

Public Document Pack

SCR - Business Growth Board

17 July 2019 at 10.00 am

Venue: 11 Broad Street West, Sheffield S1 2BQ



Agenda

Agenda Ref No	Subject	Lead	Page
1	Welcome and Apologies	Cllr Steve Houghton, Mr Neil MacDonald	
2	Declarations of Interest by individual Members in relation to any item of business on the agenda	Cllr Steve Houghton, Mr Neil MacDonald	
3	Urgent items / Announcements	Cllr Steve Houghton, Mr Neil MacDonald	
4	Public Questions of Key Decisions	Cllr Steve Houghton, Mr Neil MacDonald	
5	Governance Arrangements, Terms of Reference and Forward Plan	Dr R Adams	3 - 22
6	SCR Current Business Support Arrangements	J Holmes	23 - 38
7	Business Investment Fund (Background and Current Position)	J Holmes	39 - 42
8	Business Investment Fund (Project Approvals)	J Holmes	43 - 70
9	Business Investment Fund (Project Approvals - Productivity Challenge and Made Smarter)	J Holmes	
10	Any other business	Cllr Steve Houghton, Mr Neil MacDonald	
Date of next meeting: Date Not Specified at Time Not Specified			
At:			

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BUSINESS GROWTH BOARD17th July 2019**Terms of Reference & Meeting Arrangements****Purpose of Report**

This report summarises for Business Growth Board Members the approved governance arrangements for the Business Growth Board, approved by the Mayoral Combined Authority and the Local Enterprise Partnership. The paper also proposes dates for future meetings.

Freedom of Information

Thematic Board Papers and any appendices will be made available under the Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

Board members are asked to:

1. note the approved governance arrangements and clarify any issues,
2. note the proposed future scheduling of Business Growth Board meetings,
3. note the potential to engage a wider membership on an advisory basis and consider how this may be approached,
4. Consider the draft forward plan and the option for the suggested workshop.

1. Introduction

- 1.1** Following consultation with partners and a review of the models in other mayoral combined authorities, the MCA and LEP at their meetings 17th December 2018 and 14th January respectively approved strengthen governance arrangements. These arrangements have been designed to create more efficient, effective and transparent decision-making processes. The MCA Constitution has been amended to reflect these new arrangements. From the 1st April 2019 five thematic boards, with appropriate delegations to complement their role in implementing policy and programmes more transparently, came into effect.

2. Proposal and justification**2.1 Governance Model**

Appendix 1 to this report attaches the approved governance paper for Board Members to review and discuss.

2.2 Terms of Reference

Appendix 2 of this report includes the terms of reference for the Business Growth Board to review and discuss.

2.3 Meeting Schedule

This paper proposes that the Business Growth Board meets during week 4 of the MCA 8 week cycle. This will allow any decisions requiring escalation to the MCA, due to the value exceeding the delegation, to progress through the decision-making process in a timely manner. The proposed dates are suggested below

Proposed Business Growth Board dates (week 4 of the 8 week cycle)	MCA Date (week 8 of the 8 week cycle)
26/08/19 – 30/08/19	23/09/19
21/10/19 – 25/10/19	18/11/19
*30/12/19 - 03/01/20	27/01/20
24/02/20 – 28/02/20	23/03/20
04/05/20 – 08/05/20	01/06/20
29/06/20 – 03/07/20	27/07/20
24/08/20 – 28/08/20	21/09/20
19/10/20 – 23/10/20	16/11/20

*potentially move to week 2 or to week 5 to avoid the Christmas and new year period.

2.4 Advisory Membership

The decision-making Board Members are detailed in Appendix 1, section 2.3. The membership of these Boards will comprise two leaders, with one from the constituent councils and one from the non-constituent councils, a member of each of the remaining councils (to be nominated by the respective authority) and two private sector LEP Board members, as well as a lead chief executive from a different authority to the leader.

There is the potential for Board Members to develop a broader advisory network through the engagement of businesses or business membership organisations, Universities, or Colleges for example. This advisory network does not necessarily require attendance at the Thematic Board but could be through other mechanisms including a business advisor panel or a business engagement programme. Board Members are asked to consider this matter to start to develop their preferred approach.

2.5 Forward Plan

Appendix 3 to this report outlines a suggested forward plan / work programme for the Thematic Board to consider and further populate.

3. Consideration of alternative approaches

- 3.1 There is no discretion to change governance arrangements, as these have been approved by both the MCA and the LEP but to note it is planned that there will be a review of arrangements after 6 months of meetings.

4. Implications

4.1 Financial

Thematic Boards have the authority to approve projects and schemes with a value of less than £2m. This provides consistency with the limits previously place for the BIF Panel. The Thematic Boards are also able to accept tenders and quotations for the supply of goods, materials and services up to a limit of £200,000.

4.2 Legal

The changes have been captured in the MCAs Constitution and elements of the LEPs governance framework and came into force on 1st April 2019.

4.3 Risk Management

Strong governance arrangements in the Sheffield City Region are an important mechanism in managing a number of corporate risks. This reflects the commitment of both the MCA and LEP to transparency, and the clear delineation of responsibilities between different elements of the decision-making system.

4.4 Equality, Diversity and Social Inclusion

In line with the LEP's Diversity Policy equality and diversity has been taken into consideration in the composition of the Thematic Boards.

5. Communications

5.1 The roles and responsibilities of the new Thematic Boards are explained in the SCR Assurance Framework and the MCA Constitution which is published on the SCR website. All meeting papers, minutes and membership of the Thematic Boards will be published on the SCR website. In addition, members of the public can submit questions to the Thematic Board and receive a written response.

6. Appendices/Annexes

6.1 Appendix 1 – MCA paper on revised governance arrangements
Appendix 2 - Terms of Reference
Appendix 3 – Forward Plan

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

- MCA Meeting December 2018
- LEP Board Meeting January 2019

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17th December 2018

Strengthening Governance: efficient, effective and transparent decision making in the Sheffield City Region

Purpose of Report

Following consultation with partners and a review of the models in other mayoral combined authorities, a proposal has been developed to strengthen governance in the SCR. This seeks to build upon the best of current arrangements to create more efficient, effective and transparent decision-making processes. This is based on establishing a Transport Board that brings together the existing Transport Executive Board and the SYPTE Executive Board. In addition, four other boards would be in place for Business Growth, Skills and Employment; Housing; and Infrastructure, who would have appropriate delegations to complement their role in implementing policy and programmes more transparently.

Thematic Priority

Cross cutting – the model impacts on all elements of the SCR CA and LEP decision making.

Freedom of Information and Schedule 12A of the Local Government Act 1972

The paper will be available under the Combined Authority Publication Scheme

Recommendations

- That Leaders agree the proposed approach to strengthen governance in the SCR, as set out in section 2.

1. Introduction

- 1.1** Since its formation in 2014 the Sheffield City Region Combined Authority (CA) has worked closely with the Local Enterprise Partnership (LEP) to deliver the outcomes identified in the Strategic Economic Plan (SEP). With the election of the City Region's first metro mayor, this marks a new era of greater and more direct accountability on decisions at this scale.
- 1.2** As a Mayoral Combined Authority (MCA), it is important that the Board's decision-making process is efficient, effective, transparent and provides accountability to local residents and businesses. The SCR Executive has therefore reviewed its processes, sought feedback from partners and analysed other MCAs arrangements to seek to develop a proposal on which consensus can be achieved.
- 1.3** Through the consultation with partners a range of views were expressed on the way

forward. These highlighted a number of common themes, including:

- **Leadership** - The importance of having stronger oversight, accountability and decision making of the work being undertaken by the thematic boards;
- **Accountability** – Ensuring that policy is led by local leaders and provides articulation of City Region priorities that residents and businesses can engage with;
- **Transparency** - That there is a need for greater transparency on the work being undertaken by the CA to ensure that the public are aware of this activity.
- **Roles and responsibilities** - Providing greater clarity of what decisions can be taken by which part of the governance structure and by whom, improving the efficiency of the process, reducing the potential for duplication and confusion;
- **Space for policy development** – that governance arrangements need to provide the opportunity to shape future policy development and priorities on topical issues;
- **Design** - That form should follow function, with the need to have arrangements in place that will deliver the MCAs priorities;
- **Corporate governance** - Improving the effectiveness of the decision-making process by having a forward plan in place for all sub boards, with papers and presentations provided five clear working days in advance; and
- **Co-ordination and collaboration** - All members being sighted on the decisions being taken by the MCA across the different thematic areas, whilst ensuring leadership and timely decisions to rationalise the number of meetings.

2. Overarching proposal and justification

2.1 To revise governance arrangements in the SCR, a set of principles has been developed, following feedback from partners. These seek to ensure that the optimum arrangements are established, forming a robust foundation for the decision-making process:

- Achieving an efficient, effective and transparent model for decision making;
- Collaborating to build collective and combined decisions to deliver the outcomes identified in the SEP;
- Providing strong and accountable leadership in setting the agenda and subsequently delivering a defined programme of activity to rigorously realise the outcomes of the SEP; and
- Scrutinising the planned and activity underway to deliver the best outcomes for the SCR and value for money.

