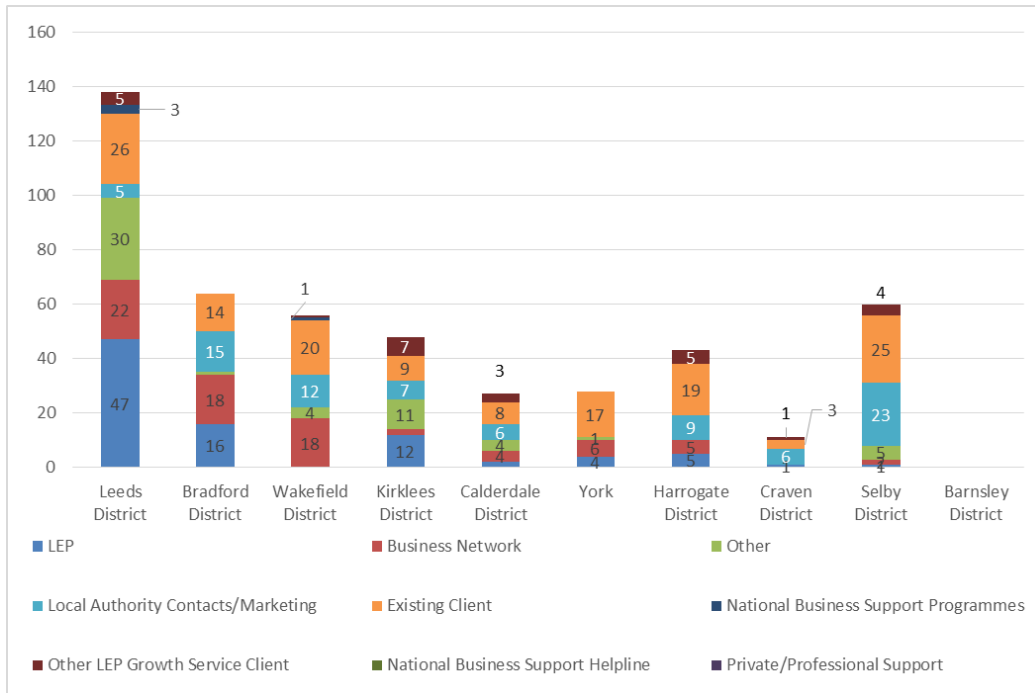


Figure 11: Source of Growth Manager Clients (Apr 19 - Oct 19)

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- Oct 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	1	1	XX
Leeds	2	1	1	10
Wakefield	3	0	0	
Total	14	3	3	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 events have generated

an average satisfaction level of 90% rated Excellent or Good as per table 5 below.

