
Report to: Leeds City Region Enterprise Partnership Board

Date: 27 March 2018

Subject: **Business Innovation and Growth Panel update**

Director(s): Sue Cooke, Executive Head of Economic Services

Author(s): Sue Cooke, David Shepherd, Henry Rigg, Amanda Potter, Sarah Bowes

1 Purpose of this report

- 1.1 To provide the LEP Board with a report on the work of the BIG Panel.

2 Information

Innovation

Northern Innovation Strategy

- 2.1 The eleven Northern LEPs have now commissioned consultancy support to take Innovation North to the next stage. SDG Consultants have been appointed to help consolidate the existing evidence base (what we already know about innovation in the north through the various SIAs and research /policy papers), identify proposals and recommendations for Innovation North to take forwards, and suggest appropriate governance mechanisms. SDG will be contacting key stakeholders across the City Region to ensure the priorities of the region are well reflected going forwards.

LEP University engagement

- 2.2 Knowledge Transfer (KT) Directors met in February to discuss the ongoing opportunities to work more collaboratively on areas of mutual interest, such as skills, innovation, inward investment and international trade.
- 2.3 To help support the development of the Local Industrial Strategy, the KT Directors will take part in a joint workshop in March with business membership organisations to begin to explore the opportunities set out in the white paper around place, skills, ideas and people.
- 2.4 The next meeting with the Vice Chancellors will take place in May with the discussion centred around the role of Universities in the Local Industrial Strategy.

Access Innovation

- 2.5 Access Innovation is being delivered across the City Region with funding from the European Regional Development Fund (ERDF) and the Local Growth Fund (LGF). Its primary objective is to help SMEs to become more productive through the development of new products, processes and services. The programme links SMEs directly to the expertise and facilities within research intensive organisations, such as universities or Catapult Centres. It provides advice to businesses on which organisations can support them with their innovation activities, and also grants of between £5,000 and £100,000 towards the cost of working with expert organisations and purchasing specialist equipment.
- 2.6 To date, the programme has engaged with over 260 SMEs, 127 of which have received one-to-one support from the three Innovation Growth Managers, resulting in detailed action plans for taking their innovation projects forward. Nine applications for grants have been approved to date with a collective value of circa £236,500. There are a number of other applications of varying sizes currently being developed with support from the Innovation Growth Managers.
- 2.7 The highest number of enquiries and approved applications to date are from the healthcare and life sciences, manufacturing (including textiles) and digital sectors. The programme team continues to build strong working links with organisations in these sectors, including the Engineering Employers' Federation, Digital Health Enterprise Zone, Digital Catapult, Advanced Manufacturing Research Centre, Translate, and the Yorkshire & Humber Academic Health Science Network.
- 2.8 The Access Innovation offer to SMEs has recently been broadened to increase the range and quality of projects, and to align the programme more closely with the City Region's priority sectors. This includes increasing the value of projects that can be supported to £200,000, widening the scope of the programme to support more capital investment in innovation projects and simplifying the process for supporting smaller-value projects.

Business Support

Business Growth Programme (BGP)

- 2.9 The BGP provides grants of between £10,000 and £250,000 to businesses in the City Region towards capital investment (land, building, plant, equipment, machinery) that will lead to new jobs being created. Grants contribute up to 20% of the total cost of an investment, with businesses needing to demonstrate that they have access to the remaining finance required.
- 2.10 The current programme is resourced with £42.7m of Local Growth Fund up to the end March 2021, and Table 1 below presents progress since the programme commenced in April 2015.

Table 1: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of February 18)
Expenditure	£42.7m	Committed - £27.88m Actual - £21.28m
New Jobs Created	4,100	Committed - 4,720 + 1,760 safeguarded Actual - 2,384 + 1,682 safeguarded
Businesses Supported	765	Committed - 566 Actual - 458
Number of Grants Awarded	N/A	Committed - 566 Actual - 458
Public/ Private Sector Leverage	£168.5m	Committed - £290m Actual - £205.3m
Total Cost Per Job	No contractual target	Committed - £5,909 Actual - £8,926

- 2.11 As the above table highlights, the programme is achieving a good return in terms of cost per new job at just under £9,000. This figure would be lower if the 1,682 actual safeguarded jobs were included in the overall calculation and would equate to £5,234 per job.
- 2.12 The Business Investment Panel recently recommended the approval of a grant of £167,086 for a bed-manufacturer that is making a £1.67 million investment in new equipment and alterations to premises, resulting in the creation of 45 new jobs and 16 apprenticeships.
- 2.13 All grants awarded to businesses, including those from the BGP, are now published on the LEP website (<http://www.the-lep.com/about/governance-and-funding/grants-for-business/>). This includes the name of the business and the amount of grant awarded.

LEP Growth Service

- 2.14 The Growth Service provides businesses in the Leeds City Region with direct access to the full range of publically-funded products and services available to help them grow. This includes those delivered directly by the LEP and those available via partner organisations, such as the Department for International Trade, Innovate UK, local authorities, chambers of commerce, universities and colleges.
- 2.15 Following the Government's announcement on the new Industrial Strategy in November 2017, the Department for Business, Energy and Industrial Strategy (BEIS) has confirmed that Business Growth Hubs will continue to receive funding for a further two years from 1 April 2018. This means that the Growth Service will receive £512,500 in both 2018/19 and 2019/20, which will enable the current delivery model to be maintained.

- 2.16 Table 2 below highlights the progress made to date against the headline targets for the service in 2017/18.

Table 2: Performance against headline targets 2017-18.

