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**Report to:** Business Investment Panel

**Date:** 8 December 2020

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

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**Director(s):** Brian Archer, Director of Economic Services

**Author(s):** Neill Fishman, Service Manager, Economic Services Business Support

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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 applications outlined at 3.1 and detailed in exempt **Appendices 1, 2, 3 and 4**.
- 1.3 That the Panel notes the update regarding applications considered at the meeting on 6 October 2020, as outlined at 4.1.
- 1.4 That the Panel notes the update regarding evaluation of the first round of the Productivity Pilot, as outlined at 5.1 and to be presented verbally at the meeting.

## **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 (31/10/20) |
|---|--------------|----------------------|------------------------|------------------------|-------------------|---------------------------|
| Direct jobs                               | 4,100        | 3,157                | 3,070                  | n/a                    | 6,227             | 5,022                     |
| Safeguarded jobs                          | n/a          | 152                  | 0                      | 1,541                  | 1,693             | 1,691                     |
| Number of grant awards                    | 765          | 48                   | 769                    | 74                     | 891               | 793                       |
| Total investment                          | £168,500,000 | £174,890,689         | £225,791,629           | £13,781,331            | £414,463,649      | £335,948,049              |
| Programme Spend                           | £44,316,000  | £11,132,704          | £26,285,664            | £3,198,632             | £40,617,000       | £36,350,508               |
| Cost per job                              | n/a          | £3,526               | £8,562                 | n/a                    | £6,523            | £7,239                    |
| Cost per job (including safeguarded jobs) | n/a          | £3,364               | n/a                    | £2,076                 | £5,128            | £5,415                    |

2.2 To date commitments of £37.42 million have been made through a combination of the big and small schemes, with a further £3.2 million awarded through the Business Flood Recovery Fund. It should be noted that application levels are at their highest since 2018/19. The volume of applications received during the first two quarters of 2020/21 are 40% up on corresponding period for 2019/20. This trend currently shows no sign of slowing day, with an average of five new applications being considered on a weekly basis.

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 applications

3.1 There are two new applications for consideration. The applications and appraisals are attached as detailed.

| Project Ref | District | Total Investment  | Grant Requested | Proposed New Jobs | Appendices |
|-------------|----------|-------------------|-----------------|-------------------|------------|
| 1117174     | Kirklees | £1,506,083        | £150,603        | 26                | 5 & 6      |
| 1117493     | Bradford | £1,894,019        | £189,401        | 20                | 7 & 8      |
|             |          | <b>£3,400,102</b> | <b>£340,004</b> | <b>46</b>         |            |

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

#### **4. Updated on applications considered at Business Investment Panel on 6 October 2020**

- 4.1 Panel members will recall that two applications were considered at Business Investment Panel on 6 October 2020.
- 4.2 The first was from a small business based in Calderdale which manufactures Kombucha Tea. The company was looking to invest circa £850,000 in improvements to its premises and additional equipment in order to increase production capacity. The grant requested was just over £135,000, with the expansion anticipated to create 12 new jobs. Panel members unanimously agreed to reject the application due to the high level of support previously provided to the company, and the fact that it had yet to return a profit and had significant accumulated losses. The company challenged the decision to reject the application verbally but did not follow it up in writing. As such, the application has been withdrawn.
- 4.3 The second application was from a medium-sized Bradford based business engaged in the manufacture of chemicals. It sought a grant of £235,000 towards an £8.5 million investment related to moving to, and constructing new, purpose-built premises on an Enterprise Zone site in Bradford. The expansion/relocation will create an additional 20 new jobs and will be complete by March 2022. The panel (with the exception of the elected member from Kirklees) agreed to support the application for the full amount requested, primarily on the basis of the strategic importance of the site to Bradford and the fact that the company is the first to commit to moving there so will act as a catalyst for others.
- 4.4 The recommendation to approve the application was made subject to three additional conditions. Firstly, that the company engages with the LEP with regard to establishment of a new apprenticeship programme. Secondly, it agrees to commit to paying staff the Real Living Wage within 18 months of the move (as opposed to the 24 months outlined in its application) and, lastly, it seeks independent state aid advice to ensure compliance owing to the level of wider public funding that has gone into the site to make it fit for commercial development. The company has accepted these additional terms and conditions and a funding agreement has been issued.

#### **5 Productivity Pilot Evaluation, Round One**

- 5.1 In late 2018, the LEP launched the first round of its Productivity Pilot. The pilot offered grants of up to £100,000 to support businesses with capital related investment(s) that would lead to productivity improvements, as opposed to job creation. A total of 11 applications were received and grants of just over £500,000 were offered to seven businesses. Leeds Beckett and the University of Huddersfield have recently undertaken an evaluation of the first round, findings from which will be presented verbally at the meeting.

#### **6. Financial implications**

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

## **7 Legal implications**

- 7.1 The information contained in **Appendices 1, 2, 3 and 4** are 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.

## **8. Staffing implications**

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

## **9. External consultees**

- 9.1 No external consultations have been undertaken.

## **10. Recommendations**

- 10.1 That the Panel notes the progress report.
- 10.2 That the Panel considers the grant applications detailed at 3.1 and attached at exempt **Appendices 1, 2, 3 and 4**.
- 10.3 That the Panel notes the updates at 4.1 and 5.1.

## **11. Background documents**

- 11.1 None.

## **12. Appendices**

- 12.1 **Exempt Appendix 1** - application form for project reference 1117174.
- 12.2 **Exempt Appendix 2** - appraisal for project reference 1117174.
- 12.3 **Exempt Appendix 3** - application form for project reference 1117493.
- 12.4 **Exempt Appendix 4** - appraisal for project reference 1117493.