

Public Document Pack



Tuesday, 15 October 2019

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

You are invited to a meeting of the Sheffield City Regional Mayoral Combined Authority to be held at **11 Broad Street West, Sheffield S1 2BQ**, on: **Wednesday, 23 October 2019** at **10.00 am** for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink, appearing to read "D. Smith".

Dr Dave Smith
Chief Executive

Member Distribution

Councillor Sir Steve Houghton CBE (Co-Chair)
Neil MacDonald (Co-Chair)

Lucy Nickson

Councillor Denise Lelliott
Councillor Bill Mordue
Councillor Mazher Iqbal
Sharon Kemp
Dr Ruth Adams

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

SCR - Business Growth Board

Wednesday, 23 October 2019 at 10.00 am

Venue: 11 Broad Street West, Sheffield S1 2BQ



Agenda

| Agenda Ref No | Subject | Lead | Page |
|--|---|----------------------|-----------|
| 1. | Welcome and Apologies | Mr Neil MacDonald | |
| 2. | Declarations of Interest by individual Members in relation to any item of business on the agenda Declarations of Interest by individual Members in relation to any item of business on the agenda. | Mr Neil MacDonald | |
| 3. | Urgent items / Announcements | Mr Neil MacDonald | |
| 4. | Public Questions of Key Decisions | Mr Neil MacDonald | |
| 5. | Minutes of the Previous Meeting | Mr Neil MacDonald | 5 - 8 |
| 6. | Matters Arising | Dr R Adams | 9 - 10 |
| 7. | Strategic Economic Plan | Mr Felix Kumi-Ampofo | 11 - 38 |
| 8. | Business Investment Fund | Dr R Adams | 39 - 98 |
| 9. | Neutral Vendor Framework Acceptance | Mr David Grimes | 99 - 102 |
| 10. | Forward Plan | Dr R Adams | 103 - 104 |
| 11. | Any Other Business <ul style="list-style-type: none">Project Chorus – Inward Investment | Mr Neil MacDonald | |
| Date of next meeting: Tuesday, 7 January 2020 at 1.00 pm At: 11 Broad Street West, Sheffield S1 2BQ | | | |

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SCR - BUSINESS GROWTH BOARD

MINUTES OF THE MEETING HELD ON:

WEDNESDAY, 28 AUGUST 2019 AT 10.00 AM

11 BROAD STREET WEST, SHEFFIELD S1 2BQ



Present:

| | |
|--|---------------------------------|
| Councillor Sir Steve Houghton CBE (Co-Chair) | Barnsley MBC |
| Neil MacDonald (Co-Chair) | Private Sector LEP Board Member |
| Councillor Denise Lelliott | Rotherham MBC |
| Sharon Kemp | Rotherham MBC |
| Dr Ruth Adams | SCR Executive Team |

Officers in Attendance:

| | | |
|----------------------------|--------------------------------|-----------------------|
| Melanie Dei-Rossi | Assistant Director - Programme | SCR Executive Team |
| Jonathan Guest | | Sheffield City Region |
| Paul Johnson | Senior Policy Manager | SCR Executive Team |
| Craig Tyler (Minute Taker) | | |

Apologies:

| | |
|--------------|---------------------------------|
| Lucy Nickson | Private Sector LEP Board Member |
|--------------|---------------------------------|

1 Welcome and Apologies

Members' apologies were noted as above.

It was noted written representations in relation to the proposed recommendations had been received in advance of the meeting from Lucy, and Lucy would therefore be included in the quoracy calculation.

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

None.

3 Urgent items / Announcements

None.

4 Public Questions of Key Decisions

None received.

5 Matters Arising

A precis of matters arising from the previous meeting was provided for information.

6 Minutes of the Previous Meeting

The minutes of the previous meeting held on Wednesday 17th July were agreed to be an accurate record and approved for signing by the representative of the Head of Paid Service.

7 Business Growth Overview

A paper and accompanying presentation were received to provide an overview of the current economic landscape in Sheffield City Region and the emerging evidence to structure future priorities/activities in SCR in business growth, to be encapsulated within the Strategic Economic Plan (SEP) and Local Industrial Strategy (LIS)

Information was received to explain the process and timescales for development. It was noted the SEP and LIS are scheduled for publication in December 2019 but acknowledged there are a number of factors that may affect this intention.

Members considered where it would be beneficial to co-ordinate strategic development work with neighbouring LEP areas on matters of mutual interest.

Comparisons were drawn between the SCR and other city regions (nationally and internationally), indicating where there may be opportunities to use the SEP and LIS to drive local productivity upwards. Consideration was given to what local factors need to be addressed to achieve our productivity ambition in relation to various sectors.

The meeting considered what may be identified as the drivers of productivity, including skills and investment in research and development.

The Board considered the importance of growth being 'inclusive' to ensure this genuinely translates into improving the lives of the SCR's residents. It was noted there is good practise evidence from other regions that could be utilised to inform this ambition.