Target Measure	Target	Achieved Apr 17 – Feb 18
SMEs supported - light-touch & intensive (such as attendance at events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2500	1998
SMEs supported - intensively by SME Growth Managers (more ongoing support over the year i.e. several meetings, diagnosis of need, personal referral to relevant products/services, support with funding applications etc).	630	509
All business enquiries handled by the LEP gateway (helpline, email and web)	No contractual target	1321

- 2.17 The service has continued to make good progress towards the annual target of supporting 2500 businesses in 2017/18, with 1998 supported since April 2017. Of these, 509 have been supported more intensively by the SME Growth Managers. In addition, a further 307 businesses have had support from other LEP business support products, namely Resource Efficiency Fund, Access Innovation and Strategic Business Growth.
- 2.18 Case studies featuring businesses that have received support from the LEP and its partners have become an important way to further raise the profile of the service, particularly in the City Region's different districts. Three case studies have been developed this quarter featuring a Bradford-based engineering company ([Global Precision](#)), a Wakefield-based manufacturer and distributor ([OE Electrics](#)) and a Leeds-based manufacturer ([Leeds Galvanising](#)), all of whom have benefited from recent support. A full range of case studies can be found via <http://www.the-lep.com/case-studies/>.
- 2.19 Events continue to be an effective way to promote business support from the LEP, and its partners, to a wider audience. The service is working with RTC North to deliver a series of [Design Network North](#) events, which encourage businesses to innovate by embedding design throughout their products, processes and services. The first event took place in Harrogate on 26 January 2018 with a focus on the food and drink sector, with a second one following at the Hepworth in Wakefield on 22 February 2018 focussed on design in the entertainment industry.
- 2.20 The service delivered its fifth Leeds City Region SME Support Network event on 25 January 2018 at Eureka in Halifax. These events provide business

support professionals working on publically-funded projects and services with the opportunity to network with colleagues, and keep abreast of the current SME support offer in the City Region. The event focussed on employment and skills and included presentations on apprenticeship support, the Enterprise Advisor Scheme, the Employer Brokerage Service and the new Skills Service.

- 2.21 Employment and skills was also the main theme of the private sector intermediary network (the 'Professionals' Perspective') event that took place on the 22 February 2018 in Leeds. It was attended by representatives of banks, accountants and legal firms operating across the City Region, and gave attendees the chance to understand how the LEP's services and products can help their clients and customers to grow. The events are also an opportunity to gain valuable insights into current business conditions, and to gather the views of the professional community on key business issues.
- 2.22 The latest Leeds City Region Business Survey provides positive information regarding the continuing increased awareness of the LEP and its services amongst the SME population. The survey was conducted in summer 2017 with 2,368 businesses across all sectors and all districts of the City Region. It found that 49% of firms are aware of the LEP's services, up from 39% in 2015. Apprenticeship and skills support, business grants and loans, and more general business advice, were areas where awareness of the LEP's activity was highest.

Business Support Programmes

- 2.23 The £2.66m Resource Efficiency Fund (REF) is being delivered through the LEP Growth Service over the next three years. It is jointly-funded by the Government's Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provides advice and funding to SMEs to identify and put in place improvements on how they use water, waste and energy. Please see the Green Economy update report for further detail on the delivery of REF to date.
- 2.24 The £6.75m Strategic Business Growth (SBG) project is being delivered by the LEP and its appointed contractor, Winning Pitch. It is part-funded by ERDF and LGF and provides small, ambitious businesses with a package of tailored support to help them achieve their growth potential. This includes one-to-one business coaching, one-to-many workshops on key areas of business growth and an important peer-to-peer element that allows businesses to share their experiences and expertise.
- 2.25 Winning Pitch have recruited 66 business coaches with a diverse range of sector specialisms to work on the project. Examples of coaching support currently being delivered include development of a marketing strategy, business planning and access to finance. 148 businesses have engaged with the project to date, including 54 that have developed detailed growth action plans with their allotted account managers. All 54 are now receiving ongoing coaching support and a further 16 are in the process of developing their action plans.

- 2.26 The Growth Service also acts as central point for businesses of all sizes across West Yorkshire to access the Travel Plan Network (TPN). Businesses that join the network receive free advice and guidance about implementing sustainable travel solutions, including discounted public transport offers, cycling initiatives and relocation support.
- 2.27 There has been a continued drive to increase membership of the network in order to encourage more employers, and their employees, to adopt sustainable ways to travel to and from, and during, work. 80 businesses have already joined the network since the start of April 2017, against an annual target of 50 new members.
- 2.28 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested over £5.79m of funding into 49 businesses in Leeds City Region. £1.25m has been invested in 30 businesses via the micro fund, £2.75m has been invested in 14 businesses via the debt fund, and £1.8m in five businesses via the equity fund.
- 2.29 There is an even spread of investments across the priority sectors of the City Region's Strategic Economic Plan. NPIF is funded by ERDF, the British Business Bank (BBB) and the European Investment Bank. Approximately £18m of the City Region's ERDF allocation is supporting the fund.

Trade and Investment

- 2.30 The quarterly update on the work of the Trade and Investment team can be found in Item 7 – Trade and Investment Forward Plan.

3 Financial Implications

- 3.1 There are no financial implications directly arising from this report.

4 Legal Implications

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

5 External Consultees

- 5.1 No external consultations have been undertaken.

6 Recommendations

- 6.1 The LEP Board is asked to note and endorse the contents of the report.

7 Background Documents

None.

8 Appendices

None.