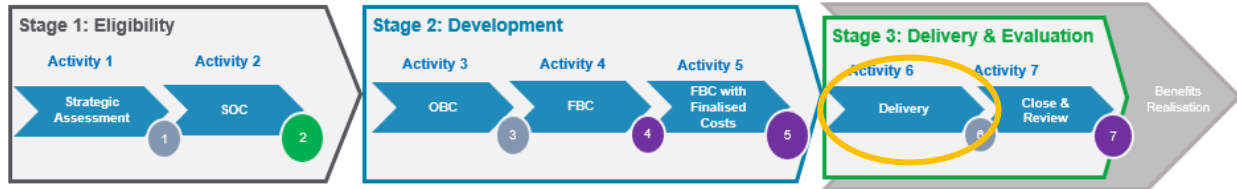


Section A: Scheme Summary

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| Name of scheme: | Business Growth Programme |
| PMA scheme code: | GD-PA1-001 |
| Lead organisation: | West Yorkshire Combined Authority |
| Senior responsible officer: | Henry Rigg, Combined Authority |
| Lead promoter contact: | Neill Fishman, Combined Authority |
| Case officer: | Neil Johnson |
| Applicable funding stream(s) – Grant or Loan: | Getting Building Fund |
| Growth Fund Priority Area (if applicable): | Not applicable |
| Approvals to date: | <p>£37 million (£18 million through Growth Deal One, £9 million through Growth Deal 3 and £10 million in over-programming from the Growth Deal) broken down as follows:</p> <p>12/03/15 (CA) - £8,000,000</p> <p>28/07/16 (CA) - £6,000,000</p> <p>14/08/17 (MD – DP5) - £9,000,000</p> <p>11/10/18 (CA) - £4,000,000</p> <p>13/12/18 (CA) - £7,000,000</p> <p>05/03/20 (IC) - £3,000,000</p> <p>04/09/20 (CA) £7,000,000 (GBF)</p> |
| Forecasted full approval date (decision point 5): | March 2021 |
| Forecasted completion date (decision point 6): | 31 March 2022 |
| Total scheme cost (£): | £37 million |
| Combined Authority funding (£): | £7 million |
| Total other public sector investment (£): | £0 |
| Total other private sector investment (£): | Additional private sector leverage of £42 million to be generated from grant payments made. |

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| Is this a standalone project? | Yes |
| Is this a programme? | Yes |
| Is this project part of an agreed programme? | No |

Current Assurance Process Activity:



Scheme Description:

This is a programme to support business recovery (including from the impact of COVID-19), business resilience and growth, job creation and increased productivity in Leeds City Region (Bradford, Calderdale, Kirklees Leeds and Wakefield). The programme was originally outlined in the Leeds City Region submission to Growth Deal 1 and £18 million of funding was allocated. A further £9 million of funding was allocated through Growth Deal 3. Owing to demand, this was subsequently supplemented with further funding of £10 million of over-programming from the Growth Deal.

The Business Growth Programme (BGP) launched in February 2013 with funding previously awarded through the Regional Growth Fund (for the original programme which ran from February 2013 to March 2015), and continues until 31 March 2021, funded through the Local Growth Fund.

The Government's Getting Building Fund (GBF) is a £52.6 million fund, covering West Yorkshire. The objectives of the Getting Building Fund are to help create jobs and generate new activity, by accelerating existing Government-funded capital projects and exceptional, additional shovel-ready capital projects. These strategic building projects will support West Yorkshire's Covid-19 economic recovery plan.

The programme supports businesses operating within the LEP's priority sectors (advanced manufacturing, food and drink, low carbon and environmental, financial and business services, digital and creative, and healthcare and life sciences). Potential applicants are required to provide a business case and demonstrate the added value grant support will bring to a project in line with the Government's Treasury 'Green Book'.

The programme primarily supports small medium enterprises (SME), though large companies are considered by exception and in line with State Aid rules.

Funding supports the expansion, modernisation and diversification of economic activities. Only capital related investment is eligible for the programme, which includes the purchase of plant, machinery and equipment, fit out of new premises and alterations and extensions to existing premises.

Investments must be specifically linked to job creation (including apprenticeships), or, be able to clearly demonstrate the investment is linked to growth (e.g. in the supply chain), an increase in productivity or skills development (leading to a recognised qualification). Overall, the

programme will lead to productivity improvements and a net increase in the number of employees in recipient-businesses within the city region. All new jobs supported will be maintained for at least three years in SMEs and at least five years in large businesses. All applicants will be expected to provide match funding of between 50% and 90% of project costs. The programme aims to provide an average funding ratio of at least 1:4 (public to private).

The Local Growth funded scheme will run until March 2021 and will support the creation of at least 3,660 net new jobs to the city region, support 490 businesses in the city region's priority sectors and leverage £175 million of private sector investment. The GBF-funded scheme will run until March 2022 and support a minimum of 175 business, create 800 new jobs, safeguard a further 200 and generate private sector leverage of £42 million.

