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**Report to:** Business Innovation and Growth Panel

**Date:** 21 May 2020

**Subject:** **Business Support Update**

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## **1 Purpose of this report**

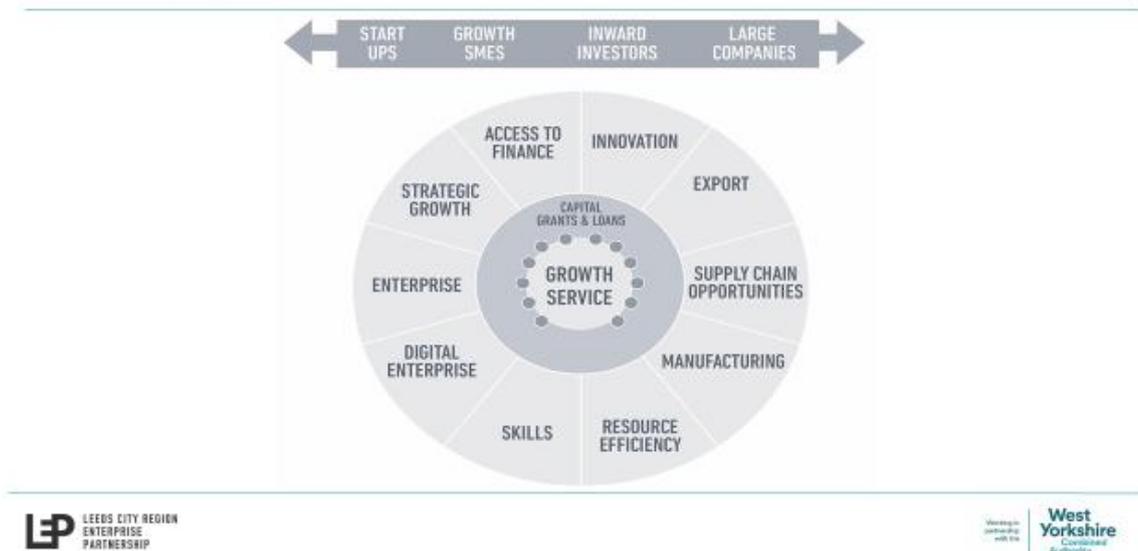
- 1.1 To provide the Panel with an update on business support activity and plans undertaken since the last meeting in late February 2020. This includes the LEP Growth Service, the Business Growth Programme, the Resource Efficiency Fund & REBiz, Access Innovation & Connecting Innovation, Strategic Business Growth (extension and new programme), Travel Plan Network, the Northern Powerhouse Investment Fund, #Grow and Investment Readiness.
- 1.2 Business support activity and plans specifically related to the COVID-19 situation is covered within agenda item 6.

## **2 Information**

### Business Support Context and Strategy

- 2.1 The support provided to businesses via the LEP's products and services is complemented by a wide range of others available to City Region firms and delivered by local, regional, and national partners. This includes export support from the Department for International Trade (DIT) and the Chambers of Commerce, innovation support from universities, Innovate UK and the wider Knowledge Transfer Network, and finance such providers as the Northern Powerhouse Investment Fund, the Start-Up Loans Company, North Invest and other funding platforms. The private sector plays a critical function within the support ecosystem, particularly banks and other funders/investors, and providers of professional advice and support. The figure below shows the ecosystem of business support in the City Region and how this is integrated within the LEP Growth Service model.

**Figure 1 : Business Support Eco-System**



2.2 Figure 2 below sets out a logic model for the City Region’s business support provision as part of the policy framework for the new local industrial strategy. This also reflects the importance of providing our uniquely large SME base with a cohesive and progressive programme of support, underpinned by a continued emphasis on Digital, Innovation and Clean Growth as priority areas.

**Figure 2: Business Support Policy Logic Model**

## Business support policy logic model

**CONTEXT:** The long term vision for the City Region economy is *‘to be a globally recognised economic powerhouse that creates good growth, jobs and prosperity’*. Important in realising this ambition is private sector leadership driving a more productive region. The productivity gap is growing between Leeds City Region & the wider UK (& other advanced economies). This is a problem because real terms living standards can only be increased sustainably by increasing productivity. As described in the city region’s policy framework, driving up productivity and growth requires an environment that enables businesses to start-up, innovate, trade and invest.

**RATIONALE:** e.g. There is a wealth of evidence that suggests business practice has a significant role to play in business productivity. The Leeds City Region has a productivity gap with the UK, driven by a longer tail of unproductive firms, below average private sector investment in innovation, lower levels of skills and weak competition. Business support plays a significant role in addressing these issues, providing advice, guidance, funding and mentoring to help businesses grow and become more productive, which ultimately supports increased living standards.

