

Tuesday, 20 August 2019

To: Members of the Sheffield City Region Business Growth Board and Appropriate Officers

NOTICE OF MEETING

You are hereby summoned to a meeting of the Sheffield City Regional Business Growth Board to be held at **11 Broad Street West, Sheffield S1 2BQ**, on: **Wednesday, 28 August 2019** at **10.00 am** for the purpose of transacting the business set out in the agenda.



Dr Dave Smith
Chief Executive

Member Distribution

Councillor Sir Steve Houghton CBE (Co-Chair)	Barnsley MBC
Neil MacDonald (Co-Chair)	Private Sector LEP Board Member
Lucy Nickson	Private Sector LEP Board Member
Councillor Denise Lelliott	Rotherham MBC
Councillor Bill Mordue	Doncaster MBC
Councillor Mazher Iqbal	Sheffield City Council
Sharon Kemp	Rotherham MBC
Dr Ruth Adams	SCR Executive Team

SCR - Business Growth Board

Wednesday, 28 August 2019 at 10.00 am

Venue: 11 Broad Street West, Sheffield S1 2BQ



Agenda

Agenda Ref No	Subject	Lead	Page
1.	Welcome and Apologies	Chair	
2.	Declarations of Interest by individual Members in relation to any item of business on the agenda Declarations of Interest by individual Members in relation to any item of business on the agenda.		
3.	Urgent items / Announcements		
4.	Public Questions of Key Decisions		
5.	Matters Arising	Dr R Adams	5 - 6
6.	Minutes of the Previous Meeting		7 - 16
7.	Business Growth Overview	J Guest	17 - 44
8.	Brexit	P Johnson	45 - 48
9.	Performance Dashboard	Ms M Dei-Rossi	49 - 60
10.	LGF Approvals	Ms M Dei-Rossi	61 - 76
11.	Forward Plan	Dr R Adams	77 - 78
12.	Any Other Business		
Date of next meeting: Wednesday, 23 October 2019 at 10.00 am At: 11 Broad Street West, Sheffield S1 2BQ			

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BUSINESS GROWTH BOARD

29th August 2019

MATTERS ARISING

Purpose

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

**Item
no.**

5. Governance

Members requested that the business to be considered at future Board meetings reflect the Board's Terms of Reference and include standing agenda items. ACTION: R Adams

The Forward Plan has identified key areas of ToR, Governance Team are developing a ToR template to ensure all Boards deliver all aspects of the ToR.

Officers to produce a high-level programme tracker, which would be circulated to Board Members by email for consideration and agreement at the next meeting. ACTION: R Adams
On the agenda for discussion

7. Business Investment Fund (Background and Current Position)

Following discussion, the Board agreed that they would be prepared to consider BIF projects by exception and requested that information be sent to Board Members regarding how exceptions would be considered by the Board. ACTION: R Adams

The Monitoring Officer has produced a report clarifying the grounds constituting URGENCY, this will be presented to a future MCA and shared with Thematic Board Members.

10. AOB – LGF Approval Scheme 0098

It was agreed that a paper (including an options analysis) be circulated by email to all Board Members for their consideration regarding a potential inward investment project which was seeking £1.2m of BIF grant, towards a £12.4m project in Sheffield. ACTION: M Dei Rossi
Inform members of the BIF schemes which were likely to come forward at a future date.
ACTION: M Dei Rossi

Paper was circulated and is on the agenda for discussion

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SCR - BUSINESS GROWTH BOARD

MINUTES OF THE MEETING HELD ON:

WEDNESDAY, 17 JULY 2019 AT 10.00 AM

11 BROAD STREET WEST, SHEFFIELD S1 2BQ



Present:

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

Officers in Attendance:

Helen Lazarus Assistant Director - Business Growth SCR Executive Team

Apologies:

Councillor Mazher Iqbal Sheffield City Council

1 Welcome and Apologies

Members' apologies were noted as above.

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

None.

3 Urgent items / Announcements

R Adams reported that there would be a further item of business for informal consideration at today's meeting relating to an inward investment scheme.

4 Public Questions of Key Decisions

None.

5 Governance Arrangements, Terms of Reference and Forward Plan

A report was received to summarise the approved governance arrangements for the Business Growth Board, approved by the Mayoral Combined Authority and the Local Enterprise Partnership.

Members' attention was drawn to the 8 week meeting cycle (compared to the 6 weekly cycle of the previous iteration of the Board).

In relation to quoracy, it was noted the current requirement for 7 Members to be present was currently under evaluation, noting that this was originally based on the added attendance of non-Constituent district council representatives and that these seats were currently not being filled.

It was noted that Board Members could nominate a deputy to attend meetings of the Board in their absence. The deputy for an elected member has to be another elected member and not an officer. All deputies needed to be named and complete a Register of Interests Form.

Members considered the option to develop a broader advisory members' network through the engagement of businesses or business membership organisations, Universities, or colleges.

Following discussion, the Board agreed that at this early stage of the Board's establishment, advisory members (businesses and Universities) be invited to attend the Business Growth Board Workshop proposed to be held during September 2019.

The report also outlined a suggested forward plan / work programme and proposed schedule of dates for future meetings and workshop for the Board's information.

Members stated that the business to be considered at future Board meetings needed to reflect the Board's Terms of Reference and include standing agenda items.

ACTION: R

Adams

It was noted that officers would carry out work to produce a detailed high level programme tracker, which would be circulated to Board Members by email for consideration and agreement at the next meeting.

ACTION: R Adams

RESOLVED – That Board Members:-

- Noted the approved governance arrangements.
- Noted the proposed future scheduling of Business Growth Board meetings.
- Noted the potential to engage a wider membership on an advisory basis.
- Considered the draft forward plan and the option for the suggested workshop.

6

SCR Current Business Support Arrangements

A report was presented to provide the Board with details on the current business support and business investment activity being undertaken at the city

region level, directly by local partners and outlined the key contextual and national frameworks that the Board need to be cognisant of as it sets the agenda for the coming years.

Consideration was given regarding the continuing role of the Growth Hub Operational Board following the implementation of the new governance arrangements. It was agreed that the Growth Hub Operational Board, chaired by a LEP Board Member should continue to meet to conduct detailed monitoring of Growth Hub business activities and performance of the Growth Hub. It was suggested that the Chair of the Growth Hub Operational Board be invited to attend future meetings of the Business Growth Board.

RESOLVED – That Board Members:-

1. Noted the current arrangements for the delivery of business support in SCR.
2. Considered the context set out in section 3 of the report as background discussions to develop the future work plan.

7 **Business Investment Fund (Background and Current Position)**

A report was received to provide Board Members on the background and performance to date of Sheffield City Region's Business Investment Fund and context to two further reports seeking approvals to the BIF fund and the Made Smarter / Productivity fund.

Members noted that to the end of Q1 2019/20 the Business Investment Fund had supported 55 companies, created 1,625 jobs, safeguarded 721 jobs and levered over £49m in private investment.

In March, the LEP Board approved the creation of two new categories within the Business Investment Fund – Productivity Challenge and Made Smarter.

The Board noted that under the revised LEP Board and MCA governance arrangements, the Business Growth Board had delegated authority to consider and approve projects up to £2million. Applications of £2million plus needed to be considered by the Combined Authority.

Applications for the Business Investment Fund were received on an ongoing basis. The BIF Productivity Challenge and Made Smarter had been promoted as a time bound call for projects. It was noted that some applicants for the Made Smarter and Productivity Challenge had not provided enough detail particularly on the outcomes of their project and it was not possible to conclude the value for money assessment.

Consideration was given by the Board to 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.

Following discussion, the Board agreed that they would be prepared to

consider BIF projects by exception and requested that information be sent to Board Members regarding how exceptions would be considered by the Board.

ACTION: R

Adams

Board Members agreed that they would consider BIF Productivity Challenge and Made Smarter projects by written procedure.

RESOLVED – That Board Members:-

1. Considered the background to the Fund and its performance to date.
2. Agreed that they would be prepared to consider BIF projects by exception.
3. Agreed that they would consider BIF Productivity Challenge and Made Smarter projects by written procedure.

8 **Business Investment Fund (Project Approvals)**

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

The following schemes were presented for the Board's consideration:-

BIF Approval - Company Ref. 99, Barnsley

A report was received to enable the Board to take a decision whether to support the proposal of a BIF (LGF) grant of £121,000 to a Barnsley based company 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, considered acceptable value for money for the LGF investment.

BIF Approval – Company Ref.100, Rotherham

A report was received to enable the Board to take a decision whether to support the proposal of a BIF (LGF) grant of £100,000 to a Rotherham based company 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, considered acceptable value for money for the LGF investment.

BIF Approval – Company Ref.101, Sheffield

A report was received to enable the Board to take a decision whether to support the proposal of a BIF (LGF) grant of £100,000 to a Sheffield based manufacturing company 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, considered acceptable value for money for the LGF investment.

BIF Approval – Company Ref. 102, Barnsley

A report was received to enable the Board to take a decision whether to support the proposal of a BIF (LGF) grant of £167,252 to a Barnsley based company to support a £445,572 project for 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, considered acceptable value for money for the LGF investment.

RESOLVED – That Board Members considered and approve:-

1. Award of £121,000 grant to Company 99 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix A.
2. Award of £100,000 grant to Company 100 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix B.
3. Award of £100,000 grant to Company 101 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix C.
4. Award of £167,252 grant to Company 102 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix D.
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.

9 Business Investment Fund (Project Approvals - Productivity Challenge and Made Smarter)

A report was received requesting the approval for 13 schemes with a total value over all years of £900,915 and seeks delegated authority to be given to the Head of Paid Service in consultation with the S73 and Monitoring Officer to enter into legal agreements for the schemes.

The following BIF Made Smarter schemes were presented for the Board's consideration:-

BIF Made Smarter Approval – Company Ref. 47, Sheffield

A report was received to enable the Board to take a decision whether to support the proposal of a BIF Made Smarter (LGF) grant of £40,000 to a Sheffield based company to create a new data platform prototype to drive new business.

