

**Greater Birmingham and Solihull Local Enterprise  
Partnership Limited**

**Supervisory Board**

On the 24<sup>th</sup> May 2020, with the next scheduled meeting of the Supervisory Board not scheduled until the 25<sup>th</sup> June 2020, the Supervisory Board members were asked to endorse a decision (which is specified as being within the coverage of the Supervisory Board Terms of Reference set out in the GBSLEP Local Assurance Framework) by the LEP Board utilising a written procedure, with an appropriate deadline for responses. The papers sent for noting and endorsement are attached.

This written procedure allows Supervisory Board members to either endorse or to refuse to endorse the decisions, with a nil response treated as an endorsement.

If the Supervisory Board are unable to endorse the decisions, the escalation process indicated set out in the GBSLEP Local Assurance Framework will be followed.

**Supervisory Board members noted and endorsed the decision paper attached.**

In addition, any endorsements will be formally ratified at the next full meeting of the Supervisory Board.

Edward Scutt

Head of Governance, GBSLEP

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## GREATER BIRMINGHAM AND SOLIHULL LEP BOARD MEETING

14 May 2020

### GBSLEP Pivot & Prosper Grant Fund Proposal

#### Recommendations

Board Directors are asked to:

1. Consider and approve the outline proposal for a pilot SME grant programme, 'Pivot and Prosper';
2. Agree to allocate £2m of funding from the SEP (Strategic Economic Plan) Enabling Fund to fund the programme; and
3. Delegate authority to the GBSLEP Recovery Taskforce to agree the final details of the Pivot & Prosper Grant Fund.

#### Background

4. At the April Board meeting, Directors noted the development of several interventions by the LEP Executive designed to support local businesses to survive the impacts of COVID-19 in the short-term and thrive in the longer term. This report provides an update on the proposed grant fund, previously referred to as the Business Recovery Springboard Grant, and now entitled the Pivot and Prosper Grant Fund, and seeks decisions from the Board to take it forward.

#### Key Matters

5. WM REDI provides a up to date monitor of the current COVID-19 economic impacts, on a weekly basis. Their recent analysis highlights that prior to the onset of COVID-19, the West Midlands region was in a period of significant growth, based on a burgeoning construction sector; a thriving city centre international business and professional services sector also driving high levels of business tourism; a manufacturing base becoming more productive and an automotive sector responding to the challenge of a carbon-neutral future; high exports, foreign direct investment and strong international links, and the biggest higher education cluster outside London.
6. However, underlying this growth there were significant issues with inequality, poverty, youth unemployment, low skills, poor health and school performance'. COVID-19 could exacerbate the region's weaknesses and undermine strategic assets.
7. WM REDI highlights the need to protect the region's assets and '*ensure economic recovery is based on a resilient infrastructure, which encourages diversifying and supporting local growth, employment and supply chains. Along with the*

*recommendation that businesses must adapt to develop new ways of working internationally in a tech-based future’.*

8. WM REDI identify that, *‘Forecasters are now coming to a general consensus that the UK is looking at a sharp fall and slower recovery over at least 2 years, with some sectors taking longer. Businesses are understandably reluctant to take on debt they may not be able to pay back, and bank lending processes are still an issue due to the length of time taken and the decision making processes. The new bounce back loans seem to have a higher interest. The furlough scheme is working well and making a difference to businesses and whether they can withstand the current crisis’.*
9. WM REDI further suggest that, *‘Businesses in the region need to diversify to be more resilient, evidence suggests that more diverse economies and businesses are better able to weather economic shock. Businesses are seeking greater support in how to do this, how they develop new products, services and markets and recovery planning should include funding to accelerate this.’*
10. In response to this economic analysis, any activity that the GBSLEP can provide to support the economy and mitigate business closure must be a priority for the coming months and years ahead. As there are a number of large-scale national government interventions already in scope, the LEP Executive have developed the Pivot & Prosper Grant Fund pilot. This complements GBSLEP’s recent activity and response to COVID-19. It also has the potential to make a difference locally with the very limited revenue funding the LEP has available and offers the potential to be scaled-up or extended through availability of future funding from government.
11. In the context of the GBSLEP Business Plan, the proposed Pivot & Prosper Grant Fund programme supports the LEP’s goal of providing effective support for businesses across the Greater Birmingham and Solihull area. This is crucial to solving the productivity challenges that our local economy faces - an issue which has been magnified in light of the current crisis facing businesses – as well as encouraging supported experimentation of and the adoption of new technologies. Furthermore it supports a number of priorities outlined in the recently announced West Midlands Recovery Road Map.
12. GBSLEP Pivot & Prosper Grant Fund is a pilot programme. It is designed for organisations who need grant support following the COVID-19 crisis; enabling their organisation to pivot, adapt operating models and be ready for transformational change.
13. The programme is a matched grant fund to support SMEs across the Greater Birmingham and Solihull region. The programme is specifically seeking to target high-growth businesses who have emerging plans to execute innovative adaptations to their pre-COVID-19 business model; strengthening the likelihood that they can endure the crisis and continue to prosper.
14. The programme will be looking to support SMEs that can evidence a clear plan to change their pre-COVID-19 business model. Applicants will need to demonstrate a clear proposal that illustrates how pivoting their business will help them adjust to new ways of working, build resilience, increase employment and lead to growth in productivity and/or sustainability.
15. As a pilot, the programme is seeking to work with a minimum of 50 businesses, with matched grants from £20,000-£40,000. Minimum match funding is set at a rate of 25% of the total project cost.

