

Report to: Business, Economy and Innovation Committee

Date: 24 January 2023

Subject: **Business and Innovation Activity**

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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 the Committee with an overview of the progress of current and future activity across Business and Innovation.
- 1.2. To open a discussion around the businesses that should be supported in future business support programmes.

2. Information

Current activity

Convention of the North

- 2.1 The 2023 Convention of the North will be held in Manchester on 25 January. The Convention of the North is the region's major annual gathering, bringing together business, political and civic leaders to discuss the opportunities and challenges facing the North. As well as key figures from the Government and Opposition, the Convention will hear from Northern Mayors, Council Leaders, leading business people and representatives of the VCSE sector as the North shapes its agenda for 2023.

- 2.2 Discussions throughout the day include a focus on Lifesciences and Health inequality, Advanced Manufacturing, Digital, and Trade and Investment. Both Tracy Brabin and Mark Roberts are involved in sessions.

LEP Integration Plan

- 2.3 The publication of the Levelling Up White Paper in February 2022 provided clarity that for LEPs within Mayoral Combined Authority (MCA) areas, the LEPs would be integrated into the MCA. Following this, in July 2022 a LEP Integration Plan (IP) for West Yorkshire was submitted to government. Confirmation that ministers had endorsed the plan was received on 20 December 2022. At the Combined Authority meeting on 2 February 2023 a paper will be considered that sets out the steps that are required to fully integrate the LEP into the Combined Authority including the governance changes required and the impact on the recruitment of the new LEP Chair and board members.

Manufacturing Task Force

- 2.4 Following the work of the Manufacturing Task Force and the subsequent recommendations report that was produced, a Manufacturing Advisory Board has been set up, with the first meeting held in December 2022.
- 2.5 The report, which was shared at the last committee meeting, included three underpinning recommendations plus 14 recommendations under four themes:
1. Enabling Growth through Innovation and Productivity
 2. Manufacturing for Net Zero
 3. The Place to Be and Buy From
 4. Skills for Manufacturing
- 2.6 The newly formed Board includes representation from businesses (some of whom were on the Task Force), education, business intermediaries and network organisations, along with the Chairs of each of the West Yorkshire Manufacturing Alliances.
- 2.7 An emerging aim of the Board is to create a unified voice for the manufacturing sector in the region. This will be explored at subsequent meetings and updates shared with this Committee.
- 2.8 The Board will identify gaps in provision and seek to identify opportunities to ensure manufacturers in the region are supported to become more resilient, grow and thrive. Several of the programmes in development / entering delivery that are set out in this paper, and previous ones considered by the Committee, have been directly influenced and informed by the priorities and ambitions set out by the Manufacturing Task Force, for example, the Business Productivity Programme and the West Yorkshire Innovation Support Programme.

Advanced Machinery Productivity Institute (AMPI)

- 2.9 The Advanced Machinery Productivity Institute (AMPI) is a new initiative led by the National Physical Laboratory (NPL) and is designed to drive innovation in the UK's advanced machinery sector. In Summer 2021, AMPI was successful in receiving £22.6 million of seed funding from UKRI's *Strength in Places Fund*. The funding allocation is to be used across both the West Yorkshire Combined Authority and Greater Manchester Combined Authority areas and will run for a period of five years. The programme will focus on:
- Supporting five flagship industrial research and development projects to deliver next-generation machinery.
 - Creating nine workstreams focusing on academic research exploring advanced machinery.
 - Industry support scheme to work with businesses to solve short-term challenges and facilitate adoption of new innovation.
 - A programme of regional engagement across the manufacturing and supply chain industry.
- 2.10 Both West Yorkshire Combined Authority and the Greater Manchester Combined Authority, alongside NPL, have been asked to make a modest financial contribution to support an exercise to explore the most appropriate operating model for the institute. The work will also aim to identify and on-board strategic private sector partners who can make a financial contribution, with the longer-term aim of leveraging funding from central government.