The investment will create 3 new jobs which equates to a cost per job of £13,333, considered acceptable value for money for the investment.

BIF Made Smarter Approval – Company Ref. 46, Chesterfield

A report was received to enable the Board to take a decision whether to support the proposal of BIF Made Smarter (LGF) grant of £42,555 to a Chesterfield based company to improve process control utilising electronic sensors and a bespoke software control system.

The company is forecasting cost savings and will create 4 new jobs which equates to a cost per job of £10,639, considered acceptable value for money for the LGF investment.

BIF Made Smarter Approval – Company Ref. 30a, Rotherham

A report was received to enable the Board to take a decision whether to support the proposal of BIF Made Smarter (LGF) grant of £35,000 to a Rotherham based company to install a data integration system to support operational improvements.

The project will support winning additional orders and safeguarding 5 jobs which equates to a cost per job of £7,000, considered acceptable value for money for the investment.

BIF Made Smarter Approval – Company Ref. 19, Sheffield

A report was received to enable the Board to take a decision whether to support the proposal of BIF Made Smarter (LGF) grant of £36,584 to a Sheffield based company towards a paperless warehouse management system enabled with WiFi technology to improve efficient stock management.

The project is forecast to result in 6 new jobs in 2020. This would represent a gross cost per job of £6,097, considered acceptable value for money for the investment.

BIF Made Smarter Approval – Company Ref. 40a, Sheffield

A report was received to enable the Board to take a decision whether to support the proposal of BIF Made Smarter (LGF) grant of £50,000 to a Sheffield based company to invest in specialist robotic equipment to improve the quality of the product, improve consistency and reduce waste.

The project will create 2 jobs within 24 months. This would represent a gross cost per job of £25,000, considered acceptable value for money for the

investment.

The following BIF Productivity Challenge schemes were presented for the Board's consideration:-

BIF Productivity Challenge Approval – Company Ref. 6, Chesterfield

A report was received to enable the Board to take a decision whether to support the proposal of BIF Productivity Challenge (LGF) grant of £89,000 to a Chesterfield based company towards purchasing machinery that will reduce set up time and increase production capacity.

The project is estimated to result in an increase in productivity of 199% and create 2 new jobs. This would represent a gross cost per job of £44,500, which was considered acceptable value for money considering the increase in productivity expected.

BIF Productivity Challenge Approval – Company Ref. 7, Sheffield

A report was received to enable the Board to take a decision whether to support the proposal of BIF Productivity Challenge (LGF) grant of £75,000 to a Sheffield based company to invest in a digital printing machine to double printing speeds and eliminate material costs.

The project will result in a 31% increase in productivity and 4 new jobs created by 2020. This would represent a gross cost per job of £18,750, considered good value for money.

BIF Productivity Challenge Approval – Company Ref. 4, Barnsley

A report was received to enable the Board to take a decision whether to support the proposal of BIF Productivity Challenge (LGF) grant of £100,000 to a Barnsley based company to support automation and reduce lead times.

The project will result in an increase in productivity of 25% and has indicated it will support safeguarding existing jobs, with GVA per worker forecast to increase from £51,252 to £63,958. The project will provide acceptable value for money.

BIF Productivity Challenge Approval – Company Ref. 3, Rotherham

A report was received to enable the Board to take a decision whether to support the proposal of BIF Productivity Challenge (LGF) grant of £32,788 to a Rotherham based company who is looking to develop a new product that will deliver better patient care and user experience.

The project is forecast to result in a 32% increase in productivity and result in 10 new jobs, with a cost per job of £3,279, considered good value for money.

BIF Productivity Challenge Approval – Company Ref. 49, Sheffield

A report was received to enable the Board to take a decision whether to

support the proposal of BIF Productivity Challenge (LGF) grant of £100,000 to a Sheffield based company towards investment in a semi-automated machining cell.

The project will result in an estimated 25% increase in productivity, with GVA per worker forecast to increase from £20,680 to £25,773. The project will provides acceptable value for money.

BIF Productivity Challenge Approval – Company Ref. 2, Sheffield

A report was received to enable the Board to take a decision whether to support the proposal of BIF Productivity Challenge (LGF) grant of £99,988 to a Sheffield based company to purchase additional equipment to respond efficiently to increased demand.

The project is forecast to result in a 15% increase in the company's productivity and result in 4 jobs, representing a gross cost per job of £24,997. The project provides acceptable value for money.

BIF Productivity Challenge Approval – Company Ref. 30b, Sheffield

A report was received to enable the Board to take a decision whether to support the proposal of BIF Productivity Challenge (LGF) grant of £100,000 to a Sheffield based company to invest in equipment to incubate technology related to the aerospace sector.

The project is forecast to result in a 9% increase in productivity and 2 new jobs by 2020, with a cost per job of £50,000. The project provides moderate value for money.

BIF Productivity Challenge Approval – Company Ref. 40b, Sheffield

A report was received to enable the Board to take a decision whether to support the proposal of BIF Productivity Challenge (LGF) grant of £100,000 to a Sheffield based company to purchase a new machine to significantly improve productivity, the quality of products and support growing demand from local businesses and consumers.

The project had been estimated to result in a productivity increase from £25,625 GVA per worker to £33,484 in 2019 and £44,797 in 2021.

The project will also result in the creation of 3 jobs within 12 months of project completion and a further 2 jobs within 24 months of completion. In total this represents a gross cost per job to of £20,000. The project provides acceptable value for money.

RESOLVED – That Board Members considered and approved:-

1. Award of £40,000 to company 47 as set out in appendix A.
2. Award of £42,555 to company 46 as set out in appendix B.

3. Award of £35,000 to company 30a as set out in appendix C.
4. Award of £36,584 to company 19 as set out in appendix D.
5. Award of £50,000 to company 40a as set out in appendix E.
6. Award of £89,000 to company 6 as set out in appendix F.
7. Award of £75,000 to company 7 as set out in appendix G.
8. Award of £100,000 to company 4 as set out in appendix H.
9. Award of £32,788 to company 3 as set out in appendix I.
10. Award of £100,000 to company 49 as set out in appendix J.
11. Award of £99 988 to company 2 as set out in appendix K.
12. Award of £100,000 to company 30b as set out in appendix L.
13. Award of £100,000 to company 47 as set out in appendix M.
14. 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 1-13 above.

10

Any other business

- a) The Board was informed of a potential inward investment project which was seeking £1.2m of BIF grant, towards a £12.4m project in Sheffield.

It was noted that the application had missed the publication date of agenda papers and was therefore not included within the agenda pack for today's meeting. Members were asked to consider the application outside of the Board's 8 week meeting cycle by written procedures.

An overview of the scheme was presented along with the Appraisal Panel's deliberations.

It was agreed that a paper (including an options analysis) be circulated by email to all Board Members for their consideration.

ACTION: M Dei Rossi

- b) Members asked is they could be informed of the BIF schemes which were likely to come forward at a future date.

ACTION: M Dei Rossi

- c) Members asked if they could be provided with a note on the proposed Business Growth Workshop.

ACTION: J Holmes

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

28th August 2019

Business Growth Overview

Purpose of Report

The paper and accompanying presentation provides Board members with the following:

- an overview of the current economic landscape in Sheffield City Region
- emerging evidence to structure future priorities/activities in SCR in business growth

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 summarised evidence base presented;
- Discuss the emerging areas for prioritisation and agree these as areas for developmental work.

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 (10 years for the plan and 20 years for the vision).

Falling out of the SEP will be a Local Industrial Strategy (LIS). This will align with the National Industrial Strategy and drive long-term productivity growth. This will be agreed with Government.

- 1.2 The work on the evidence base is now largely complete. This has highlighted a set of key messages which will shape the emerging priorities for the SEP and LIS. This paper provides a summary of the evidence base, specifically for business growth.

2. Proposal and justification

- 2.1 The attached slide pack, which will be presented to the Board, provides:
- an overview of the evidence base in relation to business growth,
 - current challenges; and
 - the potential focus for future priorities

The presentation aims to stimulate discussion on the future policy direction and priority areas for SCR in business growth and where the LEP/MCA can add most value/impact.

- 2.2 The evidence suggests an emerging focus on how we create prosperity for our people by working with and supporting businesses to access and exploit market opportunities and spread wealth more evenly. For example; the following propositions have been identified:
- Development of a new model for commercialisation of innovation.
 - Develop innovation districts through the creation of enabling conditions and platforms for growth.
 - Market intelligence to support (international) trade and boost competitiveness.
 - Deepen relationships and move away from the current transaction-based approach.
 - Growth packages with businesses to scale-up and expand.
 - A leadership and management support programme.
 - A new charter to govern behaviour and employment practices

- 2.3 Board Members are invited to consider the evidence in respect of the priority areas of activity in relation to business growth.

Further work to develop the propositions will be brought back to the Board for consideration, in accordance with the Board's agreed Forward Plan.

3. Consideration of alternative approaches

- 3.1 There are no viable alternatives propositions as the LEP/MCA has empowered the Thematic Boards to:
- Shape future policy development and priorities on issues related to business growth
 - Develop new economic and business facing 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

The presentation considers all aspects of society to understand where opportunities aren't available or where particular barriers are preventing residents from accessing opportunities.

