

BUSINESS INNOVATION AND GROWTH PANEL

**MEETING TO BE HELD AT 2.00 PM ON THURSDAY, 27 FEBRUARY
2020 IN TRINITY ROOM, CITY ECHANGE, LEVEL 2 WEST, 11 ALBION
STREET, LEEDS, LS1 5ES**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE MEETING OF THE BUSINESS INNOVATION AND GROWTH PANEL HELD ON 26 NOVEMBER**
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- 5. CHAIR'S UPDATE**
- 6. LOCAL INDUSTRIAL STRATEGY**
(Pages 5 - 8)
- 7. TACKLING THE CLIMATE EMERGENCY**
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- 8. MADE SMARTER IN LEEDS CITY REGION**
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- 9. INNOVATE UK REGIONAL ACTIVITY**
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- 10. ECONOMIC REPORTING**
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- 11. TRADE AND INVESTMENT**
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12. BUSINESS SUPPORT

(Pages 77 - 102)

Signed:

A handwritten signature in black ink, consisting of the letters 'B' and 'M' 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, 26 NOVEMBER 2019 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Simon Wright	Yorkshire Bank
Martin Booth	Witt UK Gp
Philip Wilson	Slipstream Design
Councillor Darren Byford	Wakefield Council
Councillor Shabir Pandor	Kirklees Council
Councillor Alex Ross-Shaw	Bradford Council
Councillor Jane Scullion	Calderdale Council
Councillor Julie Heselwood	Leeds Council
Councillor Naheed Mather	Kirklees Council
Andrew Latchmore	Shulmans
Sandy Needham (Advisory Representative)	West & North Yorkshire Chamber of Commerce
Professor Lisa Roberts (Advisory Representative)	University of Leeds
Professor Liz Towns-Andrews (Advisory Representative)	University of Huddersfield

In attendance:

Kersten England	Bradford Council
Henry Rigg	West Yorkshire Combined Authority
Jonathan Skinner	West Yorkshire Combined Authority
Sarah Bowes	West Yorkshire Combined Authority
Alexander Clarke	West Yorkshire Combined Authority
Ian Smyth	West Yorkshire Combined Authority
David Shepherd	West Yorkshire Combined Authority
Ben Kearns	West Yorkshire Combined Authority

16. Apologies for Absence

Apologies for absence were received from Andrew Wright, Councillor Cheetham, Councillor Swift, Cllr Lewis, Mike Danby, Peter O'Brien, Mark Roberts, Marie Gilluley, Mark Robson and Amir Hussain.

17. Declarations of Disclosable Pecuniary Interests

There were no pecuniary interests declared at the meeting.

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

Resolved: That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix 1 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.

19. Minutes of the Meeting of the Business Innovation and Growth Panel held on 10 September

Resolved: That the minutes of the meeting held on 10 September be approved.

20. Chair's Update

The Chair updated the Panel regarding the LEP merger. It was reported that due to the restrictions of the pre-election purdah period, the LEP Board had not been in a position to take a decision at its meeting on the 21 November and subsequently the decision had been deferred until early 2020. It was stressed that the LEP would ensure it is fully compliant with the Strengthening LEPs guidelines.

Members were also advised that due to the purdah period and uncertainty around Brexit, the submission of the Local Industrial Strategy had been delayed and would now be finalised and submitted to Government in early 2020.

Resolved: That the Chair's update be noted.

21. MIT REAP

Lisa Roberts provided an update provided an update on the MIT REAP programme which aims to strengthen local innovation ecosystems.

It was noted that one of the key 'must win battles' of the draft strategy was an on using innovation to solve societal challenges such as tackling climate change, widening access to transport and healthy aging.

Panel members welcomed the update on the project and asked for greater stakeholder engagement across the region.

Members were informed of the next steps which included refining the draft strategy for an upcoming workshop in January which would be hosted in the Leeds City Region with further feedback and stakeholder engagement to follow.

The Panel also noted the opportunities afforded by the MIT REAP lite programme which was run by the Department for Business, Energy and Industrial Strategy (BEIS). An expression of interest was to be submitted for the Leeds City Region.

Resolved: That the update be noted.

22. Smarty Interreg programme

The Panel considered a report which provided an update on the European Union interregional cooperation project.

Members noted the intention of the programme which was to improve policy design and implementation in order to increase awareness and adoption of industry 4.0 solutions across SMEs.

Panel members noted the next steps which included the establishment of a working group, mapping of industry 4.0 assets within the region and identifying best practice.

Members were asked to notify officers if they wished to be part of the working group.

Resolved:

- (i) That the report be noted.
- (ii) That the Panel act as the principle stakeholder group for the project.
- (iii) That a working group be established to include BIG panel members.

23. Trade and Investment

The Panel considered a report which provided an update on Trade and Investment activity.

The Panel noted that there had been 14 investment successes in 2019-20 and that half of those were outside of Leeds.

Members questioned what more could be done to increase exports in the region. It was suggested that officers would consider what more the Combined Authority could do to promote exporting opportunities and would report back to a future meeting.

Resolved: That the report be noted.

24. Business Support

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

The Panel noted that:

- Brexit support would recommence in the new year.
- A concerted effort had been made to understand large indigenous businesses.
- 'Be the Business' aimed to address underperformance of UK productivity. A mentoring scheme had been launched in the Leeds City Region to connect experienced mentors with emerging SMEs.
- Members were informed that work was underway with HMRC and BEIS pilot scheme to utilise real time business intelligence.
- The second phase of the productivity pilot was open to applicants until the end of the year.
- Inclusive growth outcomes for grants showed that 80% of jobs created on the Business Growth Programme payed the Real Living Wage.

Resolved: That the progress made to date on the delivery of business support activity be noted.

25. Future Business Finance - Progress Update

The Panel was provided with an update regarding the proposed future approach to business finance and investment management. The draft investment strategy was attached as exempt appendix 1 to the submitted report.

Deloitte had been commissioned to advise on gaps in the regional investment market, potential business finance models and advise on appropriate and robust procedures prior to launching a new fund.

Members discussed and provided feedback on the draft investment strategy, governance proposals and the next steps for implementation

Resolved: That the draft investment strategy and the Panel's feedback be noted.

Report to: Business, Innovation and Growth Panel

Date: 27 February 2020

Subject: **Local Industrial Strategy**

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

Author(s): Emma Longbottom

1. Purpose of this report

1.1 To update the panel on the development of a Local Industrial Strategy (LIS).

2. Information

2.1 As previously reported, a LIS is being developed for the LEP area that will focus on bold steps aimed at boosting productivity and driving inclusive and clean growth for a post-2030 economy. As discussed at the previous LEP Board, the general election and uncertainty around Brexit mean that the timescales for the development of the LIS were extended. The proposed submission date is now summer 2020.

2.2 The LIS will build on the success of the Strategic Economic Plan and set the direction for the next stage of the economic transformation. To reflect the changing economy and future challenges, it will sit within the Strategic Economic Framework (SEF), an agile, long-term strategic framework, incorporating a full range of policies and strategies across economic development and transport, reflecting the scale of our ambitions and priorities for the City Region and the urgent need to tackle the climate emergency.

2.3 Priorities for the LIS have been identified against the five foundations of productivity – People, Place, Infrastructure, Ideas and Business Environment. In addition, at the LEP Board away day in September there was strong support for focusing on the Ageing Society and AI and Data Grand Challenges but with reference to the region's contribution to meeting the other two challenges. These priorities are now being developed into a full narrative.

2.4 Throughout the development process, health has been identified as key to the productivity challenge and an area of distinctiveness for the region. The health sector is a major employer in the city region, with significant clusters of technology-focused firms driving innovative approaches to health and medicine that could significantly enhance both lives and productivity. Relatively poor health outcomes are a significant impediment to regional productivity, and our ambitions for the environment, place-making and culture are key to the improving this situation. Embracing both the opportunities and challenges of

this is central to our ambition to ensure this Strategy drives economic growth that delivers opportunity and enhancements to quality of life for everyone. It is therefore proposed that the LIS will contain a central big idea - *“Healthy lives that improve wellbeing and productivity”*.

2.5 In parallel, the West Yorkshire and Harrogate (WYH) Health Partnership have been developing the WYH 5 Year Strategy for Health and Care, and in particular developing an approach to Improving Population Health.

2.6 At their meeting held on 16 January 2020 the LEP Board endorsed further exploration of four broad areas of shared interest, where we could use collaborative delivery of these two key regional strategies to maximise impact. These are:

- Life-Led - To be a region that understands and invests in lifetime health, both for our current population and for future generations. This means that we are serious about people’s lives being at the centre of our ambitions for regional growth and wellbeing.
- Climate - To become a leader in responding to climate emergency.
- Good Work - There is strong evidence that shows good work drives good health, and good health enables good work. We should use our key strategies to focus our regional efforts on being.
- Ageing Well - Focus on the strengths our older population brings to the region and co-produce with them the ideas and solutions to ageing well in our region.

Process and Key Milestones

2.7 LISs need to be underpinned by robust evidence that draws out relative strengths and weaknesses, with an emphasis on productivity. The draft economic analysis was completed in the summer and is now being finalised to support the policy priorities and narrative.

2.8 Wide ranging consultation has been undertaken as part of the development, with over 1000 people taking part in over 70 consultation and engagement activities. This has had a significant influence on identified priorities. For example, consultation has driven:

- A focus on identifying positive productivity-focused business behaviours, rather than solely focusing on specific sectors.
- The identification of priority Grand Challenges, through expert input from universities.
- Increased emphasis on higher level skills, including a specific priority on developing leadership skills to support innovation and ‘good growth’.
- Specific reference to economic disruptors that will require distinct re/upskilling needs, e.g. clean growth-related technological changes.

2.9 Key milestones for the development of the LIS are:

- Initial call for evidence completed May
- Initial economic evidence report complete June

- Initial stakeholder engagement completed August
- Second call for evidence completed July
- Headline economic evidence report published August
- Draft policy proposals completed August
- Consultation and engagement on draft proposals October/November
- LIS drafted and tested November/December
- Further refine of draft to reflect emerging Government priorities and ongoing discussions during Spring 2020
- Final economic evidence report published Spring 2020
- LIS finalised and submitted to Government summer 2020
- LIS published 2020 (subject to agreement with Government)

3. Clean Growth Implications

- 3.1 Clean growth is a cross cutting theme within the LIS and as such is being embedded into the priorities and narrative.

4. Financial Implications

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

5. Legal Implications

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

6. Staffing Implications

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

7. External Consultees

- 7.1 A programme of external engagement has been undertaken to inform the development of the Local Industrial Strategy.

8. Recommendations

- 8.1 That the panel notes the progress made.

9. Background Documents

- 9.1 None

10. Appendices

- 10.1 None

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Report to: Business Innovation and Growth Panel

Date: 27 February 2020

Subject: **Tackling the Climate Emergency**

Director(s): Director Policy, Strategy and Communications

Author(s): Noel Collings and Jacqui Warren

1. Purpose of this report

- 1.1 To provide an update on the Combined Authority's and the Leeds City Region Local Enterprise Partnership's (LEP) work to tackle the Climate Emergency.
- 1.2 This paper also proposes some initial options for the Panel to consider in response to the Climate Emergency.

2. Information

- 2.1 **Appendix 1** is a presentation on the work of the Combined Authority and LEP to tackle the Climate Emergency.
- 2.2 The Combined Authority and LEP have declared a climate emergency and strengthened the city region's target to become net zero carbon by 2038, with significant progress by 2030.
- 2.3 To meet our 2038 target, and comply with the International Paris Agreement, the City Region needs to reduce annual carbon emission by 14.5 percent year and reduce emissions from 16 megatonnes of carbon dioxide to around two mega tonnes of carbon dioxide in the next ten years, with all remaining emissions reducing to near zero by 2038.
- 2.4 We have established a carbon budget, broken down into five-year periods, quantifying how much carbon can be emitted while still meeting the target. On current trends, the whole budget will be depleted in 7.6 years if urgent action is not taken.
- 2.5 It will not be easy and will require coordinated action by local government, industry, business and people of all ages. This is a programme of work that

will be delivered in a phased approach, with short term projects and longer term, whole system actions. All LEP panels need to play a role.

- 2.6 To help the City Region understand how to meet its target a carbon emission reduction pathway study has been commissioned. **See appendix 1** for more details. This will outline possible decarbonisation pathways for the industrial and buildings sectors within our city region. There is opportunity for the Panel to help steer and input into the preferred pathway's development.

Areas of interest for the Panel

- 2.7 The LEP's Resource Efficiency Fund has to date supported SMEs to reduce their energy, carbon, water and waste consumption. ReBIZ will be launched in 2020 to continue this support for a further three years. This paper aims to start a conversation with the Panel on what other actions need to be considered to support the City Region's businesses to play a role in tackling the Climate Emergency.
- 2.8 Economic opportunities will arise through tackling the climate emergency. The opportunity for people and business across the country is huge. The low carbon economy could grow 11 per cent per year between 2015 and 2030, four times faster than the projected growth of the economy as a whole and deliver between £60 billion and £170 billion of export sales of goods and services (Clean Growth Strategy 2017). This is spread across a large number of sectors: from low cost, low carbon power generators to more efficient farms; from innovators creating better batteries to the factories putting them in less polluting cars; from builders improving our homes so they are cheaper to run to helping businesses become more productive. More locally, through the work identified in the existing Energy Strategy and Delivery Plan, £11 billion in GVA and over 100,000 jobs could be created.
- 2.9 Innovation is key to addressing some of our biggest clean growth ambitions. As Professor Richard Jones, LIS Expert Panel member, has stated 'we need innovation to create affordable low carbon energy. Progress towards decarbonising our energy system is not happening fast enough, and innovation is needed to decrease the price of low carbon energy and increase its scale and increase energy efficiency.'

Clean Growth Audit

- 2.10 To take advantage of the above economic opportunities, whilst decarbonising our economy, the Combined Authority commissioned the Clean Growth Audit. It aimed to:
1. Identify the locations of energy intensive and carbon intensive industry are in the City Region
 2. Identify the current and future size of the clean growth sector in the City Region
 3. Recommend policies and actions to grow the clean growth sector

A summary of the Audit will be presented at the meeting for the Panel to consider. **See Appendix 2.**

Energy and Carbon Intensive Industry

- 2.11 The industrial sector relates to all activities that generate emissions from the manufacturing of goods. This includes the energy and carbon intensive industries that are located within the City Region. In 2017 the industrial (and commercial) sectors contributed 20 percent of City Region emissions. Currently a fifth of these emissions come from large energy intensives. It is a priority area to tackle in order to meet the city region net zero carbon target by 2038.
- 2.12 The Audit identifies where the most energy, carbon and resource intense companies are in the City Region. Four out of the six largest emitters are from the glass industry and two are from the chemical industry.
- 2.13 In light of the Climate Emergency there are a variety of ways in which industry will need to decarbonise. Some of these have been identified in the Energy Strategy and Delivery Plan e.g. fuel switching, advancing industrial energy efficiency and carbon capture, utilisation and storage (CCUS).
- 2.14 CCUS will have a key role to play in decarbonisation, especially in those industries where total decarbonisation will be difficult in the timeframes necessary. Drax Group are part of an ambitious plan to make the Humber the first net-zero carbon industrial cluster in the UK by 2040. The LEP will work closely with Drax Group and the Humber LEP to understand how these plans can extend to and benefit the Leeds City Region.
- 2.15 As a priority, the City Region needs to understand what support these industries will need to decarbonise and that the transition is just¹.
- 2.16 The panel are asked to provide comment and steer on what could be considered to support energy and carbon intensive industries in the City Region.

Clean Growth Sector

- 2.17 The study also identifies where our emerging clean growth sectors² is located across the City Region. This is summarised below:
1. **Clean agri-tech:** *adoption of advanced technologies to improve the sustainability and productivity of the agri-food supply chain by reducing emissions and material usage*
 2. **Bio-energy:** *production of heat and electricity using fuels such as biomass, waste and other by-products from different sectors*

¹ This term describes the need to secure “the future and livelihoods of workers and their communities in the **transition** to a low-carbon economy” (ITUC 2018a) as carbon-based generation is phased out in favour of renewable alternatives.

² ADD DEFINITION

3. **Hydrogen:** *systems of production and consumption of low-carbon gas/ substitute for fossil fuels*
4. **Low carbon transport:** *ultra-low emissions vehicles rail/bus/taxi and low carbon travel*
5. **Smart city:** *introduction of new IT and other technological innovations that can be applied to monitoring and managing existing infrastructure, assets and resources more efficiently*
6. **Circular economy:** *smarter approach to resource consumption; an alternative to linear economic production (make, use, dispose).*
7. **Construction:** *solutions to reduce the burden on the environment of the construction value chain*

2.18 The study contains a series of draft recommendations for the Panel to consider, including developing specific support for the above clusters:

- Collaborate with Humberside Industrial Cluster and will work closely with Drax Group and the Humber LEP to understand how their hydrogen plans can extend to and benefit the Leeds City Region
- Build on existing strengths and develop smart tech programmes
- Work with key anchor organisations to enable innovative circular economy programmes
- Build on the region's construction strengths to develop skills programmes
- Focus on opportunities brought by the potential high-speed rail institute

2.19 In addition, there is opportunity for the LEP's Employment and Skills Panel to also review the findings of this work and explore opportunities to develop bespoke skills provisions in the seven emerging clean growth sectors.

Other areas to consider

Current Business Support and opportunities – grants and innovation

2.20 To play a role in tackling the Climate Emergency, the Combined Authority and LEP approved in 2019 a corporate clean growth policy and action. The aim was to reduce carbon emissions across everything we as an organisation do. Whilst some actions relate to our operations, some relate to how we can work with partners to encourage carbon reduction across the City Region, and in particular there is a significant role for business to play. Although the major contribution businesses can make will relate to individual firm level operational decisions, one way the LEP could consider encouraging businesses to tackle the climate emergency and promote clean growth ³ outcomes is through conditions on our business grant programmes. Currently around 300 grant applications are made per year, and revisions to grant conditions could be

³ Growth whilst reducing / eliminating carbon emissions

utilised to encourage businesses to tackle the climate emergency, particularly in any successors to the Business Growth Programme from April 2021.

