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**Report to:** Business, Innovation and Growth Panel

**Date:** 25 February 2021

**Subject:** **Business support update (inc. COVID-19 response)**

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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.
- 1.2. Support for businesses in relation to EU Exit is detailed within the report for Item 7.

## **2. Information**

### COVID-19 Response

- 2.1 As set out within the Economic Reporting paper at Item 6, small businesses in particular continue to face significant challenges as a result of the pandemic. These include cashflow management impacted negatively by substantial drops in income, loss of customers and clients and the need to adapt and pivot service and product offerings at pace, home-working pressures and the need for enhanced ICT skills and secure digital infrastructure, and finding the time and external guidance to develop longer-term plans for recovery, resilience and growth. The products set out below have been introduced by the LEP, Local Authorities and other key partners in recent months to support small businesses with some of these ongoing challenges.
- 2.2 The Combined Authority/LEP continues to experience high demand from businesses and individuals resulting from the COVID-19 crisis. For example, the Business Support Service dealt with over 7,000 enquiries from businesses in the period from the end of March 2020 through to early January 2021 (a 60% increase on the corresponding period last year). The majority of the additional enquiries are from businesses in the retail, leisure and hospitality sectors, and their associated supply chains. However, it is important to note

that enquiries from all sectors regarding access to the LEP's, and its partners' range of products also remain high.

- 2.3 There was an upwards spike in customer traffic in early January 2021 as businesses enquired about the additional business support measures announced by the Government in relation to the current extended lockdown. However, this was not as high as in late March/early April 2020 or late October 2020, which could be partly attributable to the business community now being more familiar with the support system and how to access it.
- 2.4 The LEP's COVID-19 Recovery Grants are in full delivery with many projects underway or having fully completed by the end of January 2021. Approximately 1,000 small firms in West Yorkshire are being supported with almost £2.2m of funding from a combination of ERDF and Local Growth Deal funding. The individual investments by businesses are a mix of capital equipment purchases, including ICT kit and some safe-working apparatus, and consultancy advice and support with business resilience and pivoting of products and services to reach new customers and markets. A proposal is in development to continue and expand the programme from April 2021 onwards. Although it is not yet clear whether Government will support this.
- 2.5 The Digital Resilience Voucher scheme, delivered as part of the wider Digital Enterprise Programme, is now complete. It has provided grants of up to £5,000 to circa 400 small firms to support with the cost of ICT equipment, and associated software, in the process enabling more effective and secure remote working. Just over £1m of Local Growth Deal funding has been used to deliver the scheme, and options are being considered for future expansion and adaptation as lockdown restrictions continue.
- 2.6 In addition, LEP's Small Business Membership Scheme continues to support small firms 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, new members are benefitting from valuable support with such matters as legal, HR, financial, health and safety, and physical and mental wellbeing. Almost 400 small firms have benefited from the support to date.
- 2.7 The LEP is also supporting small businesses with recovery and resilience through the Peer Learning Networks scheme being delivered in partnership with the University of Leeds Business School. This delivers action learning support for SMEs via a cohort model providing both group-based learning sessions and additional one-to-one coaching. To date, 23 three-hour group sessions have been delivered to 48 SMEs, complemented by one-to-one coaching sessions for each SME. Three SME cohorts have completed and a further three are in delivery and will complete by the end of March 21. Discussions are ongoing with Government about a continuation/expansion of the scheme in 2021/22.
- 2.8 Furthermore, the LEP continues to deliver the Cyber Security Support Scheme via the uplift Growth Hub funding for 2020/21 received from BEIS in late 2020.

This is providing practical help and advice to small firms on how to operate safely and securely within the digital environment. Delivery is by the Home Office-backed North East Business Resilience Centre and has been developed in consultation with the National Cyber Security Centre. To date, over 170 small firms have engaged with the service, with 60 receiving the full support offer.

