

**MINUTES OF THE MEETING OF THE
BUSINESS, ECONOMY AND INNOVATION COMMITTEE
HELD ON WEDNESDAY, 29 MARCH 2023 AT COMMITTEE ROOM 1,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS, LS1 2DE**

Present:

Andrew Wright (Deputy Chair)	Private Sector (LEP Board)
Councillor Jane Scullion	Calderdale Council
Councillor Eric Firth	Kirklees Council
Councillor Lisa Martin	Leeds City Council
Fara Butt	Private Sector (Representative)
Asma Iqbal	Private Sector (Representative)
Simon Langdale	Private Sector (Representative)
Karl Oxford	Private Sector (Representative)
Richard Paxman	Private Sector (Representative)
Mandy Ridyard	Private Sector (Representative)
Alan Williams	Private Sector (Representative)
Simon Wright	Private Sector (Representative)
Sue Cooke	Advisory Representative (Huddersfield University)
Dr Peter O'Brien	Advisory Representative (Yorkshire Universities)

In attendance:

Philip Witcherley (Interim Director)	West Yorkshire Combined Authority
Louise Allen (Officer)	West Yorkshire Combined Authority
Sarah Bowes (Officer)	West Yorkshire Combined Authority
Myles Larrington (Officer)	West Yorkshire Combined Authority
Mitchell McCombe (Officer)	West Yorkshire Combined Authority
Thomas Purvis (Officer)	West Yorkshire Combined Authority
Joshua Rickayzen (Officer)	West Yorkshire Combined Authority
Henry Rigg (Officer)	West Yorkshire Combined Authority

1. Apologies for absence

Apologies for absence were received from Councillor Shabir Pandor (Chair), Councillor Alex Ross-Shaw (Bradford Council), Councillor Michael Graham (Wakefield Council), Councillor Ashley Mason (City of York Council), private sector representatives, Martin Booth, Deb Hetherington, Amir Hussain, Paul Price, Philip Wilson, Simon Wright, advisory representatives Professor Nick Plant (Leeds Universities), Palvinder Singh (West Yorkshire Consortium of Colleges), Lee Viney (Innovate UK), Neville Young (Yorkshire & Humber

Academic Health Science Network) and observer, Dr Martin Stow.

In the absence of the Chair, the meeting was chaired by the Deputy Chair, Andrew Wright.

2. Declarations of Discloseable Pecuniary Interests

Karl Oxford declared an interest in Item 8, he advised the committee he has a connection with Lloyds Bank.

3. Exempt Information - Possible Exclusion of the Press and Public

There were no agenda items that required the exclusion of the public and press.

4. Minutes of the Meeting held on the 24 January 2023

Resolved: That the minutes of the meeting of the Business, Economy and Innovation Committee held on 24 January 2023 be approved.

5. Chair's Update

The Chair commenced the proceedings by observing that the meeting of the Business, Economy and Innovation Committee was taking place during the pre-election period. He announced this as a formality, while noting that he did not think this would be likely to impact the proceedings of the committee as members work together on a cross-party basis to support the business community within West Yorkshire.

The Chair further observed that, on 15th March 2023, the Chancellor of the Exchequer, The Rt Hon Jeremy Hunt MP, presented his Spring Budget to Parliament. This included the announcement that West Yorkshire will become home to a new £80 million pound investment zone. The Combined Authority is currently waiting for guidance from government on how the mechanics of this will function. In the meantime, officers have been undertaking discussions with various stakeholders on how best to maximise the opportunities arising from this new investment zone.

The Chair also provided the committee with an update on the recent changes to the LEP Board. He noted that members of the committee had previously discussed this issue, so they were aware of the changes happening around the country. The Combined Authority has subsequently implemented the changes that have been recommended by government. He observed that this now requires LEP's to have a mix of local authority members and private sector representatives, which is something the Combined Authority has already implemented for some time. The Chair indicated he was pleased that this local model is now being pushed as a model of what the rest of the country should be implementing. He observed that LEP Board recruitment has also commenced, as members might be interested in applying for the position of Chair.