- 2.21 **Appendix 3** outlines how grant conditions could be utilised to encourage businesses to tackle the climate emergency, beyond current provisions. This is very much policy in development work and should be seen as opening up a discussion on policy options, and therefore at this stage there are still a number of unanswered questions and undeveloped ideas which will require further detailed work. The Panel are asked to provide steer on the work,
- 2.22 Consideration could also be given to the prioritisation of the Clean Growth agenda in the Connecting Innovation programme and other LCR innovation programmes, and with any future joint working with Innovate UK.
- 2.23 The Panel are also asked to highlight other areas not mentioned in the report that they are interested in exploring. One area may be new mass market support packages to help businesses adopt clean growth practices such as advice and support via blended models of on-line, telephone and one-to-many workshops and networking events. This could also include support for medium sized organisations, larger than SMEs but not classified as large/energy intensive.

3. Financial Implications

- 3.1 Given the scale of the projects identified above there are likely to be financial implications for the Combined Authority and partners. Each project as it develops will be subject to a robust business case. Exploring and securing funding will also form a large part of this work. Currently, insufficient funding is available to tackle the climate emergency fully; more investment is required from Government or through innovative funding models.

4. Legal Implications

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

5. Staffing Implications

- 5.1 Any actions suggested by the Panel will need to be prioritised against the resource available to work on business-related issues and existing work plans.

6. External Consultees

- 6.1 None

7. Recommendations

- 7.1 That the Panel notes work underway to tackle the climate emergency.

- 7.2 The Panel are asked to provide comments and steer on proposals in paragraphs 2.6, 2.14, 2.15 2.17, 2.21 and 2.22
- 7.3 The Panel are also asked to highlight other areas that they are interested in exploring to tackle the Climate Emergency.

8. Background Documents

None.

9. Appendices

Appendix 1 Tackling the Climate Emergency
Appendix 2 Clean Growth Audit
Appendix 3 Clean Growth Grant Options Paper.

The logo for West Yorkshire Combined Authority, featuring the text 'West Yorkshire' in a large, bold, teal font, with 'Combined Authority' in a smaller, teal font below it. The logo is positioned in the upper left quadrant of the page, partially overlapping a large, stylized teal graphic that resembles a thick, curved arrow pointing downwards and to the right.

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Yorkshire**
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Tackling the Climate Emergency – a Net Zero Carbon Leeds City Region

Energy Strategy and Delivery Plan

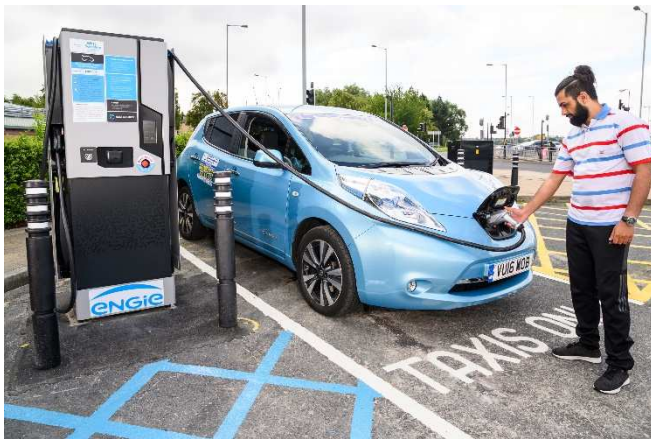
- December 2018 – the Leeds City Region Energy Strategy and Delivery Plan was adopted.
- Aim - ‘become a zero carbon energy economy’.
- Five priority areas:
 - Resource-efficient businesses and industry
 - New energy generation
 - Energy efficiency and empowering consumers
 - Smart grid systems integration
 - Efficient and integrated transport



Climate Emergency

- In line with most of the region's local authorities, the Combined Authority and LEP declared a climate emergency (27 June 2019).
- Strengthened the City Region's target:

Become net-zero carbon by 2038, with significant progress made by 2030.



Scale of the challenge

- The City Region emitted 15.6 Megatonnes of Carbon Dioxide (MtCO₂) in 2017.
- Or the equivalent of 15,600,000 blue balloons.



Source: WordPress.Com

Scale of the challenge

- To meet the target, rapid action is needed over the next 10 years.
- We need to reduce emissions by 14.5% every year – and halve outputs every five years.
- By early 2030 carbon emissions need to be around two mega tonnes, with final savings made by 2038.
- We have established a carbon budget, quantifying how much carbon we can emit whilst still meeting our targets.
- Keeping within the budget is essential as slow progress in the early years will require substantial savings later (likely at substantial cost).
- This budget will be used up in 7.6 years if urgent action is not taken.
- All sectors will need to play a role.

Recent Activity

- Sector specific workshops.
- Leeds City Region Climate Coalition.
- Project development support for 15 low carbon projects.
- 1,000 homes in 2019/20 low carbon projects.
- 1,000 homes in 2019/20 benefitted from energy efficiency improvements.
- 88 ultra-low emission vehicle charging points being installed.
- £1.7m of natural flood management schemes funded.
- Domestic energy efficiency programmes being developed.
- Clean Growth Audit – identification of energy / carbon intensive industry.
- Resources ask to tackle the climate emergency made to the Government.



Practical support available – Businesses

The ReBiz programme

- Support for SMEs to reduce energy, carbon, water and waste.
- [Builds on the Resource Efficiency Fund \(video\)](#)
- Support available includes:
 - Free resource or energy efficiency audit worth up to £1,200.
 - 40% funding towards capital investment projects to a maximum £40,000 grant.
 - Free circular economy consultancy of up to 30 days intensive support.

Practical support available – Transport

- The LEP's **Travel Plan Network** works with employers to create cost-effective, sustainable ways to travel for business and to commute to work.
- CityConnect's **Bike Friendly Business** scheme offers grants of up to £5,000 and expert advice to employers to encourage staff to commute by bike.



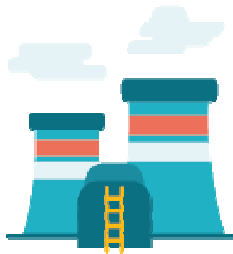
Energy Accelerator

- A new project development support service
- Removes barriers (e.g. funding, expertise) preventing investment in low carbon and energy efficiency projects
- Public and private organisations
- Support provided across four focus areas:
 - Street lighting
 - District heat networks
 - Energy efficiency and renewables
 - Residential



Emission Reduction Pathways

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Power



Buildings



Transport



Industry



Land use

The project will focus on the five sectors outlined above and produce four emission reduction pathways setting out a range of options for how the region could reach net zero.

Emission Reduction Pathways

Tasks

- Develop pathways that demonstrate how the net zero carbon target could be met.
- Produce an implementation roadmap for the Leeds City Region's preferred pathways.
- Produce policy recommendations and an action plan for the Leeds City Region to deliver.
- Extensive stakeholder engagement to be carried out March – Summer 2020 to determine the preferred pathways to be chosen.
- Results will feed into the new Tackling the Climate Emergency Delivery Plan (replacing the ESDP).
- Seek endorsement of the LEP by Autumn 2020.

West Yorkshire Combined Authority & LEP

Corporate Tackling the Climate Emergency Programme

- Play a leading role in the City Region
- Embed actions across our organisation
- New Policy and set of principles
- New Corporate Action Plan
- Strengthened and balanced decision making

Our principles



1 - Reduce energy and carbon emissions



2 – Minimise waste and water consumption



3 – Tackle air quality and improve health



4 – Use sustainable resources



5 – Enhance our natural environment



6 – Integrate clean growth decision making



7 – Measure and report our performance

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Clean Growth Audit

James Brass

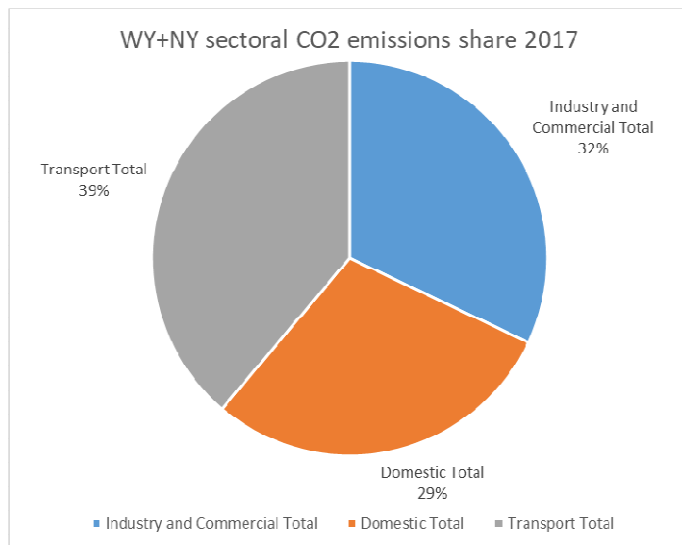
Background – Where do our emissions come from - JAMES to add pls

- ADD in figs on Industry & Commerces CO2 emissions in the City Region
- i.e 1/3 or ?
- Need to tackle this

Background carbon emissions: Leeds City Region 2017

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- Net zero carbon target of 2038
- Since 2005, carbon emissions have fallen by 35% (less than Yorkshire & Humber 36.5% and Greater Manchester 39%)
- Industry and commercial accounts for 32%
- For every job about 10 tonnes of carbon in 2017
- Higher proportion of manufacturing jobs in the region
- Imported goods driving global emissions



Objectives

1. To locate, quantify and gather evidence on energy usage and natural resources, including carbon intensive industries.
2. To map businesses working in the low carbon and sustainability service sectors, exploring attitudes to co-operation and innovation, including understanding the functional links between business and support institutions
3. Make recommendations to advance clean growth sectors, including intensive industries

Our approach

Intensive industries

- Covered the Leeds City Region and North Yorkshire area
- Analysis of local environmental data and sectoral impact
- Mapping location of intensive businesses and inventory
- Economic analysis using standard industrial classifications
- Quantifying climate impact of intensive industries
- Prioritising intensive industries (multi-criteria)

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Clean industry

- Used literature based assessments of the UK low carbon economy – and sectoral studies where available
- Agreed a shortlist of 7 ‘clean industries’ using multiple criteria
- Developed economic projections out to 2036
- Modified BRES data using estimates proportion of ‘clean’ industries and developed projection of jobs/GVA consistent with regional forecast
- SWOT analysis

Just transition – social impacts

Transition Impact on jobs

Table 3.1. The five sectors likely to be most affected by the zero-carbon transition in Yorkshire and the Humber

Sector	No. of jobs in Yorkshire and the Humber	Transition exposed (%) (falling skills demand)	Transition aligned (%) (rising skills demand)	Total % affected
Construction	114,200	30%	30%	60%
Manufacturing	273,290	17%	32%	49%
Transport and storage	131,860	26%	19%	45%
Motor trades	48,170	26%	19%	45%
Mining, quarrying and utilities	25,130	26%	15%	41%
Region total (all sectors)	2,367,010	11%	11%	22%

N. Robbins et al. 2019

- The balance between ‘transition aligned’ and ‘transition exposed’ sectors varies between sectors
- Presents challenge around skills and training for a zero carbon economy, and basis for future growth potential

Summary evidence

Intensive industries

35

CO₂

5.3 Mt
2017

Energy

- Food and drink
- Glass
- Chemicals

Emissions

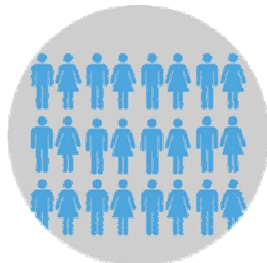
- Agriculture
- Electricity
- Transport

Resource

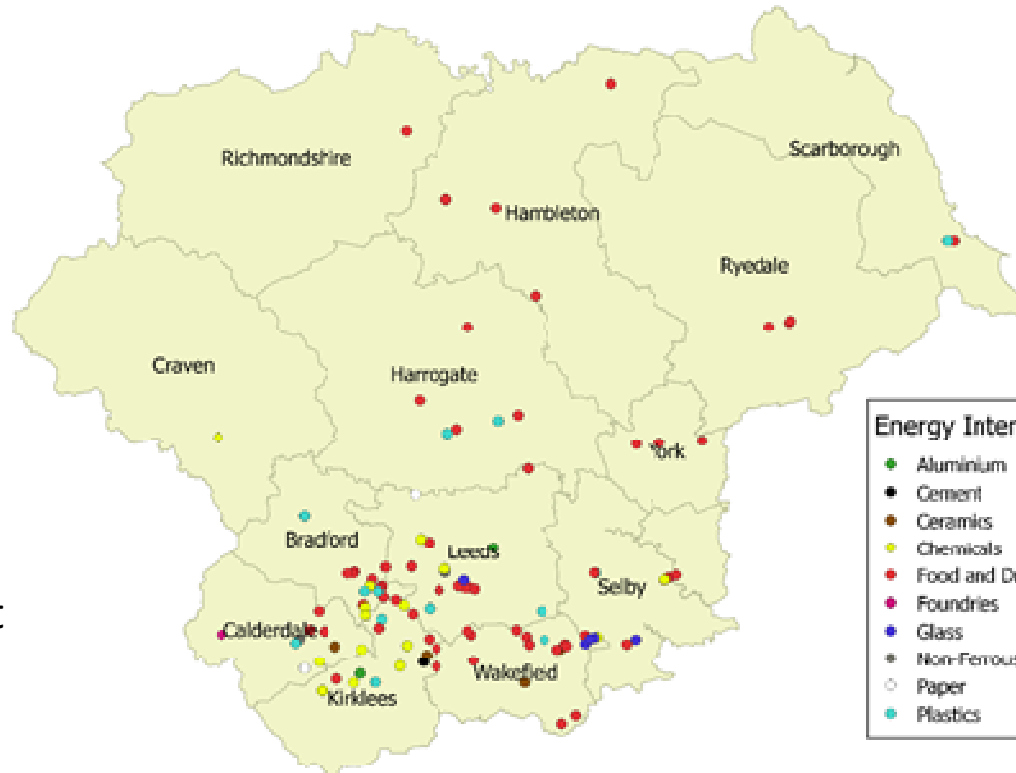
- Construction
- Food and drink



GVA £9.2 Bn



Employment
182,765



Energy Intensive Companies

- Aluminium
- Cement
- Ceramics
- Chemicals
- Food and Drink
- Foundries
- Glass
- Non-Ferrous Metals
- Paper
- Plastics

Whats the message? Location of carbon

int

Figure 2.7: Location of GHG emission-intensive plants by sector in the W&NY region (2016)



Source: Cambridge Econometrics using NAEI data.

Strengths in clean-tech

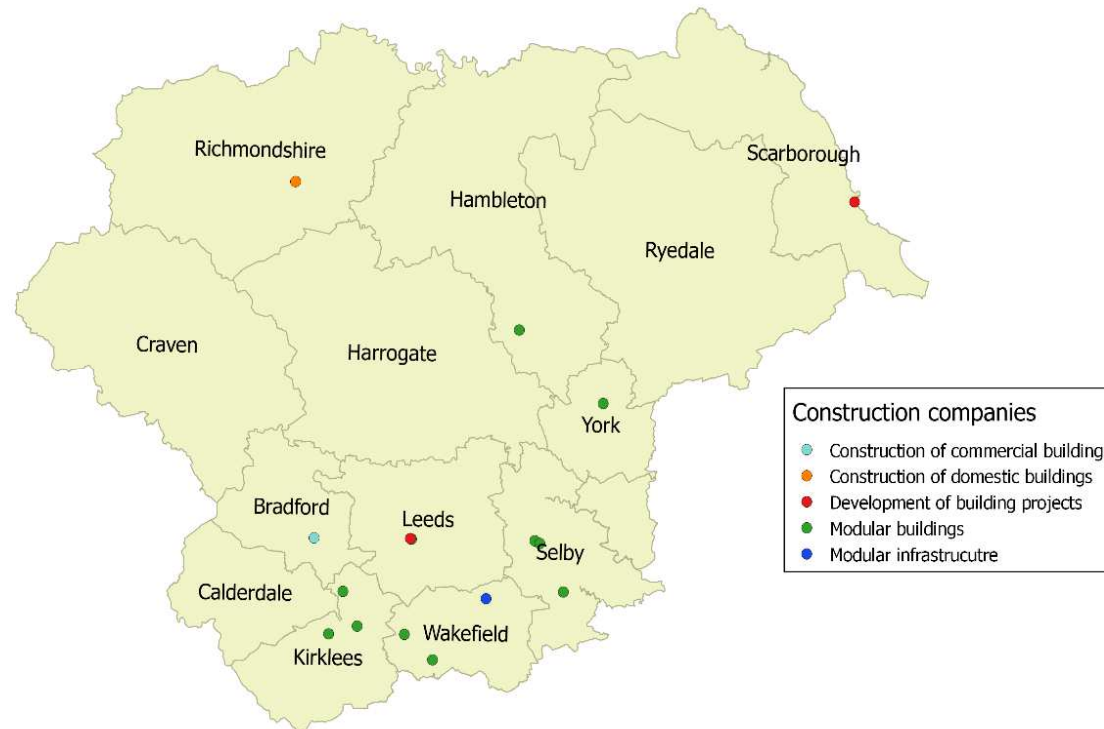
Clean industry

- **Clean agri-tech:** *adoption of advanced technologies to improve the sustainability and productivity of the agri-food supply chain by reducing emissions and material usage*
- **Bio-energy:** *production of heat and electricity using fuels such as biomass, waste and other by-products from different sectors*
- **Hydrogen:** *systems of production and consumption of low-carbon gas/ substitute for fossil fuels*
- **Low carbon transport:** *ultra-low emissions vehicles rail/bus/taxi and low carbon travel*
- **Smart city:** *introduction of new IT and other technological innovations that can be applied to monitoring and managing existing infrastructure, assets and resources more efficiently*
- **Circular economy:** *smarter approach to resource consumption; an alternative to linear economic production (make, use, dispose).*
- **Construction:** *solutions to reduce the burden on the environment of the construction value chain*

Business clusters – construction

Clean construction business

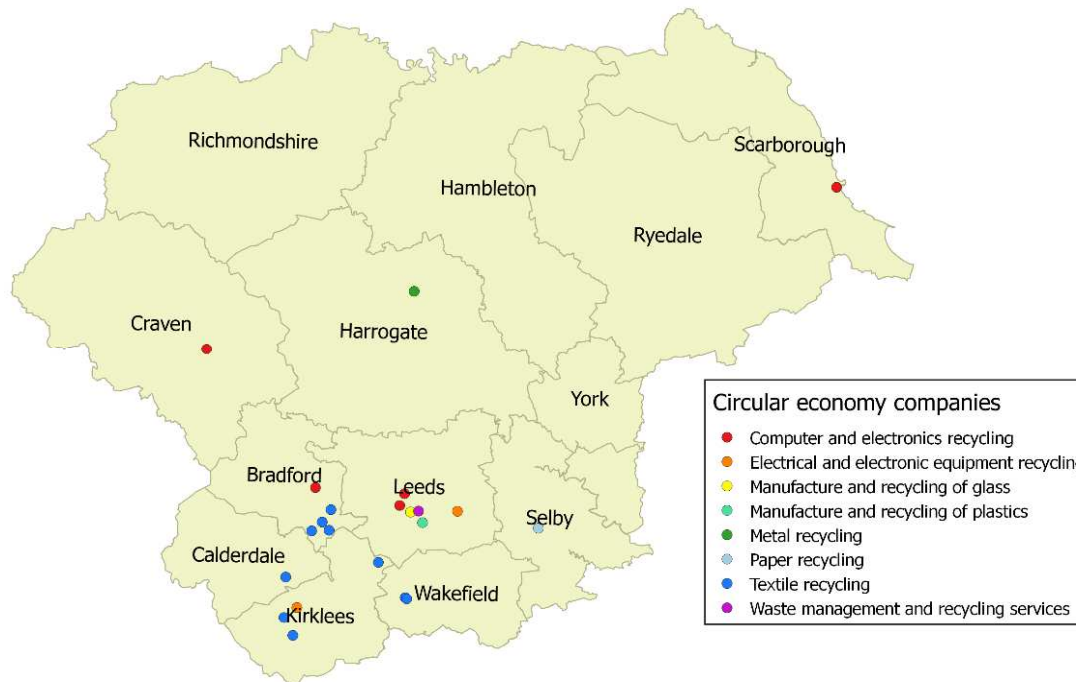
Figure 3.33: Location of companies involved in construction in W&NY



Business clusters – circular economy

Circular economy business

Figure 3.28: Location of companies involved in the circular economy in W&NY



Source: Cambridge Econometrics.