2.2 Based on these principles the defining features of the proposed revised SCR governances are that:

- The MCA continues to set the overall direction for the Sheffield City Region and act as the accountable body for all funding awarded to the LEP. The LEP will continue to provide thought-leadership on the economy, lead the development of economic policy and champion the SCR private sector.
- The sub structure of the MCA and LEP will retain its thematic focus in the four areas of: business growth; skills and employment; housing and infrastructure; and transport.
- Given the stronger model of leadership being proposed, meeting frequency will change from a six weekly to an eight weekly, allowing more time for work to be progressed. This would be supported by the establishment of urgent delegated decision-making protocols within the constitution to be used by exception, but as required, when a decision falls outside of the parameters of the cycle.
- In addition, when the revised governance arrangements have been agreed in principle, they will need to be captured in a number of key documents such as the MCA constitution (including financial regulations) and the Assurance Framework. Subject to its agreement, these updated documents will be presented to the Board at its next meeting for approval, as part of this wider model.

A summary of these proposed roles is set out at Annex A.

2.3 To supplement these overarching arrangements a proposal has been developed to build upon and strengthen the existing model by creating an integrated Transport board (that

would bring together the existing Executive Board with the SYPTE Exec Board) and four other sub boards with defined delegated power. This would comprise:

- Merging the existing Transport Executive Board (TEB), with the PTE Executive Board to provide a single forum to discuss strategy and implementation. It is proposed that this Board will comprise a member of each constituent councils (to be nominated by the respective authority), be chaired by the Mayor, with another Leader acting as the Deputy Chair and contain a representative for non-constituent councils and the LEP. This Board will also be supported by a lead chief executive and contain the Director General of SYPTE, due to the legislative requirements of the PTE Board.
- For the three remaining existing boards, following discussion with partners it is proposed that the infrastructure and housing agendas are separated into different boards, as the recent merger was an interim position. Furthermore, the Housing and Business Growth Boards, will also assume decision making responsibilities currently held by the Housing Investment (HIF) and Business Investment Fund (BIF) Panels respectively. This will be on the principles of decisions not being taken at a level below that of the thematic boards. It is proposed that all four of these Boards operate in a similar manner to the way the Business Investment Fund (BIF) Panel and Housing Investment (HIF) Board have to date, whereby delegations will be discharged through officers working with the Board. All decisions taken will be reported at the next meeting of the MCA as part of the delegated authority report. The membership of these Boards will comprise two leaders, with one from the constituent councils and one from the non-constituent councils, a member of each of the remaining councils (to be nominated by the respective authority) and two private sector LEP Board members, as well as a lead chief executive from a different authority to the leader.
- In addition, in order to strengthen transparency on the work of the five sub boards it is proposed that they will:
 - Be formally embedded within the SCR MCA forward plan, publishing all key decisions 28 days in advance;
 - Publish papers and agendas five clear working days in advance of the meeting;
 - Provide a mechanism for members of the public to provide written questions on the papers, with a commitment that a response will be made in writing; and
 - Publish draft and ratified minutes within 10 days of the meeting taking place.

2.4 The proposed terms of reference specifies the proposed approach to decision making, which requires consensus from board members for a decision to be made on schemes under £2m. Should consensus not be reached within a thematic board the issue would be escalated either to the LEP (if related to policy / strategic alignment on LEP funds) or the MCA (if related to MCA funding or to fulfil the accountable body functions for LEP investment).

2.5 Subject to the agreement of this approach, it is proposed that the overview of this model is presented for approval at the next MCA / LEP in December and January respectively. Further work will also need to be undertaken to embed this approach within the Constitution and Assurance Framework. However, the latter document will need to be reviewed in the new year following the publication of Government's updated National Assurance Framework.

3. Consideration of alternative approaches

3.1 *Cabinet model role, supported by officer delegations* – whilst the legislation by which the MCA was established mean that legal cabinet models cannot be used, there is an option where portfolios could be established with delegations residing with officers.

3.2 *Reducing the number of thematic boards* – it has been suggested that the number of existing boards could be reduced to three, with effectively transport merging with housing and infrastructure into a place board. However, under such a model the SYPTE Executive Board would probably need to remain distinct to keep the portfolio manageable, meaning that there would still in effect be four boards.

4. Implications

4.1 Financial

It is proposed that the delegation limit from the MCA to the sub boards is set at £2m. This would provide consistency with the limits already in place for the BIF and Housing Investment Boards and is below the average (financial) value of schemes currently being funded through the LGF programme.

4.2 Legal

The changes set out in the proposed model would need to be captured in changes to the MCAs Constitution and elements of the LEPs governance framework when agreed. This could be undertaken and presented for consideration at the next meeting of the MCA. As part of the update to the SCR Assurance Framework it is proposed that the process by which business cases are published and then considered by the authority, should be refined, so that any comments received are captured, with the response from the scheme promoter included in the documentation presented for approval.

The proposed merged SYPTE Board and TEB will be achieved by establishing a Board with a membership as set out in paragraph 2.3 above who will collectively consider strategy, performance, implementation and capital/revenue programme matters. Due to SYPTE being a separate legal entity to the MCA, with its own statutory functions, it will, in line with the MCA/Transport Board's strategic direction and within the budget set by the MCA, exercise its operational functions through its Management Board and/or Director General (in accordance with the South Yorkshire Transport Area (Establishment of Executive) Order 1973). Under the proposal SYPTE will report performance, seek direction from and consult with the Transport Board. Appropriate transport functions of the MCA will be delegated to the Transport Board, although the formal delegation by the MCA is to SCR Managing Director (or their representative) in consultation with the Chair of the Transport Board. Where there is not unanimity of the Transport Board any decision shall be referred to the MCA and/or LEP as appropriate.

The same structure for delegations to the other Boards is proposed with the formal delegation being to the SCR Managing Director (or their representative) in consultation with the Boards Chair. Where there is not unanimity of the Board the Officer delegation is not exercisable and the decision in question will be escalated to the MCA and/or LEP as appropriate. Officer delegations are authorised by s.101 Local Government Act 1972.

4.3 Risk Management

Continuing to strengthen governance arrangements in the Sheffield City Region will be an important mechanism in managing a number of corporate risks. This will reflect the commitment of both the MCA and LEP to transparency, and the clear delineation of responsibilities between different elements of the decision-making system.

4.4 Equality, Diversity and Social Inclusion

In developing the composition of the sub boards of the SCR governance arrangements it has been important to consider diversity and how this represents the breadth of the City Region, including factors such as geography and gender.

5. Communications

- 5.1** If the proposed model is agreed, it will be important to clearly and effectively communicate when, how and what decisions are being taken and the roles of different boards within this process. This will be vital in signposting people to the information that they wish to find and in improving awareness of the activity being undertaken by the MCA and LEP collectively.

As set out through the LEP Review, the SCR will need to have a corporate plan in place for

2019/20. Developing this document could further clarify these roles and purposes.

6. Appendices/Annexes

6.1 Annex A – Proposed responsibilities for the boards in the governance cycle

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

Annex A – Proposed responsibilities for the boards in the governance cycle

Board	Role
MCA	<ul style="list-style-type: none"> • Agree budget and corporate plan for the year and monitor's progress against its achievement • Decision maker new programmes of activity • Agree policy (including thematic policy) • Decision maker on schemes and to receive grant over £2m and under £2m for general activity. • Accountable body for LEP funding • Escalation point for decisions relating to LGF where consensus cannot be reached (in relation to accountable body functions)
LEP	<ul style="list-style-type: none"> • Evaluates the health and performance of the SCR economy • Custodian of the Strategic Economic Plan • Partner in development of the Local Industrial Strategy • Responsible to government for funding awarded to deliver the SEP • Voice of the private sector in decision making process • Setting the parameters of offer to business • Approve new projects to enter into the pipeline for LEP investment, on the basis of strategic fit • Escalation point for decisions relating to LGF where consensus cannot be reached (in relation to alignment to strategy / strategic fit)
Thematic boards	<ul style="list-style-type: none"> • Thematic policy development • New programme development • To enact MCA and LEP agreed policy • Approve schemes with a value of less than £2m • Accept grants with a value of less than £2m for a defined purpose linked to the Board's theme • Monitor programme delivery and performance • Specific statutory responsibilities related to the discharge of the SYPTE Executive Board functions, for the Transport Board
Appraisal Panel	<ul style="list-style-type: none"> • No decision-making powers • Independent of scheme promoters, the panel is responsible for making recommendations from the SCR MCA Statutory Officers to the respective decision-making board

Business Growth Board

Terms of Reference



1. Purpose and Role

1.1 The purpose of the Business Growth Board is to drive the development and delivery of the SCR's thematic programme and activity on this theme.

1.2 The role of the Business Growth Board is to:

- Shape future policy development and priorities on issues related to business growth;
- Develop new business growth programmes;
- Make investment decisions up to £2 million within the agreed budget and policy on business growth, as delegated by the Mayoral Combined Authority (MCA);
- Accept grants with a value of less than £2 million; and
- Monitor programme delivery and performance on business growth.

