



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

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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 progress report on significant areas of activity related to the Business, Innovation and Growth (BIG) Panel as discussed at the meetings held on 27 February and 21 May 2020.

2. Information

Innovation and digital

- 2.1 At the last two Panel meetings discussions were had around the role of innovation in supporting both the clean growth agenda and the region's economic recovery. Particular opportunities around entrepreneurship, start ups and technology adoption were identified being key to addressing both the clean growth and economic recovery. These will be progressed as part of the planning.
- 2.2 Preparations for the soft launch of the Connecting Innovation Programme and West Yorkshire Innovation Network in June are underway. The team will now focus on stakeholder engagement over the next few months to ensure partners and stakeholders are fully up to speed with the new programme.
- 2.2 At the Digital Board meeting, the board discussed the challenges and opportunities COVID-19 would have on the Framework's outcomes. A paper setting these out will be brought to both the next Digital Board and the next LEP Board for discussion.

Business Support

COVID-19

- 2.4 The accompanying report at agenda item 6 sets out in more detail business support activities in response to COVID-19, and those in development for future potential delivery. This includes increased capacity on the Growth

Service Gateway to handle the significant increase in customer traffic, the pivoting of existing support services in terms of content (focus on contingency planning and resilience measures) and delivery method (increased use of digital channels e.g. webinars), and the development of new longer-term recovery products related to access to finance, innovation and business start-up.

Growth Service

- 2.5 The Growth Service surpassed its annual target for 2019/20 to support 3025 businesses by 9%. A total of 3301 individual SMEs received support during the year, of which 721 were intensively supported by the team of 21 SME Growth Managers. 1393 businesses benefitted from the range of LEP business support products, namely Resource Efficiency Fund, 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.

Productivity Pilot

- 2.6 The second round of the Productivity Pilot closed in early 2020, with the aim of incentivising productivity improvements within a small cohort of businesses, rather than requiring investment projects to lead to the creation of new jobs. 15 applications were received with a combined grant request of £970,208 against the budget allocation of £750,000.
- 2.7 The applications were considered 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 in May 2020.

Strategic Business Growth – support for SMEs with high growth potential

- 2.8 The first phase of the Strategic Business Growth (SBG) project is now complete following funding from the European Regional Development Fund (ERDF) and the Local Growth Fund (LGF). 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.
- 2.9 The recent external independent evaluation of the project found that the 353 businesses supported have created 823 new jobs to date, exceeding the contractual target of 604 by just under 40%. Increased Gross Value Added collected from 99 businesses amounted to £27.3m. Extrapolated across all

those receiving intensive support gives a total GVA contribution of £90.85 million.

- 2.10 An extension to the project up to the end of March 2023 has recently been approved. The total project value is £3.2 million with a 50% contribution from ERDF. The delivery model will include the procurement of an external business support provider, and the £2m tender opportunity closed in early May 2020. The appointed organisation will be required to deliver high quality intensive support to at least 345 businesses, which will lead to a minimum of 700 new jobs. 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.

Trade and Investment

- 2.11 20 inward investment successes were recorded since the last BIG Panel update to the LEP Board on 16 January 2020.
- 2.12 The final year end KPI summary for Project Successes is 35 (with a target of 30), 16 (with a target of 15) of which were non-core city and 13 (with a target of 15) delivered through investor development activity. Project successes created 1,237 new jobs and safeguarded 458.
- Irish energy services company has opened an office in Kirklees creating 17 new jobs;
 - Qatari management consultant firm set up an office in Leeds;
 - US packaging specialists expanding their production capability at their existing premises in Calderdale;
 - US consumer retail office established in Leeds;
 - Canadian tech company expanding their existing presence in Leeds to accommodate future growth;
 - Chinese manufacturer of consumer products expanding their current site to grow their digital and design teams; and
 - Canadian medical devices company has expanded their operations in York.
 - Thornton and Ross, expansion of site in Kirklees with the creation of 40 jobs.
 - US Customer Support business TTEC have opened a new call centre with AI capability in Leeds with the creation of 250 jobs and 200 safeguarded jobs.
 - French investor Schneider Electric investing in their manufacturing capability to support the offshore wind sector.
 - Romanian tech company expanding their presence in Leeds.
 - New Zealand company Sysdoc have established a Digital Learning Hub in Leeds.
 - Taiwanese export trading company have established a sales office in Leeds.
 - German chemicals company have expanded their presence in Calderdale.

