

Public Document Pack



Tuesday, 31 January 2023

To: Members of the MCA - Business Recovery and Growth Board and Appropriate Officers

You are hereby invited to a meeting of the South Yorkshire Mayoral Combined Authority to be held at **South Yorkshire MCA, 11 Broad Street West, Sheffield, S1 2BQ**, on: **Thursday, 9 February 2023 at 2.00 pm** for the purpose of transacting the business set out in the agenda.

A handwritten signature in grey ink that reads "Martin Swales".

Martin Swales
Chief Executive and Head of Paid Service

Member Distribution

Mayor Ros Jones CBE (Co-Chair)
Neil MacDonald (Co-Chair)

Councillor Glyn Jones
Councillor Chris Lamb
Councillor Denise Lelliott
Councillor Martin Smith
Gareth Sutton
Sharon Kemp
Richard Stubbs

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

MCA - Business Recovery and Growth Board

Thursday, 9 February 2023 at 2.00 pm

Venue: South Yorkshire MCA, 11 Broad Street West, Sheffield, S1 2BQ



Agenda

Agenda Ref No	Subject	Lead	Page
1.	Welcome and Apologies	Chair	
2.	Declarations of Interest by individual Members in relation to any item of business on the agenda.	Chair	
3.	Urgent items / Announcements	Chair	
4.	Public Questions of Key Decisions	Chair	
5.	Minutes of the Previous Meeting	Chair	5 - 16
6.	Matters Arising / Action Log	Chair	17 - 22
7.	Investment Team Activity – Status Update	Rachel Clark	23 - 30
8.	Budget, Performance and Programme Approvals	Gareth Sutton, Sue Sykes	31 - 58
9.	Shared Prosperity Fund Year 1: Community & Place	Joseph Quinn	59 - 64
10.	Business Support Landscape	Joseph Quinn	65 - 84
11.	Financing Growth: Unlocking Private Investment into South Yorkshire	Felix Kumi-Ampofo	85 - 110
12.	Any Other Business	Chair	
Date of next meeting: Thursday, 16 March 2023 at 10.00 am			
At: South Yorkshire MCA, 11 Broad Street West, Sheffield, S1 2BQ			

This page is intentionally left blank

MCA - BUSINESS RECOVERY AND GROWTH BOARD

MINUTES OF THE MEETING HELD ON:

THURSDAY, 15 DECEMBER 2022 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
Sharon Kemp
Richard Stubbs
Jim Dillon

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

IN ATTENDANCE:

Gareth Sutton	Chief Finance Officer/S73 Officer	SYMCA Executive Team
Rachel Clark	Assistant Director Trade & Investment	SYMCA Executive Team
Clare Monaghan	Executive Director of Strategy and Development	SYMCA Executive Team
Muz Mumtaz	Assistant Director - Development and Business Support	SYMCA Executive Team
Joseph Quinn	Innovation Project Director	SYMCA Executive Team

APOLOGIES:

Councillor Denise Lelliott Rotherham MBC

51 Welcome and Apologies

The Chair welcomed attendees to the meeting.

Apologies for absence were noted as above.

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

None.

53 **Urgent items / Announcements**

None.

54 **Public Questions of Key Decisions**

None.

55 **Minutes of the Previous Meeting**

RESOLVED: That the minutes of the meeting held on 27th October 2022 be agreed as a true record.

56 **Matters Arising / Action Log**

It was noted that most open actions would be closed following presentations and reports within this agenda.

The Tech South Yorkshire proposal was currently undergoing the assurance process which would likely be complete early in the new year.

RESOLVED: to note the Action Log and updates.

57 **Development: Overview of SYMCA Assurance Process**

A presentation was given which summarised the MCA's funding and assurance processes for Business Recovery and Growth (BRG) projects.

The presentation gave the Board detail on:

- The responsibilities of the BRG Board to bring together public and private leadership to deliver the MCA's Strategic Economic Plan (SEP), to scrutinise ongoing activity and to develop policy on issues related to business recovery, innovation, enterprise, and growth.
- The 3 pillars of the SEP: Growth, Inclusion and Sustainability, and key interventions made to support the Growth pillar.
- The governance of the wider MCA in relation to the BRG Board.
- The specific responsibilities of the Board: shaping and reviewing policy, priorities, and programmes, and awarding and monitoring grants and contracts.
- The kind of information provided to the Board to support its decision making.
- The MCA Assurance and Appraisals process and assessment criteria.

It was noted that the BRG Board does not have access to a specific fund for general investment, but does have access to funding for specified programmes of activity. This includes programmes such as Made Smarter along with funding provided by the MCA Board for bodies of activity such as the Business Renewal Action Plan work.

Members of the Board were critical of the length of time it could take to fund projects. The response was given that a balance is needed between an

appropriate level of assurance to satisfy Government devolution requirements and the speed of the process. It was noted that how the MCA's obligations towards assurance are discharged is currently being reviewed with an emphasis on ensuring that the balance between the rigour of appraisal and speed of delivery is appropriate.

A summary was then given of the current financial position in the Business area of the MCA's work, noting:

- The position of both revenue and capital activity in the current financial year, and how the business pipeline could be funded based on recommendations from the Board.
- That the MCA Board could choose to allocate budget where a fund does not already exist for activity.

Roughly £4m of funds remained in the Business Renewal Action Plan (RAP) previously provided in 2021, and the Board requested an update on Renewal Action Plan to be presented to the next Board meeting.

ACTION: Innovation Project Director to provide an update to the February Board meeting regarding the impact of spent RAP funds, and recommendations for allocating the remaining amount.

An overview of how the business pipeline is funded was given, noting that:

- There was no dedicated funding stream owned by the Board for funding general business investment although the Board could endorse opportunities to the MCA Board who could choose to award funding
- The Assurance Framework was a mechanism for ensuring that this money was spent responsibly.
- The MCA Board has made a £26m capital fund available for financial years 2022/23 and 2023/24 against which the five authorities had sought money for schemes. 20% would be retained by the MCA to deliver the Mayoral manifesto and regional priorities
- Beyond 2024, each of the four LAs would receive a long-term Gainshare commitment to develop and deliver Place plans whilst the MCA would receive 20% of funding to develop and deliver a regional level plan.
- A financial update would be presented to the MCA Board meeting in January, with detail on how funding had been allocated and spent.
- Wherever possible, Gainshare funding was used sustainably, including by making loans as opposed to grants where possible.

RESOLVED: To note the information given in the presentation.

58

SYMCA Support for Access to Finance for Business

A report giving an overview of support for access to finance for business was presented to the Board.

The report outlined that MCA advisors prioritise access to private sector funders for all initial enquires for support, including referrals to:

- Northern Powerhouse Investment Fund (NPIF) funders (locally these are Mercia and Finance for Enterprise).
- UK Steel Enterprise.

- Finance Yorkshire.
- Secondary funders such as Funding Circle.
- Primary banks.
- Asset based lenders such as Invoice Finance or Asset Finance providers.
- Key Fund.

It was noted that the MCA is often a lender or funder of last resort once other options are exhausted and therefore there may be many reasons not to fund certain requests, which presents challenges in making funding decisions.

It was noted that a variety of circumstances determined whether businesses are offered financial support, and if so, whether they are offered a loan, grant, or other financial assistance, such as:

- The size of the investment being requested.
- Whether making a grant would accelerate a project and its outcomes.
- Whether funding a proposal would feed into MCA strategies such as growth or skills building in the region
- Whether the burden of repaying a loan will prevent a business from growing.

It was asked how SYMCA's approach compared to other Combined Authorities, and whether more favourable terms could be provided for investment in South Yorkshire. It was noted that West Yorkshire Combined Authority have an allocated fund for inward investment, but most other authorities do not deliver the same kind of support as the MCA.

Further detail was requested regarding how larger projects may withdraw from the MCA business pipeline, and whether a specific fund could be created for inward investment in South Yorkshire.

ACTION: Director of Trade and Investment to provide a response on these concerns at a future Board meeting.

It was noted that MCA investment at this time was focussed on large major investments, but that small grant schemes may exist in future. Some small grants were being made, including a 'soft landing' package to support new businesses with rent payments. Small grants would also be a possibility within the Made Smarter scheme.

RESOLVED: to note the report.

59 **Business Investment Pipeline**

A Status Update on Business Development Projects was presented to the Board. It stated that there were 68 active enquiries at that time.

RESOLVED: To note the Business Development Projects Status Update.

60 **Project Mandate Approval**

A Project Mandate seeking approval to progress through the SYMCA

assurance process was presented to the Board.

RESOLVED: To accept the Mandate and allow it to progress further through SYMCA's assurance process.

61

Any Other Business

The Board requested an update on the progression of the UK Shared Prosperity Fund. An update was given that:

- Government had approved Year 1 of the Investment Plan and provisionally approved Years 2 and 3, dependant on the successful delivery of Year 1.
- The MCA would be passing on funding to Local Authorities by the end of January.

The Board asked that information on the progression of Year 2 funding for business support be brought to the next Board meeting.

ACTION: Innovation Project Director to update on this at the next Board meeting.

The Board noted that this was the Director of Business & Skills final Board meeting, and thanked him for all of his work at the MCA.

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

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Open Actions

Meeting Date	Minute No	Action	Action Owner	Update	Status
10/02/22	10	Innovation Projects Update Minute: Councillor Turpin asked if the Board could receive a comprehensive update at a future meeting in relation to all of the current innovation projects.	J Quinn	Reported back on the decision to abandon the board concept.	Closed
27/10/22	44	Matters Arising / Action Log Minute: ACTION: Innovation Project Director to provide an up-to-date timeline for the establishment of the Innovation Board to the next meeting.	J Quinn	Reported back on the decision to abandon the board concept.	Closed
15/12/22	57	Development: Overview of SYMCA Assurance Process Minute: ACTION: Innovation Project Director to provide an update to the February Board meeting regarding the impact of spent	J Quinn	To be covered at 09/02/23 Board meeting.	Ongoing

Meeting Date	Minute No	Action	Action Owner	Update	Status
		RAP funds, and recommendations for allocating the remaining amount.			
15/12/22	58	SYMCA Support for Access to Finance for Business Minute: Further detail was requested regarding how larger projects may withdraw from the MCA business pipeline, and whether a specific fund could be created for inward investment in South Yorkshire. ACTION: Director of Trade and Investment to provide a response on these concerns at a future Board meeting	R Clark		Ongoing
15/12/22	61	Project Mandate Approval Minute: The Board requested an update on the progression of the UK Shared Prosperity Fund. An update was given that: <ul style="list-style-type: none"> • Government had approved Year 1 of the Investment Plan and provisionally approved Years 2 and 3, dependant on the successful delivery of Year 1. • The MCA would be passing on funding to Local Authorities by the end of January. 	J Quinn	Updated as part of business support discussion at forthcoming board on 09/02/23.	Closed

Meeting Date	Minute No	Action	Action Owner	Update	Status
		<p>The Board asked that information on the progression of Year 2 funding for business support be brought to the next Board meeting.</p> <p>ACTION: Innovation Project Director to update on this at the next Board meeting.</p>			

Recently Closed Actions –

Meeting Date	Minute No	Action	Action Owner	Update	Status
27/10/22	49	<p>Project Mandate: Tech South Yorkshire Proposal</p> <p>Minute:</p> <p>ACTION: Innovation Project Director to share the opportunity for membership on Team SY steering group to all LAs.</p>	Joseph Quinn		Complete
27/10/22	49	<p>Project Mandate: Tech South Yorkshire Proposal</p> <p>Minute:</p> <p>ACTION: Innovation Project Director to provide an update on the Tech SY communications strategy.</p>	Joseph Quinn	Verbal update made to 15/12 meeting that the project is progressing through the assurance process.	complete

27/10/22	47	Programme Performance Update Minute: ACTION: Executive Director Finance & Investment to work with Director Business & Skills and Sharon Kemp to develop a clear picture of where funds come from, and present to the December Board meeting.	Gareth Sutton	Completed during 15/12 meeting	complete
27/10/22	47	Programme Performance Update Minute: ACTION: Board to meet before December Board meeting to receive an overview of the funding allocation decision making process.	Dem Services	Completed during 15/12 meeting	complete
27/10/22	45	Business Development Projects - Status Update Minute: ACTION: Business Growth Advisor to attend the December Board meeting to give an overview of enquiries made and how decisions are made to allocate grants and loans, or any enquiries which are signposted elsewhere.	Andy McKenna	Completed during 15/12 meeting	complete

01/09/22	32	Business Investment Pipeline Update Minute: ACTION: Innovation Project Director to arrange a meeting with interested Board Members to explain the full Assurance Process.	Dem Services	Completed during 15/12 meeting	Closed
----------	----	--	--------------	--------------------------------	--------

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Committee/Board Name and Date of Meeting:
Business Recovery and Growth Board

Meeting Date:
09 February 2023

Report Title
Budget and Programme Performance Update

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Funding Decision
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:
Gareth Sutton, Chief Finance Officer/s73 Officer

Report Author(s):
Sue Sykes, Assistant Director Procurement, Contracts & Programme Controls
Sue.sykes@southyorkshire-ca.gov.uk

Katie Jackson, Finance Business Partner
Katie.jackson@southyorkshire-ca.gov.uk

Muz Mumtaz, Assistant Director - Development & Business Support
Muz.mumtaz@southyorkshire-ca.gov.uk

Executive Summary

This report provides an update on the financial and delivery performance of the work and programmes of activity within the Board's thematic area. The report provides a recommendation on a business investment scheme.

What does this mean for businesses, people and places in South Yorkshire?

The MCA's programmes of investment into business and growth priorities are core to its aspirations to create a stronger, greener, and fairer economy for South Yorkshire.

Recommendations

1. Note the financial and performance updates
2. Note the withdrawal of two schemes from the pipeline
3. Approve the recommendation to endorse to the MCA Board the progression of scheme reference “D0034” to Outline Business Case
4. Approve the recommendation not to endorse scheme reference “D0027” to the MCA Board for full approval
5. Note the forward plan timeline and the proposal to seek a decision on scheme reference “D0034” outside of the usual Board cycle through delegations.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Assurance Panel	08 November 2021
Business Recovery and Growth Board	16 December 2021
Assurance Panel	06 December 2022

1. Background

- 1.1 Under its terms of reference, the Business Growth and Recovery Board is authorised to make investment decisions up to £2m on items for which it has been given budget by the MCA Board. For items with a value greater than £2m, or for items that cannot be funded from the available budget, the Board can also endorse schemes to the MCA Board for consideration.
- 1.2 This report provides an update on the programmes of activity for which the Board is funded at both a financial and performance level. The report also provides an update on the budget performance of core activity within this area.
- 1.3 The report notes the resource that has been made available to the Board that has been committed and that which remains available to fund new or future year activity.
- 1.4 The report also provides summaries of all activity that has been committed to and is in progress, and also the schemes that are currently in development that the Board may wish to choose to consider for funding at a later date.

