
Report of Head of Funding Programmes & Business Support

Report to Director of City Development

Date: 7th March 2018

Subject: LEP Capital Grants Programme (formerly known as Business Growth Programme - BGP)

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes × No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes × No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes × No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes × No

Summary of main issues

1.1 The future role of LCC as a delivery partner in BGP over the period 2018-21.

Recommendations

1. To approve the role of LCC as delivery partner in BGP.
2. To authorise the signing of the associated partnership agreement with the West Yorkshire Combined Authority (WYCA).
3. To instruct officers in the Economic Development team to carry out the duties responsibilities as specified in the partnership agreement.
4. To budget for income of £614,472 over the period 2018 -21 as a contribution towards associated LCC staff costs.

1. Purpose of this report

- 1.1 To inform the Director of City Development of proposals to deliver BGP support to Small/Medium sized enterprises (SMEs) based across the Leeds City Region.
- 1.2 To seek approval from the Director of City Development for the Council to enter into a partnership agreement with West Yorkshire Combined Authority (WYCA) to appraise & monitor BGP grant applications received from SMEs based across the Leeds City Region.

2. Background information

- 2.1 BGP is a business grants programme which aims to help businesses across the Leeds City Region to invest in new capital equipment and the purchase/fit out/ refurbishment of new business premises. Over the last five years the programme has provided grant assistance to support over 1,000 SMEs with investment projects.
- 2.2 Since 2013 Leeds City Council (LCC) has delivered BGP up to £100,000 on behalf of the LEP/WYCA, with Grants over £100,000 being delivered directly by WYCA's in house Business Grants team. Approximately 85% of BGP Grant Awards have been delivered by the LCC Business Grants team and @ 50% of the grant spend has been processed through LCC's accounts.
- 2.3 Over the last three years LEP Capital Grants has awarded @ £25m in grant support with approximately £7m being awarded to Leeds businesses, funded through the government's Local Growth Funding (LGF). This £25m has levered in £253m of private sector investment and has helped to create 2,452 new jobs across the City Region with a further 2,282 new jobs forecast to be created by these investment projects by 2021.
- 2.4 BGP has been recognised as "best in class" in the last independent evaluation carried out in 2015. LCC's involvement in BGP over the last five years has been critical in delivering a successful programme.

3. Main issues

- 3.1 As part of a wider Project Assurance review WYCA have decided to take in house the following LEP Capital Grant functions :
 - Delegated decisions for grant applications of less than £100,000
 - The issuing of all Grant Offer letters
 - The processing of all Grant claims & payments
 - End to end delivery for LEP Capital Grants over £50,000
- 3.2 WYCA have gone through a restricted tender exercise amongst member local authorities to identify a delivery partner for the next three years with the necessary capacity and expertise to:
 - Provide advice & guidance on BGP to grant applicants;
 - Appraise 140 business grant applications per annum;
 - Monitor grant aided projects & assess grant claims
 - Assists WYCA to deliver BGP with the wider aspiration of using BGP as leverage to get business participation on a range of inclusive growth initiatives.
- 3.3 LCC has been successful in the tendering exercise described in 3.2, it is therefore proposed that the Council delivers the services described above. In return LCC will recover all costs associated with delivery in line with its tender response.

4 Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Council's approach to working with the LEP/WYCA has been discussed with Members on a number of occasions. This project forms part of a much wider picture of the Council actively engaging with WYCA and partners across the City Region to deliver a range of economic development projects to support businesses and invest in essential infrastructure to fuel future economic growth.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The proposed project will be available to established SMEs across the City Region. Certain sectors are excluded due to LGF funding rules e.g. businesses who primarily trade with consumers.

4.3 Council policies and best council plan

- 4.3.1 In improving business competitiveness & creating new jobs the BGP project is consistent with a number of themes in the Best Council Plan.

4.4 Resources and value for money

- 4.4.1 The agreement with WYCA provides an income to LCC of £614,472 over the period 2018 to 2021 as a contribution towards LCC staff costs.
- 4.4.2 It is envisaged that no additional costs will be incurred by LCC in delivering this agreement. The £614,472 contribution towards staff costs is therefore additional income to the Council which has already been factored into the Economic Development budget for the period 2018 to 2021.

4.5 Legal implications, access to information, and call-in

- 4.5.1 Signing this agreement is a significant operational decision (not subject to call-in), as the average income received per Council financial year is forecast to be £204,824.

4.6 Risk management

- 4.6.1 Risks associated with the partnership agreement have been mitigated by clearly defining LCC roles/responsibilities and ensuring that WYCA is responsible for endorsing each business grant application received by LCC and each claim for grant under this project.
- 4.6.2 Both parties are able to terminate this agreement by giving a 90 day notice period. This protects the Council in the event that the Council is unable to continue to provide business grant services due to the loss of key personnel.

5. Conclusions

- 5.1 The BGP project improves business competitiveness and helps to create new jobs. It is an important tool in the wider engagement of SMEs which is critical in the successful implementation of Inclusive Growth.

- 5.2 The Economic Development Service has the expertise to provide an effective business grants service and has extensive experience of working with SMEs. The project complements other business support activities run by LCC.

6. Recommendations

- 6.1 To approve the role of LCC as delivery partner in the BGP project.
- 6.2 To authorise the signing of the associated partnership agreement with the West Yorkshire Combined Authority (WYCA).
- 6.3 To instruct officers in the Economic Development team to carry out the duties /responsibilities as specified in the partnership agreement.
- 6.4 To budget for income of £614,472 over the period 2018-21 as a contribution towards associated LCC staff costs.

7. Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.