Economic evidence

Clean industry

GVA £ millions	Wider sector	Clean-tech	
	2017	Projection 2025	Projection 2036
Clean agri-tech	£2,038	£123	£184
Bio-energy	£1,235	£250	£440
Hydrogen	£508	£12	£23
Low carbon transport	£1,556	£75	£114
Smart city	£3,329	£800	£1,350
Circular economy	£655	£380	£555
Construction	£926	£23	£37
Jobs			
	2017	2017	Projection 2036
Clean agri-tech	37000	1450	3400
Bio-energy	8465	1000	2700
Hydrogen	2410	60	170
Low carbon transport	34600	970	1800
Smart city	51235	10500	19000
Circular economy	16375	5,300	14000
Construction	21455	170	400

Cross cutting innovation

Clean-technologies can support renewal of traditional industries and decarbonisation

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Clean-tech	Intensive industries						
	Food/drink	Glass	Chemicals	Agriculture	Electricity	Transport	Construction
Clean-agri tech	✓			✓			
Bio-energy		✓	✓		✓	✓	
hydrogen	✓	✓	✓			✓	
Low carbon transport						✓	
Smart city					✓	✓	✓
Circular economy	✓	✓	✓	✓			✓
Clean construction							✓

Draft recommendations

Sector

Recommendation

Clean agri-tech & bio-energy

- Raise the profile of the agri-tech sector to increase opportunities for collaboration Use University of Leeds as a lever for bioenergy development
- Develop a regional policy/position on bioenergy
- Support for SMEs and develop clusters to alleviate fragmentation in supply chains

Hydrogen

- Collaboration with Humberside Industrial Cluster
- Increase public awareness and understanding of hydrogen tech
- Communication and collaboration between industry and research
- Development of supply chains building on manufacturing base

Smart City Technology

- Build on existing strengths to develop and test smart tech
- Policy needs to promote cross sectoral cooperation
- Focus on information provision to consumers to increase knowledge of the smart community concept

Circular Economy

- Encourage collaborations to enable innovative circular economy products
- Provision of a regulatory and fiscal framework that incentivises remanufacturing and reuse

Construction

- Build on city region's strengths to develop clean construction skills

Low Carbon Transport

- Implementation of local measures to encourage behaviour change
- Focus on opportunities brought by potential High-Speed Rail Institute

Next steps:

- Review Pathways work
- Finalise Clean Growth Audit recommendations
- Develop new opportunities
- Come back to panel with preferred options

Key questions:

- Initial ideas to support energy intensive industries
- How do we support the clean growth sectors identified?
- Develop new opportunities

The logo for West Yorkshire Combined Authority features a large, stylized letter 'W' composed of three overlapping, curved segments in shades of teal and blue. The top-left segment is white and contains the text 'West Yorkshire Combined Authority'.

**West
Yorkshire**
Combined
Authority

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Thank you

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Appendix 2

DRAFT POLICY IN DEVELOPMENT: Encouraging businesses to tackle the climate emergency / promote clean growth outcomes using grant conditions

This note explores potential options regarding how grant conditions could be utilised to encourage businesses to tackle the climate emergency, beyond current provisions. This is very much policy in development work and should be seen as opening up a discussion on policy options, and therefore at this stage there are still a number of unanswered questions and undeveloped ideas which will require further detailed work.

Where are we now?

For business support grants offered by the LEP there are currently two types of conditions applied to business applications:

- Eligibility criteria – used to filter whether a project is eligible for a funding programme e.g. based on business size, sector and financial performance
- Grant conditions – applied to successful applicants as a requirement to receive the agreed funding e.g. inclusive growth conditions.

To date we have only included clean growth conditions where we have the capability to support a business to meet that condition:

- Offer more sustainable ‘green travel’ options to employees (through Travel Plan Network)
- Undertake an energy audit to identify ways to reduce energy consumption (through Resource Efficiency Fund)
- Undertake a supply chain audit to identify opportunities to buy more from local suppliers (through Huddersfield University)

Options to broaden the requirements/criteria

There is clearly a risk that, alongside inclusive growth criteria, further conditionality limits the appeal of the business support offer. Acknowledging this risk, a number of potential options of both eligibility criteria and grant conditions could be explored to broaden the clean growth impact of business support schemes.

Eligibility criteria (i.e. Making clean growth a pre-requisite for support)	Grant conditions (i.e. Make de-carbonising commitments a condition)
<ul style="list-style-type: none"> • Restrictive – e.g. make high carbon businesses ineligible for support • Prescriptive – e.g. only accept businesses with a certain standard (what would be the green equivalent of Living Wage be? Energy efficient buildings? A no-car travel policy? Sustainable drainage? Offer support/incentives for staff to travel to work sustainably?). • Project specific – e.g. supporting businesses or projects that are net beneficial for a business’ environmental impact (through carbon impact assessments) 	<ul style="list-style-type: none"> • Assessments - travel/energy audit, Energy Performance Certificate (EPC), carbon footprint • Offsetting - commit to doing something that supports the G&B Strategy – plant trees (preferably in the White Rose / Northern Forest), install solar panels, help with natural flood management. • Energy efficiency investments - requiring zero carbon mission for buildings, energy retrofit or performance guarantees (Energy Strategy and Delivery Plan) Or

<p>• Enhanced intervention rate – giving a preferential rate / additional funding to businesses undertaking projects with clear clean growth output/outcomes</p>	<p>could be smaller investments linked to an energy audit.</p>
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Early recommendations

Reviewing the options available, it is recommended that:

- **Grant conditions feel more attainable than eligibility criteria** – this is because at the current time it is not straightforward to define either what a restrictive or prescriptive set of criteria could be, and there is likely to be significant consequences that feel undesirable i.e. not supporting businesses to transition to lower carbon models. Grant conditions would be more inclusive, and build on existing approaches based on incentivising best practice take up (albeit not without its own risks). This does not mean that eligibility criteria could not be a future ambition.
- **Further work is required to understand the potential costs of grant conditions** – Costs will need to be proportionate to intervention rates and will vary greatly depending on a business’ size or sector. It may require a two tier system with more costly conditions on higher value or support to larger businesses. This approach should also be applied to reviewing inclusive growth conditions, although it is suggested that clean growth conditions be an additional option for grant recipients rather than in addition to inclusive growth conditions.
- **Work on clean growth conditions needs to be aligned to existing inclusive growth criteria and the future of job creation conditions** – there is an opportunity, especially looking to programmes beyond existing ERDF funded support (which it may not be possible to attach new conditions to), to look more holistically at the “currencies” that are used to legitimise the use of public funding to support businesses in light of devolution/Shared Prosperity Fund and other funding avenues.
- **Before significant next steps work takes place, it would be advisable to begin business consultation** – whilst it is possible to draw up more definitive options for criteria, this should not take place before a proper consultation on the issues with business, understanding potential difficulties, restrictions and barriers as well as being open to additional ideas. This should also be extended to discuss with public and third sector partners who support businesses with clean growth interventions and understand the marketplace.

Report to: Business, Innovation and Growth Panel

Date: 27th February 2020

Subject: **Made Smarter in Leeds City Region**

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

Author(s): Sarah Bowes, Alex Clarke and Bryony Chipp

1. Purpose of this report

- 1.1 To update Panel members on plans to progress Made Smarter activities in Leeds City Region.

2. Information

Made Smarter

- 2.1 As part of our Digital Framework ambitions, we have prioritised addressing Made Smarter challenges. This is also reflected in the emerging Local Industrial Strategy priorities.
- 2.2 Made Smarter (commonly referred to as Industry 4.0, The Fourth Industrial Revolution, Digital Manufacturing etc) refers to the use of new digital technologies, especially in manufacturing, to improve productivity, competitiveness and delivering wider benefits to the economy. A Made Smarter review led by Professor Juergen Maier (CEO Siemens UK) was produced in 2017 and has significantly influenced the national Industrial Strategy.
- 2.3 A £20m pilot Made Smarter programme, following on from the Made Smarter Review, is currently running in the North West. Focussed on providing intensive support to SMEs, one year into the programme 300 North West small and medium sized manufacturers have secured support, including specialised advice and £1.6M of funding. The pilot has also included leadership and management courses to help imbed the new technologies and associated approaches into wider behaviours. A formal evaluation piece is currently taking place, but the outputs to date suggest a significant level of take up and demand for such a programme.

- 2.4 It is likely that further pilots will be rolled out across the country and Leeds City Region, with our significant assets, needs to be ready to embrace any future opportunities in order to support our SMEs to embrace innovation and technology. In order to do this, a Made Smarter Board has been established along with LEP participation in an interreg Europe project, SMARTY, to share learning and best practice around the adoption of Industry 4.0 across several European partners.

SMARTY

- 2.5 The SMARTY (Smart SMEs for Industry 4.0) project, which was outlined at the last Panel meeting, is entering its second semester, with the first interregional thematic seminar taking place on 25-26 February in Brussels. A verbal update will be provided to the Panel on the outcomes of the meeting, including some of the best practices that have been shared from other regions.
- 2.6 The first seminar will also be an opportunity for the City Region to showcase examples of best practice. An open request was made to a number of partnership forums, including the last Panel meeting, for examples, as well as drawing on the LEP's existing policies and business support programmes. This process will continue for future semesters to ensure we draw on the best practice from across the region. Best practice from the Access Innovation programme will be shared at the meeting in Brussels. Specific technology best practices are also being collated by the Textiles Centre of Excellence, our regional project partner.

Made Smarter Board

- 2.7 The Made Smarter Board will oversee and provide expert insight and challenge to both SMARTY and broader activities. Reporting into BIG Panel and chaired by Andrew Wright, the Board brings together key stakeholders and a wealth of experience to help shape and inform the Made Smarter challenges for Leeds City Region (see appendix 1 for membership).
- 2.8 The first meeting took place on the 30 January and a verbal update will be provided at the meeting.

3. Clean Growth Implications

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

4. Financial Implications

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

5. Legal Implications

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

6. Staffing Implications

6.1 There are no staffing implications directly arising from this report.

7. External Consultees

7.1 No external consultations have been undertaken.

8. Recommendations

8.1 That the Panel note the contents of this report and discuss future opportunities.

9. Background Documents

None.

10. Appendices

Appendix 1 – Leeds City Region Made Smarter Board

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Appendix 1 – List of interested members for Leeds City Region Made Smarter Board

Member	Organisation
Andrew Wright	AW Hainsworth & LEP Board member
Rab Scott	AMRC (KTN) & High Value Manufacturing Catapult
Ebrahim Dockrat	Calderdale College
Liz Towns-Andrews	Chair of Yorkshire Universities & University of Huddersfield
Tracey Dawson	Daletech
Russel Greenwood	Hoare Lee
Charles Lupton	IBM
Margaret Wood	ICW Chair
Steve Gregory	LCR Supply Chain programme
Dom McCombe	University of Huddersfield
Muz Mumtaz	Digital Enterprise
June Smith	MadeUK
Neil Kendall	Manufacturing Growth Programme
Aaron Whittam	National Physical Laborator
Rob Woolin	National Physical Laborator
Thierry Delange	RTC North
Rebecca Miles	Textile Centre of Excellence
Bill McBeth	Textile Centre of Excellence
James Devitt	University of Huddersfield
Martin Booth	Witt Group PLC & BIG Panel
Patrick Robertson	WYCA
Sarah Bowes	WYCA
Alex Clarke	WYCA
Bryony Chipp	WYCA
James Hopton	WYCA
Nathan McCardle	Borg Warner
Nichole Ballentyne	KTN
Kevin Hallas	KTN
Kersten England	Bradford City Council
Rashik Parmar	IBM & LEP Board member
Lee Viney / KTN	Innovate UK
Mark Wilcockson	British Business Bank
Zandra Moore	Panintelligence
Mandy Ridyard	Produmax and LEP Board member

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Report to: Business, Innovation and Growth Panel

Date: 27th February 2020

Subject: **Innovate UK regional activity**

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

Author(s): Sarah Bowes

1. Purpose of this report

- 1.1 To update members on UKRI and Innovate UK regional activity, building on the existing Leeds City Region MoU.

2. Information

MoU

- 2.1 In June 2017 an MoU between Leeds City Region Enterprise and Innovate UK was signed with the intention of increasing collaboration and cooperation between the two organisations to support and drive innovation across the region.
- 2.2 The focus of the MoU was around four key areas: Data sharing and referrals; Marketing and promotion; Access to expertise; Co-investment opportunities.
- 2.3 The emerging Local Industrial Strategy further reinforces our ambitions to develop our relationship with the national innovation agency. In order to develop the thinking on what this should involve, Innovate UKs regional manager will lead a discussion around regional engagement in Leeds City Region and particularly alignment with the new Connecting Innovation programme.
- 2.4 Connecting Innovation is being developed to provide a gateway for innovation support across Leeds City Region, helping businesses navigate the landscape and access the right support. Providing a route into Innovate UK support and joining up the national offer locally is key to this.

3. Clean Growth Implications

3.1 There are no clean growth implications directly arising from this report.

4. Financial Implications

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

5. Legal Implications

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

6. Staffing Implications

6.1 There are no staffing implications directly arising from this report.

7. External Consultees

7.1 No external consultations have been undertaken.

8. Recommendations

8.1 That Panel members note the contents of this report and consider ways to strengthen the relationship to be discussed at the meeting

9. Background Documents

None.

10. Appendices

None

Report to: Business, Innovation and Growth Panel

Date: 27 February 2020

Subject: **Economic reporting**

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

Author(s): James Hopton, Patrick Bowes

1. Purpose of this report

- 1.1 To provide an update on the latest economic and business intelligence for the Board, and to update the Panel on the latest activity and intelligence around Brexit.

2. Information

- 2.1 This report presents recent developments in the global, national and local economy. The report is produced on a regular, quarterly basis. As such the latest available version will be presented to each Panel meeting. The report presented here is an updated version of the November report, taking into account recent developments.

2.2 Brexit update

- 2.2.1 At the request of the Cities and Local Growth Unit (CLGU), the Growth Service has been leading on the gathering and co-ordination of Brexit-related intelligence on behalf of the Yorkshire & Humber region. This is part of the LEP's role as the Yorkshire and Humber Growth Hub Cluster Lead for business support activity and intelligence related to the the UK's exit from the EU. The activity complements the wider work of the Combined Authority and district partners, including via contributions to the Local Resilience Forum.

- 2.2.2 The LEP's role as Yorkshire and Humber Cluster Lead has brought with it some additional funding from HM Government. This is being used to improve the LEPs' collective knowledge of export activity across the region to inform future international trade support. In addition, it is bolstering our engagement with larger UK-owned businesses to better understand the challenges and opportunities of certain sectors and sub-sectors. Lastly, it will help to identify which of our businesses are signalling investment and which might be more likely to downsize. Again, this will directly inform future approaches to business support, engagement and marketing / communications.

2.2.3 Following the general election and subsequent passing of the Withdrawal Agreement Bill in Parliament, there is a greater degree of clarity on the future path on Brexit and the risk of significant disruption has been removed in the near-term. The expectation is that the UK will negotiate a trade deal during 2020 ahead of the transition period ending on 31 December. There are signs that markets and businesses have responded positively to this. However, the negotiation over the future trading relationship with the EU will have significant implications for many businesses and the nature of those future relationships remain highly uncertain.

2.2.4 The LEP will keep a close watching brief through the negotiations, so that specific opportunities can be identified and supported as issues are clarified, feeding in to these as appropriate. This is also directly relevant to our Trade and Inward Investment activity as a LEP. In the meantime, there is an opportunity to set out what the priorities for the UK's new trading environment are at the city region level and to progress areas of activity that can already be taken forward. This includes exploring and making representations as appropriate in the following areas:

- **Exports:** Understanding the regions export levels, its core export markets aligned with key sectors integrated with the UK's new global trading relationships.
- **Skills and employment:** the impact on the regions current labour force, opportunities towards future skills development and training provision in the context of exporting, automation and productivity.
- **Sectors:** an opportunity to showcase the city regions strengths and shape UK policy towards increasing investment and export potential. e.g. net zero carbon aspirations in energy.
- **SME Support:** refocus SME support on business resilience and forward/scenario planning. An opportunity to use the changing economic context to promote and amplify the priorities in our developing Local Industrial Strategy around productivity, clean growth and investing in innovation and other positive business behaviours.

2.2.5 The Growth Hub continues to prepare to be as ready as possible for the impacts of Brexit on businesses, meeting regularly with business support leads in each local authority, with representatives of leading business membership bodies (via the Business Communications Group) and directly with businesses themselves via the LEP's business-facing teams and marketing activities to ensure alignment with other activity.

2.2.6 The team of SME Growth Managers has now risen to 19 FTEs who are supporting over 1,000 businesses to access the right support to meet their growth and resilience needs across the City Region. In addition, the Combined Authority has commissioned a legal firm to work intensively with a cohort of the City Region's large UK-owned businesses. This will provide valuable insight into the practical challenges and opportunities facing the businesses, and help to inform future policy and activity regionally and nationally. Furthermore, the LEP's £2 million Brexit Business Support scheme has been developed and is ready to be implemented. However, this has been paused until further clarity on the new business-facing campaign from the

Government, and any associated resources for the LEPs/Growth Hubs, has been received.