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 – Business Growth Presentation

REPORT AUTHOR	Jonathan Guest
POST	Senior Economic Policy Manager
Officer responsible	Felix Kumi-Ampofo
Organisation	Sheffield City Region
Email	Felix.Kumi-Ampofo@Sheffieldcityregion.org.uk
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 (Attached in a supplementary reading pack for information)
- Relevant documents available on the website:
<https://sheffieldcityregion.org.uk/explore/resources/>

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ECONOMIC STRATEGY EVIDENCE BASE

Policy & Assurance Team

Sheffield
City Region

SCR ECONOMIC STRATEGY

Strategic Economic Plan (SEP)

- **Overarching Strategy** to set aspirations & priorities for SCR
- Emphasis on **inclusive economic growth** – economic, social & environmental
- **Medium to Long-term**
- **Developed with stakeholders** – mainly local & regional

Local Industrial Strategy (LIS)

- **Focused Plan** for driving growth in productivity
- Emphasis on **innovation & scaling-up assets**
- **Long-term**
- **Co-developed and agreed with Government** – a bidding document

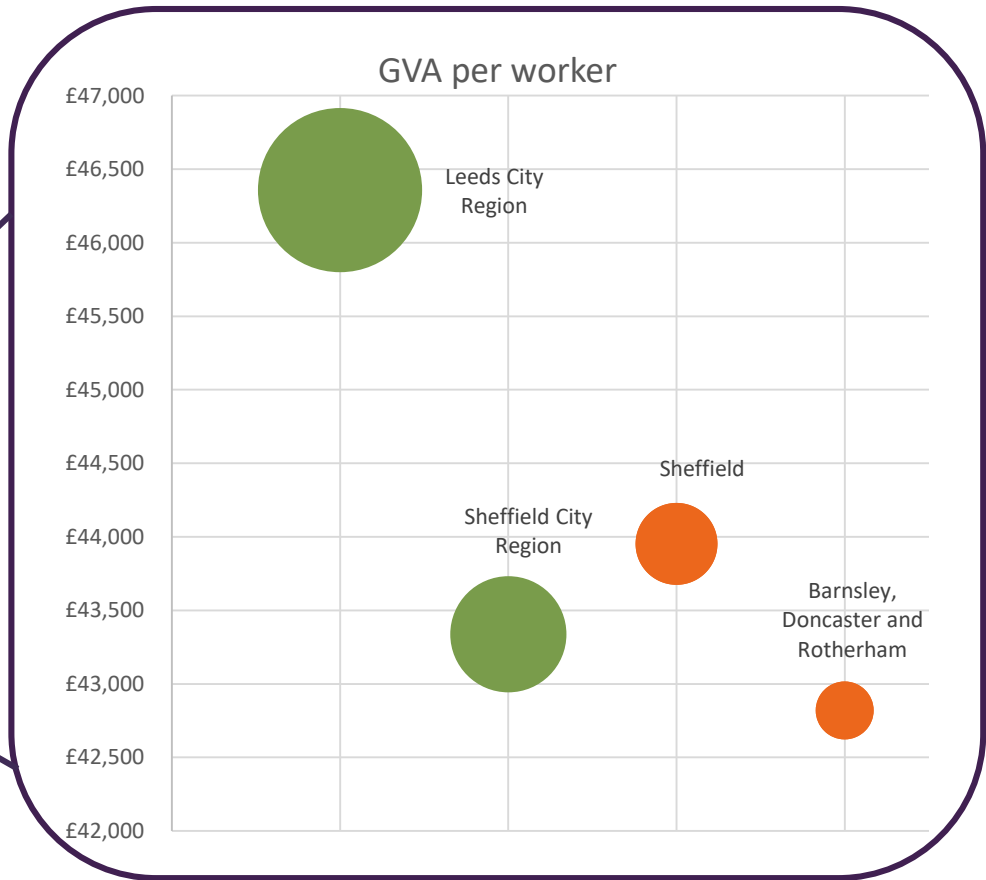
PROCESS & TIMESCALES

- Twin tracking SEP & LIS development
- Intra SCR engagement
- LA officer engagement already underway
- Private sector engagement – combination of set piece sessions & other focused forums
- Online evidence base
- Central government engagement

- **Summer** – engagement on evidence base and emerging priorities
- **September** – Draft documents
- LEP Board (**September & November**)
- MCA Board (**September & November**)
- **November 2019** – final draft of LIS
- **December 2019** – SEP & LIS published

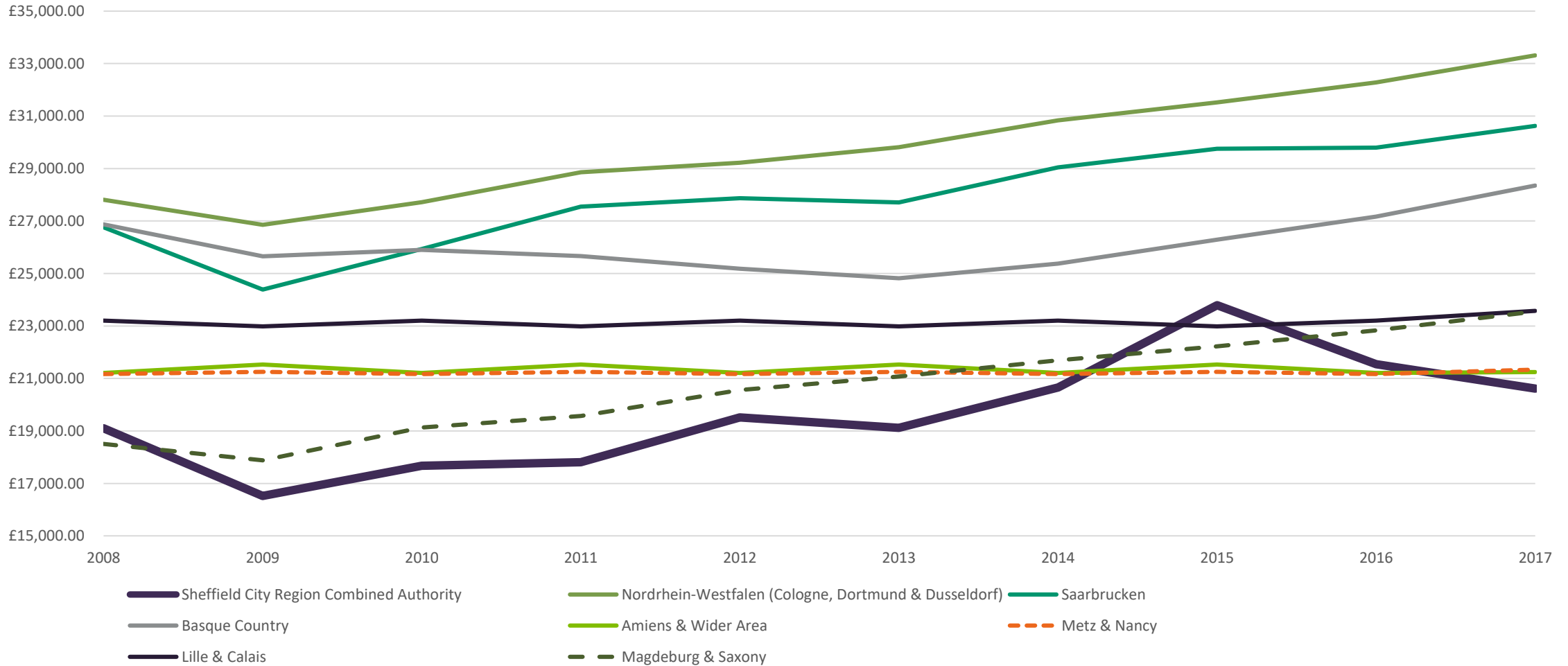
SCR IS THE WORST PERFORMING CITY REGION FOR PRODUCTIVITY

SCR has a growing economy but SCR's economic performance is not changing its relative position. Economic growth is unbalanced in SCR and our economic performance has consistently underperformed since the 1970s.



.....AND AMONGST THE WORST IN EUROPE!

GDP Per Head (£)



Source: Eurostat GDP Regional Estimates 2018. Note: Per head not a true productivity measure but a proxy indicator.

SIZE OF OUR ECONOMY IF PRODUCTIVITY WAS HIGHER

**Current
Economy
(2017/18):
£35bn**

**Size of
economy if
productivity
matched UK
(minus
London):
£40bn**

**Size of
economy if
productivity
matched UK
(with London):
£44bn**

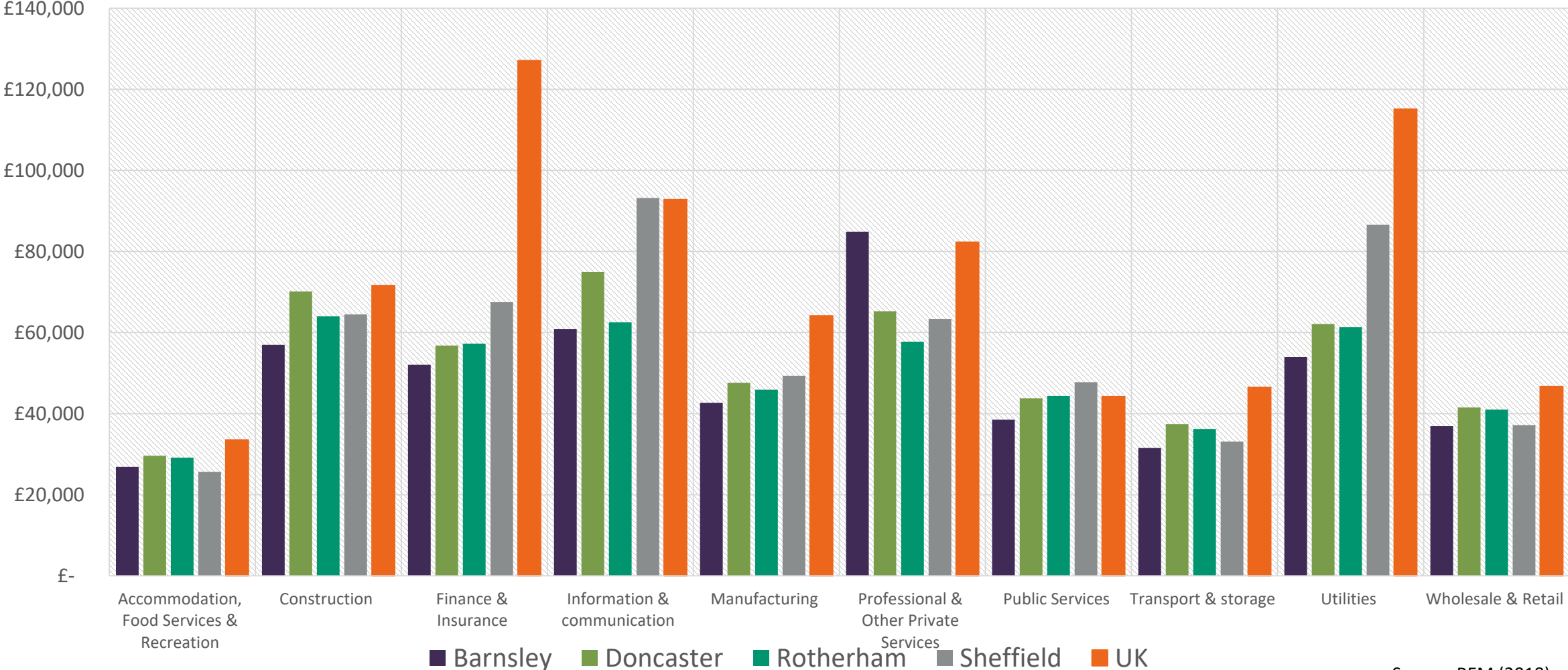
**Size of
economy if
productivity
matched
South East:
£46bn**

