
Report to: Business Investment Panel

Date: 11 March 2020

Subject: **Business Growth Programme**

Director(s): Brian Archer, Director 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 considers the applications outlined at 3.1 and detailed in exempt **Appendices 1 to 4**.
- 1.3 That the Panel notes the update at 4.1 and attached at exempt **Appendix 5**.
- 1.4 That the Panel notes the findings of the evaluation as detailed in section 6 and attached at **Appendix 6**.

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 (19/02/20)
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Performance indicator	Target	Big scheme committed	Small scheme committed	Flood grants committed	Total commitments	Actual outputs (19/02/20)
Direct jobs	4,100	3,084	2,818	n/a	5,902	4,574
Safeguarded jobs	n/a	152	0	1,541	1,693	1,691
Number of grant awards	765	44	690	63	797	716
Total investment	£168,500,000	£160,784,089	£201,361,501	£12,787,881	£374,933,471	£306,802,017
Programme Spend	£44,316,000	£10,029,704	£23,642,140	£2,854,742	£36,526,585	£32,356,144
Cost per job	n/a	£3,252	£8,391	n/a	£6,189	£7,074
Cost per job (including safeguarded jobs)	n/a	£3,099	n/a	£1,853	£4,810	£5,165

- 2.2 To date commitments of £33.67 million have been made through a combination of the big and small schemes. Seven applications to the small scheme, with a combined grant value of £419,440, were approved under sub-delegations in January 2020.
- 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 £2.85 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.¹

3. New large programme applications

- 3.1 There are two new applications for consideration. The applications and appraisals are attached as detailed.

Project Ref	District	Total Investment	Grant Requested	Proposed New Jobs	Appendices
1107986	Bradford	£1,350,000	£168,350*	20	1 & 2
1109942	Kirklees	£3,370,000	£170,000	10.5	3 & 4
		£4,720,000	£338,350	30.5	

*Equivalent to 200,000 euros as at 25 February 2020.

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

4. Update on application considered at panel meeting on 3 December 2019

- 4.1 At Panel on 3 December 2019 members considered an application from a printing and direct mail business based in Leeds. The application related to the direct mail arm of the business. The company requested a grant of £133,920 towards an investment of £1,339,200 in two new items of machinery to enable it to move away from packaging and distributing mail which is currently wrapped in polyester to being wrapped in paper, which brings with it significant environmental benefits. The investments will create a total of 18 new jobs, plus two apprentices. The jobs will be created very quickly within a six-month period, with the exception of the apprentices, which will be staggered over a 12 to 18-month period.
- 4.2 Panel members were supportive of the application (but with conditions), and it was formally approved by the Combined Authority's Managing Director on 9 December 2019. A more detailed update can be found at Appendix 5.

5. Productivity Pilot

- 5.1 The second round of the Productivity Pilot launched on 1 November 2019, with businesses invited to complete applications by 31 January 2020. The pilot aims to incentivise productivity improvements within a small cohort of businesses, rather than requiring projects to lead to the creation of new jobs.
- 5.2 15 applications have been received with a combined grant request of £970,208 against the budget allocation of £750,000. Three applications have been received from businesses in Barnsley, two from Bradford, two from Harrogate, four from Kirklees and four from Leeds. Eight applicants are small businesses (with fewer than 50 employees), three are medium businesses (50-249 employees) and four are large businesses (250 or more employees). The applications will be considered in late February 2020 by a panel with representation from the private sector and academia, with decisions following in early March 2020.

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 commenced in September 2019 and the final report was presented in February 2020. WEDL have engaged 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 were:
- 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 evaluation findings. A copy of the evaluation slides is provided in **Appendix 6**.

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, 4 and 5** 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 grant applications detailed at 3.1 and attached at exempt **Appendices 1 to 4**.

11.3 That the Panel notes the update at 4.1 and attached at exempt **Appendix 5**.

11.4 That the Panel notes the findings of the evaluation as detailed in section 6 and attached at **Appendix 6**.

12. Background documents

12.1 None.

13. Appendices

Exempt Appendix 1 – application form for project reference 1107986.

Exempt Appendix 2 – appraisal for project reference 1107986.

Exempt Appendix 3 – application form for project reference 1109942.

Exempt Appendix 4 – appraisal for project reference 1109942.

Exempt Appendix 5 - update on project reference 1105916.

Appendix 6 – BGP evaluation.