
Report to: Business Innovation and Growth Panel

Date: 24 May 2018

Subject: **Service Update - Business Support**

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1 Purpose of this report

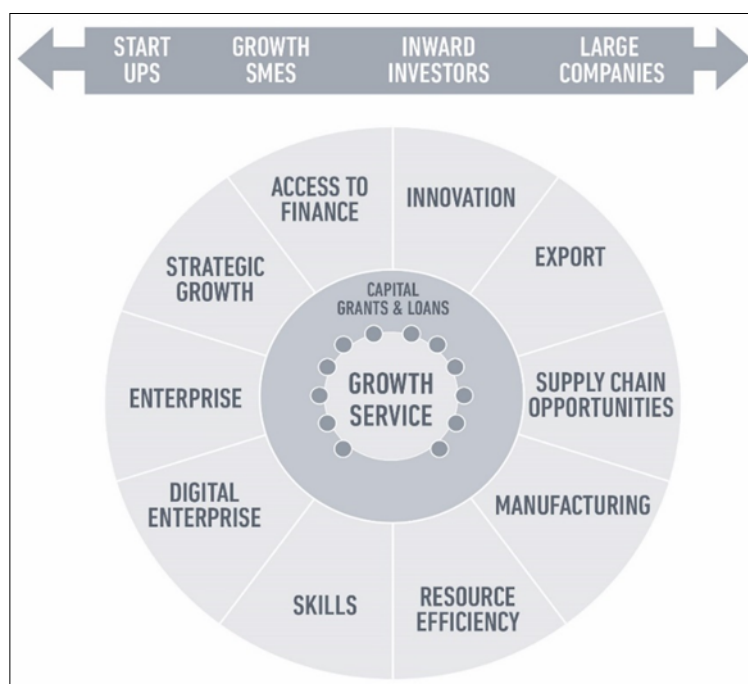
- 1.1 To provide the Panel with an update on business support activity being undertaken, including the LEP Growth Service, the Business Growth Programme, the Resource Efficiency Fund, Access Innovation, Strategic Business Growth, the Travel Plan Network and the Northern Powerhouse Investment Fund.

2 Information

LEP Growth Service

- 2.1 The Growth Service provides businesses in Leeds City Region with direct access to the full range of publicly-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.
- 2.2 As the Growth Hub for Leeds City Region, the service has been awarded £512,500 of funding by the Department for Business, Energy and Industrial Strategy (BEIS) to maintain its hub and spoke delivery model in 2018/19. The service has also been allocated £87,500 for 2018/19 from the Leeds City Region Business Rates Pool to support business engagement activities within the districts. The diagram below demonstrates how the service underpins the business support infrastructure in the City Region.

Figure 1: Business support in Leeds City Region



- 2.3 Businesses can access the Growth Service by telephone (T: 0113 3481818 - weekday from 9am – 5pm), the LEP’s website (www.the-lep.com/for-business, or, email (businessgrowth@the-lep.com). The enquiries are handled by a central gateway team and there is also a team of 13 SME Growth Managers, who provide more intensive support for small and medium-sized enterprises (SMEs) with clear growth potential and ambition. The Growth Managers operate at a district-level and are co-funded by the Growth Service and the city region’s local authorities.

Progress to date

- 2.4 Table 1 below highlights the achievements made against the headline targets for the service in 2017/18. More detailed information on the achievement of targets and on the number and type of businesses supported by the service is provided in **Appendix 1**.

Table 1: Performance against headline targets 2017-18.

Target Measure	Target	Achieved Apr 17 – Mar 18
SMEs supported - light-touch & intensive (such as attendance at events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2500	2428
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	633

All business enquiries handled by the LEP gateway (helpline, email and web)	No contractual target	1322
Service Expenditure	£512,500	£512,437

- 2.5 The service fell just short of its annual target to support 2500 businesses in 2017/18, with 2428 supported since April 2017. Of these, 633 were intensively supported by the SME Growth Managers, which is just above the collective target of 630 for the year. In addition, a further 949 businesses have had support from other LEP business support products in the year, namely Resource Efficiency Fund, Access Innovation, Strategic Business Growth, Travel Plan Network and the Business Growth Programme.
- 2.6 4628 individual businesses have received support from the service since its launch in July 2015. This demonstrates the continued reach of the service into the SME community of the City Region, with its value evidenced by 775 firms accessing more than one product since April 2017 (see **Appendix 1** for more information on this and on the impact of the service on the SMEs supported).
- 2.7 Table two below presents the new targets for the Service 2018/19, which includes an additional one for the delivery of Business Advice 'Pop Up' events throughout the City Region.

