

## **BUSINESS INVESTMENT PANEL**

**MEETING TO BE HELD AT 2.00 PM ON THURSDAY, 5 SEPTEMBER  
2019 IN COMMITTEE ROOM A - WELLINGTON HOUSE, LEEDS**

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### **A G E N D A**

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**
  1. To highlight Appendices 1 & 2 to Agenda Item 6, Appendices 1 & 2 to Agenda Item 7 and Appendix 1 of Agenda Item 8 which officers have identified as containing exempt information within the meaning of Schedule 12A to the Local Government Act 1972, and where officers consider that the public interest in maintaining the exemptions outweighs the public interest in disclosing the information, for the reasons outlined in the report.
  2. To consider whether or not to accept the officers' recommendation in respect of the above information as set out in paragraph 8.1 of Agenda Item 6, paragraph 4.1 of Agenda Item 7, and paragraph 4.1 of Agenda Item 8.
  3. If the recommendation is accepted, to formally pass the following resolution:-

**RESOLVED** – That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendices 1 & 2 of Agenda Item 6, Appendices 1 & 2 of Item 7 and Appendix 1 of Agenda Item 8 on the grounds that they are likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 4. MINUTES OF THE MEETING OF THE BUSINESS INVESTMENT**

**PANEL HELD ON 12 JULY 2019**

(Pages 1 - 4)

**5. STRATEGIC INWARD INVESTMENT FUND**

(Pages 5 - 16)

**6. BUSINESS GROWTH PROGRAMME**

(Pages 17 - 46)

**7. GROWING PLACES FUND LOANS**

(Pages 47 - 54)

**8. FUTURE PLANS, GRANTS AND LOANS**

(Pages 55 - 96)

**9. DATE OF NEXT MEETING**

The Next meeting is 9 October 2019 at 2pm in Committee Room A, Wellington House Leeds.

**Signed:**



**Director of Corporate Services  
West Yorkshire Combined Authority**



**MINUTES OF THE MEETING OF THE  
BUSINESS INVESTMENT PANEL  
HELD ON FRIDAY, 12 JULY 2019 AT COMMITTEE ROOM A -  
WELLINGTON HOUSE, LEEDS**

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**Present:**

Councillor Judith Blake CBE (Chair)	Leeds City Council
Simon Wright (Deputy Chair)	Yorkshire Bank
Councillor Darren Byford	Wakefield Council
Councillor Jane Scullion	Calderdale Council
Michael Allen	NatWest Bank
Colin Glass OBE	WGN
Jonathan King	Medusa Holdings Ltd

**In attendance:**

Zoe Davidson	Deloitte
Henry Rigg	West Yorkshire Combined Authority
Vincent McCabe	West Yorkshire Combined Authority
Kate Thompson	West Yorkshire Combined Authority
Phil Cole	Leeds City Council
Lorna Holroyd	West Yorkshire Combined Authority
Neill Fishman	West Yorkshire Combined Authority
Chris Brunold	West Yorkshire Combined Authority
Alexander Clarke	West Yorkshire Combined Authority
Lauren Thomas	West Yorkshire Combined Authority
Megan Hemingway	West Yorkshire Combined Authority

**1. Apologies for absence**

Apologies for absence were received from Councillor Pandor, Councillor Swift, Councillor Ross-Shaw, Marcus Mills and Gareth Yates.

**2. Declarations of disclosable pecuniary interests**

There were no declarations of disclosable pecuniary interests.

**3. Exempt information - Exclusion of the press and public**

**Resolved:** That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix 1 of Item 6; Appendix 1 of Item 7;

Appendices 2 and 3 of Item 8 and Appendix 1 of 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 for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**4. Minutes of the meeting of the Business Investment Panel held on 4 June 2019**

**Resolved:** That the minutes of the Business Investment Panel held on 4 June 2019 be approved and signed by the Chair.

**5. Governance Arrangements**

The Panel was presented a report detailing the new governance arrangements and confirming the West Yorkshire and York Investment Committee's appointment of the Business Investment Panel as an advisory sub-committee of itself.

