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**Report to:** Business Investment Panel

**Date:** 2 September 2020

**Subject:** **Business Growth Programme**

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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 considers the application outlined at 3.1 and detailed in exempt **Appendices 1 and 2**.
- 1.3 That the Panel notes the updates at 4.1, 5.1, 6.1 and 7.1.

## 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 provides grants of over £100,000, the small scheme grants of between £10,000 and £100,000 and the Business Flood Recovery Fund grants of £5,000 to £100,000 for businesses affected by the Boxing Day Floods of 2015 (note that this programme is now closed to new applications) and also the floods of February 2020.

Performance indicator	Target	Big scheme committed	Small scheme committed	Flood grants committed	Total commitments	Actual outputs (31/07/20)
Direct jobs	4,100	3,121	2,952	n/a	6,073	4,826
Safeguarded jobs	n/a	152	0	1,541	1,693	1,691
Number of grant awards	765	46	743	69	858	764
Total investment	£168,500,000	£164,921,689	£218,939,207	£13,357,217	£397,218,114	£326,707,385

Performance indicator	Target	Big scheme committed	Small scheme committed	Flood grants committed	Total commitments	Actual outputs (31/07/20)
Programme Spend	£44,316,000	£10,697,704	£25,525,641	£3,062,913	£39,286,258	£35,064,899
Cost per job	n/a	£3,428	£8,647	n/a	£6,469	£7,266
Cost per job (including safeguarded jobs)	n/a	£3,268	n/a	£1,988	£5,059	£5,381

2.2 To date commitments of £36.22 million have been made through a combination of the big and small schemes, with a further £3.06 million awarded through the Business Flood Recovery Fund.

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 Local Growth Fund.

2.4 All grant awards are listed in summary form on the LEP website and updated quarterly.<sup>1</sup>

### 3. New large programme application

3.1 There is one application for consideration. The application and appraisal are attached as detailed.

Project Ref	District	Total Investment	Grant Requested	Proposed New Jobs	Appendices
1114135	York	£1,469,000	£200,000	16	1 & 2
		<b>£1,469,000</b>	<b>£200,000</b>	<b>16</b>	

### 4 Updated on previously circulated application

4.1 Panel members will recall that an grant application from a Leeds-based manufacturer of a range of health care related products was circulated via e-mail towards the end of July 2020. The application was submitted in anticipation of the company receiving a high value, medium to long-term contract from Central Government/NHS to manufacture re-usable surgical gowns in response to the COVID-19 pandemic. This was to follow on from an initial £1.73 million order the company has already received.

4.2 Investments included in the application totalled £240,000 and related to purchase of a Computer Numerically Controlled (CNC) machine to cut material and installation of a mezzanine floor to increase storage capacity. The recommendation was to approve the application for £120,000, which

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

represents 50% of cost, as opposed to the standard 20% for small businesses based against the projected creation of 10 new jobs. The higher intervention rate was recommended on the basis that the investments were being made in direct response to the current pandemic, but with the caveat that the company provided written evidence of a contract/programme of future orders. Panel members were supportive of the recommendation on that basis. The company has stated that it has been given a verbal indication that future orders will be forthcoming, but as yet has not received anything formally in writing. As such, it will not commit to the proposed investments until it does, and therefore the application is still pending. Panel members will be kept abreast of any future developments.

## **5. Update on Productivity Pilot (Rounds 1 and 2)**

- 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 were received from businesses across Leeds City Region (the City Region) with a combined grant request of £970,208 against a budget allocation of £750,000. The applications were considered in late February 2020 by a panel with representation from the private sector and academia, with decisions made in March 2020.
- 5.3 Of 15 applications received, 10 were formally approved. The cumulative value of awards was £731,992, contributing towards investments totalling just over £7.5 million. With one exception, all awards were made to businesses within the manufacturing sector. In terms of geographical split, three awards were made to businesses in Leeds, two each in Bradford, Harrogate and Kirklees and one in Barnsley. Encouragingly, six awards were made to small businesses (< 50 employees), with two to medium sized businesses (50 - 249 employees) and the same to large businesses (> 250 employees). All investments being supported through the second round of the pilot are anticipated to be complete by the end of quarter three, 2020/21.
- 5.4 Impact and findings from Productivity Pilot Round 1, which took place in early 2019 and supported seven businesses, are still being gathered and will be reported to the next meeting in October.

## **6. Business Flood Recovery Fund**

- 6.1 In February this year parts of the City Region were badly affected by the impact of Storms Ciara and Dennis. The hardest hit district was Calderdale, along with small parts of Bradford, Kirklees, Leeds and Wakefield. In response to this, and as it did following the Boxing Day Floods of 2015, the LEP has made available a Business Flood Recovery Fund (BFRF). This will support businesses, many of whom are unable to obtain affordable flood insurance cover in high risk areas, with capital related investments that will enable them to return to pre-flood levels of operation and also safeguard employment.

6.2 Indicatively, the LEP has made up to £3 million available for the fund, with grants of between £5,000 and £50,000 available on a 50:50 match funding basis. As at 18 August 2020 only eight applications had been received, six from businesses in Calderdale and two in Wakefield. These have a cumulative value of £266,317, of which £241,367 has formally been approved for seven businesses, with £24,950 pending awaiting further information from one applicant. At this stage, it is not anticipated that much above £0.5 million will be spent on the fund.

## **7. Additional Funding**

7.1 The Combined Authority/LEP has recently been successful in accessing over £50 million of funding from the Government's 'Getting Building Fund'. £7 million of the allocation will be used to extend the current capital grants programmes into 2021/22, thereby providing existing businesses in the region, and new investors, with ongoing access to funding to support their investments. It is proposed that the new allocation will be managed in a more responsive and flexible manner to meet demand by utilising the full range of current products as required i.e. Business Growth Programme, Access to Capital Grants, Strategic Inward Investment Fund and the two Digital funds (#Welcome and #Grow).

## **8. Financial implications**

8.1 There are no financial implications directly arising from this report.

## **9. Legal implications**

9.1 The information contained in **Appendices 1 & 2** 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.

## **10. Staffing implications**

10.1 There are no staffing implications directly arising from this report.

## **11. External consultees**

11.1 No external consultations have been undertaken.

## **12. Recommendations**

12.1 That the Panel notes the progress report.

12.2 That the Panel considers the grant application detailed at 3.1 and attached at exempt **Appendices 1 & 2**.

12.3 That the Panel notes the updates at 4.1, 5.1, 6.1 and 7.1.

**13. Background documents**

13.1 None.

**14. Appendices**

**Exempt Appendix 1** - application form for project reference 1114135.

**Exempt Appendix 2** - appraisal for project reference 1114135.