Considering the proposed economic vision for the SCR, the Board agreed this shouldn't be unnecessarily vague or unachievable and must be focussed around tangible outcome measures such as 'what jobs will be delivered where' and 'what additional skills will be realised by when'. It was agreed more targeted metrics need to be developed in this area.

The Board requested that in taking this work forward, the outcome measures be formulated first and used to drive the determination of the policy measures.

Action: SCR officers to ensure the Board's comments are incorporated into further strategic economic development work.

RESOLVED - that the Board notes the summarised evidence base and the emerging areas for prioritisation, and requests that further work be more built around tangible outcome measures.

8 **Brexit**

A paper was received to outline the potential risks of a no-deal Brexit to the SCR economy.

It was noted the activities agreed by the LEP Board include the development and publication of a Brexit Toolkit for businesses to consider and evaluate their preparedness and seek additional support, active participation on the SCR Local Resilience Forum and, with other key local stakeholders, supporting businesses to collaborate on business intelligence, and lobbying civil servants on the importance of replacing European funding streams.

Consideration was given to what additional roles the SCR might be best placed to deliver to support local businesses through this process. It was acknowledged the local authorities and local Chambers of Commerce are more visible on Brexit than the SCR and proposed the SCR team might be best focussing its efforts on supporting their endeavours rather than duplicating activity.

It was suggested the SCR might be well placed to assist the Chambers of Commerce and local districts in providing additional support for certain sectors (ensuring any activities are based on appropriately robust market intelligence).

RESOLVED - that the Board notes the contents of the paper and agrees the merits of establishing an Economic Resilience Taskforce, subject to this being aligned with associated initiatives being led by the districts and Chambers of Commerce.

9 **Performance Dashboard**

A paper and accompanying performance dashboards were received to provide the Board with up to date performance information on all business growth programmes delivered by the SCR Executive on behalf of the LEP and MCA.

The performance dashboards considered the SCR Growth Hub and the Business Investment Fund (BIF).

Members considered the importance of aligning reporting information to the SCR's key outcome measures (as discussed at item 7).

Regarding the BIF report it was suggested the information could be presented broken-down by sector. However, it was suggested this would only be useful if it helps inform subsequent debate around how BIF investment has helped the SCR achieve its key outcome measures.

It was also suggested this reporting process could be used to assess the impact of concluded activities.

RESOLVED - that the Board notes the contents of the report.

10 **LGF Approvals**

RESOLVED, that the Board:

1. Approves the progression of Project 0098 to full approval and award of £619,000 subject to the conditions set out in the Board paper and associated annexes.
2. Delegates Authority to the Head of Paid Service, in conjunction with the Monitoring and Section 73 Officers, to enter into the contractual arrangements required as a result of the above approval.

11 **Forward Plan**

Presented for information.

12 **Any Other Business**

No further matters arising.

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 GROWTH BOARD

23rd October 2019

MATTERS ARISING

Purpose

This paper provides an update on matters arising from the previous meeting.

**Item
no.**

8. Brexit

Recommendation – That the Board notes the contents of the paper and agrees the merits of establishing an Economic Resilience Taskforce, subject to this being aligned with associated initiatives being led by the districts and Chambers of Commerce.

Update – meetings have commenced with LA and widening out of this network will continue

10. LGF Approvals - Scheme 0098

Negotiations on the contract are progressing but this is not yet concluded.

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Business Growth BOARD
 23rd October 2019
STRATEGIC ECONOMIC PLAN

Purpose of Report

This paper provides Board members with an update following the discussion at the last LEP Board which provided a steer on the vision and objectives for the emerging Strategic Economic Plan.

Members will be provided with an update on the vision, objectives and draft outcomes and emerging broad policy areas. The appendix provides an early view of the draft and informs a discussion of priorities for the economic plan.

Thematic Priority

This paper links to all thematic priorities and the eventual outputs will shape the thematic priorities in the future.

Freedom of Information

This paper will be made available under the MCA transparency scheme

Recommendations

That Board members:

- Note the revised vision and objectives agreed by the LEP (9th September 2019)
- Discuss the draft outcomes and emerging broad policies, and provide their input for the development of these in the draft SEP.

1. Introduction

- 1.1** The City Region is developing a new Economic Strategy for the region. The Strategic Economic Plan (SEP) will be a single overarching strategy which will set out the wider socio-economic aspirations and inclusive priorities for SCR over the medium to long term. This paper provides an update on the process and discussion of the vision, objectives and action areas proposed.

2. Proposal and justification

- 2.1** Following a presentation of the economic evidence base, the strategy development process has revised vision, objectives and broad policy areas following feedback from the LEP and thematic boards. The work to date will be presented to get further feedback and stimulate discussion on the future policy direction and priority areas for SCR and where the LEP/MCA can add most value and impact.