Members noted that the Terms of Reference and quorum proposed remained unchanged from the last municipal year. Dates of meetings were also noted; members confirmed that they had received calendar invitations for all forthcoming meetings.

**Resolved:** That the Business Investment Panel noted the governance arrangements further to the meeting of the West Yorkshire and York Investment Panel on 11 July 2019.

**6. Future Plans, Grants and Loans**

The Panel was updated on work to develop a new dedicated commercial investment team within the West Yorkshire Combined Authority to deliver new and existing business investment processes.

Members were informed that a procurement exercise and tendering process had taken place to commission an external partner to support this work. The partner had been appointed last week and aimed to deliver initial findings at the end of July. Then a second phase was planned to complete by the end of September 2019.

**Resolved:** That the Panel noted the progress made to date and provided feedback on the work proposed with the appointed partner.

**7. Strategic Inward Investment Fund**

The Panel considered a report which outlined the current position regards progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Strategic Inward Investment Fund (SIIF).

An update was provided on previously approved projects to date, as detailed

in the **exempt Appendix 1**.

It was noted that there were no new grant applications for consideration at this meeting.

The Chair made members aware that Leeds City Council was launching a real living wage campaign for the Leeds area businesses to sign up to.

**Resolved:** That the Panel notes the progress of the Strategic Inward Investment Fund (SIIF).

## **8. Business Grants Programme**

The Panel considered a report which outlined the current position regarding progress in committing grants through the Leeds City Enterprise Partnership (the LEP) Business Grants Programme (BGP).

Members were updated on the Productivity Pilot as outlined in section 3 and **Appendix 1**. It was noted that there is a demand for this type of product, particularly from the manufacturing sector. A challenge is finding a way of measuring productivity at a programme level, as businesses measure productivity in different ways.

Panel Members also considered the application outlined in 4.1 and detailed in exempt **Appendices 2 and 3**.

**Resolved:**

- (i) That the Panel noted the progress report.
- (ii) That the Panel noted the update on the Productivity Pilot.
- (iii) That the Panel considered the application outlined in 4.1 and recommended the project be approved.

## **9. Growing Places Fund Loans**

The Panel considered a report which provided an update on the progress in committing loans through the Leeds City Region Enterprise Partnership (the LEP) Growing Places Fund (GPF).

The Panel was updated on the progress of live projects and their current risks, attached at exempt **Appendix 1**.

**Resolved:**

- (i) That the update on progress on the Growing Places Fund be noted.
- (ii) That the information provided in exempt **Appendix 1** on progress of live loans through the Growing Places Fund programme and risks be noted and feedback given.

**10. Date of next meeting**

The next meeting is 2 August 2019 at 2pm in Committee Room A, Wellington House Leeds.



**Report to:** Business Investment Panel

**Date:** 5 September 2019

**Subject:** **Strategic Inward Investment Fund**

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

**Author(s):** Lorna Holroyd

## 1. Purpose of this report

- 1.1 To outline the current position regarding progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Strategic Inward Investment Fund (SIIF).
- 1.2 To update the Panel on changes to the SIIF criteria as outlined in section 3.
- 1.3 To update the Panel on the launch of a new grant scheme, the Digital Investment Fund (#Grow) as outlined in section 4.

## 2. Information

- 2.1 Spend and outputs for SIIF are detailed below.

Performance indicator	Target	Total commitments	Actual outputs (01/08/19)
Direct jobs	1,245	952	404
Number of enterprises	10	4	3
Total investment	£120,450,000	£39,151,961	£18,266,889
Programme Spend	£10,950,000	£2,853,386	£1,653,999

- 2.2 There are no new applications for consideration at this meeting.

