

Public Document Pack



Tuesday, 7 March 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, 16 March 2023 at 10.00 am** for the purpose of transacting the business set out in the agenda.

A handwritten signature in black 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)

Tom Bousfield
Councillor Glyn Jones
Councillor Chris Lamb
Councillor Denise Lelliott
Councillor Martin Smith
Sharon Kemp

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

MCA - Business Recovery and Growth Board

Thursday, 16 March 2023 at 10.00 am

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

SOUTH YORKSHIRE
SYMCA



MAYORAL
COMBINED
AUTHORITY

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 - 10
6.	Matters Arising / Action Log	Chair	11 - 12
7.	Business Support and Investment	Joseph Quinn	13 - 38
8.	Budget, Performance and Programme Approvals	Gareth Sutton	39 - 72
9.	Any Other Business	Chair	
Date of next meeting: Tuesday, 27 June 2023 at 2.00 pm			
At: South Yorkshire MCA, 11 Broad Street West, Sheffield, S1 2BQ			

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MCA - BUSINESS RECOVERY AND GROWTH BOARD

MINUTES OF THE MEETING HELD ON:

THURSDAY, 9 FEBRUARY 2023 AT 2.00 PM

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



PRESENT:

Mayor Ros Jones CBE (Co-Chair)	City of Doncaster Council
Neil MacDonald (Co-Chair)	Private Sector LEP Board Member
Councillor Glyn Jones	City of Doncaster Council
Councillor Chris Lamb	Barnsley MBC
Councillor Martin Smith	Sheffield City Council
Gareth Sutton	SYMCA Executive Team
Sharon Kemp	Rotherham MBC

IN ATTENDANCE:

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

APOLOGIES:

Councillor Denise Lelliott	Rotherham MBC
Richard Stubbs	Private Sector LEP Board Member

62 Welcome and Apologies

The Chair welcomed attendees to the meeting.

Apologies for absence were noted as above.

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

None.

64 **Urgent items / Announcements**

None.

65 **Public Questions of Key Decisions**

None.

66 **Minutes of the Previous Meeting**

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

67 **Matters Arising / Action Log**

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

68 **Investment Team Activity – Status Update**

An Investment Team Activity Status Update was presented.

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

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

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

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

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

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

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

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

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

RESOLVED: to note the status update.

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Budget, Performance and Programme Approvals

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

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

The Report also requested approval of:

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

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

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

RESOLVED:

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

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

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Shared Prosperity Fund Year 1: Community & Place

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

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

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

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

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

RESOLVED: that the Board note the update.

71 **Business Support Landscape**

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

The presentation gave the following information:

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

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

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

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

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

The Board was asked to take decisions on:

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

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

RESOLVED:

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

72 Financing Growth: Unlocking Private Investment into South Yorkshire

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

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

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

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

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

RESOLVED: That the Board note the update.

73 **Any Other Business**

None.

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

Signed

Name

Position

Date

Business, Recovery and Growth Board Action Log 09 February 2023

Open Actions

Meeting Date	Minute No	Action	Action Owner	Update	Status
09/02/23	68	<p>Investment Team Activity – Status Update</p> <p>Minute:</p> <p>ACTION: Senior Business Development Manager to provide more detail in future updates regarding the number of jobs likely to be created by each enquiry, the conversion rate of all enquiries, alongside Mayoral priorities.</p>	David Moore	Overall committee feedback has been incorporated into investment activity updates going forward.	Ongoing
09/02/23	70	<p>Shared Prosperity Fund Year 1: Community and Place</p> <p>Minute:</p> <p>ACTION: Innovation Project Director to agree possible lobbying approaches alongside other Combined Authorities should requests to retain underspend be rejected by Government.</p>	Joseph Quinn		Complete

09/02/23	72	<p>Financing Growth: Unlocking Private Investment into South Yorkshire</p> <p>Minute:</p> <p>ACTION: Director of Finance and Resources to bring a report to a future meeting covering how the MCA seeks to be more innovative in attracting finance and investment to the region.</p>	Gareth Sutton	Paper to be presented to March meeting.	Complete
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Recently Closed Actions –

Closed actions cleared from the log at 09 February meeting.

By virtue of paragraph(s) 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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of the Local Government Act 1972.

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

Meeting Date:
16 March 2023

Report Title
Budget and Programme Performance Update

Is the paper exempt from the press and public?	No
Reason why exempt:	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:
Garth Sutton, Chief Finance Officer/s73 Officer

Report Author(s):
Sue Sykes, Assistant Director Procurement, Contracts & Programme Controls
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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. Approve the progression of scheme reference “D0049” to full-approval and contract award
3. Approve the progression of scheme reference “D0060” to full-approval and contract award
4. Note the forward plan timeline

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

Assurance Panel	08 March 2023
MCA Board	06 March 2023
Business Growth and Recovery Board	09 February 2023

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.
- 1.5 Finally, the report recommends investment of funding into two schemes that offer the opportunity for catalytic growth. Authority to consider the two schemes has been delegated by the MCA Board.

