

Report to: Business, Economy & Innovation Committee

Date: 5 January 2022

Subject: **Business Support Pipeline**

Director: Liz Hunter, Director of Policy & Development

Author: Alex Clarke, Business Growth & Resilience Policy Manager

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 To provide Committee members with an update on Mayoral pledge activity in relation to the Business Innovation and Economy Committee and to frame a discussion around the future pipeline for business support.

2. Information

- 2.1 This item follows discussions at the last Business Innovation and Economy Committee regarding the forward work programme of the committee and particularly on delivery of the Mayor's Business Pledge. A central element of the work of the Committee will be to direct a new programme pipeline, focussing on new areas of intervention complementing ongoing business support delivered by the Combined Authority and local partners, building on best practice and enhancing the evidence base.
- 2.2 This pipeline will be central to the delivery of the West Yorkshire Investment Strategy, and in particular Investment Priority 1: Good Jobs and Resilient Businesses. The relevant section of the Investment Strategy is included as an appendix to the paper for reference. The following sections provide an overview of current programmes and the need for continuity, followed by some outline principles and early ideas for the developing pipeline.

Existing Business Support programmes

- 2.3 A wide range of business support is currently delivered by the Combined Authority / LEP in partnership with the region's Local Authorities. This includes support for businesses to reduce carbon emissions and energy costs, develop and implement strategic growth plans, develop new products and processes, implement sustainable and active travel within their operations and, most recently, to set-up new businesses. Access to all of this support, and to that delivered by our partners in the areas of exports, access to finance and innovation (e.g. Chambers of Commerce, Department for International Trade, InnovateEdge, Northern Powerhouse Investment Fund, universities and other knowledge transfer specialists), is through the region's Government-funded Growth Hub (known as the Growth Service in this region). The Growth Service is the underpinning infrastructure for business support in West Yorkshire and since July 2015 has supported over 20k different businesses. It is one of 38 Growth Hubs in England and is widely regarded as an exemplar model of integrated 'hub and spoke' support, with the Gateway Service delivered by the Combined Authority and the team of 20 SME Growth Managers funded by the Combined Authority and embedded within Local Authority delivery teams.
- 2.4 The core funding from Government for the 38 Growth Hubs in England (including the one for West Yorkshire, known as the Growth Service) has not yet been confirmed for 2022/23. This is causing some uncertainty and concern across the country, however, the Combined Authority has moved swiftly to underwrite the costs for the service next year, thus allowing the business planning process, and associated allocation of resources, to be progressed. The above situation has been possible due to the integration of the LEP and the Growth Service within the Combined Authority's governance and delivery structures.
- 2.5 The Growth Service costs circa £700k per year and this funding, alongside circa £300k from the Local Authorities, has been used to secure over £2.5m of additional European Union (EU) funding through to June 2023. 9 of the region's 20 SME Growth Managers are funded from this package, which has also been underwritten for next year by the Combined Authority as mitigation for the core Growth Hub funding from Government not being awarded. There remains a high degree of uncertainty related to funding for business support from 2023/24 onwards as this is when all EU funding will have finished, and detailed information on when the domestic replacement fund (the UK Shared Prosperity Fund) will be operational, and how it will be accessed, has not yet been made available. The majority of the business support provided in West Yorkshire by the Combined Authority / LEP and the Local Authorities is currently funded, or part-funded, by the EU.

Developing the future pipeline

- 2.6 The underpinning Growth Service infrastructure is seen as essential to our ongoing delivery model for business support. In terms of specific future interventions, a pipeline is required to prioritise our work and investments,

linked to our region's strategic aims in the Investment Strategy Priority 1: Good jobs and resilient businesses. As outlined at the October meeting of the Committee, the Mayor's business pledge contains four interconnected themes of activity, linking a number of existing policies of the Combined Authority (see brackets), which will form the basis for the pipeline:

1. **Economic Recovery** (West Yorkshire Economic Recovery Plan)
2. **Supporting business productivity** (Business Productivity and Resilience Plan, Trade Strategy)
3. **Innovation & R&D** (Innovation Framework, Healthtech Strategy)
4. **Community Wealth**

2.7 The pipeline work will look to bring forward and support prioritisation of business support interventions across these themes of activity, whether they come from the Combined Authority, local authorities or from wider stakeholders. The £500,000 development funding agreed by the Combined Authority to resource and provide Combined Authority development capacity for schemes to be brought through the pipeline will be utilised to facilitate this process. It is proposed that this pipeline will be used also to prioritise bids for funding from sources including the UK Shared Prosperity Fund and the Combined Authority's Single Investment Fund, connected to Investment Priority 1 of the West Yorkshire Investment Strategy: Good jobs and Resilient Businesses.

