

LEP Business Productivity Pilot – August 2018

Background

The Leeds City Region Enterprise Partnership (LEP) is launching a business productivity pilot in September 2018 as part of the LEP and West Yorkshire Combined Authority's work to drive up productivity across Leeds City Region through private sector leadership. This has been identified by the Business, Innovation and Growth Panel as a priority for the City Region's emerging Local Inclusive Industrial Strategy.

The aim of the pilot

To support firms in Leeds City Region to improve their productivity through capital investment grants, and to improve how they measure and report productivity gains. The pilot will award capital grants of between £25,000 and £100,000 to those businesses that best demonstrate how the investments will have a positive impact on their productivity.

The recipients of the grants will **not be required to create new jobs as a condition of the grant**, but **will need to maintain current employment levels**. They will also be expected to clearly describe how they currently measure productivity and how it will improve following the investment project.

The pilot will also help the LEP and wider City Region to:

- Capture practical learning to inform future activities to improve productivity and allow greater insight into the different approaches taken by businesses.
- Better meet the needs of businesses in the current economic climate.
- Build close working relationships with a cohort of businesses and monitor their productivity over a longer period.
- Be at the forefront of developing evidence-led interventions on business productivity.

How will the pilot work?

- The pilot will run as a competition with an Open Call inviting businesses to apply for grants of between £25,000 and £100,000 to support capital investment projects that will lead to clearly-evidenced productivity improvements.
- The intervention rates will be between 10 and 20%, depending on the size of the business (20% for firms with under 50 staff, and 10% for those with 50 or above). This means that the minimum size of project that could be supported is £125,000.
- The Call will be open for an initial period of three months, with a further Call to follow depending on how many projects are supported in the first round.
- A consistent way to measure productivity for all applicants will be used before and after the investment projects. This will be via the Office of National Statistics' (ONS) 'How productive is your business?' online tool, which

provides a single productivity measure for a business via an online platform - <https://content.govdelivery.com/accounts/UKONS/bulletins/1fc8202>

What funding is available?

- Grants of between £25,000 and £100,000, equating to either 10 or 20% of the total value of the investment i.e. minimum project size of £125,000
- Grants to contribute to capital investment in machinery, equipment and the fit-out of premises
- Grants that will lead to measurable productivity improvements in the business

Criteria and commitments

Businesses need to:

- Be located in Leeds City Region
- Have been trading for over 12 months
- Have a capital investment project in Leeds City Region that will lead to clearly-evidenced productivity improvements (which could include social impact if the applicant is a social enterprise).
- Invest a minimum of £125,000 in a capital investment project
- Ensure there is no net reduction in employee numbers for a minimum of 12 months following completion of the investment.
- Use the ONS' new 'How productive is your business?' online tool to measure their productivity before and after the investment project.
<https://content.govdelivery.com/accounts/UKONS/bulletins/1fc8202>
- Produce a Productivity Plan (a template for this will be provided) that clearly sets out how they currently measure productivity, how the investment project will improve productivity and how this will be evidenced for at least 12-months following the investment.

The Productivity Plan will also provide applicants with an opportunity to set out any other business or productivity improvement actions to be undertaken alongside the investment project. For example, Lean Manufacturing, Six Sigma or Industry 4.0, a commitment to achieve an industry or technical accreditation, or, any other relevant activity. This is not mandatory, but will strengthen the application by reinforcing the applicant's commitment to continual business improvement. The LEP can advise businesses on this aspect of the plan, and can link them to other schemes that can provide support with it.

- Commit to taking part in a longitudinal survey that will track its productivity at regular intervals over a three-year period.

Assessment of applications

- A panel of experts from the private and public sectors will assess all of the applications and make recommendations to the Executive Head of Economic

Services, who will make the final decision on awarding grants, under the Combined Authority's scheme of delegations.

- Technical appraisals of all applications will be undertaken by the Combined Authority's Economic Services directorate, focussing on the financial viability of the applicants and their projects.

Timeline

- First call opens – 17 September 2018
- Deadline for applications – 14 December 2018
- Appraisal and assessment period – 15 December 2018 – 31 January 2019
- Decisions on grant awards – 1 February 2019

Details of further calls will be published dependent on the number and value of grants awarded in the first round.