

Report to: Overview and Scrutiny Committee

Date: 22 March 2019

Subject: **Cover report – Business grants criteria and inclusive growth**

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

Author(s): Khaled Berroum, Scrutiny Officer

1. Purpose of this report

- 1.1 To introduce and provide background to the report of the Executive Head of Economic Services entitled 'Business grants criteria and inclusive growth'.

2. Information

Background and the role of scrutiny to date

- 2.1 At the 14 September 2018 meeting of the Overview and Scrutiny Committee, the Committee received a report focusing on business grant activity and performance since last reporting to the committee on 24 January 2018. Following robust questioning and discussion, the Committee focused on two aspects in particular to scrutinise further – grant criteria and purpose, in terms of pre-decision scrutiny in the future, and evaluation and monitoring of outcomes, in terms of post-decision scrutiny when programmes come to an end. The Committee resolved to agree two recommendations¹:
- 1) That work should begin on exploring the extension of inclusive growth criteria to all current and future business grant programmes at all grant award levels and conclusions reported back to the Overview & Scrutiny Committee.
 - 2) That, upon the conclusion of a business grant programme, a full outcomes report for each programme be produced for the Overview & Scrutiny Committee focusing on, but not limited to, inclusive growth, productivity, job creation, innovation, and environmental outcomes.

¹ Minute 17, 14 Sept 2018 – Overview & Scrutiny Cttee

- 2.2 At the same meeting, the Committee also made a series of additional comments and suggestions about business grants in general, as highlighted in the minutes of that meeting² (available online).
- 2.3 At the following meeting on 16 November 2018, the Committee resolved³:
"That a report detailing the consultation and development of the current inclusive growth criteria and policy for the Business Growth Programme (BGP) and an assessment of the options relating to extending inclusive growth criteria to all business grants programme be commissioned for the Overview and Scrutiny Committee to consider on 22 March 2019."

The report of the Executive Head of Economic Services

- 2.4 Following discussions with the Scrutiny Committee, Members, Chair and Officer, the following was requested to be covered in the appended report of the Executive Head of Economic Services to the Overview and Scrutiny Committee:
1. The new proposed inclusive growth criteria for business grants as an appendix to the report, in order to invite feedback and comments from the Committee.
 2. Consideration of the recommendations, suggestions and views the Overview and Scrutiny Committee expressed at the 14 September 2018 committee meeting.
 3. Clarification of which decision-maker or decision-making body has overall responsibility and ownership of business grants criteria in policy terms and decision-making terms.
 4. Explanation of how the current direction and idea to revise Business Growth Programme (BGP) criteria to include inclusive growth outcomes originated and who was originally consulted when the current criteria was set.
 5. An overview of the findings of the internal review of the 6-month trial of inclusive growth criteria for the Business Growth Programme (BGP), including:
 - data outlining the differences in job creation and application uptake compared to before inclusive growth criteria was applied
 - thought to the long term sustainability of applicants fulfilling inclusive growth criteria, especially with regards to the living wage
 6. An outline of the advice given by the Business Innovation and Growth (BIG) Panel and Inclusive Growth and Public Policy Panel members when consulted on the new proposed criteria at their 26 February and 1 March 2019 meetings respectively.
 7. Outline of any legal, financial and risk implications that revising business grants criteria might have on existing funding agreements, targets and delivery models.

² Minute 17, 14 Sept 2018 – Overview & Scrutiny Cttee

³ Minute 26, 16 Nov 2018 – Overview & Scrutiny Cttee

8. Outline of any further possible risks and issues associated with strengthening inclusive growth criteria, in particular living wage requirements, on achieving current targets and fulfilling existing funding agreements.
9. An overview of the upcoming external and internal evaluations planned for business grants programmes due to end soon (Eg the BGP programme) and what evaluation is being planned for other grant programmes due to end in the near future (Eg Resource Efficiency Fund (REF)).
10. *If available*, the most current performance data for information as an appendix.

3. Recommendations

- 3.1 To note this cover report and consider the appended report of the Executive Head of Economic Services.

4. Background Documents

[Item 8 – Business grants](#). Report to Overview and Scrutiny Committee. 14 September 2018.

[Minutes – 14 September 2018 meeting](#), Overview and Scrutiny Committee.

[Minutes – 16 November 2018 meeting](#), Overview and Scrutiny Committee.