**Size of
economy if
productivity
matched
London:
£62bn**

PRODUCTIVITY IS IMPORTANT TO QUALITY OF LIFE

SCR HAS SEVERAL LOW PRODUCTIVITY SECTORS

Productivity by Sector (2017)



Source: REM (2018)

.....BUT WHY PRODUCTIVITY?

“**Productivity** isn't everything, but, in the long run, it **is almost everything**.
A country's ability to improve its **standard of living** over time **depends**
almost entirely **on** its ability to raise its **output per worker**.”

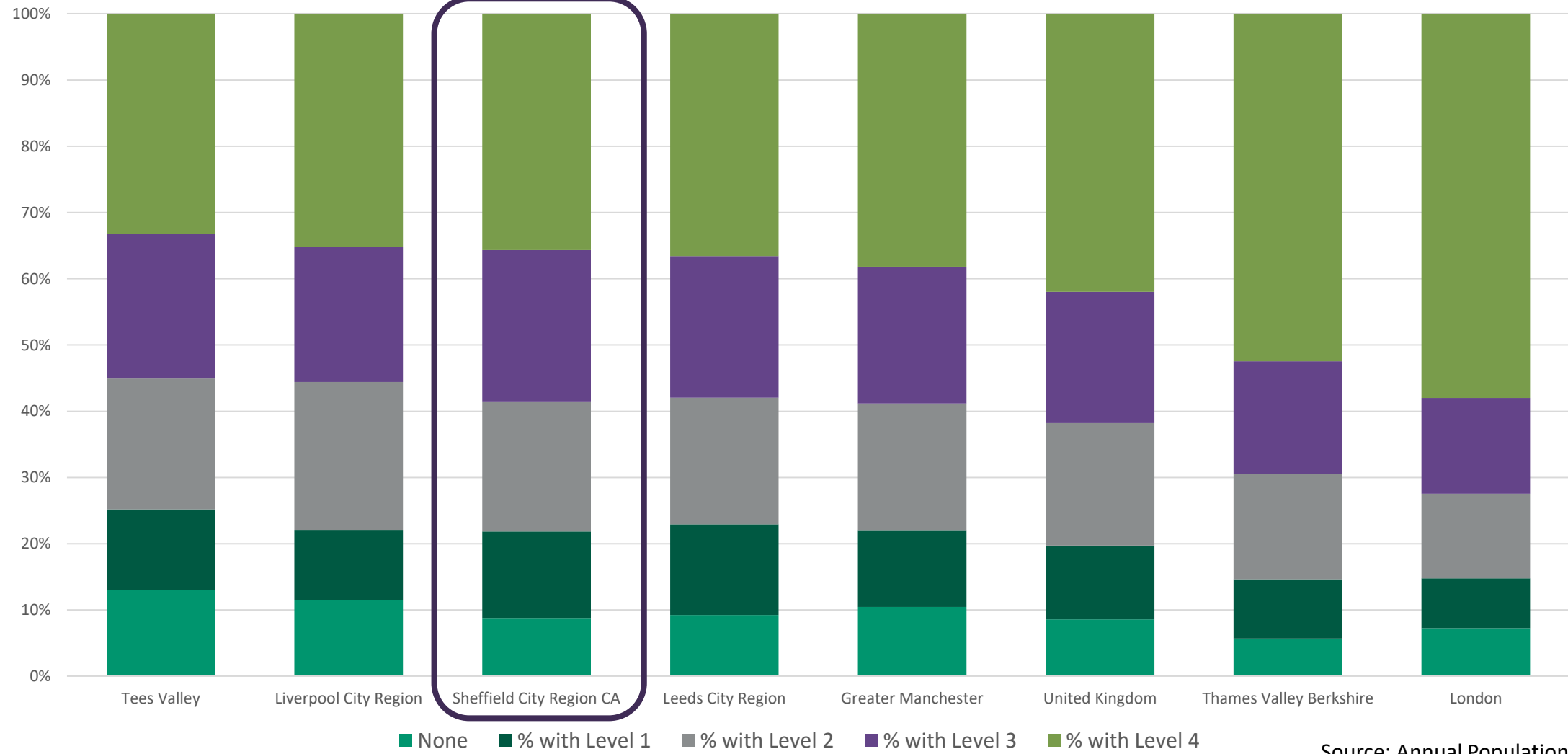
Paul Krugman – 2008 Nobel Prize winner for Economics

DRIVERS OF PRODUCTIVITY

SCR IS A LOW SKILLS ECONOMY

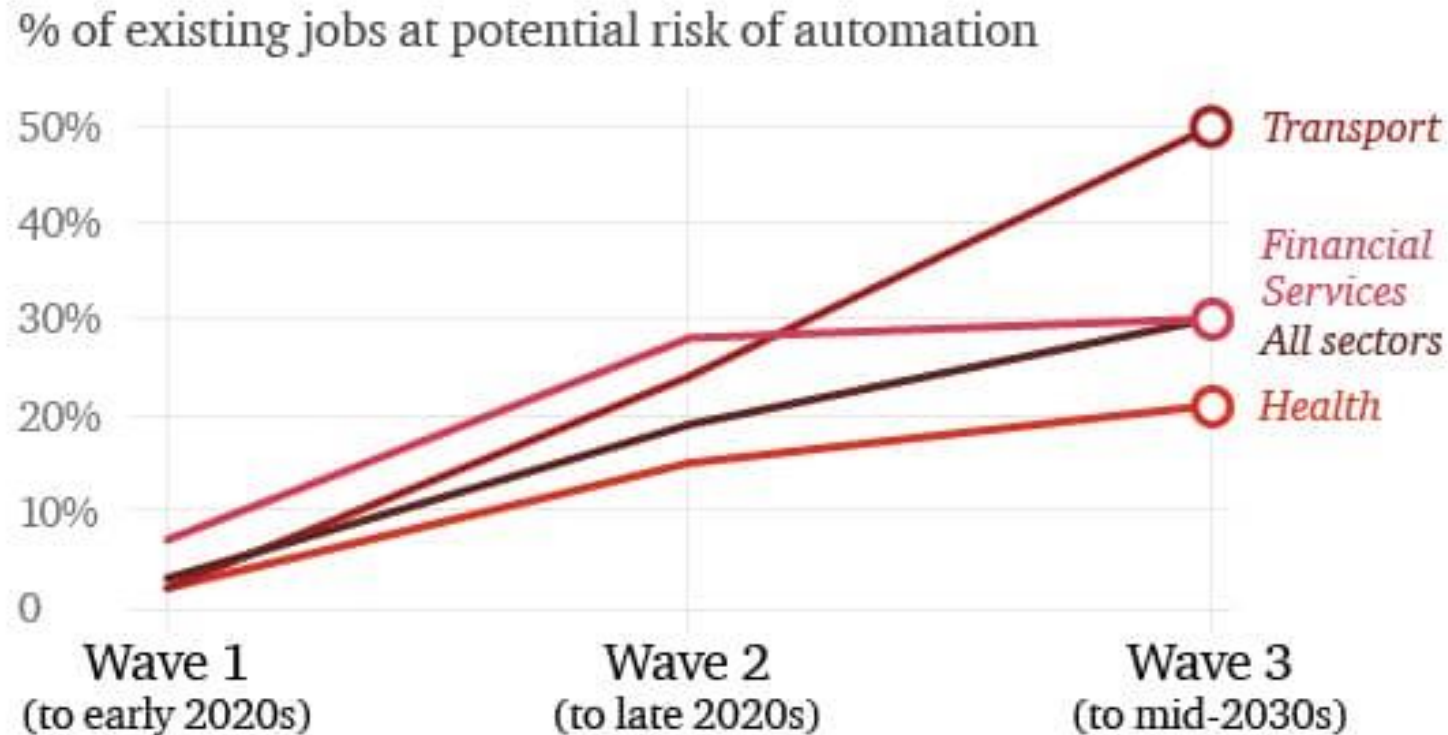
Share of workforce (%) and qualifications

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Source: Annual Population Survey 2018