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACTS
<ul style="list-style-type: none"> <li>European Regional Development Fund</li> <li>European Social Fund</li> <li>Local Growth Fund</li> <li>BEIS (DIT &amp; Growth Hubs)</li> <li>LCR Business Rates Pool</li> <li>Innovate UK / KTN</li> <li>Universities / HEFCE</li> <li>British Business Bank &amp; EIB</li> <li>Business-match</li> </ul>	<ul style="list-style-type: none"> <li>LEP products (capital grants, Access Innovation, SBG, REF, Investment Readiness, TPN, Productivity Pilot and IG Outcomes)</li> <li>NPIF</li> <li>Export for Growth</li> <li>Manufacturing Growth Programme</li> <li>Knowledge Transfer Partnerships</li> <li>Ad.Venture</li> <li>Digital Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>Businesses supported</li> <li>Grants provided</li> <li>Private investment leveraged</li> <li>Co-operation between businesses and research institutions</li> <li>Skills and training</li> </ul>	<ul style="list-style-type: none"> <li>Jobs created</li> <li>Increased exports</li> <li>New products to market</li> <li>Follow on investment</li> <li>Increased research and innovation</li> <li>Enterprises established</li> <li>Resource efficiency</li> <li>Increased skills</li> </ul>	<ul style="list-style-type: none"> <li>Economic output</li> <li>Increased productivity</li> <li>More firms engaged in R&amp;D</li> <li>Increased business scale ups</li> <li>Higher skilled jobs</li> <li>Improved living standards</li> </ul>

**EXTERNAL FACTORS:** e.g. macro-economic, devolution, Brexit, national policy, business demand, other business support providers

## LEP Growth Service

- 2.3 The Growth Service provides businesses in Leeds City Region with direct access to the full range of publicly-funded products and services available to help them grow and/or sustain. This includes those delivered directly by the LEP and those available via partner organisations.

### Progress to date

- 2.4 Table 1 below highlights the annual service performance against the headline targets for 2019/20. Appendix 1 provides more detailed information on the scope, scale and impact of the Service.

**Table 1: Performance against headline targets 2019-20.**

Target Measure	Target	Apr 2019–Mar 2020
SMEs supported - light-touch & intensive (including enquiries/support from LEP products and services plus events)	3,025	3301
Intensive support to SMEs by Growth Managers (ongoing support over the year i.e. several meetings, diagnosis of need, personal referral to relevant products/services, support with funding applications etc).	630	721
Intensive support to SMEs (including support from Growth Managers, and the LEP's core business support products)	1035	1393
Delivery of Business Advice Pop Up events (with 7 in the 20% most deprived parts of the country)	14	11 (7 in the 20% most deprived area)
Proportion of businesses supported likely to recommend it	90%	88%
Service Expenditure (combined budget) - BEIS (£512,500) - Business Rates (£44,838)	£557,338	£547,644 (BEIS £512,497 and BR £35,147)

- 2.5 The service surpassed its annual target to support 3025 businesses by 9%. A total of 3301 individual SMEs received support between 1 April 2019 to 31 March 2020, of which 721 were intensively supported by the team of SME Growth Managers. 1393 businesses benefitted from the range of LEP business support products, namely Resource Efficient Business, Access Innovation, Strategic Business Growth, Investment Readiness and Business Growth Programme. The support has resulted in over 4479 interactions, meaning many businesses have used the service on several occasions.
- 2.6 Table two below presents the new service targets for 2020/21, and progress against these will follow in the next Panel update.

**Table 2: Headline targets 2020-2021.**

<b>Target Measure</b>	<b>Target</b>
SMEs supported - light-touch & intensive (including enquiries/support from LEP products and services plus events)	3300
Intensive support to SMEs by Growth Managers (ongoing support over the year i.e. several meetings, diagnosis of need, personal referral to relevant products/services, support with funding applications etc).	630
Intensive support to SMEs (including support from Growth Managers, and the LEP's core business support products)	1035
Delivery of Business Advice Pop Up events (with over half in more disengaged / disadvantaged parts of the City Region)	14
Proportion of businesses supported by the Growth Service likely to recommend it	90%
Service Expenditure (combined budget) <ul style="list-style-type: none"><li>- BEIS (£512,500)</li><li>- Business Rates (£9691)</li></ul>	£522,191

### Service developments

- 2.7 Following testing of the new updates to the CRM system by colleagues at Calderdale Council, the Service went live with these updates on 1 May 2020. The developments will enable more consistent collection and reporting of data more broadly across Economic Services. They also allow for clients supported via ERDF projects to submit signed documents online, which will reduce time and resources for all parties.
- 2.8 The continued professional development of the SME Growth Managers includes Social Media Training (beginner through to advanced) and SFEDI accreditation (occupational standards for business support professionals). Both activities commenced in March 2020 and are now being delivered remotely. Social Media Training is also being delivered more widely across the CA's Economic Services department, enabling colleagues to better engage businesses online, which is obviously critical in the current climate.
- 2.9 SME Growth Manager meetings are now taking place remotely. Presentations over the last quarter include: - programme updates from the University of York's Process and Product Innovation (PAPI) programme and the LEP's Investment Readiness scheme, as well as Natwest's 'Back Her Business' campaign. In addition to building strong links with partners, these meetings support the professional development of both the Growth Managers and the Gateway team. They also provide a platform for the Growth Managers to share best practice about business engagement and client support. Over the last quarter, the group have worked together sharing practical tips on the use

of social media platforms, as well as the work they are doing to assist businesses during the Covid-19 pandemic.

