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**Report to:** Leeds City Region Enterprise Partnership Board (LEP Board)

**Date:** 26 March 2019

**Subject:** **Business Innovation and Growth Panel**

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## 1. Purpose of this report

- 1.1. To provide the Leeds City Region Enterprise Partnership (LEP) Board with a report on the work of the Business, Innovation and Growth (BIG) Panel.
- 1.2. To seek approval for the Trade and Investment forward plan for 2019/20.

## 2. Information

### Innovation

#### Access Innovation

- 2.1 This LEP programme supports businesses to develop new products and processes via a package of advice and funding. To date, it has engaged with over 479 businesses, 248 of which have received one-to-one support from the three Innovation Growth Managers. This has resulted in the development of detailed action plans for each business innovation project. 45 applications for grants have been approved to date with a collective value of £1.74m and a further nine totalling £139,144 are currently being appraised.
- 2.2 The highest number of enquiries and approved applications to date are from the healthcare and life sciences, manufacturing and digital sectors. The programme team continues to build strong working links with organisations in these sectors, including Innovate UK, Knowledge Transfer Network, local Manufacturing Alliances, National Physical Laboratory, 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.
- 2.3 As part of the programme, the Combined Authority has appointed RTC North to support SMEs to increase their innovation capacity. RTC commenced delivery of its range of specialist workshops and advice sessions in November 2018, and so far over 60 SMEs have been supported, with over 50 more signed up. The provision will run until autumn 2019 and will provide the

programme with a stronger pipeline of innovation-ready SMEs for Access Innovation and other complementary products available in the City Region.

- 2.4 In response to the interim evaluation, and the team's experience to date of delivering the programme, the Combined Authority submitted an outline business case on 23 November 2018 for European Regional Development Funds. This is for a successor programme to commence on completion of Access Innovation in December 2019. The working title for the programme is 'Connecting Innovation', to signify the importance of connecting ideas and links between partners, and connecting SMEs with funding and support from across the regional and sub-regional innovation eco-system. The Panel will be kept apprised of the application's progress, and feedback from the innovation discussion item at the November 2018 meeting will be incorporated within the full business case submission.

### Digital Framework

- 2.5 Following the adoption of the Leeds City Region Digital Framework by the LEP and Combined Authority in December 2018, the Digital Overview Group, chaired by Kersten England, will meet for the first time in Spring 2019. The Group is currently made up of the following members: Andrew Wright, Adam Beaumont, Nic Greenan, and Rashik Parmar with officer attendance in support.
- 2.6 Whilst not a formal West Yorkshire Combined Authority/LEP Advisory Panel, the Group has been established to provide oversight of current and planned digital activity in Leeds City Region, and importantly make connections between the five strands of the Digital Framework.
- 2.7 The Digital Overview Group will report into the LEP Board. Working groups will take forward the actions of the Overview Group and progress will then be reported up into the Advisory Panels. The Advisory Panels will ultimately be accountable for activity under each strand of work. A governance diagram placing the new Digital Overview Group in its wider context can be found in the appendix 1 to this report.

### **Business Support**

#### Business Growth Programme (BGP)

- 2.8 The BGP provides grants to businesses in the City Region towards capital investment (land, building, plant, equipment, machinery) that will lead to new jobs and improvements in productivity.

Table 1: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of Feb 19)
Expenditure	£44.32m	Committed - £31.85m Actual - £27.53m
New Jobs Created	4,100	Committed - 5,280 + 1,693 safeguarded Actual - 3,607 + 1,682 safeguarded
Businesses Supported	No contractual target	Committed – 569 Actual – 499
Number of Grants Awarded	765	Committed – 687 Actual – 594
Public/ Private Sector Leverage	£168.5m	Committed - £334.8m Actual - £262.5m
Total Cost Per Job	No contractual target	Committed - £6,032 Actual - £7,634