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 period 12, it is expected that core activity will outturn under budget:

Core Activity	Base £k	Outturn £k	Variance £k
Trade & Investment	£560	£430	£130

Development & Business Support	£514	£424	£90
	£1,074	£854	£220

- 2.4 Movement on the prior reporting period, where a marginal overspend was shown, largely relates to the decision not to proceed with the India trade mission as had been budgeted for.
- 2.5 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.
- 2.6 Board have previously been apprised of lobbying underway at a national level to retain Growth Hub funding, but at the time of writing there was still a lack of clarity. Item 7 on this agenda outlines how Growth Hub activity fits within the broader business support landscape to help assist decisions that are required on how to prioritise resource. The report details a number of options for how prioritised activity currently funded from Growth Hub could be maintained and at what cost.
- 2.7 These options and the accompanying recommendation can be considered regardless of any final funding settlement as part of considerations on how to deliver the target business support model for South Yorkshire. Should funding continue at its current or reduced levels the region could still choose to move away from the current Growth Hub model to something better aligned to its aspirations.
- 2.8 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.
- 2.9 As at Period 12, it is expected that revenue programmes of activity will outturn under the base budget with a number of movements at scheme level:

	Base £k	Outturn £k	Variance £k
Made Smarter	£1,910	£1,200	£710
Renewal Action Plan	£1,071	£1,567	-£496
	£2,981	£2,767	£214

- 2.10 Increases in the cost of Renewal Action Plan activity reflects the commissioning of further activity during the year, fully funded from committed grant. It has been confirmed that any underspend on Made Smarter cannot be rolled forward into future years.
- 2.11 Further information on these programmes is provided in the next section.

Revenue Programmes Performance Update

Renewal Action Plan

- 2.12 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.
- 2.13 Since that point resource has been committed to a number of time-limited schemes and pieces of activity. To-date, £3.99m of activity has been commissioned with £2.20m of expenditure expected to be incurred by the end of the year. Commitments made to-date reflect the decision made at February’s Board to continue funding for Business Advisors for two further years, complementing Shared Prosperity Fund activity. No commitments have been made beyond the current year:

	Commitment £k	2021/22 £k	2022/23 £k	Future £k
RAP Business Advisors	£3,260	£635	£833	£1,600
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
	£3,994	£635	£1,567	£1,600

- 2.14 This activity leaves £2.92m (42%) of resource available for further investment. Item 7 in this agenda pack details a number of priority pieces of business support activity that currently remain unfunded. That report seeks the Boards views on this prioritisation with a view to bringing recommendations back to the Board at a proposed May meeting.
- 2.15 There are no grant related time constraints placed on the use of the funding for this activity.

Made Smarter

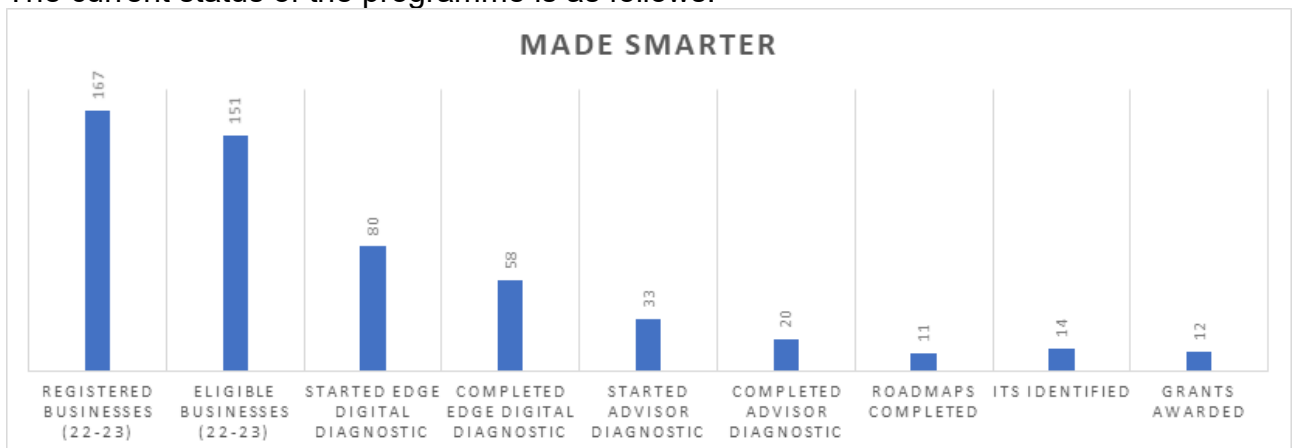
- 2.16 Made Smarter is a business support programme available to deliver interventions aimed at manufacturing and production firms in the region, supporting them to accelerate growth through improvements in productivity and efficiency.
- 2.17 In 2021/22 the MCA was awarded £1.49m to run a region-wide 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.
- 2.18 At Period 12, it is forecast that the programme will outturn £0.71m under budget. This is a material deterioration in forecast expenditure from the last reporting date:

	Budget £k	Actual £k	Forecast £k	Variance £k
2021/22	£1,492	£1,200	0	£292
2022/23	£1,910	£0	1,200	£710
2023/24	£1,600	£0	1,600	£0
2024/25	£1,600	£0	1,600	£0
	£6,602	£1,200	£4,400	£1,002

- 2.19 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.
- 2.20 The procurement and contracting process have 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

- 2.21 Since the last reporting-date the Business Support team held a launch meeting with OIA and Yorkshire & Humber cluster partners on the 22nd February at the Advanced Manufacturing Park in Rotherham. Between contracting and the launch event, OIA were mobilising and recruiting to their project team.
- 2.22 OIA now have allocated resource and commenced delivery of the project across the region, securing early interventions and identifying several more through a synergy with Manufacturing Growth Programme (MGP).
- 2.23 Prior to OIA commencing delivery, the SYMCA project team utilised internal resources including Business Growth Advisors (with a manufacturing background) to deliver triage, diagnostics, and roadmap activity/
- 2.24 This early activity enabled the project team to help OIA and WYCA in identifying revenue and capital grant opportunities and projects for intensive technical support interventions.
- 2.25 The current status of the programme is as follows:



- 2.26 At Period 12 it is expected that the programme will exceed its engagement targets for the year whilst it is on track to deliver diagnostics, roadmaps, and capital grant awards.
- 2.27 Intensive support interventions are expected to be marginally behind target for the year, but work around roadmaps are expected to have laid foundations for strong performance in 2023/24. Revenue grant awards are now flowing, with an expectation of strong performance in March.
- 2.28 Due to the delays in confirmation of funding no leadership and management cohorts will be delivered in the current financial year. Government are aware of this issue.
- 2.29 Discussions are ongoing with Government to try to secure any unspent funding for roll-forward into 2023/24.

Capital Programme Performance Update

- 2.30 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.
- 2.31 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 whilst a further scheme is proposed for investment in this report. Further detail on these schemes are provided in appendix A.
- 2.32 As at Period 12, it is expected that in-year capital activity will fall short of the base budget by c. £2m, a marginal improvement on the last reporting:

2022/23	Base	Outturn	Variance
Capital Programme Forecasts	£k	£k	£k
Digital Programme	£812	£236	£576
Business Investment Schemes	£11,180	£9,760	£1,420
	£11,992	£9,996	£1,996

Digital Schemes

- 2.33 To-date, £3.40m of capital funding has been recouped from Building Digital UK (BDUK) through the Superfast South Yorkshire scheme (SFSY).
- 2.34 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, which are now forecast to be spent in 2023/24.
- 2.35 Since the last reporting-date expenditure forecasts on Digital activity have been pared back to the costs of the Superfast team. A number of projects that had been planned have now been deferred into 2023/24.
- 2.36 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. Consideration could be given to using these receipts for some of the pilot schemes under development.

Business Investment Schemes

- 2.37 Analysis shows that of all approved capital business investment schemes £17.7m of funding is still to be claimed. This represents a marginal improvement on the last reporting date. Whilst some of this funding relates to recently approved schemes slow progress against activity continues to be noted on the Gene Therapy Manufacturing scheme (approved 09/21) and The Flow scheme (approved 11/21). Officers continue to engage scheme sponsors to support delivery where necessary.
- 2.38 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.
- 2.39 Information on all capital schemes is provided in appendix A.
- 2.40 At its meeting on the 6th March 2023 the MCA Board approved a delegation of authority to the Business Growth and Recovery Board to consider proposals for investment into scheme references D0049 and D0060. In delegating authority to consider these schemes the MCA Board has allowed the Board to approve the investment of resource held at the MCA level. Further details on these schemes are presented below.
- 2.41 The Board does not hold further unallocated capital resource. Accordingly, further investment into capital business growth schemes beyond these delegations 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 8.iii to allow cross-reference to project names.

Scheme Approval: D0049

- 2.42 This report recommends the progression of scheme reference **D0049** to full approval and contract award subject to conditions as presented in the assurance summary appendix (08.i).
- 2.43 At its meeting of the 6th March 2023, the MCA Board agreed to delegate authority to approve this scheme to the BGRB. Delegation recognised a need to take a decision on this scheme in March to help support the business' wider fundraising.
- 2.44 The project seeks £7m of **loan funding** towards total project costs of £27.5m at an intervention rate of 25.4%. This project can be funded from Doncaster's allocation of Gainshare.
- 2.45 Funding is sought to support a 10-year delivery programme that affords the opportunity to create a world-leading green aerospace cluster in Doncaster, anchored and catalysed by establishing a manufacturing, test and operations centre delivering UK-developed and certified aircraft into export markets worldwide.