THE PROSPECTS FOR A LOW SKILLS ECONOMY ARE CONCERNING

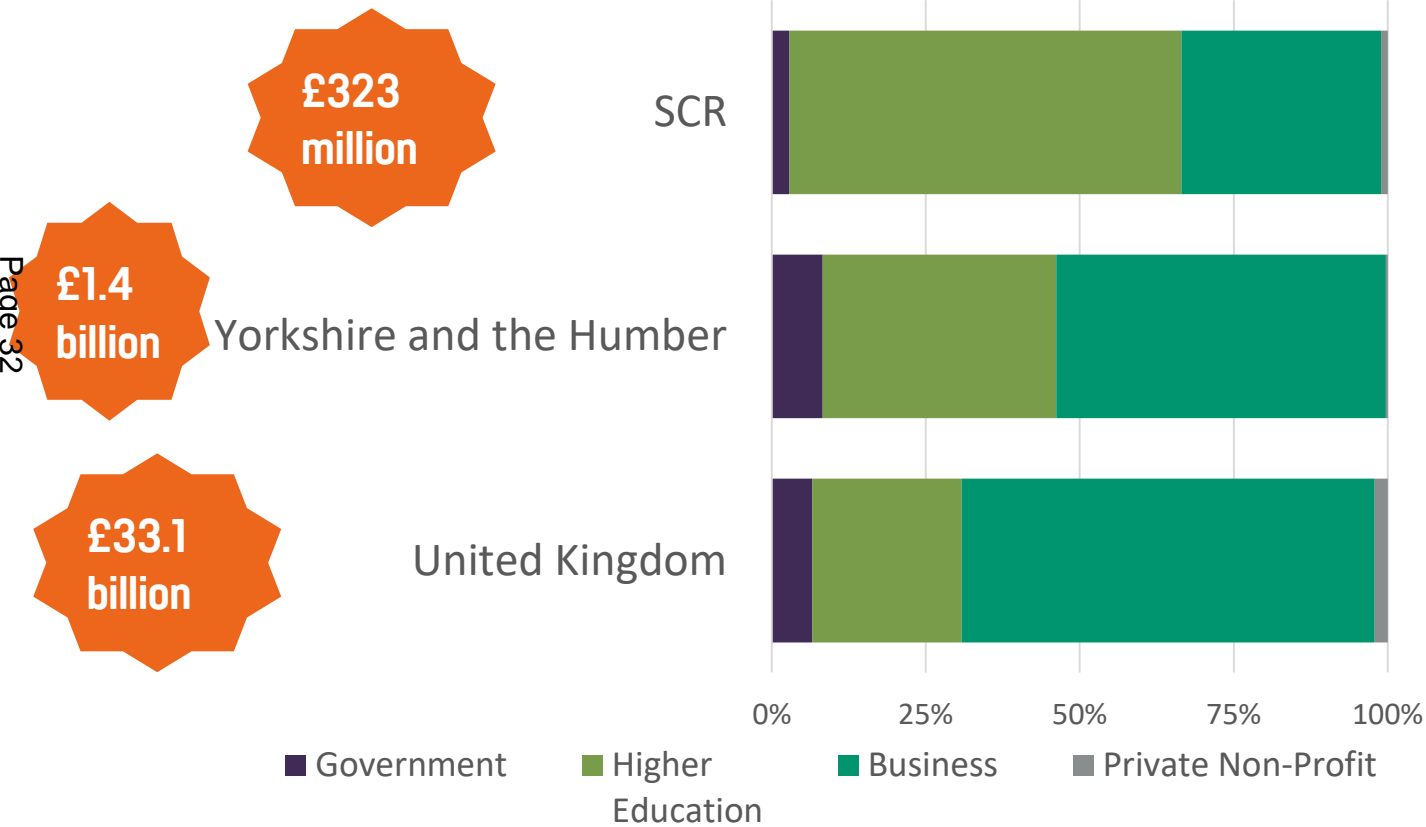


Source: PwC estimates based on OECD PIAAC data (median values for 29 countries)

- According to ONS, **47% of SCR jobs are at risk of automation** over the next two decades, compared to 39% in London. The **sectors and occupations at the highest risk are unfortunately the same sectors that have created the most jobs in SCR.**

LOW PAY & LOW INVESTMENT IN R&D CHARACTERISE THE BUSINESS BASE

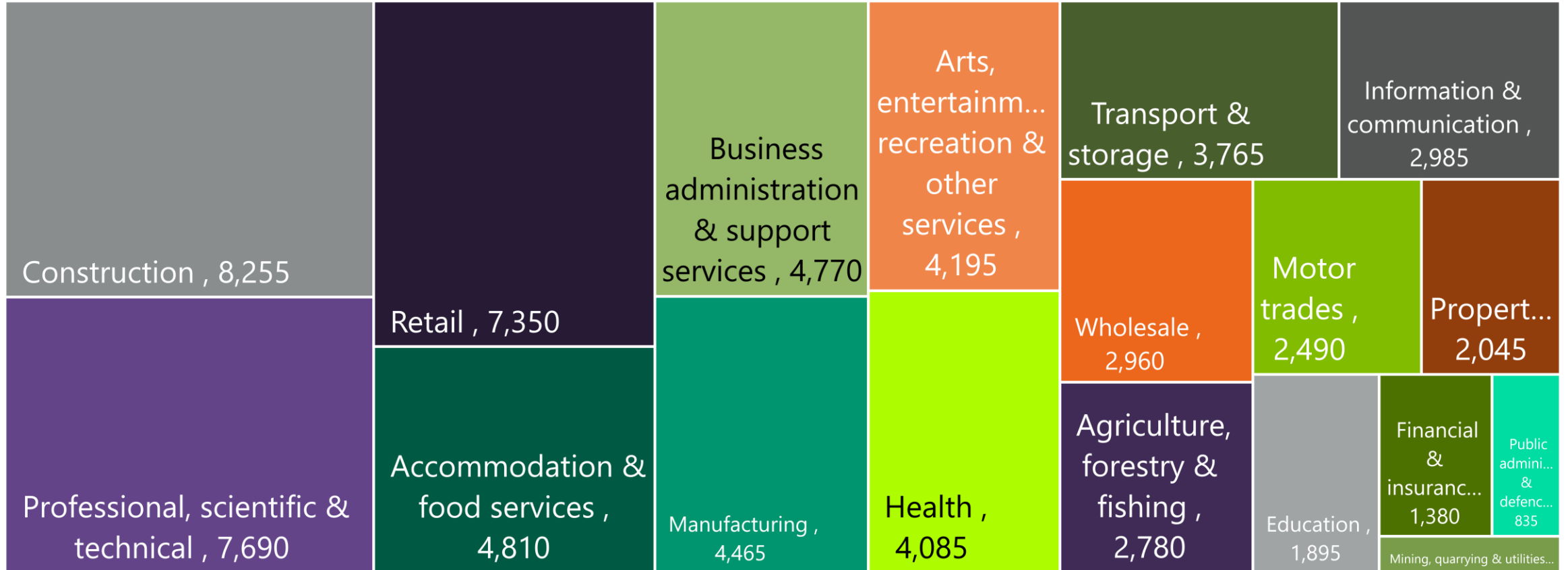
Make up of investment in UK R&D



- UK Government Target for R&D expenditure is 2.4% of GDP by 2027
- Current R&D investment in SCR is 0.9% of GVA
- Expenditure would need to triple to £1.1 billion (from £323 million) to meet this target.

BUSINESSES

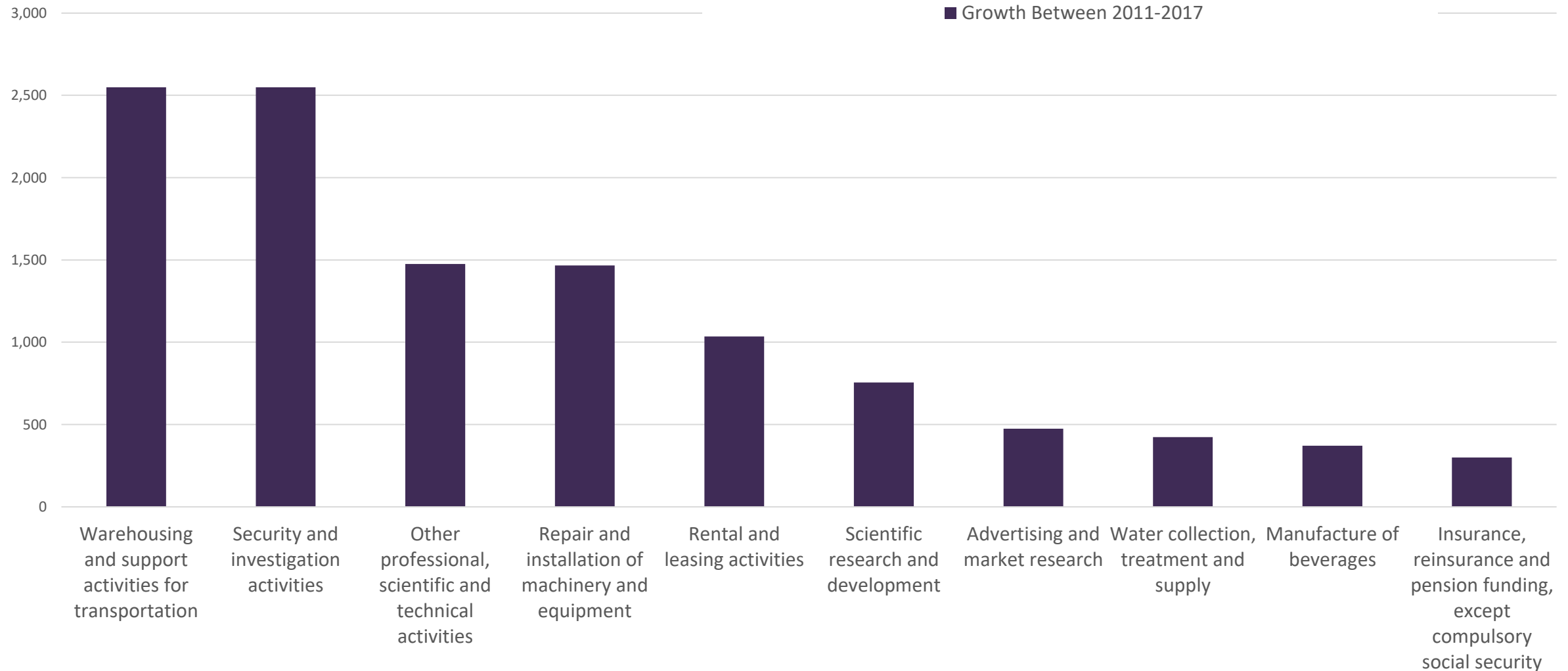
BUSINESSES BASE BY SECTOR (67,200)



