
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 13 June 2018

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

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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 11 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 Sustainability Impact Assessments (SIAs) and research /policy papers), identify proposals and recommendations for Innovation North to take forwards, and suggest appropriate governance mechanisms. SDG have contacted key stakeholders across the City Region and held one of the three engagement workshops in Leeds, Liverpool and Newcastle. Once the report is finalised it will be shared with LEP Board.

LEP University engagement

2.2 To help support the development of the Local Inclusive Industrial Strategy, the University Knowledge Transfer Directors took part in a joint workshop in March with business membership organisations and local authorities to begin to explore the opportunities set out in the Industrial Strategy White Paper. The discussion focused on place, infrastructure, skills, ideas and people, in the light of the four key challenges for the city region identified by the LEP Board at its September 2017 away day (the productivity gap between the city region and the national average is increasing; investment, particularly private sector investment in innovation is low; living standards have stalled, and; stubborn deprivation persists).

2.3 The next meeting of university Vice Chancellors and the LEP took place in May with the discussion centred around the role of Universities in the Local

Inclusive Industrial Strategy, in the light of the discussion in March's workshop. A verbal update will be provided at the meeting.

Access Innovation

- 2.4 This LEP programme supports businesses to develop new products and processes via a package of advice and funding. To date, it has engaged with over 330 businesses, 169 of which have received one-to-one support from the three Innovation Growth Managers. This has resulted in the development of detailed action plans for each business innovation project. 15 applications for grants have been approved to date with a collective value of £457,000.
- 2.5 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, as well as regional universities.

Digital

- 2.6 Work is continuing to progress to develop the Leeds City Region Digital Framework. As LEP Board members heard at the last meeting, the proposals, which have been tested out with a small number of stakeholders are being consulted on through an online engagement exercise in late May for further amendment and ratification.

Business Support

Business Growth Programme (BGP)

- 2.7 The BGP provides grants to businesses in the City Region towards capital investment (land, building, plant, equipment, machinery) that will lead to new jobs and improvements in productivity.

Table 1: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of May 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	765	Committed – 522 Actual – 434

Number of Grants Awarded	N/A	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

- 2.8 The above table shows good progress against the target to create 4,100 new jobs by the end of March 2021, with 2,778 created to date and commitment of a further 2,014 from approved applications. The 1,682 jobs safeguarded are as a result of grants awarded to businesses severely affected by the 2015 Boxing Day floods.
- 2.9 On 10 May 2018, the Combined Authority endorsed the LEP Board’s decision to introduce new criteria, and associated conditions, to generate more inclusive growth outcomes from businesses supported by the BGP. To be implemented from July 2018, this will include a mechanism to incentivise businesses to create higher paid jobs, and to contribute more to a range of associated initiatives, such as Apprenticeships, skills development, resource efficiency and sustainable travel planning.

LEP Growth Service

- 2.10 The Growth Service provides businesses in the City Region with direct access to the full range of publicly-funded products and services available to help them grow. Table 2 below highlights performance against the headline targets for 2017/18.

Table 2: Performance against headline targets 2017-18.

Target Measure	Target	Achieved Apr 17 – March 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 (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

- 2.11 The service has fell just short of its annual target for 2017/18 by supporting 2,428 businesses to grow in the year. Of these, 633 were supported more

intensively by the SME Growth Managers, which is just above the annual target of 630. In addition, a further 949 businesses had support from other LEP business support products during 2017/18. To date in 2018/19, over 260 businesses have been supported, 62 by the SME Growth Managers.

- 2.12 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. 63 different businesses attended the events and collectively accessed 77 hours of support across 231 one-to-one advice sessions.

Other Business Support Programmes

- 2.13 The Strategic Business Growth (SBG) project provides small, ambitious businesses in the City Region with a package of tailored support to help them achieve their growth potential. This includes business coaching, workshops on growth topics and grant-funding.
- 2.14 92 businesses have successfully applied to be on the project, 75 of which have developed detailed growth action plans with their allotted account managers. 27 of these firms have to date benefitted from a combined total of 700 hours of business coaching, with 21 attending at least one of the workshops on key growth-related topics. Six businesses have had approvals for capital grants with a combined value of £149,000 and this will result in the creation of over 40 new jobs.
- 2.15 The Growth Service is the access point for the Travel Plan Network (TPN), which provides businesses of all sizes across West Yorkshire with advice and guidance on implementing sustainable travel solutions. 90 businesses joined the network during 2017/18 and there are now over 360 members in total.
- 2.16 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.
- 2.17 NPIF promotion has continued by both the appointed fund managers and the British Business Bank 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.

