
Report to: Business Innovation and Growth Panel

Date: 27 November 2018

Subject: **Business Support**

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

Author(s): Henry Rigg

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.

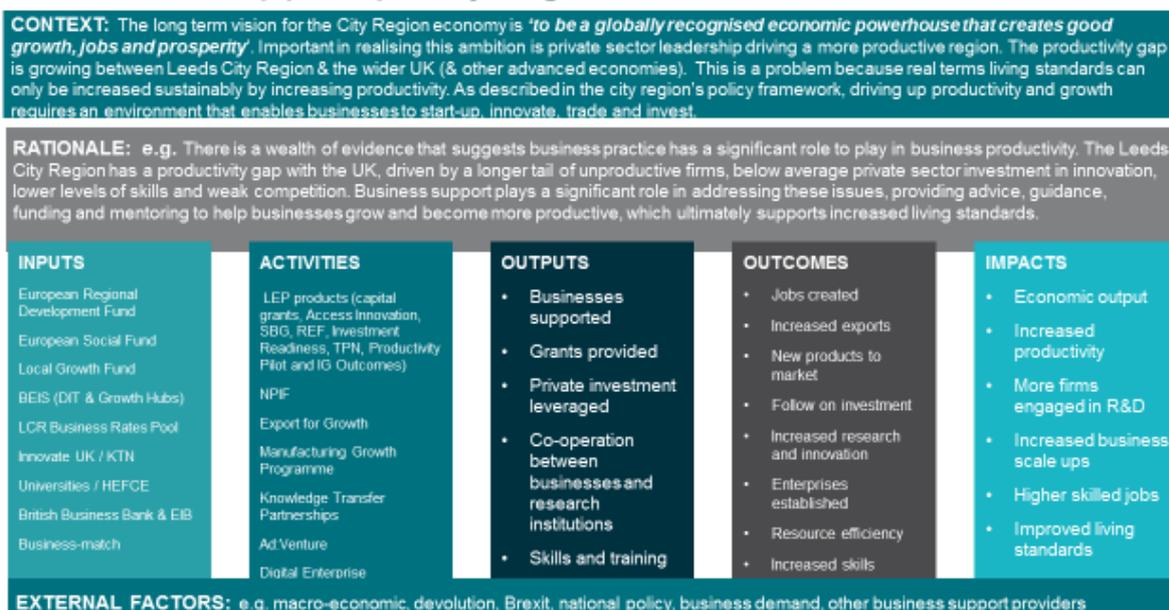
2 Information

Business Support Context and Strategy

- 2.1 The support provided to businesses via the LEP's products and services is complemented by a wide range of others available to City Region firms and delivered by local, regional and national partners. This includes export support from the Department for International Trade and the Chambers of Commerce, innovation support from universities, Innovate UK and the wider Knowledge Transfer Network, and finance from the Northern Powerhouse Investment Fund and the Start-Up Loans Company. The private sector also plays a critical function within the support ecosystem, particularly banks and other funders/investors, and providers of professional advice and support.
- 2.2 The figure below sets out a logic model for the City Region's business support eco-system and interventions as part of the policy framework for the emerging local industrial strategy.

Figure 1 : Business Support Policy Logic Model

Business support policy logic model



LEP Growth Service

- 2.3 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.

Progress to date

- 2.4 Table 1 below highlights progress against the headline targets for the service in 2018/19. **Appendix 1** provides more detailed information on the scope, scale and impact of the service.

Table 1: Performance against headline targets 2018-19.

Target Measure	Target	Achieved Oct 2018
SMEs supported - light-touch & intensive (such as attendance at events, sign-ups to the LEP eNewsletter, referrals to other products/services)	2750	1668
Intensive support to SMEs by 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	562

Intensive support to SMEs (including support from Growth Managers, and the LEP's core business support products)	900	762
Delivery of Business Advice Pop Up events (with 7 in the 20% most deprived parts of the country)	12	8 (3 in 20% most deprived)
Proportion of businesses supported likely to recommend it	85%	86% (April 18 – Oct 18)
Service Expenditure	£600,500	£260,755.42

- 2.5 The Service has recently celebrated a key milestone, having supported over 10,000 businesses since its launch in July 2015, and remains on track to meet its annual target of supporting 2750 businesses. Over 1660 individual SMEs have received support since 1 April 2018, of which 562 have been intensively supported by the team of SME Growth Managers. 762 businesses have received support from the range of LEP business support products, namely Resource Efficiency Fund, Access Innovation, Strategic Business Growth, Business Growth Programme and the Growth Managers.