2. Key Issues

Revenue Budget

- 2.1 The revenue budget for this area can be differentiated between core activity and funded programmes.
- 2.2 Core activity includes the annual work of the Trade & Investment Team, the Access to Finance team (AFCOE) and the Development and Business Support team. This activity is funded from core MCA resource and Growth Hub grant (£0.35m) received annually from Government.
- 2.3 As at Quarter 3, it is expected that core activity will outturn marginally over budget:

	Base	Outturn	Variance
Core Activity	£k	£k	£k

Trade & Investment	£560	£622	-£62
Development & Business Support	£514	£514	£0
	£1,074	£1,136	-£62

- 2.4 Heading towards the new financial year, material concern remains around the future of Growth Hub funding. This resource has been received by the MCA since 2015 but was cut by 50% in the current year with an expectation that it may be withdrawn entirely in the next financial year. Appendix D to this report provides an update on the performance of the Growth Hub over the first half of the year whilst Item 10 in this agenda pack considers options around this activity into the future. Appendix E is presented to the Board to detail the LEP network's lobbying of Government to sustain funding.
- 2.5 Government will also often make funding available for programmes and projects that it would like other bodies to run on its behalf. The MCA bids for this funding on behalf of the region and if successful commissions delivery. Devolution powers and funding also give the MCA the opportunity to commission its own programmes of activity funded from Gainshare resource. In the current year, revenue programme activity is confined to the Made Smarter project and the body of activity clustered under the Business Renewal Action Plan programme.
- 2.6 As at Quarter 3, it is expected that revenue programmes of activity will outturn over the base budget with a number of movements at scheme level:

	Base £k	Outturn £k	Variance £k
Made Smarter	£1,910	£1,696	£214
Renewal Action Plan	£1,071	£1,567	-£496
	£2,981	£3,263	-£282

- 2.7 Increases in the cost of Renewal Action Plan activity reflects the commissioning of further activity during the year, fully funded from committed grant. Agreement will be sought from Government to roll-forward Made Smarter underspend.
- 2.8 Further information on these programmes is provided in the next section.

Revenue Programmes Performance Update

Renewal Action Plan

- 2.9 In March 2021 the MCA Board made £6.91m of revenue funding available to the BGRB to commission activity that would help support the region's businesses bounce-back from the pandemic.
- 2.10 Since that point resource has been committed to a number of time-limited schemes and pieces of activity. To-date, £2.39m of activity has been commissioned with £2.20m of expenditure expected to be incurred by the end of the year. No commitments have been made beyond the current year:

	Commitment £k	2021/22 £k	2022/23 £k	Future £k
RAP Business Advisors	£1,660	£635	£833	£0
Tech Welcome	£300	£0	£300	£0

Transform SY	£80	£0	£80	£0
Communications and Marketing	£240	£0	£240	£0
Consortia Grants	£50	£0	£50	£0
Staffing	£64	£0	£64	£0
	£2,394	£635	£1,567	£0

2.11 This activity leaves £4.52m (65%) of resource available for further investment. Item 10 in this agenda pack includes some proposals on the use of this funding to complement Shared Prosperity Fund activity.

2.12 There are no grant related time constraints placed on the use of the funding for this activity.

Made Smarter

2.13 Made Smarter is a business support programme available to deliver interventions aimed at manufacturing and production firms in the region, supporting them to accelerate growth through improvements in productivity and efficiency.

2.14 In 2021/22 the MCA was awarded £1.49m to run a region-wide pilot programme. That programme overachieved against commissioned outputs but resulted in an outturn underspend that could not be rolled forward to future periods and was repaid to Government. The delivery of this programme led to a further award of £4.90m to run a three-year programme from 2022/23 to 2024/25.

2.15 At Quarter 3, it is forecast that the programme will outturn £0.21m under budget:

	Budget £k	Actual £k	Forecast £k	Variance £k
2021/22	£1,492	£1,200	0	£292
2022/23	£1,910	£0	1,696	£214
2023/24	£1,600	£0	1,600	£0
2024/25	£1,600	£0	1,600	£0
	£6,602	£1,200	£4,896	£506

2.16 The new Made Smarter programme commenced in the Autumn of 2022, with the launch of a full procurement for a delivery agent to deliver the main component interventions.

2.17 Four organisations responded to the tender process, with Oxford Innovation winning the bid with a consortia including Cambridge University's Institute for Manufacturing (IfM), Edge Digital, Brook Consulting and Sheffield Hallam University (SHU).

2.18 The procurement and contracting process has now been completed and Oxford Innovation commenced delivery of the programme in January. The programme will deliver the following interventions/outputs over the next 2.5 years:

	2022-23	2023-24	2024-25	Totals
Registrations	200	350	350	900
Business Advice (Diagnostics & Roadmaps)				
Digital diagnostic + Road map	110	218	216	544
Technology Advice (Intensive Technical Support)				
£1000 revenue grants to enable Ind 4.0	30	72	77	179
Intensive project support 5 day	30	34	38	102
Intensive Project 8-10 day	4	7	10	21
Intensive project 20 day	1	3	4	8
ITS Total/intervention rate	65	116	129	310
Programme Management (Delivery Partner)				
Programme management and admin	3	12	12	27
Leadership & Management Delivery Costs				
Leadership and management training (50/50)	20	45	45	110
Capex grants				
Grants upto £20K	24	30	30	84

- 2.19 The programme is already ahead of target for the levels of registration/interest – with South Yorkshire firms over-represented, to date. Over sixty initial diagnostics with follow up roadmaps have now been undertaken with a further twenty to be delivered by the end of January.
- 2.20 A regional Programme Board is being established, which will oversee and steer the programme, and will include representatives from industry, higher education and the public sector from each sub region.

Capital Programme Performance Update

- 2.21 The capital programme in this area consists of the Digital activity funded from clawback on the Superfast South Yorkshire Scheme and investments into businesses funded from recycled Local Growth Fund and Gainshare.
- 2.22 Nine individual business investment schemes totalling over £41m remain in delivery or within a loan-term, with a further 5 schemes in development. Since the beginning of the financial year, two schemes that had previously been approved withdrew from processes along with a further two schemes that had not yet been approved for funding. One further scheme was added to the programme with the Board agreeing to fund the Canon Medical project. Further detail on these schemes are provided in appendix A.
- 2.23 As at Quarter 3, it is expected that in-year capital activity will fall short of the base budget by £1.32m:

2022/23	Base	Outturn	Variance
Capital Programme Forecasts	£k	£k	£k
Digital Programme	£812	£1,027	-£215
Business Investment Schemes	£11,180	£9,650	£1,530
	£11,992	£10,677	£1,315

Digital Schemes

- 2.24 Increased expenditure on the Digital programme relates to further activity being commissioned. To-date, £3.40m of capital funding has been recouped from Building Digital UK (BDUK) through the Superfast South Yorkshire scheme (SFSY).

- 2.25 Of this funding, commitments totalling c. £2m have been made available through the South Yorkshire Digital Infrastructure Strategy. This resource supports the SFSY team and a number of projects.
- 2.26 Into the future more money is likely to be recouped as uptake of the broadband offer grows. Under the terms of the deal with BDUK, once uptake grows above certain levels the grant awarded by the MCA is repaid – this is the clawback mechanism. Repayments are received as capital receipts and can be deployed subject to the usual governance processes.

Business Investment Schemes

- 2.27 Analysis shows that of all approved capital business investment schemes £18m of funding is still to be claimed. Whilst some of this funding relates to recently approved schemes slow progress against activity is noted on the Gene Therapy Manufacturing scheme (approved 09/21) and The Floop scheme (approved 11/21). Officers are engaging scheme sponsors to support delivery where necessary.
- 2.28 None of the capital investment schemes in the BGRB's purview are reporting inflationary pressures at this point. The MCA's exposure to such pressures is capped at the funding provided to each scheme.
- 2.29 Information on all capital schemes is provided in appendix A.
- 2.30 Since the last reporting date £8.5m of capital loans previously extended to Doncaster Sheffield Airport have been repaid. This Local Growth Fund resource has been held back pending decisions on how the region will respond to Peel's decision to close the airport.
- 2.31 No additional capital resource beyond for investment into businesses beyond the current investments has been made available to the Board in the current budget cycle. Accordingly, further investment into capital business growth schemes will require the Board to endorse schemes to the MCA Board who can choose to support schemes through Gainshare or other resource that may become available.

Programme Development Decisions

All scheme references are shown in Appendix A to allow cross-reference to project names.

Scheme Approvals

- 2.32 This report recommends the progression of scheme reference **D0034** to Outline Business Case.
- 2.33 Scheme reference **D0034** is a University of Sheffield led project seeking investment of up to £14m to complement bids into Government and funding from industry. The details of the Assurance activity are provided in appendix C.
- 2.34 As the value of this scheme is above the Board's threshold and outside of its existing budget, it is recommended that the Board endorse this scheme to the MCA for consideration.
- 2.35 Under current proposals the scheme would be funded from future year Gainshare resource.

Scheme Rejection

- 2.36 This report recommends that scheme reference **D0027** is not endorsed to the MCA for contract award.
- 2.37 The assurance summary presented in appendix B outlines the basis for this recommendation. Officers from the MCA have discussed this issue with the scheme sponsor and have arranged for a de-brief to be undertaken. Opportunities to work with this business on other initiatives into the future remain available.
- 2.38 As no budget was formally committed to this scheme its removal from processes does not result in further headroom.

Scheme Withdrawal

- 2.39 Since the last reporting date two schemes (references **D0036** and **D0051**) have withdrawn from the development process. Further details on these schemes are provided in appendix A.
- 2.40 As no budget was formally committed to these schemes their removal from processes does not result in further headroom.

Schemes Under Development

- 2.41 A number of schemes which the Board have previously endorsed for development continue to be worked-up at the time of writing:
- RAP Supply Chain programme;
 - UK Gigabit Broadband Voucher Scheme top-up;
 - Creative UK – Network Support for South Yorkshire Creatives;
 - South Yorkshire Co-Investment Fund Pilot;
 - Tech South Yorkshire;
 - SY Angel Platform and Pitch Readiness Fund.
- 2.42 Into the future, decisions will be required on whether to progress these schemes through endorsement to the MCA or the commitment of available funding such as the uncommitted RAP allocation. Such decisions will need to be considered alongside the proposals covered in Item 10 to this report.

Forward Plan Timeline

- 2.43 In addition to the schemes detailed above a number of business schemes are currently progressing through development at pace. The details below set out the earliest that it is expected decisions could be made.
- 2.42 Scheme reference **D0049** has previously been approved by the Board and the MCA to progress to Full Business Case. It is expected that this business case will have been reviewed and ready for consideration by the MCA Board's 6th March meeting, but after the February BGRB Board meeting.
- 2.43 Given this scheme will ultimately require MCA approval, and noting the time imperative to finalise funding arrangements, this report recommends that the findings of the assurance process are presented to the Board through written procedures with the decision to endorse the scheme to the MCA or otherwise

delegated to an MCA officer in consultation with the Chair and Vice-Chair of the Board.

- 2.44 Resource has been earmarked to this scheme from DMBC's allocation of Gainshare capital funding for delivery-ready schemes.
- 2.45 Scheme reference **D0033** has previously been approved by the Board and the MCA to progress to Full Business Case. It is expected that this business case will be ready for consideration by the Board in June. This scheme will follow on an infrastructure scheme that is being progressed through the Housing & Infrastructure Board.
- 2.46 Discussions on how this scheme could be funded are progressing with the sponsoring local authority. These discussions will be finalised before a decision is brought to the Board.
- 2.47 Scheme reference **D0034** is presented to the Board today for consideration to progress to Outline Business Case. Subject to approval it is expected that this business case could be ready for consideration by June or July.
- 2.48 Discussions on how this scheme could be funded are progressing with Government, private partners, and between the MCA and the sponsoring local authority. These discussions will be finalised before a decision is brought to the Board.

3. Options Considered and Recommended Proposal

3.1 Option 1

Approve the recommendation to endorse one scheme to the MCA Board and choose not to endorse another.

3.4 Option 1 Risks and Mitigations:

In choosing not to endorse a scheme to the MCA the region will potentially miss out on the benefits of the investment that may otherwise have accrued. This risk has been considered in reaching the recommendation not to proceed with the scheme.

3.5 Option 2

The Board could choose to reject the proposal to endorse scheme reference D0034 to the MCA Board.

- 3.6 The Board could also choose to reject the recommendation not to endorse scheme reference D0027 and propose that the MCA Board consider the scheme.

3.8 Option 2 Risks and Mitigations:

In not recommending scheme reference D0034 to the MCA Board the region would potentially miss out on significant growth opportunities.

3.13 Recommended Option

Option 1

4. Consultation on Proposal

- 4.1 Recommendations have been discussed with appropriate local authority partners, and – in line with the MCA's Assurance Framework – through the MCA's internal Programme Board and Assurance Panel.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Corporate Director Business and Skills and the Executive Director Resources and Investment will be responsible for implementing decisions as soon as they are made.

6. Financial and Procurement Implications and Advice

- 6.1 This report recommends one scheme to progress to the next stage of business case development. The report notes that the scheme is currently unfunded, but could be resourced from future year Gainshare resource. This would be a matter for the MCA Board to consider.
- 6.2 The report notes that a number of schemes have either been withdrawn or are recommended for rejection. These schemes were unfunded at this stage, so no resource is freed-up from these decisions.
- 6.3 The report further notes the budgetary performance of the thematic area across revenue and capital activity. At this stage only Made Smarter resource is considered at risk, with discussions required with Government to roll-forward any in-year underspend to future periods.

7. Legal Implications and Advice

- 7.1 The legal implications of the project have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed within the Assurance Summaries as presented in the Appendices. Projects have taken full legal advice regarding subsidy control.

8. Human Resources Implications and Advice

- 8.1 None.

9. Equality and Diversity Implications and Advice

- 9.1 None.

10. Climate Change Implications and Advice

- 10.1 None.

11. Information and Communication Technology Implications and Advice

- 11.1 None.

12. Communications and Marketing Implications and Advice

12.1 None.

List of Appendices Included

- A Capital Programme Update: Business Investment Schemes
- B Assurance Report - D0027
- C Assurance Report – D0034
- D Growth Hub Performance Update
- E LEP Growth Hub Network Five Point Plan

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Growth Hub Performance Update

April – September 2022

Performance

Following a year of challenge in dealing with the ongoing consequences of the pandemic, the Growth Hub in South Yorkshire has been focusing on re-establishing the capacity of the team. This has not been helped by both external pressures including the economic slowdown and the challenging inflationary environment, but also internally as the shock of an unexpected cut to the annual Growth Hub grant and the tight labour market made it difficult to recruit.

Nevertheless, the Growth Hub team have been continuing to deliver its business support offer to South Yorkshire SMEs, delivering business engagement events and conferences across the region, working closely with our network of business support advisors and our local authority and other publicly funded partners.