- 2.2.7 Analysis of the latest Quarterly Economic Survey with the Chambers of Commerce suggests there has been a further fall in the proportion of businesses saying they were not confident they were prepared to withstand a no deal scenario, down to 11% in Q4, from 13.5% in Q3 and 16% in Q1 2019.
- 2.2.8 Just over half (51%) of companies surveyed in the QES said they were confident or very confident in their Brexit preparations in Q4. However, there was a sharp fall in those saying they were very confident, from 23% in Q3 to 5% in Q4.
- 2.2.9 Whilst relatively limited as the level of activity lessened slightly during the election period, those businesses who have offered a view have reported feeling they have done all they can to prepare, whether through stockpiling or other contingencies to ensure supply in the event of disruption. However, others in recent weeks have reported issues such as a hesitancy for some overseas clients to place orders, whilst there are also concerns in some sectors over the recruitment and retention of staff after the UK's exit.

2.3 Main national and international headlines

The main national and international headlines include:

- Global trade and geopolitical tensions have increased throughout 2019. This has contributed to increasing uncertainty in the global trading system, which is a large contributor to the weak growth rate of the global economy.
- The global economy is now projected to grow by only 3% in 2019 according to the International Monetary Fund. This would represent the lowest growth since 2008-09.
- UK GDP growth was flat in the three months to October, following growth of 0.3% in Q3 according to the Office for National Statistics. This growth was entirely driven by the service sector, with production output declining.
- The Eurozone maintained its growth rate at 0.3% in Q3, though performance among member countries was mixed with France exceeding expectations and Germany in the midst of a slowdown.
- The USA's GDP growth rate beat the expected growth rate of 0.4%, growing at a rate of 0.5% in Q3 2019.
- There were 32.8 million people in work in the three months to October, according to ONS, an increase of 24,000 on three months earlier. The employment rate remains at a joint record high of 76.2%. The unemployment rate also remains at a record low of 3.8%.
- UK PMI surveys point to falling activity across all of the manufacturing and construction sectors, though performance in services stabilised in December.

2.4 Leeds City Region economic headlines

For Leeds City Region, the key headlines include:

- There was an increase in business confidence in Q4 according to the QES, despite the uncertainty of a general election. Businesses were more confident about their profitability and cash flow situation, perhaps reflecting the lower immediate risk of a no deal Brexit.
- Domestic activity has rebounded, which has likely helped the recovery in confidence. Export activity remains subdued, however. Whilst Brexit is likely part of the explanation, the broader slowdown in activity internationally is also a factor
- Companies appear to be maintaining their staffing levels in spite of relatively low growth with headcounts continue to grow, though businesses appear to be continuing to delay major investment decisions until there is greater clarity on Brexit in Q4.
- 3,800 new business bank accounts were opened in Leeds City Region in Q3, a 0.3% increase on Q3 2018. This compares to a 0.4% fall in activity on this measure nationally. The number of new business bank accounts opened, a proxy measure of start-up activity, was 1.5% higher over the first three quarters of the year, compared to a 0.2% increase nationally.
- Data from the Office for National Statistics shows employment in Leeds City Region decreased by 6,000 (0.4%) between Q1 2019 and Q2 2019. Other core city LEPs such as Greater Manchester and Greater Birmingham reported similar falls, though other comparators saw growth.
- The City Region employment rate decreased from 73.8 % in Q1 2019 to 73.4% in Q2 2019, though remains high by historic standards.
- The unemployment rate fell in six of the ten City Region districts between Q1 2019 and Q2 2019, according to modelled estimates from NOMIS, with only modest increases in the remaining four.
- Goods worth £4.15bn were exported from Yorkshire & Humber in Q3 2019, largely unchanged from Q2 but a fall of 8.2% from Q1.

3. Clean Growth Implications

3.1 There are no Clean Growth implications directly arising from this report.

4. Financial Implications

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

5. Legal Implications

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

6. Staffing Implications

6.1 There are no staffing implication directly arising from this report.

7. External Consultees

7.1 No external consultations have been undertaken.

8. Recommendations

8.1 The Panel is asked to note the analysis presented in the economic update and the latest intelligence on Brexit and consider how this relates to the work of the Panel.

9. Background Documents

9.1 None

10. Appendices

Appendix 1 – Leeds City Region Economic Update Report

Appendix 2 – Leeds City Region Economic Dashboard

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National and international				Leeds City Region			
Indicator	Latest position	Chart	Trend	Indicator	Latest position	Chart	Trend
Economic headlines	Trade and geopolitical tensions have increased throughout 2019, contributing to increased uncertainty in the global trading system. Projections for global growth have been downgraded to 3% in 2019 according to the International Monetary Fund. This would represent the lowest growth since 2008-09. UK GDP growth was flat in the three months to October, following growth of 0.3% in Q3. The service sector was the only sector to see growth over this period, whilst output in both the production and construction sectors contracted.			Economic headlines	Businesses were more positive about the outlook in Q4 2019, particularly driven by stronger activity in domestic markets towards the end of the year. Export activity remains subdued, however with activity falling in the service sector and largely flat among manufacturers. Whilst Brexit is likely part of the explanation, the broader slowdown in activity internationally is also a factor.		
Business performance & confidence	The pace of the slowdown in production industries quickened at the end of 2019 according to the IHS Markit/CIPS PMI surveys. Both sectors reported declines in new work continued through December. Service sector companies were slightly more optimistic with the survey index at 50, indicating neither growth nor contraction, following a decline in November.			Business performance & confidence	There was an increase in business confidence in Q4 according to the QES, despite the uncertainty of a general election. Businesses were more confident about their profitability and cash flow situation, particularly driven by domestic activity. 3,800 new business bank accounts were opened in Leeds City Region in Q3, a 0.3% increase on Q3 2018. This compares to a 0.4% fall in activity on this measure nationally.		
Labour market	There were 32.8 million people in work in the three months to October, according to ONS, an increase of 24,000 on three months earlier. The employment rate remains at a joint record high of 76.2%. The unemployment rate also remains at a record low of 3.8%. Whilst the number of people in full time work increased, there were falls in those in part-time.			Labour market	Employment in Leeds City Region has decreased by 6,000 (0.4%) between Q1 2019 and Q2 2019 though data can fluctuate from quarter to quarter. The City Region employment rate decreased from 73.8 % in Q1 2019 to 73.4% in Q2 2019 though remains high by historic standards. The unemployment rate of 4.1% is in line with the national average.		
Trade and exports	The volume of retail sales decreased by 0.4% in the three months to November, the first quarterly fall since April 2018. The UK's trade deficit widened by £2.3bn to £7.2bn in the three months to August. The deficit with both EU and non-EU nations widened. Both imports and exports increased, but growth in imports was faster.			Trade & exports	Goods worth £4.15bn were exported from Yorkshire & Humber in Q3 2019, largely unchanged from Q2 but a fall of 8.2% from Q1. UK exports were 2.5% higher in Q3 than in Q2. The region saw growth in exports to Asia & Oceania in H1 2019, up 14% on a year ago. This has been offset by a 6.3% decline in exports to the EU and a smaller decline in exports to North America.		
Inflation and wages	Inflation stood at 1.5% in November, unchanged from August. Regular pay increased by 3.5% in the year to October 2019, down from 3.9% in the preceding three months. Accounting for the effects of inflation, wages increased by 1.8% in real terms in the year to October.			Brexit preparations	Just over half of companies surveyed in the QES said they were confident in their Brexit preparations in Q4. However, there was a sharp fall in those saying they were very confident, from 23% in Q3 to 5% in Q4. There was also a slight fall in the proportion of businesses saying they were not confident they were prepared to withstand a no deal scenario, down to 11% in Q4 from 16% in Q1.		
Summary	For the most part there has been a continued trend of downward revision of growth trajectories, raising concerns about the threat of recession globally. The UK economic picture remains mixed, with GDP growth returning to zero early in Q4 and retail sales falling to suggest activity remains subdued. The labour market remaining strong, however, and the general election and subsequent passing of the withdrawal will provide some certainty around Brexit. In some respects the UK is outperforming the wider EU, emphasising that Brexit is not the only factor influencing growth. Businesses in Leeds City Region reported a somewhat more positive outlook in Q4, perhaps buoyed by the fact that a potentially disruptive scenario had been averted at the end of October, and the potential greater clarity that a general election could bring.						

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ECONOMIC AND BREXIT MONITOR: LEEDS CITY REGION, JANUARY 2020

Key points at glance

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

National and international headlines

- Global trade and geopolitical tensions have increased throughout 2019. This has contributed to increasing uncertainty in the global trading system, which is a large contributor to the weak global growth.
- The global economy is now projected to grow by only 3% in 2019 according to the International Monetary Fund. This would represent the lowest growth since 2008-09.
- UK GDP growth was flat in the three months to October, following growth of 0.3% in Q3 according to the Office for National Statistics. This growth was entirely driven by the service sector, with production output declining.
- The Eurozone maintained its growth rate at 0.3% in Q3, though performance among member countries was mixed with France exceeding expectations and Germany in the midst of a slowdown. The USA also beat expectations, growing at a rate of 0.5% in Q3 2019.
- There were 32.8 million people in work in the three months to October, according to ONS, an increase of 24,000 on three months earlier. The employment rate remains at a joint record high of 76.2%. The unemployment rate also remains at a record low of 3.8%.
- UK PMI surveys point to falling activity across all of the manufacturing, services and construction sectors – the first time all sectors have reported contraction concurrently since July 2016.

Key City Region and local developments

- There was an increase in business confidence in Q4 according to the QES, despite the uncertainty of a general election. Businesses were more confident about their profitability and cash flow situation, perhaps reflecting the lower immediate risk of a no deal Brexit.
- Domestic activity has rebounded, which has likely helped the recovery in confidence. Export activity remains subdued, however. Whilst Brexit is likely part of the explanation, the broader slowdown in activity internationally is also a factor
- The City Region employment rate decreased from 73.8 % in Q1 2019 to 73.4% in Q2 2019, though remains high by historic standards.
- The unemployment rate fell in six of the ten City Region districts between Q1 2019 and Q2 2019, according to modelled estimates from NOMIS, with only modest increases in the remaining four.
- Goods worth £4.15bn were exported from Yorkshire & Humber in Q3 2019, largely unchanged from Q2 but a fall of 8.2% from Q1.
- 3,800 new business bank accounts were opened in Leeds City Region in Q3, a 0.3% increase on Q3 2018. This compares to a 0.4% fall in activity on this measure nationally.
- Employment in Leeds City Region has decreased by 6,000 (0.4%) between Q1 2019 and Q2 2019. Other core city LEPs such as Greater Manchester and Greater Birmingham reported similar falls, though other comparators saw growth.

Brexit implications and conclusions

- Just over half (51%) of companies surveyed in the QES said they were confident or very confident in their Brexit preparations in Q4. However, there was a sharp fall in those saying they were very confident, from 23% in Q3 to 5% in Q4.
- There was also a slight fall in the proportion of businesses saying they were not confident they were prepared to withstand a no deal scenario, down to 11% in Q4 from 13.5% in Q3 and 16% in Q1.
- A majority of businesses (55%) say they have been able to access sufficient information to enable them to plan for Brexit effectively, though 1 in 6 say they have not and a significant proportion are unsure, likely reflecting the challenge of planning for a range of outcomes in an uncertain environment.
- The latest anecdotal evidence from the Growth Service's interactions with businesses supports the view that many businesses feel they have done all they can to prepare, whether through stockpiling or other contingencies to ensure supply in the event of disruption.

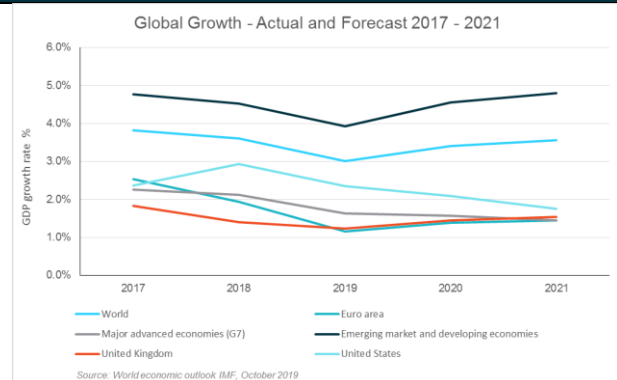
ECONOMIC AND BREXIT MONITOR: LEEDS CITY REGION, JANUARY 2020

Introduction

- This report presents the latest assessment of the Leeds City Region economy. It sets out recent global and national developments before considering in more detail the latest data for Leeds City Region and the implications for the economy as the UK approaches its exit from the European Union.
- New data available includes updated global economic forecasts from the IMF, whilst new official UK data is available on monthly GDP to August and the labour market for Q3 2019. Regional GDP data is also available for the first time whilst there is new national data on trade, inflation and retail activity and survey data on business sentiment.
- For Leeds City Region, the Quarterly Economic Survey with the Chambers of Commerce provides insight on business sentiment for Q3 2019. Labour market data from ONS for Q2 2019 and regional goods exports data from HMRC for the same period are also presented. Banksearch data on the number of new business bank accounts for Q3 2019 are also available.

Global economic and political developments

- Growth of the global economy has further slowed over 2019. The global economy is now projected to grow by only 3% in 2019 according to the IMF. This would represent the lowest growth since 2008-09.



- Global trade and geopolitical tensions have increased throughout 2019, contributing to increased uncertainty in the global trading system. This uncertainty is a large contributor to weakening global growth.
- Increasing trade tensions between China and the US have reduced China's aggregate demand, which has had a knock on effect throughout the globe.
- This reduction in demand from China has had a significant impact on the global automobile industry. This has had particular consequences for Germany with the projected growth for 2019 revised down to 0.5%.
- The French GDP growth rate was expected to slow down in Q3 2019, instead, it has remained steady at a modest growth rate of 0.3%. This has helped the wider Eurozone grow at 0.2% in Q3 of this year, faster than the expected 0.1%. Even with the modest growth of the French economy, the Eurozone growth rate has been revised down to a projected growth rate of 1.2% for 2019.
- The USA has so far not seen as big impact from the trade war as some other nations. The USA's GDP growth rate beat the expected to growth rate of 0.4%, growing at a rate of 0.5% in Q3 2019.
- China's projected growth rate for 2019 has been revised down to 6.1%. This after continued economic pressure from the trade war USA, as well as a slump in activity in both manufacturing and service sectors.
- The projected GDP growth rate for the Middle East and central Asia region has been revised down to 0.9% for 2019. This is due to a combination of continued conflict in the region and a weak global demand in oil.
- Weakening demand in global manufacturing and a modest slowdown in key service sector indicators are contributing to the economic performance of the UK, according to the IMF. Projected growth has been revised down to 1.2% in 2019, though the 2020 growth rate is still projected at 1.4%. This is because much of the uncertainty around Brexit is already factored in, with the expectation that there is an orderly Brexit.

Global economy summary: For the most part there has been a continued trend of downward revision of growth trajectories, raising concerns about the threat of recession globally. This is particularly true in the UK as amidst Brexit uncertainty, though these forecasts pre-date the general election. In some respects the UK is outperforming the wider EU however, emphasising that Brexit is not the only factor influencing growth.

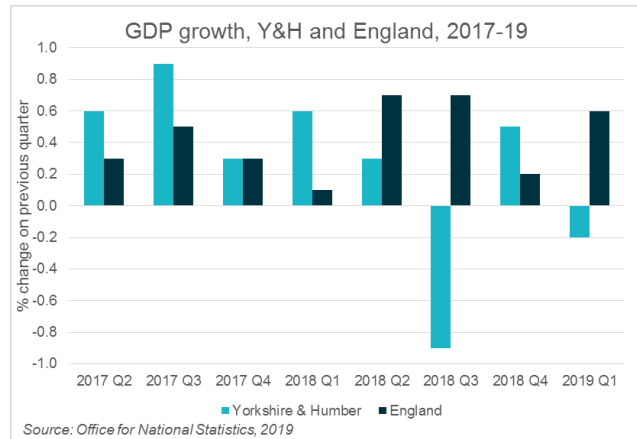
UK economic dashboard

Indicator	Latest position	Chart	Trend
Economic headlines	<p>UK GDP growth was flat in the three months to October, following growth of 0.3% in Q3.</p> <p>The service sector was again the only sector to see growth over this period, with output up 0.2%. Output in both the production and construction sectors contracted, by 0.7% and 0.3%, respectively.</p>	<p>UK GDP, 2017-19</p> <p>Source: Office for National Statistics, 2019</p>	
Confidence and sentiment	<p>The pace of the slowdown in production industries quickened at the end of 2019 according to the IHS Markit/CIPS PMI surveys. Both sectors reported declines in new work continued through December.</p> <p>Service sector companies were slightly more optimistic with the survey index at 50, indicating neither growth nor contraction.</p>	<p>Purchasing Managers Index (PMI) by sector, 2016-19</p> <p>Source: Markit/CIPS PMIs, 2016-19</p>	
Labour market	<p>There were 32.8 million people in work in the three months to October, according to ONS, an increase of 24,000 on three months earlier. The employment rate remains at a joint record high of 76.2%. The unemployment rate also remains at a record low of 3.8%.</p> <p>Whilst the number of people in full time work increased, there were falls in those in part-time.</p>	<p>UK employment growth 2008-19</p> <p>Source: Office for National Statistics, 2019</p>	
Trade and exports	<p>The volume of retail sales decreased by 0.4% in the three months to November, the first quarterly fall since April 2018.</p> <p>The UK's trade deficit widened by £2.3bn to £7.2bn in the three months to August. The deficit with both EU and non-EU nations widened. Both imports and exports increased, but growth in imports was faster.</p>	<p>UK trade in goods and services, 2017-19</p> <p>Source: Office for National Statistics, 2019</p>	
Inflation and wages	<p>Inflation stood at 1.5% in November, unchanged from August.</p> <p>Regular pay increased by 3.5% in the year to October 2019, down from 3.9% in the preceding three months.</p> <p>Accounting for the effects of inflation, wages increased by 1.8% in real terms in the year to October.</p>	<p>Wage growth and inflation, 2012-19</p> <p>Source: Office for National Statistics, 2019</p>	

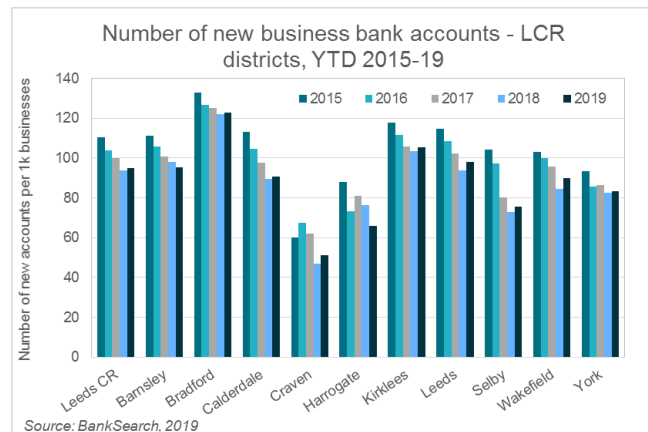
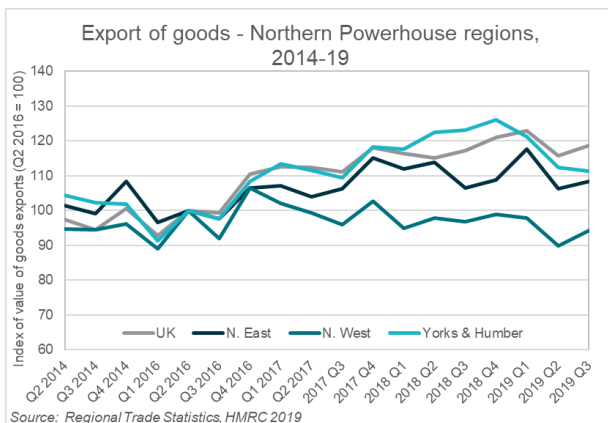
Brexit implications: The UK economic picture remains mixed, with GDP growth returning to zero early in Q4 and retail sales falling to suggest activity remains subdued. The labour market remains strong, however. The general election result and subsequent passing of the Withdrawal Agreement Bill in Parliament provides greater clarity on the future path on Brexit and this has been welcomed by markets, with the FTSE350 up around 5% since the election. There remain considerable uncertainties however, with an increasing number of businesses expecting uncertainty to continue into 2021, according to a Bank of England survey.