- US engineering company investing in new product development and creating additional jobs in Kirklees.
 - German Pharmaceutical company Thornton and Ross have made a number of investments in their manufacturing capability in Kirklees creating 90 jobs.
 - UK Textiles company moving HQ to Bradford creating 30 jobs and safeguarding 20.
 - ITN establishing a new northern production hub in Leeds creating 20 jobs.
 - Australian fintech further growing their presence in Leeds.
 - Prime Focus Technologies will establish a new media centre to manage Channel 4's content operations and online services in Leeds creating 70 jobs.
- 2.13 24 new enquiries were received (from January through to March 2020) and six investor visits to the City Region were hosted during this same period. The final year end KPI summary for New Enquiries is 137 of a target of 100. 71 of which were non-core city generated and 24 which were generated through investor development activity.
- 2.14 A further six new enquiries were received in April 2020.
- 2.15 The Trade and Investment team have attended one international event over the past quarter with the aim to raise the profile of Leeds City Region and engage with industry.
- 2.16 Arab Health, UAE, Dubai - Leeds City Region participated as part of the Medilink UK pavilion and mission to showcase the city region's expertise in bio med-tech. Alongside the regional messaging the LEP also supported six regional businesses to showcase their products and services and explore opportunities in the market. This was the third year of the LEP participating at Arab Health during which 16 City Region MedTech companies have been showcased and a number of these companies have reported that they have concluded substantial export contracts as a result of their participation.
- 2.17 MIPIM 2020, Cannes (9-13 Mar 2020) was postponed one week prior to the event and rescheduled to 2-5 June 2020. Since the escalation of the COVID-19 pandemic the event in June has also been cancelled and discussions are in place to establish whether a Leeds City Region delegation will take place at the rescheduled March 2021 event.
- 2.18 Our attendance at Barcelona SMART Cities Exhibition in November 2020 has been put on hold until we know more about the COVID-19 situation. The same stance will be taken on other planned overseas activity.
- 2.19 The Investor Development team were engaged to quickly open dialogue with the top 50 LCR businesses to discuss COVID-19 impact.

- 2.20 The team is engaged with approximately 35 of these businesses and is gathering vital intelligence that will assist the Combined Authority to develop its strategy around economic recovery.
- 2.21 The team is also fully engaged with its standard portfolio of businesses which is approximately 95 foreign owned companies in the region.
- 2.22 As the economy moves from stabilisation to recovery, it is possible that several investment projects will be identified. In this regard, the team will work with those businesses to secure them.

Creative Industries Opportunity programme

- 2.23 We have taken the opportunity to bring forward planned activity to support the TV and Film industry in this difficult time. Nearly all TV production work has been suspended by the major broadcasters placing multi-million-pound contracts and revenues at risk for many of the region's independent production companies.
- 2.24 A small fund offering grants of between £2,500 and £25,000 will be established and operated in partnership with Screen Yorkshire. This support will go some way to making sure the hard-won gains from the successful Channel 4 relocation and subsequent inward investment from this sector are not lost. It will also mean the regions independent production companies maintain their existence and have products and projects they can pitch into the major broadcasters as soon as lockdown is lifted.

NP11 Trade & Investment Forum

- 2.25 The team is working hard alongside the Department for International Trade (DIT) and other Northern Powerhouse trade and investment teams to make the case for additional funding to support trade and investment work in the North.
- 2.26 The team is feeding into a newly formed committee that has been tasked to identify trade and investment initiatives and projects that could be announced to take place within the next 12 months. These initiatives are predominantly based on boosting international trade and signalling to the rest of the world that the UK is open for business.
- 2.27 Conversations with DIT Trade are ongoing in relation to solidifying agreements that were made drawing the devolution negotiations.
- 2.28 In the recent budget, the Chancellor announced some additional in year funding for boosting international trade advisors in the Northern Powerhouse (NPH) and for embedding inward investment officers in key overseas markets who would be responsible for promoting the NPH. The team is working with the NP11 Trade and Investment Forum to influence what this looks like.

China

- 2.29 With the support of HM Treasury, the team is making progress with the development of a proposal to create a FinTech Bridge, which will further strengthen UK-China relations as part of the UK-China Economic and Financial Dialogue.

Identifying PPE suppliers

- 2.30 A large majority of the team have been involved with assisting the emergency supplies of Personal Protective Equipment (PPE) to local NHS and Social Care workers on the frontline. Further details of this work are included within the report at item 6 on the agenda.

3. Clean Growth Implications

- 3.1 Clean Growth is embedded within the above activities, particularly within the inclusive growth commitments required of all business grant-recipients. Phase 2 of the Resource Efficiency Fund (ReBIZ) is also now in delivery via the Business Support Team and includes a new sub-project focussed on the Circular Economy.

4. Financial Implications

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

5. Legal Implications

- 5.1 There are no legal implications directly arising from this report.

6. Staffing Implications

- 6.1 There are no staffing implications directly arising from this report.

7. External Consultees

- 7.1 No external consultations have been undertaken.

8. Recommendations

- 8.1 For the LEP Board to note progress on significant areas of activity related to the BIG Panel.

9. Background Documents

- 9.1 None.

10. Appendices

- 10.1 None.