The table below highlight performance of the Growth Hub in the first 6 months of 2022/23 against its key indicators:

Indicator	Six Month (04/22 – 09/22)	Six Month (04/22 – 09/21)	Change
Number of businesses that have received 'light touch' triage, information and/or signposting support (excluding website traffic)	1328	935	393
Number of individuals ¹ that have received 'light touch' triage, information and/or signposting support (excluding website traffic)	1328	926	402
Total number of unique visitors to Growth Hub website	4,790	10,887	-6097
Number of businesses receiving 'medium intensity' information, diagnostic and brokerage support	504	362	142
Number of businesses receiving 'high intensity' support e.g., account management / intensive support directly provided by the Hub or partner organisation	131	94	37
Number of businesses receiving 'Medium' and 'High intensity' support that, have the opportunity, ambition and greatest potential to grow (including Scale-Ups)	635	39	596

Total number of individuals who been helped to start a business (excludes referrals to Launch Pad)	20	14	6
Number of businesses referred to a mentoring programme (combined figure for 'Medium' and 'High' intensity interventions only)	0	0	0
Number of businesses referred to a skills or training programme (combined figure for 'Medium' and 'High' intensity interventions only) – mainly Skills Bank	128	220	-92
Number of businesses referred to a finance and/or funding programme (combined figure for 'Medium' and 'High' intensity interventions only)	214	7	207
Number of businesses referred to an innovation and/or R&D programme (combined figure for 'Medium' and 'High' intensity interventions only).	32	70	-38

In addition, the Growth Hub has:

- Been actively promoting the **Ownership Hub** (a national pilot project), which is a key priority for the Mayor/MCA. We aim to expand the scale of services delivered through the Ownership Hub in the near future.
- Successful in their bid to deliver the **Made Smarter** programme across the Yorkshire & Humber area, on behalf of other cluster partners. We are currently undertaking promotional activity to launch the programme in the February/March 2023.
- Joined the **Sustainability Consortium** which is a regional partnership working to deliver service/solutions to organisations to help them achieve net-zero.
- Been actively involved in policy developing the **Better Business Challenge** in South Yorkshire – to help support local businesses to strive to achieve best business practices, including paying their staff sustainable wages and salaries, promoting diversity in the workplace and investing in training and higher skills opportunities.
- Supported **Skills Bank 3**, a unique skills training offer to local firms in South Yorkshire, was launched in September and is actively promoted through the Growth Hub. The scheme is delivered by Calderdale College and allows employers to obtain up to 50% subsidy to funding training for their staff, which will contribute to the growth of the business.
- Been working on **building business resilience** – the Growth Hub team have developed a policy paper calling on an Action Plan to develop services, in partnership with local and regional business support service partners, to help SMEs navigate their way through the current economic downturn/potential economic recession.

Why LEP Growth Hubs exist – Growth Hubs exist because evidence shows businesses which access business support grow faster and become more productive than those that don't. However, ambitious businesses face an ever-changing landscape of local and national services, which include offerings not only from the public sector, but also from the private sector. This leads to a bewildering range of support which many businesses are either unaware of or do not know how to access the support which is right for them. This means businesses are often not as competitive as they could be or able to capitalise on new opportunities and achieve their full potential.

What Growth Hubs do – LEP Growth Hubs address this market need by simplifying access to the best of public and private sector business support services both local and national, addressing individual business challenges and identifying and unlocking opportunities for growth and improved productivity. Each Growth Hub has a flexible service mix, which reflects local business needs and uses its role as a convenor to develop coordinated services and harness local intelligence and insights to shape local services.

Why Government supports the network – Government has invested in the development of 38 LEP Growth Hubs across England to deliver the impartial local coordination that is needed to make accessing help and advice simpler and deliver business growth, under three common principles:

- Improve the awareness and coordination of local and national business support
- Provide clear signposting and diagnosis to help businesses find the right support easily
- Improve the impact and value for money of business support

Funding of the network's core function ensures all SMEs are able to more easily find and access the business support services they need. This role has been strengthened under devolution deals and LEP/Local Authority (LA) integration, with LEP Growth Hubs working hand in glove with LAs for example to lever UKSPF. The network, which has been evaluated nationally, engaged more than 2.2m businesses and individuals in 2021/22, supporting over 182K companies, including 14.5K to access intensive support, 12K to find funding and 1.4K to engage with International Trade services.

The impact of the business environment – Government and LEP Growth Hubs recognise that current operating conditions present a new and difficult trading environment for companies to navigate, particularly SMEs. Businesses are facing the combined effects of sharply increased operating and energy costs, together with the effect of interest rate rises and more expensive imported materials. Added to this is the wider international picture of volatility in addition to high inflation, which will be with us for a prolonged and challenging period. This is when businesses are in most need of support, not only to navigate these pressures, but to thrive, become more productive, and to identify and exploit new opportunities to innovate and grow.

During this critical period businesses will need the right support at the right time tailored to their own individual circumstance. Narrowly targeted public resources e.g., Innovate UK, International Trade, or Help to Grow are not individually sufficient to gain maximum benefit. Services need joining up and coordinating to fully unlock businesses potential. LEP Growth Hubs, as the trusted 'go to' place for business advice, are uniquely placed to deliver this role through LEP infrastructure, developing solutions to rapidly meet an ever-changing business environment and shifts in policy focus.

How LEP Growth Hubs are responding – We have set out a practical five-point plan to align with national priorities to help businesses thrive in the current conditions. This will harness the network's deep understanding of SME needs and its capability to connect the right mix of support services at the right time.

We will:

1. **Help businesses survive and thrive** – by identifying practical solutions to challenges:
 - Addressing immediate needs – helping businesses to embed the know-how, methods and skills needed culturally to successfully navigate this and future economic, financial or commercial periods of stress or uncertainty and maintain sustainable growth.
 - Find and unlock the potential for new growth – by obtaining a rounded view of each business, their ambitions and capabilities, we can help SMEs find new customers in existing and unexploited markets through deeper diagnostics and specialist support.
2. **Support improved business competitiveness** – by driving changes in productivity:
 - Proactively identify opportunities for change - helping SMEs identify/deliver effective changes in practice including by accelerating investment in new technology to overcome productivity challenges e.g. by accessing Made Smarter or Help to Grow.
 - Help companies become more innovative – by working with Innovate UK and Universities to enable SMEs to acquire the skills and knowledge needed to exploit new opportunities unlocking access to market insights, finance, design and intellectual property advice.
 - Prepare companies for their international journey – by working with the Department for International Trade to mainstream the international trade message and integrate trade expertise into existing programmes to reach businesses who could trade internationally.
3. **Deliver better jobs** – by accelerating leadership, management and workforce skills to unlock improved productivity and benefits for our local communities:
 - Inspiring leaders for the future - equipping individuals with the skills and knowledge needed to understand, adopt and embed high performance behaviours including through Help to Grow and wider local learning opportunities.
 - Building adaptable workforces – supporting businesses to identify and invest in strengthening their workforce and developing talent, filling gaps, and raising the capabilities and ambitions of their staff, through business schools, private provision and the take-up of apprenticeships.
 - Helping companies create better jobs and progression – identifying the opportunities for businesses to move away from the national minimum wage, become more inclusive and generate better jobs which benefit their local communities.
4. **Develop and level up communities** – by acting as a catalyst for change. Build on local strengths by bringing together ambitious businesses in key local sectors with the right anchor institutions (public and private) at a place level, to identify and deliver increased productivity and growth.
5. **Protect the environment** – By leading the drive to clean growth and net zero across the SME community. Collaborate with partners to enable businesses to better understand their environmental impacts, apply new sustainable practices, and deliver triple bottom line benefits.

Business Recovery and Growth Board

09 February 2023

Shared Prosperity Fund Year 1: Community & Place

Is the paper exempt from the press and public?	No
Reason why exempt:	N/A
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:

Report Author(s):

Paul Johnson, Senior Economic Policy Manager
 Paul.johnson@southyorkshire-ca.gov.uk

Joseph Quinn, Innovation Project Director
 Joseph.Quinn@Southyorkshire-ca.gov.uk

Executive Summary:

To provide an update on the development and allocation of The UK Shared Prosperity Fund (UKSPF) in South Yorkshire. The paper provides commentary on the amount of funding allocated, progress towards year one and two and highlights forthcoming milestones.

What does this mean for businesses, people and places in South Yorkshire?

UKSPF is the replacement for EU structural funding. How this is allocated and spent will have a profound impact on the quality of life and growth opportunities of residents, businesses, and places in South Yorkshire in the years ahead. The year one programme focuses on supporting vulnerable people with the impacts of cost-of-living, community improvements, and enhancing the cultural offer of the region.

Recommendations:

The Business Recovery and Growth Board is asked to:

- Note the update of Year 1 activity.
- Offer any comments on the approach to future delivery in Years 2 and 3.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None

1. Background

- 1.1 The UK Shared Prosperity Fund (UKSPF) is the Government's major economic development fund to replace EU Structural and Investment Funds. It is a largely revenue fund aiming to boost productivity. The MCA submitted its Investment Plan to Government in August 2022 and received confirmation of its acceptance in December 2022 without any additional conditions. Note: Year one spend must be completed by March 31st, 2023.
- 1.2 The focus of the Plan is to materially improve the life chances of residents (especially the most deprived) and boost pride and confidence in South Yorkshire. The primary ambition is to focus SPF investment on driving up levels of economic activity and community participation.
- 1.3 There are three themes for UKSPF: Community & Place; Local Business Support; and People & Skills. The funding is allocated as follows:

UKSPF (Total)									
	2022-23		2023-24		2024-25		2022-25		
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Total
BMBC	£ 88,442	£ 795,976	£ 265,325	£1,503,509	£ 926,869	£ 3,707,525	£1,280,636	£ 6,007,011	£ 7,287,647
DMBC	£108,749	£ 978,736	£ 326,245	£1,848,724	£1,139,684	£ 4,558,796	£1,574,678	£ 7,386,257	£ 8,960,935
RMBC	£ 85,965	£ 773,682	£ 257,894	£1,461,399	£ 900,910	£ 3,603,686	£1,244,768	£ 5,838,767	£ 7,083,535
SCC	£189,007	£1,701,062	£ 567,020	£3,213,117	£1,980,792	£ 7,923,270	£2,736,819	£12,837,449	£15,574,268
SY	£472,162	£4,249,456	£1,416,485	£8,026,750	£4,948,255	£19,793,277	£6,836,902	£32,069,483	£38,906,385

- 1.4 UKSPF Rural funding: South Yorkshire has an allocation of £1,434,307 of which Barnsley was allocated £400,000, Doncaster was allocated £634,307, and Rotherham was allocated £400,000. Funding will be split across the region with 40% of spend in Year 1 and 60% in Year 2, with an even split between the Rural Business investment priority and Rural Communities investment priority, as shown in the tables:

	2023-25	2023-24			2024-25		
	Total	Total	Business	Community	Total	Business	Community
South Yorkshire	1,434,307	573,723	286,861	286,861	860,584	430,292	430,292
Barnsley	400,000	160,000	80,000	80,000	240,000	120,000	120,000
Doncaster	634,307	253,723	126,861	126,861	380,584	190,292	190,292
Rotherham	400,000	160,000	80,000	80,000	240,000	120,000	120,000

The Investment Plan for the rural allocation was submitted in November 2022, we are awaiting a response from government to release this funding.

2. Key Issues

- 2.1 Year one funding (2022-2023) is focussed on the Community & Place strand to help with a cost-of-living response, alongside community improvements and enhancing the cultural offer of the region. The MCA and four local authorities have been working collaboratively to identify and contract Year 1 projects at pace to ensure some delivery ahead of March 2023. It should be noted that any in year underspend will be clawed back unless government is presented with a credible narrative and plan for retention.
- 2.2 Community & Place interventions are targeted and accessed at the community level and therefore it was agreed projects should be developed exclusively through a place-based lens and each Local Authority (LA) has developed delivery plans to allow the MCA to allocate funding.
- 2.3 At the time of writing, the majority of Delivery Plans had been considered by the UKSPF partnership group (see Annex 1 for its membership) The Local Partnership Group is chaired by Martin McKervey and its role is to feedback on the content and engagement of the Delivery Plans. Once endorsed by the Partnership Group plans are submitted to the MCA's Programme Board for final sign-off. All received plans have now progressed through this process and contracts are currently being drafted.
- 2.4 **Barnsley**
Barnsley Metropolitan Borough Council will deliver against three primary areas in year one:
- **Culture at the Heart of Communities**
An events programme both in Barnsley town centre and principal towns aimed at building cultural participation and engagement, strengthening links with local cultural providers, and supporting urban centre economies.
 - **Enhancing Barnsley Libraries**
Refurbishment of library assets to reflect the modern standards on display at The Lightbox.
 - **Green Space Improvements**
This activity will deliver capital works to achieve park improvements as well as align to the 'Ten Thousand Trees' planting programme to enhance biodiversity.

Note: Additional support will include in year business support activity.

- 2.5 **Doncaster**
The City of Doncaster Council will deliver against three primary areas in year one:
- **Community Wealth Builders**
Support suppliers and stimulate new suppliers within the social enterprise and community sector. There will be a series of training for enterprises to enable community businesses to 'meet the buyer' and for anchor institutions to 'meet the market'.
 - **Locality Community Investment Fund**
Test and learn new approaches to commissioning and lead the way in creative bold community placed based commissioning.
 - **Cost of Living**
Extending the Covid-19 support to Citizens Advice Bureau Doncaster of free, impartial information, advice, and guidance.

Note: Additional support will include third sector support, increased volunteering and public realm art.

2.6 Rotherham

Rotherham Metropolitan Borough Council will deliver against two primary areas in year one:

- **Cost of Living**
 - Warm welcome activities will take place in a range of community venues, where people can access financial support and advice.
 - A small grants scheme, which will enable VCS organisations to provide a range of targeted activities for specific demographics.
 - A number of 'winter warm' packs, comprising items such as socks, gloves, scarves, hot water bottles, blankets and thermal flasks will be purchased and made available to vulnerable residents.
- **Children's Capital of Culture**

Funding to partner with three providers to build capacity within their organisations and support voice and influence from young people across the borough alongside the development of its own team to deliver a programme of events, festivals, experiences and opportunities across Rotherham.

Note: Additional support will include in year business support activity.

2.7 Sheffield

Sheffield City Council will primarily focus year one spend on cost-of-living interventions:

Cost of Living

- Build resilience for VCF organisations to continue to deliver impact at local level in the short term.
- Add funds to the South Yorkshire Community Foundation's Sheffield Cost of Living fund to increase the spread of its impact.
- Supporting the additional costs of keeping community hubs open throughout the winter to facilitate greater engagement.

Note: Additional support will include a culture proposal and in year business support activity.