## 3. Criteria

- 3.1 Recent reports from the Department for International Trade indicate that Foreign Direct Investment (FDI) levels have fallen nationally along with a significant reduction in the number of new jobs created. In order to make the

fund more flexible and responsive to market needs, particularly in view of uncertainties in the current economic climate, LEP Board approved changes to the programme criteria at its meeting in July 2019. A summary of the revised criteria is included at **Appendix One**.

- 3.2 From 1 July 2019, all successful SIIF applicants are now subject to the Combined Authority's inclusive growth criteria. In addition to creating/safeguarded jobs, successful applicants will be required to undertake additional inclusive growth commitments, for example working with local schools or identifying options for sustainable travel for employees. The inclusive growth criteria are attached at **Appendix Two**.

#### **4. Digital Investment Funds**

- 4.1 A total of £13.45m was awarded to the West Yorkshire Combined Authority through the Growth Deal for use on inward investment grant programmes. £12.45m was allocated to SIIF and £1m to the Digital Inward Investment Fund (#Welcome) which is another inward investment product, offering grants of £10,000-£50,000. This is designed to support small and medium sized businesses from the sector establish new operations in Leeds City Region.
- 4.2 In the context of Channel 4's investment in a new National HQ in Leeds City Region, there is an opportunity to generate enhanced growth in the creative and digital sector. To support this growth, in May 2019 Investment Committee and Combined Authority approved a change to transfer £1.5m from SIIF to #Welcome. A new grant scheme, #Grow, has been developed to support creative and digital businesses with an existing presence in the City Region. The SIIF currently stands at £10.95m, with £2.5m allocated to support #Welcome and #Grow.
- 4.3 To date, £289,000 has been committed through #Welcome to support seven projects, which will lead to the creation of at least 57 new jobs.
- 4.4 #Grow has been developed to complement #Welcome and will be launched at Halifax Digital Festival in September 2019. 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.
- 4.5 The criteria for #Grow were approved by LEP Board on 18 July 2019. A summary of the criteria is included for information in **Appendix Three**. Grant awards will be approved under delegated authority by the Head of Business Support (for grants of up to £25,000) and the Executive Head of Economic Services (for grants of up to £50,000).

**5. Financial implications**

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

**6. Legal implications**

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

**7. Staffing implications**

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

**8. External consultees**

8.1 No external consultations have been undertaken.

**9. Recommendations**

9.1 That the Panel notes the SIIF progress report.

9.2 That the Panel notes the changes to the SIIF criteria as outlined in section 3 and Appendix 1.

9.3 That the Panel notes the launch of the Digital Investment Fund (#Grow) as outlined in section 4.

**10. Background documents**

10.1 None.

**11. Appendices**

**Appendix 1** – SIIF criteria

**Appendix 2** – Inclusive Growth criteria

**Appendix 3** – Digital Investment Fund (#Grow) criteria

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## Strategic Inward Investment Fund (SIIF) – Criteria changes

### Context and rationale for change

Recent reports from Ernest and Young and the Department for International Trade indicate that Foreign Direct Investment (FDI) levels are down nationally along with a significant reduction in the number of new jobs created.

The characteristics and nature of enquiries into the Trade and Investment team over the past two years have mirrored national trends whereby the large majority of enquiries are emanating from the digital, technology and business services sectors.

The fund is now halfway through delivery and with less than two years remaining until the fund ends in March 2021 there is limited time remaining to approve new projects.

The large scale of SIIF projects means that timescales to approve grant applications takes an average of between 3 - 4 months (to approve applications above £250,000). On this basis, it is anticipated that any further projects would need to come forward before the end of the year (2019) for the projects to be delivered and for the grants to be defrayed before March 2021.

To date, 1,009 jobs have been contracted through SIIF and the Digital Inward Investment Fund (#Welcome), with a further 450 jobs safeguarded (giving a total of 1,459 jobs). 406 of these jobs have been created to date.