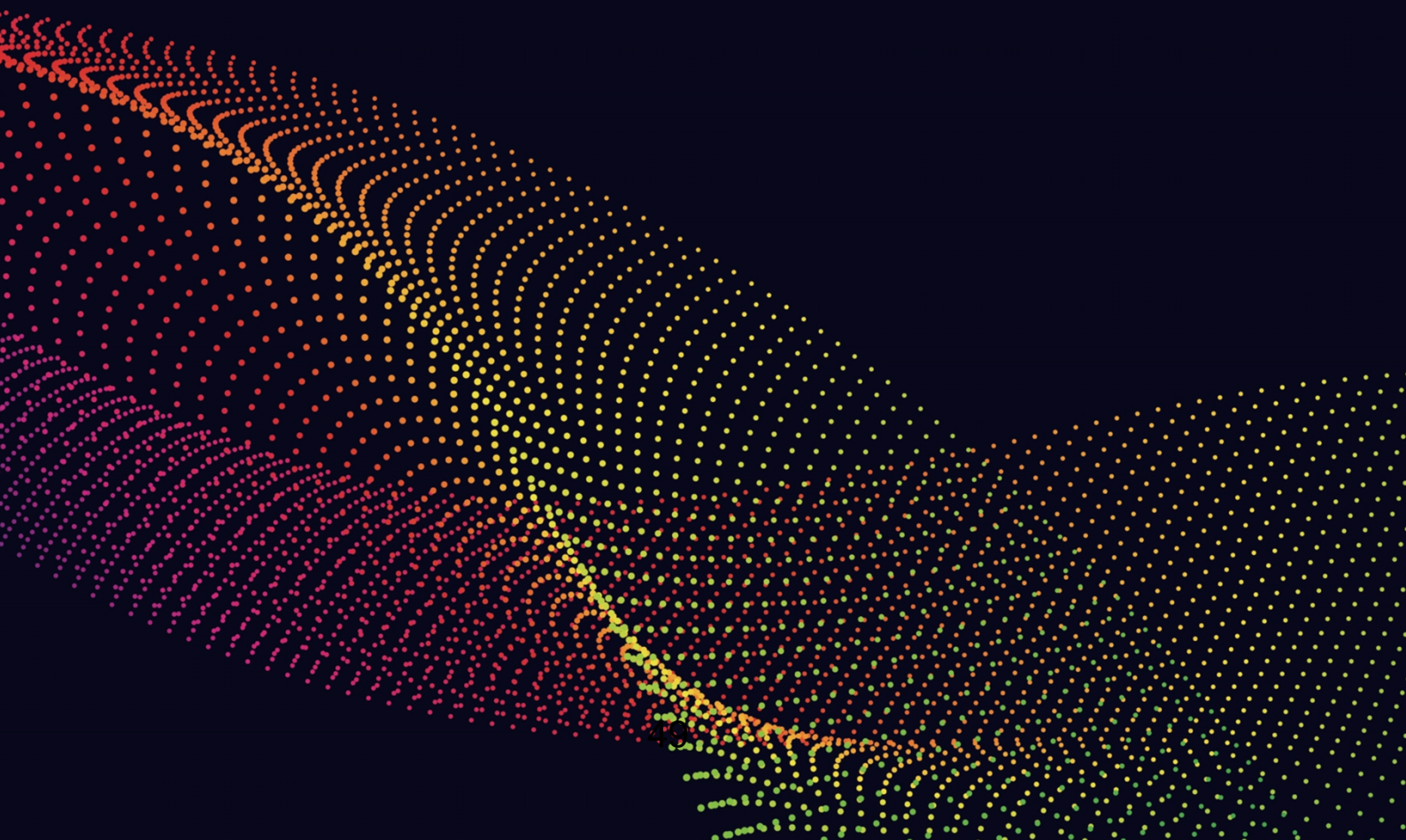
Table 5: Satisfaction levels of attendees at ‘ask the expert’ Pop Up Events (Apr 19 – Oct 19)

Satisfaction rating	Number of responses	Percentage of overall respondents
Excellent	21	72%
Good	8	18%
Poor	0	0
No feedback	0	0
Total	29	100%



PERIODIC EVALUATION OF THE LEEDS
CITY REGION ENTERPRISE
PARTNERSHIP GROWTH SERVICE

A Report to the West Yorkshire
Combined Authority
September 2019



EXECUTIVE SUMMARY

The Leeds City Region (LCR) Growth Service, launched in July 2015, is at the heart of the Local Enterprise Partnership's (LEP's) business support model to simplify the offer for businesses. It acts as the focal point for all new and existing business support products and services across the LCR. The target group for support are those SMEs that want to grow, but it also has a helpline to signpost any business to relevant support that is available. This report provides a periodic evaluation covering the period from April 2018 to March 2019. It builds on earlier evaluations undertaken by Kada Research in 2016, 2017 and 2018.

CONTEXT

The purpose of the evaluation is to help to ensure The Growth Service team is able to continue to track progress effectively, make the most of limited resources by targeting businesses with genuine growth prospects and, most importantly, help meet the LEP's inclusive growth and productivity ambitions. The evaluation involved a review of progress to date, discussions with stakeholders, a business survey, case studies and a review of monitoring and evaluation arrangements. Chapter Two describes the approach in more detail.

Growth Hubs were introduced for two principle reasons. Firstly, they aim to address a market failure of businesses not knowing where to go for support. Secondly, they were designed to simplify what has become a confusing and fragmented picture of business support. The LCR's Growth Hub is referred to as The Growth Service.