Report to: Overview and Scrutiny Committee

Date: 22 March 2019

Subject: **Business Grants Criteria and Inclusive Growth**

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

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

1. Purpose of this report

- 1.1 To follow up to the Overview and Scrutiny Committee's consideration of business grants at its 14 September 2018 meeting and:
- i) update the Overview and Scrutiny Committee on the review of the new approach to securing inclusive growth commitments from recipients of business grants.
 - ii) gain the Overview and Scrutiny Committee's views to inform the future direction of the approach, and report these for consideration by LEP Board and Combined Authority at their respective meetings on 26 March and 25 April 2019.
 - iii) update the Overview and Scrutiny Committee on activity related to its other recommendations, suggestions and ideas on business grants put forward at the 14 September 2018 meeting.

2. Information

Background – business grants and support programmes and the role of scrutiny

- 2.1 The Overview and Scrutiny Committee considered a report on Business Grants at its meeting on 14 September 2018. The report provided detail on all of the current business support programmes being delivered by the LEP and Combined Authority that have a business grants component within the delivery models. This included two programmes delivered by Leeds City Council (Digital Enterprise and Ad:venture) that are in receipt of match-funding from the Combined Authority for the grant components, and several others being delivered directly by the LEP and Combined Authority via the LEP Growth Service.
- 2.2 The report also provided an update on other aspects of the business grants being delivered, including progress against the main contractual outputs

(mostly jobs created and apprenticeships), the Productivity Pilot, the approach to multiple applications and the approach to Inclusive Growth criteria and commitments.

- 2.3 The business grant programmes currently being delivered or part funded by the Combined Authority under the business-facing brand of the Leeds City Region Enterprise Partnership (LEP) are detailed in **Appendix 1**.
- 2.4 **Appendix 2** contains the primary target outputs and sources of funding of the programmes. It also sets out when the current programmes will end and when the impact reports for each will be produced, as requested by the Overview and Scrutiny Committee following the 14 September 2018 meeting.
- 2.5 It was reported to Overview and Scrutiny in September 2018 that the funding for all programmes is time-limited with many of them due to end in late 2019 / early 2020, and that new funding opportunities are now being pursued to continue successful programmes with proven outcomes as well as developing new programmes to meet emerging needs and priorities.
- 2.6 This includes a successor to the Resource Efficiency Fund that, if successful in its current application to the European Regional Development Fund and Combined Authority, will have an element focussed on sustainable recycling and on the reduced use of non-recyclable materials, taking on board suggestions made by Overview and Scrutiny in September 2018). The target date for the new programme to commence is November 2019 and the current intention is to deliver it across all of West and North Yorkshire.
- 2.7 All grant awards are also listed in summary form on the LEP website and updated quarterly - <http://www.the-lep.com/about/governance-and-funding/grants-for-business/>.

Development of the inclusive growth criteria for the Business Growth Programme (BGP) in 2017/18

- 2.8 In 2017/18, the Combined Authority and LEP made a decision to position inclusive growth as a key policy priority for their activities. The 2018/19 Corporate Plan included three headline commitments, one of which was 'Enabling inclusive growth', with the others being 'Boosting productivity' and 'Delivering 21st century transport'.

"As economies globally look to tackle inequality, we aim to be a leader in promoting inclusive economic growth – in other words focus our efforts on supporting everyone in the City Region to feel the benefits of a strong economy – with a particular focus on diversity and those in communities high on the multiple deprivation index. Alongside this, we will continue our efforts to improve air quality and minimise the impact of climate change on communities and businesses.

Working with our partners in the region we aim to reduce the proportion

of jobs that pay less than the real Living Wage and reduce the employment rate gap for all disadvantaged groups."