At programme level, if all of the contracted jobs materialise, the job outputs for the programme will be exceeded based on existing commitments.

### Key changes

- To bring the job creation requirement for UK owned businesses in line with foreign owned businesses, such that projects must create/safeguard at least 50 new jobs.
- To consider projects safeguarding jobs as well as those creating new jobs.
- To consider projects that are nationally mobile, as well as those that are internationally mobile.
- To consider projects bringing new economic activity to the region as a high priority, even where there is an existing presence in the region (for example a business bringing a head office or shared services function to the region where there is an existing manufacturing facility).
- To consider projects from small and medium sized enterprises, as well as those from large businesses.

### New criteria

Category	Priority level	Location	Ownership	Jobs Potential	Rationale
<b>A</b>	High	No existing presence in LCR (unless new economic activity)	Foreign owned or UK owned	>50 new additional jobs	Priority opportunity – to attract new economic activity to Leeds City Region, resulting in job creation in priority sectors. Internationally or nationally mobile.
<b>B</b>	High	Existing presence in LCR	Foreign owned	>50 new or safeguarded jobs	<p>Priority opportunity – to support the growth or safeguarding of foreign owned firms in Leeds City Region, creating or safeguarding jobs and leveraging overseas investment. Projects may be internationally or nationally mobile and competitive.</p> <p>Safeguarding projects will be considered if Brexit or other (perhaps unforeseeable) shocks place pressures on businesses, which may be mitigated in part through funding support.</p>
<b>C</b>	Medium	Existing presence in LCR	UK owned	>50 new or safeguarded jobs	<p>In recognition of Brexit and other (perhaps unforeseeable) shocks which may place pressures on businesses, which may be mitigated in part through funding support. Where these firms employ large numbers within LCR and are in a priority sector it may be strategically important to safeguard those roles.</p> <p>Or an existing business with a project to bring new economic activity to the City Region.</p>

## Previous criteria

Category	Priority level	Location	Ownership/size	Jobs Potential	Rationale
<b>A</b>	High	No presence in LCR	Foreign owned	>50 new additional jobs	Priority opportunity – to attract new economic activity to Leeds City Region, resulting in job creation in priority sectors. Brand new economic activity at national level.
<b>B</b>	High	Existing presence in LCR	Foreign owned	>50 new additional jobs	Priority opportunity – to support the growth of foreign owned firms in Leeds City Region, creating jobs and leveraging overseas investment. Projects may be internationally mobile and competitive.
<b>C</b>	Medium	No presence in LCR	UK owned	>150 new additional jobs	Priority opportunity – to secure new economic activity to Leeds City Region, resulting in job creation in priority sectors. Must be internationally mobile.
<b>D</b>	Medium	Existing presence in LCR	Large UK owned	>150 new additional jobs	Lower priority given lower additionality, however projects of this type could still meet LCR strategic priorities around job creation, GVA growth and priority sectors. Projects must be internationally mobile.
<b>E</b>	Low	Existing presence in LCR	Foreign owned	>500 safeguarded jobs	Not a current high priority, however it is acknowledged that Brexit and other (perhaps unforeseeable) shocks may place pressures on international businesses, which may be mitigated in part through funding support. Where these firms employ large numbers within LCR and are in a priority sector it may be strategically important to safeguard those roles.

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## Inclusive Growth Criteria

As part of the West Yorkshire Combined Authority and Leeds City Region Enterprise Partnership's (LEP) commitment to deliver economic growth that benefits everyone, businesses receiving grants of over £25,000 will be expected to take on measures that will maximise their positive impact on the region. Additionally, businesses receiving a grant of less than £25,000 are strongly encouraged to voluntarily commit to undertaking an inclusive growth outcome.