The Growth Service concept fits well with LCR's desire to support economic growth and refreshed Strategic Economic Plan (SEP): *"to drive up productivity, growth and employment through an environment that enables businesses to start-up, innovate, trade and invest"*. The emphasis in the LCR is on providing a business-led service meeting the changing needs of enterprises. The SEP notes that The Growth Service *"will continue to be the route for delivering high quality support in the City Region, with an ambition to expand its reach to greater numbers of SMEs and to enhance products and services where it is clear it will add value"* (p64).

The LEP/WYCA is in the process of drafting a new inclusive Industrial Strategy and merging with the York, North Yorkshire and East Riding LEP. The UK's decision to leave the European Union (EU) will result in the loss of regional aid and create some uncertainty until a domestic successor is developed. This also provides an opportunity to explore local funds including business rates and successor funds such as the UK Shared Prosperity Fund.

THE DELIVERY MODEL

Businesses can access The Growth Service via a number of routes including a telephone helpline, the LEP's web platform, and directly at events. The central team based in Leeds responds to enquiries from all businesses including start-ups and large businesses. The team of 13 (10.5 FTE) SME account managers are based in each of the Local Authority areas in the City Region except Barnsley, and proactively and impartially manage relationships with growth-oriented SMEs introducing them to the right products and

Periodic Evaluation of the Leeds City Region Enterprise Partnership Growth Service

services at the right time in their growth cycles. The Growth Managers' (GM) salaries are funded equally between the LEP and Local Authorities.

In addition to national and regional programmes the SME support offer has increased significantly over this last year or so has included a range of activities covering business growth, innovation, resource efficiency, digital and start-up (see Chapter One).

A business panel with several owner managers of SMEs called the Business, Innovation and Growth (BIG) Panel has strategic oversight of The Growth Service's activities and reports directly to the LEP board.

PERFORMANCE

The Growth Service has supported 2,920 growth businesses between April 2018 and March 2019 (up from 2,450 last year). This includes 695 businesses that have received in-depth support from the GMs (against as target of 630) compared to 633 last year. These figures compare to a target of 2,750 growth businesses supported for that financial year (it has therefore reached 106% of the target total). Since the start of the programme in July 2015 to March 2019, Helpline and GM services have made 15,821 referrals, taken 5,504 helpline enquiries and supported 8,667 GM clients (note there may be some duplication in these figures for instance where a company has been supported more than once).

The infographic at the end of this summary shows what enquiries were received. The Growth Service has made a very diverse range of referrals too. It is encouraging that 78% of account managed businesses and 71% of all respondents are likely or much more likely to access future business support having engaged with the LEP.

BUSINESS IMPACTS

Given the fact that this is a referral service you might not expect businesses to self-report the achievement of many commercial impacts. But the second infographic shows that around one third of businesses have created jobs (44%) and/or increased turnover (31%) already as a result of the support received through The Growth Service. A key finding is that the impacts have improved considerably over time. 68% of account managed businesses now feel more likely or much more likely to meet their growth aspirations as a result of engaging with the LEP, compared to almost two thirds (63%) of all respondents. Indications are that many of the impacts are additional too, with low levels of deadweight reported (see additionality infographic).

As may be expected the experience of key account managed (KAM) companies receiving in-depth support was generally better than those supported through the helpline though performance has dipped a little. 70% of account managed businesses would be willing to recommend The Growth Service compared to 67% of all respondents. The ratings generally for the helpline have shown a noticeable improvement over time.

DELIVERY OBSERVATIONS

This Hub and Spoke model is well aligned to the LEPs business make up and spatial distribution and offers the right balance. It allows GMs to have a local presence and talk face to face with businesses. Overall the GM model appears to work well. As well as securing match funding the model allows GMs

Periodic Evaluation of the Leeds City Region Enterprise Partnership Growth Service

to offer local incentives and support and make relevant and effective referrals. There is scope to share expertise more across districts and track referrals better. The helpline team was claimed to be effective and it is worth exploring whether there are new channels or technologies they might embrace.

There is an opportunity to refresh the structure of website which is a bit dated. It could be more inspirational and engaging and less product led and based around themes and business maturity.