Leeds City Region – Business Performance and Trade

- There was an increase in business confidence in Q4 according to the Quarterly Economic Survey with the Chambers of Commerce, despite the uncertainty of a general election. Businesses were more confident about their profitability and cash flow situation, perhaps reflecting the lower immediate risk of a no deal Brexit.
- Domestic sales activity has rebounded, which has likely helped the recovery in confidence. Export activity remains subdued, however with activity falling in the service sector and largely flat among manufacturers. Whilst Brexit is likely part of the explanation, the broader slowdown in activity internationally is also a factor.



- Newly published data from ONS provides data on regional GDP for the first time. Although the data series has some time lag and is likely to fluctuate so should be treated with caution, it provides valuable insight into the performance of the regional economy. Data for Q1 2019 shows the Yorkshire & Humber economy contracted by 0.2%, following growth in GDP of 0.5% the preceding quarter. Regional data on this series will be likely to fluctuate more than national data however.



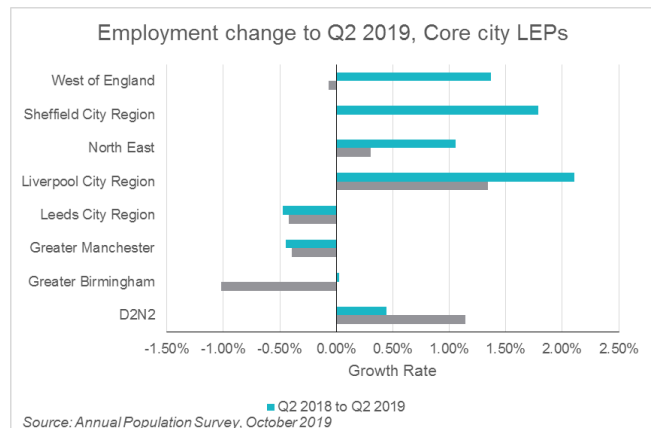
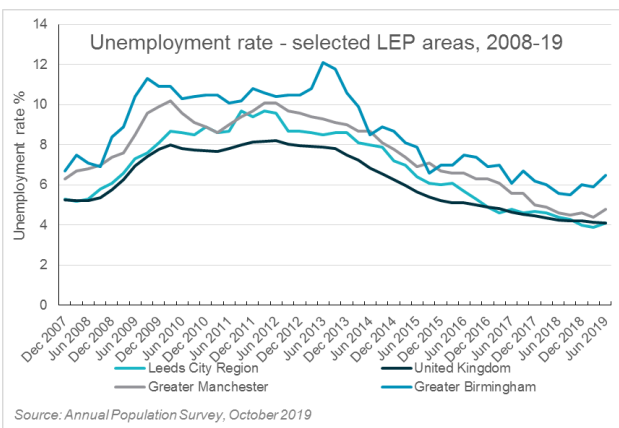
- Goods worth £4.15bn were exported from Yorkshire & Humber in Q3 2019, largely unchanged from Q2 but a fall of 8.2% from Q1. UK exports were 2.5% higher in Q3 than in Q2.
- The region saw growth in exports to Asia & Oceania in H1 2019, up 14% on a year ago. This has been offset by a 6.3% decline in exports to the EU and a smaller decline in exports to North America.
- 3,800 new business bank accounts were opened in Leeds City Region in Q3, a 0.3% increase on Q3 2018. This compares to a 0.4% fall in activity on this measure nationally.

Brexit implications: Businesses reported a more optimistic outlook in Q4 after the UK did not leave the EU without a deal in October. Domestic activity was a key source of that optimism, with international trade still affected by Brexit and broader issues.

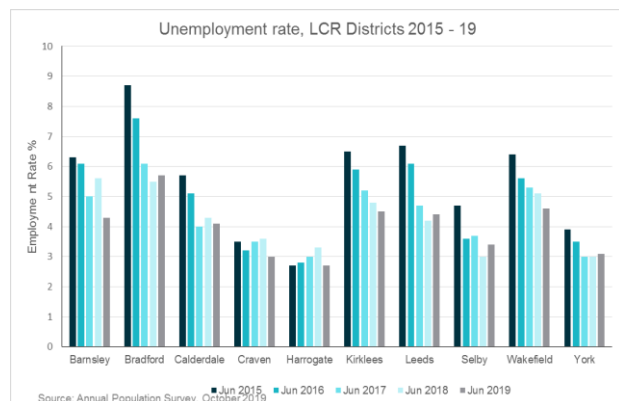
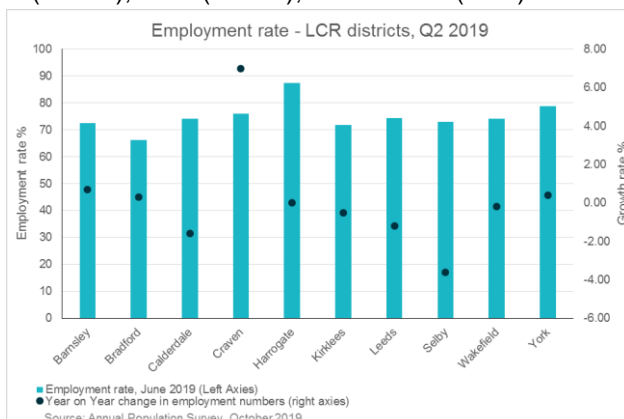


Leeds City Region – Labour Market

- Employment in Leeds City Region has decreased by 6,000 (0.4%) between Q1 2019 and Q2 2019. Data can fluctuate from quarter to quarter, but even with a fall in employment the City Region still is the largest of the eight core city LEPs with just under 1.41 million people in employment.
- Both Greater Manchester and Greater Birmingham LEP have seen a reduction in employment in Q2 2019 with falls of 0.4% and 1% respectively.
- The City Region employment rate decreased from 73.8 % in Q1 2019 to 73.4% in Q2 2019. Nationally, employment numbers have increased by a modest 0.3%, growing the employment rate to 75.9%.
- Unemployment in the City Region has risen by 2,600 (4.5%) since last quarter. There are now 60,200 unemployed people in the City Region. The unemployment rate of 4.1% is in line with the national figure. Only West of England (3.8%) and Liverpool City Region have lower rates (3.6%)
- 78.5% of Leeds City Region residents in work are employed in the private sector, a joint record high and up from 75% five years ago. Only D2N2 and Greater Birmingham, out of the core city LEPs have more residents employed in the private sector This is comparable to the 78.3% nationally, and second only to Greater Birmingham among core city LEPs (80.5%).



- Whilst it is important to note that data at district level is based on relatively small sample sizes and is therefore prone to fluctuation, employment growth was most notable in Craven and Bradford at district level, with these districts seeing around 2,100 and 3,300 more residents in work, respectively.
- Half of the districts in the Leeds City Region have seen employment fall since Q1 – Calderdale (-1.6%), Kirklees (-0.5%), Leeds (-1.2%), Selby (-3.6%), and Wakefield (-0.2%)
- Three districts in Leeds City Region have employment rates in excess of the UK rate of 75.9% - Harrogate (87.4%), York (78.8%), and Craven (76%)



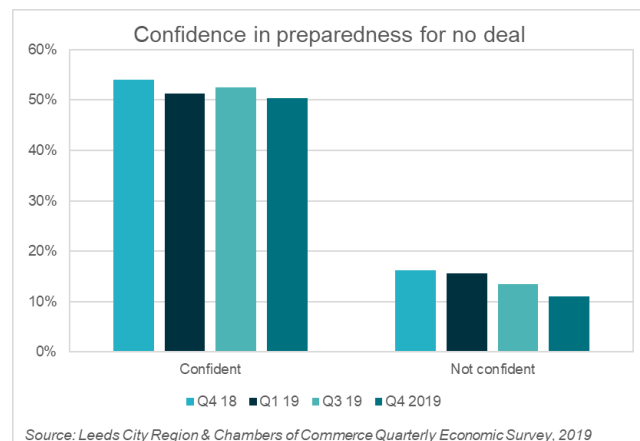
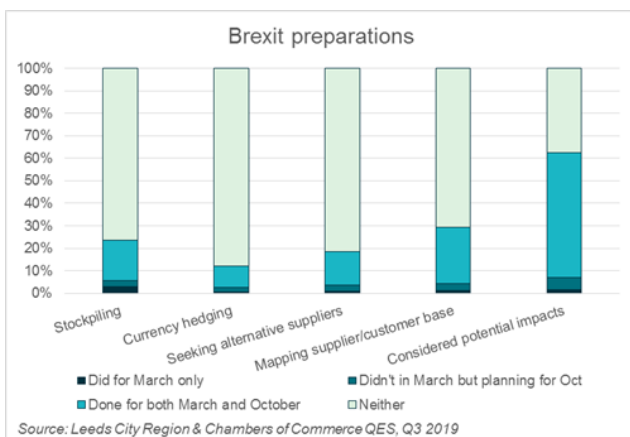
- The unemployment rate fell in six of the ten City Region districts between Q1 2019 and Q2 2019, according to modelled estimates from NOMIS, with only modest increases in the remaining four.
- The largest fall in unemployment was in Barnsley (-1.3%) with the largest increase in unemployment being in Selby rising by 0.4%.

Brexit implications: Employment seems to have fallen slightly from a recent peak, though remains by historic standards. A tapering off of the labour market's strength in Q2 reflects broader economic data which showed the economy contracting nationally over this period.



Brexit Intelligence and Assessment

- The Quarterly Economic Surveys for Q3 and Q4 2019 again sought to understand the actions businesses were taking in preparation for Brexit, and their confidence in their preparations for a “no deal” scenario. Alongside this, intelligence from other sources such as the Growth Service’s interactions with businesses has been co-ordinated to provide an understanding of the challenges, risks and opportunities posed by Brexit.
- As in recent surveys, just over half (51%) of companies surveyed in the QES said they were confident or very confident in their Brexit preparations in Q4. However, there was a sharp fall in those saying they were very confident, from 23% in Q3 to 5% in Q4. There was also a slight fall in the proportion of businesses saying they were not confident they were prepared to withstand a no deal scenario, down to 11% in Q4 from 13.5% in Q3 and 16% in Q1.
- Most businesses who took some action ahead of the original Brexit deadline in March had done the same in preparation for the October deadline but relatively few who did nothing in March planned to do anything for October. More than half of businesses had devoted management time to thinking about Brexit, and around a quarter have mapped their supplier and customer base. 18% say they stockpiled, though this increases to 43% among manufacturers.



- A majority of businesses (55%) say they have been able to access sufficient information to enable them to plan for Brexit effectively, though 1 in 6 say they have not and a significant proportion are unsure, likely reflecting the challenge of planning for a range of outcomes in an uncertain environment. The government’s gov.uk website was the most frequently mentioned source of information, accessed by 61% of businesses, followed by the media (42%) and business networks (39%).
- Whilst relatively limited as the level of activity lessened slightly during the election period, the latest anecdotal evidence from the Growth Service’s interactions with businesses supports the view that many businesses feel they have done all they can to prepare, whether through stockpiling or other contingencies to ensure supply in the event of disruption.
- However, others in recent weeks have reported issues such as a hesitancy for some overseas clients to place orders whilst there are also concerns in some sectors over the recruitment and retention of staff after the UK’s exit.
- Following the general election and subsequent passing of the Withdrawal Agreement Bill in Parliament, there is a greater degree of clarity on the future path on Brexit and the risk of significant disruption has been removed in the near-term. However, the negotiation over the future trading relationship with the EU will have significant implications for many businesses and the nature of those future relationships remains highly uncertain.
- To that extent, and with an increasing number of businesses expecting uncertainty to continue into 2021, according to a Bank of England survey, businesses may find that work to understand their supply chains and other potential impacts will likely prove valuable over the next 12 months.

Conclusions: Leeds City Region businesses reported a somewhat more positive outlook in Q4, perhaps buoyed by the fact that a potentially disruptive scenario had been averted at the end of October, and the greater clarity that a general election could bring. Whilst it appears that relatively few businesses feel there is more action they can take now that they didn’t take for previous cliff edges, anecdotal evidence suggests many businesses have taken practical steps to prepare for a range of outcomes and feel as prepared as they could be. The general election outcome should provide some clarity on Brexit timelines, and enable businesses to take more practical steps if and when talks over a trade deal provide greater certainty over future trading relationships.



Report to: Business, Innovation and Growth Panel

Date: 27 February 2020

Subject: **Trade and Investment**

Director(s): Brian Archer, Director 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 November 2019

2. Information

Inward Investment Activities and Performance

- 2.1 A total of 22 investment successes have been supported in 2019-20 with almost 50% of those converting outside the core city of Leeds. Eight inward investment successes have been secured since the last BIG panel meeting:
- Iwoca – European fintech Iwoca, has established their second UK office in Leeds creating up to 100 new jobs <https://www.iwoca.co.uk/insights/leeds-office/>
 - Irish energy services company has opened an office in Kirklees creating 17 new jobs;
 - Qatari management consultant firm set up an office in Leeds;
 - US packaging specialists expanding their production capability at their existing premises in Calderdale;
 - US consumer retail office established in Leeds;
 - Canadian tech company expanding their existing presence in Leeds to accommodate future growth;
 - Chinese manufacturer of consumer products expanding their current site to grow their digital and design teams; and
 - Canadian medical devices company has expanded their operations in York.

- 2.2 Since last BIG Panel meeting 28 new enquiries were received and five investor visits to the region were hosted.

Investor Development

- 2.3 The Department for International Trade (DIT) have secured funding for NPH (Northern Powerhouse) Key Account Management activity for 2020-21 and will be engaging with the LEP in the coming months to confirm funding distribution.
- 2.4 Currently 95 of the 125 target-list of foreign owned companies is being actively managed. Approximately 57% of the 125 companies are in the advanced engineering and manufacturing sector, and a further 15% operate in the healthcare and digital/creative media sectors.
- 2.5 32 visits to foreign owned companies were held since last BIG Panel meeting with five new expansion/relocation projects identified. Two project successes involving manufacturing firms were recorded in this period. (listed at para 2.1)
- 2.6 This service is gathering and recording valuable insights from foreign owned businesses in the City Region. A significant repository of business intelligence now exists. This information predominantly relates to Brexit, skills, exporting, costs, regulation and employment status.

Sector, Trade and International Business Development Activity

- 2.7 The team has been present at several events and conferences over the past three months with the aim to raise the profile of Leeds City Region and engage with industry.
- 2.8 This included attendance at
- **SMART Cities Expo, Barcelona** – Leeds City Region exhibited at the SMART City World Congress (the foremost Smart Tech show in Europe) on the 19-22 November. A City Region 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 attended the Expo. Following the verbal update given at the last BIG panel meeting, a de-brief with delegates has taken place to ascertain the appetite for continued sponsorship in 2020.
 - **China and Business of Design Week in Hong Kong, Hangzhou and Qingdao** – Business of Design Week in Hong Kong was unfortunately cancelled by the event organisers a week before the event, due to the continued civil unrest in Hong Kong. However, one business from the region, who was due to join the delegation travelled to Hong Kong despite the cancellation of the main event and reported a very successful week. A Leeds City Region delegation still visited Hangzhou and Qingdao as planned. (Further details in section 2.16)
 - **Arab Health, UAE, Dubai** - Leeds City Region participated as part of the Medilink UK pavilion and mission to showcase the city region's expertise

in bio med-tech. Alongside the regional messaging the LEP also supported six regional businesses to showcase their products and services and explore opportunities in the market. This was the third year of the LEP participating at Arab Health during which 16 City Region MedTech companies have been showcased and a number of these companies have reported that they have concluded substantial export contracts as a result of their participation.

2.9 Upcoming planned activities

MIPIM 2020, Cannes - Bradford, Harrogate, Kirklees, Leeds and Wakefield are the local authorities who are supporting MIPIM 2020. Sponsorship generation is underway and has been more challenging than in previous years. Bradford, Leeds & Huddersfield Universities have confirmed their attendance and contributed to the programme content. The MIPIM programme was unveiled in January and participants and session topics are now been confirmed.

Creative Industries Opportunity Programme

2.10 The Full Business Case with finalised costs has now passed through the assurance process and received MD approval on 20 December 2019. The Programme Manager has started working with the procurement team to complete the tender process for three of the initiatives; Creative Accelerator, Central Services Support and Mentoring Programme. Prior Information Notices have been published and each initiative has received responses from several experienced suppliers.