- 2.2** Board Members are invited to note the revised vision, objectives, discuss the draft outcomes and emerging broad policies, and provide their input for the development of these in the draft SEP.
- 2.3** An early draft economic strategy is attached to this paper and will facilitate discussion. Members will receive a presentation at the Board to explain the elements.
- 2.4** The emerging vision is focused on our “People” (all who live, work or visit SCR) and as such has been agreed as:

A growing, inclusive, & sustainable economy playing an ever-increasing role in future UK prosperity.

- 2.5** Innovation and creativity underpin the strategy and will drive how SCR design policy and what is delivered. Innovation is a process that delivers added value and change. However, the field of innovation is very broad. The ability to develop, commercialise and adopt new ideas is a priority for all high-performing organisations and places. Intense global competition and technological development have made innovation a source of competitive advantage. It is a primary reason economic growth may occur in one area and not another.
- 2.6** The strategic objectives in the SEP are framed around “Inclusion”, “Growth” and “Sustainability”:
- **Inclusion** reflects the realisation that economic growth is not beneficial unless all people have a fair opportunity to contribute and benefit from it.
 - **Growth** reflects the need to drive up prosperity by lifting productivity to improve the wellbeing of our people and businesses.
 - **Sustainability** (or rather environmental sustainability) reflects the urgent need to address concerning climatic and environmental challenges and create sustainable and attractive places for our people and businesses to thrive.

The draft business objectives link the above to our thematic areas, reflecting the current structure of the LEP boards. The work to date has highlighted a systemic approach and as such, the objectives link across to the vision and thus the strategic objectives.

- 2.7** A set of policies are proposed as ways in which the LEP and partners can make interventions to drive economic prosperity. The policy areas reflect a need for focused intervention but also to take account of the broadening agenda for LEPs.

3. Consideration of alternative approaches

- 3.1** There are no viable alternative propositions as the LEP/MCA has empowered the Thematic Boards to:
- Contribute to future policy development and priorities
 - Develop new programmes;

4. Implications

4.1 Financial

There are no financial implications to this paper.

4.2 Legal

There are no legal implications to this paper.

4.3 Risk Management

Through the development of programmes, appropriate risk measures will be put in place in line with the SCR Risk Management Programme.

4.4 Equality, Diversity and Social Inclusion

Inclusive growth is central to the agenda and the strategy considers all aspects of society to understand where opportunities are not available or where particular barriers are preventing residents from accessing opportunities. Further consideration of inclusion will occur through review from Sheffield Hallam's Centre for Regional Economic and Social Research.

5. Communications

5.1 All propositions developed by Thematic Boards to support the SEP / LIS will be communicated to and subject to agreement by the LEP / MCA to adopt the new policy. A communications plan underpins the work to develop the SEP and the LIS and specific work resulting from this. The SCR Corporate Communications plan will reflect agreed LEP, Mayoral and MCA priorities.

6. Appendices/Annexes

6.1 Appendix 1 – SEP Draft

| | |
|----------------------|---|
| REPORT AUTHOR | Jonathan Guest |
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| Officer responsible | Felix Kumi-Ampofo |
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| Telephone | T: 0114 220 3416 |

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:

- Strategic Economic Plan Evidence Base – 2019 (Summary Evidence Pack) and other relevant documents available on the website: <https://sheffieldcityregion.org.uk/explore/resources/>

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STRATEGIC ECONOMIC PLAN

Sheffield
City Region

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1. Vision
2. Successes
3. Lessons
4. Challenges and opportunities
5. Strategic Ambitions: 2040
6. Focus upon people
7. Delivering transformational change
8. Priorities:
 - Business growth,
 - Skills and employment,
 - Connectivity and infrastructure,
 - Quality of place

VISION

1. VISION

A growing, inclusive, and sustainable economy playing an ever-increasing role in future UK prosperity

– Focus on inclusion and people

- Whilst productivity has increased through the delivery of the first SEP, not everyone has benefited with pockets of deprivation, high unemployment and low skills/pay. This SEP needs to bring everyone along together and avoid leaving any individuals or communities behind

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Growth

- SCR is on track to meet many of the ambitions in the first SEP, but is performing less well than most other LEPs and the UK in economic performance. This SEP aims to achieve a step change in growth punching above its weight both nationally and globally through an innovation furnace that builds on its legacy and capitalises upon current and future opportunities

– Sustainability

- Climate change is happening and requires a major change in how we live, work and play. This SEP will help SCR transform to a low carbon economy, build its resilience to climate change and create sustainable places that improve the quality of place whilst maintaining local distinctiveness

PROGRESS TO DATE

2. SUCCESSES

- Exceeding performance anticipated in previous SEP
 - GVA growth has been twice as fast as planned, hitting the target of £35bn six years ahead of schedule, progress towards the job creation target is four years ahead of schedule, number of new businesses created has almost hit its 2024 target already
- Strong manufacturing industry and growing business base
 - More businesses since 2011 and a higher proportion of high growth businesses in SCR compared to other areas.
 - Manufacturing makes up a bigger proportion of the economy (12.1% of employment base) and is growing at a faster rate than the UK average
 - Global reputation for high precision engineering and high quality design - world-leading manufacturing and engineering companies: Rolls-Royce, Tata Steel, Siemens VAI, McLaren