2. Responsibilities

2.1 The Business Growth Board is responsible for:

Funding

- Approving, deferring or rejecting applications for business growth projects in the SCR's pipeline that fall within the financial limit of delegated authority, and which are within the business growth budget agreed by the MCA and Local Enterprise Partnership (LEP);
- Making recommendations to the MCA to approve, defer or reject applications for business growth projects in the SCR's pipeline that exceed the financial limit of delegated authority, and which are within the business growth budget; and
- Making recommendations to the LEP to approve, defer or reject applications for business growth projects to form part of the SCR's pipeline.

Strategy and Policy

- Ensuring that business growth policy agreed by the MCA and LEP is enacted effectively through appropriate investments;
- Reviewing economic intelligence and evidence of SCR economic performance on business growth (e.g. exports, innovation, business starts) and identifying propositions to accelerate growth; and
- Developing and managing relationships with key stakeholders and partners.

Programme Delivery

- Commissioning of activity to deliver and implement the SCR's priorities on business growth;
- Monitoring business growth programme and project delivery; and
- Overseeing the management and development of the Growth Hub.

Performance and Risk Management

- Reviewing project performance, outputs and outcomes;
- Identifying and recommending mitigations for any programme risks or poor performance; and
- Escalating any strategic, policy or programme risks to the MCA and LEP.

2.2 The Business Growth Board will provide leadership on the following thematic issues:

- Access to finance – including the Business Investment Fund
- Exports
- Innovation
- Business pre-starts and start-ups
- New/young businesses
- Business engagement
- Inward Investment
- Enterprise Zone incentives
- Growth Hub

3. Delegated Authority

3.1 In order to enact its responsibilities, the Business Growth Board will have delegated authority from the MCA to approve investment decisions for agreed pipeline projects up to £2 million.

3.2 The Business Growth Board will have delegated authority to accept grants with a value of less than £2 million.

3.3 The Business Growth Board will have delegated authority to accept a tender or quotation for the supply of goods, materials or services for which financial provision has been made in the Authority's Revenue Budget up to a limit of £200,000.00 in value for any one transaction.

3.4 The Business Growth Board may refer a matter or decision within their delegated authority to the MCA or LEP.

4. Membership

4.1 The Business Growth Board will be co-chaired by a member of the MCA and a private sector LEP Board member.

4.2 Membership of the Business Growth Board will comprise of:

- Two Leaders from the MCA (one from a constituent Local Authority and one from a non-constituent Local Authority);
- A nominated representative for each of the remaining seven Local Authorities;
- A lead Chief Executive from a Local Authority
- Two private sector LEP Board members; and
- The MCA Head of Paid Service (or their nominated representative).

4.3 Board members can nominate a deputy to attend meetings of the Board in their absence. All deputies must be named and must complete a Register of Interests Form.

5. Frequency

5.1 The Business Growth Board will meet on an eight-weekly cycle.

6. Secretariat

6.1 The Sheffield City Region Executive Team will provide the secretariat for the Business Growth Board.

6.2 Papers and presentations for Board meetings will be circulated to Board members five clear working days in advance of the meeting.

7. Attendance

7.1 Consistent attendance at the Business Growth Board meetings is essential and attendance will be recorded.

8. Quorum

8.1 Meetings of the Business Growth Board will be quorate when seven members are present. A member who is obliged to withdraw under the Code of Conduct for Members shall not be counted towards the quorum.

- 8.2 A Board member may be counted in the quorum if they are able to participate in the meeting by remote means e.g. telephone, video or electronic link and remain available for the discussion and decision items on the agenda.

9. Decision Making

- 9.1 Board decisions are legally taken by the Head of paid Service (or their nominated representative) in consultation with the Chair of the Board. By protocol, decisions will not be taken unless there is Board consensus for the decision. Where consensus cannot be reached the issue will be escalated to the MCA and/or the LEP as appropriate for final decision.
- 9.2 Decisions made by the Business Growth Board will be presented to the MCA in a written Delegated Decisions Report at the next meeting. As the delegating body, the MCA will have the right to review or amend decisions made by the Business Growth Board where such decision has not been acted upon subject to giving due reason for doing so.

10. Conflicts of Interest

Register of Interests

- 10.1 All Board Members must complete a Register of Interests Form within 28 days of being appointed to the Business Growth Board. This must disclose any disclosable pecuniary interests (as defined in the The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012) for the Member, their spouse, their civil partner or partner. Completed Register of Interests Forms for all Board Members are published on the SCR website.
- 10.2 It is the responsibility of every Business Growth Board Member to ensure that their Register of Interests Form is up-to-date and declare any new interests within 28 days of this being known.
- 10.3 Interests declared by Business Growth Board Members will be listed on the SCR's Register of Members' Interests.

Declarations of Interest at Board Meetings

- 10.4 It is the responsibility of Board members to declare any disclosable pecuniary interest (as defined in the The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012) and any other personal interests

whether financial or non-financial in specific agenda items at the start of each Business Growth Board meeting.

11. Decisions between meetings

11.1 This procedure is to be used only by exception

11.2 When an urgent matter or decision falls outside the parameters of the meeting cycle, the Business Growth Board will be permitted to make decisions through this procedure. If the matter is a Key Decision the procedure in Part 5B (Access to Information Procedure Rules) of the Constitution also needs to be complied with.

11.3 The Head of Paid Service (or their nominated representative), in consultation with the Chairs of the Business Growth Board, will contact Board Members by email to notify them of the following:

- Details of the matter requiring comment and/or decision;
- The name of the person or persons making or putting forward the proposal/decision;
- The reason why the matter cannot wait until the next Board; and
- The date responses are required by.

Two working days after the close of responses, the following will be circulated to all Board Members:

- The outcome of the decision taken (including responses received in agreement and responses received in disagreement);
- The date when any decision comes into effect; and
- Any mitigating action taken to address stated views or concerns.

11.4 Decisions and actions taken will be retrospectively reported to the next meeting of the Business Growth Board and MCA in accordance with paragraph 9.2 above.

12. Advisory Groups

12.1 The Business Growth Board will be supported in making investment decisions by the SCR's independent Appraisal Panel. The Appraisal Panel will assess all applications for funding and will present their findings and recommendations to the Board on whether the application should be approved, deferred or rejected.

- 12.2 The Business Growth Board is permitted to form Task and Finish groups of key stakeholders and advisors to assist in the management and monitoring of individual programmes or projects. Any such groups are purely advisory and must submit reports to the Business Growth Board.

13. Transparency

Key Decisions

- 13.1 Decisions to be taken by the Business Growth Board will be published in the SCR Forward Plan of Key Decisions on the SCR website 28 days in advance of the decision being made.
- 13.2 Questions and comments submitted by the public on the pending decisions will be notified to the Business Growth Board and will be responded to in writing.

Meeting Papers

- 13.3 Agendas and papers for the Business Growth Board will be published on the SCR website at least five clear working days before the meeting date.

Exemptions

- 13.4 Where reports or information for Board meetings is exempt from disclosure under Section 12A of the Local Government Act 1972 or the Freedom of Information Act 2000, these papers will either be reserved or specific information in the paper will be redacted.
- 13.5 Reserved papers and reports can still be requested under the Freedom of Information Act. Requests will be considered on a case by case basis (taking into consideration such factors as timing, any applicable exemptions and the public interest test).

Meeting Record

- 13.6 Draft minutes will be published on the SCR website within ten days of the Business Growth Board meeting taking place. The meeting record (approved minutes) will be published on the SCR website within ten clear working days of the subsequent Business Growth Board meeting.

14. Amendments to Terms of Reference

- 14.1 These Terms of Reference will be reviewed annually. Any changes will be approved by the MCA and LEP Boards.

Date	Suggested Agenda items
w/c 26/08/19	SEP Evidence base and priorities LGF (Business Investment Fund) decisions
TBC	Business Growth Board Workshop <ul style="list-style-type: none"> • Opportunity to get to know members • Economic Evidence Base for SEP and LIS • The future Business Growth Programme
w/c 21/10/19	Strategic Economic Plan / Local Industrial Strategy development Growth Hub activity <ul style="list-style-type: none"> • Progress with Regeneris actions following review last year • Pilot of scale up initiative • Performance report • Aims/timing of Carney Green evaluation LGF (Business Investment Fund) decisions
w/c xx/ December /19	Trade and Investment activity LGF (Business Investment Fund) decisions
w/c 24/02/20	Tbc
w/c 04/05/20	Tbc
w/c 29/06/20	Tbc
w/c 24/08/20	Tbc
w/c 19/10/20	Tbc

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BUSINESS GROWTH BOARD

17th July 2019

REVIEW OF CURRENT CITY REGIONAL AND LOCALLY LED ACTIVITY

Purpose of Report

This report has been commissioned by the Co-Chairs of the Business Thematic Board to illustrate the current business support and business investment activity being undertaken at the city regional level and directly by local partners.