– Business start up is on target (SEP 2014) but growth rate lags national average

BUSINESSES

Growth "Sectors" in Sheffield City Region



Source: ONS Enterprise Estimates & EMSI

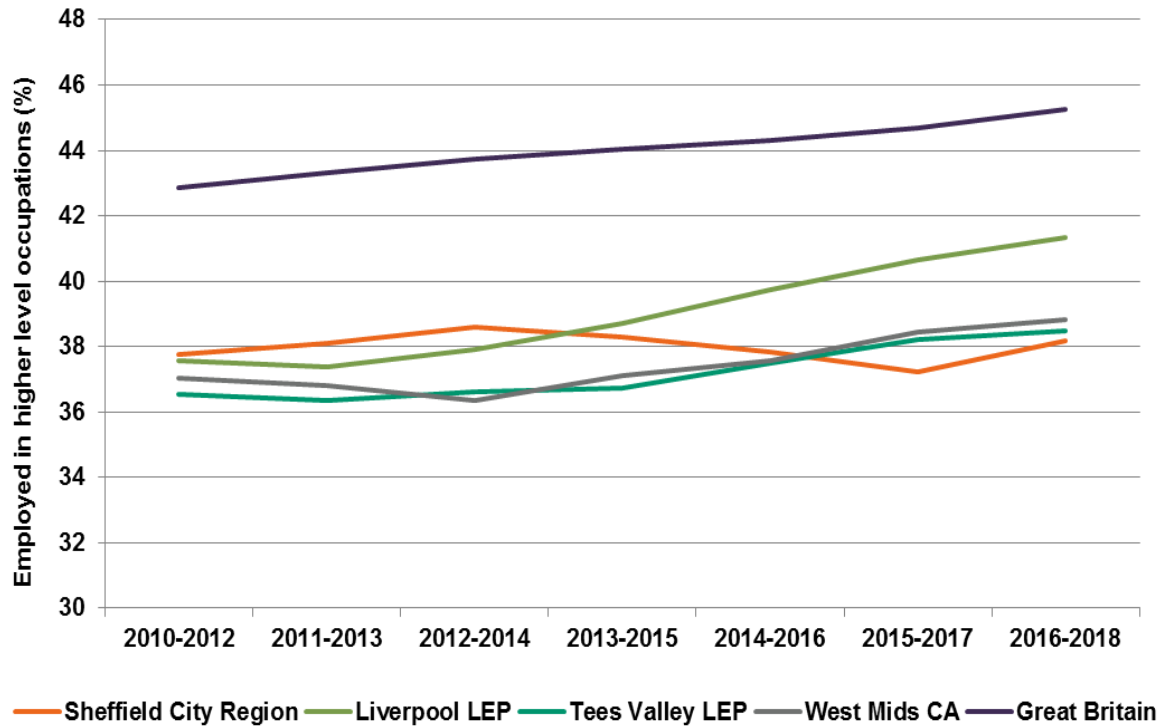
HIGH GROWTH BUSINESSES

High Growth Businesses in the City Regions
Source: ONS High Growth Businesses 2017

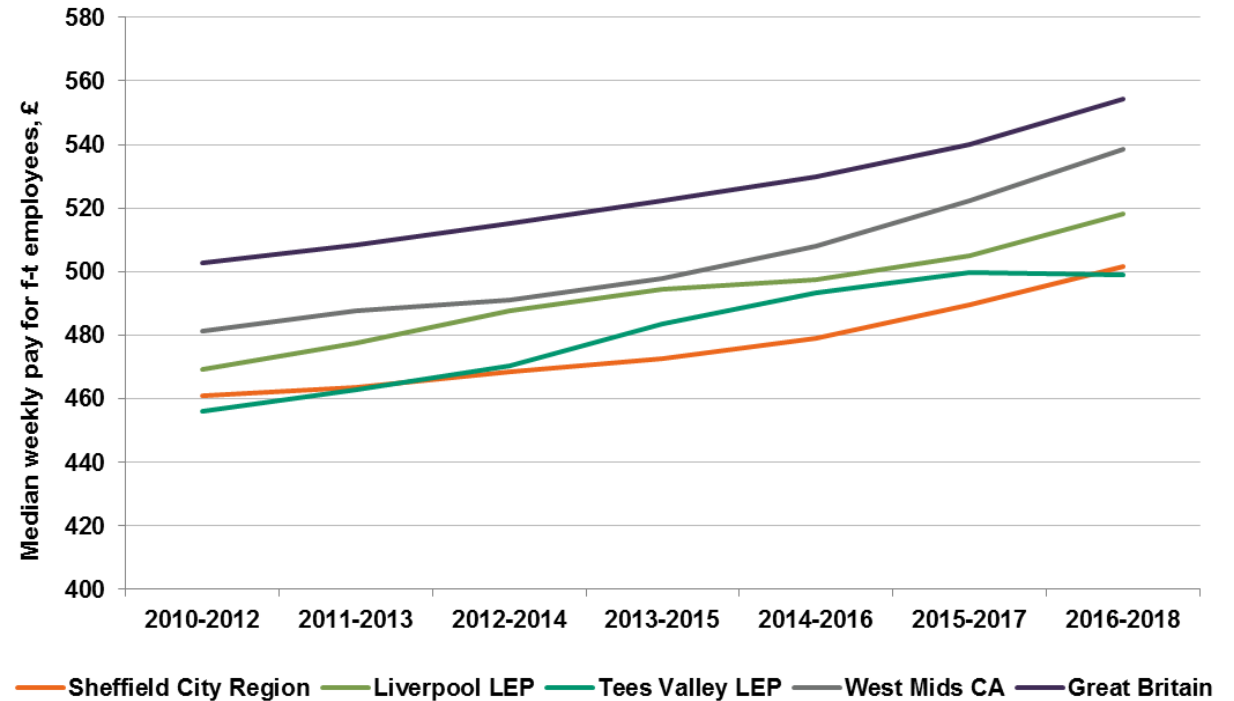
		United Kingdom	Tyne and Wear	Greater Manchester	West Midlands	Sheffield City Region	Tees Valley
All New Enterprises		381,885	4,475	23,590	30,735	7,135	2,415
Employment 20% growth	Count	13,165	185	580	1,010	295	90
	% of all enterprises	3.4%	4.1%	2.5%	3.3%	4.1%	3.7%
	Employment	1,814,673	28,208	78,646	159,692	32,109	9,456
	Turnover (£'000s)	365,427,696	1,977,649	11,439,762	20,894,901	2,952,305	814,643
Turnover 20% growth	Count	30,650	415	1,300	2,295	750	215
	% of all enterprises	8.0%	9.3%	5.5%	7.5%	10.5%	8.9%
	Employment	2,646,977	44,985	106,063	214,310	52,282	12,896
	Turnover (£'000s)	1,232,968,212	6,592,595	19,790,498	46,699,699	6,163,092	1,487,225
Both employment and turnover 20% growth	Count	7,305	105	350	525	170	50
	% of all enterprises	1.9%	2.3%	1.5%	1.7%	2.4%	2.1%
	Employment	1,013,620	20,233	45,423	86,181	17,082	5,760
	Turnover (£'000s)	282,452,572	1,574,272	8,686,249	14,451,401	1,432,900	540,887

SCR HAS EXPERIENCED EMPLOYMENT AND SOME PRODUCTIVITY GROWTH. BUT THIS HAS LARGELY BEEN IN LOW PAY AND LOW PRODUCTIVITY SECTORS AND NOT AT THE SCALE THAT CAN DRIVE TRANSFORMATIONAL ECONOMIC GROWTH