Trade and Investment

Trade Outlook

- 2.18 In the year to December 2017, the value of UK trade in goods exported increased by 13% compared with the same period last year. There were increases in annual export values for all English regions with Yorkshire & the Humber showing an increase of 13.6%.
- 2.19 The total number of UK businesses exporting increased by 1.2% between Quarter 4 2016 and Quarter 4 2017. The number of businesses in Yorkshire & the Humber similarly grew by 1.2% over the same period.
- 2.20 The British Chambers of Commerce Quarterly Economic Survey for Quarter 4 2017 shows that 25% of manufacturers reported improved export sales in the Quarter with 12% of service firms reporting improved export sales, both figures down slightly from the previous Quarter.
- 2.21 The EEF/BDO Manufacturing Outlook for Quarter 1 2018 also shows that global growth continues to support demand for UK exporters with a rise in export orders and an expectation that this will continue into the next Quarter. In particular, the manufacturing sector continues to see Europe as their main source of growth and positive market conditions are reported for Asian and North American markets.

Trade Plan Progress

- 2.22 In March the Trade and Investment team visited Hong Kong to participate in the UK's Great Festival of Innovation as part of the Northern Powerhouse group. The LEP met with and continued to build relationships with the Hong Kong Trade Development Council, Invest HK, the Department for International Trade, and the China policy team in central government. In total, the LEP met over 60 key intermediaries and businesses to discuss trade and inward investment opportunities. Meetings of particular interest included meeting with the Director of the Chamber of Commerce to discuss trade opportunities, the Head of China Outbound Investment at Grant Thornton, and the FinTech Lead at Cyberport to discuss the FinTech Bridge initiative.
- 2.23 A number of new international trade initiatives have been considered, as set out in the Trade and Investment business plan at the last BIG panel. This will include a larger China/Hong Kong delegation to follow up on contacts made on our recent trip, as well as focused initiatives around advanced manufacturing and the region's food and drink sector. These will take place through 2018/19 and provide tangible, direct opportunities for regional businesses to access new markets.

Inward Investment – Performance Update

- 2.24 The team exceeded its target for job creation in 17/18, having secured commitment for 2,519 new jobs, safeguarding 400 jobs and succeeding in

reaching its target of 20 new investment projects this year. There have been four new investments since the last LEP Board report in March, these are as follows:

- Freshfield PLC; two new jobs. Smart technology company setting up a global innovation centre in Leeds.
- Silverstone Building Consultancy; 12 new jobs. Newcastle based consultancy firm launching a Leeds office.
- Reed Smith; 73 new jobs. Major legal firm creating a legal services hub at the Platform building.
- Perform Group; 400 new jobs. Digital sports content and media company expanding into Leeds at White Rose Office Park.

2.25 The team received a total of 88 new enquiries throughout 2017/2018, of which 33 were in Category A which receive higher priority. There was a strong mix of enquiries across our priority sectors, as shown below:

- Digital and Creative Technologies – 26%
- Financial and Professional Services – 24%
- Health and Life Sciences – 14%
- Advanced Manufacturing – 21%
- Other – 15%

2.26 A high profile integrated campaign started in April to emphasise the vibrancy of the digital and creative sector in Leeds City Region. In addition the team is in the final planning stages before launching the new £1m Digital Soft Landing Fund.

2.27 The LEP supported the Creative Cities Convention at Leeds College of Music on 25 April 2018. This event hosted key figures from broadcast media, including representatives from Channel 4, BBC, ITV, Channel 5 and Pact.

2.28 Work to attract Channel 4's national headquarters to Leeds City Region is intensifying. A bidding process is now underway following the announcement that Channel 4 will establish three new creative hubs outside of London.

2.29 A strong effort to attract a high speed rail rolling stock Manufacturer is also underway.

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.