
Report to: Business, Innovation and Growth Panel

Date: 24 November 2020

Subject: **Business Support (including COVID-19 Response) and Productivity Pilot**

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1. Purpose of this report

- 1.1. To provide the Panel with an update on Business Support activities, including those in response to the COVID-19 pandemic.

2. Information

COVID-19 Response

- 2.2 The Combined Authority/LEP continues to see ongoing high demand from businesses and individuals resulting from the COVID-19 crisis. For example, the Growth Service (renamed Business Support Service) dealt with over 5,000 enquiries from businesses in the period from the end of March 2020 through to early October 2020 (a 60% increase on the corresponding period last year). As a result of the continued high volume of enquiries, and to prepare for the likely continuation of this, the service has recruited an additional Business Support Officer and Service Manager for the Gateway.
- 2.3 A major contributor to the above increase has been the arrival of the COVID-19 Recovery Grants that the CA Business Support Team is now delivering with an additional £1.8m from the European Regional Development Fund (ERDF). The CA is delivering the grants scheme across all of West and North Yorkshire following a request from the Ministry for Housing, Communities and Local Government (MHCLG) to link the funding to the existing Leeds City Region Growth Service.
- 2.4 Almost 3,600 applications were received by the deadline of 5 October 2020 and these were mostly from small firms requesting grants (average request of £2,700) for small capital investments (predominantly ICT-related) and consultancy support to develop recovery and resilience plans. Approximately half of the applications are from West Yorkshire businesses and the majority of these are from the Retail, Hospitality and Leisure sectors. The CA is exploring the possibility of investing an additional amount of funding into the allocation for West Yorkshire so that more of the eligible applications can be supported. It is expected that the supported investments will be complete by the end of the calendar year.

- 2.5 The Digital Resilience Voucher scheme is now well underway as part of the wider Digital Enterprise programme. It is providing grants of up to £5,000 to small firms to support with the cost of ICT equipment, and associated software, in the process enabling more effective and secure remote working. Over 500 applications with a collective value of almost £2m are now being appraised, with over 350 being awarded to date.
- 2.6 Furthermore, the LEP's Small Business Membership Scheme is now in operation and is supporting small businesses across West Yorkshire with the cost of joining the Federation of Small Businesses, the Mid-Yorkshire Chamber of Commerce or the West and North Yorkshire Chamber of Commerce for a 12-month period. As a result, members are benefitting from valuable support with such matters as legal, HR, financial, health and safety, and physical and mental wellbeing.
- 2.7 In addition, the CA and LEP is supporting businesses with recovery and resilience through the Peer Networks project being delivered by the University of Leeds Business School which provides action learning support for SMEs via a cohort model over 12 weeks (almost 30 SMEs recruited to date), and the Cyber Security Support Scheme, providing practical help and advice to small firms on how to operate safely and securely within the digital environment. The scheme is being delivered by the North East Business Resilience Centre and has been developed in consultation with the National Cyber Security Centre.
- 2.8 By the end of October 2020, the Local Authorities of West Yorkshire had delivered over £500m of grant funding to over 40,000 businesses via the Small Business Grant Fund, the Retail, Hospitality and Leisure Grant Fund and the Discretionary Grant Fund. Local Authorities, with support from SME Growth Managers and the LEP Gateway Team, have been able to target the discretionary fund at a broader range of sectors to meet ongoing need and demand, including private day nurseries, suppliers to retail, leisure and hospitality and manufacturers.
- 2.9 At the time of writing (early November 2020), detailed guidance on the support available for businesses within the national lockdown period to 2 December 2020, has just been published. This also covered grant support for hospitality and leisure firms in West Yorkshire that had to operate within additional restrictions from the start of August to 4 November 2020. Furthermore, the guidance set out more detail on the use of the £46.6m discretionary funding for West Yorkshire that was awarded on a headcount basis of £20 per business. The LEP has worked with Local Authority teams to develop a framework for this funding (known as the Area Restrictions Grant - ARG), and this will be used to inform how the district-based schemes are designed and implemented. The groups of businesses outlined within the framework as being in scope for the ARG are: businesses forced to close that do not pay direct Business Rates, businesses not forced to close but that have been severely impacted by closed sectors, and self-employed businesses with fixed overheads that have not accessed other Government support.

Business Support Service

- 2.10 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.
- 2.11 The service is expecting additional funding from Government to build capacity to support firms across the region to prepare for, and respond to, the end of the EU Transition Period on 31 December 2020. More detail is provided in the Trade and Investment report and there will be a further discussion at the meeting.

Business Growth Programme

- 2.12 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 (please see Trade and Investment report for more detail).
- 2.13 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 £200,000 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 £235,000 grant contributing to the latter. 20 new jobs will be created.

Productivity Pilot

- 2.14 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 involves 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 initial findings will be presented by Leeds Beckett University within Item 7 of the meeting.

Other LEP and Partner Products

- 2.15 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.
- 2.16 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. Closer partnership-working with the Manufacturing Growth Programme has resulted and a recent rise in referrals and similar work is planned with the Supply Chain Programme.
- 2.17 The Circular Economy Manager in the team continues to make good progress on several business investment projects, and has been active in producing blogs, speaking at events and providing training sessions for the team of SME Growth Managers throughout November (Circular Yorkshire month). The Travel Plan Network has also recently undertaken work to better engage females and Black and Minority Ethnic (BAME) employees in active travel, particularly cycling and walking. This has included support being provided to the Bradford Teaching Hospital, which was showcased at the COMO UK online event on 17 November 2020.
- 2.18 The University of Huddersfield has recently launched its Manufacturing Champions programme with match-funding of £200,000 from the Combined Authority/LEP, and the remainder from the European Regional Development Fund. The three -year programme will provide intensive support to a small number of SME manufacturers with scale-up growth potential, both in terms of employment and turnover. The onboarded firms will need to pass a robust and detailed application process, which will then provide them with access to a blended package of support, including grant finance, technology adoption, leadership and management, and some peer learning. 22 businesses from across a range of manufacturing sub-sectors (including food and drink, electronics, chemicals and healthcare) have to date been selected to access the comprehensive support programme.

- 2.19 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.

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.