- 2.46 Loan funding would be used over 12 months enabling the creation and establishment of the South Yorkshire aircraft manufacturing base and comprises:
- Development of plans to realise the establishment of three production facilities in South Yorkshire
 - Key maturation of the production variant to be manufactured regionally
 - The set-up of an office in South Yorkshire
 - The recruitment of a regional team to manage the facility construction, coordinate local supply chain and academic institute engagement

- 2.47 The project will initially deliver:
- 63 Jobs created
 - 3 Apprenticeships
 - 3,500 Commercial Floorspace occupied (m2)

2.48 Loan funding would both complement and support private finance generation that is required to support the business' ongoing development.

2.49 Loan terms have been agreed with the applicant based on a 10-year term and a subsidy control compliant interest-rate.

2.50 Further detail, including proposed conditions of award, is presented in the appendices.

Scheme Approval: D0060

2.51 This report recommends the progression of scheme reference **D0060** to full approval and contract award subject to conditions as presented in the assurance summary appendix (08.ii).

2.52 At its meeting of the 6th March 2023, the MCA Board agreed to delegate authority to approve this scheme to the BGRB. Delegation recognised a need to take a decision on this scheme in March to help support the business' wider fundraising.

2.53 This project seeks £1.5m **equity funding** towards total project costs of £400m at an intervention rate of 0.4%. Funding for this scheme would be drawn from the MCA allocation of the Gainshare delivery-ready capital funding.

2.54 The business is a venture company working in partnership with the universities of Leeds, Manchester, and Sheffield. It has a 'profit with purpose' motive and aims to match long-term capital to the commercial opportunities being generated from IP from the universities and regions. In the recent months the company has invested £40m into start-ups in South Yorkshire and is actively looking at more opportunities. Whilst its relationship with the universities gives it some exclusivity on their IP it will also invest in non-university opportunities. We are aware that Northern Gritstone are talking to a number of businesses across the wider region.

2.55 The company is now entering into its second investment round and is looking to raise £150m by the end of March, supporting plans for £100m investment into SY over a five-year period. Alongside West Yorkshire Combined Authority we have been asked to take a stake as part of this raise, joining Greater Manchester Combined Authority who joined in the first raise in May 2022.

2.56 In each year the company anticipates deploying capital in three respective areas:

- An ongoing number of investments into new spin-out opportunities;

- A smaller number of non-captive seed and later stage investments; and,
- Existing Founding University pre-emption rights in historic spin- outs.

2.57 The project intends to invest in c.100 entities across a 5-year time frame, across the whole of the North of England but clustered across the Greater Manchester, West and South Yorkshire regions.

2.58 South Yorkshire businesses are expected to receive:

- 1/3 of funding (at the moment more businesses are being backed in South Yorkshire than any other region) with
- 30 companies from seed stage onwards to be provided with capital – helping to attain SYMCA’s target of increasing funding for seed stage companies in the area.
- An average of 15 jobs are expected to be created per investment, which across 5 years, equates to 450 additional jobs.
- The capital will help provide c£400m of investment to the area, as the project aims to deploy close to £100m into South Yorkshire and other investors are expected to co-invest 3x that amount

2.59 Further detail, including proposed conditions of award, is presented in the appendices.

Schemes Under Development

2.60 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.

2.61 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 or recycled funding from loans or the BDUK clawback. 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. The details below set out the earliest that it is expected decisions could be made.

2.45 Scheme reference **D0033** has previously been approved by the Board and the MCA to progress to Full Business Case. Officers from the MCA and DMBC are currently liaising with the scheme sponsor to determine how this scheme may be progressed. 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** was approved for progression to OBC at the MCA Board on the 6th March. 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 approve two schemes to progress to full-approval and contract award.

3.4 Option 1 Risks and Mitigations:

In choosing not to approve the two schemes the region will potentially miss out on the benefits of the investment that may otherwise have accrued.

3.5 Option 2

The Board could choose to reject the proposal to endorse scheme reference D0049 to the MCA Board.

3.6 The Board could also choose to reject the recommendation not to endorse scheme reference D0060 and propose that the MCA Board consider the scheme.

3.8 Option 2 Risks and Mitigations:

In not recommending scheme references D0049 and D0060 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 the progression of two schemes to full approval. Funding for both schemes has been identified from Gainshare allocations.

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

- I Assurance Report - D0049
- li Assurance Report – D0060
- lii Capital Programme Update: Business Investment Schemes

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