Integration with the wider business support landscape was good especially for LEP products. LCR business support networking sessions are useful as means of bringing people together and the Growth Hub team works hard to update all partners. The relationship with the national Business Support Helpline is good, data sharing agreements have been reviewed and pre-starts are referred to them. The free national online content and support service is easy to navigate and relevant and a useful free tool but it could be promoted better. There is an opportunity to use them more for instance by drawing on some of their wider support intelligence.

In terms of products and services the broad areas that businesses typically needed support with are well covered with many of the products launched in the last year or two coming to maturity. It took time to raise awareness of these through referral networks but the quality and flow of enquires has improved.

Business are being referred to on-line content from BEIS to them understand how leaving the EU might affect their business and what they can do to prepare. But if there is a prolonged slow down or crisis this might not be sufficient and the LEP has developed a suite of new programmes to respond. A national response around cashflow from BEIS and HMRC to deal with Brexit would be helpful. The team has been piloting some work with HMRC on Scale Ups, has an MoU with Innovate UK and is deepening links with Catapults. There is potential for greater absorption of IUK funds within the City Region.

A Business Communications Group provides oversight on business engagement, marketing and communications activities undertaken. Partners at the Business Communications Groups would welcome the opportunity to provide updates about their products. They would also be happy to inform new policies with views from their members/stakeholders. Refreshed proactive campaigns and messaging related to business support should be considered as The Growth Service has suffered from a lack of dedicated marketing resource.

BEIS would like all Growth Hubs to improve the quality and consistency of data. There is a desire to enhance business support IT systems to enhance company support and referral data.

Stakeholders were happy with the governance of The Growth Service through the LEP/Combined Authority which was thought to be transparent. The strategic direction offered by the BIG panel works but they could be used more as a sounding board. The team wish to use the monthly team meetings more as a platform to share good practice and promote professional development including SFEDI qualifications. A themed approach to business support might help GMs offer a better customer journey that is less product oriented. Whilst there is no requirement for a formal diagnostic the consistency of engagement could be enhanced through some standard questions. The Growth Hub reporting requirements for the various funding bodies and governance structures could be better aligned.

The relationship between The Growth Service and Whitehall has matured with greater autonomy and less government-imposed conditions. Though the longevity of funding remains an issue with only 2-

year core funding cycles being confirmed. There is a desire to deepen relationships with strategic partners such as the Chambers and FSB through new memoranda of understanding. This might encourage more referral to partner products and services.

The team have worked with private intermediaries and professional services via pop-ups and other means including the 'professionals perspective' sessions. It is recognised that a continuous approach with professional services is required so the LEP is constantly on their radar. The team is keen to build on the positive experience of the pop-up cafes and review their format and frequency.

THE FUTURE

The LEP is well placed to exploit the UK Shared Prosperity Fund (SPF) which is anticipated to replace EU funding but there is an urgent need for more clarity about the SPF so that appropriate preparations can be made to align this with local industrial strategy priorities. Partners would like to explore the potential of business rates retention. This might allow The Growth Service to be more tailored to local rather than changing national priorities. Greater autonomy over national programme budgets is highly desirable. This might help to mitigate the effects of the lack of a devolution deal, reducing EU funds and small-scale core funding. There is potential for a final push on EU funds to 2023.

Future funding needs to be directed towards (a) supporting the Growth Hub as single point of contact and (b) support for bespoke programmes to assist firms. There is potential for greater consideration of sectors, supply chains and clusters and productivity support could become more mainstream following the pilots and in line with industrial strategy. Partners would like to build strong networks so that the voice of businesses is harnessed more across the LEP. There should be a commitment to inclusive growth from supported companies. There is a desire to continue the preparations for new Brexit products and ensure there is sufficient resource devoted to International Trade. It is essential The Growth Service avoids a 'big gap' in support and continues to build on the successes it has had in the last few years.

CONCLUSION

The Growth Service adds value by offering impartial support and signposting and making strategic connections. Access to a GM network to provide a Key Account Management (KAM) service helps firms engage with product and services and keeps them in the loop for future developments. The Growth Service offers a single access point and there is nothing similar available.