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Academic research and R&D strengths

- Several areas of academic specialisation (e.g. health, metal and materials-related, engineering)
- Industry-leading examples of technical education delivery (e.g. UTCs); and private sector engagement with universities driving innovation.
- Strengths in nationally supported sectors including digital
 - High growth sectors (e.g. professional services, scientific & technical activities) becoming more embedded with almost 1,500 more firms in professional, scientific and technical sub-sector between 2011-2017.
 - The digital sector contains a group of high productivity, relatively high growth businesses with growth in productivity of 150% between 1997 and 2015
- Local, national and international connectivity
 - Geographically well-connected with recent local upgrades
 - Doncaster Sheffield airport integrated logistics hub
- Availability of affordable housing and valuable natural capital
 - Standard of living higher for middle-high earners than other northern cities

3. LESSONS

- Absolute GVA has increased since the first SEP was launched but UK gap remains the same. Productivity gap has widened.
- SCR needs economic not just productivity growth i.e. more jobs and more high skilled jobs

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Skills requirements of Industry 4.0 – need to respond, quickly;

- Mismatch in workforce supply and demand exacerbated by decreasing levels of age population participating in learning and training, and lack of progress in addressing education progression
- Levels of digital exclusion exceed the UK averages with Barnsley, Doncaster and Bolsover amongst the worst in the country
- Increasing recognition of the importance of places
 - Access to skilled workers, supply chain networks and supporting institutions crucial for investment. SCR’s strength of place and its locational economic advantages can be packaged into a compelling proposition.

4. CHALLENGES AND OPPORTUNITIES

| Challenges | Opportunities |
|--|--|
| <p data-bbox="92 654 131 773">Page 22</p> <ul style="list-style-type: none">• Low levels of productivity, innovation, entrepreneurship and R&D investment compared to other areas.• Several low productivity sectors are strong and dominating industries are predicted to decline.• Higher proportion than England average with no qualifications, lower proportion with higher skills and lower educational attainment• Low wage/skills industry dominates (1/3 of all employees, average wage 11% lower than England average) with the potential for employment to be replaced by automation• Hotspots of deprivation with poor health outcomes and high unemployment• Certain population groups remain disengaged from the labour market, for example ethnic minorities and female employees.• International trade and challenges with existing markets• Graduate retention issues.• Varied quality of living environment with polarised housing market• Digital and transport connectivity issues.• Poor air quality.• Climate change and potential for more frequent extreme weather events | <ul style="list-style-type: none">• Move into emerging industries (e.g. digital)• Better locally embed some sectors e.g. construction, transport, professional services and health• Build on academic excellence and links between academia and industry• Opportunities for new international markets• Potential for integrated logistics hub• Potential to build a higher standard of living for middle earners• Climate change and potential opportunities from transforming to a low carbon economy |

STRATEGIC AMBITIONS

5. STRATEGIC AMBITIONS - 2040

– GROWTH

- GVA and productivity growth will have increased to exceed the UK average with SCR's strengths achieving global excellence and recognition providing improved prosperity for people.

– INCLUSION

- All of SCR's people will have the opportunity to benefit from economic growth and access to education, training, jobs and services.

– SUSTAINABILITY

- SCR will be recognised and celebrated for its high quality, low carbon environment and distinctive quality places including access to green space, connectivity, housing and resilience to current and future climate threats

6. FOCUS UPON PEOPLE

- **People** start businesses, make decisions, research, up-skill, innovate, care and create opportunities.
- An increasing number of economic strategies are focused on “**People**”, showing a recognition of the most important driver of economic transformation:
 - Medellin in Colombia - Participation
 - Greater Manchester - GM’s public services.
- People will **be able to access more opportunities, be more prosperous, and enjoy the places they live, work and play in and interact with.**

7. DELIVERING TRANSFORMATIONAL CHANGE

Innovation

- **A shared pervading ethos:** all stakeholders working together to identify and exploit opportunities to innovate across SCR's economy, places and communities
- **Combined with disciplined approaches:** using, refining and continuously improving best practice for driving forward innovation, so innovation becomes our 'first nature'

Creativity

- **Daring to be different:** effective creative relationships generating new and novel opportunities via knowledge 'fusion' and cross-agency/sector/place collaboration, creating a broad and powerful culture
- **Active cross-overs:** increased creativity will create pervasive benefits both for innovation by business and social enterprises/non-profit activities contributing to a powerful local ecosystem

7.1 SPATIAL CONTEXT *(CURRENTLY BEING WORKED UP WITH LAs)*

Barnsley:

Barnsley's local distinctiveness stems from its historical character and culture, including its settlements and architecture. Barnsley's location means it is ideally placed to support sustainable economic growth and the sectors which will drive forward the regional economy. Barnsley future economy is evolving from the industrial past, adapting to economic change and meeting future needs.

