



# UKSPF Pillar 2 – Supporting Local Business

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Stakeholder Sounding Group – 14<sup>th</sup> December 2022

# Purpose of discussion

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- To update partners on progress made on the Fund
- Seek partners' views and input on the Call areas and shape of Pillar 2 – Supporting Local Business

# AGENDA

Agenda Item	Name	Time
<b>Welcome and Housekeeping</b>	Heather Waddington	10.00 to 10.10
<b>Opening Remarks</b>	Cllr Shabir Pandor - Chair of Business, Economy and Innovation Committee at the Combined Authority	10.10 to 10.15
	Mark Roberts - Interim Chair of the LEP Board and Chair of the UKSPF Local Partnership Group	10.15 to 10.20
<b>UKSPF Update</b>	Heather Waddington	10.20 to 10.40
<b>Strategic Context</b>	Sarah Bowes	10.40 to 10.50
<b>Potential Areas for Calls</b>	Sarah Bowes/Jennifer Robson	10.50 to 11.00
<b>Breakout Discussion</b>	All	11.00 to 11.20
<b>Next Steps and Timeline</b>	Heather Waddington	11.20 to 11.30

# What is the UK Shared Prosperity Fund?

**£2.6 bn of new funding** for local investment by March 2025, as part of a suite of complementary Levelling Up funding. It will:

- All areas of the UK - allocation of revenue and capital funding - funding formula, not competition.
- Taper in from 2022-23, with funding reaching £1.5bn a year by 2025.
- Empower each place to identify and build on their own strengths and needs at a local level, focused on pride in place by delegating delivery of the fund to Lead Authorities, supported by local partners.
- Enable local places to build a package of funding.
- Lead nationally - Department for Levelling Up, Housing and Communities (DLUHC) support across government.
- **Primary goal is building pride in place and increasing life chances across the UK - achieved across three Investment Priorities/ Pillars:**
  - Pillar 1 : Communities and Place
  - Pillar 2 : Local Business; and
  - Pillar 3 : People and Skills **(including Multiply)**
- **It is not a like for like replacement for EU Structural Funds.**
- **The UKSPF will be split between a core allocation/main fund, and the Multiply Adult Numeracy Programme and now an additional rural element – Rural Prosperity Fund.**

# Key Milestones since June 2022

- West Yorkshire UKSPF Local Partnership Group established.
- MP Engagement Group established.
- Core UKSPF and Multiply Local Investment Plans Submitted – Summer 2022.
- Multiply Local Investment Plan Approved – September 2022.
- Core UKSPF Local Investment Plan Approved – December 2022.
- Agreement that the UKSPF in West Yorkshire will be part of the Single Investment Fund and utilise the Combined Authority's Assurance Framework.
- Implementation plans (Core and Multiply) now in development and Routes to Market being identified - First wave of Core UKSPF and Multiply funded projects and proposed funding envelopes, approved by Combined Authority at the 21<sup>st</sup> October 2022 meeting.
- September 2022 - Additional Funding allocated to West Yorkshire for the Rural England Prosperity Fund and 30<sup>th</sup> November 2022 – Rural Fund submitted to Government.

# Summary of LIP – 7 key areas



PILLAR		PROJECT/PROGRAMME AREA	Funding
1	Communities & Place Supporting Local Business People and Skills	Bradford £7,578,145	£30m
		Calderdale £2,764,079	
		Kirklees £5,824,858	
		Leeds £9,393,538	
		Wakefield £4,439,381	
2	Communities & Place	West Yorkshire Flood Innovation Programme (FLIP)	£310,000
3		Women and Girls Outreach Programme	£992,760
4	Supporting Local Business	(1) Business Productivity Programme	£3.5m
5		(2) Remaining Pillar 2 Funds	£16.5m
6	People and Skills	(1) Employment WY	£14m
7		(2) Remaining Pillar 3 Funds	
OVERALL TOTALS			£65,282,761
MULTIPLY			£11.2m
RURAL FUND			£2.5m