Table 2: Performance against headline targets 2018-19

Target Measure	Target	Achieved May 2018
SMEs supported - light-touch & intensive (such as attendance at events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2750	79
Intensive support to SMEs supported - intensively by SME Growth Managers (ongoing support over the year i.e. several meetings, diagnosis of need, personal referral to relevant products/services, support with funding applications etc).	630	103
Intensive support to SMEs (including support from Growth Managers, and the LEP's core business support products)	900	To follow
Delivery of Business Advice Pop Up events (with 7 in the 20% most deprived parts of the country)	12	3 (2 in 20% most deprived)
Proportion of businesses supported likely to recommend it	85%	92% (Dec 17-March 18)
Service Expenditure	£600,000	£40,000

Service developments

- 2.8 An independent evaluation of the service is currently underway to assess its impact to date. This will include detailed case studies of several firms supported by the SME Growth Managers, and will also compare progress to other Growth Hubs in the country in order to share, and learn from, good practice.
- 2.9 Feedback capturing the satisfaction levels of customers who have accessed the central gateway for support is being captured on a weekly basis and analysed monthly. Encouragingly, the service has recorded a 98% satisfaction rating from respondents since November 2017 when the feedback system went live. Further information is available within **Appendix 1**.
- 2.10 There was a presentation at the April 2018 SME Growth Manager workshop from the Intellectual Property Office, who set out the range of support available to businesses to protect their non-tangible assets. These monthly events continue to support the professional development of the Growth Managers and the gateway team, whilst building strong working links with key partners. The service also continues to support the Northern Powerhouse Growth Hub Network and the Better Business for All Regional Group.

Marketing and communications

- 2.11 A portfolio of case studies featuring local businesses that have received support from the LEP, and its partners, continues to build. These raise the profile of the service particularly at district level. Two case studies have been developed this quarter featuring a Selby-based brewery (The Jolly Sailor) and a Bradford-based Manufacturer (Univer), which also generated articles in the Yorkshire Post, The Manufacturer and in other trade press. A full range of case studies can be found via <http://www.the-lep.com/case-studies/>.
- 2.12 E-Marketing continues to build brand-awareness and stimulate the appetite for business support through more targeted content and social media activity. The SME eNewsletter is distributed to over 13,000 business contacts across the City Region on a quarterly basis. Featured content over the last quarter includes Access Innovation, Business Advice Pop Ups, partner events (including those delivered by Ad:Venture) as well as the latest case studies <https://mail-the-lep.com/t/3LTT-BTE8-4782RMB83/cr.aspx> and <https://mail-the-lep.com/t/3LTT-B406-4782RMB83/cr.aspx?v=0>
- 2.13 The 2017 Leeds City Region Business Survey has provided an opportunity for the service to proactively engage with businesses to promote the range of support available to help them grow. As a result, the SME Growth Managers are now contacting those businesses that have expressed interest in receiving support from the LEP.
- 2.14 The innovation marketing campaign, which ran for three months up to the end of March 2018, has been successful in increasing the number of enquiries from businesses interested in support with the development of new products and processes. Linked to this, Skipton-based, Trio Healthcare, referenced the

beneficial support it received from the Access Innovation programme within a press release on their recent Queen's Award for Innovation.

- 2.15 To complement the above activity, the 'Innovation Week' marketing campaign commenced on 30 April 2018. This used a range of digital channels to highlight the benefits of investing in innovation activities, and to promote the innovation support available to businesses from the LEP and its partners, including Innovate UK and the City Region's universities.