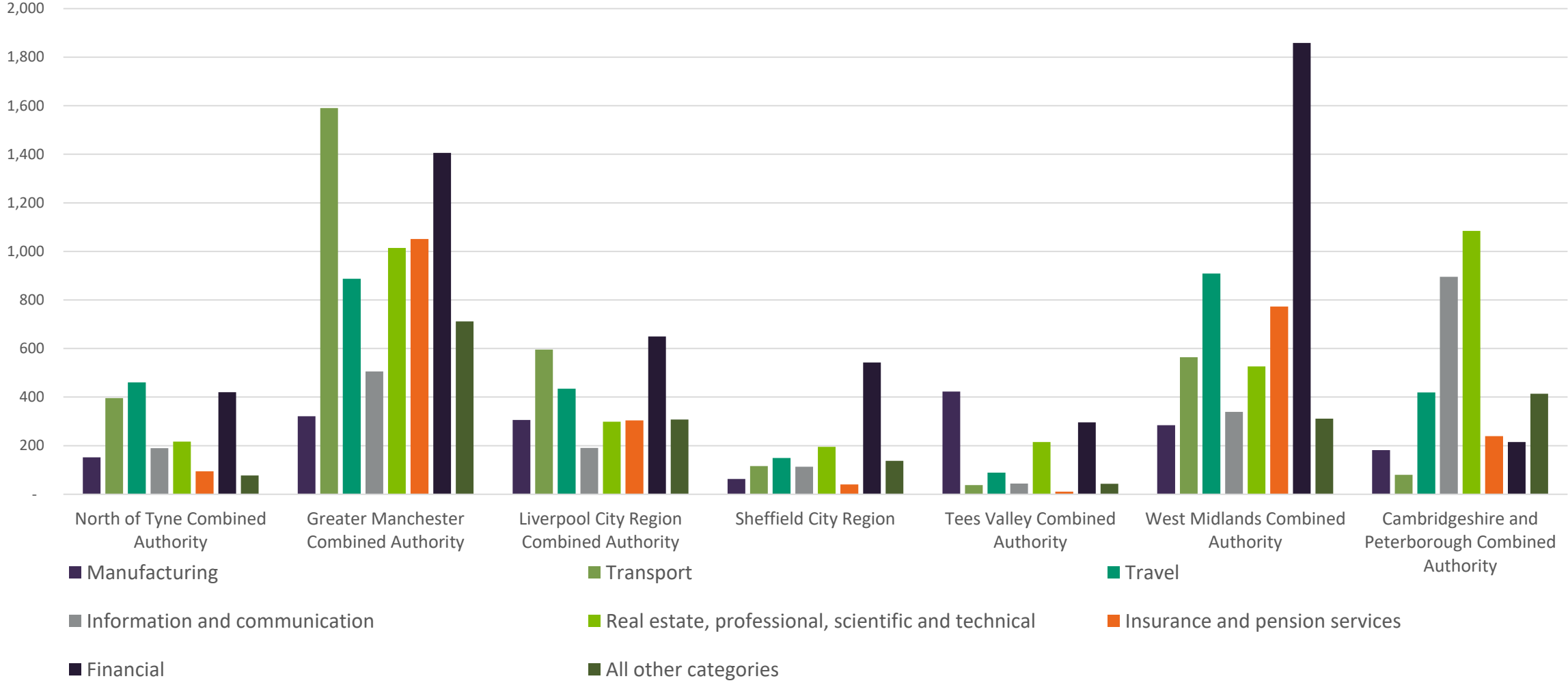
Employment in higher level occupations



Median gross weekly pay, full-time employees



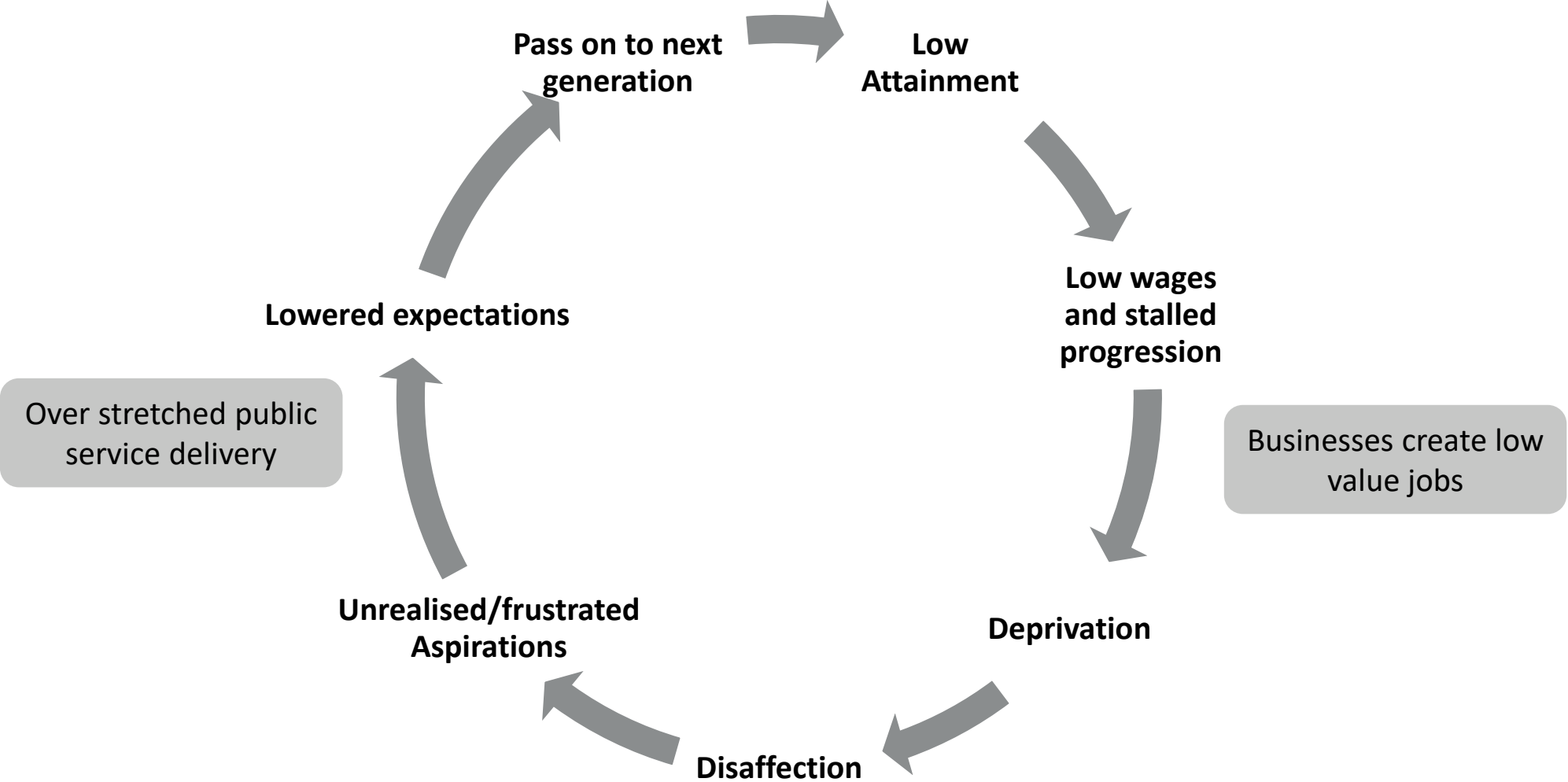
SERVICE EXPORTS VALUE (2016)



Source: ONS service export estimates (2018)

CONCLUSION

CONCLUSION: DESPITE DECADES OF INVESTMENT AND SOME GREAT WORK, FOR TOO MANY, THIS IS STILL CURRENT REALITY



VISION

In the **Sheffield City Region**, every **person** will have an **opportunity** to take part in one of the most **prosperous, dynamic and resilient** global economies.

Opportunity

Community

Prosperity

PROSPERITY

OUTCOMES

- **Productivity Growth**
- **Diversified & Specialised Business Base**
- **Improved Density**
 - **Jobs**
 - **Businesses**
- **Reduced Inequality**
- **Increased Business Investments**
- **Improved Global Linkages & Trade**

POLICIES

- **Create enabling conditions for innovation and growth**
 - **Whole economic base**
 - **Innovation districts**
- **Targeted intelligence-led, business growth model for scale –up and trade**
 - **Segmentation-led engagement package**
 - **Relational not transactional**
 - **Focus on market opportunity, networks**
 - **Support & invest in entrepreneurship**
 - **New model to commercialise research and innovation**
- **Leadership & convening**
 - **Business charter**
 - **Networks**
 - **Capacity**

TO SUPPORT THE SEP DEVELOPMENT PROCESS

Based on the evidence and your experience

- Are the proposed outcomes about right?**
- Are the proposed areas of policy focus about right?**

THANK YOU

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BUSINESS GROWTH THEMATIC BOARD

28 August 2019

The likely impacts of a no-deal Brexit on the SCR

Purpose of Report

With the UK is set to leave the EU on 31 October, this paper outlines the potential risks of a no-deal Brexit to the SCR economy. The paper seeks to stimulate a discussion on potential impacts of a no-deal scenario and consider additional work to prepare and mitigate for a no-deal Brexit.

Thematic Priority

Cross Cutting - Economic

Freedom of Information

This paper will be made available under the MCA publication scheme

Recommendations

That Board members:

- Consider and agree the areas of activity detailed in this paper, against which to commence or accelerate activity.
- Consider the merits and purpose of establishing an Economic Resilience Taskforce.

1. Introduction

- 1.1** A report on preparing for the likely economic impacts on the SCR was taken to the LEP Board meeting in January 2019 and to the Overview and Scrutiny Committee in April 2019. This report outlined that the Government's long-term economic analysis showed a likely fall in GDP growth over a 15-year period on an increasing scale depending on how far the Withdrawal Agreement is from the current EU trade arrangement, with no-deal being the worst-case scenario.
- 1.2** Activities agreed by the LEP Board included the following:
- 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;
 - Lobbying civil servants on the importance of replacing European funding.
- 1.3** With a no-deal Brexit increasing in likelihood, and with national Government intensifying its no-deal preparations, it is important that the LEP / MCA, through the Business Growth Board, consider the increased risks on the SCR economy posed by this scenario and any actions or mitigation measures required.

2. Proposal and justification

2.1 Based on a no-deal scenario, the crucial areas to plan against include:

- Business preparedness
- Trade
- Business and institutional investment
- Labour market including retraining

2.2 Business preparedness

The Growth Hub's free Brexit Tool is available for businesses to consider how to prepare for Brexit. So far, 121 businesses have utilised the tool but intelligence from businesses, received via the Growth Hub, indicates that some businesses, having prepared once, do not want to do so again until there is more certainty on the outcome. Many SMEs are concerned about the impact of Brexit and are putting growth plans on hold, and investment decisions are being delayed.

Further actions to consider

1. Ramp up the marketing of the BREXIT tool and promotion of other support via Chambers, FSB and other partners.
2. Improve intelligence on the national and local support offer and consider any gaps. Plan to enable the Growth Hub Service to swiftly translate the resultant outcomes of the deal/no-deal scenario into how businesses 'action' the outcomes and what measures they need to implement.
3. Improve market intelligence, with local partners, to segment businesses to more effectively target messages and support.
4. Provide more intensive support to our existing investors to support their continued retention within the SCR.

2.3 Trade

South Yorkshire's export market is heavily dependent on the EU with 57% of the value of all goods going to this market. Just-in-time supply chain production could be difficult to maintain in a no-deal scenario due to EU rules of origin. Given the critical role of South Yorkshire's manufacturing sector within the supply chain, the introduction of tariffs and border checks may have a disproportionately greater impact on this sector as well as the logistics sector. This is likely to include an increase in costs due to new administrative burdens and delays. Increased barriers to trade will likely lead to reduced export volumes and increased import costs and inflation through a further fall in the value of Sterling.