- 2.9 The above table shows good progress against the target to create 4,100 new jobs by the end of March 2021, with just over 3,600 created to date and commitment of a further 1,673 from approved applications. The 1,682 jobs safeguarded are as a result of grants awarded to businesses severely affected by the 2015 Boxing Day floods. The safeguarded jobs are not included in the above cost per job calculations.
- 2.10 The Inclusive Growth commitments, developed and endorsed by the LEP and Combined Authority, went live on 31 July 2018 for new applicants to the BGP. A full review of the new approach has now taken place and is set out within the report at agenda item 8, including a request for the LEP Board to consider next steps in the light of recent consultation with the Business, Innovation and Growth Panel, the Inclusive Growth and Public Policy Panel and the Overview and Scrutiny Committee.
- 2.11 The Call for projects under the Productivity Pilot opened on 17 September 2018 and closed on 14 December 2018. It invited businesses to submit applications for capital grant investment that will result in measurable productivity improvements and activities, but that do not require net additional jobs to be created within the business. The pilot was allocated £500,000 ring-fenced from the overall BGP allocation.
- 2.12 11 applications were received in total with a combined investment value of over £7.5m and a combined grant request of just under £600,000. All of the applications were from manufacturers spread evenly across the City Region, with nine from SMEs and two from large businesses (over 250 employees). They were considered in early January 2019 by an appraisal panel, which included private sector representation from the BIG Panel and a senior representative from the Department for Business, Energy and Industrial

Strategy, along with officers from the Combined Authority and Leeds City Council.

- 2.13 The panel scored all of the applications based on the submitted productivity plans, which required the applicants to clearly set out the how they currently measure productivity in their business, how they intend to measure productivity following the capital investment projects, how the capital investment projects will boost productivity in the businesses, and what additional, complementary activity the applicants will undertake to maximise the positive impact of the capital investment.
- 2.14 Eight applications were approved from seven SMEs and one large business (all manufacturers from across the City Region), and these have a collective value of just under the £500k allocation. The resulting investment projects are now in delivery and will all complete by the end of the summer, with the impact on the businesses closely monitored for up to two years via a longitudinal survey. A more detailed report on the nature of the projects supported will be provided at the June 2019 board meeting.

#### LEP Growth Service

- 2.15 The Growth Service provides businesses in the City Region with direct access to the full range of publicly-funded products and services available to help them grow. It recently surpassed a major milestone in that it has now supported over 10,000 businesses in the City Region since its launch in April 2015. Table 2 below highlights performance against the headline targets for 2018/19.

Table 2: Performance against headline targets 2018-19.

Target Measure	Target	As of Feb 2019
SMEs supported - light-touch & intensive (such as attendance at events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2750	2236
More intensive support to SMEs (including from Growth Managers and the LEP's core business support products)	900	1139
Proportion of businesses supported likely to recommend it	85%	86% (Dec 18 – Feb 19)

- 2.16 The service is on track to meet its annual target of supporting 2,750 businesses. Since April 2018, it has supported just over 2,236 individual businesses, of which almost 1,140 have been intensively supported by the team of SME Growth Managers, and/or, by the LEP's core products, such as BGP, Access Innovation, Resource Efficiency Fund and Strategic Business

Growth). Customer satisfaction remains high with 86% of businesses accessing support via the gateway likely to recommend it to another business.

- 2.17 12 Pop-up Business Support Cafe events have been delivered so far this financial year in Beeston (Leeds), Manningham (Bradford), Wakefield, Todmorden, Otley, Keighley, Cleckheaton, Hunslet (Leeds), Ferrybridge, Huddersfield and Holmfirth. Over 160 people from over 130 small businesses have attended the events and accessed over 140 hours of free advice from a range of local private sector experts. Sales and marketing, including the use of social media, continue to be the most popular topics. Satisfaction levels remain high with 89% of attendees rating the events as good or excellent, and 91% stating that they are now likely to do something different in their businesses. The events are a proven way to engage effectively with business communities within some of the City Region's more disadvantaged and outlying locations and, as such, make a positive contribution to the Inclusive Growth agenda.
- 2.18 A £1.7m application to the European Regional Development Fund is currently being appraised by the Managing Authority. If successful, this will increase the number of Growth Managers to 19 and, in the process, broaden the service's capacity to more intensively support growth-focussed firms. A decision on the application is expected in March 2019.