Corporate Plan 2018/19¹, p17

- 2.9 To support this aim, each directorate within the Combined Authority was asked to consider how they could contribute more to the inclusive growth agenda through, for example, the tailoring of current and planned workstreams to incorporate stronger commitments to inclusive growth.
- 2.10 As a result, a series of inclusive growth criteria and commitments for one of the more longstanding business grants programmes – Business Growth Programme (BGP) – were developed over several months in late 2017 / early 2018. This involved detailed consultation with various advisory panels, as well as directly with businesses and other private sector professionals. A summary of the consultation and findings is set out below.
- 2.11 The LEP hosted a workshop in November 2017 with representatives of prominent private sector intermediaries in the City Region, including accountants, banks and legal companies (known as the ‘Professionals’ Perspective’). Attendees were consulted on the proposed changes to the grant criteria, and also provided valuable feedback from their own perspectives and those of their clients and customers. There was strong consensus amongst attendees of the importance of prompt payment to small businesses.
- 2.12 A survey of businesses in the City Region that had previously been awarded grants was undertaken in late 2017/early 2018. Almost 30 businesses responded by completing a detailed questionnaire on the revised criteria and associated conditions. The main findings included strong support for the inclusive growth agenda and its underpinning principles, and for encouraging employers of all sizes to invest in their lower-paid staff and facilitate career progression. There was also a consensus that the LEP and the Combined Authority should realise increased inclusive growth outcomes and benefits from the grants awarded to businesses in the City Region. However, there was also a clear view that support for the new approach should be proportionate depending on the size of the business and of the grant i.e. businesses in receipt of larger grants should deliver the most inclusive growth outcomes.
- 2.13 The headline results of the business survey are set out below: -
- 72% of businesses agreed that the LEP/Combined Authority is right to look at ways in which businesses can support the inclusive growth aims.
 - 56% of businesses already were, or had plans to, become a Real Living Wage employer within two years.
 - 32% were inclined to committing to become a Living Wage employer within two years.
 - 44% of businesses were not put off from applying for a grant under the new conditions, 24% were put off and 32% were unsure.

¹ <https://www.westyorks-ca.gov.uk/media/3362/corporate-plan-18-19.pdf>

- Most businesses welcomed support from the LEP/Combined Authority to deliver more inclusive growth outcomes e.g. through skills plans and apprenticeships, working with schools, training lower paid staff, recruiting people with disabilities, undertaking a supply chain audit etc.
- 2.14 The businesses that responded to the questionnaire stated that paying the Real Living Wage was the main barrier for businesses in terms of meeting the criteria, primarily because of the cost implications in sectors with typically low margins. Furthermore, there was strong support for incentivising businesses to deliver more inclusive growth outcomes, but without excluding certain sectors or sub-sectors with lower profit margins and some lower-skilled staff. Other common views from the consultation included the importance of grant-recipients making a commitment to prompt payment of their small business suppliers, and the need to improve the link between grants and increased productivity (subsequently taken forward via the Productivity Pilot).
- 2.15 The above activity then informed further revisions of the criteria and commitments which were considered by the LEP Board in January 2018, following feedback from the Business Innovation and Growth (BIG) Panel and Business Investment Panel (BIP) at their respective December 2017 meetings. A final version of the criteria and commitments was then supported by the BIG Panel, agreed by the LEP Board in March 2018, and approved by the Combined Authority on 10 May 2018. Implementation then followed from 31 July 2018, along with a request from the LEP Board and the Combined Authority for a six-month review on the impact and effectiveness of the approach. The review is now complete and the findings are outlined below.

Review of Initial Effectiveness after Six Months – February 2019

- 2.16 Analysis of BGP grants awarded in the 12 months before the new criteria were implemented, showed that approximately **58% of the jobs created** were paying at least the Real Living Wage.
- 2.17 Since the introduction of the new criteria in July 2018, 62 BGP applications have been approved. These applications are linked to the creation of 321 new jobs, 216 of which have committed to pay the Real Living Wage or above. This represents **67% of all of the jobs to be created** via the investment projects to be supported on BGP. So far, 15 of these jobs have been created, 10 of which are paying at least the Real Living Wage, and this will continue to be closely monitored as the supported projects progress and the associated jobs are filled.
- 2.18 13 BGP applications of above £50,000 have been approved since the introduction of the new approach. Applicants at this grant level are required to commit to additional inclusive growth interventions, as well as creating new jobs. To date, 30 such commitments have been secured from the 13 applications. A list of inclusive growth commitments has been developed, and support is available from the LEP/Combined Authority, and its partners, such as Jobcentre Plus and Local Authorities, to implement them.

2.19 Alongside the Real Living Wage incentive, the other current inclusive growth commitments 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.