16. The programme will be targeted on supporting high-growth SMEs from the GBSLEP's key sectors (Advanced Manufacturing & Engineering, Business, Professional & Financial Services, Creative Industries, Energy & Low Carbon and Life Sciences & Healthcare).
17. It is proposed that £2,000,000 from GBSLEP's SEP Enabling Fund will be allocated to support this pilot programme.
18. The programme will support SMEs in addressing key challenges including:
- Development of business resilience planning and preparation for returning to (a new) business as usual
  - Support in developing and implementing new business models for businesses (e.g. digital platforms)
  - Specific sector support and how businesses can do things differently in the future (e.g. co-working, collective negotiations, financing)
  - Specific advice on how to exploit newly developed technology or processes resulting from the Covid-19 crisis, and where relevant, seek a pathway to allow for catch up growth and effective commercialisation
19. The outputs of this programme will centre around job safeguarding and creation. The specifics of which can not be predicted at this stage as it is a pilot, however when applications are appraised, those that indicate significant job creation and job safeguarding numbers will score more highly. Whilst wanting to balance enthusiasm to support the GBSLEP economy, it is imperative that the programme balances a robust criterion to appraise applications and ensure effective economic development and value for money.
20. Indicative outcomes from the programme could include the following:

Measure	Impact
To assist 50 businesses with financial assistance to improve their performance across the GBSLEP area by December 2020.	Will lead to up to an estimated £2.5m of public and private sector investment to help improve business competitiveness.
Will generate the creation of 50 full time new jobs by December 2020.	An increase in Gross Value Added for the LEP area
Will support the safeguarding of up to 125 full time jobs between June and December 2020.	Maintain Gross Value Added for the LEP area. Mitigation against potential unemployment
Strengthen resilience of GBSLEP's key sectors	Will ensure a competitive and sustainable response to COVID-19 resulting in organisations developing the capacity, capability and expertise to pivot their business model
Stimulating innovation and productivity	Will strengthen the local economy by supporting SMEs to pivot their business model allowing for investment in improved efficiency measures and introduction of new production processes

21. The programme outcomes will support development and growth of GBSLEP's key sectors. Supporting supply chains and stimulating innovation and growth from existing SMEs. It will contribute to the GBSLEP overarching objectives to increase business growth, investment and job creation.

## Progress to date and next steps

22. The LEP Executive continues to work at pace, and whilst currently in draft format, the development of the GBSLEP Pivot & Prosper Grant Fund proposal has actively sought input from the GBSLEP Recovery Taskforce and from partners on the GBSLEP Innovation Sub Board. To date the proposals have been well received and it is anticipated that the grant will be in high demand once launched.
23. Some concerns have been raised about the programme being oversubscribed and the need to ensure effective targeting. In addition, based on feedback from Local Authority partners who have been administering National grant funding in response to COVID-19, there is a clear need to protect against abuse of the programme and possible fraudulent applications. Strict eligibility criteria will apply. SMEs will be required to provide a financial trading history, along with evidence to indicate the source of their match funding, in addition to the grant application form.
24. Furthermore applications must be actively trading for 6 months or more. Have a project which will enable their business to pivot and be resilient as a result of the COVID-19 pandemic. Have a project that will grow their business, resulting in jobs being created and/or sales and income increasing within 6 months from the start of your project. Demonstrate that they can deliver their growth project within a 6 month period following receipt of grant funds.
25. The programme management and appraisal process for the grant is still under development. The window for applications will be open for a four week period. Once this has closed, all applications will be reviewed and scored by the LEP Executive. Those that meet a certain score threshold will then be passed on to an Awarding Committee for further review. The membership of the Awarding Committee is still to be confirmed, but will require representation from one or more LEP Board Members.
26. Once the programme management aspects of the fund are finalised, the associated documentation confirmed, and a grant assurance framework completed, the LEP will be ready to launch the pilot programme. It is expected this will be achieved in June 2020.
27. The Board is asked to agree the headline principles of this fund and delegate authority to the Recovery Taskforce to agree the following by 22<sup>nd</sup> May:
  - Programme outcomes
  - Grant funding documentation and guidance
  - Eligibility criteria
  - Internal approval process and scoring matrix
  - Outline grant funding agreement
  - Programme evaluation

## Conclusion

28. The current economic situation, as a result of COVID-19 is considerably challenging. The Pivot & Prosper Grant Fund is designed to support SMEs in the GBSLEP area to pivot and adapt to these challenges. The programme intends to enable SMEs to realise immediate opportunities which will support their medium to long-term growth and achieve the LEP's objective of economic recovery. This pilot programme has the potential to be scaled up, with additional funds, enabling more organisations to springboard to success.
29. The Board is asked to approve the proposal and agree to support this grant programme in principle. This is subject to further detail being provided to the Recovery Taskforce for approval in the coming days, and them being assured that effective management processes are in place.

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