Business Case Summary:

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| <p>Strategic Case</p> | <p><i>Local Growth Fund</i></p> <p>The purpose of the BGP is to incentivise and support businesses to grow. This contributes to priority 1 of the SEP aiming to drive productivity, growth and employment. The programme is part of the LEP's support for business managed through the Business Growth Service, which aims to provide businesses with comprehensive support by summarising all possible support options available through the public and private sector.</p> <p><i>Getting Building Fund</i></p> <p>Funding will continue to be invested in accordance with the programme's existing approval i.e. supporting the growth of businesses in the city region, increasing levels of employment and productivity.</p> <p>The programme supports the organisation's inclusive growth agenda, with recipient businesses (of grants of more than £25,000 in value) committing to additional outputs, such as working with schools, undertaking an energy audit to reduce energy consumption, working with the Travel Plan Network team to look at green travel options for employees and committing to pay staff the Real Living Wage (currently £9.50/hour).</p> <p>Additionally, the programme contributes to productivity improvements in the city region, supporting businesses investing in new and innovative ways of working and more advanced technology.</p> |
| <p>Commercial Case</p> | <p><i>Local Growth Fund</i></p> <p>The business case provides an assessment of current available research supporting the ongoing need to assist growing businesses with access to finance. An important element of the programme is that grants provided do not offer the full amount of funding needed to implement a business project. Instead, they provide assistance to businesses to leverage other funding and de-risk project financing.</p> <p><i>Getting Building Fund</i></p> <p>This is a well-established programme, with robust and proven delivery processes and routes to market. The number of businesses supported to date, jobs created, and private sector investment leveraged is clear evidence of that. No additional costs regarding delivery infrastructure will need to be covered as the existing delivery mechanisms will be able to handle the scheme in full.</p> |
| <p>Economic Case</p> | <p><i>Local Growth Fund</i></p> |

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| | <p>Consideration has not been given to the scaling of the programme, which is entirely reasonable as the BGP is ongoing and can absorb further funding, so scaling is not an issue at this stage. The options that have been considered in relation to tightening or relaxing the programme do not have to be brought in at this stage but may be considered further if there is an appetite to either slow down or speed up rates of spending and achievement of job-related outputs. The programme has a benchmark (and target) cost per job of a maximum of £12,500, this is the level on which all projects are judged and takes into consideration that in order to create higher salaried jobs lower numbers are produced. This is offset by the need for inclusive growth and the creation of lower salaried jobs and apprenticeships.</p> <p><i>Getting Building Fund</i></p> <p>The economic case will not be significantly impacted by the change but will continue to provide good value for money. The cost per job on the programme is currently £7,266 (mix of new and safeguarded) which is significantly lower than the national average on similar programmes (which is circa £30,000).</p> <p>In terms of the delivery costs, the change will offer significant value for money as the additional outputs will be delivered without incurring any additional delivery costs, as the programme will be delivered by the existing project team within the CA. To deliver the additional outputs, the cost of administering each grant will be circa £2,850.</p> |
| <p>Financial Case</p> | <p><i>Local Growth Fund</i></p> <p>The £9 million available for the programme has been broken down as grants £8.08 million and operational costs of £0.9 million with £0.02 million for evaluation of the scheme. The main financial risk of the programme based on the current profile of commitment and expenditure is that it will be fully committed at some point during 2018/19. Whilst this will help to ensure full expenditure by the end of 2020/21, a decision on whether the programme should be over-committed will need to be taken within the next year.</p> <p><i>Getting Building Fund</i></p> <p>The financial case remains strong as this presents an effective and good value means of investing Getting Building Fund monies into eligible businesses in direct alignment with the programme's original approvals. The cost per job created for the £7 million also represents good value for money at £8,750 per new job, dropping to £7,000 per job if safeguarded ones are included. The average on schemes of this nature has been circa £30,000 per new job.</p> <p>Furthermore, the overall delivery cost for the programme represents 7.1% of the total allocation, and it is generally recognised that anything below 10% represents good value for money on job creation schemes of this nature.</p> |
| <p>Management Case</p> | <p><i>Local Growth Fund</i></p> <p>The delivery arrangements for the programme are already in place as this is an ongoing scheme which is managed within the CA's wider Business Support team where it is part of the strategic offer for businesses. Part of the BGP is delivered through Leeds City Council which appraise and monitor applications of between £10,000 and £50,000. Risk has been assessed and is managed through the Business Support Team and the</p> |

Investment Panel. Risks can be escalated internally to the Growth Deal Management Group and referred onwards as needed.

Getting Building Fund

This is a well-established programme with a track record of successfully delivery for several years. Control over the delivery of the programme has increased since April 2018, with the Combined Authority now making decisions on all grant applications and also issuing funding agreements and payments to businesses (prior to 2018/19 this work was undertaken by Leeds City Council).

The Combined Authority has a formal contract in place with Leeds City Council to undertake grant appraisal and monitoring work for smaller grants of under £50,000 (this accounts for circa 70% of all applications). This expires at the end of 2020/21 and a 12-month extension will be put in place to support delivery of this additional funding.