2.11 The Channel 4 Economic Impact Report has been procured and the team is currently establishing a contract with the supplier. Bi-annual reports will be produced, offering both quantitative and qualitative analysis of the impact Channel 4's relocation has had on Leeds City Region. The first of these reports, a baseline report, will be produced by March 2020.

NP11 Trade & Investment Forum

2.12 The Trade & Investment team have actively participated in the development of the NP11 proposition to boost the North's trade and investment to help close long-standing productivity and growth gaps between the North and the rest of the UK by strengthening pan-Northern trade and investment activity.

2.13 This work has been conducted by Steer consultants and The Growth Company with input from Trade and Investment leads in each of the NPH eleven LEPs. A meeting with Leeds City Region Local Authority Heads of Economic Development took place on 3 February to raise awareness of this proposition.

International Trade and Markets

2.14 Enterprise Growth Solutions are now being supported in their activity planning for the coming 12 months. This will help shape a strong programme of activity to support businesses in the region.

China

2.15 There has been considerable, continued proactive engagement with the China market since the last BIG panel meeting.

2.16 A Leeds City Region delegation visited Hangzhou and Qingdao in December 2019 to further existing co-operations.

2.17 Over the duration of the five-day programme the team presented at five events, held five government meetings, ten meetings with major Chinese businesses and influential intermediaries. In total, the delegation met with over 250 key business and government contacts.

2.18 Potential opportunities identified during the visit which will be explored in 2020 include:

- Leeds City Region-Hangzhou FinTech Bridge – a co-operation model is now being developed
- Further export initiatives with the Hangzhou e-commerce zone and Alibaba;
- Identification of potential inward investment projects from six major Chinese businesses looking to expand their European market presence;
- A partnership with Qingdao focused on cooperation in film and TV, including the potential to explore education and skills exchanges; and
- Textile Industry initiative with Qingdao government and Bureau of Commerce.

2.19 Leeds City Region Chinese New Year Celebration and China Business Awards were hosted in partnership with the Business Confucius Institute at the University of Leeds and Visit Leeds on 21 January 2020. Sponsors included Market Gravity, Mills & Reeve and China-Britain Business Council.

2.20 The awards are an opportunity to showcase the exciting China partnerships which exist in Leeds City Region and demonstrate the scale and breadth of China-related activity across the city region. There were five award categories: Leeds City Region-China partnership, Exporter of the year, Chinese investment, Tourism, arts and culture, and Significant contribution to Leeds City Region-China relations.

India

2.21 The team continues to identify and engage with key influencers who are involved in government to government policy discussions with India.

2.22 One of the objectives is to identify opportunities to have greater involvement in the UK-India Joint Economic Trade Committee (JETCO).

- One of the JETCO initiatives is to identify market access barriers that limit UK trade with India in key three sectors;
- Sector working groups are aligned with Leeds City Region priority sectors: Health and Life Sciences, Digital and Data Services and Food and Drink; and
- Partnership work with UK India Business Council to ensure our businesses have the opportunity to participate and input into the report to government.

2.23 There is continued activity to identify and understand the existing Northern Powerhouse strands of activity that are emerging with respect to the Indian market, meeting with the activity leads at DIT and other Northern Powerhouse LEPs.

Trade & Investment team 2020/21 Forward Plan

2.24 Following an analysis of 2019/20 activity the Trade and Investment team is developing a forward plan of proposed activity for 2020/21.

2.25 This will provide an analysis of previous years FDI patterns and trends and how the implementation of new sector plans will provide greater clarity on what the region's main investment opportunities are in 2020/21.

2.26 In the context of Brexit, the retention of all foreign owned companies, irrespective of location, remains a high priority for the team as does providing ongoing support to companies during the transition period.

2.27 During 2020/21 the team must retain a degree of flexibility and agility so it can respond accordingly to emerging opportunities during a period of change from both a national and international perspective.

2.28 Guidance from DIT on future trade deals will be critical so The LEP can deliver a comprehensive and regular trade focussed communications programme and assist businesses to explore future international trade opportunities.

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

- 8.1 None

9. Appendices

- 10. None

Report to: Business Innovation and Growth Panel

Date: 27 February 2020

Subject: **Business Support**

Director(s): Brian Archer, Director of Economic Services

Author(s): Henry Rigg, Head of Business Support

1 Purpose of this report

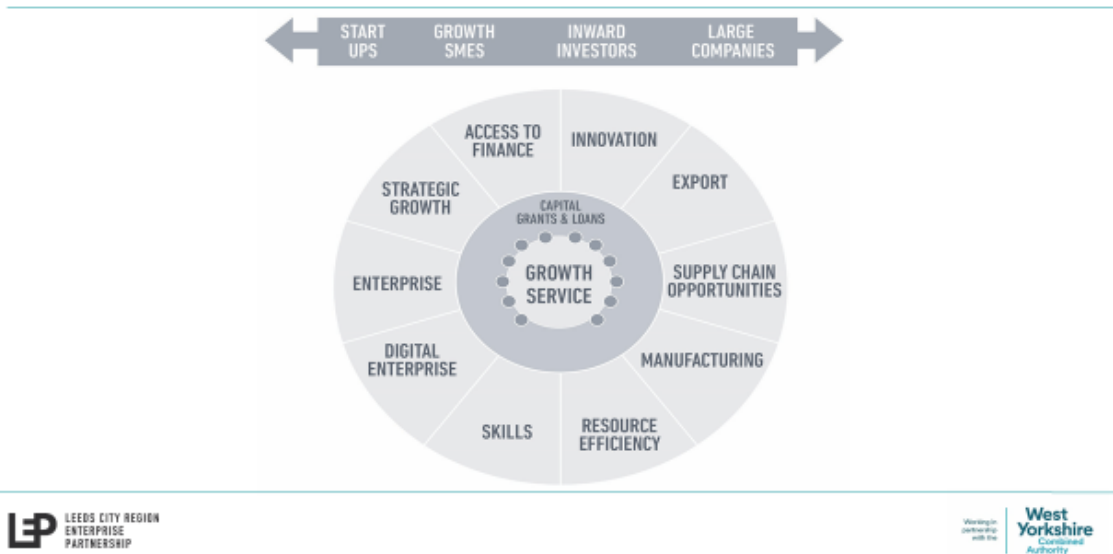
- 1.1 To provide the Panel with an update on business support activity being undertaken, including the LEP Growth Service, the Business Growth Programme, the Resource Efficiency Fund, Access Innovation, Strategic Business Growth, Travel Plan Network, the Northern Powerhouse Investment Fund and Investment Readiness.
- 1.2 Business support activity related to the transition period following the UK's departure from the EU is covered within agenda item 11.

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 such providers as the Northern Powerhouse Investment Fund, the Start-Up Loans Company, North Invest and other funding platforms. The private sector 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 ecosystem 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 new 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) NPIF Export for Growth Manufacturing Growth Programme Knowledge Transfer Partnerships Ad.Venture Digital Enterprise 	<ul style="list-style-type: none"> Businesses supported Grants provided Private investment leveraged Co-operation between businesses and research institutions Skills and training 	<ul style="list-style-type: none"> Jobs created Increased exports New products to market Follow on investment Increased research and innovation Enterprises established Resource efficiency Increased skills 	<ul style="list-style-type: none"> Economic output Increased productivity More firms engaged in R&D Increased business scale ups Higher skilled jobs Improved living standards

EXTERNAL FACTORS: e.g. macro-economic, devolution, Brexit, national policy, business demand, other business support providers

LEP Growth Service

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

Progress to date

- 2.4 Table 1 below highlights 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 to December
SMEs supported - light-touch & intensive (including enquiries/support from LEP products and services plus events)	3,025	2382
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	525
Intensive support to SMEs (including support from Growth Managers, and the LEP's core business support products)	1035	1088
Delivery of Business Advice Pop Up events (with 7 in the 20% most deprived parts of the country)	14	7 (5 in the 20% most deprived area)
Proportion of businesses supported likely to recommend it	90%	85%
Service Expenditure (combined budget) - BEIS (£512,500) - Business Rates (£44,838)	£557,338	£324,676 (BEIS £308,755 BR £15,920)

- 2.5 Between April and December 2019, the service has provided support to over 2380 individual SMEs against an annual target of 3,025. The support has resulted in over 3233 interactions, meaning many businesses have used the service on several occasions. The team of SME Growth Managers have provided intensive support to 525 individual businesses and an additional 510 businesses have benefitted from the range of LEP business support products, namely Resource Efficient Business, Access Innovation, Strategic Business Growth, Investment Readiness and the Business Growth Programme.

Service developments

- 2.6 As part of progressing the Service Quality Enhancement Plan, the team are now working with ICT colleagues to explore options for new channels and technologies for the helpline function to enhance service delivery. These options include better use of technology to screen and field enquiries and implementing more agile methods of working. Additionally, work is underway to develop the CRM system to enable more consistent collection and reporting of data within the Service and more broadly across Economic Services. Colleagues at Calderdale Council are currently trialling these new developments and are also appraising options for the continued professional development of the Growth Managers e.g. the SFEDI occupational standards for business support professionals.
- 2.7 The latest Professionals' Perspective Network event for private sector business intermediaries took place in late November 2019. The theme was on productivity and growth, which included a guest presentation on the Government-backed initiative, 'Be the Business'. This is designed to help address the underperformance of UK productivity through a business mentoring scheme. The target for Leeds City Region is to match 50 SMEs 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. Attendees were also made aware of the second round of the Productivity Pilot (see more details below) and the application process to share with their clients.
- 2.8 Recent presentations at the monthly SME Growth Manager meetings have included: - a refresh of the Skills Service offer from the West Yorkshire Consortium of Colleges and the 'Better Business For All' campaign involving regulators operating across the City Region. The Growth Managers were also provided with an update on the new ReBiz programme, which succeeds the Resource Efficiency Fund and will provide continued advice and funding on better use of utilities and recycling / reuse.
- 2.9 As well as building strong links with partners, the above meetings support the professional development of both the Growth Managers and the Gateway team. They also provide a platform for the Growth Managers to share best practice about business engagement and client support. Over the last quarter, the group have worked together sharing practical tips on networking, business intermediary engagement, social media platforms and business planning tools.

Marketing and communications

- 2.10 A proactive marketing campaign to drive more customer traffic to the Hub, and more widely promote business support across the City Region, commenced in early January 2020. Activities include digital display ads across multiple websites and LinkedIn (featured throughout February) and a 'time to grow' advert in the Yorkshire Post (featured on 16 and 30 January).

- 2.11 Social media platforms have also been used to promote the service's range of business case studies and, in doing so, raise the profile of support available to businesses via the LEP and its local and national partners. Promotion of video case studies via these channels resulted in 728 visits to the LEP's website case study pages. Likewise, these platforms have been used to promote the Productivity Pilot, resulting in 4,421 social impressions and 345 visits to the programme page on the website. The full range of case studies can be found at <http://www.the-lep.com/case-studies/>.
- 2.12 The quarterly SME newsletter featured content about Investment Readiness workshops, the newly launched ReBiz programme, the Productivity Pilot and the ongoing Business Pop Up events. It was issued to 10,216 business contacts, resulting in a 12.75% open rate. The most popular feature was the Productivity Pilot with the greatest click through response rate. The latest newsletter items can be found via the following link : <https://mail-the-lep.com/t/3LTT-1327S-19ZIK0ZJ87/cr.aspx>
- 2.13 The service has now delivered eight 'ask the expert' business pop-up events in the City Region so far, this financial year. 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 latest events took place in Bradford City Centre (22 Dec 19) and Steeton near Keighley (23 Jan 2020). Since April 2019, over 60 businesses have benefited from 156 free business advice sessions. The remaining events for 2019/20 will take place in February and March in Hebden Bridge, Ossett, Batley, Huddersfield, Leeds and Saltaire.

ERDF Growth Service (Business Resilience Programme)

- 2.14 All of the new SME Growth Managers have now been appointed which takes the team to 19 FTEs and 21 individuals. The ERDF extension to the Growth Manager function is focussing on the larger end of the SME market, and on those firms involved in international trade, either directly or via their positions within global supply chains. To this end, it also has a clear focus on supporting businesses with forward planning, future-proofing and general resilience e.g. cashflow and currency management, contracts with overseas suppliers and customers, and potential regulatory divergence.
- 2.15 The team has collectively supported 103 businesses since the start of the additional ERDF funding period (April 2019), with three hours of assistance (P13s), which is 26 ahead of the profile for this stage in delivery. The Growth Managers are making good progress supporting businesses with 12 hours of assistance and have a current pipeline of 15 businesses they are currently supporting. Two key pieces of work are currently taking place to support the intensive business assist outputs (12 hours per business). Tenders have gone out for the development of a Business Diagnostic Tool and a series of

Peer to Peer group sessions for business owners. Delivery is expected to commence in March 2020.

Business Growth Programme (BGP)

- 2.16 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.
- 2.17 The total allocation for the programme is £49.7m. Of this, £5.38m is being used to provide match-funding to 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 31 Dec 19)
Expenditure	£44.32m	Committed - £36.15m Actual - £31.63m
New Jobs Created	4,100	Committed – 5,838 + 1,693 safeguarded Actual – 4,485 + 1,682 safeguarded
Businesses Supported	No contractual target	Committed - 634 Actual – 573
Number of Grants Awarded	765	Committed - 786 Actual – 694
Public/ Private Sector Leverage	£168.5m	Committed - £371.28m Actual - £300.99m
Total Cost Per Job	No contractual target	Committed - £6,193 Actual - £7,054

- 2.18 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 £5,122 per job.
- 2.19 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.

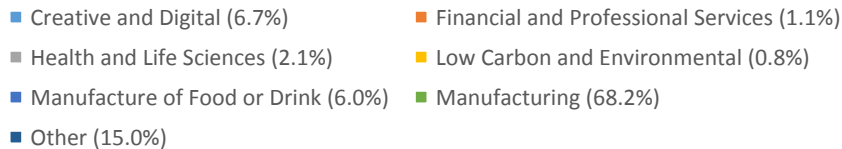
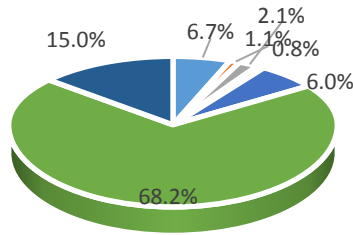
Table 3: Grant awards by district April 2015 – December 2019

District	SME Stock (%)	Number of Grants	% of Number of Grants	Value of Grants	% of Value of Grants
Barnsley	5.9%	38	4.8%	£ 1,792,141	5.0%
Bradford	14.5%	128	16.3%	£ 6,270,166	17.3%
Calderdale	7.5%	107	13.6%	£ 5,074,336	14.0%
Craven	3.2%	15	1.9%	£ 396,762	1.1%
Harrogate	8.5%	28	3.6%	£ 1,068,909	3.0%
Kirklees	13.5%	139	17.7%	£ 5,693,474	15.7%
Leeds	26.8%	232	29.5%	£ 10,064,925	27.8%
Selby	3.4%	5	0.6%	£ 258,800	0.7%
Wakefield	9.5%	78	9.9%	£ 4,999,994	13.8%
York	7.2%	16	2.0%	£ 532,057	1.5%
Total	100.0%	786	100.0%	£ 36,151,563	100.0%

2.20 The below chart presents the number of grants awarded via sector and highlights the continued importance of the programme to the manufacturing sector, which accounts for 68.2% of all grants awarded since April 2015. The next most popular sectors are Creative and Digital and Food and Drink, with 6.7% and 6.0% of grant awards respectively. Other sectors represent 15.0% 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 – December 2019

Percentage of BGP Grants by Sector



Grants to Flooded Businesses

- 2.21 Following the widespread and devastating flooding to businesses across Leeds City Region (current estimate of up to 900 affected, with the Calder Valley most severely impacted) caused by Storms Ciara and Dennis in February 2020, the LEP and CA has allocated £3m of the BGP budget to establish two sub-funds. These are an Emergency Response Fund and a Flood Recovery Fund. The former will provide grants of up to £2.5k per applicant to support with immediate clean-up/repair costs, replacement of white goods and other smaller items of equipment/kit, and the replacement of essential stock.
- 2.22 The second fund will focus more on mid-term recovery as was the case in 2015/16 following Storm Eva, and will support businesses to meet the cost of replacing larger items of capital equipment, and/or, renovating and repairing damaged premises. Allocations across the two funds will be dependent on need, demand and the provision of any direct Government funding. Panel members will receive regular progress reports on the take-up of the funds over the rest of the year.

Productivity Pilot

- 2.23 The second round of the Productivity Pilot launched 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.
- 2.24 14 applications have been received with a combined grant request of £934,025 against the budget allocation of £750,000. Three applications have been received from businesses in Barnsley, two from Bradford, two from Harrogate, three from Kirklees and four from Leeds. Seven applicants are small businesses (with fewer than 50 employees), three are medium businesses (50-249 employees) and four are large businesses (250 or more

employees). The applications will be considered in late February 2020 by a panel with representation from the private sector and academia, with decisions following in early March 2020.

Inclusive Growth

2.25 The previously approved Inclusive Growth criteria and conditions have been in operation since August 2018 (with a revised approach introduced from July 2019). It is now mandatory for recipients of grants of £25,000 and above to undertake at least one inclusive growth commitment as a condition of the grant. 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.

2.26 The number of inclusive growth commitments obtained to date on each programme is provided below.

Table 4: Number of inclusive growth commitments by programme (to December 2019)

Programme	Total number of commitments since introduction of Inclusive Growth criteria	No. of mandatory commitments obtained from businesses	No. of voluntary commitments obtained from businesses
Access Innovation	9	1	8
Business Growth Programme	103	96	7
Productivity Pilot	9	8	1
Strategic Business Growth	1	1	0
Strategic Inward Investment Fund	12	8	4
#Grow	10	9	1
#Welcome	6	4	2
Total	150	127	23

2.27 A summary of the number of each commitment obtained to date is provided below.

Table 5: Number of inclusive growth commitments by commitment type (to December 2019)

Commitment	Number	Percentage of all commitments
Inspire the next generation by working with schools and/or colleges	36	24%
Develop a Skills Plan including apprenticeships	24	16%
Undertake an energy audit to identify ways to reduce energy consumption	24	16%
Offer more sustainable 'green travel' options to employees	19	13%
Other	12	8%

Offer training to low paid staff to help them progress	10	7%
Pay small business suppliers in accordance with the Prompt Payment Code	10	7%
Commit to paying staff the Real Living Wage within an agreed timescale	9	6%
Undertake a supply chain audit to identify opportunities to buy more from local suppliers	4	3%
Offer work opportunities to local people with disabilities or health issues	2	1%
Total	150	100%

2.28 Of commitments agreed with businesses to date, the highest number are for working with schools and/or colleges (24%), followed by developing a skills plan and undertaking an energy audit to identify ways to reduce energy consumption (both 16%).