- 2.10 The latest Professionals' Perspective Network event for private sector business intermediaries took place in late February 2019 and was hosted by Santander Work Café in Leeds City Centre. The focus was on skills, which included a guest presentation on Leeds University's internship programme and showcased a successful case study about Ponderosa. An update was also given about developments within the LEP's employment and skills initiatives. Attendees were invited to participate in 'mini vlogs', providing tips to businesses about contingency planning and risk management following the UK's exit from the EU.

#### Marketing and communications

- 2.11 The proactive marketing campaign to drive more customer traffic to the service, and to promote business support more widely across the City Region, has continued over the last quarter. Following on from digital display ads and press releases in the Yorkshire Post in January and February 2020, a digital banner was live on the Business Desk website throughout March until 19 April 2020. It also provided information to businesses about support available in response to COVID-19.
- 2.12 In addition to the development of 10 video business case studies, an agency has been commissioned to produce five press releases for the Growth Service, focussing on business success stories following support that they have received from the LEP and its partners. The full range of case studies can be found at <http://www.the-lep.com/case-studies/>.
- 2.13 As part of the service's market plan, owners / managers of SMEs were invited to participate in a survey in early March 2020. The aim was to glean a better understanding of their growth-related goals, and of where they most typically turn for support and advice. The survey also provided insight into their current knowledge of the LEP's products and services, including the Growth Service and the products accessed via it. A link to the survey can be found here <https://wh.snapsurveys.com/s.asp?k=158075246632> and the findings will be used to inform future messaging approaches to owners / managers.
- 2.14 A specific Covid-19 newsletter was issued to over 10,000 businesses who are signed up to regular newsletter updates. It highlighted the range of support that businesses can access in response to the crisis, including the Government's financial assistance packages, free coaching sessions from the LEP with business volunteers, tips for effective ICT-enabled home-working and new webinars for all businesses as part of the Investment Readiness and Strategic Business Growth programmes. It also promoted good news stories about some of the City Region's manufacturers that are supplying equipment and goods to the NHS. Businesses were also directed to a survey conducted by the British Chamber of Commerce about the impact that Covid-19 is having upon their business. <https://mail-the-lep.com/t/3LTT-144GZ->

[225MARLFB0/cr.aspx](#). Further details of the support available to businesses (now and in development) is contained within the report at agenda Item 6.

- 2.15 The Service sponsored the Social Enterprise Yorkshire and Humber Awards in early March 2020, celebrating the work of some of the City Region's most successful social enterprises. Several planned events that were due to be delivered throughout March to May have been cancelled or postponed due to Covid-19. These events include the Leeds City Region SME Support network, Women In Business networking event (hosted by Huddersfield Giants), Kirklees Business Conference and Selby Business Week. Alternative dates for later in the year will be set.
- 2.16 The service delivered 11 of the planned 14 'ask the expert' business pop-up events over the 2019-20 financial year. The model involves business experts volunteering their time to advise owners of start-up and micro firms on a range of business topics, and is a cost-effective way for the LEP to engage with the Private Sector in some of the City Region's more outlying and disadvantaged areas. The final three events scheduled to take place mid-late March 2020 in Ossett, Batley and Huddersfield were also postponed due to COVID-19. Despite this, 62 businesses (77 individuals) benefited from 178 free business advice sessions during 2019/20.

#### ERDF Growth Service (Business Resilience Programme)

- 2.17 The team of SME Growth Managers has spent a significant amount of time providing support to clients and other businesses within their districts around COVID-19. They have also assisted the Business Rates teams within their own Local Authorities, helping to field enquiries linked to the delivery of the COVID-19 grant schemes. The recent crisis has presented opportunities for the team to identify eligible businesses and provide ongoing support through the ERDF Growth Service project, particularly around business recovery and continuity planning.
- 2.18 Discussions are taking place with each Local Authority to consider re-profiling project outputs for 2020. The proposal is to reduce the number of 12-hour intensive assists and increase the number of three hour assists to businesses. The suggested changes will help to capture the volume of eligible clients supported by the SME Growth Managers throughout the COVID-19 crisis. The proposed changes will be presented to the ERDF Contract Manager for approval by the end of May 2020.
- 2.19 Procurement for the Business Diagnostic Tool and Peer to Peer workshops has taken place. The contract to deliver the Business Diagnostic Tool has been awarded to BankSearch Ltd. An inception meeting took place in April 2020 where two SME Growth Managers were present to ensure the content of the tool remains fit for purpose for businesses in the COVID-19 environment. Training for the SME Growth Managers took place at the end of April and the Business Diagnostic Tool went live at the beginning of May.

2.20 The contract to deliver the Peer to Peer workshops has been awarded to Otley-based business consultancy, Biskit. An inception meeting took place on the 20 March 2020 to re-design the delivery of the workshops in response to COVID-19. Facilitated workshops commenced on 21 April and are being delivered via a virtual, interactive platform, to a maximum of ten business leaders per session. Workshop content is being influenced and led by businesses and their needs. Early findings show that businesses welcome assistance with business planning, guidance on how to innovate and maximise future opportunities, financial assistance, as well as motivational support to keep going in these difficult times.