One advantage of the strong local authority links is that The Growth Service can be aligned and embedded into many business support services. The Growth Service has deepened its reach and the number of firms worked with more intensively. It has innovated well, made strong business support alliance and responded to shifting business requirements and an emerging inclusive growth agenda. There are always more and deeper connections that can be made but the LCR has achieved exceptional reach targeting both fast growing businesses and those looking to enhance productivity more widely.

Satisfaction levels have dipped a little so it is important that as it expands the quality and consistency is maintained and enhanced. Whilst the offering is currently quite comprehensive medium-term uncertainty around the future shape of business support in the transition from EU funds to the UK Shared

Prosperity Fund remains. These change circumstance bring new challenges and opportunities to ensure the voice, needs and health and resilience of local firms is considered.

RECOMMENDATIONS

The BIG Panel may wish to consider the following **strategic** recommendations.

- I. Assessing the challenges and opportunities for business support for the new LEP footprint during the transition period e.g. whether there is scope for GMs in York, North Yorkshire and East Riding LEP.
- II. Continued lobbying for devolution and/or business rate retention and greater autonomy over programme budgets (Innovate UK (IUK) funds for instance).
- III. Adopting appropriate measures to continue to pursue the twin objectives of inclusive growth and Scale Up potential including the application of learning from pilots and assessment of impacts in both areas.
- IV. Consider extensions to the current suite of ERDF projects where desirable the maximise the final tranche of EU funds.
- V. Approve a new suite of products to deploy in the event of a prolonged slow down or crisis including a Brexit transition grant, capital funding for business growth, and additional internationalisation support.
- VI. Lobby for a national response around cashflow from BEIS and HMRC to deal with the effects of Brexit and greater clarity about the operation and contents of the UK Shared Prosperity Fund (SPF).
- VII. How it [the BIG Panel] could be used more as a sounding board to discuss new ideas, policies etc.
- VIII. How the LEP could secure commitments to inclusive growth from supported companies and support could be more challenging in terms of requiring firms to improve their productivity.
- IX. How the LCR can build on its Memorandum of Understanding (MoU) with IUK to promote greater absorption of IUK funds.

The Growth Service team may wish to consider the following **operational** recommendations

- I. Whether there is potential to share GM expertise across districts.
- II. Exploring new channels or technologies to meet changing business needs.
- III. Ensure all GM referrals have a named person that can be contacted. Ideally at least one update of the referral outcome will be sought/provided.
- IV. A refresh to the structure of website to offer inspirational and engaging themes that meet the needs of business that are at different stages of maturity. (Business requested greater simplicity).
- V. Further promotion and exploitation of the National Business Support Line and its content where it meets local requirements.
- VI. How the helpline might identify those firms with productivity or Scale Up potential.
- VII. Refreshing SME campaigns and messaging and securing a dedicated resource for marketing so that it is less reactive and better able to capture the voice of business.

Periodic Evaluation of the Leeds City Region Enterprise Partnership Growth Service

- VIII. Using the monthly GM team meetings as a platform to share good practice and promote a big picture understanding of strategic policies and themes (innovation, internationalisation etc).
- IX. A Service Quality Enhancement Plan should be developed with for example the promotion of professional development standards such as SFEDI qualifications to enhance the consistency and quality of service provision amongst GMs.
- X. Better alignment of the timing and content of Growth Service reports for the various funding bodies and governance structures.
- XI. Deepen relationships with strategic partners such as Chambers and the FSB through new MoUs and boosting referral to wider products and services offered by partners.
- XII. How the Business Communications Group will update intelligence about products they offer and provide feedback to inform policy.
- XIII. A follow-up keep in touch call for supported businesses.
- XIV. Build on the success of the pop-ups reviewing their format and frequency.

LEEDS CITY REGION GROWTH SERVICE

12 MONTHS (APRIL 2018 – MARCH 2019)

WHO HAS BEEN SUPPORTED?

