

MCA - BUSINESS RECOVERY AND GROWTH BOARD

MINUTES OF THE MEETING HELD ON:

THURSDAY, 9 FEBRUARY 2023 AT 2.00 PM

SOUTH YORKSHIRE MCA, 11 BROAD STREET WEST,
SHEFFIELD, S1 2BQ



PRESENT:

Mayor Ros Jones CBE (Co-Chair)
Neil MacDonald (Co-Chair)
Councillor Glyn Jones
Councillor Chris Lamb
Councillor Martin Smith
Gareth Sutton
Sharon Kemp

City of Doncaster Council
Private Sector LEP Board Member
City of Doncaster Council
Barnsley MBC
Sheffield City Council
SYMCA Executive Team
Rotherham MBC

IN ATTENDANCE:

Andrew Armstrong	Development Manager (Special Projects)	SYMCA Executive Team
Rachel Clark	Assistant Director Trade & Investment	SYMCA Executive Team
Felix Kumi-Ampofo	Director of Corporate Policy	SYMCA Executive Team
David Moore	Senior Business Development Manager-International Markets	South Yorkshire MCA
Muz Mumtaz	Assistant Director - Development and Business Support	SYMCA Executive Team
Joseph Quinn	Innovation Project Director	SYMCA Executive Team
Sarah Pugh (Minute Taker)		

APOLOGIES:

Councillor Denise Lelliott
Richard Stubbs

Rotherham MBC
Private Sector LEP Board Member

62 Welcome and Apologies

The Chair welcomed attendees to the meeting.

Apologies for absence were noted as above.

63 Declarations of Interest by individual Members in relation to any item of business on the agenda.

None.

64 **Urgent items / Announcements**

None.

65 **Public Questions of Key Decisions**

None.

66 **Minutes of the Previous Meeting**

RESOLVED: That the minutes of the meeting held on 15th December 2022 be agreed as a true record.

67 **Matters Arising / Action Log**

RESOLVED: to note that all actions in the Action Log were now closed.

68 **Investment Team Activity – Status Update**

An Investment Team Activity Status Update was presented.

48 active enquiries were noted, including a majority referred by the Department for Business and Trade. 50% of these inquiries had come from businesses in North America and Europe.

80% of live enquiries at this time came from the following sectors:

- Energy & Environmental
- Life Sciences & Healthcare
- Manufacturing & Engineering
- Creative, Digital & Media

Further detail was requested on the rate of conversion from enquiry to investment. A response was given that the UK average for inward investment enquiries is 3.5%, with most regions in the north averaging between 5% and 10%. 21% of the MCA's inquiries had been received within the last 6 months, and it could take between 2 and 4 years for investments to be fully realised, depending on the size of the project. It was noted that the MCA was seeking to secure investment in larger projects which create higher numbers of jobs.

ACTION: Senior Business Development Manager to provide more detail in future updates regarding the number of jobs likely to be created by each enquiry, the conversion rate of all enquiries, alongside Mayoral priorities.

It was noted that most current enquiries were seeking a combination of grant and loan funding.

A discussion was had on how actively the MCA was seeking investment opportunities, and it was noted that the development of an MCA International Strategy would make this activity more focussed and effective. The MCA was also continuing to engage with large institutional investors to secure investment

in the region, and South Yorkshire would be collectively attending the UK's Real Estate Investment and Infrastructure Forum (REiIF) in May.

The report also noted that the MCA's India trade mission had been postponed pending a clearer picture of use of funding by both potential investors and Government.

RESOLVED: to note the status update.

69

Budget, Performance and Programme Approvals

A Budget, Performance and Programme Approvals was presented to the Board for approval. It gave the following information:

- That funding for Growth Hubs from Government had been cut, and further cuts were possible
- An update on the MCA's revenue programmes as relevant to the Board: Made Smarter and the Renewal Action Plan (RAP)
- That there remained an uncommitted £4.5m in the RAP fund
- That there had been withdrawal of a number of schemes in the business investment pipeline due to the high risk they entailed

The Report also requested approval of:

- Progression of one scheme to Outline Business Case
- The recommendation not to endorse one scheme for approval
- Approval of a decision being taken on one scheme outside of the usual Board cycle through delegations

Further detail was requested on the possible consequences of the reduction in funding to Growth Hubs. It was noted that all Growth Hubs nationally had received a 50% cut in funding, and that each region could take local decisions on whether to continue to deliver Growth Hubs in the same way via other funding sources, or not.

It was noted that in some cases it has taken a long time for schemes to progress through the assurance process, but that the MCA was continuing to review this in order to refine its processes.