Service developments

- 2.6 SME Growth Manager meetings are held every month as a means by which to support the professional development of the Growth Managers and the Gateway team, whilst building strong working links with key partners. Guest presentations over the last quarter were delivered by the Department for Work and Pensions, the Skills Service, the Northern Powerhouse Investment Fund and from RTC North as part of the new Access Innovation masterclasses to further strengthen the appetite and capacity for SME innovation activities.
- 2.7 A key recommendation from the formal evaluation of the service, which took place in April 2018, was to invest in the skills and expertise of the SME Growth Managers. In addition to holding the monthly Growth Manager meetings, the service is now exploring more formal training options, including the use of social media to help connect with businesses and maximise networking opportunities, Intellectual Property masterclasses and SFEDI (Small Firms Enterprise Development Initiative) accreditation.
- 2.8 The team delivered its seventh Leeds City Region SME Support Network on 27 September 2018 in Bradford. The events take place on a bi-annual basis and provide a structured networking opportunity for business support professionals working across publically-funded projects available in the City Region. The recent event focussed on the support available to manufacturing businesses in the City Region. It included the launch of the University of Huddersfield's new supply chain programme and further promotion of the LEP's Productivity Pilot. The work of the recently established Office of the Small Business Commissioner was also showcased at the event, which focusses on fair payment practices and helping small businesses to resolve any payment disputes with larger organisations.

- 2.9 Work has also taken place this quarter to build and strengthen the private sector intermediary network. Initial positive meetings have been held with Deloitte, and further meetings have been scheduled with a number of accountancy firms and banks in the remainder of 2018. The next meeting of the Leeds City Region Professionals' Perspective network for business intermediaries (banks, accountancy and legal practices) will take place on 29 November 2018. It will also feature a presentation from the Office of the Small Business Commissioner and provide an opportunity to discuss current issues and opportunities facing businesses in the City Region.
- 2.10 The service continues to support the Northern Powerhouse Growth Hub Network and the Better Business for All (BBFA) Regional Group. Following on from the regional BBFA meeting held on 19 September 2018, work is now taking place to re-engage environmental health teams within the West Yorkshire local authorities in an attempt to reform the West Yorkshire regulators group. The Service will also host the next regional meeting in January 2019.

Marketing and communications

- 2.11 The marketing strategy focuses on three priority areas, underpinned by social media campaigns:
- Engaging and supporting new Growth Service customers
 - Providing additional support to existing Growth Service customers
 - Developing the private sector intermediary network as a route to market
- 2.12 Case studies featuring local businesses that have received support help to raise the profile of the LEP and its partners, particularly at district level and across all business sectors. The focus this quarter has been the development of two video case studies for the Resource Efficiency Fund, Leeds-based packaging firm, Greyhound Box, and Calderdale dye-manufacturer, Azo. These are now live on the LEP website and a full range of case studies can be found via <http://www.the-lep.com/case-studies/>.
- 2.13 To help build brand-awareness and stimulate the appetite for business support, E-marketing is also used with more targeted content and social media activity. The SME eNewsletter is distributed to over 12,000 business contacts across the City Region on a quarterly basis. Featured content over the last quarter included promotion of the Pop Up cafés, Travel Plan Network expo, York Business Week, REF case studies and further information about the apprenticeship grant for employees (AGE), all of which can be found here <https://mail-the-lep.com/t/3LTT-FFI7-4782RMB83/cr.aspx>
- 2.14 Events continue to be an effective way for the service to promote the City Region's wide range of business support products and services. The last quarter, in particular, has seen both the Growth Manager and wider business support teams heavily engaged in supporting a range of events through a combination of guest speaker and/or exhibitor roles. Recent examples include:

- Kirklees Business Hub Live (20 September)
 - Wakefield Business Week (1-5 October)
 - Bradford Manufacturing Week (8-12 October)
 - Leeds Business Week (8-12 October)
 - Transport Systems Catapult Event (9 October)
 - Leeds Manufacturing Festival (10 October – 10 November)
 - York Business Week (13-16 November)
- 2.15 A month-long social media campaign - '#manufacturing growth' - also took place in October 2018 to further promote the projects, activities and initiatives in support of the manufacturing sector. It featured business case studies, news stories, details of the wider support available including export support, as well as a series of partner events that took place throughout the month. It also included a press release highlighting the support given to over 1600 manufacturers across the Leeds City Region by the Growth Service since it launched in July 2015 <http://www.the-lep.com/news-and-blog/accelerating-growth-in-leeds-city-region%E2%80%99s-%C2%A37-7bn/>
- 2.16 Additional press releases include the launch of the productivity pilot <http://www.the-lep.com/news-and-blog/new-fund-launched-to-help-tackle-the-productivity/>, and a celebration of the LEP's key milestone in supporting 10,000 businesses since the launch of the Growth Service in July 2015. Featured content about the business support available from the LEP, and its partners, is also continually updated on the Made in Yorkshire microsite.
- 2.17 The SME Growth Manager in the York district has recently delivered another four business masterclasses in partnership with representatives from the private sector. 47 delegates attended these sessions with key topics including: making tax digital, telemarketing and business development. The SME Growth Manager for Harrogate is currently leading the project development of the emerging digital incubator space in the district. This will help to engage with more businesses from the growing creative and digital sector in Harrogate.
- 2.18 The team has worked with the SME Growth Managers and local businesses to deliver eight Pop-up Business Support Café events since 1 April 2018. The latest was delivered in Hunslet on 25 September with two more scheduled to take place in Knottingley (29 November) and Huddersfield (13 December). The 'Pop-up' model involves 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. **Appendix 1** also provides further information about the impact of the Pop-ups.

Business Growth Programme (BGP)

- 2.19 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.

- 2.20 The current programme is supported 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 2: Programme performance against headline targets

Target Measure	6-Year Target (April 15 to March 21)	Achieved (as of Oct 18)
Expenditure	£38.96m	Committed - £30.61m Actual - £25.57m
New Jobs Created	4,100	Committed – 5,077 + 1,693 safeguarded Actual – 3,242 + 1,682 safeguarded
Businesses Supported	No contractual target	Committed - 553 Actual – 474
Number of Grants Awarded	765	Committed - 648 Actual – 556
Public/ Private Sector Leverage	£168.5m	Committed - £321.9m Actual - £244.1m
Total Cost Per Job	No contractual target	Committed - £6,030 Actual - £7,887

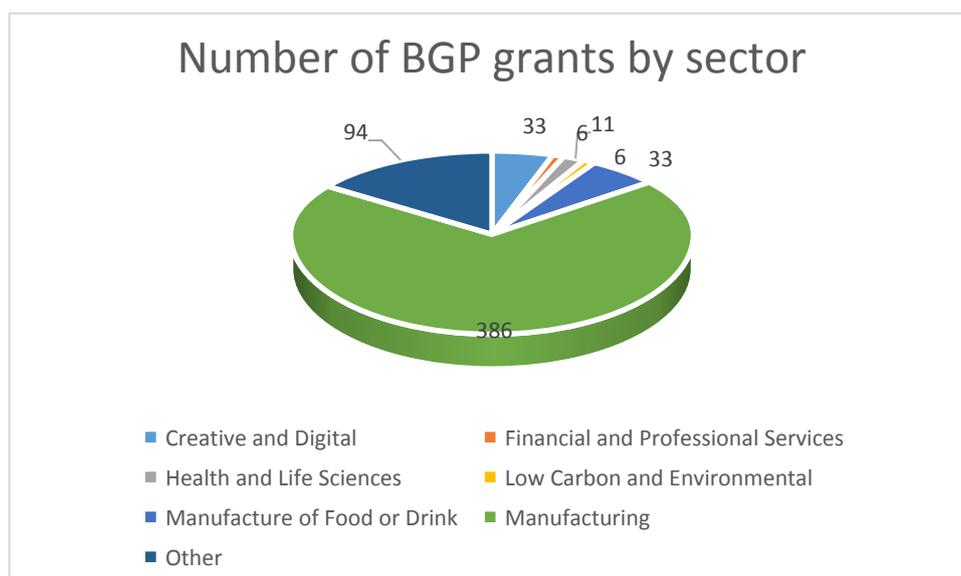
- 2.21 As the above table highlights, the programme is achieving a good return in terms of cost per new job at just under £8,000. This figure would be lower if the 1,682 actual safeguarded jobs were included in the overall calculation and would equate to £5,193 per job.
- 2.22 All grants awarded to businesses, 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, the amount of grant awarded and the amount of grant paid to date.
- 2.23 The table below compares the proportion of SMEs per district within the City Region against the proportion of all grants awarded. It shows that West Yorkshire districts (particularly Calderdale and Kirklees) 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.