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme

Recommendations

That new Members review the content of the report and note the current arrangements for the delivery of business support in SCR.

That Members consider the context set out in section 3 as background for discussions to develop the future work plan.

1 Introduction

- 1.1 Business growth support is funded and delivered by the public and private sector and through national, regional and local government. This paper summarises the current activity undertaken in the SCR at the regional level and by local partners and outlines the key contextual and national frameworks that the Board will need to be cognisant of as it sets the agenda for the coming years.
- 1.2 As part of the Growth Deal negotiation we agreed the following outcomes: GVA uplift (productivity uplift) of £3.2bn and Job creation and safeguarding leading to 70,000 new jobs (of which 30,000 would be higher skilled roles). We also agreed a target of 6,000 businesses created. The SCR Business Growth work currently directly delivers towards these targets and outcomes.

2 Business Growth

2.1 Business Growth services activity at the City Regional level can be grouped as follows:

Business Support:

- Growth Hub gateway and specialist advisor support, including Access to Finance
- The Business Investment Fund (Local Growth Fund)
- Skills Support including a Skills Hub and the Skills Bank
- Innovation Support

Inward Investment and Trade

- Marketing and promotion to attract direct foreign investment
- Trade missions and investment shows
- Business Investment Fund to support landing investment projects

This paper will consider these under the following 3 organising themes:

- **Business Support** as organised through the Growth Hub model
- **Inward Investment and Trade** - all international business work
- **The Business Investment Fund (BIF)** (the LGF grant scheme for which the Business Growth Board is responsible).

Each section will cover the nature of the work, its funding, success measures and performance.

2.2 Business support

The SCR Growth Hub is one of 38 in England providing a 'gateway' to access specialist growth support including innovation, exporting, finance and skills training. The SCR Growth Hub is part of the delivery infrastructure of the LEP and is overseen by the Business Growth Board. Details of this model is included in appendix 1 to this report. The customer journey and overview of the offer to business is illustrated in appendix 2. An independent review of the Growth Hub operation was undertaken in 2018, in light of the new governance arrangements it is proposed this review and suggested recommendations is a future substantive debate at the Board.

Prior to the new governance arrangements, a Growth Hub Operational Board, chaired by a LEP Board member, conducted detailed monitoring of Growth Hub business activities and considered the performance of the Growth Hub in detail. Board Members are asked to consider the continuing role of the Operations Board in the context of the new governance arrangements.

BEIS allocated budget for Growth Hub delivery from the Local Growth Fund (LGF) from 2015/16 to 2019/20 totalling £4m, this is held in a ringfence reserve and is called upon each year. In addition, BEIS has provided top up funding to date of £1.64m from 2016 to 2020. Growth Hub has until recently co-funded business support services in partnership with the LA's including Launchpad, RISE, Growth Hub Enhancement project and Y Accelerator. It should also be noted that some business support programmes are co-funded by the European Structural Funds, final programme commitments will be made by the end of 2019/20. Further details of these programmes are included in appendix 1.

There are a number of metrics reported to BEIS as part of an annual return for the Growth Hub, listed in Appendix 1. The following annual targets have been agreed:

Outputs	16/17	17/18	18/19	19/20	20/21
Jobs Created	350	450	550	650	500
Businesses Supported	800	1200	1200	1000	800
Outcomes					
Businesses engaged	1100	1300	1500	1300	1300
Businesses referred to support	100	150	250	250	250

2.3 Inward Investment and Trade

Working in partnership with the Department for International Trade (DIT) and Local Authorities the SCR Invest Team work to generate new investment leads for the SCR, both foreign and domestic. In partnership with DIT, the SCR is supporting the delivery of a small-scale Foreign Owned Key Account Management pilot programme working with foreign owned businesses to support and accelerate their expansion and growth.

The team is funded through core SCR budget, and the small Key Account Management function is funded by DiT on an annual programme. The SCR reports brand new investment and re-investment from foreign owned businesses into DiT on a quarterly basis.

Foreign-owned investment successes for 18/19 have been positive considering the challenging and uncertain environment with 40 project successes likely to be confirmed¹. This is on a par to the previous financial year. New job creation as a direct result of new investment projects continues to be around the 1,000 target. In 17/18 foreign direct investment (FDI) resulted in 30 project successes with 1611 new jobs created. In 16/17 there were 46 project successes with over 2000 new jobs created.

2.4 Business Investment Fund

The Business Investment Fund (BIF) is an £52m SCR Local Growth Fund Scheme supporting inward investment projects and indigenous businesses to create growth and new employment. To date the Business Investment Fund has supported 55 companies, creating 1,625 jobs and leveraging over £49m in private investment. Two recent calls have specifically targeted productivity and industrial digitisation in indigenous businesses.

Business Investment Fund projects under £2m will be approved by the Business Growth Board. As part of the Local Growth Fund, all disbursements under BIF are required to be made by 31st March 2021. The SCR reports on businesses supported, jobs created and private sector leverage in line with the requirements of the Local Growth Fund.

SCR is also a partner of the Northern Powerhouse Investment Fund, representation at the Board being by SCR's private sector chair of the Business Growth Executive Board. Offering debt, equity and micro-finance the NPIF programme has supported 51 SCR businesses across the past two years with funds totalling £8.72million.

2.5 Activity undertaken locally by Local Authorities and partners

Local Authorities have different approaches to and resources for business support service delivery. There are however common activities undertaken by all Local Authorities. Local Authorities have an interface with the business community in the provision of statutory services for example licencing, permits and regulation as well as planning. Related to this some Local Authorities support businesses with property advice.

2.6 Some Local Authorities are active in supporting local businesses to access local market opportunities and in particular opening up local public sector/anchor institution procurement opportunities.

2.7 Local Authorities undertake key account management work with their business base and work to secure and retain inward investors. SCR Teams work collaboratively with Local Authorities. This might be supported by the provision of discretionary grants for example to

¹ Official figures will be confirmed by the Department for International Trade in July 2019

support employment creation. Supporting new growth produces increases business rate income.

2.8 Local Authorities support the start-up and incubation of businesses. The Growth Hub does not directly deliver any start up support or activity itself. Currently Local Authorities work together to deliver the Launchpad start up programme. Some Local Authorities also own business incubation and workspace facilities.

3. Consideration of alternative approaches

3.1 This section considers the context to inform additional or alternative approaches that the Board might want to develop or influence in the future.

3.2 Economic Conditions

Uncertainty around the UK's impending departure from the EU has impacted upon SCR business confidence, and investment from both indigenous and inward investors has notably slowed over the past 12 months. Brexit could impact upon inward investment and exporting in a negative manner (e.g. scale and relationships with existing export and investment origin countries) or a positive way (such as seeking further investors and trade opportunities in faster growing developing nations). Board members might want to consider the tools and approaches necessary to support the SCR to continue to build economic resilience in turbulent times.

3.3 National policy frameworks

The government's Industrial Strategy has focused on a small number of 'Grand Challenges' (AI, Mobility, Ageing Society, Clean Growth) with associated Challenge Funds. Innovate UK has invested significantly in SCR (£388m from 2004 to date) in particular due to the strength of the University of Sheffield Advanced Manufacturing Research Centre. The Government is trialling a programme to support the adoption of industrial digital technology in the North West delivered through the Growth Hubs (Made Smarter). Board members might want to consider whether there is opportunity to deliver the government's and our ambitions through aligning with the mission orientated challenges, through sector-based approaches and through the delivery of any Made Smarter national programme. National political changes might also impact on policy direction and speed of national government decision making.

3.4 Strategic Economic Plan and Local Industrial Strategy

The business growth challenge remains (see Appendix 3) and whilst some of our key indicators have improved the SCR is not narrowing the gap with other parts of the UK. Driving improvements in productivity is fundamental to SCR. Whether this is led by innovation or by sectors that don't yet exist or are only nascent, which is inclusive and distributed, which connects companies to opportunities in international value chains and that builds resilience in turbulent times. The forward plan suggests a detailed session on the economic evidence is imminently scheduled to enable the Board to consider the future Business Growth portfolio, approaches, tools, resources and infrastructure required to deliver growth.

4. Implications

4.1 Financial

There are no financial implications arising from this report. The report highlights that the Local Growth Fund and European Structural Funds are coming to an end and therefore there is an imperative to scope out the programme required in order to secure additional resource from the successor funding – the Shared Prosperity Fund.

4.2 Legal

There are no legal implications arising from this report.

4.3 Risk Management

The report highlights a number of risks – external economic environment, financial, political and the Board will want to consider how to monitor and manage these.

4.4 Equality, Diversity and Social Inclusion

There are no specific issues arising from this report. The Board will want to consider this in more detail as it develops its work programme.

5. Communications

5.1 There are no specific issues arising from this report.

6. Appendices/Annexes

- 6.1 Appendix 1 - Business Support activity
Appendix 2 - Growth Hub operational model
Appendix 3 - Business Growth in SCR – Recent Economic Performance

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

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Appendix 1 – SCR Business Growth Support

SCR Growth Hub Service

Outputs reported to BEIS in relation to the Growth Hub: GVA Growth, Jobs, Number of referrals, Number of businesses engaged, Number of businesses supported – high, medium and low, New businesses created, Private sector finance leveraged, % responses from feedback, % positive responses, Total number of individuals supported to start a business as well as qualitative data across a number of areas.

