

Project Overview

Project Title	West Yorkshire Innovation Support Programme
Main Funding Programme	Gainshare Investment Priority 1 - Good Jobs and Resilient Businesses
Current Forecast Project cost	£6,934,126
Funding Applied for from the Combined Authority now	£5,550,376
Private sector funding amounts and sources	£1,383,750 SME Match

The scheme is a three year programme to provide innovation support to small and medium sized enterprises (SMEs) to improve their business operations, products, processes and services through innovation voucher scheme, targeted strategic grants, Mayor's Innovation Prize competition and West Yorkshire Innovation Festival.

Business Case Summary

Strategic Case

The programme supports the Strategic Economic Framework (SEF) the West Yorkshire Innovation Framework, the Healthtech strategy and the Business productivity and resilience Institutions. The West Yorkshire innovation strategy is addressed through support for Good Jobs and Resilient Business priority.

The scheme supports the Mayor's pledge to support local businesses and increase Research and Development (R&D) and innovation activity in the region. The new innovation programme will do this directly, through innovation finance provision, and indirectly by convening and facilitating the wider ecosystem via the West Yorkshire Innovation Network (WYIN).

The service has been developed in partnership with the West Yorkshire Innovation Network to complement existing innovation and business support in the region. The approach builds on learning from previous regional innovation support programmes, including Access Innovation and Connecting Innovation.

Innovation through creating, improving or utilising new products, processes, or services is well evidenced as being central to improving productivity, economic growth and prosperity. In West Yorkshire however, we have low levels of innovation activity evidenced by a) low levels of business R&D investment, b) low levels of engagement between SMEs and Higher Education institutions to drive knowledge transfer and c) low levels of applications to UK innovation funding competitions and regional grant funds.

The Leeds City Region Business Survey consistently identifies the following barriers and challenges to undertaking innovation including access to finance; awareness of market opportunities; time and opportunity to innovate.

There is a wealth of innovation support already available in the region. However, businesses (particularly SMEs) lack the time available to navigate innovation support and understand what is available to them and how to access it. This programme is designed to help those businesses understand and take full advantage of the support available. The programme also provides some targeted innovation funding for those areas where the challenge is more acute. This includes SME innovation vouchers and addressing wider issues such as the net zero and Mayoral Innovation Prize. As set out previously, the challenge in West Yorkshire is increasing the appetite for innovation by industry and therefore increasing engagement levels with innovation support.

Economic Case

The following factors were considered in the decision to move straight to an identification of short-listed options:

The service has been developed in the context of Combined Authority's delivery of a succession of innovation programmes over the last six years and the teams involved in these closely involved in the development of this new provision.

There is evidence to demonstrate that grant funding to stimulate innovation is effective. Independent research has found:

- R&D grants, loans and subsidies can positively impact R&D expenditure
- R&D grants, loans and subsidies can positively impact productivity, employment or firm performance (profit, sales or turnover)
- R&D grants, loans and subsidies are more likely to improve outcomes for small to medium-size companies than for larger ones

Evaluation of the Northern Ireland innovation voucher scheme indicated that many beneficiaries had not innovated previously and had no links to knowledge providers before engaging with the programme. The programme also supported businesses that had innovated previously and had existing links to knowledge providers. For these businesses, the programme encouraged and de-risked further innovation activity. Notably, the vast majority of beneficiary businesses employed fewer than 10 people, and 30-40% had no turnover at the time of application. The programme therefore supported large numbers of small, and often pre-start-up, businesses that are not eligible for other support.

Innovation is a key priority for the Combined Authority and this programme aligns with the strategic ambitions set out within the Innovation Framework.

Commercial Case

Most of the activity will be delivered by the Combined Authority. The Combined Authority has an experienced grants team and processes to deliver grants efficiently, existing relationships with the market and experience of communications and marketing. There are a number of areas where expertise will need to be commissioned to access private sector and/or academic expertise:

Strategic innovation grants

As with the current programme, a call off framework will be utilised to benefit from sector specific expertise on the strategic grants to provide a technical appraisal of the proposed innovation.

Innovation vouchers

Due to the volume of transactions it is anticipated that innovation vouchers could be administrated by a third party, with management and direction from Combined Authority's staff.

Challenge competitions

The Mayoral Innovation Prize Pilot is procured. Lessons learnt from this will inform the future procurement plan.

West Yorkshire Innovation Festival

Events management support will need to be commissioned as part of the delivery of the festival. The West Yorkshire Innovation Forum 2022 has recently procured events management support and lessons learnt from this will feed into future procurement plans.

Financial Case

The total scheme cost is £6,934,126. This scheme will be funded by £5,550,376 from Gainshare by the Combined Authority and £1,383,750 from SME match.

Management Case

The Combined Authority's Business Economy and Innovation Committee (BEIC) and West Yorkshire Innovation Network will be engaged throughout the development of this programme to ensure the offer continues to meet business needs and align with the rest of the offer. Both groups have to date informed the design of the programme and the Business Economy and Innovation Committee is fully supportive of its progression to delivery, as confirmed at its July 2022 meeting.