Examples include:

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

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

- For grants from £10,000 to £24,999, the applicant is encouraged to voluntarily commit to undertaking at least one inclusive growth outcome
- For grants from £25,000 to £49,999, the applicant is expected to agree to **one or more** of the additional commitments
- For grants from £50,000 to £99,999, the applicant is expected to agree to **two or more** of the additional commitments
- For grants from £100,000 to £249,999, the applicant is expected to agree to **three or more** of the additional commitments

- For grants of £250,000 and above, the applicant is expected to agree to **four or more** of the additional commitments

## Digital Investment Fund (#Grow) Eligibility Criteria

Businesses must:

- Operate in the priority digital sub-sectors<sup>1</sup>
- Be based in the City Region, which includes the local authority areas of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York
- Have been trading for at least 12 months and must operate from commercial premises
- Generate over 50% of their turnover from trading with other businesses, or, their application must demonstrate how the grant-supported project will lead to this. The creative experience sector (e.g. museums, performing arts, exhibitions) is excluded on the basis of potential additionality and displacement issues, relating to the localised services of predominantly business to consumer trading activity. There is alternative grant support available to specifically support this sector (e.g. Arts Council)
- Have a capital investment project of £20,000 or above. Grants of between £10,000 to £50,000 are available, covering up to a maximum of 50% of project costs, depending on the number of jobs to be created
- Have private finance available: either their own cash reserves, bank lending, or other commercial finance to invest alongside the grant (please note: the minimum total project cost is £20,000 - therefore businesses must have at least £1 of private sector finance to invest for every £1 in grant)
- Demonstrate financial viability of the project and the need for grant support (e.g. it cannot progress with the proposed project without grant support, or it cannot progress at the same scale or within the same timescales)

Projects must:

- Have a digital focus (i.e. the investment will support the implementation of emerging digital technologies in the business, support digitally enabled growth, or the majority of the new roles created will involve digital skills)
- Consist of capital investment in equipment and/or fit-out and refurbishment of buildings (refurbishment or renovation costs will only be supported where the business will be the sole occupier within the refurbished or renovated business property)
- Create at least one permanent full-time job. All jobs must pay at least the real living wage (currently £9 p/h). The maximum grant per job created will be £12,500. Freelance and contract roles may be counted as eligible roles at a lower grant intervention rate (maximum grant of £5,000 per 2,000 hours worked) as long as the project will create at least one permanent full-time job

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<sup>1</sup> Priority digital sub sectors: IT, Software and Hardware; Creative industries (creative content and creative services); Cyber Securities and Data Protection Technologies; Smart Technology, Smart Cities, Internet of Things and New Technologies

As defined in KADA Research. Digital and technology industries sector Research. A report to the Leeds City Region LEP. 2017

and assurances surrounding the monitoring of contractor hours can be evidenced by the applicant

Inclusive growth:

- As part of West Yorkshire Combined Authority and the Leeds City Region Enterprise Partnership's commitment to deliver inclusive growth that benefits everyone, all successful grant applicants will be encouraged to make additional inclusive growth commitments. For businesses receiving a grant of at least £25,000, this will be mandatory.



**Report to:** Business Investment Panel

**Date:** 5 September 2019

**Subject:** **Business Growth Programme**

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

**Author(s):** Neill Fishman / Lorna Holroyd

## 1. Purpose of this report

- 1.1 To outline the current position regarding progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Business Growth Programme (BGP).
- 1.2 That the Panel notes the changes to the programme criteria, as outlined in section 3.
- 1.3 That the Panel considers the recommendation to deliver a second round of the Productivity Pilot, as outlined in section 4.
- 1.4 That the Panel considers the application outlined in 5.1 and detailed in exempt **Appendices 1 and 2**.