- 2.9 An expanded programme of free seminars is being delivered up to the end of the financial year as part of the LEP's resilience workstream. Leeds City Region-based consultancy, Biskit, is delivering an additional 13 webinars for SMEs across the region on a wide range of subjects linked to the development of resilience within business operations. These include:- Identifying New Markets and Opportunities, Maximising Your Existing Customer Relationships, Identifying Business Barriers to Growth and Understanding Your Marketing Messages. It is expected that up to 150 SMEs will attend the sessions. Further details and registration details can be found at:- [LEP and Northern Powerhouse Business Events \(eventbrite.com\)](https://www.eventbrite.com/leeds-city-region-business-events)
- 2.10 By late January 2021, the West Yorkshire councils (supported by the LEP SME Growth Managers and the Business Support Service Gateway providing access to information and referrals to councils) had delivered over £530m of grant funding to c54,000 businesses via the various grant schemes introduced since April 2020. At the time of writing, circa £140m has been delivered since November 2020 in over 65,000 payments to businesses via the Local Restrictions Support Grant (Open and Closed) and the Additional Restrictions Grant (ARG), introduced in response to the November 2020 restrictions and current national lockdown.
- 2.11 In addition to those businesses forced to close because of regional and national restrictions, the discretionary elements of the grants schemes have been utilised to date across West Yorkshire to support a broader range of firms and sectors, informed by a framework developed with council partners. This has included supporting private day nurseries, suppliers to retail, leisure and hospitality (e.g. events companies and food & drink wholesalers and manufacturers), some other parts of manufacturing reliant on leisure and hospitality, some sections of the self-employed community (i.e. those unable to access meaningful support from the Self-Employed Income Support Scheme or Universal Credit), businesses not within the Business Rates system e.g. those in shared service centres and managed workspace, and larger SMEs that can evidence a significant impact on income.
- 2.12 The more discretionary element of the funding allocated to the councils in West Yorkshire, known as the Additional Restrictions Grant, was increased in early January 2021 to just over £67m. This allocation can be used to provide grants to businesses, as well as advice and guidance, upon till the end of March 2022.

#### Business Support Service

- 2.13 The service has supported over 5,400 businesses since the start of April 2020, which is significantly higher than the forecast of circa 2750 at this stage in year

when the business plan was produced. The target of supporting 2000 with more intensive assists (defined as a grant or support of at least three hours) has also been surpassed, with over 2,800 supported as of late January 2021. Although demand for some products has dropped as businesses re-prioritise investment plans in the short-term (e.g. on resource efficiency measures), in other product areas there has been ongoing increases in demand. In addition, the new COVID-19 response products have clearly led to a higher take-up of support from a broader range of sectors.

- 2.14 As part of its role as the Growth Hub Cluster Lead for Yorkshire and Humber, the LEP has commissioned a webinar programme focussed on supporting businesses to recover, pivot and move into cautious growth. This will be available to all business support professionals across the region who are engaging directly with SMEs as part of their day-to-day roles. Subject matters to be covered include:- Pricing and What Not To Do, Power of the Pivot, New Product and Service Development, and Employee Welfare and Engagement.

#### Business Growth Programme

- 2.15 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 and third quarters of 2020/21 saw the highest consecutive quarters for grant approvals for over three years. At the time of writing (late January 2021), there are also several other large capital grant applications in the pipeline from existing Leeds City Region businesses.
- 2.16 Four grants each of between £100k and £250k for large capital investment projects from existing Leeds City Region businesses were recommended for approval 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 second was from a Bradford-based manufacturer of chemicals that is moving to a new production facility within the district. The third was for another Bradford-based business that manufacture catering equipment from several sites and is moving to a single consolidated site in Keighley. The fourth was for a Kirklees-based provider of transactional, integrated business communications in bulk print and digital formats. This business is investing substantially in additional equipment to increase capacity and transition to an enhanced digitised delivery operation.
- 2.17 The programme will continue throughout 2021/22 with £7m of funding from the Combined Authority's Getting Building Fund Allocation. This will ensure that larger applications coming forward in the remainder of this financial year can be supported via the new allocation, hence ensuring there is not gap in delivery. The pipeline of enquiries and emerging applications indicate that demand will remain high as we move into 21/22.