#### Other Business Support Programmes

- 2.19 The Strategic Business Growth (SBG) project provides small, ambitious businesses in the City Region with a package of tailored support to help them achieve their growth potential. This includes business coaching, workshops on growth topics, peer-to-peer learning and capital grant-funding.
- 2.20 230 businesses are now fully engaged with the package of support available, of which 186 have developed detailed growth plans with their allotted account managers. 137 of the above businesses have benefitted from a combined total of over 5,500 hours of further one-to-one coaching, and 56 have attended at least one of the workshops that are covering such topics as scaling-up, access to finance and delivering against a business plan. 242 new jobs and 22 new products have been created so far on the project. In addition, capital investment grants totalling £805,000 have been awarded to 31 businesses that are also receiving elements of the advice package. These investments will leverage over £2.5m of private sector funding.
- 2.21 The Growth Service is the access point for the Travel Plan Network (TPN), which provides businesses of all sizes across West Yorkshire with advice and guidance on implementing sustainable travel solutions. Over 70 businesses have joined the network since April 2018, and there are now 429 members in total accounting for over 300,000 employees between them.
- 2.22 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested £17.65m of funding in 84 businesses in Leeds City Region. £1.22m has been invested in 33 businesses via the

micro fund, £10.33m has been invested in 40 businesses via the debt fund, and £6.1m in 11 businesses via the equity fund.

- 2.23 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 continued high levels of take-up in the City Region, which has to date received 18% of total enquiries resulting in 25% of all applications to the fund across the North.
- 2.24 The LEP will be launching its new Investment Readiness project in May 2019 following successful funding applications to the European Regional Development Fund and the Leeds City Region Business Rates Pool. The £1.42m project will support growth-oriented SMEs to better understand the complexities of the current finance marketplace, and to then access the external finance needed to deliver their growth plans.

## **Trade and Investment**

### Forward Plan

- 2.25 A forward plan for the Trade and Investment activities in 2019/20 was discussed and supported at the BIG Panel meeting held on 26 February. Appendix 2 contains a slide pack summarising the proposed approach that will be taken in 2019/20.
- 2.26 The forward plan reflects upon experiences from last year's activities and an analysis of previous years' FDI patterns and trends which show:
- The core city of Leeds attracts substantially more FDI projects than other towns and cities within the City Region.
  - The popularity of Leeds as a destination for FDI and other forms of investment is growing rapidly and has been buoyed of recent, by projects such as Channel 4, Burberry and Reed Smith.
  - The number of projects in cities such as Bradford, York and Wakefield remains low and has in some cases declined year on year since 2016.
- 2.27 The trends indicate that a more bespoke and concentrated effort is now required to develop a strategy that attracts inward investment to the wider towns and cities within Leeds City Region.

- 2.28 The forward plan also looks at which geographical markets should be focused on, drawing attention to a requirement to provide an increased focus on emerging markets, particularly China and India.
- 2.29 In terms of promoting international trade activity there will be a continued approach to build upon the activities of the past two years by undertaking initiatives to inspire regional businesses to export.

#### Trade Context

- 2.30 HMRC recently published the first provisional estimates of trade-in-goods between the UK and countries of the EU and those outside the EU for December 2018. This data shows that total exports of goods from the UK in 2018 were £362 billion. This is an increase of 5.9% compared with 2017. For Q4 of 2018 the total export trade, increased by 1.4% compared with Q4 of 2017.
- 2.31 The UK's top five partner countries (USA, Germany, the Netherlands, France and the Irish Republic) accounted for 43% of total exports of goods in 2018, this was unchanged compared with 2017.
- 2.32 The USA remained the UK's largest export partner country throughout 2018, experiencing an increase on 2017 of 6.4%. This was led by an increase in organic chemicals of 62%.