## 2. Information

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

Performance indicator	Target	Big scheme committed	Small scheme committed	Flood grants committed	Total commitments	Actual outputs (01/08/19)
Direct jobs	4,100	3,030	2,610	n/a	5,640	4,149
Safeguarded jobs	n/a	152	0	1,541	1,693	1,682

Performance indicator	Target	Big scheme committed	Small scheme committed	Flood grants committed	Total commitments	Actual outputs (01/08/19)
Number of grant awards	765	43	641	63	747	658
Total investment	£168,500,000	£161,599,164	£186,717,770	£12,793,515	£361,110,449	£281,813,551
Programme Spend	£44,316,000	£9,704,356	£21,845,869	£2,860,375	£34,410,600	£29,787,620
Cost per job	n/a	£3,203	£8,372	n/a	£6,102	£7,179
Cost per job (including safeguarded jobs)	n/a	£3,050	n/a	£1,856	£4,693	£5,108

- 2.2 To date commitments of £31.55 million have been made through a combination of the big and small schemes. Six applications to the small scheme, with a combined grant value of £327,774, were approved under sub-delegations in June 2019. Eleven applications, with a combined grant value of £455,917, were approved under sub-delegations in July 2019.
- 2.3 As outlined in previous Business Investment Panel papers, grants are now funded through a combination of BGP and Access to Capital Grants (A2CG), both of which are funded through the LGF.
- 2.4 Commitments through the Business Flood Recovery Fund currently stand at £2.86 million. Of a total of 66 projects approved, three have been withdrawn, 58 are complete and £119,528 is left to pay to five businesses whose projects are still live.
- 2.5 All grant awards are listed in summary form on the LEP website and updated quarterly.<sup>1</sup>

### 3. Changes to programme criteria

- 3.1 Following recommendations by the Panel, proposed changes to the programme guidelines and criteria were considered by the Business, Innovation and Growth Panel on 28 May 2019, and by LEP Board on 18 July 2019. The following changes were agreed by LEP Board, and will take effect from 1 October 2019:

#### Sector eligibility

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

<sup>1</sup> <https://www.the-lep.com/about-us/transparency/grants-for-business/>

### Additionality and affordability

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

### Applications from large businesses

- 3.4 Applications from large businesses (or businesses that are part of a larger group) will continue to be accepted, but only where minimum total project costs are £1,000,000 and proposed new job numbers are at least 20.
- 3.5 Additionally, grant awards will be restricted to 10% of eligible costs, even where projects are funded through De Minimis.

### Productivity Focus

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

### Multiple applications

- 3.7 The current policy, which restricts businesses to the submission of three successful applications over a three-year period or receipt of a maximum of £250,000 over the same period, will be retained. This applies to all applications to BGP, whether funded directly through BGP or the A2CG Grants Programme.

### Appeals policy and process

- 3.8 The appeals policy is currently being reviewed and will be brought to Panel for consideration at the October 2019 meeting.

## **4. Productivity Pilot**

- 4.1 An update on round one of the Productivity Pilot was provided to the Panel at its meeting in July 2019.
- 4.2 The Panel is now asked to consider whether the LEP should deliver a second round of the Productivity Pilot in Autumn 2019. The following options have been identified:

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

#### Option One

- 4.3 £34,410,600 of the total BGP funding of £44,316,000 has currently been committed to businesses, so there is a headroom within the budget to ring-fence £500,000 for a second round of the pilot.
- 4.4 This would allow further evidence gathering to support a future decision, and would provide a small grant fund that could immediately be more flexible in responding to business needs in the event of a 'no deal' exit from the EU.

#### Option Two

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

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

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

#### Option Three

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

- 4.8 This would enable the greatest flexibility to adapt the criteria of the funding as a whole to respond to emerging business needs, but could delay the immediate availability of flexible funding post 31 October.
- 4.9 It is recommended that option one is undertaken, to gather further evidence on the effectiveness of using grant support to deliver business productivity improvements. The learning from the first two rounds of the Productivity Pilot would then be used to inform the future delivery of business grant programmes.
- 4.10 If this recommendation is taken forward, the findings of both rounds will be used to gain a better understanding of firm-level productivity, to explore what types of improvements to productivity can be supported through a publicly-funded programme and to inform future interventions to stimulate and measure productivity improvements within businesses.
- 4.11 In consideration of the Combined Authority’s declaration of a climate emergency, the Panel is asked to consider the extent to which clean growth considerations and principles should be embedded in a second pilot. This could, for example, include a requirement for all successful applicants to undertake a resource efficiency assessment as part of their project.
- 4.12 Continuing to encourage, support and incentivise business investment is a key priority in the light of current uncertainty around the post-Brexit business environment.