Doncaster:

Doncaster is a metropolitan borough located in the heart of England. We have innovative businesses across a range of sectors, hard-working employees, an expanding skills sector, world class connectivity and a growing cultural scene. We have a great platform of success to build upon, and we are ready to go further and faster.

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Sheffield:

Sheffield is the core city at the heart of the Sheffield City Region and is a creative, inventive and energetic city. It is one of the UK's major city economies with internationally recognised, leading edge talents in manufacturing, engineering and design. The city will be known for its distinctive and high performing sectors.

Rotherham:

Rotherham is one of the most enterprising places in Britain and we will make Rotherham the go to place to start or grow a business, where entrepreneurs will flourish. World class businesses are already located in Rotherham alongside many home grown firms with world class reputations.

STRATEGIC PRIORITIES FOR DELIVERY

8. PRIORITIES FOR DELIVERY

Priority areas through which the identified challenges and opportunities will be address to achieve the overall vision:

- Business Growth

- Driving innovation and creativity to create the enabling conditions which will grow productivity, R&D investment, scale-ups, trade and exports to grow the economy and improve the well being of people.

- Skills and Employment

- Transforming the skills base at all levels, increasing employment particularly skilled, well-paid employment to deliver prosperity

- Connectivity and Infrastructure

- Digital and sustainable transport infrastructure and clean energy to transform to a low carbon economy

- Quality of place

- Quality built and natural environments in distinctive places, local culture and sport, access to green space and services supporting positive health and wellbeing outcomes

8.1 BUSINESS GROWTH

- Objective

- Business-driven investment in innovation, combined with academic-business R&D partnerships and open innovation consortia for key supply chains, will significantly increase R&D investment - assisting the transition to a highly productive economy by 2030

- Outcomes

- Economic and productivity growth
- Increased investment in R&D
- Skilled worker retention
- Increased exports
- Improved business and employment density

8.2 SKILLS AND EMPLOYMENT

- Objective

- By 2030 education and skill levels will lead to increased and higher paid employment, through focused interventions from school age through to adult education, leading to an increase in economic activity at all skill levels across SCR

- Outcomes

- Improvement in qualification levels in population
- Improved wage levels
- Higher share of higher-level occupations in labour market
- Better education progression and attainment rates
- Reduction in benefit claimant rates

8.3 CONNECTIVITY AND INFRASTRUCTURE

- Objective

- Transform connectivity and transition to a low carbon economy by improving sustainable transport, digital coverage and sustainable energy ensuring that everyone can access education, employment, leisure, health and other services and amenities within a clean energy environment by 2030

- Outcomes

- Reduction in car travel
- Increase active and public travel
- 5G and full fibre coverage
- Reduction in emissions

8.4 QUALITY OF PLACE

- Objective

- By 2030 SCR's cities, towns and rural areas will be recognised for their quality built and natural environments in distinctive places, with access to local culture and sport, green space and services supporting positive health and wellbeing outcomes

- Outcomes

- Reduced fuel poverty and homelessness rates
- Improved housing energy efficiency
- Improved urban centre vitality
- Improved air quality
- Enhanced natural capital
- Higher cultural and sport participation
- Improved visitor numbers

HOW OUR PRIORITIES INTERRELATE

| Inputs ↓ | Outputs → | Business growth | Skills and employment | Connectivity and Infrastructure | Quality of place |
|------------------------------|--|-----------------|--|--|---|
| Business growth | | | Growing businesses employ more people and provide demand for skills | Business growth in these areas enhances connectivity | Increases local buying power that helps to sustain local places |
| Skills and employment | Improved skills enable business growth | | | Improved skills enable growth in digital, energy and transport sectors | Increases local buying power that helps to sustain local places |
| Connectivity | Digital and transport connectivity and transformation to low carbon economy supports business growth | | Connectivity provides opportunities to access skills and employment and growth in this area provides skills and employment opportunities | | Improved connectivity enhances local places and facilitates more balanced housing markets |
| Quality of place | Quality places provide business advantage and attract high skilled workers, resilient business premises support growth | | Growth in this area provides skills and employment opportunities, resilient skills institutions employment premises sustain skills and employment growth | Low carbon energy developments facilitate new transport opportunities, green infrastructure contributes to active travel, resilient infrastructure keeps SCR running | |

METRICS

METRICS (1/2)

| Theme | Indicator / aim | Data source |
|---|--|----------------------------------|
| Overall | Productivity & GVA Growth | ONS GVA & Productivity Estimates |
| | Earnings Growth | ONS ASHE |
| | Carbon Emissions | TBC (ONS) |
| Connectivity and Digital Infrastructure | Public transport usage | Annual cordon counts |
| | Car usage is falling | DfT car miles data |
| | Active travel mode share | Census |
| | 5g and FF Broadband coverage | DCMS & Ofcom |
| Skills & employment | Employment growth | ONS |
| | Proportion of employees on low earnings | Annual Population Survey |
| | Proportion of employees in managerial professional occupations | Annual Population Survey |
| | Proportion of working-age population at NVQ3 and above | DfE admin data |
| | 'Attainment 8' scores | DfE admin data |
| | Proportion of workless households | Annual Population Survey |
| | Out-of-work benefits claimant rate | DWP Longitudinal Study |