RESOLVED:

1. To note the financial and performance updates
2. To note the withdrawal of two schemes from the pipeline
3. To approve the recommendation to endorse to the MCA Board the progression of scheme reference "D0034" to Outline Business Case
4. To approve the recommendation not to endorse scheme reference "D0027" to the MCA Board for full approval

To note the forward plan timeline and the proposal to seek a decision on scheme reference "D0034" outside of the usual Board cycle through delegations

70

Shared Prosperity Fund Year 1: Community & Place

An update report on UK Shared Prosperity Fund (UKSPF) Year 1: Community & Place was presented to the Board. It noted that:

- There had been a 40% reduction in funding from the previous European Regional Development Fund
- The themes underpinning use of SPF funding were: community and place, local business support, and skills & employment
- In addition, the MCA was seeking allocation of specific rural funding in Barnsley and Doncaster
- Contracting and delivery for Year 1 had begun a cross all Local Authorities
- Due to tight timescales, there would likely be some underspend in Year 1 provision. However, Government had communicated that where a credible case is brought for retaining underspend, this would likely be approved
- Proposals for Years 2 and 3 were now also being progressed

It was asked what could be done if requests to retain underspend were rejected by Government.

ACTION: Innovation Project Director to agree possible lobbying approaches alongside other Combined Authorities should requests to retain underspend be rejected by Government.

It was noted that the MCA is responsible for reporting on SPF outcomes, as opposed to individual Authorities, and therefore realistic outcomes had been set and all outputs across Authorities would be combined when reporting to Government.

RESOLVED: that the Board note the update.

71

Business Support Landscape

A presentation and report on the South Yorkshire Business Support Landscape were presented to the Board for approval. It was noted that previous requests made by the Board regarding the communication of how funding is budgeted and allocated had been addressed here.

The presentation gave the following information:

- That the MCA seeks to map its support for businesses against the lifecycle stages of a business
- That the provision of business support is allocated across soft support, such as skills provision, physical infrastructure, and funding
- That the MCA aims to capture as much information as possible to bolster support for businesses in the region. For example, that South Yorkshire's growth and productivity rates are some of the lowest in England, with fewer new jobs, lower average wages, and lower business density

Some reasons why South Yorkshire was not having a bigger impact in these areas were noted as:

- Heavy reliance on European Regional Development Funding and Growth Hub funding
- Innovative businesses not being supported enough
- The business support system being confusing to navigate

It was noted that businesses had communicated to the MCA that there was a need for greater financial support, specialist support in specific areas, and core support via a universal brokerage offer. However, reduced funding and significant economic disruption would require the MCA to refine its approach to business support.

An overview was given of the proposed use of UKSPF funding for local business support, noting that the delayed confirmation of the UKSPF funding leaves limited time to design and commission activity. Even with UKSPF activity, a funding gap of £7.4m was noted by the Board.

The Board was asked to take decisions on:

- Endorsing the proposed areas of focus for UKSPF
- Commissioning of proposed UKSPF Programmes: Launch Pad, Productivity Grants, Net Zero and Specialist Advisors
- Further discussion on the additional support needs and funding at future meetings

A discussion was had regarding the Board and MCA setting out an effective framework for funding and delivery, which would then support the securing of funding for businesses in the region in the future, though funding gaps may remain at present.

RESOLVED:

5. To note the ongoing activity of the Business Support review.
6. To endorse the approach taken regarding utilisation of the UKSPF funding to deliver business support provision.
7. To approve the use of Renewal Action Plan funding totalling £1.6m to retain specialist advisors for a further twenty-four months.
8. To note the financial challenge and endorse further activity to identify proposals to fill these gaps for consideration at the next BRGB in March 2023.

Financing Growth: Unlocking Private Investment into South Yorkshire

A report on Financing Growth: Unlocking Private Investment into South Yorkshire was presented. It gave an overview of high growth businesses and investment for businesses in South Yorkshire, noting a lack of funding for early-stage businesses in the region, resulting in comparative low business density.

In relation to this topic and in terms of its forward work plan, it was noted that the Board had:

- Approved and endorsed investments into those businesses who could not generate finance from traditional sources
- Approved and endorsed investment into a business whose core activity would help address the problem identified
- Approved the development of a number of pilot schemes that would attempt to identify interventions that could help address the problem identified
- Commissioned business support through access-to-finance work

The Board welcomed the continuation of engagement in policy discussions in this area to inform future funding decisions, as well as the MCA's work to attract and retain high growth businesses in the region.

ACTION: Director of Finance and Resources to bring a report to a future meeting covering how the MCA seeks to be more innovative in attracting finance and investment to the region.

RESOLVED: That the Board note the update.

73 **Any Other Business**

None.

In accordance with Combined Authority's Constitution/Terms of Reference for the Board, Board decisions need to be ratified by the Head of Paid Services (or their nominee) in consultation with the Chair of the Board. Accordingly, the undersigned has consulted with the Chair and hereby ratifies the decisions set out in the above minutes.

Signed _____

Name _____

Position _____

Date _____