Combined Authority delivery overview

- 2.11 The current offer available to new-start and existing businesses in West Yorkshire utilises a mixed delivery model via the Combined Authority's Business Support Service (the Business Growth Service), the business support functions within the region's five Local Authorities (particularly the 16 SME Growth Managers and five Start-Up Managers, funded by the Combined Authority), and several private sector providers commissioned by the Combined Authority that deliver technical advice and guidance in several areas as set out below.
- 2.12 The Combined Authority also works closely with a wide range of regional and national partners to embed their offers to businesses within the ecosystem and to refer businesses to the right support at the right time to meet business needs and opportunities. This includes Innovate UK, Department for International Trade, Chambers of Commerce and other business representative organisations (such as the Federation of Small Businesses), and universities and colleges.
- 2.13 The business support offer is continually evolving as new challenges and opportunities emerge, and as programmes and funding streams end, for example, Help to Grow Digital and ERDF.
- 2.14 Current support products from the Combined Authority and Local Authorities that can be directly accessed via the Business Support Service include:

- advice and guidance for pre-start and start-up firms (Enterprise West Yorkshire programme)
- advice, guidance and grant investment for energy efficiency and recycling/reuse (ReBiz programme and Emergency Energy Grants scheme)
- advice and guidance on strategic business planning (Strategic Business Growth programme)
- advice and guidance on developing new products, processes and services (Connecting Innovation)
- equity and debt finance (SME Investment Fund)
- advice, guidance and grant investment on improving business productivity (Business Productivity Programme)
- advice and guidance for businesses operating in the creative sectors (Creative Catalyst)
- advice, guidance and grant investment for SME manufacturers on adopting advanced digital technologies (Made Smarter in partnership with the region's four Growth Hubs).

Key Combined Authority programmes

Business Productivity Programme

- 2.15 The Business Productivity Programme (BPP) is an integrated package of advice, guidance and grant investment aimed at increasing the productivity of businesses in the region, whilst also enhancing the Combined Authority's understanding of 'what works' when supporting firms to become more productive. Although not exclusively a scheme for the manufacturing sector, it is anticipated that SME manufacturers will account for circa 70% of take-up.
- 2.16 The programme was approved by the Combined Authority in March 2022, and an initial allocation of funding was awarded to commence delivery up to the summer of 2023. The March 2022 approval recommended that the programme seeks additional investment from the Combined Authority once the position on new funding streams is clearer in late 2022 / early 2023. Additional funding would allow the BPP to be delivered over a longer period and to support a larger number of businesses to boost productivity, increase job numbers and upskill employees.

Business West Yorkshire

- 2.17 Business West Yorkshire was approved at the Combined Authority committee in October 2022. This is an evolution of the Business Growth Service and will retain Growth Managers in each district of West Yorkshire, introduce an improved gateway to business support, simplifying the landscape for SMEs, and refresh the brand, a new website, and CRM system.

West Yorkshire Innovation Support Programme

- 2.18 The West Yorkshire Innovation Support programme was also approved for delivery at the October 2022 Combined Authority committee. This programme

is an evolution of the current Connecting Innovation programme and will provide advisory support to businesses to navigate the innovation ecosystem and financial support in the form of vouchers and strategic grants to support the development of new products, processes and services. The programme will have oversight of the West Yorkshire Innovation Network and lead on the West Yorkshire Innovation Festival and Innovation Challenge Competitions.

Innovation Challenge Competitions

- 2.19 The Mayor's Innovation Prize is currently in delivery as a pilot challenge competition. The Combined Authority appointed TPX Impact Ltd to design and deliver the competition on our behalf. Applications for the project are to close on 22 January and participants will be shortlisted for a series of bootcamps to further develop their ideas.
- 2.20 The competition focuses on generating ideas that tackle the climate emergency. Applicants can submit ideas around tackling the decline of the natural environment, sustainable travel, waste reduction and energy efficiency.
- 2.21 The pilot will inform the design and development of future competitions which will be delivered under the new regional Innovation Support Programme.

West Yorkshire Innovation Festival

- 2.22 Planning is underway for this year's Innovation Festival which will be held w/c 13 November 2023. A survey has been created to gather feedback from partners who were involved in the festival on themes, messaging and suggestions for the 2023 event.
- 2.23 The survey will be circulated to the Committee and members are requested to respond with feedback.

