

## Ad:Venture and Digital Enterprise Programme Update

Date: 15<sup>th</sup> March 2023

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

This report provides an update on the Ad:Venture and Digital Enterprise Business Support Programmes which have been successfully delivered by the Council on behalf of the Leeds City Region since 2016. The report outlines efforts made by the Council in developing a new funding package for both programmes which will extend delivery for up to a further three years to 2026. The report seeks approval to enter into a series of contracts and funding agreements with the principal funder – West Yorkshire Combined Authority (WYCA) and delivery partners based across West Yorkshire. The report seeks authority to spend up to £5m of Gainshare funding and up to £4,676,147 of UK Shared Prosperity Fund (UKSPF) over the period 2023-26.

### Recommendations

Executive Board is requested to :

- a) Note the progress and success of Ad:Venture and Digital Enterprise to date in supporting businesses and individuals across the Leeds City Region.
- b) Authorise the Director of City Development to enter into contract with West Yorkshire Combined Authority for the Ad:Venture and Digital Enterprise Business Support Programmes.
- c) Authorise the Director of City Development to enter into funding agreements with delivery partners and take all necessary action to ensure that the Ad:Venture and Digital Enterprise programmes continue to support businesses and individuals across West Yorkshire.
- d) Approve the authority to spend up to £5m of Gainshare funding on the Ad:Venture Programme and up to £4,676,147 of UK Shared Prosperity Fund (UKSPF) on the Digital Enterprise Programme.

## What is this report about?

- 1 This report provides an update on the Ad:Venture and Digital Enterprise Business Support Programmes which have been successfully delivered by the Council on behalf the Leeds City Region since 2016. The report outlines efforts made by the Council in developing new funding packages for these programmes and seeks approval to enter into a series of contracts and funding agreements with the principle funder – West Yorkshire Combined Authority (WYCA) and delivery partners. The report seeks authority to spend up to £5m of Gainshare funding and up to £4,676,147 of UKSPF over the period 2023-26.

## Background

- 2 Since 2016 Leeds City Council has been the lead partner for the Ad:Venture and Digital Enterprise business support programmes. These programmes have principally been funded through £25m from the European Regional Development Fund (ERDF) and have been delivered and managed by the Council on behalf of a city region wide partnership. This has enabled significant benefits to be delivered to businesses and individuals in the Leeds district with delivery contributing to two of the big project ideas in the Leeds Inclusive Growth Strategy.
- 3 The Ad:Venture programme delivers a range of support to prospective entrepreneurs, new start-ups and young businesses trading for up to three years. Key elements of the support provided include 1-2-1 business advice, workshops covering key business topics such as sales & marketing, Higher Education programmes linking prospective businesses with academic expertise, a dedicated programme of support for young entrepreneurs and access to financial support in the form of business loans and growth grants. Since 2016 over 2,000 businesses have received support and over 800 new jobs have been created by the programme. To put this into context over the last five years there was an average of 12,771 new business starts per annum across the Leeds City region with approximately 31% of new business starts in the city region based in the Leeds Metropolitan District. For more information on Ad:Venture please see [Home · Ad:Venture Portal \(ad-venture.org.uk\)](https://ad-venture.org.uk)
- 4 The Digital Enterprise Programme helps small/medium sized businesses (SMEs) to invest in digital technology with the ultimate aim of supporting business growth and improvements to business productivity. Key elements of the support provided include access to digital skills training and business mentoring, financial support in the form of business grants to enable investment in digital technology and improved digital connectivity to support business growth. Since 2016 over 3,000 businesses have received support and over 1,000 gross new jobs are estimated to have been created by programme recipients. To put this into context there are approximately 112,000 businesses in the City Region with over 99% being classified as SMEs. Investment in new digital technologies is an essential tool to help SMEs to survive and grow with the Digital Enterprise Programme playing an important role throughout the Covid -19 pandemic by helping SMEs to work remotely and taking their businesses online. For more information on Digital Enterprise please see [Digital Enterprise – Digital Growth Vouchers](#)
- 5 In common with the majority of ERDF funded Business Support Programmes funding for Ad:Venture and Digital Enterprise is due to finish on the 30<sup>th</sup> June 2023. The Council has therefore been working with its partners over the last year to determine future priorities on a revised economic geography focused on West Yorkshire. Part of this work has been to consider whether existing Business Support programmes should continue beyond 2023 and to examine potential future funding sources such as Combined Authority Gainshare and UK Shared Prosperity Fund (UKSPF). Future funding priorities for West Yorkshire Business Support which included Ad:Venture and Digital Enterprise were agreed with the Combined Authority's

Business, Economy & Innovation Committee on the 12<sup>th</sup> July 2022. This led to the Council working with West Yorkshire Local Authorities to design revised delivery models for Ad:Venture and Digital Enterprise which continued to offer significant benefits to businesses and individuals while delivering enhanced value for money for the public purse.