2,920

BUSINESSES SUPPORTED

695

INTENSIVELY SUPPORTED BY GROWTH MANAGERS*
(Against a target of 630)

*Note an additional 296 received in-depth support via the helpline

1,079

HELPLINE ENQUIRIES

from businesses looking to grow

4,063

REFERRALS / SIGNPOSTING

from the helpline and Growth Managers

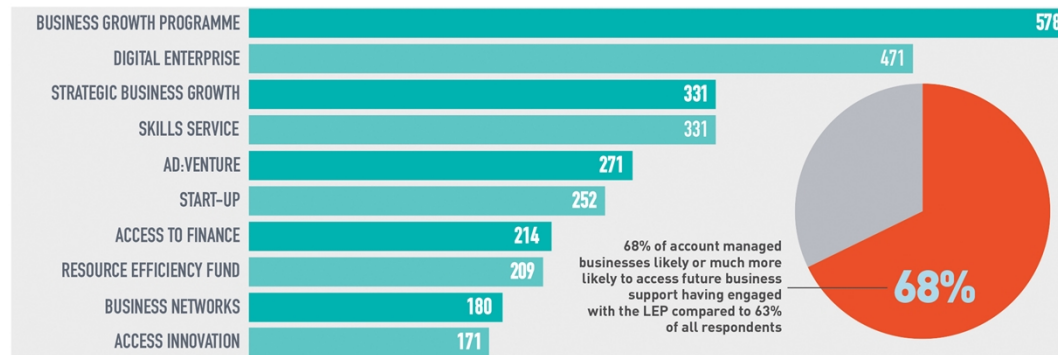
56

WHAT DO BUSINESSES IN THE LEEDS CITY REGION WANT?

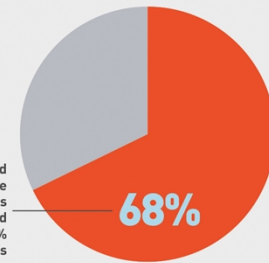
TOP ENQUIRIES:



TOP 10 REFERRALS



68% of account managed businesses likely or much more likely to access future business support having engaged with the LEP compared to 63% of all respondents



LEEDS CITY REGION GROWTH SERVICE

12 MONTHS (APRIL 2018 – MARCH 2019)

IMPACTS



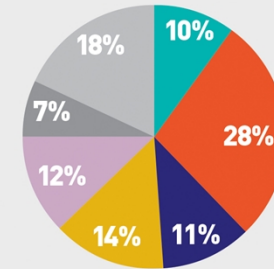
64% of account managed businesses now feel more likely to meet their growth aspirations as a result of engaging with the LEP, compared to 59% of all respondents

COMMERCIAL IMPACTS

	Achieved already Helpline	Achieved already KAM
INCREASED PRODUCTIVITY	15%	38%
INCREASED TURNOVER	17%	31%
CREATED JOBS	15%	44%
SAFEGUARDED JOBS	11%	42%
INCREASED PROFIT	11%	22%
IMPROVED EMPLOYEE SKILL LEVELS	15%	26%
ENTERED / DIVERSIFIED INTO NEW MARKETS	11%	12%
NEW PRODUCTS OR SERVICES	9%	22%
RAISED FINANCE	7%	26%

STRONG ADDITIONALITY

- Benefits would not have occurred at all
- Benefits would have occurred at a later date
- Benefits would have occurred by a smaller amount
- Benefits would have occurred but later and by a smaller amount
- Benefits would have occurred in exactly same way
- Don't Know
- Not Applicable



WHAT WAS THEIR EXPERIENCE?

70% OF ACCOUNT MANAGED BUSINESSES RESPONDENTS LIKELY OR VERY LIKELY TO RECOMMEND THE LEP BUSINESS SUPPORT TO A FRIEND OR COLLEAGUE COMPARED TO 67% OF ALL RESPONDENTS



67% OF ACCOUNT MANAGED BUSINESSES VERY SATISFIED OR SATISFIED WITH THEIR EXPERIENCE OF THE LEP BUSINESS SUPPORT OVERALL COMPARED TO 61% OF ALL RESPONDENTS



Report to: Business Innovation and Growth Panel

Date: 26 November 2019

Subject: **Future Business Finance – Progress Update**

Director(s): Melanie Corcoran, Director of Delivery / Alan Reiss, Director Policy Strategy & Communications

Author(s): Leanne Walsh / Alex Clarke

1. Purpose of this report

- 1.1 To update the Business Innovation and Growth Panel on the proposed future approach to business finance and investment management. In particular, to provide an opportunity for the Panel to discuss the draft investment strategy and governance proposals to help inform the finalisation of this document.

