

Projects update

Report to the Business Development Board, 5 September 2019
Report from Richard Kendall, Executive Director – Strategic Policy & Business Development

1. Introduction

1.1. This paper provides an update on work led by sub groups and the Executive under the Business Development Board's remit, where not covered on the agenda.

2. Growth Deal

2.1. There are currently no significant issues or risks linked to Business Development schemes within the Growth Deal programme.

2.2. In July, the LEP Board approved full funding commitment to the following projects:

- **Advanced Engineering Manufacturing Unit - £950,000**

This project will deliver a newly constructed, low carbon 15,000sqft (1394sqm) factory unit on the Stallingborough Strategic Employment Site to act as anchor premises for an identified tenant to establish the site as a base for advanced engineering and manufacturing companies.

- **Final Phase of @thedock - £1.294m**

The project seeks to construct the final phase of the @thedock office development which will provide 31,000 sq ft (36,605 sq ft gross) of Grade A office space, with ultra-fast gigabit fibre connections aimed at expanding the C4Di and providing upsizing space for Hull's expanding Digital and Tech sector.

- **Humber High Street Challenge Fund - £1.95m**

A grant scheme aimed at encouraging private sector landlords and property owners within strategically prioritised city/town centre locations to undertake building and conversion projects that animate high streets, diversify the traditional high street offer and bring unused floor space back into use.

2.3. The Humber LEP maintains a pipeline of projects which support delivery of the LEP's strategic aims and objectives and may be brought forward for future funding opportunities. A refresh of this pipeline is currently underway with the deadline of **Monday 16th September** for new and updated Expressions of Interest. Information about the call for projects can be found here - www.humberlep.org/project-pipeline

2.4. An update on the pipeline refresh will be provided to the Business Development Board in November.

3. Growing the Humber

3.1. Grants of £5,000 to £500,000 are offered to SME businesses to support capital investment leading to job creation. By 2021, the LGF funded Growing the Humber scheme will have created 805 jobs and £52m private sector leverage will be achieved.

- 3.2. Across the full £12m LGF allocation, to date 193 applications have been approved, committing approximately £10.6m grants, with £6.85m claimed to date and £33.5m private sector leverage achieved so far.
- 3.3. 957 jobs have been contracted and 569 evidenced to date. Job creation does tend to come more slowly once projects have been delivered and the programme delivery team continues to work with grant recipients to ensure timely evidencing and identify problems sooner rather than later.
- 3.4. Funding commitment has accelerated in the last couple of months and there is now less than £500k funding available, although £1.75m is awarded in-principle subject to conditions. We are currently appraising full applications with a collective grant ask of around £1m and there is a pipeline of projects pending application submission for around £2.6m grant.
- 3.5. The programme delivery team will continue to welcome applications for the time being, with the caveated message that available funding may soon be fully committed and applications may be added to a pipeline for potential future funds arising from project underspend or additional monies.
- 3.6. If any underspend should arise within the wider Growth Deal programme, Growing the Humber is well placed to absorb additional funding while there is still time for businesses to deliver their projects.

4. Business Loan Fund

- 4.1. The programme utilises the LEP's £8.1m Growing Places Fund allocation to deliver business loans of £100k - £1m for capital investment and the unlocking of stalled infrastructure projects.
- 4.2. Current projections suggest that at the financial year end there will be approximately £1.3m available. This assumes all potential loans under consideration and awaiting full business case (approx. £1.5m) come to fruition plus repayments and interest accruals as expected.
- 4.3. To date 20 loans have been awarded to a value of approximately £11.06m and drawn down to a value of approximately £8m. 175 direct and 92 indirect jobs have been reported as created as a result of loan investment. However, it should be noted that as no output delivery targets were attached to this funding, priority has been given to supporting strategically important schemes with limited direct outputs and in where projects have been supported with both grant and loan, aligning the outputs with the grant funding where these are required to avoid double counting.
- 4.4. There are currently two loans where repayment is considered to be at risk and unlikely to be repaid. The programme delivery team continue to monitor the situation.

5. European Structural and Investment Funds

- 5.1. ERDF calls are currently live in Priority Axes 2 (ICT), 3 (SME Competitiveness) 4 (Low Carbon) and 5 (Flooding). This represents the remaining Humber ESIF programme budget and, once allocated, the whole ESIF programme will be at full commitment.
- 5.2. The ERDF Reserve Fund will be established in Autumn 2019 to provide a mechanism to ensure nationally all remaining ERDF funding is committed. The

details of the Reserve Fund are being finalised following discussion at the June meeting of the Growth Programme Board. The Managing Authority is now developing how the Reserve Fund will work in discussion with partners, including its potential priorities. The value of the Fund will be determined by the outcome of the June calls which are due to close at the end of September. Currency fluctuations that inform the available size of the Fund will also be factored in. Reserve Fund calls are anticipated to be published early 2020.