2.8 A thorough gap analysis will be conducted across each of the themes to identify potential opportunities, however a number of ideas have already been highlighted through previous discussions of the Committee and work on the related policies, which could feature on a first iteration of the pipeline:

- A Business Productivity Programme (as discussed in October, and at the LEP Board in November)
- Health tech interventions (£75,000 development funding available through funding allocated in June 2021)
- Future programme(s) to support business Net Zero adaptation
- Support for exporters and business internationalisation
- Work to support productivity in business to consumer sectors
- Support for high productivity inward investment opportunities
- Championing alternative business models e.g. cooperatives

2.9 In coming to a pipeline of future initiatives, it will also be important to capture at an early stage key details about each proposal to support decision making around prioritisation and sequencing in particular. Views on the information that should be captured and what should form a consistent approach to enable prioritisation and sequencing are sought from the Committee. As a starting point, the following key principles are suggested:

- That an initiative is able to clearly articulate the challenge or opportunity it seeks to address.
- That an initiative can demonstrate its alignment to the strategic priorities of the city region – including to policies as part of the Strategic Economic Framework and to the West Yorkshire Investment Strategy

- That indication can be given of the activity that will be delivered, its location, beneficiaries and the high-level outputs or outcomes to be achieved.
- An initiative should provide an indicative total cost figure, and if any existing funding exists

Next steps

- 2.10 Subject to input from the Committee, it is proposed that a draft pipeline structure be developed to begin capturing pipeline opportunities ahead of the next meeting of the Committee in March. An initial pipeline could then be brought forward to the next meeting of the Committee to discuss, to allow further refinement and prioritisation, and subject to budgetary decision, bring forward any immediate projects for consideration.

3. Tackling the Climate Emergency Implications

- 3.1 Tackling the climate emergency and protecting our environment is one of the Mayoral pledges. The Business, Economy and Innovation Committee will have a key role to play in ensuring that this pledge is considered from the perspective of business and the impact and opportunities for the economy, and this will inform the approach to the pipeline and the interventions that come forward through it.
- 3.2 In delivering the specific pledge around supporting local business, it will be critical to ensure that any support makes a positive contribution to tackling the climate emergency. It is therefore expected that any activity developed as part of this pledge will demonstrate a positive impact on this pledge.

4. Inclusive Growth Implications

- 4.1 In delivering the pledge around supporting local business, specific focus will be given to the importance of community wealth for inclusive growth. This includes considering the development of the Fair Work Charter as part of the future pipeline, and how that will interact with wider business support interventions. The pipeline is also expected to bring forward proposals around the business support needs of alternative models of business ownership, including cooperatives and social enterprises.

5. Equality and Diversity Implications

- 5.1 Reducing inequality is a key cross cutting theme across the Mayoral Pledges and is at the forefront of the role of the proposed Inclusivity Champion.
- 5.2 Equality Impact Assessments will be undertaken as part of scheme development within the pipeline for the supporting business pledge to ensure that as schemes progress through Assurance Framework equality, diversity and inclusion is embedded. This will also ensure that engagement takes place prior to commencement of delivery, and involve engagement with potential end user beneficiaries from underrepresented groups.

6. Financial Implications

- 6.1 Funding for interventions brought forward through the pipeline will be subject to decisions of the single investment framework of the Combined Authority, which will include exploring all available routes for funding.

7. Legal Implications

- 7.1 There are no legal implications directly arising from this report.

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 Business, Economy and Innovation Committee notes the updates and provides comments on the proposed approach to developing the pipeline of future business support interventions.

11. Background Documents

[West Yorkshire Investment Strategy](#)

12. Appendices

- 12.1 Investment Priority 1: Good Jobs and Resilient Businesses