#### Inward Investment

- 2.33 There have been four new inward investment successes since the last report;
- Q5 – International Consulting Firm has chosen Leeds for its Northern UK HQ to support increasing demand for its organisational design and development services by clients in the North of England.
  - Eagle Labs – has entered a partnership with flexible workspace provider Avenue HQ which recently established new offices on East Parade Leeds. Eagle Labs is an initiative supported by Barclays Bank offering incubator services to high growth businesses including mentoring and funding support by two Barclays Growth Managers initially.
  - PwC – has opened a new assurance centre in Bradford recruiting 60 staff with the potential to increase to 225 staff.
  - Project Lapwing – An international Financial Services company has chosen to create a new northern hub in the region which will be home to 850 staff.
- 2.34 Through the investor development activity, two foreign owned businesses already based in the region have expanded their operations creating in excess of 30 jobs.

- 2.35 Since the announcement of Channel 4's plans to establish a National HQ in Leeds, there has been a continued increase in interest and investment from the screen and digital industries sector including;
- PACT - the trade association representing the commercial interests of UK independent TV, film and digital which has announced plans to open an Office in Leeds creating an initial three roles.
- 2.36 Six new enquiries have been received since the last report and two inward investment visits have been hosted.

#### Investor Development

- 2.37 70 companies form part of the investor development programme with a focus on key foreign owned companies who don't have a strategic relationship with central government. Over 40 potential investment projects have been identified through engagement with those businesses and three identified companies have been further supported to make positive investment decisions.
- 2.38 Collating business insight from these companies continues to be an important aspect of the role most notably the potential impact of Brexit and what approach businesses are taking.

#### International, Business Development and Trade Activity

##### Arab Health January 2019 – Dubai

- 2.39 Building on last year's presence at Arab Health, the LEP worked with Medilink to showcase the Leeds City Region and some of our regional companies at the largest medical exhibition in the Middle East. This was an excellent opportunity to profile the region's strengths in the medical and life sciences field. Initial analysis suggests over 100 contacts were made for the region and the regional companies that were showcased.

##### New Trade Focused Web Pages

- 2.40 New look trade web pages have been created on the LEP website which are now more scenario based, seeking to respond to questions and highlighting where to find appropriate help. <http://www.the-lep.com/for-business/international-trade/>

##### Chinese Social Media

- 2.41 The Chinese social media contract for the management of the LEP's Weibo and WeChat accounts was renewed on 1 February 2019. The contract will allow us to continue to further develop the LEP's social media presence in China. In the last 12 months followers have increased from 3,000 to over



32,000. The most popular post last year was of the visit to China in September which received over 1.4m views.

### Planned Events

- 2.42 MIPIM Leeds City Region stand and programme took place on 12-15 March 2019, Cannes.
- 2.43 The programme is supported by the largest private sector delegation to date with over 100 representatives from the business, property and professional services community registered as part of the Leeds City Region team.
- 2.44 Local authorities in attendance included Leeds, Bradford, Harrogate, Kirklees and Wakefield to promote key developments and investment opportunities.
- 2.45 Leeds City Region was recognised with an award for its work on securing the investment by Burberry in Leeds by FDi magazine, part of the Financial Times Group.
- 2.46 Verbal feedback on MIPIM 2019 will be provided at the meeting.
- 2.47 In line with standard practice an evaluation regarding the LEP's involvement with the MIPIM Property Conference will be undertaken.
- 2.48 On 14 March, Leeds City Region hosted two roundtables as part of the 'Great British Design' UK roadshow. 'Great British Design' is a year-long campaign looking at how design and design thinking is innovating the products and services within both business and social contexts. The key event in this campaign will be Business of Design Week (BODW) in December 2019.
- 2.49 BODW is an annual flagship event in Hong Kong and is known as one of the most significant events on Asia's design calendar. It is a week-long multi-disciplinary event providing a valuable platform across industries and sectors to network, exchange ideas and explore new business opportunities. In 2019, the UK is the partner country for BODW which presents potential international opportunities for business and organisations in Leeds City Region.

### **3. Financial Implications**

- 3.1 Financial implications regarding the Trade and Investment forward plan have been incorporated in the Combined Authority Business plan.

### **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 LEP Board notes and endorses the contents of the BIG panel report.

7.2 That the LEP Board approves the Trade and Investment forward plan for 2019/2020.

**8. Background Documents**

8.1 None.

**9. Appendices**

9.1 Appendix 1 - Digital Overview Group diagram  
Appendix 2 – Trade and Investment draft forward plan.