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

**Date:** 17 November 2020

**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 meeting held on 8 September 2020.

## **2. Information**

### **Business Support**

#### COVID-19

- 2.1 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 the range of new and adapted products in development and delivery to support businesses with the impacts of the pandemic.

#### Business Support Service

- 2.2 The Service Gateway continues to handle a very high level of customer traffic as a result of the pandemic, and at the half year point had already achieved over 80% of its annual target to provide support to 3,300 businesses. Just over 1,100 businesses had received intensive support by the end of September 2020, which includes direct grant funding and/or one-to-one advice from a business support professional. The support so far in 2020/21 has resulted in over 2550 support interventions, highlighting that firms continue to re-engage with the service following their initial support.
- 2.3 The LEP is working in partnership with Be the Business and Natwest to promote the new Female Entrepreneurship Mentoring Platform and programme that has been introduced in response to the 2019 Rose Review of Female Entrepreneurship. The initiative is being piloted in West Yorkshire and the West of England and was launched on National Mentoring Day on 27 October 2020. This is an extension of the mainstream mentoring service that

the LEP has been working with Be the Business for several months, and it includes a 12-week tailored package of mentoring support from established female business leaders leading smaller enterprises.

### Business Growth Programme

- 2.4 Despite the obvious and widespread economic challenges at present, activity levels on the capital grants to businesses programme remain high. Food and drink manufacturing (and its supply chain e.g. machinery providers), creative & digital and healthcare & medical technology are the sectors with ongoing high demand for capital investment grants. This has been evident in the fact that the second quarter of 2020/21 has seen the highest number of grant approvals (32) since the first quarter of 2018/19 (37). As set out below in the Trade and Investment section, there are also a number of significant capital grant projects – with large employment growth potential - in the pipeline for the Strategic Inward Investment Fund.
- 2.5 Grants for two large capital investment projects from existing Leeds City Region businesses were approved at recent meetings of the Business Investment Panel. The first was from a York-based food and drink manufacturer that is investing £1.47m in premises and equipment. The project is being supported with a £200k grant and will lead to the creation of 16 new jobs. The second was from a Bradford-based manufacturer of chemicals that is moving to a new production facility within the district. The overall £8m investment includes fit-out and new equipment, with the £235k grant contributing to the latter. 20 new jobs will be created.
- 2.6 Leeds Beckett University and the University of Huddersfield are undertaking a study of the businesses supported within the first Productivity Pilot, which completed in summer 2019. This will involve a detailed analysis of the productivity measures included within each of the supported businesses' productivity plans, alongside a more qualitative assessment of the overall impact of the investments on productivity within the firms. This will include an understanding of what other activities the businesses have undertaken alongside the capital investments to engender a culture of continuous improvement. The findings will be reported later in the year and will be repeated with the second cohort of businesses later in 2021.

### Other LEP Products

- 2.7 The contract for delivery of the second phase of the LEP's high growth support programme – Strategic Business Growth – has been awarded to Oxford Innovations Services Ltd (OISL) following a robust open tender exercise over the summer. The programme will support circa 500 SMEs over the next two and a half years with a bespoke and blended package of support, including coaching, peer-to-peer learning and access to grant finance. The programme is expected to create over 800 jobs in the supported firms, whilst also assisting them to improve productivity and competitiveness, including through access to new customers, diversification of product and service offerings and the enhancement of leadership and management skills.

- 2.8 The take-up of support across the LEP's clean growth and innovation product portfolio has slowed in recent months as some businesses re-prioritise their investment plans and activities in light of the pandemic. However, the delivery and marketing teams continue to work closely with key stakeholders and business networks to promote the significant funding and advice packages available within Connecting Innovation, REBiz and the Travel Plan Network. This also includes the positioning and promotion of the wider support offer in the region related to R&D incentives, energy efficiency and the circular economy, and sustainable and active travel.

### EU Transition Support

- 2.9 On 5 November 2020, the department for Business, Innovation and Industrial Strategy (BEIS) wrote to the Combined Authority / LEP with the offer of £81k to support businesses to prepare for the end of the EU Transition period on 31 December 2020. The funding can only be used to bolster advisor capacity and to engage directly with businesses. Discussions are ongoing with key local and national partners on the best use of the funding. This includes the Chambers of Commerce, the Department for International Trade and the professional services community.
- 2.10 A more detailed discussion on EU Exit will take place at the next meeting of the Business, Innovation and Growth Panel on 24 November 2020. This will be informed by an assessment of the key issues, challenges and opportunities facing businesses in the coming weeks and months. These include : - finance and managing cashflow, workforce development and labour supply, changes to the regulatory / compliance requirements, contractual matters, access to R&D funding and expertise, Intellectual Property and data access / storage.