#### Business Growth Programme (BGP)

2.21 The BGP provides grants of between £10,000 and £250,000 to businesses in the City Region towards capital investment (land, building, plant, equipment, machinery) that will lead to new job creation. Grants contribute up to 20% of the total cost of an investment, with businesses needing to demonstrate that they have access to the remaining finance required.

2.22 The total allocation for the programme is £49.7m. Of this, £5.38m is being used to provide match-funding to four projects being supported by the European Regional Development Fund (Access Innovation, Strategic Business Growth, Digital Enterprise and Ad:Venture). Table 3 below presents progress on BGP since LGF funding commenced in April 2015.

**Table 3: Programme performance against headline targets**

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of 31 Mar 20)
Expenditure	<b>£44.32m</b>	Committed - £37.43m Actual - £31.69m
New Jobs Created	4,100	Committed – 5,968 + 1,693 safeguarded Actual – 4,605 + 1,682 safeguarded
Businesses Supported	No contractual target	Committed - 651 Actual – 599
Number of Grants Awarded	765	Committed - 807 Actual – 731
Public/ Private Sector Leverage	£168.5m	Committed - £380.93m Actual - £312.53m
Total Cost Per Job	No contractual target	Committed - £6,273 Actual - £6,8797,054

2.23 As the above table highlights, the programme is achieving a good return in terms of cost per new job at under £7,000. This figure would be lower if the 1,682 actual safeguarded jobs were included in the overall calculation and would reduce the figure to £5,032 per job.

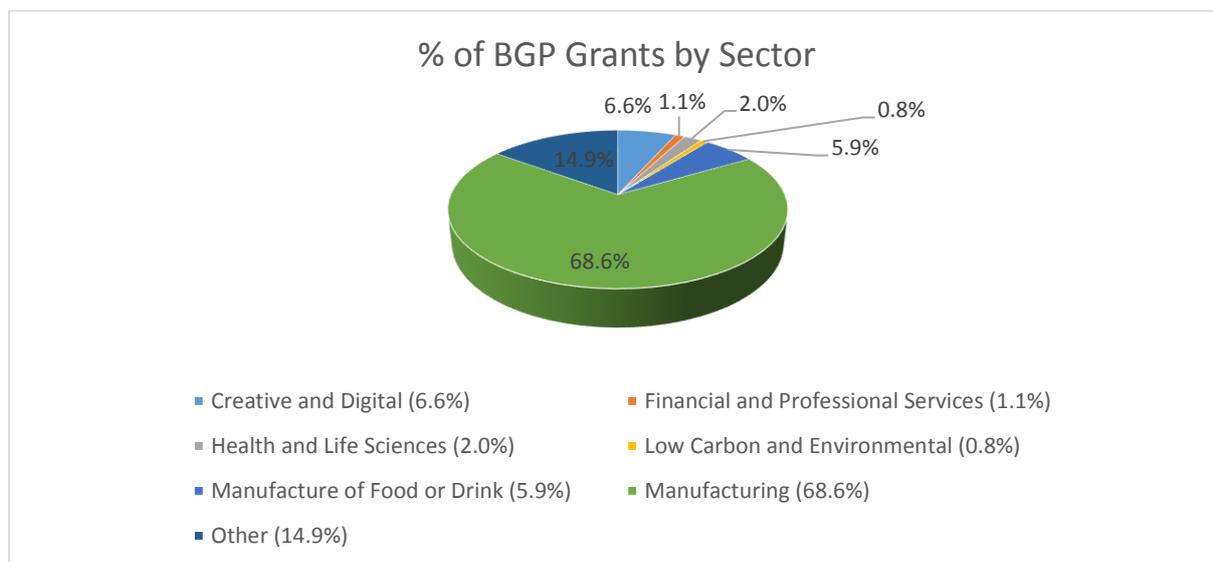
2.24 The table below compares the proportion of SMEs per district within the City Region against the proportion of all grants awarded. It shows that West Yorkshire districts (particularly Calderdale and Kirklees) all perform well in terms of successfully accessing the programme, but that the North Yorkshire districts have a proportionately lower take-up rate. The main reasons for this are lower numbers and concentrations of manufacturing businesses in these areas and the fact that the more established route to support for some North Yorkshire businesses is through the North Yorkshire LEP Growth Hub (with which there is a close working relationship).

**Table 4: Grant awards by district April 2015 – March 2020**

<b>District</b>	<b>SME Stock (%)</b>	<b>Number of Grants</b>	<b>% of Number of Grants</b>	<b>Sum of Grant Awarded</b>	<b>% of Value of Grants</b>
Barnsley	5.90%	39	4.8%	£ 1,817,141	4.9%
Bradford	14.50%	131	16.2%	£ 6,443,965	17.2%
Calderdale	7.50%	106	13.1%	£ 4,977,990	13.3%
Craven	3.20%	16	2.0%	£ 431,762	1.2%
Harrogate	8.50%	28	3.5%	£ 1,068,909	2.9%
Kirklees	13.50%	142	17.6%	£ 5,755,953	15.4%
Leeds	26.80%	240	29.7%	£ 10,928,240	29.2%
Selby	3.40%	5	0.6%	£ 258,800	0.7%
Wakefield	9.50%	84	10.4%	£ 5,217,053	13.9%
York	7.20%	16	2.0%	£ 532,057	1.4%
<b>Total</b>	<b>100.00%</b>	<b>807</b>	<b>100.0%</b>	<b>£ 37,431,871</b>	<b>100.0%</b>