2.20 Of commitments agreed with businesses to date, the highest number are for undertaking an energy audit - leading to action plan and access to a grant fund to implement the actions, such as moving to low energy lighting or investing in bailing equipment to reduce waste - (20%), followed by offering more sustainable green travel options for employees, developing a skills plan and working with schools and colleges (all 17%). All commitments have had at least one adoption, except for undertaking a supply chain audit to identify opportunities to buy more from local suppliers, but the new Supply Chain Development Programme at the University of Huddersfield is now in place and can support businesses with this commitment. Examples of the commitments made to date include : -

- a mid-sized manufacturing business in south Wakefield has committed to working with Jobcentre Plus to provide employment opportunities for people that have been out of the labour market for some time.
- a small manufacturing business in Bradford has committed to taking part in the Resource Efficiency Fund project to identify ways to reduce its waste and energy usage, and has committed to offering work opportunities to local people with disabilities and/or health issues. The business has also agreed to adapt its recruitment process to make it more accessible to people with disabilities and/or health issues.
- a small health and life sciences business based in Wakefield has committed to pay its suppliers in accordance with the Prompt Payment Code, and has committed to becoming a Real Living Wage employer within two years.

2.21 The commitments will be monitored as part of the grant appraisal and monitoring process, with each recipient required to provide evidence of undertaking the commitment before the full grant amount is released (25% is typically retained until the contracted outputs have been met). The jobs

created are monitored for three years if the business has fewer than 250 staff, and for five years if the business has over 250 staff. The monitoring is undertaken on an annual basis once the full grant amount has been paid, and this will include monitoring of the relevant jobs continuing to pay the Real Living Wage at that time. Clawback of grant funding can be implemented if the number and wage level of jobs within a grant-recipient have changed. These situations are assessed on a case-by-case basis. If the changes proposed in **Appendix 3** are adopted, this would necessitate increased monitoring and may require additional staff resource.

- 2.22 Feedback from businesses that have received grants since July 2018 has been positive to date, with the majority being receptive to the new approach. As expected, the smaller businesses have been those that have expressed some concern related to their more limited resources to implement the commitments.
- 2.23 Payment of the Real Living Wage has been the main challenge reported for businesses since the new approach has been implemented, in particular for those operating in lower value sectors, and/or, in geographical areas where wages are lower than the City Region average. These are often more disadvantaged areas, so the decision to adopt a two-tier grant rate has been beneficial to avoid an outright exclusion of certain firms in these locations from grant support.

Recent Consultation with Panels

- 2.24 The BIG Panel considered the outcome of the six-month review and the recommendations of the Overview and Scrutiny Committee at its meeting on 26 February 2019. A summary of its response is as follows:
- The Panel remains committed to the importance of inclusive growth and of supporting businesses to develop their employees, increase wage rates, continually improve and contribute to the City Region's economic, social and environmental priorities. In this regard, it is supportive of continuing the approach.
 - The Panel believes that the approach needs to be proportionate in relation to the size of the business, and was specifically concerned about the impact on smaller businesses that are less likely to have the resources to meet additional commitments. This is particularly the case with grants of smaller values e.g. those under £25k.
 - The Panel expressed concern that broadening the commitments to grants of all values across all programmes could cause the unintended consequence of a downturn in applications, resulting in less support for businesses and a negative impact on contractual targets with funding providers.
 - The Panel felt that the current £50k threshold for additional commitments to be delivered by grant-recipients remains appropriate, but that recipients of grants over £25k should be strongly encouraged - and supported - to make at least one commitment. It was suggested that this should be

trialled and closely monitored for a period to determine take-up and inform next steps.

- The Panel also suggested that as part of the wider inclusive growth agenda, more activity should be undertaken to engage with businesses in sectors and locations where there is a lower take-up of LEP business support e.g. some parts of inner Leeds, Bradford and Kirklees, as well as more outlying rural/market towns with (to date) less engagement in LEP business support.