In relation to the West Yorkshire Plan and Economic Strategy, the Chair noted

that the feedback from members of the Business, Economy and Innovation Committee at the last meeting has been incorporated into these documents which have been restated as five missions. The Chair noted that this is a similar approach to that taken by the Manufacturing Taskforce which is useful in ensuring these plans come across as more compelling.

The Chair observed that work on the Economic Strategy is ongoing and this will be aligned with the five missions. He also requested that a future meeting of the Business, Economy and Innovation Committee should examine the West Yorkshire Investment Strategy as this is a sister document which helps guide a considerable amount of levelling up funding.

The Chair noted that it was the last meeting which the Interim Head of Trade and Investment, Henry Rigg would be attending after being involved with the committee over the past eleven years. He offered his thanks to Henry for all his incredible work over this period. The Chair also observed that this would be his last meeting due to him reaching his respective term limit as a private sector member. He noted the importance of the role of the Chair and Deputy Chair in helping to convene the committee. The Chair then invited members to consider if they might wish to apply for the Deputy Chair position once the recruitment process commences.

6. Evidence Report

The Committee received an Evidence Report which outlined the latest economic and business intelligence, particularly relating to the cost of living and doing business, as well as the Spring Budget.

Officers noted that the Spring Budget was held on 15th March, where the following key announcements and observations were made:

- The Energy Price Guarantee scheme will continue to be frozen at current levels for the next 3 months. At the same time, the £400 rebate will be withdrawn, instead to be replaced by more means-tested support. This £400 withdrawal will push up to a further 32,000 West Yorkshire households into fuel poverty.
- The Government will introduce a new programme to support people with disabilities and long-term sickness into work. Of the 344,000 economically inactive people in West Yorkshire, 80,000 are inactive due to long-term sickness, and a further 6,400 are due to short-term sickness.
- The Government will provide £4.1 billion by 2027-28 to deliver 30 hours a week of free childcare for eligible working parents of children aged 9 months up to 3 years in England, where eligibility will match the existing three to four-year-old 30 hours offer.
- The Government is maintaining the level of Fuel Duty at the current level, including the extension of the 5p cut, costing £5 billion in 2023/24 and estimated to save the average driver £200. Within West Yorkshire, 74% of households have at least one car, up from 71% in 2011.
- Businesses in the Film and high-end TV industry will be eligible for a credit rate of 34% and animation and children's TV will be eligible for a rate of 39%.

- R&D tax relief for the largest companies will increase from 13% to 20% from 1 April 2023.
- The UK economy will avoid a technical recession – but only just. Q1 2023 GDP growth is forecast to be -0.4%, and 0.0% in Q2.
- Real Household Disposable Income (RHDI) per person – a measure of real living standards – is expected to fall by 5.7% between April 2022 and March 2024. Whilst this is 1.4 percentage points less than was forecast in November, this is still the largest two-year fall in living standards since records began in 1956-57.
- In order to bring CPI inflation back to its 2% target, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 in favour of raising the Bank Rate from 3.5% to 4%.

Officers indicated to members of the committee that work is ongoing to establish a data dashboard which is in the process of being built. The dashboard will include a variety of business data and economic metrics which will be used to monitor and evaluate growth within the West Yorkshire region.

Members made the following observations:

- They expressed a desire for the dashboard to include data on long term issues such as productivity and innovation, especially around R&D investment, as this will help to clarify how these metrics are changing on an annual basis.
- Members also emphasised the importance of ensuring the dashboard metrics include data on the profile of businesses, especially startups, to enable the Combined Authority to assess their longevity. It was noted that a key metric of this is sales data.
- A collective view was expressed that the dashboard should include arrows which indicate the ways in which the data is changing once it is regularly updated.
- It was observed that companies have many means of survival, particularly through the insolvency process. Members felt that the dashboard should include data on the liquidation or ceasing of companies where the employees have retained their jobs by entering insolvency. It was noted that going into administration can allow many businesses to survive and prosper after restructuring has occurred, which is why such granular detail can be useful.
- One member enquired why the Mid Yorkshire Chamber has not been included in the list of stakeholders consulted as part of this process. The Interim Director Inclusive Economy, Skills & Culture indicated that his understanding was that the West and North Yorkshire Chambers undertake this work on their behalf.
- Members asked if the amount of investment from investment houses to the region could be added to the measures included within the dashboard.