Case studies

2.29 Below are some brief examples of businesses that have received grants and contributed to inclusive growth. There are many others across the range of commitments, but these provide pen portraits of the business contribution.

2.30 A Leeds-based business that has received an Access Innovation grant has committed a member of staff to becoming an Enterprise Advisor. The business will be working with a local school to help develop its enterprise curriculum.

2.31 A manufacturer from Kirklees that has accessed a Business Growth Programme grant has become an accredited Real Living Wage Foundation employer.

2.32 A recipient of a Digital Inward Investment Fund (#Welcome) grant has offered a scholarship to someone from an underrepresented group.

Resource Efficiency Fund

2.33 The Resource Efficiency Fund (REF) was delivered through the Growth Service until December 2019. It was jointly funded by the Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provided 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.

2.34 714 businesses engaged with the project, resulting in 372 assessments being completed that identified clear actions the firms could take to improve their resource efficiency. 160 grants were paid out totalling £978,783, leveraging nearly £1.2 million of SME spend.

- 2.35 The programme overachieved on most of contracted outputs but fell slightly short on total enterprises supported at 285 (94% of target). This was mainly down to a greater level of businesses than expected progressing from assessment to grant support – a sign of the success of the wrap around support.
- 2.36 An independent evaluation of the programme has been undertaken with the following key findings:
- The project was designed very effectively and drew on bespoke research including a focus group with small businesses to understand their perception of resource efficiency, and the barriers they face when considering investment.
 - Businesses had a wide range of initial aims when contacting the service. The most common aims were obtaining financial support (31% of responses); gaining expertise and help (22% of responses); and, reducing energy use (21% of responses).
 - Project activities were delivered effectively and 89% of businesses were either highly satisfied or satisfied overall. 97% of businesses agreed, or strongly agreed, that the resource efficiency assessment was ‘thorough and explored all relevant areas of the business.’
 - Stakeholders were very positive about the project’s design, delivery and impact. For example, 93% of stakeholders agreed, or strongly agreed that the ‘project had clear aims, objectives and overall rationale.’ 91% of stakeholders agreed, or strongly agreed that the project management team was effective.
 - The project clearly delivered on its objective to assist businesses to invest in resource efficiency. 24% of businesses supported had not previously invested in resource efficiency and the most significant barrier identified was ‘other competing pressures on time and money’ with 95% of total responses.
 - 28% of businesses stated that they invested in measures above and beyond those listed in the grant application at an average cost of £11,937. Multiplying this average cost by the 284 enterprises supported by the project equates to total additional expenditure of £0.95M.
 - On average, businesses safeguarded or created 9.87 jobs each over the three-year REF delivery period and attributed 11.5% of them to REF support. This equates to 322 jobs and Gross Value Added of £15,001,336 across the 284 enterprises supported. (*Note at the time of evaluation, supported businesses were expected to be 284*)
 - The evaluation team conclude that the REF project was well designed and delivered and demonstrates significant good practice.
- 2.37 An estimated 2,422 tCO₂ savings per annum (over 7.6 million kWh of energy savings) have been made through grant supported improvements, with estimated savings to the businesses of £663,241 per annum. The evaluation of the programme estimated that it delivered £5.34 in net GVA for every £1 of expenditure, providing “excellent value for money”.
- 2.38 The new REBiz successor programme, also supported by ERDF and the Local Growth Deal, and covering an extended geography of Leeds City

Region and North Yorkshire, started on 1 January 2020. It is currently procuring suppliers and starting to engage with businesses, and will continue the existing programme whilst also introducing a new circular economy pilot to explore business model innovation to support more resource efficient business.

Access Innovation

- 2.39 Access Innovation is being delivered across the City Region with funding from ERDF and LGF. Its primary objective is to help SMEs to become more productive and competitive through the development and enhancement of new/existing 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.
- 2.40 722 SMEs have engaged with the programme to date resulting in 290 receiving one-to-one support from the three Innovation Growth Managers, and 216 receiving 12 hours of innovation capacity support from RTC North (see below for more details). 52 SMEs have been awarded grants to access specialist expertise through collaborative innovation projects, and ten have secured grant funding for the purchase of capital equipment that facilitates the development or commercialisation of new products or processes. The approved grants to date have a collective value of £1.7m (plus £2.3m match funding from the SMEs). A final batch of applications of varying sizes are currently being developed with support from the Innovation Growth Managers.
- 2.41 The highest number of enquiries and approved applications to date are from the healthcare and life sciences, manufacturing and digital sectors. The programme team has built 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.
- 2.42 As part of the programme, the LEP 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 has over-achieved on their contracted target, supporting 216 SMEs with 12 hours or more of innovation support in the process.
- 2.43 At the start of the support provided by RTC North, the beneficiaries are asked to rank their innovation capacity from 1 (very low) to 10 (very high). At the end of the support, the same question was asked. On average, there was a 34% increase in the levels of self-declared innovation capacity as a result of the support received. This activity will provide a stronger pipeline of innovation-ready SMEs that can be supported by innovation support products available in the City Region for the coming months and years.

- 2.44 The programme will finish at the end of June 2020. In response to its interim evaluation, and the team's delivery experience to date, the Combined Authority submitted a full application in May 2020 for additional ERDF support for a successor programme: - Connecting Innovation. The new programme will amplify the importance of connecting ideas and links between partners, and of connecting SMEs with funding and support from across the regional and national innovation eco-system.
- 2.45 Connecting Innovation will have two distinct grant elements that very closely align to priorities in the emerging Local Industrial Strategy. The first is for larger grants to businesses to encourage more radical R&D led innovation within priority growth sectors. The second is for smaller grants to support the broader diffusion of ideas and technology into the wider business base, to further drive innovative activity, collaboration, behaviours and productivity.
- 2.46 The development of the new programme incorporates feedback from recent Panel meetings, particularly the importance of clear, coordinated communication and messaging to support a culture of business innovation within the region. The programme is expected to commence in April 2020 and 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 and delivery.

Strategic Business Growth – support for SMEs with high growth potential

- 2.47 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 ERDF and LGF, and provides small, ambitious businesses with a package of tailored support to help them achieve their growth potential. This includes one-to-one business coaching, one-to-many workshops on key areas of business growth and an important peer-to-peer element that allows businesses to share their experiences and expertise, as well as identify collaboration opportunities.
- 2.48 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. 353 businesses are now fully engaged with the programme (against a target of 302 by January 2020), including 315 that have developed detailed growth action plans with their allotted account managers. Of these, 289 have benefitted from a combined total of over 15,600 hours of coaching support and 113 have attended an average of three workshops. 48 businesses have also participated in the peer to peer leadership workshops offered through the programme.
- 2.49 The 353 businesses supported to date through the programme have created 715 new jobs, exceeding the January 2020 target of 596 by 20%.
- 2.50 As of 31 December 2019, 38 SME grant applications had been approved for SMEs engaged with the programme, 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 38 investment projects is over £3.9 million, with the grant element being £910,718. Of these, 33 had completed their investments by the end of December 2019, receiving £806,350 in grants and contributing over £2.62 million of private sector match funding in the process.

- 2.51 An outline ERDF 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. The total project value of the proposed extension is £3.24m, with an ERDF request of £1.62m.

Investment Readiness

- 2.52 The £1.23 million Investment Readiness programme, supported by funds from ERDF and the Leeds City Region Business Rates Pool, provides SMEs across the City Region with impartial advice and guidance on the full range of finance products available in the market place. The programme, which runs until 31 December 2021, assists businesses with accessing the finance they need to grow their operations. Support is accessed via the Growth Service and is a key referral product for Growth Managers, as well as for business support professionals working on other projects e.g. Export for Growth, Manufacturing Growth Programme and the Northern Powerhouse Investment Fund.
- 2.53 The programme is being delivered by a third-party business support provider, Winning Pitch Trading Ltd, in conjunction with accountancy firms Grant Thornton and Garbutt + Elliott. Support available through the programme includes a series of workshops covering key themes relating to finance, alongside peer-to-peer networks, 1-2-1 funding clinics and tailored coaching sessions with a Growth Finance Advisor.
- 2.54 During the quarter October to December 2019, activity on the programme started to gain momentum, with 13 one to many workshops covering a variety of finance related topics held at various locations across the City Region. The first outputs were also reported during the quarter. A request for further ERDF funding to extend the project by a further 18 months to June 2023 will be submitted to the Ministry for Housing Communities and Local Government (MHCLG) in mid/late 2020 in response to the final call for ERDF projects, which was issued in mid-2019.

Travel Plan Network

- 2.55 The Travel Plan Network (TPN) provides its business members with expert advice and guidance on implementing sustainable travel solutions and relocation support. The team has welcomed 61 new businesses to the network since 1 April 2019 against an annual target to recruit 96 new members. As a result, an additional 3913 employees across West Yorkshire can now access subsidised public transport options, cycling support and car sharing schemes

in a concerted effort to create modal shifts and reduce single occupancy car use.

- 2.56 The total membership now stands at 494 businesses, employing some 300,000 staff between them. Of the members that have joined the network this financial year, 23 have been referred to the Corporate MCard scheme. An additional 1,704 employees could now benefit from cheaper unlimited bus and rail travel within West Yorkshire, through an affordable monthly payment scheme (monthly salary deductions). Providing accessible and affordable travel for lower paid employees is a key priority for the service, and this is making a positive contribution to the principles of Inclusive Growth.
- 2.57 The team is funded by a European partnership 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. Recruitment of businesses to meet this important target is now underway.
- 2.58 The TPN regularly features at the monthly SME Growth Manager meetings in order to raise awareness of sustainable travel, particularly within the context of inclusive and cleaner growth as well as business resilience. The meetings also provide an opportunity to increase the number and quality of client referrals to the service, which has seen 10 such Growth Manger referrals in the last quarter.
- 2.59 Sustainable travel campaigns, initiatives, offers to network members and good news stories are promoted through the TPN member monthly updates. Promotions and updates over the last quarter focused on local events involving cycling and shared mobility. These included: -celebrating 5 years of City Connect, winter wheelers 'love to ride' campaign (1-25 December 2019), promotion of the MCard tickets, clean air zone funding for vehicles, Northern Rail prize draw, as well as electric vehicle showcase and trial scheme events. Members were also kept informed about developments with major transport schemes, including Leeds Headrow and Castleford Rail Station, and were also encouraged to participate in consultation opportunities for the Calder Corridor Improvement, as well as the design of a new cycling app.

Northern Powerhouse Investment Fund

- 2.60 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017 and has since invested £29.4m in 124 businesses in Leeds City Region. £1.8m has been invested in 48 businesses via the micro fund, £15.3m has been invested in 59 businesses via the debt fund, and £12.3m in 17 businesses via the equity fund.
- 2.61 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 19% 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

2.62 A total of £2.5m has been allocated through the Local Growth Deal to support the creative and digital sector through two grant schemes; #Welcome and #Grow. The former is an inward investment product designed to support small and medium sized business from the sector establish new operations in Leeds City Region.

2.63 #Grow has been developed to sit alongside #Welcome, to support creative and digital businesses with an existing presence in the City Region. It provides capital investment grants to digital businesses to support their growth and productivity. Grants of between £10,000 and £50,000 are available, 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.

2.64 Ten applications have been approved to date (to the end of December 2019) totalling £327,472. These projects are linked to the creation of 53 new jobs.

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

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Item 12, Appendix 1 - Analysis of enquiries to the LEP Growth Service, 2019/2020

1. Analysis of business enquiries 2019/2020

1.1 Service performance is 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 2019-2020. It also provides comparisons to previous years in order to assess progress over time.

1.2 The annual service target is to support 3025 individual businesses (yellow line). The table below illustrates that a total of 2069 business (purple line) have received support through the various LEP projects, SME Growth Managers since 1 April 2019. Many of these businesses (20%) have accessed the service multiple times.

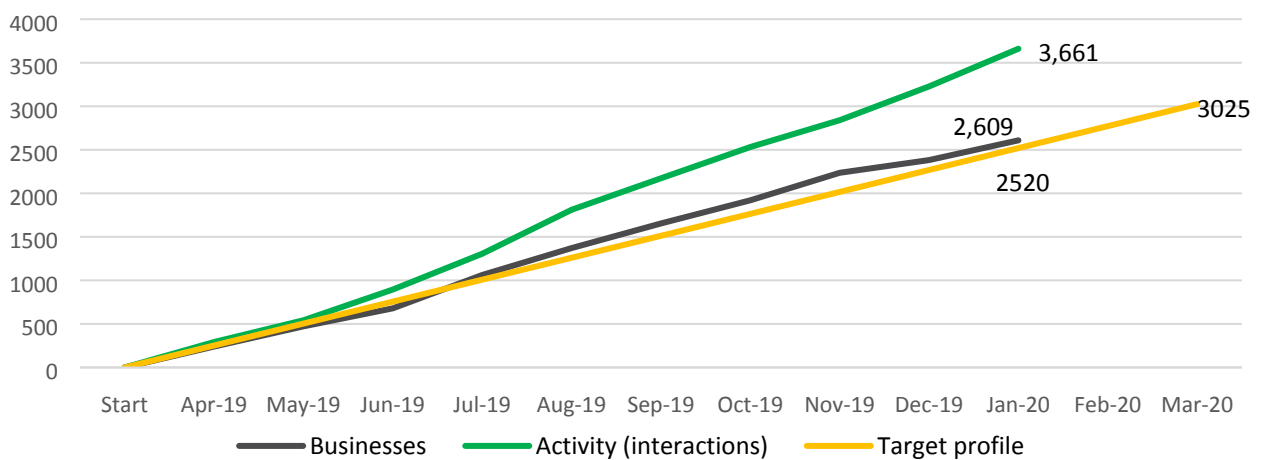


Figure 1: Projected and actual performance against the 2019/20 annual target (Apr 2019 – Jan 2020).

1.3 Enquiries through the gateway are categorised as level 0 (non-target group), level 1 (light touch) and level 2 (more intensive) enquiries. Level 1 and 2 enquiries are from target client businesses i.e. those with the ambition and capability to grow. Figure 2 below shows the type of enquiries received by the gateway on a monthly basis, helping the team to identify any seasonal or other marketing related trends.

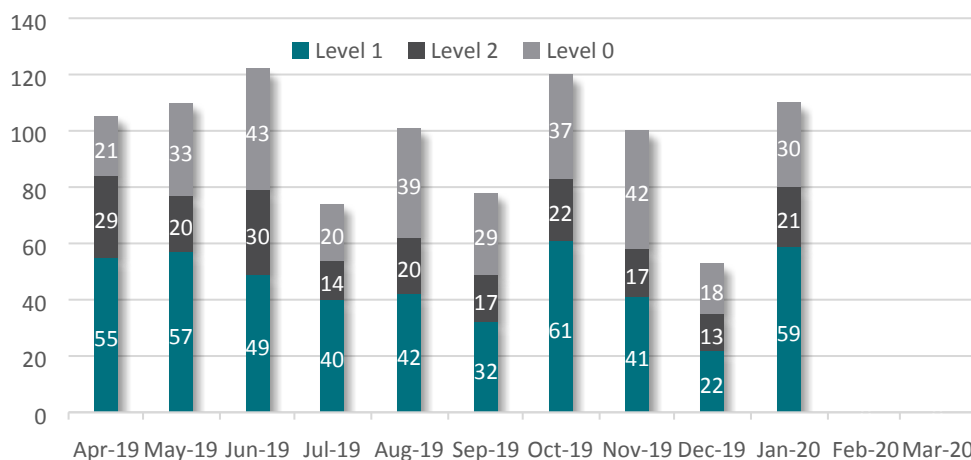


Figure 2: Enquires into the Gateway by client group (Apr 2019 – Jan 2020)

1.4 Compared to the last two financial years, the Service has witnessed a slight decrease in the volume of calls from target businesses.

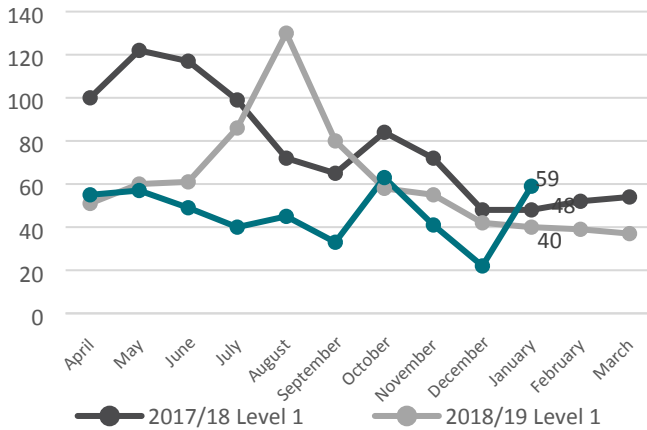


Figure 3. Gateway level 1 enquiries (April 2017 – Jan 2020)

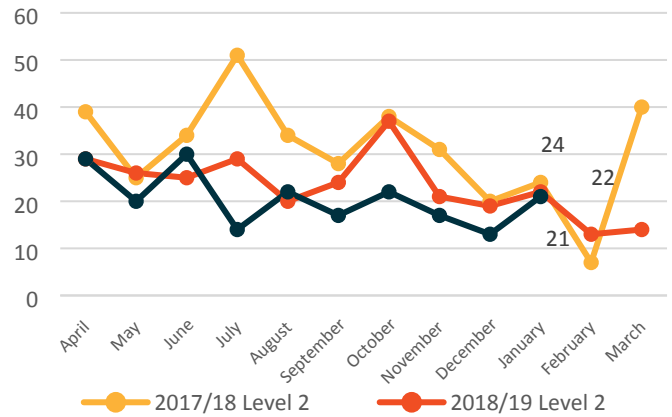


Figure 4. Gateway level 2 enquiries (April 2017 – Jan 2020)

1.5 Over the same two year period, the helpline has witnessed a steady increase in the number of enquiries from non-target businesses (e.g. pre start and early stage). Already the volume of these calls between 1 April 2019 to 31 January 2020 has surpassed the total number of these enquiries from the previous year. Higher levels of activity have traditionally correlated with the launch of new products and services, proactive business engagement via the helpline and dedicated marketing campaigns. As such, a marketing campaign to promote the Service began on various digital platforms in early January to 31st March 2020 to help promote the Service more widely, targeting growth focussed businesses.