- 5.3. The ESF Reserve Fund will launch in September following approval given by the Growth Programme Board at the June meeting. The Managing Authority has carried out detailed work to ensure clarity on the total amount of funds remaining and for which there are no current plans. The Managing Authority expects to be writing to ESIF Sub-Committee Chairs during the first half of September setting out arrangements for the Reserve Fund going forward.
- 5.4. The Rural Payments Agency is proposing to open a national call with remaining EAFRD funds in September 2019. The calls will be for Tourism Infrastructure and Business Development projects and are likely to retain existing Strategic Targeting Statements for each LEP area, which outline our specific priorities.
- 5.5. The Humber's original EAFRD allocation was £2.141m and our current pipeline of projects is £2.89m (£744k above our indicative allocation). As a result of a healthy project pipeline, the Humber is already benefitting from additional funding and the reserve fund presents an opportunity for us to benefit even further. Once finalised, the LEP will promote the EAFRD funding to businesses and organisations in the Humber to ensure that as many projects can access the fund as possible.

6. Growth Hub

- 6.1. The Growth Hub's predominant activity continues to be the delivery of all three strands of its ERDF funded #GrowMySME Programme. The Programme has received 859 expressions of interest from Humber SMEs since programme start in July 2018 and the vast majority of those clients have either engaged with 1-2-1 advisor support, attended a business support workshop, or have been awarded a grant to pursue business development projects.
- 6.2. The Finance for Growth Scheme has engaged with 229 SMEs since July 2018; providing support via its 4 FTE advisors to help SMEs understand their finance needs to support their growth plans and to help them access the most suitable and relevant sources of business finance. The scheme launched its grant fund in January 2019 and has awarded 9 grants, with an average grant value of £6,500 (at 40% intervention). Subject to completion of funded projects these grants will unlock approximately £87,750 of private investment. Projects funded so far include the professional creation of business plans, integrated financial forecasts, and investment prospectuses – all to support SMEs in accessing growth finance. The scheme's workshop & masterclass programme is to commence in September 2019 and will cover such topics as 'Getting your business ready for investment' and 'Applying for funding'.

- 6.3. The ICT for Growth Scheme has engaged with 250 SMEs since July 2018; providing support via its 2 FTE advisors to help SMEs assess their ICT needs in relation to their business development plans, and to help implement solutions as appropriate. The scheme launched its grant fund in January 2019 and has awarded 49 grants, with an average grant value of £5,500 (at 40% intervention). Subject to completion of funded projects these grant will unlock approximately £404,250 of private investment. Projects funded so far include the procurement of Client Relationship Management (CRM) software and the development of e-commerce platforms for business that have never previously traded online. The scheme's workshop programme & masterclass programme is to commence in October 2019 and will cover such topics as 'The value of digital CRMs' and social media for business.
- 6.4. The Business Growth Scheme has engaged with 573 SMEs since October 2018; providing wrap-around business support via its 8 FTE advisors to assist SMEs with their growth plans. The various strands of the BGS are progressing as follows:
- A 'pilot' business workshop programme commenced in January 2019, covering varied topics including pricing with certainty, sales planning, bid writing to win tenders, mastering Google analytics, and workforce development planning. 32 workshops have taken place from January to August 2019 covering the wider Humber region, with 374 delegates having attended across the pilot programme – giving an average attendance of 12 delegates at each workshop.
 - Delivery of the Scale Up Business Development Programme has been awarded to Winning Pitch Ltd after the conclusion of a competitive tender exercise. The Scale Up Programme will support ambitious businesses with strong growth plans and potential to overcome growth barriers. Working with the business leadership, six cohorts of 15 SME business owners and managers are to be supported up to September 2021, giving a group of 90 SME business leaders with the enhanced tools and acumen to drive forward growth within their scale-up potential businesses. Launch events for the Programme are to be held on 18th September at the Hallmark Hotel, North Ferriby, and on 26th September at the Forest Pines Hotel, Broughton, Scunthorpe.
 - The Growth Hub is delivering its Supply Chain support package in partnership with the East Riding of Yorkshire Council's newly launched 'Supply Chain Network' – itself a successor to the Greenport Business Support Programme. A Supply Chain Business Advisor is current being recruited and will be funded by the Growth Hub's Business Growth Scheme and employed by, and embedded within, the ERYC Supply Chain Network team. This advisor will be tasked with mapping large procurement opportunities across the region and supporting SMEs in the Humber to overcome barriers to accessing these supply chain opportunities.
 - Due to staffing pressures the Business Growth Scheme's grant fund has not yet commenced, however it is to launch imminently – by mid-September 2019. To this end an additional Programme Officer is being recruited to support with the delivery of the grant scheme, in addition to other duties. This grant fund will cover up to 40% of the costs of an SME accessing specialist consultancy support and advice in relation to their Growth Plans – for example marketing plans or supporting to attain accreditation to aid chances of procurement success. Grants will range in value between £1,000 and £5,000 per SME.

6.5. As 31 October approaches, the Growth Hub has again been tasked with gathering business insight, data and intelligence from SMEs on any Brexit-related issues, which are being reported back in to BEIS on a weekly basis. The Growth Hub also continues to develop its Brexit-related support interventions such collating relevant guidance and resources on the Growth Hub website and offering one-to-one appointments with businesses to discuss their support needs in this regard.

7. Communications

7.1. The communications report for July and August is attached at Appendix A.

Authors: Karen Oliver-Spry, Laura Barley, Charis Scott-Holm, Jon Brunton.