- 2.25 The above was also considered by members of the Inclusive Growth and Public Policy Panel on 1 March 2019. The members were similarly supportive of the criteria and commitments, welcomed the leadership role of the LEP in pioneering this approach and commended the good progress to date. They particularly stressed the inherent value from an inclusive growth perspective of supporting the low carbon agenda through encouraging businesses to adopt more holistic approaches to recycling and reuse, as well as continued support for employers to recruit apprentices. Panel members recognised the importance of proportionality in terms of commitment levels from smaller businesses, and acknowledged the risks of unintended consequences.
- 2.26 The Overview and Scrutiny Committee is, therefore, also asked to consider the benefits and risks of extending/adapting the approach to other grant programmes in the LEP's portfolio. Considerations include the potential impact on smaller businesses arising from perceived bureaucracy; and therefore potential impact on the take-up of the grants; the proportionality of applying the criteria and commitments for all grant values, particularly where jobs creation is not a requirement of the grant (e.g. the Resource Efficiency Fund grant that targets carbon reduction as its primary output); and the additional cost of staffing resources required to monitor the delivery of the commitments and outcomes across all grant awards, particularly the smaller grants available from the Apprenticeship Grant for Employers.
- 2.27 Some of the key operational risks to consider in relation to extending the inclusive growth criteria and commitments across all programmes are set out below within the Financial and Legal Implications sections. It is also worth noting that feedback from some of the previous consultation (as set out at point 2.20 above) related to the risk of excluding some sectors / sub-sectors, and/or, some districts / localities from LEP support as they are less likely to pay the Real Living Wage for all employees e.g. bed manufacturing in parts of Kirklees and freight/distribution in parts of Wakefield.
- 2.28 Following this meeting, the LEP Board and Combined Authority will consider the progress on implementing the inclusive growth criteria and commitments, and determine next steps in terms of future delivery, at their respective meetings on 26 March 2019 and 25 April 2019. This will include written feedback from consultation with the Overview and Scrutiny Committee and with the BIG Panel on 26 February 2019 and members of the IG&PP Panel on 1 March 2019.

Recommendations made by the Overview and Scrutiny Committee in September 2018

- 2.29 *That work should begin on exploring the extension of inclusive growth criteria to all current and future business grant programmes at all grant award levels and conclusions reported back to the Overview and Scrutiny Committee.*

Following the above, and ongoing consultation with businesses and panels of the LEP and Combined Authority (as set above at 2.20 to 2.21), **Appendix 3** sets out the proposed new inclusive growth criteria and commitments for the delivery of all LEP business grants programmes. The main changes from the previous criteria are:

- all LEP grant programmes should be in scope and not just the Business Growth Programme (BGP).
- the value of grant at which the additional commitments are mandatory should be reduced from £50,000 to £25,000.
- businesses receiving grants from £10,000 to £24,999 should be actively encouraged (and supported) to make a commitment.
- it is proposed that the above be trialled for a further six months to monitor effectiveness of the policy and any adverse consequences.

- 2.30 *That, upon conclusion of a business support programme, a full outcomes report for each programme be produced for the Overview and Scrutiny Committee focussing on, but not limited to inclusive growth, productivity, job creation, innovation and environmental outcomes.*

Plans are in place for impact evaluations (including outcomes analysis) for all current business support programmes (please see **Appendix 1** for timings). These will be independently commissioned and will include a mix of quantitative and qualitative analysis, including outcomes realisation, stakeholder interviews, case studies and additionality assessments. In addition, the inclusive growth outcomes and commitments are now being monitored / reported over longer periods, as are the longer-term outcomes of the Productivity Pilot. The cost of the reports has been built into the budgets of each programme and typically equate to between 1 and 2% of each programme budget.

Other points raised by the Committee in September 2018

- 2.31 In addition to the two formal recommendations related to inclusive growth criteria and commitments, the Overview and Scrutiny Committee requested updates on several suggestions made at the September 2018 meeting.
- 2.32 *Inclusive growth commitments around disabilities, mental health and wellness at work should be a central feature of all criteria for business grants programmes.*

The Inclusive Growth commitments include, 'offer work opportunities to local people with disabilities or health issues', and this is now being actively

promoted to all business grant-recipients and support is available from Jobcentre Plus and Local Authorities with implementation. This includes the support now available from the Employment Hubs located within each Local Authority in West Yorkshire and York. These act as a link between businesses with recruitment plans and people looking for work, and broker individuals to the right employment support for them. This could include support from Local Authorities with preparing for interviews, motivational support from work coaches via Jobcentre Plus or specialist equipment to support people with disabilities in the workplace. Adoption of the proposed changes set out within **Appendix 3** will require a larger number of businesses in receipt of grants to make inclusive growth commitments, which may include those related to the above.

- 2.33 *Greater consideration should be given to strengthening environmental commitments in core criteria, target outputs and outcomes evaluation for grant programmes in future.*

This consideration is informing several new business support programmes that are currently being developed and that, if successful with funding applications, will commence between late 2019 and mid-2020. The proposed programmes are being worked on by officers under the strategic direction of the Green Economy Panel and the Business Innovation and Growth (BIG) Panel. This will continue over the next six months and the Overview and Scrutiny Committee is welcome to provide input into the development of these programmes. In addition, two of the most popular Inclusive Growth commitments with businesses to date have been adopting more sustainable travel approaches and undertake an energy audit to identify ways to reduce energy consumption.

