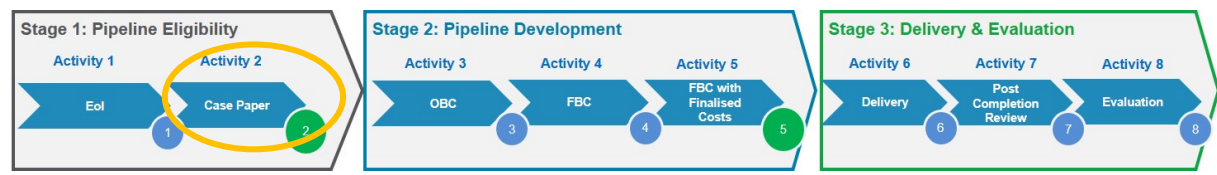


## Scheme Summary

<b>Name of Scheme:</b>	<b>Business Growth Programme</b>
<b>PMO Scheme Code:</b>	GD-PA1-006
<b>Lead Organisation:</b>	West Yorkshire Combined Authority
<b>Senior Responsible Officer:</b>	Henry Rigg
<b>Lead Promoter Contact:</b>	Lorna Holroyd
<b>Applicable Funding Stream:</b>	Growth Deal
<b>Growth Fund Priority Area (if applicable):</b>	Priority 1 Growing Business
<b>Forecasted Full Approval Date (Decision Point 5):</b>	21 July 2017
<b>Forecasted Completion Date:</b>	31 March 2021
<b>Total Scheme Cost (£):</b>	£9m + match funding
<b>WYCA Funding (£):</b>	£9m
<b>Total other public sector investment (£):</b>	None
<b>Total other private sector investment (£):</b>	Circa £54m (match funding)
<b>Is this a standalone Project?</b>	No
<b>Is this a Programme?</b>	Yes
<b>Is this Project part of an agreed Programme?</b>	N/A
<b>Current Funding Allocation:</b>	£9m of Growth Deal 3 funding

## Current Assurance Process Activity:



## Scheme Description:

Covering the Leeds City Region, the Business Growth Programme (BGP) was launched in February 2013 with funding awarded through the Regional Growth Fund (for the original programme which ran from February 2013 to March 2015) and continued with funding from the Local Growth Fund (for the current programme which commenced in April 2015 and is funded until March 2018). The Growth Deal 3 award of £9m will allow continuation of the scheme through to March 2021.

The programme will continue to support businesses operating within the LEP's priority sectors (manufacturing, low carbon & environmental, financial & business services, digital & creative and health & life sciences) to provide grants of between £10,000 and £250,000, where grant support is needed/adds value by filling a funding gap, accelerates an investment, enables an investment to happen on a larger scale or in a particular location. The programme will primarily support SMEs, though large companies may be considered by exception.

Funding will support the expansion, modernisation and diversification of economic activities. Activities supported include the purchase of plant, machinery and equipment, fit out of new premises and alterations and extensions to existing premises. Research and development activity (excluding basic/fundamental research) will be supported where this supports employment and business growth.

Investments must be specifically linked to job creation, or clearly demonstrate the investment is linked to growth (e.g. in the supply chain) or skills development (leading to a recognised qualification). Overall, the programme will lead to productivity improvements and a net increase in the average number of employees in recipient businesses. All employment posts will be maintained for at least 3 years in SMEs and at least 5 years in large businesses. All applicants will be expected to provide match funding of at least 80%. The programme aims to provide an overall funding ratio of at least 1:4 (Public to Private).

Applicants will be required to provide a business case and demonstrate the additionality grant support will bring to the project.

Funding will in most cases be awarded through the General Block Exemption Regulations, which allow provision of support at a 20% intervention rate for small businesses or 10% for medium sized businesses (and 10% for large businesses in assisted areas). In some cases (where the business is a large company and the project is not located in an assisted area) funding will be awarded through De Minimis provisions, which allow grant support of up to 200,000 euros in a rolling three year period.

The scheme will run until March 2021 (as funding allows) and will support the creation of over 500 net new jobs to the Leeds City Region, supporting 160 businesses in the City Region's priority sectors and leveraging in £50m of private sector investment.