METRICS (2/2)

| Theme | Indicator / aim | Data source |
|------------------|--|---|
| Quality of place | Domestic energy efficiency: proportion of EPC C rated homes | MHCLG domestic EPC register |
| | Air quality: no. designated Air Quality Management Areas (AQMAs) | Defra |
| | Participation in cultural activity | Active Lives Survey |
| | CO2 emissions | (tbc) |
| | Neighbourhood deprivation | Index of Multiple Deprivation |
| | Fuel poverty rate | BEIS sub-regional fuel poverty statistics |
| | Index of private rental costs | VOA admin data |
| | House price to earnings ratio | ONS combined data |
| | Statutory homelessness | Local Authority admin data |
| Business Growth | Labour productivity | ONS |
| | GVA growth per capita | ONS National Accounts |
| | Business birth and survival | HMRC admin data |
| | Highly Skilled People in Labour Market (& Graduate retention) | Annual Population Survey (& DLHE survey) |
| | R&D investment | BERD Survey (tbc) |

BUSINESS GROWTH BOARD

23rd October 2019

BUSINESS INVESTMENT FUND (BIF) APPROVALS

Purpose of Report

This paper requests approval for 14 Business Investment Fund schemes with a total value of £881,397 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.

Freedom of Information

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

Recommendations

Appraisal Panel members are asked to consider and recommend for approval:

1. Award of £96k grant to Company 28c subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix A
2. Award of £74k grant to Company 37c subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix B
3. Award of £50k grant to Company 38 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix C
4. Award of £30k grant to Company 42 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix D
5. Award of £50k grant to Company 52 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix E
6. Award of £30k grant to Company 53 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix F
7. Award of £29k grant to Company 08 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix G
8. Award of £80k grant to Company 10 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix H
9. Award of £45k grant to Company 12 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix I
10. Award of £30k grant to Company 15 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix J
11. Award of £80k grant to Company 18 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix K
12. Award of £100k grant to Company 23 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix L
13. Award of £100k grant to Company 35 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix M.
14. Award of £85,000 grant to Company 0104 subject to the conditions set out in the Appraisal Panel Summary table attached at Appendix N
15. 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 1-14 above.

1. Introduction

- 1.1 The Business Investment Fund (BIF) was approved by the Combined Authority in June 2015, 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.
- 1.2 In March the LEP Board approved the creation of two new categories within the Business Investment Fund – Productivity Challenge (PC) and Made Smarter (MS). With these new categories' SCR Executive undertook a time-limited competitive call and proactively encouraged relevant indigenous SMEs to apply for capital investment in support of their productivity or digital innovation projects.

£1million was earmarked for each of the categories. Businesses could apply for funding in the range of £25k to £100k for the Productivity Challenge and £25k to £50k for Made Smarter, with a maximum grant of 50% of project costs matched by business.

2. Proposal and justification

2.1 Made Smarter and Productivity Challenge

Company 28c – (Appendix A) is a company that supplies pure metals and recycles superalloy revert, sorting, testing, processing and certifying for re-use. The company is seeking a grant of £96,372 to automate the testing process of small pieces or components to allow for better recovery of valuable materials and purchase new equipment to increase productivity. The project estimates that it will create between 3 and 5 new jobs.

Company 37c (Appendix B) is a company which company operates in the traditional manufacturing sector. The company is seeking a grant of £74,455 in total. This is to install a semi-automatic arm robot cell which would allow increased production volumes and install sensors and updated systems to allow rapid responses to production or downtime issues. The company estimates it will create 8 FTE's by 2021.

2.2 Made Smarter only

Company 38 (Appendix C) is a company which provides specialist service and maintenance teams with mechanical handling knowledge to support clients for the long-term stability of their systems. The company is seeking a grant of £50,000 to develop an all-in-one, remote software and hardware condition monitoring solution, cost-effectively managing and maintaining clients' assets, and requires support to fast track commercialisation. The project is estimated to create 5 FTE's by 2020.

Company 42 (Appendix D) is a company which is involved in the first stage machining of high temperature/corrosion resistant alloys which are used within the oil/gas and aerospace industries. The company is seeking a grant of £30,000 towards fitting existing machines with more modern control systems to enable quicker and easier programming / set up and to enable the company to tackle more complex jobs more efficiently. The project is estimated to create between 1 and 2 FTE's by 2020.

Company 52 (Appendix E) is a company that manufactures high end windows and doors, selling primarily to other window fabricators, installers and trade customers on a supply only basis. The company is seeking a grant of £50,000 to automate elements of production and introduce new digital to improve interaction with customers. The project is estimated to create 5 FTE's by 2021.