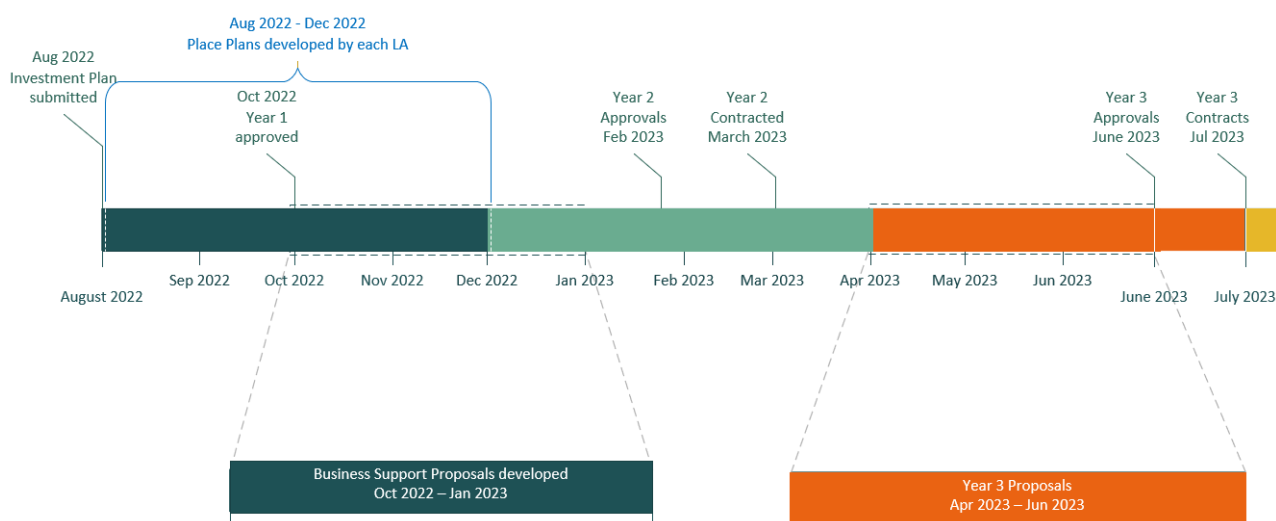
2.8 Year Two Proposals

In addition to continuation of the Community and Place interventions the year two/three funding envelope includes £14.90m of funding for local business support. As a significant proportion of the current business support provision is ERDF funded and will cease in the summer of 2023 it is imperative that we move at pace to allocate funding for business support interventions.

- 2.9 A task and finish group of business support leads has been established to consider priorities and begin project design. Several workshops have taken place with the LAs and two universities. The discussions have been frank and positive, and the scope has since widened beyond UKSPF to account for the wider business support ecosystem. Outline business cases are being developed for several projects that will be taken forward across LA geographies. These projects include Launchpad, business productivity grants, low carbon and specialist advisors.

2.10

Completion of the year two proposal development is targeted for February 2023 with contracting currently forecasted to be completed in March 2023. Engagement on proposals for year three (24/25) will commence in April 2023 with a forecasted completion of proposals targeted for June 2023.



3. Options Considered and Recommended Proposal

N/A

4. Consultation on Proposal

- 4.1 Local authorities carried out consultation with local partners in developing their Delivery Plans, and the Local Partnership Group was also involved in shaping the final documents.

5. Timetable and Accountability for Implementing this Decision

- 5.1 Immediate – Year 1 ends in March 2023.

6. Financial and Procurement Implications and Advice

- 6.1 The total amount of Year 1 Community & Place funding for South Yorkshire is £4m. This must be spent by the end of the financial year.

The report notes future year allocations. Item 10 to this report provides options on how this resource could be used.

7. Legal Implications and Advice

- 7.1 N/A

8. Human Resources Implications and Advice

- 8.1 Administering the requirements of a Lead Authority will require additional capability and capacity is secured to deliver the fund, maximise the impact and uptake of the fund. So far, a full-time Project Coordinator position has been established, with support from other parts of the organisation. There is 4% as part of the fund, which is for management and

administration costs. This will be used to build a team and cover some management costs of projects.

9. Equality and Diversity Implications and Advice

- 9.1 Several of the projects include targeting harder to reach groups and focus on more vulnerable residents.

10. Climate Change Implications and Advice

- 10.1 N/A

11. Information and Communication Technology Implications and Advice

- 11.1 Adapting to climate change is a part of the Investment Plan, and Barnsley Year 1 plan includes improving their green spaces.

12. Communications and Marketing Implications and Advice. Please also refer to consultation undertaken as per Section 4

- 12.1 N/A at this stage but could be once delivery progresses.

List of Appendices Included

Annex 1

LPG Members

Name	Organisation
Jason Austin	RNN Group
Liz Ballard	Sheffield & Rotherham Wildlife Trust
Michelle Buttery	South Yorkshire Police & Crime Commissioner
Andrew Denniff	Barnsley & Rotherham Chamber
Paul Harvey	Voluntary Action Sheffield
Shafiq Hussain	Voluntary Action Rotherham
Martin McKervey	AESSEAL
Lucy Nickson	SYMCA LEP Chair
Lisa Pogson	Airmaster UK
Sharon Riding	DWP
Nicola Speake	South Yorkshire Housing Association
Rupert Suckling	Doncaster MBC
Ruth Willis	South Yorkshire Community Foundation
	Culture (tbc)

Business Recovery and Growth Board

30 January 2023

Business Support Landscape

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Discussion
Funding Stream:	Not applicable
Is this a Key Decision?	No
Has it been included on the Forward Plan?	No

Director Approving Submission of the Report:

Gareth Sutton, Chief Finance Officer/s73 Officer

Report Author(s):

Joseph Quinn Innovation Project Director

Joseph.Quinn@southyorkshire-ca.gov.uk

Executive Summary:

This paper presents an update on the South Yorkshire Business Support landscape and activity underway to utilise the UK Share Prosperity Fund (UKSPF).

What does this mean for businesses, people, and places in South Yorkshire?

The Business Support Ecosystem supports entrepreneurship, enterprise, job creation and growth. A well balanced and financed system plays a fundamental role in supporting the economic ambitions of South Yorkshire.

Recommendations:

1. That the Business Recovery and Growth Board note the ongoing activity of the Business Support review.

2. That the Business Recovery and Growth Board endorse the approach taken regarding utilisation of the UKSPF funding to deliver business support provision.
3. That the Business Recovery and Growth Board approve the use of Renewal Action Plan funding totalling £1.6m to retain specialist advisors for a further twenty-four months.
4. That the Business Recovery and Growth Board note the financial challenge and endorse further activity to identify proposals to fill these gaps for consideration at the next BRGB in March 2023.

Consideration by any other Board, Committee, Assurance or Advisory Panel

N/A

1. Background

- 1.1 The Business Support landscape refers (for the purpose of this report) to interventions that support entrepreneurship, enterprise, job creation and growth. These interventions are in place to support businesses at all stages of their growth journey from the entry of entrepreneurs to the continuous support of business through the entire lifecycle.
- 1.2 The South Yorkshire public sector business support programmes have been developed and refined over several years. These are amplified by a wide range of support delivered via the private sector and academia. The system is complex to fully map and difficult to navigate therefore the presentation that accompanies this report should not be considered a complete and definitive view.
- 1.3 Much of the wider Business Support interventions are funded via other public sources of funding that are commissioned on a competitive basis from central government departments. These funding opportunities are not locally controlled but allow local partners to augment the Local Authority (LA) and Mayoral Combined authority (MCA) business support offer, particularly in relation to innovation and R&D. However, this can lead to a lack of clarity and connectivity across the system, introducing elements of competition between providers.
- 1.4 The changing financial landscape effecting Local Government (LG) has necessitated a reduction in core funding for business support provision over the last decade. Historically this has been offset/supplemented with European Regional Development Funding (ERDF) to ensure adequate provision is available to address local economic challenges. This shortfall in funding will be further exacerbated by the reduction in funding available via the UK Shared Prosperity Scheme (UKSPF).
- 1.5 This report and accompanying presentation seek to identify the current business support landscape, offer a view on its efficiency, and detail what the region and business believes a successful offer would look like.
- 1.6 The report and presentation notes that funding shortfalls mean that not all of the services and interventions that are required can be resourced. The report notes the proposed body of activity to be funded from Shared Prosperity Fund monies and proposes the commitment of an element of the currently uncommitted Business Renewal Action Plan monies (as detailed in Item 8) to support some key activity.

- 1.7 The report recommends that further work be undertaken to determine whether the funding gaps identified can be mitigated.

2. Key Issues

2.1 Business Support Review

The South Yorkshire UKSPF allocation includes £14.90m of funding for local business support. As a significant proportion of the current business support provision is ERDF funded and will cease in the summer of 2023 the MCA has been working with its LA and University partners to review the current business support eco system.

- 2.2 A task and finish group of business support leads has been established to consider priorities and undertake project design. Several workshops have taken place and discussions have been frank and positive with the scope widening beyond UKSPF. Outline business cases are being developed for several projects that will be taken forward across LA geographies. These projects include Launchpad, Business Productivity Grants, Low Carbon and Specialist Advisors.

Financial Constraints

- 2.2 The UKSPF funding levels are not sufficient to replicate the current level of support and therefore a process of rationalisation has taken place to identify which of our current provision should be retained and how that support is best delivered to maximise its impact. This has led to outline proposal development across four key themes.

- *Specialist resource*: Expertise to support specific challenges across target sectors
- *Launch Pad*: primarily aimed at individuals wanting to start a business, and those in the initial stages of their enterprise journey.
- *Business Productivity Grants*: The root cause of any productivity issue tends to be one of three factors, cost, capacity and response. Resolving them will provide businesses the opportunity to improve their productivity.
- *Net Zero*: Support to businesses to identify, fund and implement low carbon improvements.

- 2.3 Once approved for development these programmes will account for the majority of UKSPF funding leaving a significant gap from our current levels of provision.

- 2.4 There are several areas that are considered by the MCA and partners to be fundamentally important to transforming the South Yorkshire economy that currently do not have any identified funding available, these include:

- Acceleration programmes
- Entrepreneurship and intrapreneurship
- Early-stage finance: (in-flight proposals)
- Coworking space/incubation
- Culture and creative programmes
- Innovation Activities
- Ownership Hub models
- Supply Chain development

- 2.5 To ensure a modest level of provision over the next two fiscal years a further £9.4m of revenue resource would be required – this is the ‘gap’.

Growth Hub

- 2.6 The South Yorkshire Growth Hub aims to be the single point of contact for all business support across our region and simplify the support landscape that is available to businesses. The funding for this provision is at risk with a 50% reduction in 2021/22 and no confirmation has been received for the upcoming fiscal year (2023-24).
- 2.7 The loss of Growth Hub funding would present a decision point. As we review our regional support landscape it presents an opportunity to assess its value, delivery model and our combined appetite for its retention. Should the region wish to retain the activity in the event of funding being withdrawn it would add a pressure to the existing gap.

Renewal Action Plan

- 2.8 In January 2021, £6.91 million of Gainshare was allocated to the priorities identified in the Renewal Action Plan (RAP). The RAP was developed in close partnership with our Local Authorities (LA), business community and universities to mitigate against the anticipated economic impacts of the Covid-19 pandemic. To date £4.52m of this initial allocation remains uncommitted.
- 2.9 Many of the interventions initially proposed have not progressed either due to a reduced need and/or a lack of capacity to develop the detailed thinking required to ensure cohesive programmes of activity. This presents an opportunity to re-direct the remaining RAP allocations towards filling gaps in the business support landscape.
- 2.10 This report and accompanying presentation proposes that subject to the usual governance processes up to £1.6m of this resource be earmarked to sustain specialist resource - as detailed at paragraph 2.2 – for a further two years.
- 2.11 This commitment would leave c. £2.9m resource available that could be considered as means of meeting more of the resource gap identified through this report or could be considered as a means of funding the projects noted in Item 8 that remain in development.

3. Options Considered and Recommended Proposal

3.1 Option 1

Endorse the recommendations set out in this report and request that further work is undertaken to identify routes to funding the additional business support requirements.

Option 1 Risks and Mitigations:

There is a risk that sufficient funding will not be identified, and work undertaken is abortive leaving significant gaps in the support landscape. This risk can be mitigated by prioritising the currently unfunded elements of the business support landscape.

3.2 Option 2

Endorse the UKSPF elements of the business support review and do not address the gaps in provision.

Option 2 Risks and Mitigations:

The reduction in business support will impact the MCA's ability to deliver on the social and economic priorities outlined in the South Yorkshire Strategic Economic plan.

3.3. Option 3

The BRGB do not endorse the recommendations set out in this report.

Option 3 Risk and Mitigations

Failure to replace current Business Support provision will result in a cliff edge with support ceasing to be delivered to businesses across the region.

4. Financial and Procurement Implications and Advice

- 4.1 Funding for UKSPF is confirmed for three financial years; 2022-23, 2023-24 and 2024-25. The Government will pay SYMCA annually in advance on a "use it or lose it basis". In 2022-23, funding has been received following approval of the local investment plan. In 2023-24 and 2024-25, funding will be released at the start of the financial year. SYMCA will receive a grant determination letter and Memorandum of Understanding setting out fund requirements and obligations. Lead authorities will be asked to return any underspends at the end of each financial year. Alignment to the SY Renewal Fund, should mitigate risks of underspend.
- 4.2 This report notes that there is insufficient funding to meet all identified requirements, with the report prioritising four key strands of work. The report further notes that this shortfall may be exacerbated if, as expected, Growth Hub funding is removed or further reduced.
- 4.3 The report proposes the use of £1.6m of the Business Renewal Action Plan allocation that is currently uncommitted. Whilst resource is available to meet this proposal it would need to be considered against use for funding the schemes noted in Item 8 that are currently in development.
- 4.4 The report and presentation recommend that further work be undertaken to identify whether other funding could be used to help bridge the shortfall in resource. This review could include considering whether any elements of activity could be capitalised, thus opening up other avenues of potential funding.

5. Legal Implications and Advice

- 5.1 There are no implications at this stage.

6. Human Resources Implications and Advice

- 6.1 Administering the requirements of a Lead Authority will require additional capability and capacity is secured to deliver the fund and maximise the impact and uptake of the UKSPF. As part of the development of the plan a gap analysis of capability and capacity has been undertaken to consider appointments required.

7. Equality and Diversity Implications and Advice

- 7.1 This will be assessed at an individual project by project basis to ensure compliance.

8. Climate Change Implications and Advice

- 8.1 This will be assessed at an individual project by project basis to ensure compliance.

9. Information and Communication Technology Implications and Advice

- 9.1 There are no implications at this time.

10. Communications and Marketing Implications and Advice

- 10.1 A schedule of branding and communication requirements is under development as part of the Business Support review, and it is anticipated any cost will be absorbed within the 4% administration allowance.

List of Appendices Included

A presentation is appended to this report.

Background Papers

None

South Yorkshire Business Support Landscape



Presentation to cover:

1. What is business support and what are we trying to achieve?
2. The current system
 - Core Support
 - Targeted intervention
3. Are we having an impact?
4. Why are we not having a bigger impact?
5. What are we doing?
 - Listening to business
 - Co-design and collaboration
6. What's the art of the possible with our funding?
 - UKSPF
 - RAP
 - Growth Hub
7. Decisions required

Background

Business Support Ecosystem refers (for this purpose) to a system capable of supporting entrepreneurship, enterprise, job creation and growth.