Principles for targeted Business Support

- 2.24 With the move from ERDF funding to Gainshare and UKSPF, there is an opportunity to be more flexible around the size and type of businesses that are able to access support. ERDF restrictions mean that only Business to Business enterprises can access support and Business to Consumer enterprises are mostly ineligible. In addition, overseas-owned businesses with operations in the region have previously been unable to access some schemes of support, even if they operate autonomously from their parent companies. This has negated the region's ability to attract some re-invest projects and to realise supply chain opportunities.
- 2.25 The Committee is asked to discuss, consider and guide how support should be targeted in the new wave of business support programmes to ensure that we capitalise on this flexibility, support businesses that will deliver the most positive impact for the economy, and attract a more diverse range of businesses to the support available.

- 2.26 Below are a number of questions for this Committee to consider:
- Should there be a focus on micro businesses and those at the smaller end of the SME scale?
 - Should B2C businesses be able to access support from programmes, particularly in the light of the adverse impact of the pandemic on retail, leisure and hospitality sectors?
 - Or should displacement and additionality remain key considerations when supporting 'high street' businesses?

UKSPF: Pillar 2: Supporting Local Businesses – Open Call for Projects

- 2.27 The Committee previously endorsed the approach for £10m of UKSPF to be used for an Open Call for Projects, alongside £1.3m to provide Export Support to businesses in the region that complements and adds value to the mainstream provision available from the Department for International Trade and our two Chambers of Commerce. An open call will focus on outcomes, to ensure it is responsive to emerging business needs in West Yorkshire, seeks innovative solutions to address need, and engages with a wider group of stakeholders. This was also subsequently agreed with the West Yorkshire UKSPF Local Partnership Group.
- 2.28 To help shape the nature of the Calls a consultation event was held with key stakeholders on 14 December 2022 in which the current economic situation and emerging priorities were presented, followed by breakout groups to collect input from attendees on the most pressing gaps in the region.
- 2.29 Based on this feedback from stakeholders, three open call areas are being developed under the following themes:
1. Export (£1.3m)
 2. Alternative Business Models (£500k)
 3. Innovation/HealthTech/Digital (£10m)
- 2.30 The detail of the Calls is being developed and will be presented to the UKSPF LPG at its meeting on 1 February 2023 for endorsement, with a view to publishing the 'Invite to Bid' by the end of February 2023 to allow delivery to commence July 2023. To ensure as much resource is available for delivery, as opposed to supporting running costs, a minimum bid size has been considered with a proposal for £250k for Export and Alternative Business Models and £500k minimum for the Innovation/HealthTech/Digital open call. This will also ensure a range of stakeholders can consider this bidding opportunity than was previously available via European Funding.
- 2.31 Calls will be aligned with criteria and investment priorities of the West Yorkshire Investment Strategy.
- 2.32 This Committee is asked to note and comment on these developments.

3. Tackling the Climate Emergency implications

- 3.1. All programmes being developed will support and encourage businesses to decarbonise and improve their environmental sustainability, reducing their overall carbon impact and help achieve the region's net zero ambitions.

4. Inclusive Growth implications

- 4.1. Inclusive Growth is a cross cutting theme in all programmes at each stage of policy, development, and delivery. Programmes will include targets to ensure geographical representation across the region and to reach and support underrepresented members of our business community.

5. Equality and Diversity implications

- 5.1. Each of the programmes being developed will have targets attached to ensure proactive engagement with underrepresented groups, including women, people from ethnic minority backgrounds, and people with disabilities. Work will be undertaken to ensure we are engaging with key, influential networks and that our services are proactively promoted and easily accessible to all.

6. Financial implications

- 6.1. Funding routes have been agreed for each programme and are assured through the Assurance Framework.

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. Consultation has taken place with District Officers, West Yorkshire Innovation Network and this Committee. Specific programme development activity has included consultation with other key stakeholders including businesses, universities and business intermediaries and networks.

10. Recommendations

- 10.1. That the Committee notes the activity currently underway.
- 10.2. That the Committee provides feedback on the approach to more targeted business support in the new wave of programmes.
- 10.3. That the Committee supports the financial contribution of £2.5k to further the SIPF programme and industrial engagement across West Yorkshire.

11. Background documents

11.1 There are no background documents referenced in this report.

12. Appendices

12.1 No appendices related to this report.