2. Information

- 2.1 The Leeds City Region Enterprise Partnership (the LEP) / Combined Authority are currently developing options for a future approach to business finance for the Leeds City Region. Building on the 2018 external review of the Growing Place Fund (GPF), Deloitte were commissioned earlier in 2019 to advise the LEP / Combined Authority on gaps in the regional investment market, potential business finance models and to advise on appropriate and robust procedures prior to launching a new fund.
- 2.2 Following discussions with numerous stakeholders, including the Business, Innovation and Growth Panel in September, the first phase of the Deloitte work recommended a number of key propositions to help the LEP / Combined Authority shape a new approach to business finance that could be scaled and adapted over time to meet the changing needs of the city region. This included a 'single front door' approach, and two initial investment products: an Invest to Grow loan and a 'Placemaker' loan.
- 2.3 This report focusses on the second phase of the Deloitte work which has concentrated on what is required to establish and implement this new business finance approach. In particular, the work has focussed on:

- Producing a draft investment strategy which will underpin investment decisions and developing further the initial products;
- Providing recommendations on the processes and procedures which will best protect any commercial activity that the organisation undertakes, and how assurance and due diligence will be provided;
- Proposing the roles and responsibilities for an appropriate governance structure and supporting staffing requirements, both at initial launch and for future scaling, which will ensure agile, yet robust and transparent decision making.