Resolved: That the Committee noted the latest intelligence around the West Yorkshire economy and members offered feedback on the asks of government.

7. Innovation Finance & Regional Investment Vehicles

The Committee considered a report on the overview of innovation finance policy development which outlined proposals relating to Northern Gritstone. The report outlined that:

- Innovation finance is a fundamental tool to support high-potential and IP-rich businesses to grow and scale. Traditionally, SMEs have access to three forms of finance to grow their companies – debt, grants, and equity. Each option has various setbacks. To resolve this challenge, the West Yorkshire Innovation Framework, approved by the Combined Authority in 2021, outlined a priority around innovation finance availability.
- Northern Gritstone have approached the Combined Authority to contribute to the latest round of investment calls. It is proposed that the Combined Authority will invest £1.5 million into Northern Gritstone.
- This investment will be used to provide venture capital to university spinouts (60-70% of funds) as well as high-growth startups outside of universities (30-40% of funds) across the West Yorkshire, Greater Manchester and South Yorkshire regions. It will include a focus on a series of high-growth sectors such as clean tech; software, digital and AI; electronics, materials and manufacturing; and life sciences and biosciences.

Members made the following observations:

- Members expressed a desire to see efforts undertaken to ensure that universities which are not formally part of Northern Gritstone are included in the investment plans to ensure these funds are spread equitably across the West Yorkshire region.
- It was emphasised that any investment should be aligned with the regional provision of business accommodation space to ensure that scale ups are possible where existing buildings need have vacant spaces.
- It was noted that funding routes for women and ethnic minorities are vital to ensure that investors look like the companies and businesses that are seeking funding and can relate to the challenges they face.
- It was observed that demand can stop businesses growing and that supply chain provision is essential to existing businesses. The Combined Authority should be working to create additional demand at the time as spending capital investment to help establish new businesses.

Resolved:

- i. That the Committee noted the progress on the policy development relating to innovation finance; and
- ii. The Committee noted the decision made by the Combined Authority to invest £1.5 million into Northern Gritstone.

8. Equality, Diversity and Inclusion in Business Support

The Committee considered a report on Equality, Diversity and Inclusion (EDI) in Business Support. The report outlined the following:

- West Yorkshire is one of the most diverse regions in the country. Our diversity is a huge strength and opportunity for our region's economic growth. Ethnic minority businesses are 6 percentage points more likely to introduce a process innovation than non-ethnic minority businesses, and 11 percentage points more likely to introduce a product innovation.
- As such, the Combined Authority can make the link between ethnic minority entrepreneurship and its enhanced potential for increasing productivity.
- It is proposed that the Combined Authority develops a strategy and action plan to better ensure business support activity meets the needs of specific under-engaged groups.

Members made the following observations:

- It was observed that businesses within West Yorkshire should continue to be encouraged to have programmes to increase female and ethnic minority representation and that apprenticeship programmes and employee engagement should be required before the Combined Authority will invest in a business.
- Members emphasised that it is important to utilise the strengths of ethnic minority businesses in offering connections to other countries with the potential to expand international trade. This can also allow for more positive growth and opportunities within the region that can filter through to disadvantaged communities.

Resolved: That the Committee endorsed the approach to develop an EDI strategy for the Business Support function within the Combined Authority.