Gateway	The Growth Hub provides businesses with a single ‘gateway’ with access to one to one support from a team of growth specialists as well as signposting to a whole host of business initiatives aimed at supporting growth with access to help where needed. Delivered across several thematic areas including; Access to Finance, Skills, Growth, and Innovation.
	Brexit Diagnostic - The Growth Hub have developed a useful tool for businesses across our region to help them plan and access information and advice provided nationally and locally around Brexit.
Specialist Advisor Services – Skills	The Skills Hub is integrated into the Growth Hub. A key message from employers and stakeholders from Skills Bank 1 was the need to have an impartial skills advisor team who can work with employers on all options available to them in relation to skills training and development. We now have Skills Advisors based within the Growth Hub who offer this service and provide access into the SCR Skills Bank service.
Specialist Advisor Services – Innovation	The Sheffield Innovation project is an ERDF project delivered by both of the region’s Universities in partnership with the Growth Hub. SIP provides businesses access to University specialisms to aid businesses with Innovation and will include a number of specialist Innovation Advisors.
Specialist Advisor Services – Finance	The Access to Finance team provides supports companies to identify and access private and public funding opportunities. The team comprises experienced finance professionals who can out businesses in touch with suitable lenders including banks, finance houses and gap funders as well as advise on publicly based finance such as the Northern Powerhouse Investment Fund and the SCR Business Investment Fund.

Business Support Offer

Start Up Activity	Both Launchpad and Y Accelerator provide support for early stage and start-up businesses, being delivered by local Authority teams and having been supported via Growth Hub funding and referral activity.
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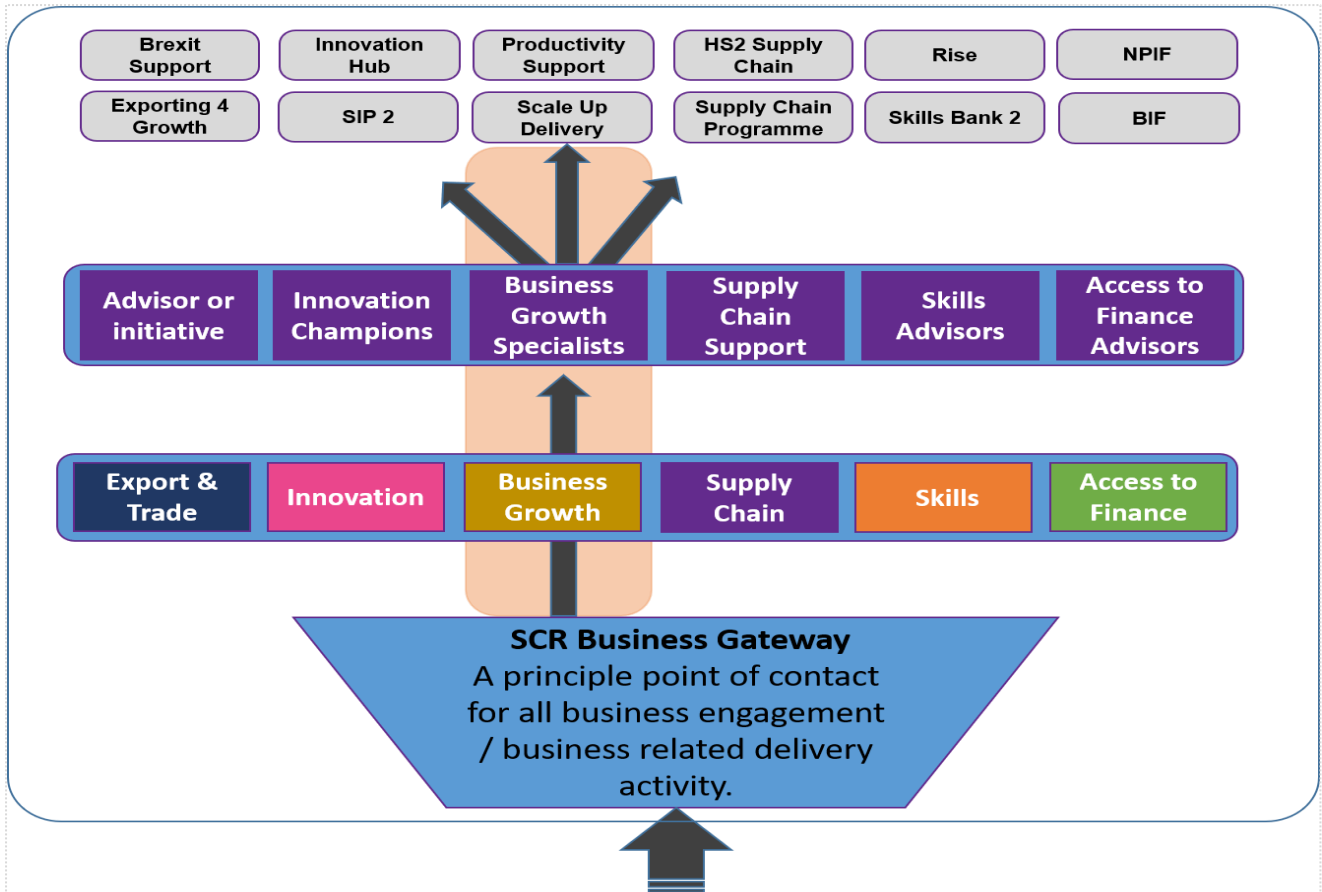
Scale Up Pilot project	A Scale Up project is due to launch on the 1 st of July which is being delivered by both Universities and the Growth Hub, will comprise of a cohort of high growth businesses and will receive intensive support over a three-month period of activity.
SME competitiveness	RISE
Trade and Investment	
Inward Investment	Working in partnership with the Department for International Trade and Local Authorities the SCR Invest Team continue to work to generate new investment leads for the SCR, both foreign and domestic. Foreign-owned investment successes for 18/19 have been positive considering the challenging and uncertain environment with 40 project successes likely to be confirmed ¹ . This is on a par to the previous financial year. New job creation as a direct result of new investment projects continues to be around the 1,000 target.
Foreign Owned Business KAM project	In partnership with the Department of International Trade, the SCR is supporting the delivery of a small-scale Foreign Owned Key Account Management pilot programme. This programme is working with foreign owned businesses across our region to support and accelerate their expansion and growth. To date around 30 projects are being actively managed, with 9 project successes recorded with DIT
Institutional Investor Engagement & International Brand	In partnership with the Department of International Trade and scale up of Northern Powerhouse brand promotion a series of investor engagements are proposed. Designed to target and build relationships with institutional investors and nurture existing City Region investors for continued regeneration and economic growth. The programme of engagement includes Trade Events, Trade Missions, DSK visits, Investor Receptions and Premier Missions, where investable opportunity, the vision of the SCR's Global Innovation Corridor and differentiators for choosing to invest and locate in the City Region are promoted.
Export	Support referrals continue to be made across the partnership including to the Department for International Trade and Chambers of Commerce. The ERDF-funded Exporting for Growth Programme has to date supported an additional 211 businesses in the SCR to increase their export activity, directly creating 71 jobs
Overseas Market Development	The SCR Invest Team are now in the third and final year of a lead generation contract with OCO. For the first two years the focus for OCO, on behalf of SCR, was identifying new investment leads from companies based in North America that expressed an interest in locating in the UK. The final year of the contract has changed focus to target investment leads for the city region from those companies that initially invested in London or the South East and are now looking for their next step. The targets for the final year of the contract are at least 10 qualified investment leads, which results in at least 4 site visits to the region.
Developing New Markets	Civic and Trade Shows. Undertaking high profile visits, aligned to trade missions where possible, to develop civic relationships in our target overseas markets e.g. China and India Civic and Trade Show
Business Investment	

<p>Business Investment Fund (BIF)</p>	<p>The Business Investment Fund is an £52m SCR Local Growth Fund Scheme supporting inward investment and indigenous businesses to create growth and employment.</p> <p>In March the LEP Board approved the creation of two sub categories within the BIF – Productivity Challenge and Made Smarter. These will provide financial investment between £25k and £100k to business to support projects that improve company productivity and support the adoption of industrial digital technologies.</p>
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¹ Official figures will be confirmed by the Department for International Trade in July 2019