Table 1: Total enquiries into the gateway (July 2015 – Jan 2020)

Enquiry Type	Total July 15 – April 16	Total April 16 – Mar 17	Total April 17- Mar 18	Total April 18 -Mar 19	Total April 19 to January 20
Non Target Client Group	410	252	209	282	312
Light Touch Level 1	427	911	933	739	458
In depth Intensive Level 2	235	390	375	280	203
Total Gateway Interactions	1072	1553	1518	1361	973

1.6 Every business contacting the gateway is asked how they have heard about the service. Existing knowledge of the LEP and internet searches continues to be the two most commonly cited responses. Interestingly, there has been a notable increase in the percentage of respondents who have been referred by another business or friend, helping to promote the service more widely via word of mouth.

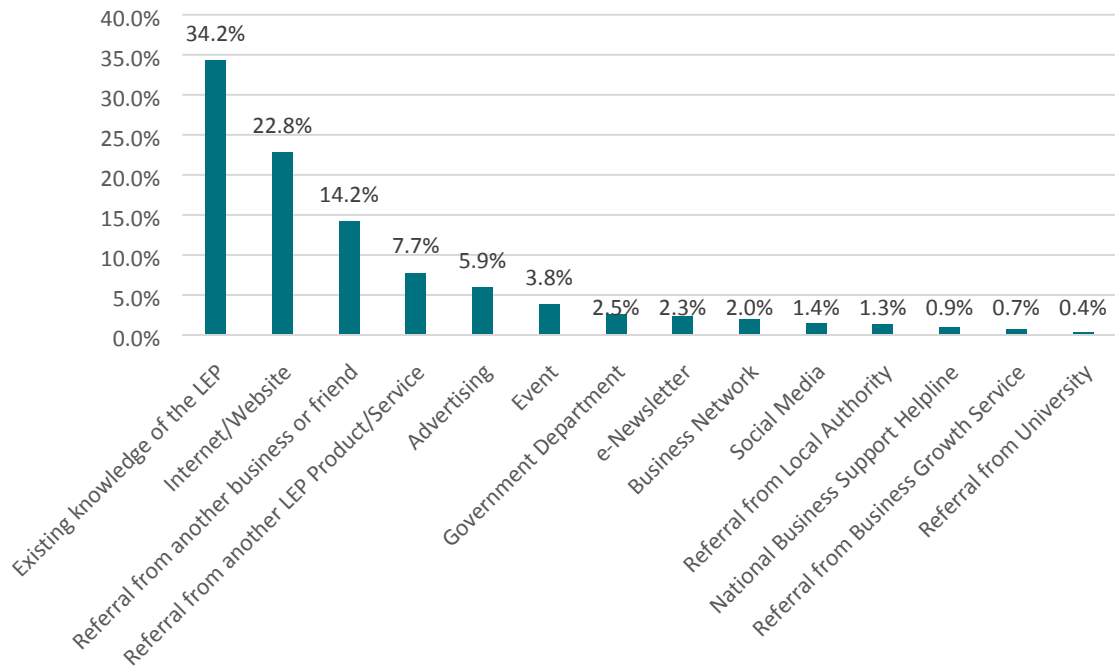


Figure 5: How customers report hearing about the service (Apr 2019 – Jan 2020)

1.7 The Growth Managers are working towards an annual target to collectively account-manage 630 businesses. Table 2 below provides a breakdown of the number of clients supported by the managers in their districts, showing strong progress made against those targets.

Table 2: SME Growth Manager clients by district (Apr 2019 – Jan 2020)

SME Growth Manager	Total Clients Apr 19 – Jan 20	Key Account managed Apr 19 – Jan 20
Bradford & Craven (x2 FTE)	131	115
Calderdale (x1 FTE)	77	53
Harrogate (x1 FTE)	69	51
Kirklees (x1.5 FTE)	87	67
Leeds (x2.5 FTE)	259	132
Wakefield (x1 FTE)	115	67
York (x1 FTE)	50	43
Selby (x0.5 FTE)	83	80
Total	872	608

1.8 As part of the ERDF project, the team of SME Growth Managers are targeted with providing 3 and 12 hour business assists. Table 3 below illustrates the progress made to date since the project launched on 1 April 2019. Progress towards the number of outputs claimed has been slower, namely due to delays in recruitment of the additional SME Growth Managers. However, this trend is expected to level out by the end of 2020 due to the number of pipeline businesses that the team are already supporting. The team are also ahead in terms of meeting job creation targets per annum.

Table 3: SME Growth Manager ERDF outputs (Apr 2019 – Jan 2020)

	Target 2019/20	Actual 2019/20	Overall Programme Total 2019/22
3 Hour Support (P13)	126	106	659
12 Hour Support (C4)	32	5	318
Number of enterprises receiving support (C1)	32	5	318
Employment increase in supported enterprises (C8)	0	3	153

1.9 Figure 6 shows the spread of level 1 and 2 enquiries to the gateway from across the city region compared to the percentage of the City Region’s business stock per district. Leeds based businesses continue to generate more enquiries than their proportion of overall business stock although this ratio has dipped by 1% compared to the same period last year. Enquiries from Bradford, Calderdale and Wakefield are relatively even.

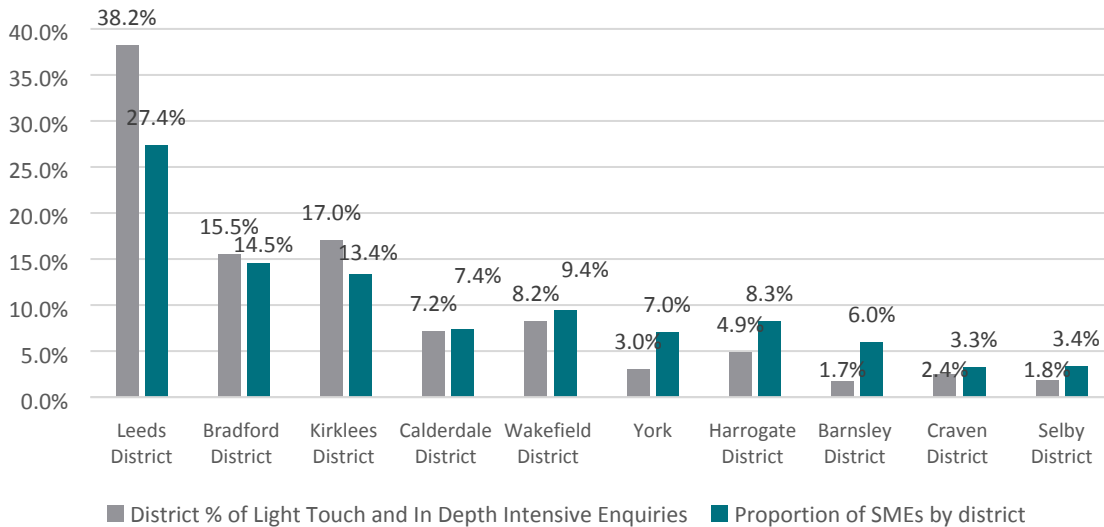


Figure 6: Ratio of Gateway enquiries compared to proportion of business stock per district (Apr 2019 – Jan 2020)

1.10 ‘Access to Finance’ continues to be the most popular topic for support for both gateway enquiries and the SME Growth Manager clients, followed by ‘Skills/Recruitment’ and ‘Business Planning’. There has been a steady increase over the year with requests for support with Research and development and exporting particularly from SME Growth Manager clients. These areas will be better supported through the new ERDF Growth Service project focussing on improving business resilience.

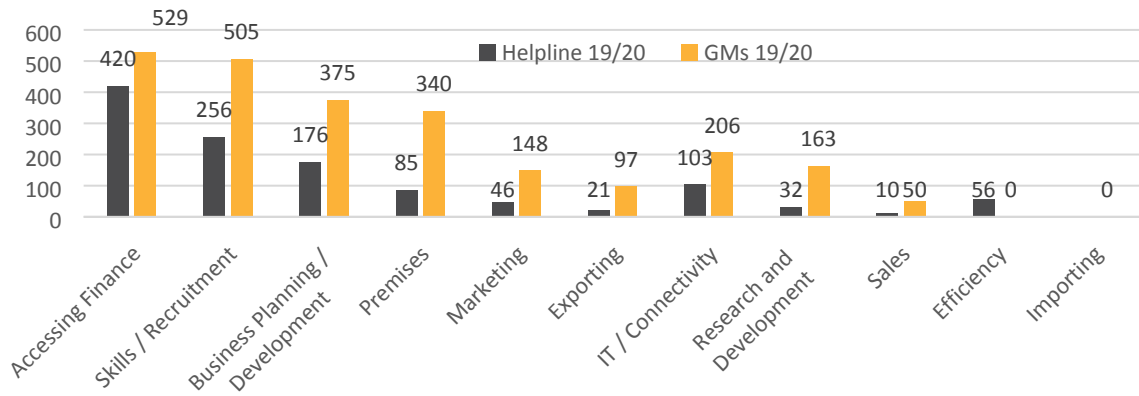


Figure 7: Topics for business support via the gateway and the SME Growth Managers (Apr 19 – Jan 2020)

1.11 Businesses from the manufacturing sector continue to provide the highest number of enquiries into the gateway. Similarly, it remains that the Growth Managers' clients are more likely to be in the LEP's priority sectors, particularly Advanced Manufacturing and Creative and Digital, than those firms that come directly through the gateway. This is attributable to the nature of the current support offer which lends itself to these two sectors, and the prominence of growing SMEs in the priority sectors across the city region's largest districts.

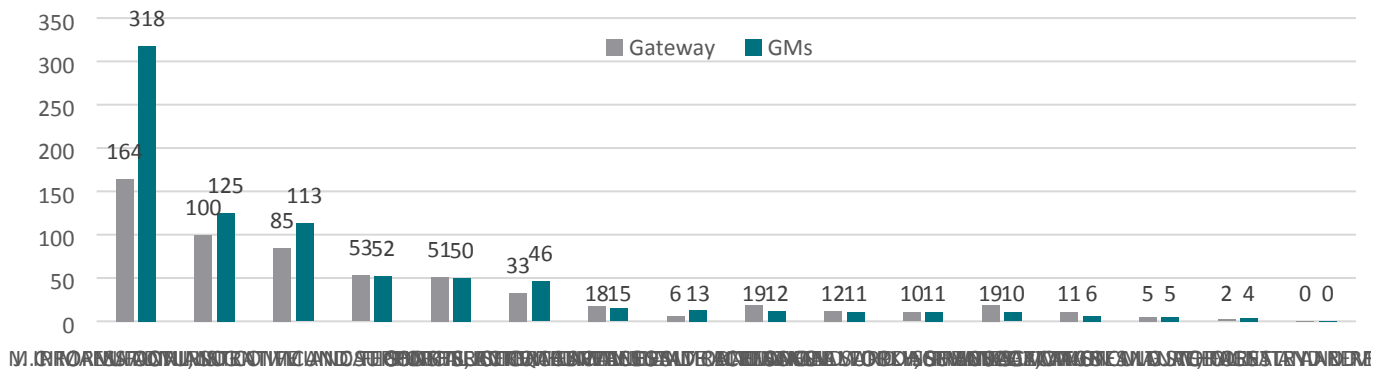


Figure 8: Number of Growth Service clients (Gateway and Growth Manager) by sector (Apr 2019 – Jan 2020)

1.12 Figure 9 below illustrates the breadth of referrals to business support products and organisations from both the gateway and Growth Managers. The highest number of referrals to programmes over the year is the LEP Capital Grants programme, Digital Enterprise programme, and the Skills Service.

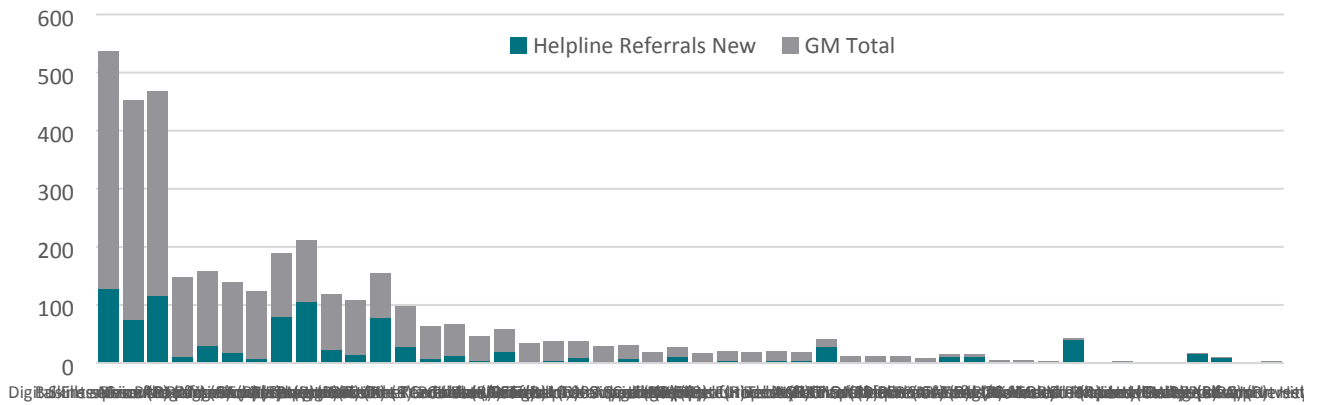


Figure 9: Number of business support referrals from the Gateway and SME Growth Managers (Apr 2019 – Jan 2020)

1.13 Business networks continue to be a good source of clients for Growth Managers in Harrogate, Bradford and York in particular. Proactive cold calling has also worked well for the Selby district based Growth Manager captured below as local authority contacts. 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. This has been captured in the 'Other' category below.

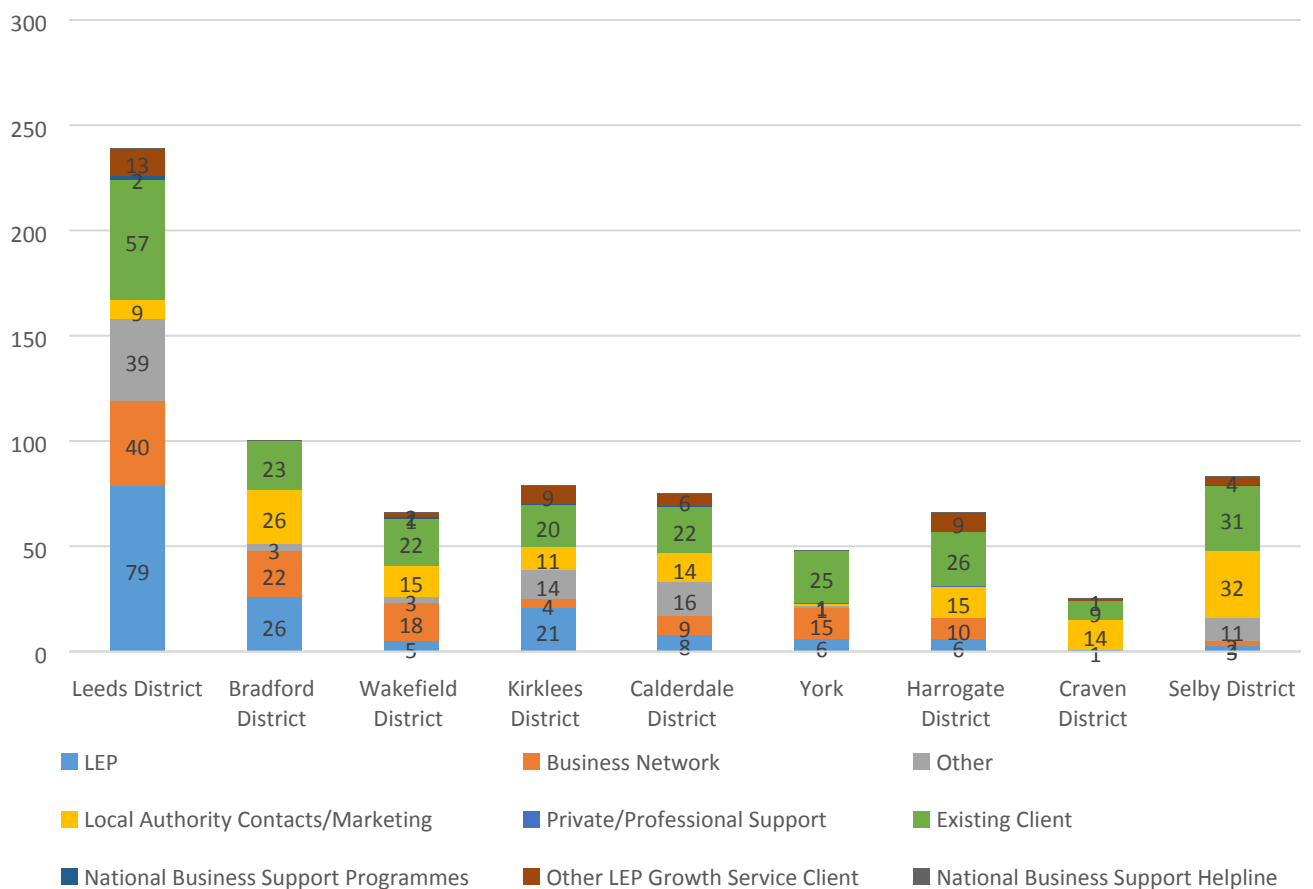


Figure 10: Source of Growth Manager Clients (Apr 2019 - Jan 2020)

1.14 The table below shows the number of Pop-Up ‘ask the expert’ business advice events delivered across the West Yorkshire districts within the city region. Eight business advice events have been held to date. These peer to peer support events are consistently rated high by attendees in terms of levels of satisfaction as illustrated below.

Table 4: ‘Ask the Expert’ Business Pop-Up Events per District (Apr 2019- Jan 2020)

Business advice event	No. businesses attended	No. businesses rated the event Excellent	No. businesses rated the event Good	No. of businesses rated the event Poor	No. feedback forms returned	No feedback
Calderdale(Halifax)	9	8 (89%)	1 (11%)	0 (0%)	9	0 (0%)
Beeston	2	1 (50%)	1 (50%)	0 (0%)	2	0 (0%)
Elland	13	9 (69%)	4 (31%)	0 (0%)	13	0 (0%)
Kirklees (Dalton)	5	3 (60%)	2 (40%)	0 (0%)	5	0 (0%)
Leeds	3	2 (66%)	1 (33%)	0 (0%)	3	0 (0%)
Bradford	6	3 (60%)	1 (20%)	0 (0%)	5	1 (20%)
Keighley (Steeton)	20	2 (50%)	2 (50%)	0 (0%)	4	0 (0%)
Total:	58	28	12	0	41	1

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