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**Report to:** Business Investment Panel

**Date:** 8 April 2021

**Subject:** **Strategic Inward Investment Fund**

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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) Strategic Inward Investment Fund (SIIF).
- 1.2 That the Panel notes the update regarding the application considered at the meeting on 8 December 2020 and also the two applications circulated via e-mail in late December, as outlined at 4.1.

## 2. Information

- 2.1 Spend and outputs for SIIF are detailed below.

Performance indicator	Target	Total commitments	Actual outputs (19/03/2021)
Direct jobs	1,245	1,419	1,221
Jobs safeguarded	0	450	0
Number of enterprises	10	9	6
Number of foreign owned investments	n/a	5	3
Number of UK owned investments	n/a	4	3
Total investment	£120,450,000	£66,878,360	£53,318,926
Programme Spend	£10,950,000	£5,967,346	£3,004,695

- 2.2 To date, commitments of just under £6.14 million have been made to nine businesses, linked to the creation of 1,419 new jobs and the safeguarding of a

further 450. Since the last panel meeting on 8 December 2020, payments totalling £850,696 have been made to three businesses, who collectively have reported the creation of 724 new jobs. The businesses operate in software development, insurance and financial services. One offer to a foreign owned financial services provider has been withdrawn since December 2020, as the company decided not to proceed with the investment on the scale that was originally planned.

### **3. Update on applications considered in December 2020**

- 3.1 Panel members will recall considering three applications in December 2020, one at the meeting on 8 December 2020 and the other two via e-mail owing to the need for urgent decisions.
- 3.2 The application considered at panel on 8 December 2020 was from a US owned manufacturing business based in Bradford looking to increase production capacity to satisfy growing demand for its products. With its Bradford site unable to accommodate the expansion, the company is proposing to open a second site in Leeds. Total investment amounts to just over £8.4 million and includes capitalised lease costs, fit out/refurbishment of premises and purchase of additional equipment. The company requested a grant of £778,900 towards the expansion which will create up to 157 new, skilled jobs. Panel members recommended approval for the full amount requested on the basis that there was a competing location for the investment in the US and the availability of grant support will ensure that it takes place in the City Region. A funding agreement has been issued and the company is expected to submit an interim claim for payment before the end of financial year 2020/21.
- 3.3 The first of two applications circulated via e-mail in late December was from a London based technology company engaged in the design, development and manufacture of Artificial Intelligence smart sensor systems. Owing to growth being experienced it is looking to establish a manufacturing facility outside of London, with sites in Leeds and Wales under consideration. Total project costs amount to £13.6 million and include the purchase and fit-out of premises and investment in additional equipment. The company requested a grant of £2 million towards the project which will lead to the creation of up to 400 new jobs. Panel members recommended approval for the full amount on the basis that the availability of grant support will ensure that the investment will take place in the City Region, as opposed to Wales. A funding agreement has been issued and the company is expected to submit an interim claim for payment before the end of financial year 2020/21.
- 3.4 The second application circulated via e-mail was from a pre-revenue technology company that has developed a novel clean energy solution that it is looking to commercialise. The request was for a grant of £1 million towards a £4.2million investment to establish a new production facility in either Leeds or South Wales, with key costs being fit out of premises and purchase of equipment. In addition, the company needs to invest £6.9 million in stock to commence production and has a further £5.2 million working capital

requirement, bringing the total funding package to £16.3 million. The project is expected to create up to 100 new jobs. Panel members recommended that the application be rejected on the basis that the company was pre-revenue, had not formally secured any commercial sales and at the time of consideration still needed to raise just over £15 million to implement the project in full. The caveat was that a resubmission would be considered (subject to the availability of funding) once the key issues outlined above have been addressed.

#### **4. Financial implications**

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

#### **5. Legal implications**

5.1 None.

#### **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 That the Panel notes the SIIF progress report.

#### **9. Background documents**

9.1 None.

#### **10. Appendices**

10.1 None.