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Appendix 2



Appendix 3 Business Growth in SCR – Recent Economic Performance

1. As a region SCR has already achieved 50% of our target to create 70,000 new jobs by 2023¹; forecasts show an upward trajectory for more highly skilled occupations and a decline in occupations requiring lower skill levels. However, this significant jobs growth still resulted in a workforce generally lower-waged than comparator regions, and with lower productivity per job.
2. The City Region has matched the % growth rate in UK GVA, however the gap has remained consistent over time and productivity is almost £5,000 lower in SCR than the UK average. If GVA per head was the same as the UK average the SCR economy would be £9.2 billion larger, with a knock-on effect on wages and living conditions.
3. With more than 67,000 “local units of enterprise” in 2018, the number of businesses in SCR had grown by 16% since 2014². However, the private-to-public sector employment ratio in SCR is still much lower than the national average. With an overarching need for more businesses; there is a potential “gap” based on business density and a lack of concentration of key industries.
4. The SCR and individual local authority areas demonstrate lower levels of entrepreneurship than the UK average. Although 5-year business survival rates are comparable to the national average and there is evidence of some high growth established businesses, the overall rate of scale-up is below that of most comparator regions and 98% of firms in SCR are SMEs.
5. Manufacturing sector is a historic regional strength but rate of GVA growth not matching national increases. Business services, professional, scientific and technical % growth is higher than average but from a comparatively weak starting point.
6. Some growth areas in the region are those of traditionally lower pay i.e. wholesale and retail trade; repair of motor vehicles and motorcycles; administrative and support services; health and logistics, although well paid jobs do exist particularly in the latter two sectors.
7. SCR has seen jobs growth and some clustering in specialised sub-sectors such as materials, engineering, specialised construction, civil engineering and digital; however, these are not yet strongly embedded.
8. There is little SCR-specific data available regarding investment markets, though anecdotally a perceived gap in growth finance for early stage, higher risk business development. Yorkshire & Humber has estimated 8% of UK high growth business, but circa 3% of UK equity investment. At Local Authority level, Sheffield City has important equity clusters, ranking 20th in England.³
9. Uncertainty around UK’s impending departure from the European Union has impacted upon SCR business confidence, and investment from both indigenous and inward investors has notably slowed over the past 12 months.
10. Brexit could impact upon inward investment and exporting in a negative manner (e.g. scale and relationships with existing export and investment origin countries) or a positive way (such as seeking further investors and trade opportunities in faster growing developing nations).
11. Exporting is highly important to productivity, international profile and the strength of the region’s business base. There are generally low levels of goods and service exporting in SCR (£5bn per

¹ Metro Dynamics 2017

² ONS 2018

³ Beauhurst report for British Business Bank 2017

year), however the region's manufacturing sector demonstrates notable strengths (accounting for 40% of our total goods exports).

12. The region's existing key export markets include the EU (57% of SCR trade value) and USA. and many growing markets e.g. China and India although from a much lower base.
13. Existing and forthcoming inward investment is a crucial element of SCR's economic development for job creation, supply chain development and overall economic resilience. Germany, USA and China are the source of the majority of inward investment projects.
14. SCR has multiple assets to promote to potential inward investors and encourage existing FDIs to further invest. A central location, high quality research, skilled workforce, quality of life and strong transport links including Doncaster Sheffield Airport with growing international connectivity.
15. Possessing significant research and innovation assets lead primarily by the two universities, SCR's overall level of Research & Development investment nevertheless lags behind comparator regions. This impacts upon productivity, the capacity to grow innovative firms, develop human capital and maximise the beneficial impact to the region of our key institutions.
16. Innovation expenditure in SCR is approximately 1% of current GVA output, compared to a UK average of 1.6%. Central government's ambition is a national target of 2.4% by 2027, highlighting the significant increase required. The City Region demonstrates a particularly low proportion of private sector investment in R&D, compared to government and higher education. SCR businesses would need to double their investment in innovation from an estimated £105 million to £210 million to achieve Government's target⁴.

⁴ ONS (2018)

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Appendix 3 Business Growth in SCR – Recent Economic Performance

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7. SCR has seen jobs growth and some clustering in specialised sub-sectors such as materials, engineering, specialised construction, civil engineering and digital; however, these are not yet strongly embedded.
8. There is little SCR-specific data available regarding investment markets, though anecdotally a perceived gap in growth finance for early stage, higher risk business development. Yorkshire &

¹ Metro Dynamics 2017

² ONS 2018

Humber has estimated 8% of UK high growth business, but circa 3% of UK equity investment. At Local Authority level, Sheffield City has important equity clusters, ranking 20th in England.³

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11. Exporting is highly important to productivity, international profile and the strength of the region's business base. There are generally low levels of goods and service exporting in SCR (£5bn per year), however the region's manufacturing sector demonstrates notable strengths (accounting for 40% of our total goods exports).
12. The region's existing key export markets include the EU (57% of SCR trade value) and USA. and many growing markets e.g. China and India although from a much lower base.
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³ Beauhurst report for British Business Bank 2017

⁴ ONS (2018)

BUSINESS GROWTH BOARD

 17th July 2019

Business Investment Fund - Paper 1 – Background
Purpose of Report

This paper is to brief Executive Board members on the background and performance to date of Sheffield City Region's Business Investment Fund.

Thematic Priority

Ensure new businesses receive the support they need to flourish.
 Facilitate and proactively support growth amongst existing firms.

Freedom of Information and Schedule 12A of the Local Government Act 1972

This paper will be available under the Combined Authority Publication Scheme.

Recommendations

Business Growth Board members are asked to consider:

1. The background to the Fund and its performance to date.
2. Meeting outside of the 8-week cycle in order to take decisions on the projects deferred at this meeting awaiting additional information and any other projects that may arise in the intervening period on an exceptional basis or as an ongoing arrangement.

1. Introduction

- 1.1 This paper sets out the background to the Business Investment Fund and provides the context to two further papers seeking approvals to the BIF fund and the Made Smarter / Productivity fund.
- 1.2 Approved by the Combined Authority in June 2015, the Business Investment Fund is an up to £52million SCR Local Growth Fund Scheme to:
 - i. support investment in indigenous companies where there is a demonstrable case for grant
 - ii. support significant inward investment into the Sheffield City Region.
- 1.3 The Business Investment Fund supports both inward investment and indigenous companies to deliver the maximum benefit of economic activity and growth at the lowest net cost to the public purse. SCR reports on jobs created, safeguarded and private sector investment levered as a consequence of BIF support.

2. Proposal and justification

- 2.1 To the end of Q1 2019/20 the Business Investment Fund has:
- supported 55 companies,
 - created 1,625 jobs,
 - safeguarded 721 jobs,
 - levered over £49m in private investment.
- 2.2 For indigenous applications, BIF has to date been positioned as a gap fund, with business applicants required to demonstrate how other sources of finance have not been able to fully support their development.
- 2.3 Grants to support inward investment are considered on the basis of regional economic impact and cases are usually presented by the relevant Local Authority. Any BIF investment is made on the understanding that 50% will be “repaid” from a future business rate uplift (or otherwise) by the relevant Local Authority, the terms of this repayment must be agreed at the time of the grant being submitted for approval. Exceptions being when business rates uplift will not occur, or if the development is located within an Enterprise Zone.
- 2.4 In March the LEP Board approved the creation of two new categories within the Business Investment Fund – Productivity Challenge and Made Smarter. With these new categories we were able to operate a time-limited competitive call and more proactively encourage relevant indigenous SMEs to apply for capital investment in support of their productivity or digital innovation projects. Those applications will be considered at this meeting.
- 2.5 Whilst there is no formal separate allocation within the BIF programme, £1million has been earmarked for each of the categories. SCR businesses could apply for funding in the range of £25k to £100k for the Productivity Challenge and £25k to £50k for Made Smarter. SCR may invest to a maximum 50% of project costs and businesses must provide match funding. The grant must be invested within 6 months of approval and supported projects must demonstrate the business benefit and not result in jobs reduction. The competitive nature of the process has been emphasised.
- 2.5 Under the revised LEP Board and MCA governance arrangements which came into effect on 1st April 2019, the Business Growth Board has delegated authority to consider and approve projects up to £2million. Applications of £2million plus must be considered by the Combined Authority.
- 2.6 Projects are independently appraised under the SCR assurance model and recommendations brought to the Executive Board or MCA for consideration. This appraisal includes the standard LGF considerations such as value for money, risk, private sector leverage.
- 2.7 As part of the Local Growth Fund, all disbursements under BIF are required to be made by 31st March 2021. The Fund is nearing full commitment and any new applications must be able to prove their ability to complete within this timescale.
- 2.8 Applications for the Business Investment Fund are received on an ongoing basis. The BIF Productivity Challenge and Made Smarter have been promoted as a time bound call for projects. Some applicants for the Made Smarter and Productivity Challenge have not provided enough detail particularly on the outcomes of their project and it is not possible therefore to conclude the value for money assessment. We are confident that it will be possible to obtain additional information within a short time frame.

Board members are therefore asked to consider meeting outside of the 8-week cycle in order to take decisions on the projects deferred at this meeting awaiting additional information and any other projects that may arise in the intervening period on an exceptional basis or as an ongoing arrangement.

3. Consideration of alternative approaches

- 3.1 Revised governance and assurance processes have only recently been approved by the MCA and LEP therefore it is not proposed to make any amendments to the BIF programme as it nears full commitment.
- 3.2 External specialist consultancy will be sought for appraisal on a case-by-case basis from the CIAT consultancy framework. This could be more expensive and require more time than the previous approach.
- 3.3 The appraisal of BIF cases could be wholly sub-contracted; however, this would not meet the SCR governance requirements.