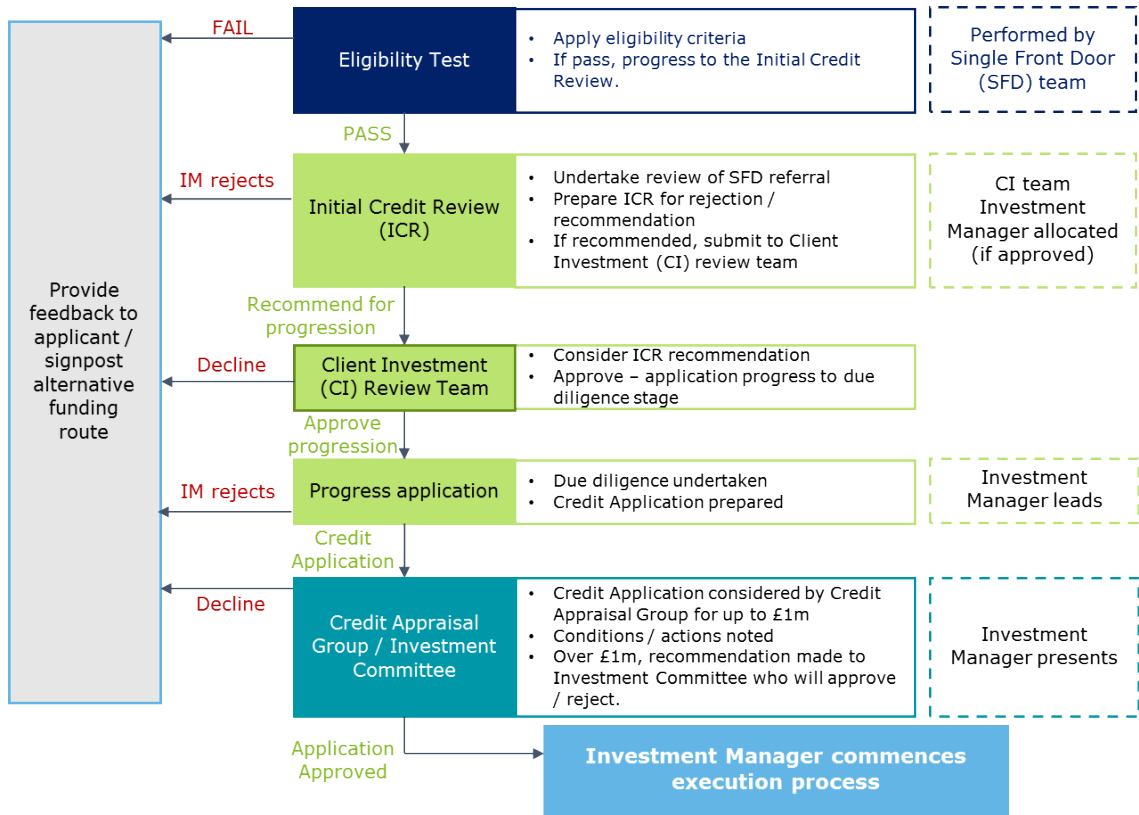
Draft Investment Strategy

- 2.4 The purpose of the Investment Strategy is to guide the implementation and operation of the City Region's future approach to business finance. Deloitte advise that it would be appropriate to launch the loan fund with a small number of initial products and to grow over time to expand the fund with an increased product offer, i.e. the Invest to Grow and Placemaker products mentioned above and further details can be found in the draft Investment Strategy in Exempt Appendix 1.
- 2.5 The draft Investment Strategy in Exempt Appendix 1 is provided for discussion and comment in order to inform next steps. Once finalised, the Investment Strategy will be a public facing document which sets out the LEP / Combined Authority's approach to investments, including but not limited to, minimum and maximum investment thresholds, sectors which will be supported, and investments which will not be considered for ethical reasons. It will provide a transparent methodology for investment decision-making.
- 2.6 The draft Investment Strategy:
- Identifies and defines suitable new products which could form part of the future approach to business finance;
 - Recommends appropriate agile decision making structures required to appraise commercial investment proposals;
 - Details requirements for undertaking robust due diligence for investment with a clear understanding of investment risk;
 - Recommends appropriate governance and monitoring arrangements and sets out parameters for ongoing management of a future funding portfolio; and
 - Builds in scalability for future growth in investment products, or for new products as they arise.

Governance and Decision making

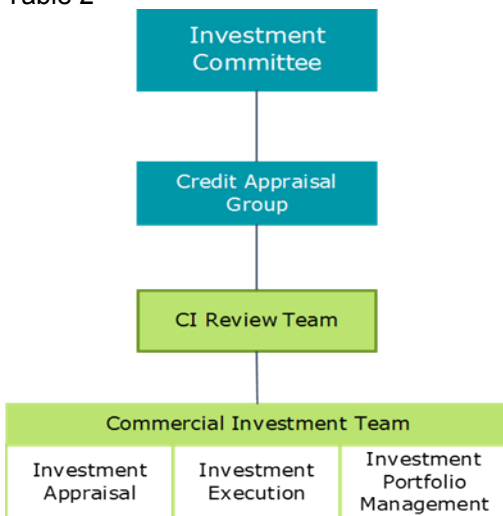
- 2.7 Section 4 of the draft Investment Strategy suggests proposals for revised governance arrangements once the new loan fund has been launched. Table 1 below highlights the new decision making process proposed by Deloitte which is in line with those across many other loan making institutions.

Table 1



2.8 Table 2 below outlines a potential governance model from Deloitte proposed in line with industry standards. The outline decision making process in table 1 above is currently dependent on this structure being established to enable the approval process to be efficient yet robust.

Table 2



- 2.9 The mechanisms for implementing any required changes to governance and assurance processes will be worked up in further detail once the principles outlined within the draft Investment Strategy have been discussed.

Next Steps

- 2.10 The draft Investment Strategy is being presented to the LEP, Business Innovation and Growth Panel, the West Yorkshire and York Investment Committee and the Business Investment Panel. Over the coming months, feedback from each Board / Panel will be used to build on the advice from Deloitte and to help shape the final Investment Strategy which will be specific to the Leeds City Region's requirements. It is the intention that a final version of the Investment Strategy is brought back to a future meeting of the LEP for approval in early 2020.

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 The Business Innovation and Growth Panel are requested to consider the contents of the draft Investment Strategy in Exempt Appendix 1 and provide any comments.

8. Background documents

- 8.1 None.

9. Appendices

- 9.1 **Exempt Appendix 1 – Draft Investment Strategy**

Document is Restricted

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