#### Governance and Delivery

- 4.13 As with the first round, it is proposed that a working group (comprising of private sector members of the Business Innovation and Growth Panel, a senior representative of the Cities and Local Growth Unit, and officers of the Combined Authority/LEP) assesses applications and makes recommendations to the LEP and Combined Authority for grant awards.
- 4.14 The Combined Authority’s Business Support Team would be responsible for the overall delivery and monitoring of the second round of the pilot, with support from the Policy, Strategy and Communications Directorate.

#### **Indicative Timescale**

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

<b>Activity</b>	<b>Date</b>
Call opens	1 November 2019
Deadline for applications	31 January 2020
Decisions on awards	28 February 2020
Projects supported undertaken	March 2020 to August 2020

Longitudinal survey of grant-recipients	March 2020 to March 2022
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## 5. New large programme application

- 5.1 There is one new application for consideration. The application and appraisal are attached as detailed.

Project Ref	District	Total Investment £	Grant Requested £	Proposed New Jobs	Appendices
1103454	Leeds	£2,600,000	200,000 euros	25	1 & 2
		<b>£2,600,000</b>	<b>200,000 euros*</b>	<b>25</b>	

\*Circa £185,000 at current exchange rates.

## 6. Update on previously approved application

- 6.1 At panel on 12 July 2019 an application for £100,000 was considered from a manufacturer and retailer of floor care and kitchen consumer electrical goods that currently has its European headquarters in Wakefield. The company is growing rapidly and in order to accommodate further growth needs to move to larger premises. A new larger site in Leeds has been identified, but in order to make it fit for operational purposes investment of circa £1 million is required in terms of fit-out. The company requested a grant of £100,000 towards this. The expansion will create up to 55 new jobs over a three year period (18 by the end of 2019/20), all but a small handful of which will pay in excess of the Real Living Wage.
- 6.2 Panel members recommended that the application be approved for the amount requested, primarily on the basis that the expansion will embed the European headquarters of a fast growing business in the City Region for the medium to long-term and the number and quality of proposed new jobs. The application was formally approved by the Combined Authority's Managing Director on 17 July 2019 and a formal funding agreement is in the process of being drawn up. The company will be contracted to the creation of 20 new jobs, all paying above the Real Living Wage.

## 7. Financial implications

- 7.1 As set out in the report and subject to approval, a budget of £500,000 would be made available as a ring-fenced amount from the existing BGP budget for a second productivity pilot. £34,410,600 of the total BGP funding of £44,316,000 has currently been committed to businesses, so there is a headroom within the budget to ring-fence £500,000 for a second round of the pilot and BEIS has previously agreed for it to be used in this fashion.

## **8. Legal implications**

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

## **9. Staffing implications**

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

## **10. External consultees**

- 10.1 No external consultations have been undertaken.

## **11. Recommendations**

- 11.1 That the Panel notes the progress report.
- 11.2 That the Panel considers the recommendation to deliver a second round of the Productivity Pilot, as detailed in section 4.
- 11.3 That the Panel considers the grant application detailed at 5.1 and attached at exempt **Appendices 1 and 2**.

## **12. Background documents**

None.

## **13. Appendices**

**Exempt Appendix 1** - application form for project reference 1103454.

**Exempt Appendix 2** - appraisal for project reference 1103454.

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**Report to:** Business Investment Panel

**Date:** 5 September 2019

**Subject:** **Growing Places Fund Loans**

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**Director(s):** Melanie Corcoran, Director of Delivery

**Author(s):** Chris Brunold, Project Manager

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## **1. Purpose of this report**

- 1.1 To update the Panel on progress in committing loans through the Growing Places Fund (GPF).
- 1.2 To update the Panel on two projects with changed circumstances.