4. Implications

4.1 Financial

There are no direct financial implications arising from this paper.

4.2 Legal

There are no direct legal implications arising from this paper.

4.3 Risk Management

As with all LGF projects, specially-close management of the current BIF pipeline is required to ensure that projects are able to deliver within the ever-shrinking timescales before March 2021.

4.4 Equality, Diversity and Social Inclusion

By increasing profitability the applicant organisations may safeguard current roles and are creating new jobs which supports more opportunities for residents within the SCR area. BIF aids businesses in improving productivity and enabling them to be more competitive; securing jobs creating new employment and helping to reduce social exclusion. Conditions of grant can include working with local suppliers and committing to apprenticeships, seeking to redress the equality and diversity issues facing business within the SCR by promoting skills and employment opportunities

5. Communications

- 5.1 There are no direct communications implications arising from this paper.

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BUSINESS GROWTH BOARD

17th July 2019

Business Investment Fund Approvals

Purpose of Report

This paper requests approval for 4 schemes with a total value over all years of £488,252 and seeks delegated authority be given to the Head of Paid Service in consultation with the S73 and Monitoring Officer to enter into legal agreements for the schemes.

Thematic Priority

Ensure new businesses receive the support they need to flourish.
 Facilitate and proactively support growth amongst existing firms.

Freedom of Information and Schedule 12A of the Local Government Act 1972

This paper will be available under the Combined Authority Publication Scheme however, appendix E is exempt from publication under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Recommendations

Business Growth Board members are asked to consider and approve:

1. Award of £121k grant to Company 99 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix A
 2. Award of £100k grant to Company 100 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix B
 3. Award of £100k grant to Company 101 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix C
 4. Award of £167,252k grant to Company 102 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix D
- NB – Appendix E which is exempt from publication reiterates information provided in Appendices A to D but includes reference to the individual companies seeking funding
5. Delegated authority be given to the Head of Paid Service in consultation with the S73 and Monitoring Officer to enter into legal agreements for the schemes covered in 1-4 above

1. Introduction

- 1.1 The LEP Board and MCA have approved revised governance arrangements and associated constitution with delegated approval authority for projects below £2m which came into effect on 1st April 2019. The Business Growth Board will consider projects below the £2m LGF threshold including the Business Investment Fund (BIF). This paper seeks approval for four BIF projects totalling £488,252 and securing 60 jobs as set out in Appendices A-D.

2. Proposal and justification

- 2.1 Company 99** is seeking a grant of £121,000 to support a £1,200,000 project to relocate into the SCR. The company, headquartered in the South East and operating in the security sector, requires larger and higher specification premises.

The move would create a Northern hub for the company and result in 35 jobs which equates to a cost per job of £3,474. On this basis, the LGF investment will offer good value for money.

Appendix A provides a summary of project appraisal and the suggested conditions of award.

- 2.2 Company 100** is a Rotherham based company seeking a grant of 100k to support a £300k project to secure the development of innovation new software. The company operates in the IT sector and is seeking BIF investment to secure additional resources for R&D.

The investment will create 9 new jobs which equates to a cost per job of £11,758. On this basis, the LGF investment will offer good value for money.

Appendix B provides a summary of project appraisal and the suggested conditions of award.

- 2.3 Company 101** is a Sheffield based manufacturing company seeking a grant of £100k to support a £1,606,000 project. In response to securing a significant contract the company needs more production space which will be satisfied at a temporary site initially with later investment in existing production sites.

The investment will create 10 new jobs which equates to a cost per job of £10,288. On this basis, the LGF investment will offer good value for money.

Appendix C provides a summary of project appraisal and the suggested conditions of award.

- 2.4 Company 102** is a Barnsley based company seeking a grant of £167,252 towards a new £445,572 project towards a new production line facility, equipment and internal building works to support installation. The innovative company operates in the textiles sector. The equipment will double output and ensure continuous production runs.

The investment will create 6 new jobs which equates to a cost per job of £25,810. On this basis, the LGF investment will offer good value for money.

Appendix D provides a summary of project appraisal and the suggested conditions of award.

3. Consideration of alternative approaches

- 3.1** These BIF projects were appraised in line with the new appraisals arrangements agreed through the SCR governance review.
- 3.2** As the Local Growth Fund draws to its conclusion the Business Growth Board will want to evaluate the impact of the Business Investment Fund to inform the design of future business finance programmes.

4. Implications

4.1 Financial

The four projects applying for BIF are seeking a total of £488,252 which would be invested by the end of March 2021.

4.2 Legal

All approvals will be subject to a standard funding agreement, to include any scheme specific conditions as appropriate. These will be issued and managed by the SCR MCA in accordance with the approved terms and conditions.

4.3 Risk Management

All grant recipients' agreements have contractual milestones and performance reviews as standard clauses. These form the basis of robust project management and are reviewed on a monthly basis. Underperforming projects will be subject to clawback.

4.4 Equality, Diversity and Social Inclusion

By increasing profitability the applicant organisations may safeguard current roles and are creating new jobs which supports more opportunities for residents within the SCR area. Conditions of grant can include working with local suppliers and delivering apprenticeships.

5. Communications

5.1 Proactive communications materials will be released, including an online news story, social media and a press release, following the Business Growth Board meeting. There may also be opportunities to use businesses who have received these grants as case studies for future communications work.

6. Appendices/Annexes

Appendix A Company 99 Appraisal Panel Summary Table
Appendix B Company 100 Appraisal Panel Summary Table
Appendix C Company 101 Appraisal Panel Summary Table
Appendix D Company 102 Appraisal Panel Summary Table
Appendix E Company Information (Exempt Paper)

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

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Appraisal Panel Summary**Scheme Details**

Project Name	Business Investment Fund		
Grant Recipient	Company 099, Barnsley		
SCR Executive Board	BGB	SCR Funding	£121,000
% SCR Allocation	10.1%	Total Scheme Cost	£1,200,000

Appraisal Summary

Project Description
Company 099 is a national security company operating in the UK and Europe headquartered in the South East, with offices in a number of UK locations. The company is looking to expand and requires larger and improved premises in the North.
Strategic Case
Company 099 is seeking BIF investment to support the refurbishment of a new property to comply with new standards for the sector. Currently based in the North but outside the SCR, this project will support the creation of a Northern hub for the Company.
Value for Money (Economic Case)
The scheme is estimated to deliver 35 net additional jobs which equates to an estimated net public sector (LGF) cost per job of £3,474. On this basis, the LGF investment will offer good value for money. The net present value of the GVA impact over ten years is estimated to be £6.1m. This represents a return of £52.32 for every £1 of LGF investment. There is potential that the scheme could progress without SCR investment and Board Members are asked to consider this when reaching an investment decision.
Financial Assessment
Financial performance has declined in the last 3 years, both in terms of sales and profit in part due to the subdued climate for business capital investment. The Company views the new premises as key to improving profits by enabling expansion into growing markets. The Company is considered low financial risk.
Commercial Case (inc. Risk)
Risks around the refurbishment of the new premises will need to be managed. There is a risk that key staff might not be prepared to move with the business and they may struggle to find suitably skilled staff in their new location.
Delivery
There will be a Project Manager leading the project and a detailed plan has been provided. The company has experience in delivering such schemes. Most of the spending is completed by March 2020 which allows for slippage without impacting LGF deadlines.

Legal (inc. State Aid)

Project costs as described in this proposal appear eligible under the terms of Article 14 Regional Investment Aid GBER 651/2014 and the proposed grant is within the 20% intervention threshold for a medium sized company in an assisted area. None of the costs constitute operating aid (Article 15) nor is the firm regarded as being an undertaking in difficulty (Article 2 section 18). The project satisfies the requirement for 'incentive effect' as defined in Article 6, with an application submitted prior to commencement of the project.

Recommendation and Conditions

Recommendation	Full grant award
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <ol style="list-style-type: none">1. Formal confirmation that all other funding required (including bank loan) to deliver the project is in place and that there are no onerous conditions.2. Agree appropriately detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.3. Submission of final costings for the project and confirmation of which activities LGF will support. <p>The conditions above should be fully satisfied by 14th August 2019. Failure to do so could lead to the withdrawal of approval.</p> <p><i>The following conditions must be satisfied before drawdown of funding.</i></p> <ol style="list-style-type: none">4. Formal confirmation that, if applicable, planning permission and all relevant statutory requirements for the scheme are in place and have been satisfied.5. Submission of evidence of Board approval for the scheme6. Formal confirmation of commitment to address any cost overruns (without recourse for further LGF support) without unduly compromising project outputs and outcomes. <p>The following conditions must be included in the contract</p> <ol style="list-style-type: none">7. Clawback on outputs.	