- 2.34 *A business grant / support scheme aiming to promote sustainable recycling and reduce use of non-recyclable materials should be considered for development.*

The Resource Efficiency Fund 2 programme is now under development with a target commencement date of November 2019. The £3.7m proposed programme has outline business case approval and has a clear focus on the Circular Economy. As above, input and involvement from Committee members is welcomed. At this point in time, the European Regional Development Fund (ERDF) is the only funding option for delivering new and enhanced business support programmes.

- 2.35 *A greater emphasis on monitoring and evaluating the outcomes arising from outputs, and, outcome reports should be produced for each programme up on their completion to allow scrutiny members to better assess value for money and long-lasting changes for local communities.*

Please see point 2.30 above and **Appendix 1**. The Combined Authority's Research and Intelligence Team is responsible for the overall evaluation strategy for the Combined Authority, and determines whether impact

evaluations of projects can be undertaken in-house or externally commissioned.

- 2.36 *It would be useful to compare Leeds City Region's performance against other combined authority and LEP areas, such as Greater Manchester and Sheffield City Region, subject to available data of comparable programmes.*

It has been difficult to find published data on the performance of comparable programmes to allow for direct comparison.

- 2.37 *It would be useful to include a breakdown of funding sources for each programme and the associated risks related to funding.*

Included within this report and within **Appendix 1**.

- 2.38 *Data should be collated as frequently as possible and there should be closer monitoring of outputs and performance, especially where third parties are involved in delivery, to ensure that data is as current as possible.*

Please see Appendices 1 and 2. In addition, performance data is collated and analysed on a monthly basis for all programmes, including those being delivered (or part-delivered) by third party providers (including contractors). Each Local Authority receives a detailed quarterly report on all interventions (including grant awards) in their districts.

3. Financial Implications

- 3.1 There will be financial implications arising from the recommendation to extend inclusive growth commitments more widely, such as the need for additional staff to monitor the delivery of the commitments to a much larger cohort of businesses. Financial penalties could also be incurred if outputs, outcomes and expenditure targets are not met due to fewer businesses engaging with programmes.
- 3.2 The financial penalties would be incurred by the Combined Authority as the accountable body and contract holder for the current business support programmes. Any penalties would be payable to the European Commission or the UK Government as the ultimate funder of the programmes. The amounts would vary in accordance with the degree of under-performance on outputs and expenditure.
- 3.3 An additional monitoring resource within the Combined Authority would cost between £30,000 and £40,000 p.a.

4. Legal Implications

- 4.1 There are no legal implications directly arising from this report. However, there will be increased requirement for legal resources for contracting and compliance issues if the inclusive growth criteria are to be applied more extensively to grants on all programmes.

- 4.2 In addition, if the criteria are applied to all business support projects with grant elements, this could result in fewer applications. In turn, this could have a negative impact on legal agreements with external funders i.e. on ERDF-funded programmes, failure to reach deliver at least 85% of contracted outputs and expenditure can result in 10-15% of programme budget allocations being withdrawn.

5. Staffing Implications

- 5.1 There will be staffing implications as set out in paragraph 3.1 and 4.1 above.

6. External Consultees

- 6.1 The report's findings were considered by the BIG Panel on 26 February 2019 and by members of the Inclusive Growth & Public Policy Panel on 1 March 2019. Consultation with businesses was undertaken in 2018 as set out in point 2.11 above.

7. Recommendations

- 7.1 That the Committee notes and comments on the report.
- 7.2 That the Committee provides any feedback, comments and recommendations on the new proposed inclusive growth criteria and commitments for all LEP business grants programmes (**Appendix 3**) for consideration by the LEP Board and Combined Authority at their respective meetings on 26 March and 25 April 2019 on next steps for implementing the approach.

8. Background Documents

None

9. Appendices

Appendix 1 – List of current LEP grant programmes

Appendix 2 – Outputs progress for all LEP grant programmes

A summary sheet detailing progress against jobs and expenditure outputs from 1 April 2015 and 31 January 2019 for all grant programmes delivered, or part funded, by the LEP

Appendix 3 – Proposed Inclusive Growth Criteria and Commitments for Rollout