## LEP Products and Partnership Activity

- 2.18 The LEP is coordinating the first **West Yorkshire Innovation Festival** – scheduled to take place 15-19 March 2021. It will consist of a week of events hosted by the LEP and partners across the innovation network, with the objective of raising the profile of innovation across Leeds City Region. Aligned to the priorities of the recently established West Yorkshire Innovation Network, the festival will showcase the expertise, resources and innovative businesses in the City Region, in the process increasing the appetite for, and take-up of, the City Region's strong innovation support offer. Details of the all the events to be held during the festival will be captured and promoted via a single accessible site. At the time of writing, the festival has 37 events scheduled with a small additional number under development. Further details are also provided in the report for Item 12.
- 2.19 The second **Strategic Business Programme (SBG)** commenced in September 2020 with new delivery partner, Oxford Innovation Services Ltd (OISL). The £3.2m programme will run until the end of March 2023 and is 50% funded via the European Regional Development Fund. The programme will provide a minimum of 400 SMEs with a blended package of bespoke support including coaching, peer-to-peer learning and workshops covering key growth-related topics. Participants will also have access to a capital grants fund and will be expected to make a firm commitment to achieving 20% annualised growth in jobs and/or turnover over a three-year period. The programme is expected to create and safeguard at least 700 jobs.
- 2.20 Due to a delay in the contract with OISL commencing, a rapid mobilisation and awareness campaign was implemented, which resulted in over 220 enquiries from growth-focussed SMEs being received from October 2020 onwards. To date, 91 businesses have applied to undertake a business diagnostic, and there is a strong pipeline containing many others from across the City Region. There have also been 42 grant enquiries from firms seeking support towards capital-related investments. As of 31 January 2021, six grant applications had been approved, with a cumulative value of over £100,000.
- 2.21 The LEP is continuing to work in partnership with **NatWest and Huddersfield Giants** to deliver a series of events to promote Women in Business. The first event was held on 8 December 2020, and showcased local businesswoman, Claire O'Connor, owner of babyballet, who talked about the journey of building her business. The second event was held on 21 January 2021 and focused on the Be the Business Female Entrepreneurship Mentoring Programme, which is currently being piloted in Leeds City Region and the West of England. Speakers included Ella Mesma, owner of Business Yoga, who is a mentee on the programme. A third event is being planned for March 2021 to link with International Women's Day. The two events have proved popular on YouTube and can be viewed via the following links:-

[https://www.youtube.com/watch?v=aBV\\_mKNvMR4&t=278s](https://www.youtube.com/watch?v=aBV_mKNvMR4&t=278s)