Appraisal Panel Summary

Scheme Details

Project Name	Business Investment Fund		
Grant Recipient	Company Ref 100, Rotherham		
SCR Executive Board	BGB	SCR Funding	100k
% SCR Allocation	33.3%	Total Scheme Cost	300k

Appraisal Summary

Project Description
Company 100 is a Rotherham based IT company seeking to expand rapidly through the development of innovation new software. It is seeking BIF investment to secure additional resources for R&D to be able reduce the time taken to bring new apps specialist apps to the business market. Investment in development is key to the Company's long-term viability.
Strategic Case
Company 100 is seeking to accelerate the development of new software in order to exploit the market opportunity. Delaying investment would mean that competitors would likely take advantage of the opportunity and there is a risk that the company would lose existing customers.
Value for Money (Economic Case)
The project is estimated to deliver 9 net additional jobs which equates to an estimated net public sector (LGF) cost per job of £11,758. On this basis, the LGF investment will offer good value for money. The net present value of the GVA impact over ten years is estimated to be £4.2m. This represents a return of £43.75 for every £1 of LGF investment.
Financial Assessment
BIF would be providing one third of the total project cost. The remainder would come from existing cash and a loan. The business has shown good profits in recent years.
Commercial Case (inc. Risk)
There is a risk of cost/time overrun which would need to be managed by the company. Finding suitably qualified staff is a risk. The company has a plan in place to reduce/mitigate risk.
Delivery
Having undertaken similar activities in the past the applicant has experience in successfully delivering this type of project. The project is forecast to deliver within the timeframes required by LGF.
Legal (inc. State Aid)
Project costs as described in this proposal appear eligible under the terms of Article 25 GBER 651/2014. Project activity constitutes Experimental Development and the proposed grant is within the 45% intervention threshold for a small company.

None of the costs constitute operating aid (Article 15) nor is the firm regarded as being an undertaking in difficulty (Article 2 section 18). The project satisfies the requirement for 'incentive effect' as defined in Article 6, with an application submitted prior to commencement of the project.

Recommendation and Conditions

Recommendation	Full grant award
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <ol style="list-style-type: none"> 1. Formal confirmation that all other funding (including bank and pension fund) required to deliver the project is in place. 2. Agree appropriately detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported. 3. Final signed off accounts to be provided for period ended 30/11/2018 and not to be materially different to the management accounts provided <p>The conditions above should be fully satisfied by 14th August 2019. Failure to do so could lead to the withdrawal of approval.</p> <p><i>The following conditions must be satisfied before drawdown of funding.</i></p> <ol style="list-style-type: none"> 4. Submission of a copy of any loan agreement, relevant to this project, including the terms and conditions. 5. Submission of evidence of Board approval for the scheme 6. Formal confirmation of commitment to address any cost overruns (without recourse for further LGF support) without unduly compromising project outputs and outcomes. <p>The following conditions must be included in the contract</p> <ol style="list-style-type: none"> 7. Clawback on outputs only 8. Covenant for company not to repay loan to director during contract period 	

Appraisal Panel Summary

Scheme Details

Project Name	Business Investment Fund		
Grant Recipient	Company Ref 101, Sheffield		
SCR Executive Board	BGB	SCR Funding	£100k
% SCR Allocation	6%	Total Scheme Cost	£1,606,000

Appraisal Summary

Project Description
Company 101 is a Sheffield based manufacturing company. Following the award of a significant new contract, which is forecast to increase sales by 40%, the Company needs to rapidly increase its production capacity and requires additional space.
Strategic Case
Company 101 is seeking BIF investment to support capital expenditure required to increase manufacturing capacity through additional space. In the short-term expansion will be facilitated at a temporary site to be able to respond to the time lines associated with the new contract. Longer term the company plans expansion of their existing Sheffield sites.
Value for Money (Economic Case)
The scheme is estimated to deliver 10 net additional jobs which equates to an estimated net public sector (LGF) cost per job of £10,288. On this basis, the LGF investment will offer good value for money. The net present value of the GVA impact over ten years is estimated to be £3.3m. This represents a return of £34.03 for every £1 of LGF investment.
Financial Assessment
The business is established and profitable and there has been steady growth in recent years. The BIF contribution represents 6% of the project costs with the remainder of the finance funded through a mixture of sources.
Commercial Case (inc. Risk)
The main identified risk relates to the Company being in a position to manufacture the product for the new order which could be impacted by availability of a temporary space and power supply.
Delivery
Production is due to commence in August, so timescales are short. The project is being overseen by the Directors of the business and the milestone dates provided do not leave room for error. However, all BIF funds should be spent comfortably before end of the programme.
Legal (inc. State Aid)
Project costs as described in this proposal appear eligible under the terms of Article 14 Regional Investment Aid GBER 651/2014 and the proposed grant is within the 20% intervention threshold for a medium sized company in an assisted area. None of the costs constitute operating aid (Article 15) nor is the firm regarded as being an undertaking in difficulty (Article 2, section 18). The project

satisfies the requirement for 'incentive effect' as defined in Article 6, with an application submitted to commencement of the project.

Recommendation and Conditions

Recommendation	Full grant award
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <ol style="list-style-type: none"> 1. Formal confirmation that all other funding required (including bank and pension fund) to deliver the project is in place. 2. Agree appropriately detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported. <p>The conditions above should be fully satisfied by 14th August 2019. Failure to do so could lead to the withdrawal of approval.</p> <p><i>The following conditions must be satisfied before drawdown of funding.</i></p> <ol style="list-style-type: none"> 3. Submission of a copy of any loan agreement, relevant to this project, including the terms and conditions. 4. Confirmation that contract specified in the application is in place 5. Submission of lease for temporary building and confirmation there is sufficient electrical power 6. Formal confirmation that, if applicable, planning permission and all relevant statutory requirements for the scheme are in place and have been satisfied. 7. Submission of evidence of Board approval for the scheme 8. Formal confirmation of commitment to address any cost overruns (without recourse for further LGF support) without unduly compromising project outputs and outcomes. <p><i>The following conditions must be included in the contract</i></p> <ol style="list-style-type: none"> 9. Clawback on outputs only, guaranteed by parent company, where applicable, 10. Directors loans not to be reduced during the contract period (ongoing condition) 	

Appraisal Panel Summary

Scheme Details

Project Name	Business Investment Fund		
Grant Recipient	Company Ref 102, Barnsley		
SCR Executive Board		SCR Funding	£167,252
% SCR Allocation	38%	Total Scheme Cost	£445,572

Appraisal Summary

Project Description
Company 102 is an innovative company operating in the textiles sector. The company is experiencing a significant increase in demand for prototyping and small production runs including from international customers. The company needs to expand its production capacity in order to keep up with demand.
Strategic Case
Company 102 is seeking a BIF grant of £167,252 towards a new 'state of the art' production line facility, related equipment and internal build works to support installation. The equipment will double the current output and will ensure that production can continue if one line is not working.
Value for Money (Economic Case)
The scheme is estimated to deliver 6 new additional jobs which equates to an estimated net public sector (LGF) cost per job of £25,810. On this basis, the LGF investment will offer good value for money. The net present value of the GVA impact over ten years is estimated to be £2.2m. This represents a return of £13.52 for every £1 of LGF investment.
Financial Assessment
The company started trading in 2017 and has experienced rapid growth due to the innovative nature of their products. The Company is forecasting significant further growth related to additional sales. The company has confirmed the sources of finance required for the project.
Commercial Case (inc. Risk)
There is some risk related to confirmation of new orders. Other risks include finding the right staff and getting equipment in place.
Delivery
Delivery appears uncomplicated, although takes until Q2 2020/21 to complete, mainly due to lead times. The management team that established this business and created the new innovative technology will lead the project.
Legal (inc. State Aid)
Project costs as described in this proposal appear eligible under the terms of Article 14 Regional Investment Aid GBER 651/2014. The maximum grant is within the 30% intervention threshold. None of the costs constitute operating aid (Article 15) nor is the firm regarded as being an undertaking in difficulty (Article 2, section 18). Grant for additional equipment which was received under the

Productivity Challenge call could be awarded under de minimis regulation. The project satisfies the requirement for 'incentive effect' as defined in Article 6, with an application submitted prior to commencement of the project.

Recommendation and Conditions

Recommendation	Full grant award
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <ol style="list-style-type: none"> 1. Formal confirmation that all other funding approvals required to deliver the project are in place. 2. Agree appropriately detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported. 3. Provision of accounts for associated business named in the application to ensure management charge is proportionate 4. Confirmation of orders received from key customer to ensure new equipment is utilised <p>The conditions above should be fully satisfied by 14th August 2019. Failure to do so could lead to the withdrawal of approval.</p> <p><i>The following conditions must be satisfied before drawdown of funding.</i></p> <ol style="list-style-type: none"> 5. Submission of a copy any loan agreement, relevant to this project, including the terms and conditions. 6. Submission of evidence of Board approval for the scheme. 7. Formal confirmation of commitment to address any cost overruns (without recourse for further LGF support) without unduly compromising project outputs and outcomes. <p>The following conditions must be included in the contract</p> <ol style="list-style-type: none"> 8. Clawback on outputs only, guaranteed by the associated business named in the application. 	

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

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