2.25 The below chart presents the number of grants awarded via sector and highlights the continued importance of the programme to the manufacturing sector, which accounts for 68.6% of all grants awarded since April 2015. The next most popular sectors are Creative and Digital and Food and Drink, with 6.6% and 5.9% of grant awards, respectively. Other sectors represent 14.9% of grant awards. Projects defined as 'other' mostly relate to industries closely aligned to the manufacturing sector, such as warehousing and distribution.

**Figure 3: BGP Grants by Sector April 2015 – March 2020**



### Grants to Flooded Businesses

- 2.26 Following the widespread and devastating flooding to businesses across Leeds City Region (current estimate of up to 900 affected, with the Calder Valley most severely impacted) caused by Storms Ciara and Dennis in February 2020, the LEP and CA allocated £3m of the BGP budget to establish two sub-funds. These are an Emergency Response Fund and a Flood Recovery Fund. The former provides grants of up to £2,500 per applicant to support with immediate clean-up/repair costs, replacement of white goods and other smaller items of equipment/kit, and the replacement of essential stock. The second fund focuses more on mid-term recovery as was the case in 2015/16 following Storm Eva, supporting businesses to meet the cost of replacing larger items of capital equipment and/or renovating and repairing damaged premises.
- 2.27 Take-up on the Emergency Response fund has been lower than expected, as the most affected local authorities (Bradford, Calderdale, and Wakefield) were able to access the national Bellwin scheme. A small number of grants have been paid to businesses in Leeds and York. Work is ongoing with potential applicants to the Flood Recovery Fund, with a number in Calderdale and Wakefield expected to come forward in the coming weeks.

### Productivity Pilot

- 2.28 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.
- 2.29 15 applications were received with a combined grant request of £970,208 against the budget allocation of £750,000. The applications were considered

in late February 2020 by a panel with representation from the private sector and academia. Ten applications were recommended for approval, with a collective value of £731,388, subject to appropriate due diligence being carried out by officers at the Combined Authority. Three are businesses in the Leeds district, two each from Bradford, Harrogate and Kirklees, and one from Barnsley. Two are large businesses and eight are SMEs. Due diligence has now been completed and all formal approvals were made by the end of April 2020. The panel will be kept updated as the investment projects progress and the productivity plans are implemented.

- 2.30 £3m of the overall budget has been ring-fenced for potential grant investment for businesses that are manufacturing products, including PPE and ventilators, directly to the NHS and/or social care provision. Further details of this are set out in Agenda Item 6.

### Inclusive Growth

- 2.31 The previously approved Inclusive Growth criteria and conditions have been in operation since August 2018 (with a revised approach introduced from July 2019). It is now mandatory for recipients of grants of £25,000 and above to undertake at least one inclusive growth commitment as a condition of the grant. Those businesses receiving grants of between £10,000 and £24,999 are now expected, and supported, to deliver one commitment, but it is not mandatory, and there is no expectation on those receiving grants below £10,000.
- 2.32 The number of inclusive growth commitments obtained to date on each programme is provided below.

**Table 5: Number of inclusive growth commitments by programme (to April 2020)**

<b>Programme</b>	<b>Total no. of commitments</b>	<b>No. of mandatory commitments</b>	<b>No. of voluntary commitments</b>
#Grow	18	14	4
#Welcome	6	4	2
Access Innovation	6	1	5
Access Innovation Equipment Grants	3	0	3
BGP Enquiry	163	143	20
Productivity Pilot	17	16	1
Strategic Business Growth Programme	1	1	0
Strategic Inward Investment Fund	17	13	4
<b>Total</b>	<b>231</b>	<b>192</b>	<b>39</b>

- 2.33 A summary of the number of each commitment obtained to date is provided below.

**Table 6: Number of inclusive growth commitments by commitment type (to April 2020)**

<b>Commitment</b>	<b>Number</b>	<b>% of all commitments</b>
Inspire the next generation by working with schools and colleges	52	22.5%
Undertake an energy audit to identify ways to reduce energy consumption	38	16.5%
Develop a Skills Plan including apprenticeships	34	14.7%
Offer more sustainable 'green travel' options to employees	26	11.3%
Other	21	9.1%
Offer training to low paid staff to help them progress	17	7.4%
Pay small business suppliers in accordance with the Prompt Payment Code	15	6.5%
Commit to paying staff the Real Living Wage within an agreed timescale	14	6.1%
Undertake a supply chain audit to identify opportunities to buy more from local suppliers	11	4.8%
Offer work opportunities to local people with disabilities or health issues	3	1.3%
<b>Total</b>	<b>231</b>	<b>100.0%</b>

- 2.34 Of commitments agreed with businesses to date, the highest number are for working with schools and/or colleges (22.5%), followed by undertaking an energy audit to identify ways to reduce energy consumption (16.5%).