Events

- 2.16 Events continue to be an effective way to promote the City Region's wide range of business support products and services. Recent events at which the LEP has taken part include: - the Med-Tech Translate Event (Leeds) on 25 April 2018, the Yorkshire Business Market (Harrogate) on 30 April 2018 and the Made in Yorkshire manufacturing exhibition and showcase event (Leeds) on the 17 May 2018. In addition, the LEP sponsored RTC North to deliver its third [Design Network North](#) event in Bradford in late March 2018, with a focus on artificial intelligence.
- 2.17 The team also presented at the National Physical Laboratory's quarterly networking event at the 3M Buckley Innovation Centre in Huddersfield on 17 April 2018. This event focused on targeted support and opportunities available to the rail and defence industries, and attracted over 60 attendees representing 35 businesses across the wider region.
- 2.18 Four additional Business Advice Pop-Up events were delivered in March and April 2018 at the Elsie Whitely Centre in Halifax, the Carlisle Community Centre in Manningham, Bradford, and the Hillside Enterprise Centre in Beeston, Leeds and the Create Café in Wakefield.
- 2.19 During 2017/18, the LEP delivered seven of the 'Pop-Up' events across the City Region, at which 124 smaller businesses were able to access 150 hours of free support on a range of business topics all under one roof. The most popular topics covered by the 450 one-to-one advice sessions delivered in 2017/18 were business growth, digital and marketing/marketing strategy. The customer feedback on the 2017/18 events was 69% excellent and 30% good.
- 2.20 The model relies on business experts volunteering their time to advise business-owners on such important topics as marketing, business planning and access to finance. The events have proven to be an effective and cost-efficient way for the LEP to engage with the private sector in some of the City Region's more outlying and disadvantaged areas. Further information about the impact of Pop Ups is available in **Appendix 1**.

Business Growth Programme (BGP)

- 2.21 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 job creation. 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.

- 2.22 The current programme is funded with £42.7m of Local Growth Deal funding (LGF) up to the end March 2021, £3.74m of which is being used to provide match-funding for four projects being supported by the European Regional Development Fund (Access Innovation, Strategic Business Growth, Digital Enterprise and Ad:Venture). Table 2 below presents progress since LGF funding commenced in April 2015.

Table 3: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of March 18)
Expenditure	£38.96m	Committed - £28.75m Actual - £23.30m
New Jobs Created	4,100	Committed - 4,792 + 1,760 safeguarded Actual - 2,778 + 1,682 safeguarded
Businesses Supported	No contractual target	Committed - 522 Actual – 434
Number of Grants Awarded	765	Committed - 602 Actual – 489
Public/ Private Sector Leverage	£168.5m	Committed - £295.3m Actual - £218.8m
Total Cost Per Job	No contractual target	Committed - £6,000 Actual - £8,389

- 2.23 As the above table highlights, the programme is achieving a good return in terms of cost per new job at 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 just over £5,225 per job.
- 2.24 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. This is expected to result in 45 new jobs and 16 apprenticeships.
- 2.25 All grants awarded to businesses, including those from the BGP, are 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.
- 2.26 The table below compares the proportion of SMEs per district within the City Region against the proportion of grants awarded. It shows that West Yorkshire districts all perform well in terms of successfully accessing the programme, but that the North Yorkshire districts have a proportionately lower take-up rate. This can be partly attributed to the relatively low number of manufacturers in

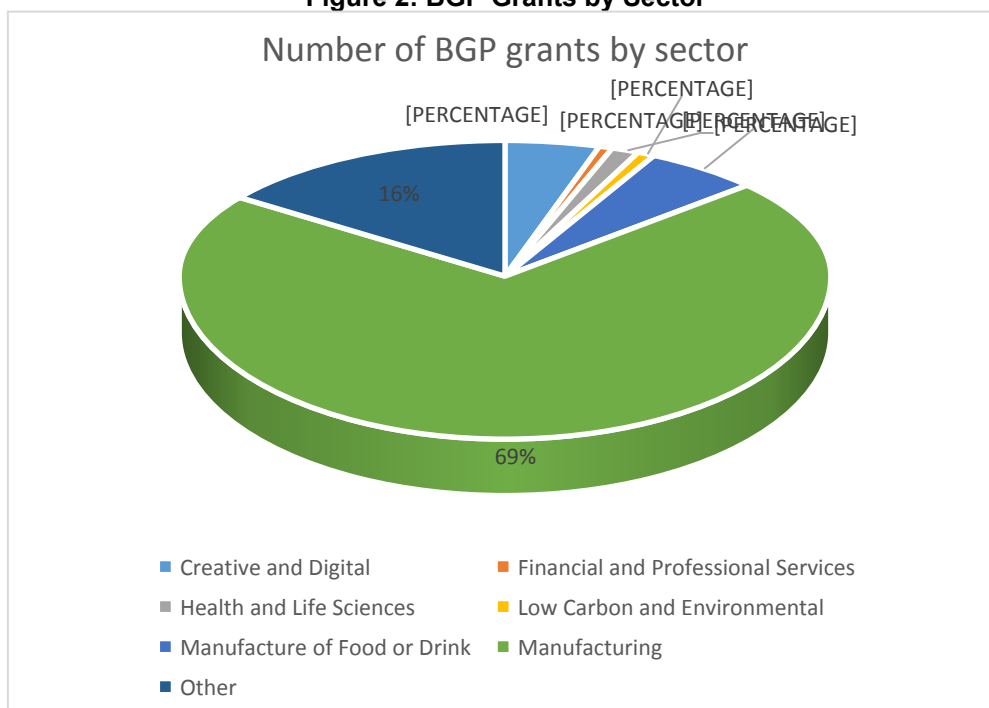
North Yorkshire and the existence of a similar grant scheme in that area that has recently changed its criteria to allow for smaller grants to be awarded.