Company 53 (Appendix F) is a company that designs, develops and manufactures a wide range of components and finished products using in-house powder coating, CNC machining and assembly facilities, with finishing, design and prototyping capabilities. The company is seeking a grant of £30,000 to introduce a fully integrated ERP system across

all seven manufacturing process areas within the business. The project is estimated to create 5 FTE's by 2022.

2.4 Productivity Challenge only

Company 08 (Appendix G) is a technical distribution company for a wide range of sensors and instrumentation. The company is seeking a grant of £29,136 to create a vibration test facility for the calibration of accelerometers and transducers, providing the ability to test and calibrate sensors directly in the UK in-house. The project is estimated to result in a 42% increase in productivity, with GVA per worker forecast to increase from £50,335 to £71,429, and creation of 1 FTE by 2020.

Company 10 (Appendix H) is a manufacturing, product developing, distribution and marketing company, with a globally recognised audio brand within the Audio industry. The company is seeking a grant of £80,315 towards the purchase of 2 CNC machines, 1 studio machine, two 3D printers, building modifications and compressed air electrical installations to leverage the expertise within the company and provide a solution to the existing and growing demand from the global market. The project is estimated to result in a 95% increase in productivity, with GVA per worker forecast to increase from £29,694 to £58,030, and creation of 7 FTE's by 2020.

Company 12 (Appendix I) is a company that manufactures environmental products to be used in the construction / spill industry. The company is seeking a grant of £45,479 towards the purchase of a new textile laminator machine to allow production of bespoke sizes of the product to meet different market requirements. The project is estimated to result in a 30% increase in productivity, with GVA per worker forecast to increase from £112,500 to £145,833, and creation of 2 FTE's by 2020.

Company 15 (Appendix J) is a company that provides IT solutions and support to SME's and charitable organisations. The company is seeking a grant of £30,640 to develop software and integrated tools to assess and manage client infrastructure, to improve client service, productivity, management reporting, process automation and streamlining of other software to reduce cost. The project is estimated to result in an 85% increase in productivity, with GVA per worker forecast to increase from £22,659 to £42,000, safeguarding of 4 FTE's and creation of 2 new FTE's by 2021.

Company 18 (Appendix K) is a company that supplies slurry and submersible pumps to the mining and quarrying industry. It has recently invested a considerable amount in its engineering ability and redesign to improve customer experience, reduce weight and speed up the production process. The company is seeking a grant of £80,000 towards the purchase of laser cutting and welding equipment which enables the set-up of a full end-to-end manufacturing facility. The project is estimated to result in a 16% increase in productivity, with GVA per worker forecast to increase from £94,692 to £110,000, and creation of 2 FTE's by 2020.

Company 23 (Appendix L) is a company that manufactures self-adhesive labels, mainly sold via brokers, and is developing a new technology to manufacture short run pouches and sachets. The company is seeking a grant of £100,000 towards construction of an extension to the existing factory to house digital print and finishing machinery. The project has been estimated to result in a 36% increase in productivity, with GVA per worker forecast to increase from £36,686 to £50,061, and creation of 4 FTE's by 2020.

Company 35 (Appendix M) is a company that operates in the Transport Equipment Manufacturing sector, specialising in electric vehicles with fully electric systems, providing the components, software, and vehicle integration abilities. The company is seeking a grant of £100,000 to fund reorganisation of the electrical and mechanical assembly areas to enable a ramp up in production output and efficiencies. The project has been estimated to result in a 137% increase in productivity, with GVA per worker forecast to increase from £29,850 to £70,748, and creation of 24 FTE's by 2020.

2.5 BIF Indigenous

Company 0104 application (Appendix N.)

Company 0104 is an environmental print business who would like to expand and purchase new machinery. The project is estimated to deliver 10 gross and 4 net additional full time equivalent (FTE) jobs, representing an LGF cost per net additional job of £20,988. The 4 net additional jobs will yield additional GVA of circa £1.4m (present value) over ten years, which equates to a return of £16.97 for every £1 of LGF investment. The project is therefore considered to provide acceptable value for money.

3. Consideration of alternative approaches

3.1 All scheme assurance is undertaken to comply with the approved Assurance Framework of the LEP / MCA.

4. Implications

4.1 Financial

The Made Smart and Productivity Challenge projects recommended for approval total £796,397. Alongside the £85,000 BIF scheme in Appendix N a total of £881,397 is recommended for approval through BIF.

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. All communications for LGF must comply with national government branding guidance as a condition of contract award.

6. Appendices/Annexes

6.1 Appendix A Company 28c; Appendix B Company 37c; Appendix C Company 38; Appendix D Company 42; Appendix E Company 52; Appendix F Company 53; Appendix G Company 08; Appendix H Company 10; Appendix I Company 12; Appendix J Company 15; Appendix K Company 18; Appendix L Company 23; Appendix M Company 35; Appendix N Company 0104;

| | |
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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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BUSINESS GROWTH BOARD

23rd OCTOBER 2019

NEUTRAL VENDOR FRAMEWORK ACCEPTANCE

Purpose of Report

To seek approval to join the national “Specialist Professional Services (NEPRO³)” neutral vendor framework for the provision of Specialist expertise.