9. **Business support principles and Business West Yorkshire**

The Committee considered a report which provided an update on the development of the Combined Authority's new Growth Service offer (working title Business West Yorkshire) service, funded via Gainshare. The report outlined the following:

- 'Business West Yorkshire' is the Combined Authority's overarching business support infrastructure, due to begin delivery in April 2023.
- The aim of the evolved service is to simplify the whole business support landscape for SMEs in the region, with a single point of contact, consistent audience focussed branding, an improved website, and user experience. The new service will continue to be delivered in partnership across all five Local Authorities.
- New business support offers delivered or commissioned by the CA will be funded through the Single Investment Fund (which includes gainshare and UK SPF)

Members made the following observations:

- It was enquired whether the new UK subsidy control regime will differ greatly from that which preceded it. Officers responded that the new framework does offer more flexibility in some respects, but that it is still necessary to be mindful of this and ensure the impacts are captured over time.
- One member expressed the view that schemes which offer funding to businesses should include a requirement for a gradual clawback of funding if productivity improvements are achieved within a specified period as businesses impacted by this provision will already be generating high profits.
- A strength of the Combined Authority has been the investment in the manufacturing sector. Members expressed a desire to see more data on what has worked and where more targeted support can be offered in future.

Resolved:

- i. That the Committee noted the activity currently underway.
- ii. The Committee provided feedback on the approach to more targeted business support in the new wave of programmes.

10. Inward Investment Strategy

The Committee considered a report which provided an update on the key inward investment achievements in 2022/23.

The report outlined several performance indicators which set out the achievement against the core KPIs for the Combined Authority's Trade and Investment service in the current financial year. Several inward investment projects are expected to land this month and these will be reported subsequently to the Committee. The report also set out several examples of where the Combined Authority has supported a number of new businesses to invest and grow in the region.

Members made the following observations:

- It is important that the input of university alumni is sought to ensure the Combined Authority can make use of their knowledge and connections to help benefit the whole region.
- Further efforts should be made to make use of the connections that ethnic minority communities have with similar diasporas in other countries. This can present opportunities to make vital business connections in other parts of the world such as the Middle East and attract inward investment to West Yorkshire.
- Businesses with foreign direct investors are often very Leeds centric in approach. Members agreed that it is good to get foreign direct investment via these companies into Leeds, but this must be followed up with action to present them with opportunities for further investment in the wider West Yorkshire region to help balance out future growth potential.

Resolved:

- That the Committee noted the CA's key inward investment achievements in 2022/23; and;
- ii. The Committee supported the need for a new inward investment strategy for 2023/24 onwards and provides input on the proposed areas of focus for the strategy.

11. Growing Places Fund

The Committee noted a report for information which updated members on the progress in committing loans through the Growing Places Fund (GPF). The report outlined the following:

- The Growing Places Fund (GPF) is a began in 2012 with a £35.5 million allocation from Government.
- The Fund offered loans to support projects that required additional capital funding to deliver jobs and economic growth and to unlock stalled developments post-recession, generally within a timescale of five years or less.
- The Fund was open to all businesses and organisations of any size based in or looking to invest in the Leeds City Region.
- Over the lifetime of the programme, the Local Enterprise Partnership (the LEP) and former Business Investment Panel, has made 15 investments using GPF capital. Of the 15 investments, 8 projects have completed successfully and 4 are still underway. 3 projects did not complete and investment therefore will not be returned in part or in full.

Resolved: That the Committee noted the update on GPF repayments and changes to GPF Loans 209.

12. Director's Closing Remarks

The Interim Director of Inclusive Economy, Skills and Culture proposed a note of thanks to the Deputy Chair for his hard work over the last nine years in supporting the work of the committee. The Interim Director wished the Deputy Chair well for the future, as he had reached the end of his permitted tenure in office as a private sector representative.

13. Date of the Next Meeting

It was noted that the next meeting of the Business, Economy and Innovation Committee was scheduled to be held on 26 July 2023. This was subject to the approval of the proposed Calendar of Meetings 2023-24 at the Combined Authority's Annual Meeting in June.