Table 4: Grant awards by district

District	Grants per district	SMEs per district
Leeds	29.6%	26.8%
Kirklees	18.4%	13.5%
Bradford	15.7%	14.5%
Wakefield	10.2%	9.5%
Calderdale	11.7%	7.5%
Barnsley	6.7%	5.9%
Harrogate	4.0%	8.5%
Craven	1.7%	3.2%
York	1.5%	7.2%
Selby	0.4%	3.4%

- 2.27 The below chart presents the number of grants awarded via sector, and highlights the importance of the programme to the manufacturing and food and drink sectors, which account for 76% of all grant awards. The Creative and Digital sector is the next most popular with 5% of all grants, followed by Health & Life Sciences with 2%.

Figure 2: BGP Grants by Sector



- 2.27 The revised criteria and associated conditions related to inclusive growth were approved by the LEP Board at its last meeting in March 2018, following input from this Panel. The LEP Board's decision was then endorsed by the Combined Authority at its meeting on 10th May 2018, and implementation will follow from July 2018.

Business Floods Recovery Fund

- 2.28 Following the floods of Boxing Day 2015 and the subsequent devastating impact on many businesses across the City Region (particularly in Calderdale and parts of Leeds), the LEP and the Combined Authority agreed to ring-fence £5m of the overall Business Growth Programme budget to a Business Floods Recovery Fund.
- 2.29 The fund has provided grants of between £5,000 and £100,000 for capital investment in plant, machinery and premises that were damaged by the floods and that were not, for legitimate reasons, fully covered by insurance policies. The focus of the fund has been on safeguarding jobs, as opposed to creating new ones, and on supporting businesses to return to something like their pre-floods level of operation.
- 2.30 The fund, which was closed to new applications at the end of 2016, has supported 63 businesses with a combined grant-commitment of £3.08m, £2.67m of which has been paid to flood-affected firms. To date, this has helped to safeguard 1,682 jobs and will leverage over £13m of private investment.

Resource Efficiency Fund

- 2.31 The £2.66m Resource Efficiency Fund (REF) is being delivered through the Growth Service over the next two years as a key product to improve productivity and efficiency for SMEs in the City Region. It is jointly funded by the Local Growth Fund (LGF) and the European Regional Development Fund (ERDF), and provides advice and funding (grants of up to £10,000) to SMEs to identify and implement improvements related to their use of resources i.e. water, waste and energy.
- 2.32 At the end of March 2018 (17 months from start of project), 347 businesses have contacted the project (against an original target of 167 each year), with 334 having received visits from the two REF Managers. These have resulted in 188 assessments being commissioned and the completion of 179 assessment reports.
- 2.33 90 grant applications have been approved with a total combined value of £623,475, and payments totalling £315,212 having been made to 44 businesses. The conversion rate from assessment to grant has been higher than expected, which may result in a bigger challenge in meeting overall output targets. This is being closely monitored. Telemarketing activity continues to stimulate more interest from businesses, although there has been

a slight recent decline in referrals from other business support products. The production of several case studies focussed on the impact of the support on different parts of the recipient-businesses is expected to increase the referral rate.

- 2.34 The reduction in grant support for lighting upgrades has resulted in the expected lower average value of grant applications, whilst stimulating a more diverse range of projects coming forward for support. Total estimated carbon dioxide (CO₂) savings across all approved projects as of April 2018 is 1,538 tonnes per annum, with estimated savings to the recipient-businesses of £365,772 per annum.