#### Resource Efficiency Fund & Resource Efficient Business (REBiz) Programme

- 2.35 The Resource Efficiency Fund (REF) was delivered through the Growth Service until December 2019. It was jointly funded by the Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provided advice and funding (grants of up to £10,000) to SMEs to identify and implement improvements related to their use of resources i.e. water, waste and energy.
- 2.36 714 businesses engaged with the project, resulting in 372 assessments being completed that identified clear actions the firms could take to improve their resource efficiency. 160 grants were paid out totalling £978,783, leveraging nearly £1.2 million of SME spend. The programme overachieved on most of its contracted outputs but fell slightly short on total enterprises supported at 285 (94% of target). An estimated 2,422 tCO<sub>2</sub> savings per annum (over 7.6 million kWh of energy savings) have been made through grant-supported improvements, with estimated savings to the businesses of £663,241 per annum.

- 2.37 The new REBiz successor programme, also supported by ERDF and the Local Growth Deal, and covering an extended geography of all West and North Yorkshire, started in early 2020. It will continue to deliver grants and advice to improve resource efficiency, whilst also introducing a new circular economy pilot to explore business model innovation in more depth.
- 2.38 REBiz is a £6.099 million project, including £2.8 million of ERDF, and will run until 31 December 2022. It has already engaged with 83 businesses as of late April 2020, with six businesses being approved for grant funding and one business having already completed its investment.
- 2.39 Whilst there have been some unforeseen delays with procurement, suppliers have now been contracted for both resource efficiency audits and circular economy support. New posts in the delivery team have also now been recruited to, including the Circular Economy Manager and Resource Efficiency Manager for North Yorkshire.
- 2.40 The programme has been affected by the COVID-19 situation more than some other programmes as the majority of support requires a physical visit to site to undertake audits. However, the team is using digital technology to manage the situation where possible and REBiz remains open to businesses.

#### Access Innovation/Connecting Innovation

- 2.41 Access Innovation is also being delivered across the City Region with funding from ERDF and LGF. Its primary objective is to help SMEs to become more productive and competitive through the development and enhancement of new/existing products, processes and services. The programme links SMEs directly to specialist expertise and facilities within research intensive organisations, such as universities, Catapult Centres and some private sector R&D specialists. It provides advice to businesses on which organisations can support them with their innovation activities, and also grants of between £1,000 and £30,000 towards the cost of working with the relevant expert organisations.
- 2.42 732 SMEs have engaged with the programme to date resulting in 290 receiving one-to-one support from the three Innovation Growth Managers, and 216 receiving 12 hours of innovation capacity support from a procured delivery partner, RTC North. 56 SMEs have been awarded grants to access specialist expertise through collaborative innovation projects, and 13 have secured grant funding for the purchase of capital equipment that facilitates the development or commercialisation of new products or processes. The approved grants to date have a collective value of £1.7m and have generated additional match funding from the SME-recipients of £2.3m.
- 2.43 The programme was due to finish at the end of June 2020, however, the COVID-19 pandemic has led to delays with many SME projects due to the other business priorities, unavailability of specialist expertise and reduced project management capacity within the SMEs due to furlough. As a result, the primary funder (Ministry for Housing, Communities and Local Government) has agreed to a three month extension to the programme to allow as many projects as possible to fully complete. A small number of applications, some

with a focus on the COVID-19 response, are currently being developed with support from the Innovation Growth Managers.

- 2.44 An independent evaluation of the Access Innovation programme is currently being undertaken by RSM UK and is expected to produce a final report by the end of May 2020. Findings from the evaluation will inform the delivery of the successor programme, Connecting Innovation (more details below), and a summary will also be included in a future update to BIG Panel.
- 2.45 The Combined Authority has now received confirmation of a successor programme, Connecting Innovation, also funded by ERDF and LGF. The new programme, which launched in April 2020, will amplify the importance of connecting ideas and links between partners, and of connecting SMEs with funding and support from across the regional and national innovation ecosystem.
- 2.46 In 2017 an MoU between Leeds City Region LEP and Innovate UK was agreed, demonstrating the commitment of both parties to joining up, and deepening the impact of, innovation support across the City Region. Connecting Innovation, launched in April 2020 is the City Region's key vehicle for achieving the ambitions set out in the MoU, and for delivering the joint ambition to establish a West Yorkshire Innovation Network (as specified in the devolution agreement).
- 2.47 Connecting Innovation will have two distinct grant elements that very closely align to priorities in the emerging Local Industrial Strategy. The first is for larger grants to businesses to encourage more radical R&D led innovation within priority growth sectors. The second is for smaller grants to support the broader diffusion of ideas and technology into the wider business base, to further drive innovative activity, collaboration, behaviours and productivity.
- 2.48 Clear coordinated communication and messaging to support a culture of business innovation within the region is seen as fundamental to the success of the programme. To reflect this, recruitment is underway for a Marketing and Communications Officer funded by the programme. The role will lead both SME engagement for Connecting Innovation as a programme, but also coordinate communications with partners to help simplify the innovation ecosystem for SMEs. Recruitment is also underway for two new Innovation Growth Manager posts and a part-time Project Assistant. These new roles are in addition to the current Access Innovation team which will move over to Connecting Innovation on 1 July 2020.