<b>Business Case Summary:</b>	
<b>Strategic Case</b>	The project addresses Priority 1 of the SEP: Growing Business. It provides a capital grant aimed at assisting businesses to grow and create new jobs.
<b>Commercial Case</b>	<p>There are over 7,000 manufacturing businesses in the City Region the majority of which are SME's.</p> <p>The challenge is to deliver a response that is focused on accelerating this position and unlocking productivity improvements by helping those businesses that are striving to grow to overcome the barriers that they tell us they face. This is often related to under-investment in new technology and equipment, which can restrict access to new markets and supply chains.</p> <p>There is an increasingly wide range of SME finance currently available in Leeds City Region, with products ranging from seedcorn through to crowd funding and on to scale-up venture capital. This scale of provision from the private and public sector recently increased further with the introduction of the £400m Northern Powerhouse Investment Fund (NPIF) in March 2017. Despite the volume and diversity of finance products available here, the LEP Growth Service continues to receive a high volume of enquires from SMEs looking for growth-related finance.</p> <p>Since its launch in July 2015, access to finance has been the most common category of enquires to the Growth Service, with over 2,000 such enquiries up to the end of March 17. This equates to 67% of enquires to the Gateway (telephone, email and webchat), and just over 50% of enquiries to the team of district-based SME Growth Managers (these are collectively account-managing relationships with over 700 SMEs with clear growth ambition).</p> <p>Extensive anecdotal evidence from discussions with businesses, and private sector intermediaries, reveals that many businesses continue to struggle to attract the full investment levels needed to ensure that an expansion project progresses. Furthermore, many private sector funders continue to confirm that the inclusion of public sector capital grant finance can incentivise private finance. This is due to the robust financial due diligence that public sector investment brings, and the subsequent de-risking of the investments which is appealing to all parties.</p>
<b>Economic Case</b>	<ul style="list-style-type: none"> <li>• Provide grants up to a maximum value of £250,000 to a minimum of 165 businesses by 31 March 2021;</li> <li>• Create 500 jobs within Leeds City Region businesses by 31 March 2024;</li> <li>• Jobs created/safeguarded will be maintained for at least 3 years within small and medium sized enterprises and at least 5 years within large businesses;</li> <li>• Seek to lever in at least £54 million of private sector funding;</li> <li>• Support the Inclusive Growth Agenda, for example by encouraging businesses to recruit apprentices and/or those not in education, employment or training; support Enterprise Education; provide advice on supply chain opportunities to other local SMEs;</li> </ul>

	<ul style="list-style-type: none"> <li>• Support the growth of businesses in the City Region’s priority sectors (manufacturing, low carbon &amp; environmental, financial &amp; business services, digital &amp; creative and health &amp; life sciences);</li> <li>• Realise additionality in projects that are provided support – either supporting investment that would not otherwise happen, bringing forward investment so that it is realised sooner, ensuring investment happens on a greater scale, or securing investment in the City Region that could occur elsewhere.</li> </ul>
<p><b>Financial Case</b></p>	<p>There is a strong stream of applications into the programme, roughly split 1/3 (under £50k applications), 1/3 (between £50k and £100k applications), 1/3 (over £100k applications).</p> <p>Of the current £18m funding allocation from the local growth fund, this has all been allocated to businesses. The new scheme will allow the programme to continue without any disruption to applicant businesses.</p> <p>It is expected that the new scheme will effectively “top-up” the existing scheme, increasing the total grant allocation available to businesses.</p>
<p><b>Management Case</b></p>	<p>This is a live programme, with the following already in place:</p> <ul style="list-style-type: none"> <li>• Project team;</li> <li>• Scheme design, including State Aid routes through which grant support can be given;</li> <li>• Scheme criteria;</li> <li>• Application forms;</li> <li>• Data management processes (through Evolutive);</li> <li>• Funding agreements;</li> <li>• Appraisal officers;</li> <li>• Governance arrangements, including the Appraisal Advisory Group and Investment Panel;</li> <li>• Marketing materials (including a number of video case studies).</li> </ul>