It should support the whole process from the entry of possible entrepreneurs to the continuous support during the lifecycle stages of business.





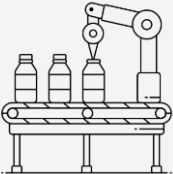



Public sector business support programmes have been developed and refined over a number of years. These are augmented by a wide range of support delivered via the private sector, academia and the voluntary sector, independent sector, which are often addressing a particular market and/or business need.

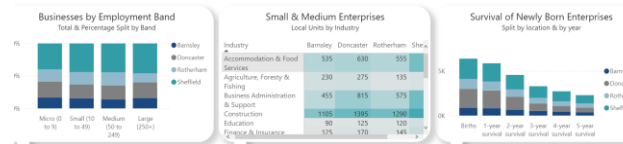
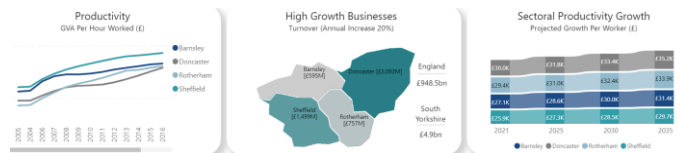
The system is too complex to fully map and even harder to navigate therefore this presentation should not be considered a complete and definitive view. Consequently, there is a lack of clarity and connectivity across the system.

NOTE: details of Business Support mapping can be found as an appendix to this presentation.

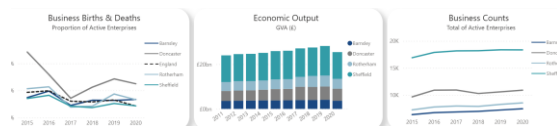


Core Support	 Pre-Start	 Start-up	 Scale-up	 Exit	 Mature
 Soft Support	<div>Launch Pad</div> <div>LA/RAP Business Advisors</div> <div>University spin-out</div> <div>AFCOE Team</div> <div>Networking</div>	<div>Launch Pad</div> <div>LA/RAP Business Advisors</div> <div>Skills Bank</div> <div>TEAMSYS</div> <div>Ownership hub</div> <div>AFCOE Team</div>	<div>Scale up 360</div> <div>Supply chain programme</div> <div>Skills Bank</div> <div>Launch Pad</div> <div>RISE</div> <div>LA/RAP advisors</div>	<div>Ownership Hub</div> <div>LA/RAP Business Advisors</div>	<div>LA/RAP Business Advisors</div> <div>Ownership hub</div> <div>Digital innovation for growth</div> <div>RISE</div>
 Physical Infrastructure	<div>Co- working Space</div> <div>Maker Lab</div>	<div>Co- working Space</div> <div>LA Sites</div> <div>SY GIGBIT</div>	<div>SY GIGBIT</div> <div>Clusters</div>		<div>SY GIGBIT</div> <div>AMRC/OLP/DMC</div> <div>Property Support</div>
	Technology/science parks (AMRC, DMC, Sheff Tech, RIDO etc)				
 Funding	<div>Tech Welcome</div> <div>NPIF</div> <div>Start-Up Loans</div>	<div>Tech Welcome</div> <div>Equity Investment</div> <div>Loans/Alternative finance</div>	<div>Productivity grants</div> <div>Loans/Alternative finance</div> <div>Equity Investment</div>	<div>Internationalisation fund</div>	<div>Internationalisation fund</div> <div>AFCOE Team</div>

Focussed Support	 Innovation/ Productivity	 Digital/Tech	 Low Carbon	 Exporting/ International	 Manufacturing
 Soft Support	Business Growth Advisors				
	SIP		Low Carbon Business Support project	Exporting for growth	Made Smarter
	Made Smarter		Hydrogen BECCS	Export academy	Manufacturing Growth Programme
	RISE	Team SY	Net Zero Innovation Portfolio	DIT	
	Skills Bank	Business Connected	TERC		
		Skills Bank			
 Physical Infrastructure	AMRC/OLP	DMC/ Sheffield Tech Park / RIDO	TERC		AMP/AMRC/OLP
					Maker Lab
 Funding	Innovate UK Smart Grants	Tech Welcome	Public Sector Decarb	UKEF	Made Smarter
	Productivity Grant		Industrial Energy Transformation Fund		Manufacturing Growth Programme
	DIG		Green SME		



Indicator	Trend in SY
Employment	↑
Unemployment	↓
Redundancies	↓
Economic Inactivity	↑
Job Postings	↑
Poverty	↑
Business Density	↑
Healthy Life Expectancy	↓



Are we having an impact?

We are maintaining our position but failing to move the dial

We are beginning to see some small improvements. However this not transformational or evenly spread across our places and does not suggest we will move our comparative performance relative to other Combined Authorities.

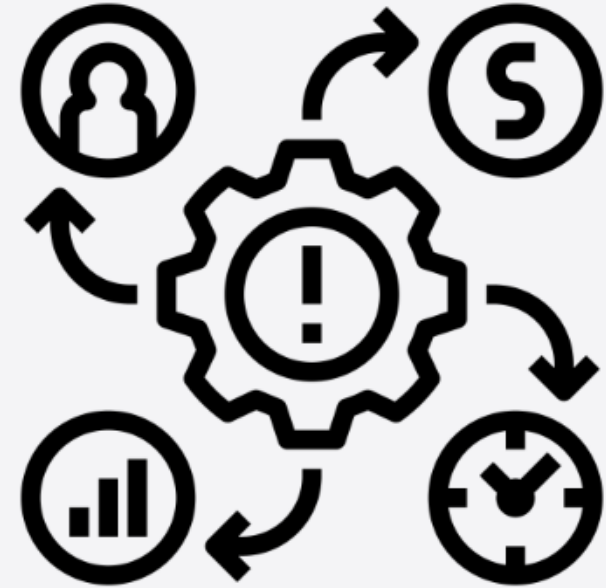
This is creating a lag effect on our economy. **Our growth and productivity rates are some of the lowest in England.** We have **fewer new jobs, lower average wages, and markedly low business density.**

We lack sufficient **high skilled jobs which leads to talent leaking out of the area**, and in turn contributes to a deficit in capable candidates ready to take up the few new jobs that do become available.

Even though the majority of our support is targeting early start business

South Yorkshire has the **smallest proportion of funding happening at the seed stage** but the highest proportion at the established stage when compared to other areas.

This suggests that funding is going to established businesses because SY doesn't have enough dynamic seed businesses. The MCA has a role to provide the enabling conditions for entrepreneurs to prosper to create more of a pipeline of potential high-growth businesses.

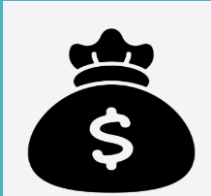
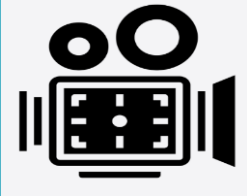





Summary

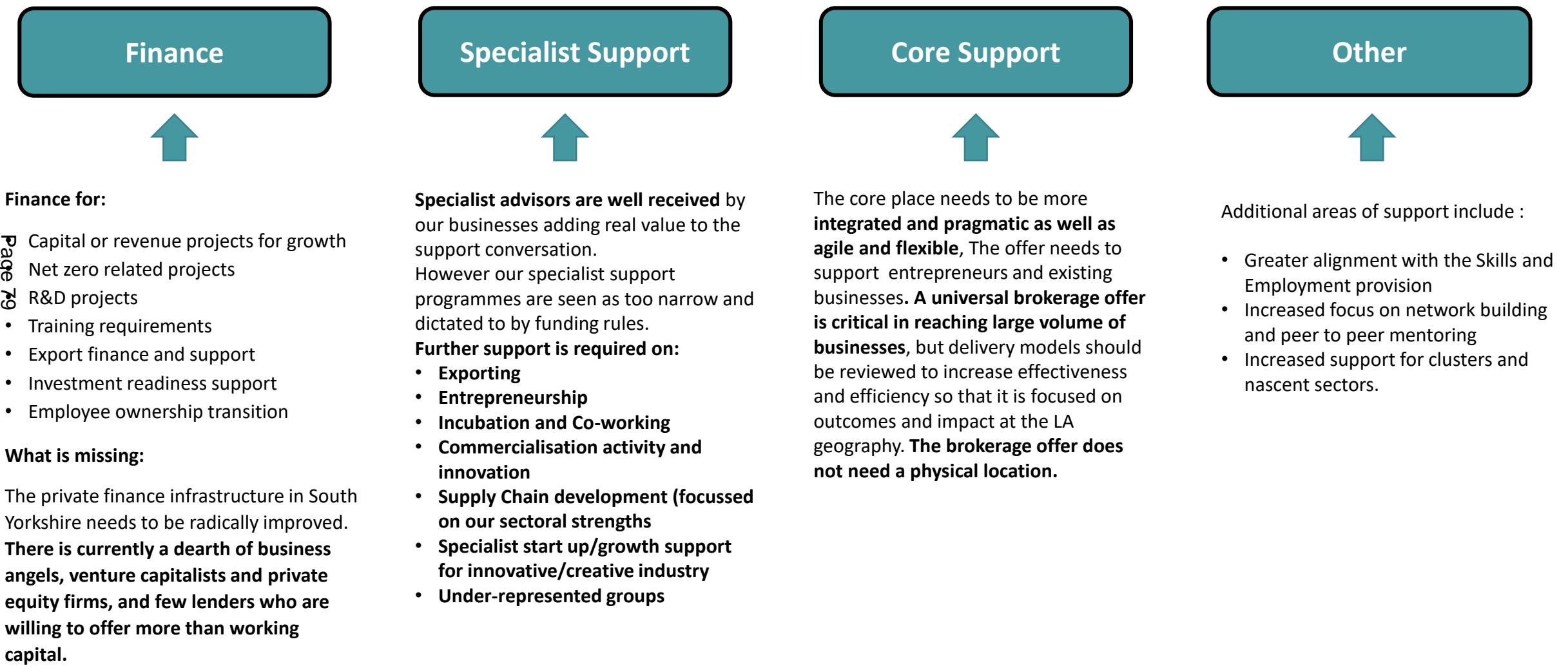
We need to reshape and refocus the Business support system to meet the challenges we face as a region. This includes focussing on the business life cycle and better integration with Skills and Trade and Investment.

We will be required to do this with a backdrop of reduced funding and uncertain economic conditions.

Why are we not having a bigger impact?

 <p>Investment</p>	 <p>Focus</p>	 <p>Confusion</p>	 <p>Timing</p>	 <p>Fragmented</p>
<p>Primary reliance on ERDF and Growth Hub funding has limited scope of support services and led to generic offers. Additional funding is required to supplement existing offers. Comparative areas are investing gainshare towards filling gaps in central provision. In addition the MCA area has not sufficiently developed future programmes limiting our ability to access additional funding.</p>	<p>Entrepreneurship provision tends to target high growth tech start-ups, innovative companies and spin outs leaving foundational business feeling ignored or poorly supported. We are not providing enough focussed support beyond a few select areas and mentoring etc is best when it is integrated across sectors to support cross collaboration. Traditional business would benefit from support for digitisation, talent, growth and marketing and accessing new markets</p>	<p>The current system is simply too confusing and hard to navigate. It is not possible for a business to understand how to invest its limited time to achieve the greatest results.</p>	<p>The challenge is to enable businesses to find the right support, in the right place at the right time and stage. Businesses need support to navigate the multitude of various organisations and schemes on offer.</p> <p>The right support is dependent on the business, its journey, needs and sector.</p>	<p>The current business support eco-system is primarily funded via competitive processes. This does not incentives cross collaboration between providers reduction in duplication and cross referral between elements. Note: Specialist advisors are having an impact on improving this element.</p>

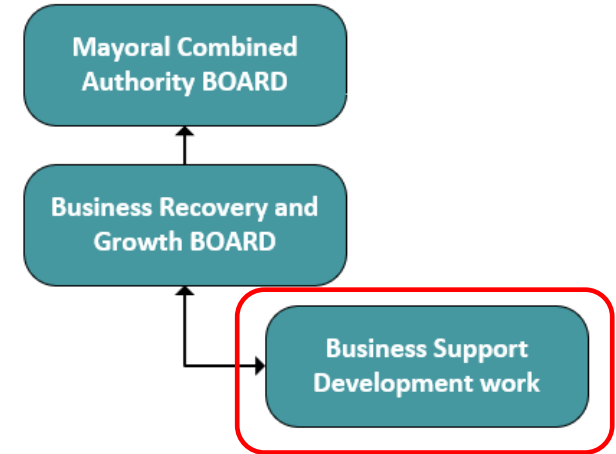
What are our businesses telling us they need more of?



We are working together to design and commission SY focussed interventions for local business and entrepreneurs. We recognise that with reduced funding and significant economic disruption we will need to refine our approach

Foundations of the business support discussion between partners:

- **Balance:** Provision should be innovative and balanced between specialist and core support.
- **Efficiency:** Partners will collaborate across programmes/eco systems and avoid duplication in provision or competition.
- **Sector Focus:** Provision should align with SY growth sectors but all types of business will receive a strong foundational level of support.
- **Business Survival:** Support for entrepreneurs/start-ups, will focused on sustainability and survival, covering both advice and funding (grants).
- **Efficiency:** Greater emphasis on productivity improvements, innovation capabilities, and investment readiness to access external funding opportunities.
- **Growth:** Provision will support accessing new markets (exports but also utilising current capabilities and intelligence on new technologies, market challenges and opportunities to diversify and grow our businesses customer base).
- **Access to finance:** Provision needs to address investment readiness & pitching. In addition support needs to be enhanced to develop the finance eco-system.



Principles underpinning our approach...

1. Strategically aligned regional approach.
2. Lock in local responsiveness and deliver flexibility.
3. Collaborative implementation.
4. Devolved local delivery.
5. Leverage regional advantages.
6. Intelligent and effective deployment.

We are ready to commission core elements

Launch Pad



Cost c£3m Intervention rate: TBC

This will provide entrepreneurs in South Yorkshire with the opportunity to **explore and challenge their business ideas**. It is primarily aimed at those individuals wanting to start a business, and those in the initial stages of their enterprise journey and **will support them up to 3 years of trading**. The programme will have the flexibility to support micro and small businesses (up to 10 staff) who cannot access support through other business support programmes, such as Business Support Specialists.

Productivity Grants



Cost c£9.3m Intervention rate: TBC

UKSPF cost: £5.2m

Business Productivity Grant: The Business Productivity grant will support firms in South Yorkshire to improve their productivity through grants to improve how they capture and measure productivity gains. The root cause of any productivity issue tends to be one of three factors, cost, capacity and response. Resolving them will provide businesses the opportunity to improve their productivity.

Workshops: A number of the partners will develop and deliver interactive workshops for SMEs which will aim to fill in gaps in knowledge and cover a wide range of business development topics.