Access Innovation

- 2.35 Access Innovation is being delivered across the City Region with funding from the ERDF and the Local Growth Fund. Its primary objective is to help SMEs to become more productive and competitive 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.
- 2.36 To date, the programme has engaged with over 330 SMEs, 169 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. Fifteen applications for grants have been approved to date with a collective value of circa £457,000. A further three applications totalling £195,000 have been received and are currently being appraised. A number of other applications of varying sizes are currently being developed with support from the Innovation Growth Managers.
- 2.37 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 continue to build strong working links with organisations in these sectors, including the Engineering Employers' Federation, local Manufacturing Alliances, National Physical Laboratory, Digital Health Enterprise Zone, Digital Catapult, Advanced Manufacturing Research Centre, Translate, the Yorkshire & Humber Academic Health Science Network and universities within and outside the City Region..
- 2.38 Referrals into the programme have recently increased from a number of sources, particularly the City Region's universities, other LEP business support products and through attending a number of local and regional conferences and networking events. In addition, the recent changes to the criteria to allow a broader range of projects to be supported has resulted in grant applications worth £417,000 being received. These have included several larger projects and approval of the first capital equipment grant. Input

from the BIG Panel meeting in December 2017 was instrumental in changing the criteria, and subsequently increasing the number of quality of projects.

- 2.39 Recent marketing activity has included the publication of a new leaflet setting out the programme's offer to businesses, ongoing direct targeting of key sectors and sub-sectors, and an increase in exposure via social media and the regional/local business press. Furthermore, an online sector targeted campaign using LinkedIn and Google AdWords is taking place throughout May 2018.

Strategic Business Growth – support for SMEs with high growth potential

- 2.40 The £6.75m Strategic Business Growth (SBG) project is being delivered by the LEP and its appointed contractor, Winning Pitch. It is also 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.
- 2.41 Winning Pitch has recruited 68 business coaches with a diverse range of sector specialisms to work on the project. Coaches are now supporting businesses with the development of marketing strategies, business plans and investment propositions. 92 businesses are now fully engaged with the support available, including 75 that have developed detailed growth action plans with their allotted account managers. Of these, 27 have benefitted from a combined total of over 700 hours of further coaching support and 21 have attended at least one of the 14 workshops covering such topics as finance, people and attracting customers. The support being provided has already led to the creation of four jobs and two new products.
- 2.42 There have now been six grant approvals for businesses across Leeds and Calderdale representing four priority sectors:- Low Carbon & Environmental, Finance & Professional, Digital & Creative and Manufacturing. The grants are contributing to investments in new machinery and the fit-out of new premises, with over 40 new jobs expected to be created. The combined value of the six investment projects is just over £680k, with the grants contributing just under £150,000.

Travel Plan Network

- 2.43 The Growth Service also acts as a central point for businesses of all sizes across West Yorkshire to access the Travel Plan Network (TPN). Businesses that join the network receive expert advice and guidance about implementing sustainable travel solutions, including discounted public transport offers, cycling initiatives and relocation support.
- 2.44 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. 90 businesses joined

the network in 2017/18, against an annual target of 50, with seven joining in April 2018 as a contribution to the new annual target of 75.

- 2.45 The team recently has provided relocation support to Leeds-based Premier Farnell, and participated in a two-day relocation event for employees of HMRC, both of which are undertaking significant moves within the City Region. This support focuses on public transport options, the development and implementation of car sharing schemes, the use of car clubs, and referrals to the Bike Friendly Business scheme.

Northern Powerhouse Investment Fund

- 2.46 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested £8.9m of funding 62 businesses in Leeds City Region. £1.45m has been invested in 35 businesses via the micro fund, £4.4m has been invested in 20 businesses via the debt fund, and £3.05m in eight businesses via the equity fund.
- 2.47 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. Just over £18m of the City Region's ERDF allocation is supporting the fund, with almost half of this invested and in just over one year of being operational. The amount invested in Leeds City Region is the second highest of all LEP regions involved in the fund, and the highest in proportion to the amount of ERDF allocated to the overall fund.
- 2.48 NPIF promotion has continued by both the appointed fund managers and the BBB with extensive networking and attendance at key events. The focus continues to be private sector professional intermediaries (e.g. banks, accountants and solicitors), business membership organisations and the LEP Growth Service to continue to widen awareness of, and participation in, the fund. Roger Marsh OBE addressed the fund's celebration event in Leeds on 8 May 2018, which featured case studies on three Leeds City Region businesses that have secured investment.

3 Financial Implications

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

4 Legal Implications

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

5 Staffing Implications

- 5.1 There are no immediate staffing implications directly arising from this report.

6 External Consultees

6.1 No external consultations have been undertaken specifically on this report.

7 Recommendations

7.1 That the progress made to date on delivery of the above business support projects, programmes and services be noted.

8 Background Documents

None.

9 Appendices

Appendix 1 – LEP Growth Service Performance Update