#### Strategic Business Growth – support for SMEs with high growth potential

- 2.49 The current £6.12 million Strategic Business Growth (SBG) project delivered by the LEP and its appointed contractor, Winning Pitch, is part-funded by the European Regional Development Fund (ERDF) and the Local Growth Fund (LGF). The project, which officially came to an end as at 31 March 2020, provided small, ambitious businesses with a package of tailored support to help them achieve their growth potential. This included one-to-one business coaching, one-to-many workshops on key areas of business growth and peer-to-peer networks that allowed businesses to share their experiences and

expertise, as well as identify collaboration opportunities. This was complemented by a grant fund providing grant support of up to £40,000 to selected businesses.

- 2.50 Key contractual targets in terms of number of businesses intensively supported and jobs created were both surpassed. A total of 353 businesses fully engaged with the programme (against a contractual target of 302), including 329 that developed detailed growth action plans with their allotted account manager and received coaching support where specific needs were identified. As a result, 291 benefitted from a combined total of over 11,860 hours of coaching support and 112 attended an average of three of the one-to-many workshops available. 44 businesses also participated in the peer to peer leadership workshops offered through the programme. 39 businesses received grant support.
- 2.51 The 353 businesses supported through the programme have created 823 new jobs to date, exceeding the contractual target of 604 by just under 40%. Increased Gross Value Added (GVA) collected from 99 businesses amounted to £27.3m. Extrapolated across the 329 companies receiving intensive support gives a total of £90.85 million.
- 2.52 An extension to the project for the three year period 1 April 2020 to 31 March 2023 has recently been agreed. Total project value is £3.241 million with a 50% contribution from the European Regional Development Fund. The delivery model will be as per phase one of the programme, with a third party business support contractor to be formally procured through an open tender process which closed on 6 May 2020. It will be a £2 million contract, with key outputs being a minimum of 345 businesses intensively assisted and 690 new jobs created. This will be complemented by a grant fund of £500,000 with grants of between £5,000 and £50,000 available to support the 'on-boarded' businesses where financial, coupled with advisory support, will accelerate their growth.
- 2.53 An uplift to the Winning Pitch contract was agreed in April 2020 to provide business resilience assistance over a six week period to the cohort of SMEs supported by the original three-year programme. The support consists of a triage service to identify needs and follow up with advice and coaching, plus live webinars on topics such as – Pivot for success, Employee engagement, The mindset gym - and peer to peer leadership groups. These webinars have been made available to all businesses in the City Region.

#### Investment Readiness

- 2.54 The £1.23 million Investment Readiness programme, supported by funds from ERDF and the Leeds City Region Business Rates Pool, provides SMEs across the City Region with impartial advice and guidance on the full range of finance products available in the marketplace. The programme, which runs until 31 December 2021, assists businesses with accessing the finance they need to grow their operations. Support is accessed via the Growth Service and is a key referral product for Growth Managers, as well as for business

support professionals working on other projects e.g. Export for Growth, Manufacturing Growth Programme, Supply Chain Development programme and the Northern Powerhouse Investment Fund.

- 2.55 The programme is being delivered by a third-party business support provider, Winning Pitch Trading Ltd, in conjunction with accountancy firms Grant Thornton and Garbutt + Elliott. Support available through the programme includes a series of workshops covering key themes relating to finance, alongside peer-to-peer networks, 1-2-1 funding clinics and tailored coaching sessions with a Growth Finance Advisor.
- 2.56 During the quarter January-March 2020 delivery on the programme has continued to gain momentum. Winning Pitch Ltd has had enquiries from over 200 businesses who, where appropriate, will go forward for Information, Diagnostic & Brokerage if they have not done so already. There have been several workshops held across the City Region covering a wide range of topics related to accessing finance. Peer to Peer Leadership Networks are also a major part of the programme, which present a new approach to tackling the challenges of running and growing a business, by pooling the experience and expertise of other growth-orientated business owners within a confidential professional forum. These are facilitated by a high growth business specialist.
- 2.57 During the current COVID-19 outbreak, workshops have been converted into online seminars and an additional six topics have been added to the core offer, including specific ones related to national and City Region business support available in response to the COVID-19 pandemic. This includes information on how to access the new government schemes and managing cashflow during the current economic climate. Funding clinics and 1-1 support are taking place via Zoom.

#### Travel Plan Network

- 2.58 The Travel Plan Network (TPN) provides its business members with expert advice and guidance on implementing sustainable travel solutions and relocation support. An additional 77 new businesses joined the network over the course of 2019-2020, against an annual recruitment target of 96 new members. Proactive recruitment of businesses to the network, including introductory sign up visits, were forced to halt during March, due to the COVID-19 pandemic.
- 2.59 An additional three businesses requested to join the network in April 2020 bringing the total membership to 528. As a result, over 300,000 employees within West Yorkshire are eligible to access subsidised public transport options, cycling support and car sharing schemes in a concerted effort to create modal shifts and reduce single occupancy car use.
- 2.60 All client data has now been fully integrated into the CA/LEP's client relationship management system. This has improved the team's monitoring and reporting arrangements, particularly in relation to capturing partner referral channels. The latest data shows that 43 new members were referred to the

Corporate MCard scheme during 2019-2020. An additional 1,704 employees could now benefit from cheaper unlimited bus and rail travel within West Yorkshire, through an affordable monthly payment scheme (monthly salary deductions). Providing accessible and affordable travel for lower paid employees is a key priority for the service, and this is making a positive contribution to the principles of Inclusive Growth.