Table 3: Grant awards by district since April 2015

District	Share of BGP Grants	Share of the City Region Business Stock
Leeds	30.0%	26.8%
Kirklees	18.8%	13.5%
Bradford	16.3%	14.5%
Wakefield	9.8%	9.5%
Calderdale	11.3%	7.5%
Barnsley	6.5%	5.9%
Harrogate	3.9%	8.5%
Craven	1.8%	3.2%
York	1.4%	7.2%
Selby	0.5%	3.4%

2.24 The below chart presents the number of grants awarded via sector, and highlights the continued importance of the programme to the manufacturing sector, which accounts for 68% of all grants awarded since April 2015. The next most popular sectors are Food and Drink and Creative and Digital, each with 6% of awards.

Figure 2: BGP Grants by Sector since April 2015



Inclusive Growth Commitments

2.25 The Inclusive Growth commitments, developed and endorsed by this Panel, went live on 31 July 2018 for new applicants to the BGP. Businesses that had

applications in the system prior to this date were given until the end of September 2018 to have their applications considered on the previous criteria.

- 2.26 A full review of the new approach will take place in February 2019, with findings reported to the Panel in March 2019. However, an early analysis of applications on the new criteria show that 87.5% of all contracted jobs from 26 grant-approvals are committed to paying the Real Living Wage or above. It also shows that the most popular additional commitments from those applicants awarded grants of over £50,000 are related to Sustainable Travel and Low Carbon.

Productivity Pilot

- 2.27 The Call for projects under the Productivity Pilot opened on 17 September 2018 and will close on 14 December 2018. As endorsed by this Panel at its May 2018 meeting, the pilot will invite businesses to submit applications for capital grant investment that will result in measurable productivity improvements, but that do not require net additional jobs to be created within the business.
- 2.28 There has been considerable interest to date in the pilot from businesses, with one application received and a further 10 in the pipeline. The pilot is continuing to be promoted in a targeted manner via the SME Growth Managers, by other business support products currently being delivered across the City Region and via several business networks and membership organisations, including the Engineering Employers' Federation, Chambers of Commerce and Made In Yorkshire. It was also promoted at the launch of the Leeds Manufacturing Festival in September 2018.

Resource Efficiency Fund

- 2.29 The Resource Efficiency Fund (REF) is being delivered through the Growth Service until October 2019 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. A follow-on project proposal is currently being developed in response to an ERDF Call, which opened on 5 October 2018.
- 2.30 As of October 2018, 473 businesses had engaged with the project, with 458 having received visits from the two REF Managers. These have resulted in 248 assessments being commissioned and the completion of 233 assessment reports, which is in line with the project's contractual targets.
- 2.31 109 grant applications have been approved, and payments totalling £592,403 having been made to 87 businesses. A third telemarketing campaign has started, and two video case studies have been completed and can be viewed at <http://www.the-lep.com/for-business/ref/>.

- 2.32 Projects approved since the last panel have been in the areas of basic heating, lighting, insulation and compressor investments. Total estimated carbon dioxide (CO2) savings across all approved projects as of 30 September 2018 is 1,830 tonnes per annum, with estimated savings to the recipient-businesses of £462,036 per annum.

Access Innovation

- 2.33 Please see the report for Agenda Item 5 on Innovation Support Programmes, for an update on the Access Innovation programme.