# Rural Fund - background

- A **rural** top up to UKSPF - £110m nationally for **small scale capital funding** - **West Yorkshire allocation is £2,567,501.**
- Year 2 and 3 only of SPF 25% YR2 (**£641,875**) and 75% YR3 (**£1,925,626**) - Fund starts 1st April 2023.
- Succeeds EU funding from LEADER and the Growth Programme (EAFRD – European Agricultural Fund for Rural Development) which were part of the Rural Development Programme for England.
- **Aligned with the UKSPF investment priorities** for Pillar 2 - Supporting Local Business and Pillar 1 Communities and Place.
- Cannot spend grants on revenue costs such as running costs or promotional activities.
- Projects must be in a **rural area – criteria defined by DEFRA.**
- Eligible Organisations - local authorities, public sector orgs, higher and further education institutions, private sector companies, voluntary organisations, registered charities, arms-length bodies of government.
- No additional funding to the CA as Lead authority or to LAs – to be accommodated out of the Core Management Fee.

# Rural Fund – Proposed focus for investment

The Rural Fund addendum was submitted to government on the **30<sup>th</sup> November 2022** and proposes to invest in the following ;

Area	Description
Business Development	Support to implement new innovative technologies, processes or equipment to improve productivity and competitiveness providing benefits to the wider rural economy
Food Processing	As for Business Development, but also implement automation by micro and small food processing businesses
Visitor Economy / Tourism Infrastructure	To support mix of business and community infrastructure grants.



# Pillar 2 Objectives - Supporting Local Business

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The **Key Objectives** under Pillar 2 – Supporting Local Business, as set out in the West Yorkshire Local Investment Plan are:

- Building resilience across our strategic regional sectors as set out in our Strategic Economic Framework
- Deliver levelling up through increased productivity in good work through all businesses
- Increasing entrepreneurialism and innovative activity
- Supporting the night time economy
- Supporting the Green economy

# WY LIP : Pillar 2 Interventions

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The Interventions targetted by the Local Investment Plan are:

- E19: Investment in Research and Development at the local level
- E23: Strengthening local entrepreneurial ecosystems
- E24: Training hubs, business support offers, incubators.
- E29: Supporting decarbonisation whilst growing the local economy

# Pillar 2 Outputs

The Outputs which we are aiming to deliver under Pillar 2, Supporting Local Business through our Local Investment Plan are:

- Number of enterprises receiving financial support other than grants
- Number of enterprises receiving non-financial support
- Number of enterprises receiving grants
- Number of potential entrepreneurs provided assistance to be business ready
- Number of decarbonisation plans developed

**Capital and Revenue split – (Approx £12.5m £5m Capital and £7.5m revenue)**

# Pillar 2 Outcomes

The Outcomes which we are aiming to deliver under Pillar 2, Supporting Local Business through our Local Investment Plan are:

- Jobs Created
- Jobs Safeguarded
- Number of new enterprises created as a result of support
- Increased amounts of investment
- Improved perception of attractions
- Number of enterprises adopting new or improved products or services
- Number of organisations engaged in knowledge transfer activity following support
- Number of enterprises adopting new to the firm technology or processes
- Number of early-stage firms which increase their revenue following support
- Number of enterprises engaged in new markets

# Business Productivity Programme



- Existing Programme – tried and tested and well regarded.
- The Business Productivity Programme (BPP) was a named project within the Local Investment Plan under Pillar 2.
- Provides an integrated package of advisory and financial support to businesses with under 100 employees.
- Provides specialist and practical support to businesses on how to improve productivity, including making recommendations on how to benchmark and measure productivity against a concise and clearly defined set of Productivity Improvement Indicators (PIIs). This will then form the basis for a bespoke Productivity Improvement Plan (PIP) for each participating business.
- Plus a capital grant investment fund - investment in new equipment, technology and premises that will contribute to a businesses' Productivity Improvement Plan. Grants will be of up to £50k per application, with an intervention rate of 25%.
- Will support the achievement of the year 1 spend profile.

# Digital Enterprise

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- Existing Programme (ERDF) – tried and tested and well regarded.
- Approx £4.76m
- Led by Leeds City Council with the Combined Authority, covering all Local Authority areas
- Delivery to begin July 2023 until March 2025
- To provide one to one advice and grants
- Will support businesses – including those from underrepresented communities to
  - introduce new-to-firm products and services
  - improve digital capabilities
  - improve connectivity
  - increase employment

# Strategic Context

# The region

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WY is home to 92,800 private sector businesses, giving the area the **third largest business base among MCAs**, behind Greater Manchester and West Midlands.