Net Zero



Cost c£6.2m Intervention rate: 50%

UKSPF cost: 3.6m

The project will provide support for **c260 SME's across South Yorkshire**. Support to businesses to identify, fund and implement low carbon improvements. SME's receiving support will be helped to **tackle barriers to the introduction of efficiency** measures/technologies that reduce energy consumption and carbon emissions. The project will **retain a 50/50 matched grant element** allowing business to respond to the outputs of energy audits.

Specialist advisors



**Cost c £1.6m Intervention rate: 100%
RAP cost: £1.6m**

Specialist advisors are considered essential by our LA partners and have provided expertise to business covering the following areas:

- Organisational diagnostics.
- Strategic guidance and leadership support.
- Operational efficiencies/productivity.
- Sales and marketing.
- Digital IT guidance and solutions.
- Sectoral specific support including retail, culture, creative, digital, financial and innovation.

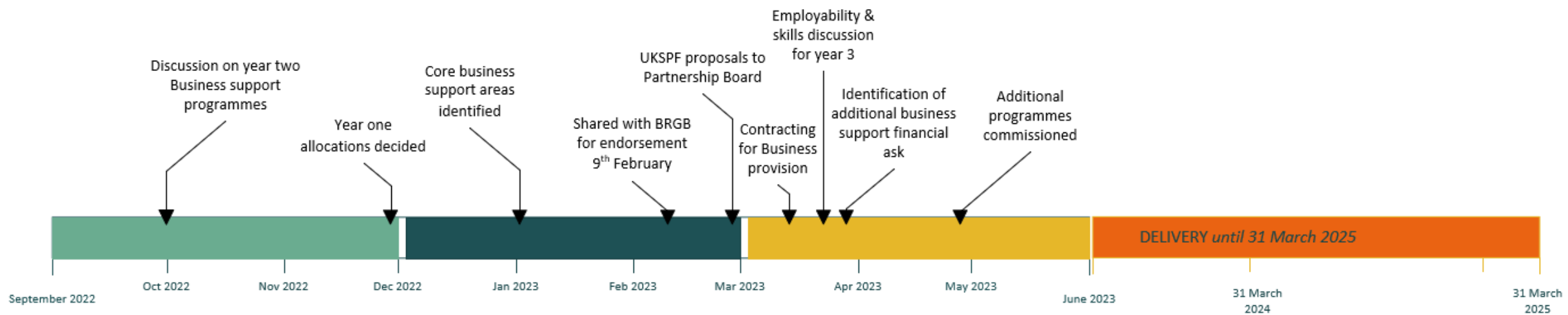
It is anticipated that retention of this provision for a further 24 months will support removal of some specific sector intervention. It should be noted that the focus of advisors by place will be decided by the relevant LA.

UKSPF – Funding and Timing

Less Time and Less Money and a looming cliff edge

- Page 8
- **SY used to receive c.£25m/year under EU funding, whereas UKSPF is c.£15m/year.** This means that the region will struggle to even offer the core services of what it did previously, making growing the economy and transforming economic outcomes even harder.
 - SY was set for a windfall if we had stayed in the EU, with the funding set to ramp up to over £100m/year, so **SY is missing out on c.£100m/year compared to if we'd stayed in the EU, or if Gov't had decided to match what we were set to receive.**
 - Many of the current Business support interventions are funded via ESIF (ERDF) and therefore will no longer be active as funding for this activity comes to an end.
 - **ERDF funded programmes** include: Launch Pad, Scale Up 360, Team SY, DIG , SIP , RISE, and Business Productivity Grants .
 - **Timing:** The delayed confirmation of the UKSPF funding means we have very little time to design and commission activity.

UKSPF (Local Business Support)			
	2022-25		
	Capital	Revenue	Total
BMBC	£ 251,705	£ 2,539,538	£ 2,791,243
DMBC	£ 309,498	£ 3,122,631	£ 3,432,129
RMBC	£ 244,655	£ 2,468,411	£ 2,713,066
SCC	£ 537,913	£ 5,427,189	£ 5,965,103
SY	£1,343,772	£13,557,768	£14,901,540



We have options to fund additional intervention

SPF will just about keep going the good stuff that’s been happening. However, this is only going to keep us where we’re at or marginally move us forward, without addressing the significant and entrenched issues in our business support ecosystem. So, if we do want transformational change, we are going to have to think carefully about how we deliver and fund intervention.

Specialist Support



There are a number of additional needs that would be valuable, these areas include the following :

- **Acceleration programmes:** Estimated cost £3m with private sector match
- **Entrepreneurship and intrapreneurship:** £1m
- **Early-stage finance:** (in flight proposals)
- **Coworking space/incubation:** £1m Capital
- **Culture and creative programmes:** £1m
- **Innovation Activities:** £2m
- **Ownership Hub models:** £1.4m
- **Supply Chain:** TBC

NOTE we have no identified funding source

Growth Hub



South Yorkshire Growth Hub aims to be the single point of contact for all business support across our region.

It aims to simplify all the regional and national business support that is available to businesses.

The funding for this provision is at risk with a 50% reduction in 2021/22 and no confirmation has been made for the upcoming fiscal year.

Discussion is required as to its value, delivery model and appetite for its retention. **Are we better using this funding in an alternative way ?**

RAP programmes



To date £2.24m of the initial £6.91m has been committed. There are further proposals to fund specialist advisor provision for £1.6m. **This will leave c.£3m of the initial allocation not yet committed.**

There is an opportunity to use this funding to help support gaps in provision as a result of ERDF programmes coming to an end.

**Overall Funding Gap
£7.4m**

Decisions Required

BRGB Members

1. BRGB endorse the current proposed areas of focus for UKSPF ?
2. Does the BRGB support the UKSPF group to move ahead with commissioning the outlined programmes?
3. Does the BRGB endorse a further discussion on additional support needs and funding at the next BRGB?



Business Recovery and Growth Board

Thursday, 09 February 2023

Financing Growth: Unlocking Private Investment into South Yorkshire

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan of Key Decisions?	Not a Key Decision

Director Approving Submission of the Report:
Felix Kumi-Ampofo – Director of Corporate Policy.

Report Author(s):
Isabel Ramos- Corporate Policy Graduate Officer
isabel.ramos@southyorkshire-ca.gov.uk

Executive Summary

The evidence clearly points to the need to grow South Yorkshire's private sector and to do this it is imperative to unlock access to funding. Data from Beauhurst has further emphasised this point, highlighting that funding for high growth businesses in South Yorkshire is skewed towards established firms at the expense of seed businesses. It is also reflected in our business density rate which is particularly low.

With limited funding available to the MCA, it seems prudent to focus on interventions that transform our business and innovation ecosystem particularly in sectors where we have a comparative advantage and can develop stronger clusters. Initial engagement has been made with institutional funders such as South Yorkshire Pension Authority, other commercial funders.

However, we need to ensure that any new partnerships with funders mean that all parts of South Yorkshire's market has access to finance, especially earlier stage businesses who are currently missing out on funding.

As the region moves towards different and novel approaches to attracting finance the report also asks the Board to consider how best it can support and provide oversight for this activity.

What does this mean for businesses, people and places in South Yorkshire?

Compared to other areas such as West Yorkshire, Liverpool City Region and Greater Manchester, there is a lack of funding going into early-stage businesses. To help grow our business density and ultimately our economy there needs to be more funding available for seed businesses to encourage high growth new businesses to settle and grow in South Yorkshire.

Recommendations

1. Test our assumptions and focus, for example ensuring that finance is available to all parts of the market, and the level of support (not just from the MCA) to support in non-high growth SMEs.
2. Consider areas where a deeper-dive into the evidence and what works well might support our work.
3. Consider the role of the Board in supporting and providing oversight on this activity.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Local Enterprise Partnership

12 January 2023

1. Background

- 1.1 Following the Economic Summit in March 2022, several financial institutions, including HSBC, Bank North, and British Businesses Bank stressed that even though finance for South Yorkshire businesses may be available, access to this was not always easy or known. South Yorkshire's market for early-stage finance was identified as being particularly underdeveloped and one that needed specific attention. Public and private funding vehicles were identified as having a key role to play in early-stage investment and further, deeper engagement with financial institutions was one of the key takeaways.
- 1.2 The Levelling Up White Paper published in February 2022 also emphasised the need to grow the private sector to boost economic development, especially in areas like South Yorkshire.
- 1.3 There have been some high profile 'finance' wins in the last year, particularly around the commercialisation of university led research in 'deep-tech'. For example, Iceotope Technologies is a UoS spin out which is benefiting from a £30m funding round from a global investment syndicate led by Singapore impact private equity firm ABC Impact and Northern Gritstone. This demonstrates that the market is starting to move in South Yorkshire – and that we have the business pipeline to attract this type of finance.

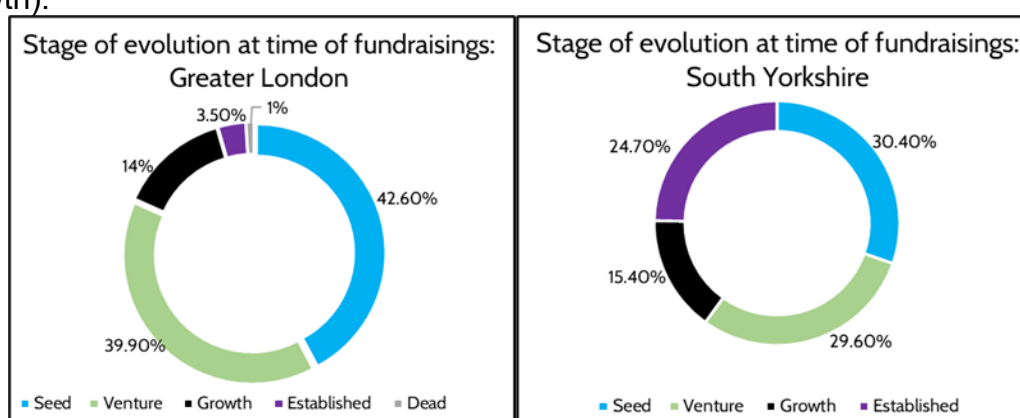
2. Key Issues

- 2.1 Data from Beahurst identifies 62,906 businesses in South Yorkshire (businesses with a head office or registered addresses in the area). From these, as of December 2022, 582 (0.93%) have been identified as high growth businesses.

That rate is comparable to Greater Manchester (0.80%) and West Yorkshire (0.97%). However, this is potentially misleading due to South Yorkshire's low business density (businesses per 10,000 population) which is at 13.6% compared to West Yorkshire's (24%), Greater Manchester's (37.9%) and Liverpool City Region's (19.9%).

- 2.2 The evidence shows that, compared to Greater Manchester, West Yorkshire, Liverpool City Region and London, SY's business population is dominated by established businesses (45.1%) with relatively few seed companies (17.8%).

This evidence also shows that, in South Yorkshire, even though seed stage businesses attract the highest share of funding (30.4%), a relatively high proportion still goes to established businesses (24.7%), compared to other areas. In Greater London, for example, established businesses only receive 3.5% of the funding, with the majority going to earlier stage businesses (seed, venture and growth).



- 2.3 However, with limited funding available to the MCA it may be prudent to try to move away from direct funding of individual businesses, to support those businesses in sectors where we have a comparative advantage and can develop stronger clusters and that create more high growth businesses that support economic growth more widely.

3. Consultation with the LEP:

- 3.1 The LEP Board discussed this at its January meeting where the board expressed support for use of MCA funds to support new and innovative investors looking to establish themselves in South Yorkshire. There were discussions around the funding environment for businesses in the region, highlighting that the finance ecosystem in South Yorkshire was underdeveloped.
- 3.2 Board members also asked what was being done to attract businesses to South Yorkshire and what might be stopping businesses from growing, but it was highlighted to them that there is no evidence to suggest that businesses are more likely to fail in South Yorkshire than nationally.
- 3.3 Discussions also highlighted that the Universities and FE Colleges in the region attract new students each year, who could be supported to establish businesses through a well-resourced acceleration and incubation network.

3.4	Board members also agreed that the distributions of funding across businesses at different stages of the maturity cycle should not be an either/or question. The challenge should not be how the region can divert funding from one business sector to another, but how the region can increase funding for all businesses as a whole.
4.	Role of the Business Growth and Recovery Board
4.1	The Board should consider its role in this activity to-date, and how it may wish to be involved into the future.
4.2	<p><u>Work to-date</u></p> <p>The Board has influenced activity in this space through:</p> <ol style="list-style-type: none"> 1. Approving and/or endorsing investments into those businesses who could not generate finance from traditional sources; 2. Approving and/or endorsing investment into a business whose core activity would help address the problem identified; 3. Approving the development of a number of pilot schemes that would attempt to identify interventions that could help address the problem identified; and, 4. Commissioning business support through access-to-finance work.
4.3	In the last two financial years the Board has approved investment totalling over £28m into seven projects that could not raise funding from other sources. This has allowed companies such as Lontra, AML, and the Ultimate Battery Company to deliver investment projects that would otherwise have not been undertaken or would have been delayed indefinitely until such a time as commercial finance was available.
4.4	Whilst there will likely always be a need for public subsidy in some business investments the approach to one-off, isolated interventions in the manner delivered to-date is likely unsustainable and inefficient in the longer-term. These types of interventions should ultimately be the exception rather than the norm, with the bulk of public support directed to fixing the system rather than addressing individual symptoms.
4.5	This issue led to the proposal to invest into Bank North. Bank North offered the opportunity for a truly regional lender to be sited in South Yorkshire offering more bespoke services to local businesses than traditional lenders. The proposal to invest into Bank North represented a system level intervention, rather than a one-off isolated transaction.
4.6	Ultimately, whilst the Board and MCA approved this investment the Bank succumbed to the market turbulence following the 'mini-budget' and the fund-raise through which the MCA would have invested was cancelled and Bank North voluntarily wound-up. The need for this type of regional finance does, however, remain.
4.7	<p>During the course of the year the Board has also approved the development of a number of pilots that aim to test the type of interventions that could support system level change. These include:</p> <ul style="list-style-type: none"> • Approaches to Angel investors

	<ul style="list-style-type: none"> Approaches to co-investment models
4.8	These pilots are in development at this time and will be brought back to the Board for consideration at a later date. Funding for these pilots could be considered from the uncommitted RAP allocation or be recommended to the MCA Board for consideration for consideration.
4.9	The MCA has also supported activity through the Access to Finance Centre of Expertise (AFCOE) and business advisors. How this activity might be continued into the future is considered in Item 10.
4.9	<u>Future Role</u> Officers continue to consider how this workstream progresses, with discussions with institutional investors, the local pension fund, and Government.
4.10	It is recommended that future reports are brought to the Board to update on work as it progresses.
5.	Timetable and Accountability for Implementing this Decision
5.1	N/A
6.	Financial and Procurement Implications and Advice:
6.1	N/A
7.	Legal Implications and Advice:
7.1	N/A
8.	Human Resources Implications and Advice
8.1	N/A
9.	Equality and Diversity Implications and Advice
9.1	N/A
10.	Climate Change Implications and Advice
10.1	N/A
11.	Information and Communication Technology Implications and Advice
11.1	N/A
12.	Communications and Marketing Implications and Advice:
12.1	N/A

List of Appendices Included:

A

Slides with more detail.