Strategic Business Growth – support for SMEs with high growth potential

- 2.34 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, and identify collaboration opportunities.
- 2.35 Winning Pitch has recruited 68 business coaches with a diverse range of sector specialisms to work on the project. Ongoing analysis on the coaching support requested by SBG clients to date has identified the three most common areas where support is requested as: process improvement, growth strategy and marketing/sales respectively. 177 businesses are now fully engaged with the support available, including 146 that have developed detailed growth action plans with their allotted account managers. Of these, 108 have benefitted from a combined total of over 4,200 hours of further coaching support and 50 have attended on average two or three of the 29 workshops available. Examples of the most recently delivered workshops are; maximising Linked-In (one of the five full-day masterclass new to September 2018), attracting and retaining staff, and leadership. The support being provided has already led to the creation of 149 jobs and 15 new products.
- 2.36 As of October 2018, there had been 20 grant approvals for businesses across the West Yorkshire districts and Harrogate representing five priority sectors (Low Carbon & Environmental, Finance & Professional, Digital & Creative, Food & Drink and Manufacturing). The grants are contributing to investments in new machinery and the fit-out of new premises, with over 100 new jobs expected to be created as a result. The combined value of the 20 investment projects is over £1.8m, with the grants contributing £450,000. Of these, nine had completed their investments by the end of September 2018, providing over £750,000 of private sector match in the process.

Investment Readiness and Business Resilience

- 2.37 Following direction from the Panel at its May 2018 meeting, two projects are now in development to support SMEs to prepare for accessing the finance needed to realise their growth plans, and to put the most strategically-

important SMEs in the City Region in stronger positions to benefit from future challenges and opportunities, with a focus on financial health and future-proofing. Further information on these projects is contained within the 'Preparing for Brexit – Business' report at Agenda Item 6.

Travel Plan Network

- 2.38 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.
- 2.39 A key focus of the team is to drive membership of the network. The aim is to encourage more employers and their employees, to adopt sustainable modes of travel as part of their commute and for business travel. The business travel advisors have been working closely with the wider business support function, undertaking joint visits and making cross referrals. This is proving fruitful as an additional 17 business have joined the network in the last quarter. A total of 58 new members have been recruited since 1 April 2018, meaning that the team is making good progress in meeting its current annual target of recruiting 80 new members. The total membership now stands at 413 businesses that employ almost 300,000 staff between them.
- 2.40 The team has been active in promoting a series of campaigns to their network members including Cycle September, European Mobility Week and Travel Wise Week (16-22 September), International Walk to school month (October) Liftshare Week (1-7 October) and Road Safety Week (19-25 November). Additionally, and in support of National stress awareness day on 7 November, the team also offered a number of free bus tickets as prizes to three network members (John Lewis, Anlaby and Bradford College) as part of an employee wellbeing initiative to enable a number of their employees to travel on buses for free.
- 2.41 Work is continuing on the development of shared travel plans at ten multi-occupied sites as part of a European-funded project. The purpose is to help business at shared sites adopt a collaborative approach to encourage modal shifts within the commuting patterns of their employees. The team has recently commissioned the delivery of a series of car park management sessions for these sites, as well as a consultant to deliver larger scale sustainable travel campaigns and events at three key sites (Kirkstall Forge and Thorpe Park in Leeds, and Calder Park in Wakefield. The team is also providing ongoing relocation support to Leeds-based Premier Farnell and to HMRC, both of which are undertaking significant moves within the City Region.
- 2.42 Following the success of the SHARE-North Travel Plan Expo in October 2017, the team delivered their second Expo on 21 November 2018. The Expo provided delegates with the opportunity to meet with a range of bus and rail operators, liftshare and car club providers, as well as organisations involved in

cycling and walking initiatives. Businesses had an opportunity to check that their employees were maximising their membership benefits, and were offered practical tips through a range of seminars and workshops on how to prepare for the challenges linked to air quality; how to embed sustainable travel into core business activity, and support to encourage cycling including bike maintenance. The event also saw Sustrans launch their first National Cycle Network review outside of London.

Northern Powerhouse Investment Fund

- 2.43 The Northern Powerhouse Investment Fund (NPIF) formally launched on 22 February 2017, and has since invested £12.5m of funding in 79 businesses in Leeds City Region. £1.69m has been invested in 41 businesses via the micro fund, £6.88m has been invested in 29 businesses via the debt fund, and £4m in 10 businesses via the equity fund.
- 2.44 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, over 60% of which has been invested in the first sixteen months 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.
- 2.45 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.

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 Panel notes the progress made to date on delivery of the above business support projects, programmes and services.

8 Background Documents

None.

9 Appendices

Appendix 1 – LEP Growth Service Performance Update