Thematic Priority

Ensure new businesses receive the support they need to flourish

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

The paper will be available under the Combined Authority Publication Scheme

Recommendations

The Board is asked to endorse

- The progression of Neutral Vendor Framework acceptance to the MCA for a decision to sign up to the national “Specialist Professional Services (NEPRO³)” neutral vendor Framework for the use of contracting with specialist provision.

1. Introduction

- 1.1** In 2015 Sheffield City Region joined the National NEPRO Neutral Vendor framework which provides access to a range of specialists as and when they may be required. The framework has been accessed and used predominantly by the SCR Growth Hub and the Inward Investment functions. Business Growth Specialists, Sector Advisors and SCR required intelligence is currently provided through this neutral vendor system, to enable a breadth of experience to be provided for a range of projects with differing financial requirements and time periods, without the requirement of employing staff members on a full or part time basis.
- 1.2** The current framework term comes to an end on the 30th of November and there is a requirement for an ongoing neutral vendor framework to be available to the SCR to access specialist support.

2. Proposal and justification

- 2.1** In June 2019 a full OJEU procurement exercise was initiated to test the market for a Neutral Vendor to provide these services to the SCR for a 4-year term based on a contract initially of 2 years with a 2-year opportunity to extend based on confirmation of budgets and appropriateness of service. Through this formally managed process no suitable provision was identified.

- 2.2** The national “Specialist Professional Services (NEPRO³)” Framework was identified as the framework most suited to accommodate the SCR’s requirements.
- 2.3** As a result, in co-operation with internal procurement, contracting and delivery teams several existing national frameworks were identified, including the new iteration of the existing NEPRO framework provision.
- 2.4** The Framework has been procured by the Association of North East Councils Limited (trading as the North East Procurement Organisation / NEPO), who have appointed Bloom Procurement Services Limited as the delivery partner for specialist professional services via a single supplier Framework Agreement commencing on 1st September 2019 for a period of four (4) years (with extension options)

3. Consideration of alternative approaches

- 3.1** A full OJEU procurement was undertaken to test the market for other suitable provision outside of the existing framework and assess the provision that exists for the delivery of such services. This process did not identify any provision that would accommodate the Sheffield City Region’s requirements. A decision to retender was discounted because of cost and time.

4. Implications

4.1 Financial

The cost associated with this approval are fully funded through the Growth Hub budget, Skills Bank and DIT KAM project. This funding has already been accounted for within the budgets.

Call-off work from the framework is made by competition on a per project basis as necessary for appraisal.

4.2 Legal

The procurement exercise has been undertaken in line with standard practice and there will be a separate work order (call-off contract) with Bloom Procurement Services Limited for each supplier and project awarded under the framework. The approval requested today is a result of the potential for the framework appointments to exceed £100k.

4.3 Risk Management

The framework has been established to ensure that there is capacity and a broad range of expertise available to meet the peak requirements of support when required.

4.4 Equality, Diversity and Social Inclusion

No requirements associated with the recommendations of this paper.

5. Communications

- 5.1** The award of contracts is communicated on the MCA published Contracts Register in accordance with the MCA transparency requirements.

6. Appendices/Annexes

- 6.1** N/A

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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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Business Growth Board Forward Plan 2019-2020

Terms of Reference responsibilities

- Thematic strategy and policy leadership
- Programme development and delivery
- Performance and Risk Management
- Funding and Financial Decision Making (less than £2m)

| Date | Suggested Agenda items |
|----------------------|--|
| w/c 26/08/19 | <ul style="list-style-type: none"> • Strategy & Policy Leadership- Business Growth Economic Overview • Strategy & Policy Leadership- BREXIT • Performance and risk management – Programme performance dashboard • Financial decision making – Scheme 0098 |
| TBC | WORKSHOP TBC |
| w/c 21/10/19 | <ul style="list-style-type: none"> • Strategy & Policy Leadership – Business Growth proposition development • Programme development and delivery – Growth Hub <ul style="list-style-type: none"> • Progress with Regeneris actions following review last year • Pilot of scale up initiative • Aims/timing of Carney Green evaluation • Performance and risk management – Programme performance dashboard • Performance and risk management – Growth Hub deep dive • Financial decision making – Made Smarter and Productivity Challenge |
| w/c xx/ December /19 | <ul style="list-style-type: none"> • Strategy & Policy Leadership – SEP/LIS Skills and Employment proposition development • Programme development and delivery – Inward Investment <ul style="list-style-type: none"> • Targeting new markets (India and China) • Scale up work with foreign owned businesses • Performance and risk management – Programme performance dashboard • Performance and risk management – Inward Investment deep dive • Financial decision making – (schemes permitting) |
| w/c 24/02/20 | <ul style="list-style-type: none"> • Governance - Board Review |
| w/c 04/05/20 | TBC |
| w/c 29/06/20 | Tbc |
| w/c 24/08/20 | Tbc |
| w/c 19/10/20 | Tbc |