South Yorkshire's Business Finance Landscape



This presentation focuses on.....

- High growth businesses in South Yorkshire
- Who funds them to grow, how much have they received, and how does South Yorkshire compare
- The profile and evolution of the South Yorkshire business base
- What can we learn









High growth companies

Defining high growth

- This presentation is based on data from Beauhurst.
- It tracks companies that meet 1 of its 8 high growth trigger.

These are

Page 94

	Equity investment		Academic spinouts
	Scaleups		High-growth lists
	Accelerator attendances		Major grant recipients
	MBO/MBIs		Venture debt

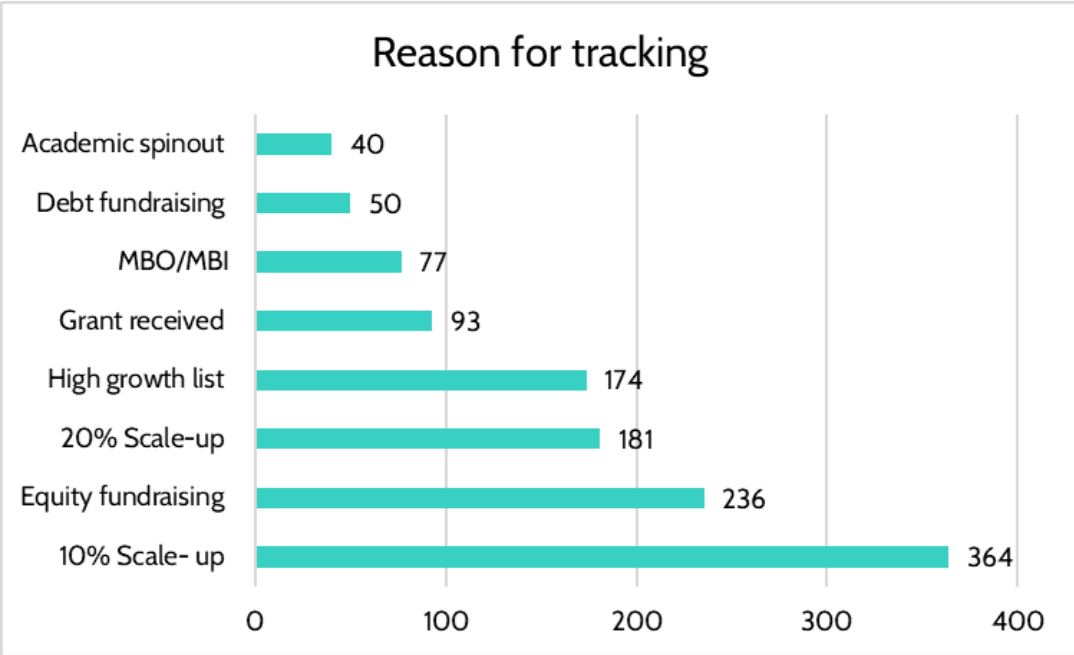
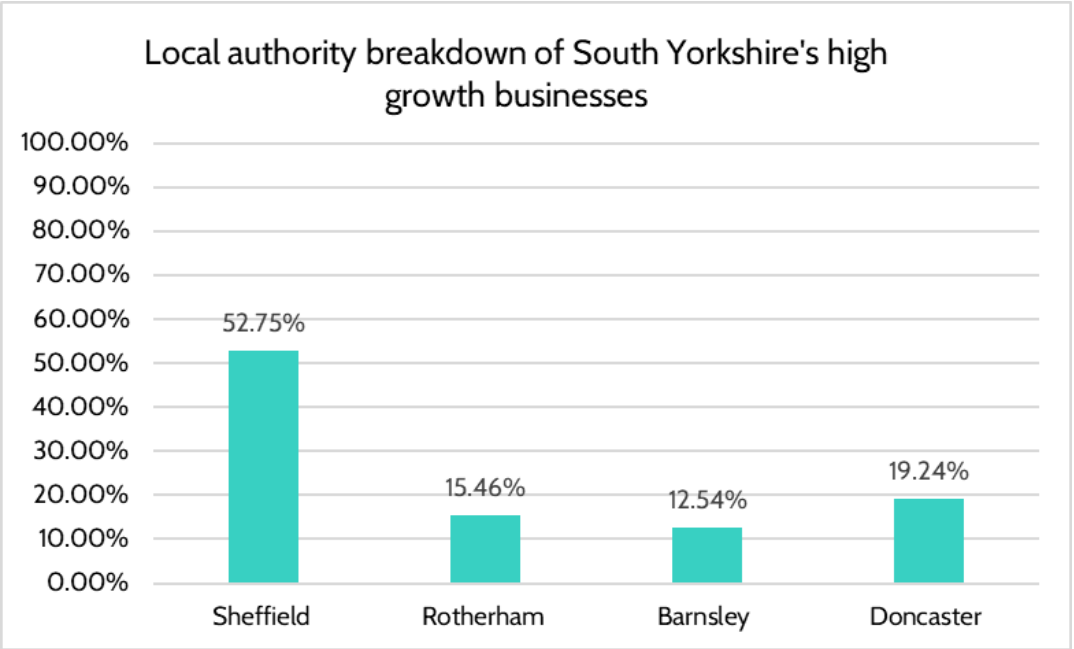
- For the purposes of this research, a South Yorkshire company is defined as having a head office where known, otherwise registered a address here. As at December 2022, 62,906 business were identified in the database for South Yorkshire

South Yorkshire High Growth Businesses

- 582 (0.93%) businesses were tracked and therefore are classed as high growth companies.
- Barnsley has the fewest and unsurprisingly Sheffield has the highest proportion.
- Industrials (44.4%), Business and Professional services (36.7%) and Technology/ IP- based businesses (20.7%) were the top high growth sectors.

Page 95

Reaching 10% scale up was the main reason for business being tracked in South Yorkshire, followed by equity fundraising.



Top 10 Companies in
SY by Employee Count

Name	Sector	Based (LA)	Employee
Stone carshowrooms and Garages	Car showrooms and Garages	Doncaster	2,980
Stafforce Recruitment	Recruitment agencies and personnel supply services.	Rotherham	2,936
Tuffnells	Provides parcel and freight delivery services.	Sheffield	2,424
Symphony Group	Furniture and Household goods.	Barnsley	1,804
AESSEAL	Manufacturers and engineers a range of mechanical seals used in pumps and rotating equipment.	Rotherham	1,755
Orbital Payroll Group	Consumer banking and financial services and Software-as-a-service (SaaS).	Barnsley	1,124
One Call Insurance	Analytics, insight, tools and Insurance services.	Doncaster	1,038
Converse Pharma Group	Business healthcare supplies and services and wholesale.	Doncaster	1,035
Gripple	Property/land development and construction and Property/land management.	Sheffield	901
City Taxis	Taxi company (also develops software which allocates taxi drivers to clients nearest to them)	Sheffield	870

Top 10 Companies
in SY by Turnover

Name	Sector	Based (LA)	Turnover
Stoneacre Motor Group	Car showrooms and Garages.	Doncaster	£973m
Converse Pharma Group	Business healthcare supplies and services and wholesale.	Doncaster	£332m
Symphony Group	Furniture and Household goods.	Barnsley	£278m
AESSEAL	Manufacturers and engineers a range of mechanical seals used in pumps and rotating equipment.	Rotherham	£195m
Riverside Motors	Car showroom	Doncaster	£191m
Strata	Property and land development and construction.	Doncaster	£165m
Burrows Motor Company	Automotive, car showrooms and garages.	Doncaster	£142m
CF Booth	Recycles scrap metals and manufactures copper alloys.	Rotherham	137m
Iqbal poultry	Food and drink processors (including quality control) and wholesale (sells halal poultry).	Doncaster	£131m
Tuffnells	Provides parcel and freight delivery services).	Sheffield	£114m

Business density

- Compared to other Northern areas, South Yorkshire’s proportion of high growth companies is relatively high as shown in the table below.
- However, this may be because business density is very low in South Yorkshire, compared to other areas.

	South Yorkshire	West Yorkshire	Liverpool City Region	Greater Manchester
% Of high growth business (meeting 1 of Beahurst 8 criteria)	0.93%	0.97%	0.77%	0.80%
Number of businesses not tracked	62,254	128,536	75,835	197,440
Business density % per 10,000 people	13.56%	24%	19.85%	37.9%

Business density

Businesses per 10,000 people in 2020
local authority breakdown.

Combined Authority	Local Authority		Total
South Yorkshire	Sheffield	335	1, 356 (13.56%)
	Barnsley	312	
	Rotherham	346	
	Doncaster	363	
West Yorkshire	Bradford	345	2,004 (24%)
	Calderdale	459	
	Kirklees	393	
	Leeds	458	
	Wakefield	349	
Liverpool City Region	Halton	351	1,985 (19.85%)
	Wirral	324	
	Liverpool	365	
	St Helens	317	
	Knowsley	284	
	Sefton	344	
Greater Manchester	Wigan	321	3,790 (37.9%)
	Bolton	415	
	Bury	472	
	Rochdale	346	
	Oldham	333	
	Tameside	325	
	Manchester	505	
	Salford	494	
	Stockport	464	
	Trafford	570	

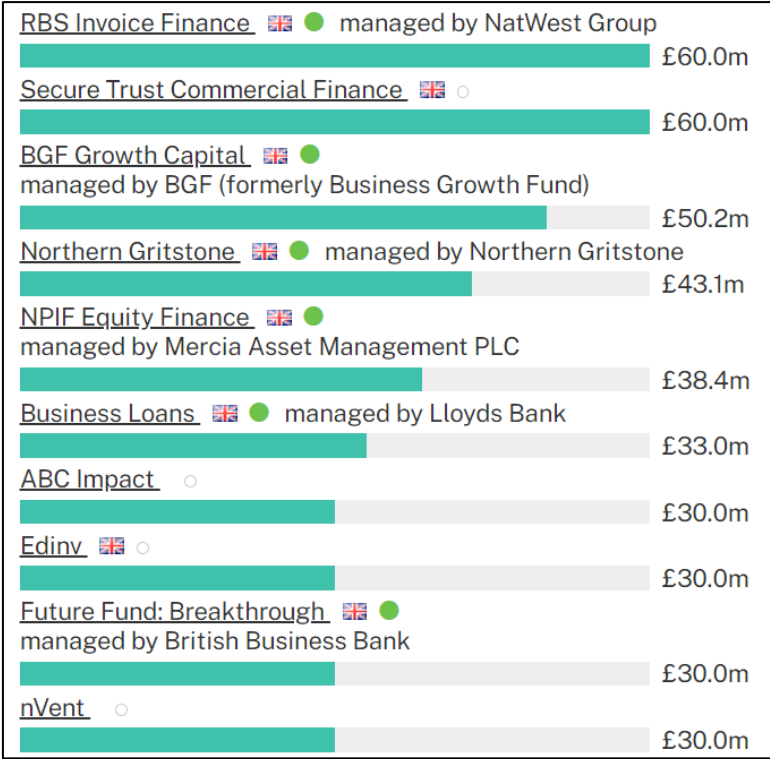
Funding high growth companies

Top funders: 01.01.18- 01.01.23

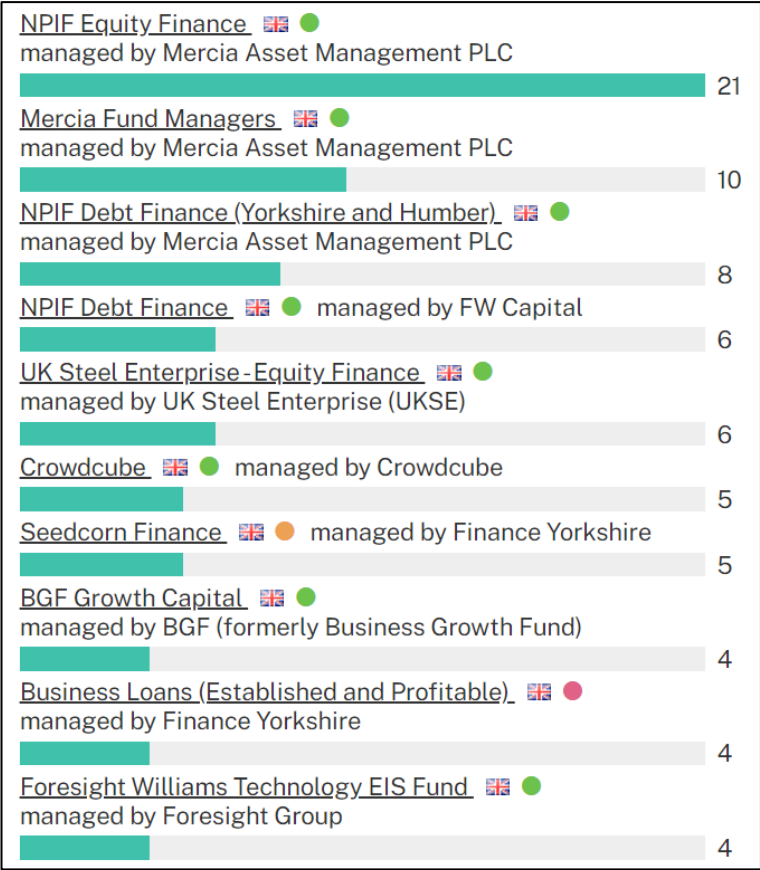
- Over the last 5 years, by value, **RBS Invoice Finance** is the top funder for businesses in South Yorkshire.
- Over the last 5 years, by volume **NPIF Equity Finance** has funded the highest number of business in South Yorkshire to date.