## **2. Information**

### Growing Places Fund update

- 2.1 The Growing Places Fund (GPF) began in 2012 offering loans to support projects that required additional capital funding to deliver jobs and economic growth and to unlock stalled developments post-recession, within a timescale of five years or less. The fund was open to all businesses and organisations of any size based in or looking to invest in the Leeds City Region. Any future loans are currently on hold pending the launch of a new investment strategy – please refer to agenda item 8.
- 2.2 The total original GPF allocation from Government was £35.5 million of which £4.007 million remains unallocated. The Fund typically sought private sector leverage on the basis of 1:3.
- 2.3 Loan repayments are held separately and can be reinvested into any future fund. The LEP Board has approved the principal of a proportion of the returned capital being reinvested in the future (see agenda item 8).
- 2.4 The programme has currently enabled the sustainment or creation of 843 jobs and the building of 785 homes of which 106 (13.8%) are affordable.

### GPF Capital Position

- 2.5 The capital repaid by GPF loans offered through the programme to 14 August 2019 is £16.8 million.
- 2.6 The capital anticipated in the 2019/20 financial year is £396,829. There is, as always, with GPF loans a risk that projects may not pay to the agreed repayment schedule.
- 2.7 The capital anticipated in 2020/21 is a further £2.656 million.
- 2.8 The total capital expected beyond 31 March 2021 is £4.983 million.

### GPF Projects with Changed Circumstances

- 2.9 Two GPF projects have changed circumstances. Detail is provided for information in **Exempt Appendices 1 & 2**.

<b>Project Ref</b>	<b>Total Loan</b>	<b>Recommendation</b>
308	£2.0 million	To note
315	£800k	Discuss

## **3. Financial Implications**

- 3.1 The financial implications associated with the projects at para 2.9 are set out in **Exempt Appendices 1 & 2**.

## **4. Legal Implications**

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

## **5. Staffing Implications**

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

## **6. External Consultees**

- 6.1 No external consultations have been undertaken.

## **7. Recommendations**

- 7.1 That the update on progress in committing loans through the GPF be noted.

7.2 That the information provided in **Exempt Appendices 1 & 2** on progress of live loans through the GPF programme and risks be noted and feedback given.

**8. Background Documents**

None.

**9. Appendices**

**Exempt Appendix 1** – Project 308 – changed circumstances.

**Exempt Appendix 2** – Project 315 – changed circumstances.

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**Report to:** Business Investment Panel

**Date:** 5 September 2019

**Subject:** **Future Plans, Grants and Loans**

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**Director(s):** Alan Reiss, Director, Policy, Strategy and Communications  
Melanie Corcoran, Director of Delivery

**Author(s):** Alex Clarke / Ian Smyth / Kate Thompson

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## **1. Purpose of this report**

- 1.1 To update Business Investment Panel on work on future plans for grants and loans. A verbal update will be given at the meeting on progress of the first phase of this work.

## **2. Information**

- 2.1 Following discussions at the Business Investment Panel on 30 April and 12 July 2019, work on developing options for a new fund that responds to current market needs for business investment has progressed.
- 2.2 Further information on this is included in **Exempt Appendix 1**

## **3. Financial implications**

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

## **4. Legal implications**

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

## **5. Staffing implications**

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

**6. External consultees**

6.1 No external consultations have been undertaken.

**7. Recommendations**

7.1 That the report provided in **Exempt Appendix 1** on the future plans for grants and loans be discussed and feedback given to inform future activities.

**8. Background documents**

8.1 None.

**9. Appendices**

9.1 **Exempt Appendix 1** – future plans, grants and loans.

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