### **Trade and Investment**

- 2.11 To react appropriately to the economic uncertainty and ensure the Leeds City Region remains competitive, the Trade and Investment team has developed a Pivot Strategy that defines its activities for 2020 / 21.
- 2.12 The plan focuses on five core workstreams:
- Communicating trade deals and strategic export opportunities
  - Capitalising on sector specific opportunities for inward investment
  - Capitalising on north shoring and reshoring trends
  - Maintaining close and sustained relationships with the region's key businesses and large employers
  - Shaping and influencing Department for International Trade (DIT) and Northern Powerhouse (NPH) strategies and activity
- 2.13 The above activity will be underpinned by a well-controlled and tactical marketing support and the development of key collateral to support the activities being undertaken. Currently the team is handling a similar number of enquiries to usual, however it is anticipated that the conversion rate through to project successes may be lower due to the increased economic uncertainty surrounding the pandemic and Brexit.

- 2.14 The team continues to handle several high-value, potentially transformational enquiries including: Manufacturing facilities for businesses operating in the tele-health, quantum technologies, artificial intelligence sensors, chemicals and food and drink sector. The team is also seeking to secure a new HQ for a major professional services firm and a global IT solutions provider.
- 2.15 The Trade and Investment team has now rejuvenated a regular forum with the region's main trade delivery partners to share intelligence and insights on how export activity can be better supported in the current climate.
- 2.16 This forum is proving a useful barometer for assessing the Brexit implications and the issues businesses are challenged by.
- 2.17 The team is now developing plans to undertake a series of export initiatives to inspire businesses to resume or start exporting. These will focus on distinct sub sectors and markets where we short term export contracts can be secured. A virtual event at Leeds Digital Festival focused on "The Future of Tech" giving a number of international technology firms a platform to talk about their global ambitions. The Managing Director of Alibaba agreed to be the keynote speaker and the team is now in discussions with the major e-commerce giant surrounding a partnership to inspire West Yorkshire businesses to embrace the Chinese e-commerce mega trend.
- 2.18 Work is underway to develop a system that will allow the LEP to routinely update Leeds City region businesses on emerging trade deals. This could take the form of an app which pushes information out in a timely manner to businesses that have pre-subscribed and by doing so, expressed an interest in internationalising their activity.
- 2.19 It has been decided that a Leeds City Region delegation will not attend MIPIM 2021. A cost recovery exercise is still underway in relation to the cancelled attendance at MIPIM 2020.
- 2.20 As a result of COVID-19 the team quickly mobilised to engage with some of the region's largest employers. The team is now continuing this work on an on-going basis to help protect their operations and navigate through the COVID-19 crisis.
- 2.21 Work is on-going to evaluate which large employers could be identified as most at risk and may require strategic dialogue, especially as the second wave of COVID-19 impacts the economy.
- 2.22 The team is also fully engaged with its standard portfolio of businesses which is approximately 95 foreign owned companies in the region.
- 2.23 A partnership was established to support with the Northern Asian Powerlist 2020, which celebrated the significant and sustained contribution of the Asian business community across our region and the Northern Powerhouse. This has led to the team expanding its network amongst the Asian business community, particularly in respect of opportunities in the India market.

- 2.24 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

- 2.25 Following consultation with key industry stakeholders, it was decided that an intervention was required to support the burgeoning TV and Film production sector in the City Region. The scheme mobilised quickly in response to COVID-19 to develop and administer a new fund that provided grant support.
- 2.26 The fund has been a huge success and has supported 13 businesses with 22 projects at a total amount of £224,817. These projects will create over 120 freelance roles and almost 950 days of work in the sector across six months.
- 2.27 The Creative Catalyst programme will continue to be critical in supporting the sector as it recovers from COVID-19 and is now undertaking a consultation exercise to determine how future planned initiatives are best designed and delivered in the current period.

#### NP11 Trade & Investment Forum

- 2.28 Several discussions have taken place recently with DIT Ministers including the newly appointed Lord Grimstone. The discussions focused primarily on the new Investment Office that is to be established within DIT.
- 2.29 The team have been actively participating in the NPH discussions surrounding the attraction of future funding for trade and investment and how it should be utilised. This follows a submission from NP11 requesting c. £60m funding to accelerate trade and investment promotional activity over the next three years.

### **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.