Page 101

Top funders by total value of fundraisings



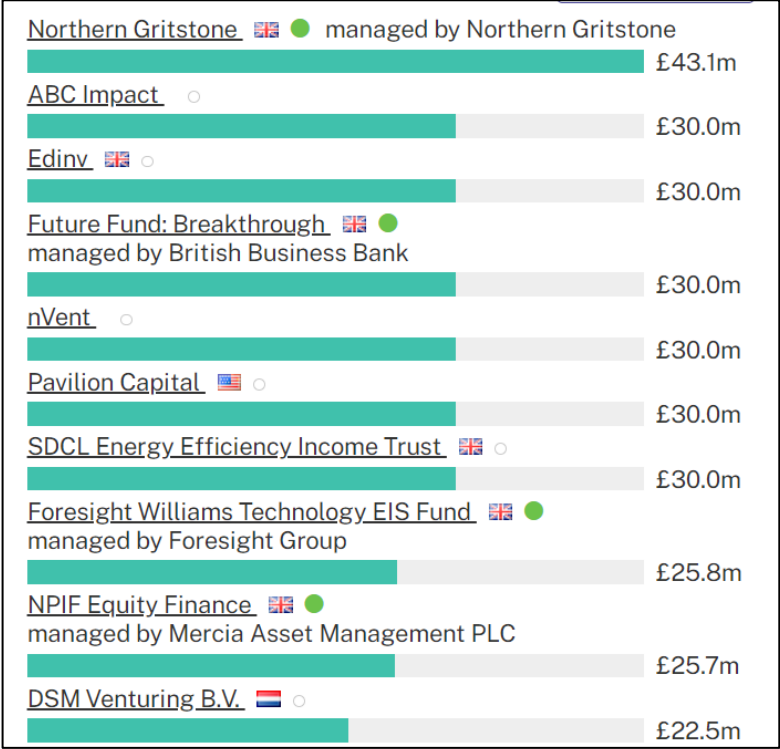
Top funders by number of fundraisings



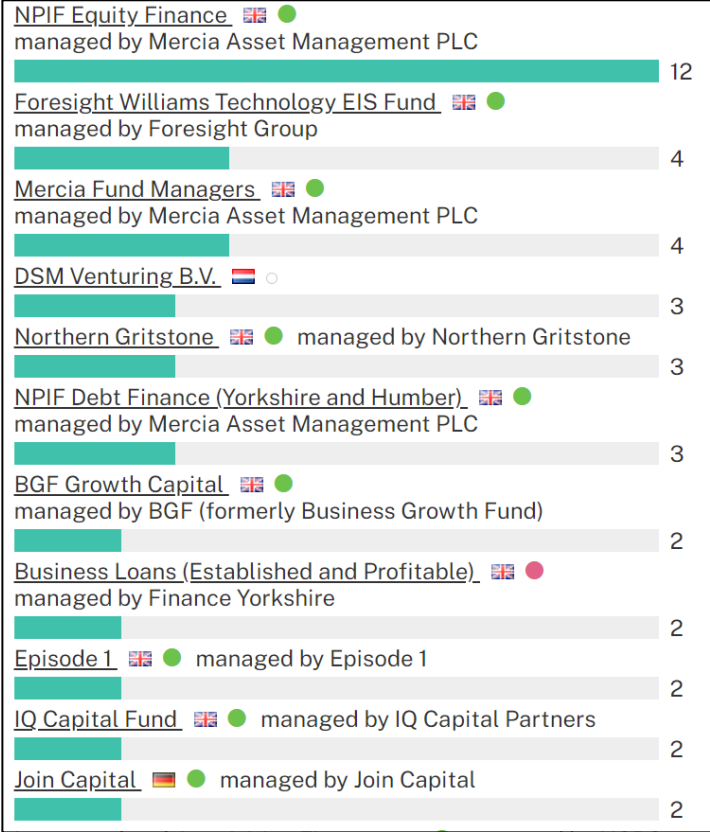
Top funders: 01.01.22- 01.01.23

- Page 102
- By value, **Northern Gritstone** is the top funder for businesses in South Yorkshire.
 - By volume **NPIF Equity Finance** has funders the highest number of business in South Yorkshire to date.

Top funders by total value of fundraisings



Top funders by number of fundraisings



Stage of evolution

- Majority of funding happens during the Seed stage* of a business lifecycle (Figure 1).
- But only 18% of SY businesses are at this stage (Figure 2).
- Which suggests that the profile of the South Yorkshire business base is out of kilter with the rest of England

Figure 1

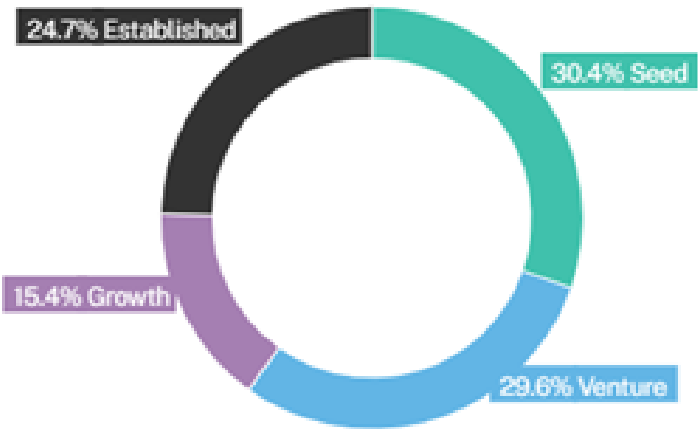
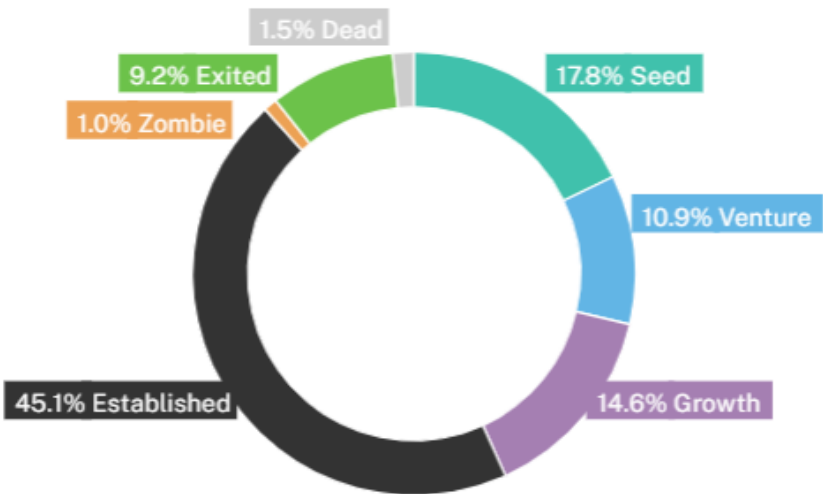


Figure 2



*Beauhurst describe this stage as a “youngish company with a small team, low valuation and funding received (low for its sector), uncertain product-market fit or just getting started with the process of getting regulatory approval”.

Ceased tracking are all those in the **exited** (a company has done an IPO or been acquired) or **dead** category which is where a company has done one or more of the following. 1. Declared it has definitively ceased all activity.2. Its top parent company has been dissolved. 3. It has been at **Zombie** stage (their website shows prolonged neglect or companies house status is troubled) for a long period of time.

Comparison to other areas

- South Yorkshire has the **highest proportion of businesses in the established stage** of the business lifecycle compared to these other areas. However, it has **the fewest in the seed stage**.
- South Yorkshire has **the smallest proportion of funding happening at the seed stage** but the **highest proportion at the established stage** when compared to other areas.

	South Yorkshire	West Yorkshire	Greater Manchester	Liverpool City Region	London (Greater)
% of businesses in the seed stage	17.8%	20.4%	22.7%	23.7%	32.9%
% of businesses in the established stage	45.1%	42.2%	35.3%	35.6%	21.1%
% of businesses receiving funding in the seed stage	30.4%	32.5%	35.3%	37%	42.6%
% of business receiving funding in the established stage	24.7%	20%	8.9%	10%	3.5%

Seed: a youngish company with a small team, low valuation and funding received (low for its sector), uncertain product-market fit or just getting started with the process of getting regulatory approval.

Established: a company that has been around for 15+ years, or 5-15 years with a 3 year consecutive profit of £5m+ or turnover of £20m+. It is likely to have multiple (often worldwide) offices, be a household name, and have a lot of traction.

Top 10 Companies in SY
by Amount Fundraised in
the Last 12 Months

Name	Sector	Based (LA)	Funding Raised
Iceotope	Electrical, Energy reduction technology, Server hardware	Rotherham	£57.7m
Additive Manufacturing Technologies	Manufacturing and engineering, 3D printing	Sheffield	£27.4m
Opteran Technologies	Chips and processors, Artificial Intelligence, Autonomous vehicles, Drones Virtual reality	Sheffield	£12.1m
Tutorful	Educational services, Internet platform, EdTech	Sheffield	£10.1m
Managed IT Services Group	IT consultancy and support services, Cloud computing, VoIP	Rotherham	£10.0m
Operam Education Group	Recruitment agencies and personnel supply services	Barnsley	£8.7m
Runflat CBR	Analytics, insight, tools, Automotive	Doncaster	£8.22m
Billian	Building materials, Property/land development and construction	Sheffield	£7.77m
SBD Apparel	Apparel and jewellery, Clothing, Other health and fitness	Rotherham	£7.2m
Mina	Automotive	Sheffield	£6.47m

Regional funding differences

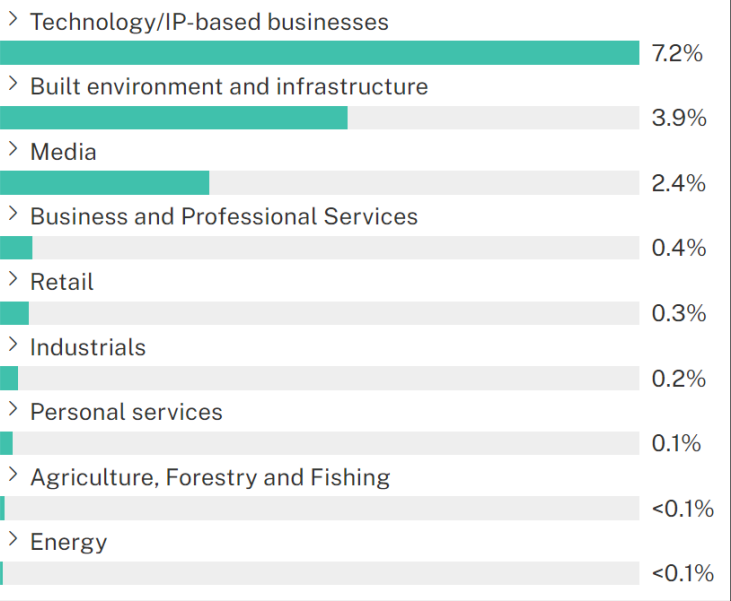
Page 106

	South Yorkshire	West Yorkshire	Greater Manchester	Merseyside Met County
Funds Raised (Last 5 Years)	£422.6m	£813m	£2922m	£37.5m
Fundraising per Capita	£307.32pp	£345.72pp	£1018.90pp	£26.35pp

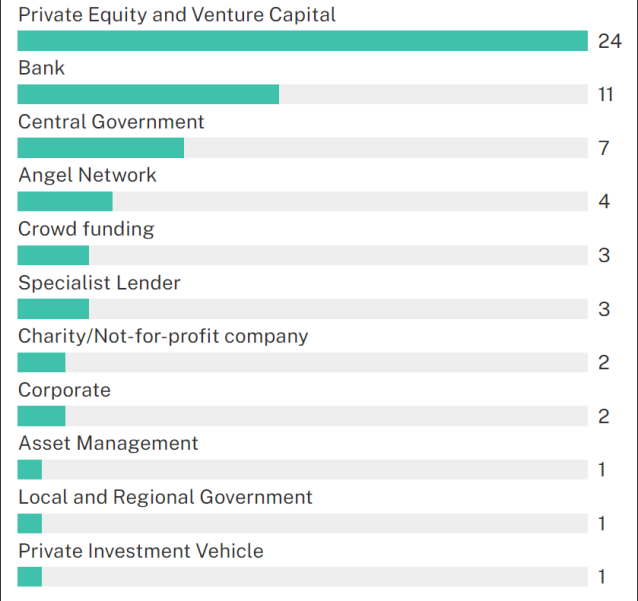
A few insights.....

- Doncaster businesses receive the lowest amount of equity investment, and grants and have the lowest percent of companies attending accelerators compared to the other LA areas.
- Majority of funding goes to the technology sector.
- Greater Manchester businesses fundraised **3.3 times more capital** per head than South Yorkshire ones in the last 5 years.
- The main type of funding received by South Yorkshire businesses is Private Equity and Venture Capital.
- However, built environment and infrastructure received the most funding (6.3%) in the last year.

Sector breakdown (01.01.18- 01.01.23)

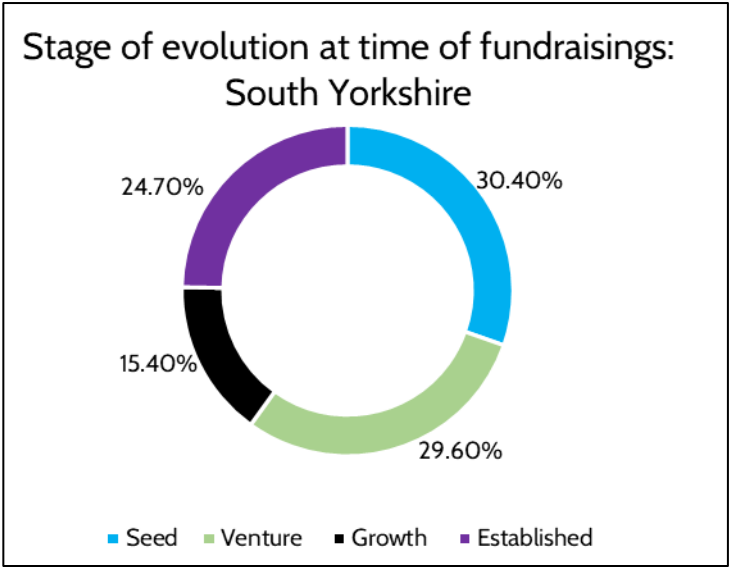
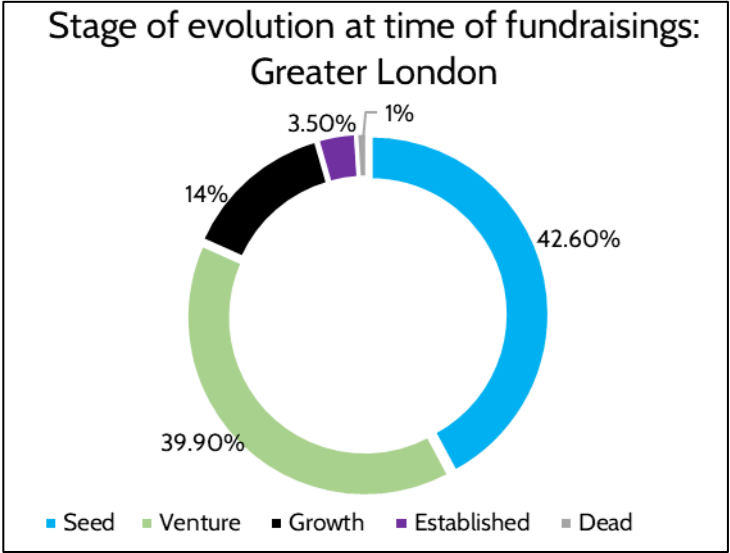


Fund Type (01.01.18- 01.01.23)



What does this tell us

- Although South Yorkshire’s portion of high growth businesses is in line with other combined authority areas, and in some cases is higher, poor business density means this may be misleading
- The profile of the business base is a cause for concern.
- It seems funding is going to established businesses because we don’t have enough exiting and dynamic seed businesses.
- Or perhaps funders in South Yorkshire prefer established businesses as they may be less risky



Sector breakdown

The table below shows the sector breakdown of high growth companies in South Yorkshire with Industrials being the biggest sector.