<https://www.youtube.com/watch?v=p4miAL0O23q&t=2s>

- 2.22 The above mentoring programme has been introduced in response to the 2019 Rose Review of Female Entrepreneurship and includes a 12-week tailored package of mentoring support from established female business leaders leading smaller enterprises.
- 2.23 The LEP has partnered with **Lloyds Banking Group** and Clockwork City to deliver a free pilot project that builds the digital skills and knowhow of small firms operating in the business to consumer sector (and predominantly high street operators). The cohort of 15 SME owner-managers are all from BAME communities and/or are females, and each will access a mix of one-to-many webinars and one-to-one coaching sessions. Subject matters being covered include:- Increased Profitability, Effective Social Media Promotion, Understanding Facebook, Twitter & Instagram, and Increased Online Discoverability & Visibility.
- 2.24 In addition, the LEP and Bradford Council are supporting the Business Leaders Coaching Initiative pilot project for leaders of Asian businesses across the district. This will take place from March 2021 and will provide an initial cohort of six businesses with access to coaching and mentoring from leading private and public sector organisations in the City Region. The support will be focussed on setting the strategic vision of the businesses, making connections, and building strong working relationships. It will also incorporate an important peer-to-peer support element.
- 2.25 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 need to pass a rigorous and detailed application process, which tests their growth potential through technology adoption and their commitment to productivity improvements over a sustained period. The programme delivers a blended package of support, including grant finance, technology adoption, leadership and management, and some peer learning. 28 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.
- 2.26 The Digital Enterprise programme, which is part-funded by the LEP, launched its second Digital 100 campaign in late January 2021. Part of this is the celebration of 100 of the most digitally transformational, resilient and innovative businesses in the City Region featuring in a special report following a competitive nominations process. The successful 100 SMEs in the list represent a diverse range of industries and include award-winning game development studio, XR Games; one-stop local online shop, ShopAppy; animation studio, Distant Future, fly tying materials specialists Semperfli; energy system installers, Eclipse Energy; and landscaping supplier Green-tech. Further information on the campaign and the Top 100 can be found at:- [LEEDS CITY REGION'S TOP 100 DIGITAL TECH ADOPTORS ANNOUNCED – Digital Enterprise](#)

- 2.27 The Travel Plan Network (TPN) is working with a number of foundation NHS Trusts, including Bradford Teaching Hospitals and Calderdale and Huddersfield, to help implement car park management strategies and support more active travel amongst employees. This is being further developed through the establishment of an NHS Peer group forum, which comprises all West Yorkshire Hospital Trusts and Clinical Commissioning Groups (CCG's). The focus is to explore collective strategies and develop a shared travel plan that facilitates the transition towards electric fleet vehicles, and that embeds sustainable travel options as part of their wider ambitions to reduce their carbon footprints.
- 2.28 A travel survey was recently commissioned for Huddersfield Royal Infirmary to gather information about employee commuter journeys. This was designed with assistance from the TPN team and now provides a blueprint for other sites to carry out similar surveys. The data will help to inform a wider action plan with priorities for each site, and also presents the opportunity to collaborate on joint campaigns and utilise shared resources, including any potential procurement exercises.
- 2.29 The Energy Savings Trust has been introduced to the group to support a wider 'fleet review' with further work planned at each site. The Trust also recently delivered an 'electric vehicle' webinar to TPN members, which attracted 65 attendees from 34 different employers.

### **3. Tackling the Climate Emergency Implications**

- 3.1 The Business Support Service has a Clean Growth and Innovation workstream that underpins all activities delivered by the service. There are two primary products in the offer to businesses in the City Region that are actively contributing to tackling the climate emergency. These are:- REBiz (support for SMEs to reduce their use of energy and water, and to increase and improve their recycling and reuse), and Travel Plan Network (support for employers of all sizes to introduce more sustainable and active travel options within their operations). However, many other products are making active contributions to the clean growth agenda e.g. funding and advice to introduce digital manufacturing models that use less energy, and capital grant investment to facilitate the production of reusable materials and products. In addition, the Inclusive Growth options referenced at point 4 below, also include grant-recipients making clean growth-related commitments e.g. taking part in the Bike Friendly City Scheme.

### **4. Inclusive Growth Implications**

- 4.1 Businesses in receipt of grants over £25,000 in value are required to contribute to the Inclusive Growth agenda e.g. training lowest paid employees, offering work opportunities to under-represented groups or partnering with a local school. In addition, grants available via the Business Growth Programme are linked to payment of the Real Living Wage for employees of applicant businesses and the Panel is actively engaged in the current work being undertaken on the Good Work Standard.

**5. Financial Implications**

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

**6. Legal Implications**

6.1 There are no legal implications directly arising from this report.

**7. Staffing Implications**

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

**8. External Consultees**

8.1 No external consultations have been undertaken.

**9. Recommendations**

9.1 Panel members are requested to note the progress set out within the report on support for businesses in the City Region.

**10. Background Documents**

10.1 None.

**11. Appendices**

11.1 None.