Nearly all (99.6%) of local private sector businesses are small and medium sized with fewer than 250 staff.

West Yorkshire is **similar to the UK in terms of its sectoral makeup** but does have some notable points of difference.

The share of businesses is higher locally in transport and storage (7% of businesses locally vs. 4% nationally), manufacturing (6% vs. 4%), whilst it is also higher in wholesale and retail (19% vs. 14%). Conversely, West Yorkshire has a lower share of businesses in agriculture and information and communication.



# Economic situation

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## Challenges:

- Immediate cost of living and doing business and economic recession
- Long term structural issues

## Opportunities:

- Equality diversity and inclusion
- Innovation and tech driven economic growth
- Business sustainability

# The existing offer - snapshot

Sustainability

Innovation

Enterprise

Productivity

Leadership and Management

Digital

Access to Finance

International Trade

Skills / Recruitment

# Potential Areas for Invitations to Bid

# Invitations to Bid £10/11m – STARTER FOR TEN: potential gaps *for discussion*



Focus	Rationale
Innovation & digital (inc HealthTech)	Key driver of productivity and improving living standards/ solving societal challenges
Supply Chain	With a large and diverse SME population, region ideally placed to meet the current and evolving supply chain requirements of OEMs and Tier 1 businesses across a wide range of sectors
Alternative Business Models	To fulfil a Mayoral manifesto priority and provide support to a diverse range of business types
Investment readiness	To support a range of businesses to understand, navigate and successfully secure funding.
What's missing – gaps ?	

# International Trade/Export : Invitations to Bid £1.3m

## STARTER FOR TEN: Potential gaps *for discussion*



Themes to address	Scheme Description
<b>Showcasing the Opportunities</b>	Showcase the region and profile the businesses in the region in key sectors on an international stage to create and facilitate trade opportunities in overseas markets.
<b>Informing &amp; Inspiring Businesses to Internationalise</b>	Provide businesses with a comprehensive and accessible means of getting help and advice on international trade matters.
<b>Targeted International Trade Support for SMEs</b>	Providing 1-2-1 business consultancy to identify trade potential, capabilities and areas of focus and grant support to implement export plan – exploring new markets or expanding existing.

# Proposed Invitation to Bid Design Principles

- Must align to Combined Authority Strategies and the West Yorkshire UKSPF Local Investment Plan – including cross cutting themes of Equality, Diversity and Inclusion, Climate Change and Inclusive Growth principles
- Must have engaged with the Growth Hub to ensure complementarity of provision in region
- Encouraging match of some kind
- Likely minimum bid size £500k
- Projects need to be region-wide (West Yorkshire)
- Capital and Revenue split – (Approx £12.5m £5m Capital and £7.5m revenue)

# BREAKOUT DISCUSSION

# Breakout Rooms - Discussion

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- What should the UKSPF be used for ?
- Are the areas talked about the right priorities for UKSPF ? If not why not – what is missing /gaps ? Please be clear on need and rationale.
  - Business and Innovation
  - Exports
- Do the design principles look right? Comments and feedback welcome.



# NEXT STEPS AND TIMELINE

# Indicative Timeline

Timing	UKSPF Milestones
<b>14<sup>th</sup> December 2022</b>	UKSPF Pillar 2 Sounding Group
<b>Mid December - January 2023</b>	Combined Authority to develop invite to bid specification, working with the Business, Economy and Innovation Committee and Local Partnership Group
<b>1<sup>st</sup> February 2023</b>	UKSPF Local Partnership Group provide advice on the invite to bid specifications
<b><i>Estimated</i> February 2023</b>	Invite to Bid sent out to UKSPF Mailing List
<b><i>Estimated mid/end</i> March 2023</b>	Deadline for applications.
<b><i>Estimated</i> March – April 2023</b>	Appraisal of project submissions
<b>1<sup>st</sup> June 2023</b>	Earliest delivery start date

# Contact Details

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