- 2.61 Over the last 12 months, the Business Travel Advisors have attended the monthly SME Growth Manager meetings. Attendance at these meetings has helped to keep the TPN high on the agenda, particularly within the context of inclusive and clean growth as well as business resilience. It has also provided an opportunity to increase the number and quality of client referrals to the team. Over the course of the year nine of the 23 referrals made by the SME Growth Manager team resulted in new members to the network. Another nine out of 14 businesses joined as a direct result of making an Inclusive Growth commitment to travel sustainably as recipients of LEP grant funding.
- 2.62 The project team is funded by a European partnership project, Interreg SHARE-North. The team, along with CoMo UK, were due to host a 3-day partners group meeting in mid-May 2020, which has now been cancelled due to COVID-19. However, several planned workshops will now take place as webinars over the course of May and June. Work is also taking place to complete a manual for municipalities, which has been designed as a practical guide for cities that highlights initiatives to support cleaner and greener cities and regained public space. The team has contributed case studies about businesses that have been supported by the TPN to increase shared mobility and active travel amongst their employees to help reduce single occupancy car use. The team is also providing a section that focuses on the effectiveness of engaging businesses to help engender behavioural changes as part of a wider response to the climate change emergency.
- 2.63 The team is currently working with local authority partners to commission a car sharing scheme for City Region businesses. Likewise, work is also taking place with local authority partners to shape the annual business travel survey which will now be issued in early Autumn 2020.
- 2.64 A collaboration between partners, including Leeds City Council, Fore Consulting (travel consultants), First and services with the Combined Authority has resulted in an extended bus service (bus 15) at the Logic Leeds site. This will improve connectivity between this business park and Leeds City Centre. The TPN has been instrumental in supporting this piece of work, assisting network members to establish new premises or relocate, including Amazon, John Lewis and Premier Farnell.
- 2.65 Sustainable travel campaigns, initiatives, offers to network members and good news stories are promoted through the TPN member monthly updates. Promotions and updates over the last quarter focused on local events involving cycling, walking and car sharing. These included: - Let's talk (6 Feb) focussing on how active travel can improve mental health and well-being, Enterprise Car Club, Cycle to work scheme, West Yorkshire Car Share, Bike

Friendly business scheme and Living Streets national walking summit (6 March). In addition, consultation opportunities on the Bradford Clean Air Zone were promoted, and members were also directed to the wider business support available during the COVID-19 pandemic. Lastly, members were also encouraged to retain their travel cards where possible and continue to travel sustainably in the business recovery phase of the pandemic.

### #Grow

- 2.66 A total of £2.5m has been allocated through the Local Growth Deal to support the creative and digital sector through two grant schemes; #Welcome and #Grow. The former is an inward investment product designed to support small and medium sized business from the sector establish new operations in Leeds City Region.
- 2.67 #Grow has been developed to sit alongside #Welcome, to support creative and digital businesses with an existing presence in the City Region. It provides capital investment grants to digital businesses to support their growth and productivity. Grants of between £10,000 and £50,000 are available, as a contribution of up to 50% of eligible project costs. 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.
- 2.68 15 applications have been approved to date with a collective grant value of £454,062. These projects are linked to the creation of 77 new jobs. An adaptation of the scheme to support SMEs with the cost of implementing ICT to allow for effective remote-working is in development in partnership with colleagues delivering Digital Enterprise.

### Impact Evaluation

- 2.69 All of the above CA / LEP programmes have been, or will be, independently evaluated to determine the impact of the support provided on the performance of businesses. As mid-term and project closure evaluations are completed, the key findings will be reported to the Panel, alongside recommendations for how future interventions can be improved.

### Northern Powerhouse Investment Fund

- 2.70 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017 and has since invested £33.8m in 138 businesses in Leeds City Region. £1.9m has been invested in 51 businesses via the micro fund, £18.8m has been invested in 70 businesses via the debt fund, and £13.1m in 17 businesses via the equity fund.

2.71 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 the high level of take-up in the City Region, which has so far received 19% of total enquiries resulting in 25% of all applications to the fund across the North. Across the whole fund, Growth Hubs and the LEPs' Access to Finance teams continue to be a strong and fertile source of introductions with good conversion rates into completed deals.

### **3 Financial Implications**

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

### **4 Legal Implications**

4.1 There are no immediate legal implications directly arising from this report.

### **5 Staffing Implications**

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

### **6 External Consultees**

6.1 No external consultations have been undertaken specifically on this report.

### **7 Recommendations**

7.1 That the Panel notes the progress made to date on delivery of the above business support projects, programmes and services.

### **8 Background Documents**

None

### **9 Appendices**

Appendix 1 – LEP Growth Service Performance Update