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**Report to:** Business Investment Panel

**Date:** 9 October 2019

**Subject:** **Business Growth Programme - Update and Evaluation**

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

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

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## **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 update on the Productivity Pilot, as outlined in section 3.
- 1.3 That the Panel considers the applications outlined in 4.1 and detailed in exempt **Appendices 1, 2, 3, and 4**.
- 1.4 That the Panel considers the presentation by Warwick Economics and Development Ltd regarding the forthcoming BGP evaluation and provides input, as appropriate. A copy of the evaluation slides is provided in **Appendix 5**.

## **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 (12/09/19)
Direct jobs	4,100	3,030	2,635	n/a	5,665	4,198
Safeguarded jobs	n/a	152	0	1,541	1,693	1,682
Number of grant awards	765	43	649	63	755	674
Total investment	£168,500,000	£161,599,164	£188,596,130	£12,793,515	£362,988,809	£284,882,135
Programme Spend	£44,316,000	£9,704,356	£22,119,725	£2,860,375	£34,684,456	£30,360,489
Cost per job	n/a	£3,203	£8,396	n/a	£6,123	£7,233
Cost per job (including safeguarded jobs)	n/a	£3,050	n/a	£1,856	£4,714	£5,164

- 2.2 To date commitments of £31.82 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 £300,816, were approved under sub-delegations in August 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. Productivity Pilot

- 3.1 At its last meeting on 5 September 2019, the Panel was asked to consider a recommendation to run a second round of the Productivity Pilot. The Panel recommended that a second round be delivered in autumn 2019. The Business, Innovation and Growth Panel endorsed this recommendation at its Panel meeting on 10 September 2019 and recommended that £750,000 be ring-fenced from the overall BGP budget for this purpose.
- 3.2 The second round of the pilot will be implemented according to the following timetable:

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

<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

#### **4. New large programme applications**

- 4.1 There are two new applications for consideration. The application and appraisal form for each are attached as detailed.

<b>Project Ref</b>	<b>District</b>	<b>Total Investment £</b>	<b>Grant Requested £</b>	<b>Proposed New Jobs</b>	<b>Appendices</b>
1102811	Kirklees	1,200,000	240,000	23	1 & 2
1104238	York	7,200,000	200,000 euros*	15	3 & 4
		<b>8,400,000</b>	<b>420,000</b>	<b>38</b>	

\*Equivalent to £180,000 at current exchange rate of 1.112 euros/£, as at 13 September 2019.

#### **5. Update on application considered at panel meeting on 5 September 2019**

- 5.1 At Panel on 5 September 2019 members considered an application from a Leeds based manufacturer of dispensing, sealing and packaging solutions. The company is looking to increase its manufacturing capacity through investing £2.6 million in fitting out new premises and purchasing additional capital equipment. The expansion will create 25 new jobs.
- 5.2 The company requested a grant of 200,000 euros towards the project (circa £180,000 at current exchange rates), which panel members recommended for approval subject to written evidence being provided confirming that all funding is in place, along with a copy of the signed lease for the new premises.
- 5.3 Following the meeting the application was presented to the Combined Authority's Managing Director for formal approval. In principle, he was supportive of the application, but expressed concerns that the company had not included any apprentices within the proposed new job numbers. This has been conveyed to the company which has indicated that it is willing to incorporate apprentices, but as at the date of the writing of this update (18 September 2019) had not formally come back with a number. As such, the application has, as yet, not been formally approved.

#### **6. Business Growth Programme Evaluation**

- 6.1 The Combined Authority recently went out to tender to secure a consultancy to undertake an evaluation of the BGP, April 2015 onwards. The successful

tenderer was Warwick Economics and Development Ltd (WEDL) based in Birmingham. It undertook the initial evaluation of the programme for the period February 2013 to March 2015 and also has extensive experience of evaluating a wide range of publicly funded business support projects and programmes.

- 6.2 The evaluation will commence in September 2019 and be concluded by the end of November 2019. Since April 2015, over 700 grants totalling £33.2 million have been offered to businesses across Leeds City Region and these will form the primary basis of the evaluation. WEDL will engage directly with grant recipients, both by telephone and via an on-line survey, along with a wider range of stakeholders. Key elements of the evaluation brief are:
- What net additional impact has the programme had, particularly in terms of job creation and generating private sector investment?
  - Is the current delivery model appropriate for delivery of future, similar programmes?
  - Productivity improvements - has grant intervention helped to improve this at firm level?
  - Further employment impacts - have later stages of development aided through the programme helped to increase employment?
  - Catalytic impacts - have investments that have been enabled through the programme driven other changes and improvements, i.e. new products, new markets and/or further investment?
  - Engagement benefits - have companies supported through the programme accessed further services and support through the Combined Authority or other agencies, which have helped to drive other improvements?
  - To what extent have grant interventions contributed to the wider inclusive growth ambitions of the Combined Authority?
  - Wider lessons learnt that will influence delivery of future programmes.
- 6.3 A presentation will be made at today's Panel meeting by WEDL regarding the forthcoming evaluation. A copy of the evaluation slides is provided in **Appendix 5**.

## **7. Financial implications**

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

## **8. Legal implications**

- 8.1 The information contained in **Appendices 1, 2, 3, and 4** 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 notes the update on the Productivity Pilot, as detailed in section 3.

11.3 That the Panel considers the grant applications detailed at 4.1 and attached at exempt **Appendices 1, 2, 3, and 4**.

11.4 That the Panel considers the forthcoming BGP evaluation and provides input, as appropriate.

**12. Background documents**

None.

**13. Appendices**

**Exempt Appendix 1** - application form for project reference 1102811.

**Exempt Appendix 2** - appraisal for project reference 1102811.

**Exempt Appendix 3** - application form for project reference 1104238.

**Exempt Appendix 4** - appraisal for project reference 1104238.

**Appendix 5** – BGP evaluation.