- 6 The revised Ad:Venture delivery model continues to provide a range of support to prospective entrepreneurs; new start-ups and young businesses trading up to three years. Key elements of the new programme include 1-2-1 business advice delivered by a team of business advisors embedded in West Yorkshire local authorities, workshops covering key business topics managed by an in house LCC marketing and events team, a dedicated programme of support for young entrepreneurs and a new financial support offer consisting of a West Yorkshire wide enterprise loan fund and a revised business grant offer. The total costs of the revised Ad:Venture programme over the period 2023-26 are £10,352,563 which is proposed to be funded £5m from Combined Authority Gainshare, £5m from a WY wide enterprise loan fund delivered by the Business Enterprise Fund, £85,781 contribution from West Yorkshire Councils and £266,782 from the Princes Trust. It is projected that the revised Ad:Venture programme will support 2,400 businesses and help to create 610 new jobs across West Yorkshire by March 2026.
- 7 The revised Digital Enterprise programme focuses on helping established SMEs (those trading more than three years) to invest in digital technology and improved digital connectivity. The total costs of the revised Digital Enterprise Programme over the period 2023-25 are £8,686,772 which is proposed to be funded by £4,676,147 from UKSPF with private sector contributions to grant awards making up the remainder of the funding. The programme aims to support 480 SMEs with digital investment projects and help to create 120 new jobs across West Yorkshire by March 2025.
- 8 Funding applications for Ad:Venture (referred to by the Combined Authority as High Growth Enterprise Programme) and Digital Enterprise have been submitted into the Combined Authority's programme appraisal process. Both projects received approval at the Combined Authority Committee on the 2<sup>nd</sup> February 2023. Please see [WYCA - Modern Gov](#)

### **What impact will this proposal have?**

- 9 As explained in points 6 & 7 above the revised Ad:Venture programme aims to support 2,400 businesses & help to create 610 new jobs across West Yorkshire by March 2026. The revised Digital Enterprise programme aims to support 480 SMEs with digital investment projects and help to create 120 new jobs by March 2025.
- 10 As part of the Combined Authority Programme Appraisal process equality, diversity, cohesion and integration (EDCI) screening forms have been completed and these are provided at Appendix 1.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 11 This proposal is in line with the Best City Ambition and its mission to tackle poverty and inequality and improve quality of life; focusing on an economy that works for everyone; improving the health of the poorest the fastest and improving standards of living in all the city's communities.

- 12 This proposal is in line with the Leeds Inclusive Growth Strategy and in particular two of the twelve big project ideas “Backing Innovators and Entrepreneurs in business and social enterprises” and “Leeds as a Digital City”.

### **What consultation and engagement has taken place?**

Wards affected: ALL

Have ward members been consulted?  Yes  No

- 13 The revised Ad:Venture and Digital Enterprise Programmes have been produced in consultation with our partners across West Yorkshire. The Executive Member for Economy, Culture and Education was consulted on these proposals on the 16<sup>th</sup> January 2023.

### **What are the resource implications?**

- 14 The LCC contribution to the above projects is £29,202 over the period 2023-26. This contribution will be made from existing LCC resources in the LCC Economic Development team.
- 15 The existing LCC Ad:Venture and Digital Enterprise teams will be responsible for delivery and the proposed £5m of Combined Authority Gainshare and £4,676,147 of UK Share Prosperity Fund (UKSPF) will secure funding to support seventeen existing posts in the LCC Economic Development team.

### **What are the key risks and how are they being managed?**

- 16 The key risk relates to delays in programme approval and the subsequent impact on programme mobilisation. This risk is mitigated by having an experienced delivery team in post who have significant experience in launching and managing business support programmes.

### **What are the legal implications?**

- 17 The Council has the powers under the Localism Act 2011 to perform the duties and responsibilities outlined in this report.
- 18 In administering Business Support funds, the Council has an obligation to ensure that any support provided is compliant with the Subsidy Control Act 2022. The Subsidy Control Act 2022 provides a legal framework for public authorities to award subsidies to businesses in line with the UK’s domestic and international obligations. Any subsidies provided to businesses under the Ad:Venture and Digital Enterprise programmes will be provided under the Minimal Financial Assistance (MFA) regulations as set out in the Subsidy Control Act 2022. MFA allows public authorities to award low-value subsidies (up to £315,000 in total over three financial years) without the need to comply with the majority of the subsidy control requirements. Individual subsidies of more than £100K will be published on the BEIS Transparency Database.

## **Options, timescales and measuring success**

### **What other options were considered?**

- 19 In producing revised delivery models for the Ad:Venture and Digital Enterprise programmes the Council considered other delivery options. These were set out as part of the Combined Authority’s programme appraisal process. On considering the delivery options available the preferred delivery option for both programmes were considered by the principal funder the

Combined Authority to offer the best value for money for the public purse. For more information please see the published Agenda & associated reports for the West Yorkshire Combined Authority Committee meeting of the 2<sup>nd</sup> February 2023.

### **How will success be measured?**

20 By delivering the contracted outputs which are outlined in this report. In addition to reporting on contracted outputs both programmes will be subject to independent evaluation with an evaluation report being produced for each programme to ensure that lessons are learned for future delivery.

### **What is the timetable and who will be responsible for implementation?**

21 Both programmes anticipate that Combined Authority funding contracts will be issued by the 31<sup>st</sup> March 2023 and that delivery will commence in the first quarter of 2023/24. The current programme director and LCC Head of Business Support will be responsible for implementation.

### **Appendices**

- Appendix 1 EDCI screening forms for the Ad:Venture and Digital Enterprise Programmes.

### **Background papers**

- None.

### **Related Documents**

- Executive Board 9<sup>th</sup> March 2016 see report on European Structural & Investment Funds Programme 2014-2020 Update [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk/council-and-democracy)
- Executive Board 20<sup>th</sup> March 2019 see report on Extension of the Ad:Venture and Digital Enterprise Programmes [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk/council-and-democracy)
- West Yorkshire Combined Authority Business, Economy and Innovation Committee 12<sup>th</sup> July 2022 [Public Pack\)Agenda Document for Business, Economy and Innovation Committee, 12/07/2022 14:00 \(moderngov.co.uk\)](https://modern.gov.co.uk/moderngov.co.uk)
- Executive Board 19<sup>th</sup> October 2022 see report on UK Shared Prosperity Fund [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk/council-and-democracy)
- West Yorkshire Combined Authority Investment Priority 1 : Good Jobs and Resilient Businesses [WYCA - Modern Gov](https://www.wyca.gov.uk/moderngov)