Further actions to consider

1. Recruit specialist business advisers and/or experts in tariffs to provide practical advice to exporters and develop a targeted marketing and support campaign for businesses in at risk supply chains trading with the EU. This could be delivered in association with the Chambers and other partners to add value to existing support.
2. Accelerate the development of the revised SCR international trade programme, focusing on new, non-EU markets.

2.4 Business and institutional investment

The SCR, alongside other regions of the UK, has experienced a reduction in new investment enquiries following the outcome of the EU Referendum. In addition to a reduced investment pipeline, existing schemes are often being delayed pending clarity regarding the Brexit outcome.

There will be opportunities for future investment in a no-deal Brexit scenario. Government may want to invest in place-based interventions where an area has strengths and can show how it needs to grow.

Further actions to consider

- It has been announced that ten free ports will be created following Brexit. This provides a potential opportunity to be explored in relation to Doncaster Sheffield Airport.
- Develop a compelling investment pitch for the region to secure increased levels of institutional investment in infrastructure and property.
- Develop and implement lead generation capabilities to attract UK businesses to scale-up in the SCR. An example is the recent decision by UK Atomic Energy Authority (UKAEA) to invest in Rotherham.
- Increase the targeting of investment offers into the India, China and US market.
- Consider that some of SCR's investment might shift from job creation and growth towards resilience and safeguarding.

2.5 Labour market including retraining

The effects of Brexit upon different labour market groups is uncertain. If there is an economic shock, certain existing labour market differences could exacerbate inequalities between SCR and other areas (e.g. London & South East) and within the labour market. For example, the current unemployment rate for women in SCR is higher (6.1%) than the national average (4.1%) and this could worsen if there is an economic shock. Rapid response services and retraining will be an important part of any response to an economic shock. The most recent experience of this was with Tata Steels and a lessons learned document was produced. Partners need to be prepared to consider how to mobilise quickly if there is such a shock and job losses.

There is also a need to consider the operation of the labour market more broadly, particularly those sectors that employ a greater proportion of migrant workers, including the logistics sector, the NHS, and further education. This would also include the impact on potential student number at our Universities linked to a no-deal Brexit.

Further Actions to consider

- Partner planning for a rapid response task force
- Options to be developed on proposal for a retraining pilot

Other Measures

2.6 Economic Resilience Taskforce

In support of the Local Resilience Forum, the SCR Executive could convene an Economic Resilience Taskforce. However, this will only be effective if sufficient resources could be marshalled and deployed at short notice. This taskforce could oversee actions and report both to the LEP / MCA (and sub-boards) and the LRF as appropriate.

2.7 Market intelligence

Work is commencing to improve access to market intelligence. This work will include intelligence on the SCR business base thus better enabling the targeting of businesses support. An important part of this will be improved intelligence of the activities and behaviours of foreign-owned, and/or export-led, and/or strategically important SCR businesses. The outcome of this activity will be increasing the number and strengthening the position of SCR businesses operating in global value chains.

2.8 Government engagement

SCR Executive will continue to engage with Government ministers and civil servants. The Local Resilience Forum agrees that there is a need for an economic risk assessment and mitigation plan to maximise the opportunities and mitigate the risks of a no-deal Brexit.

3. Consideration of alternative approaches

- 3.1 Do nothing:** The MCA/LEP could leave it to other organisations to plan for the likely effects of a no-deal Brexit. However, the underpinning purpose of both the MCA and LEP is

economic development and therefore planning to maximise opportunities and mitigate for a potential economic shock in the region would fall under the SCR MCA and LEP's remit.

- 3.2 Do more:** Whilst the effects of a No-Deal BREXIT could be far reaching, many areas of planning are best left to organisations with specific resource to strategically plan, put in place contingencies and deploy resource eg NHS, Universities, Home Office and Police. The MCA / LEP will need to be clear in the focus it takes.

4. Implications

4.1 Financial

Government's own analysis found that a no-deal could hit Yorkshire and the Humber's GDP by 8.5% over the next 15 years.

SCR Executive has a small amount of resource to target on Brexit preparations. The prioritisation of actions discussed in this paper will influence how this resource is deployed.

4.2 Legal

There are no direct legal implications associated with this paper.

4.3 Risk Management

The SCR Overview and Scrutiny Committee have suggested that the MCA / LEP have a Brexit Risk Register. Board Members are asked to consider this.

4.4 Equality, Diversity and Social Inclusion

A no-deal Brexit may disproportionately affect women and part-time workers in the SCR.

5. Communications

- 5.1** Many of the actions outlined in this report will have significant implications for communication activity. The proposal is that the SCR Executive Communications Team produce a communication plan of activity. This will include, but is not limited to:

- Lobbying of government for clarity over future funding (Shared Prosperity Funding) in order to design and resource programmes for businesses and individuals;
- Business communication to encourage preparedness and signpost to support;
- Stakeholder/partner liaison to share and communicate knowledge and intelligence.
-

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:

BUSINESS GROWTH THEMATIC BOARD

28th August 2019

Performance Dashboard

Purpose of Report

This paper and accompanying performance dashboards provide board members with up to date performance information on all business growth programmes delivered by the SCR Executive on behalf of the LEP and MCA

Thematic Priority

Ensure new businesses receive the support they need to flourish.

Facilitate and proactively support growth amongst existing firms

Freedom of Information

This paper may be released under a Freedom of Information request. In this section, it must be clear if the paper has any exemption under [Part II of the Freedom of Information Act 2000](#)

Recommendations

That Board Members:

1. Scrutinise the performance information provided in order to identify future performance deep-dives or significant areas of risk;
2. Review the format and detail of information to inform future iterations of the dashboard.
3. Agree whether Members want to receive a risk register of any programme or project risks.

1. Introduction

- 1.1** Performance dashboards for the business growth programmes of the LEP and MCA are attached for members to review

- SCR Growth Hub - **Appendix 1**
- Business Investment Fund - **Appendix 2**

Inward Investment data and projects will be added to a future iteration of the performance paper and a dashboard presented.

2. Proposal and justification

- 2.1** The following is a summary of performance by programme

2.1.1 SCR Growth Hub

Further programme detail is provided in **Appendix 1a**
A full performance dashboard is provided at **Appendix 1b**

In 2014, to support enterprise, productivity, employment and skills, the SCR Strategic Economic Plan (SEP) proposed the creation of a Growth Hub to deliver the business support programme outlined in the SEP. The Growth Hub is one of 38 in England providing a 'gateway' to access specialist growth support including innovation, exporting, finance and skills training. The Growth Hub is part of the delivery infrastructure of the LEP and is overseen by the Business Growth Board.

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. The Growth Hub has until recently co-funded business support services in partnership with the Local Authorities 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.

The following outputs and outcomes have been agreed with BEIS for activity 2015-2021:

Outputs:

- Jobs Created: 2,500
- Businesses Supported: 5,000

Outcomes:

- Businesses Engaged: 6,500
- Businesses referred to support: 1,000

Performance Summary

Current performance against agreed outputs and outcomes are:

Outputs	Target	Actual
Jobs Created:	2,500	2,135
Businesses Supported	5,000	8,014
Outcomes		
Businesses Engaged	6,500	5,917
Businesses referred to support	1,000	4,988

Management Action

For the two areas where targets are behind profile, enhanced monitoring is being implemented, however as there remains 18 months to deliver this target no remedial action has been put in place as the trajectory indicates targets will be achieved.

2.1.2 Business Investment Fund

Further programme detail is provided in **Appendix 2a**
A full performance dashboard is provided at **Appendix 2b**

Access to finance is and will continue to be one of the key issues affecting business growth within the Sheffield City Region. From a total Local Growth Fund (LGF) programme of £360m, a £52m programme was established with the aim of supporting beneficial schemes of inward investment and to enable more indigenous companies to access external finance to grow, modernise or sustain their activities. In support of this aim the Combined Authority (MCA) and Local Enterprise Partnership (LEP) approved the Investment Strategy for the Business Investment Fund (BIF), in June and July 2015.

The Business Investment Fund aims to:

- support investment in indigenous companies where there is a demonstrable case

- for grant;
- support significant inward investment into the Sheffield City Region.

The outputs government are seeking from this investment are:

Outputs	Target (lower)	Target (upper)
Jobs Created	1,830	2,370
Private Sector Leverage	£118m	£160m

Performance summary

To the end of Q1 2019/20 the Business Investment Fund has:

- created 2,641 jobs,
- levered over £78m in private investment.
- supported 81 companies (including awards approved but pending contract)

The total BIF awarded to date is £44,881,401 and total commitment is £46,289,522 including the active BIF pipeline to 2020/21 of £1.4m.

There are currently 9 projects in contract with a red risk rating, 2 projects with amber risk rating and 15 projects with green risk rating. Seven of the nine 'red' risk rated projects are subject to clawback due to under-delivering against their jobs targets.

There is an active pipeline of schemes estimated to be c£15m. The LEP board have a discussion on the totality of the LGF pipeline scheduled.

Management Action

Where contracted scheme specific targets are behind profile, enhanced monitoring will be implemented, and appropriate remedial action agreed.

Recommendations for the underperforming projects subject to clawback will progress through the decision-making process over the next quarter.

3. Consideration of alternative approaches

- 3.1** The Performance Dashboard is the first iteration of data for the Thematic Boards. Members can shape how the dashboard looks and the data and information included to fulfil their remit for performance management.

4. Implications

4.1 Financial

LGF – Allocations must be spent within the funding year, therefore all approved projects which enter into contract are monitored closely to ensure any potential underclaims are mitigated to prevent loss of funding to the programme and the scheme promoter.

4.2 Legal

Funding Agreements are in place for all projects/programmes where the MCA is the accountable body, where appropriate they include payment clauses linked to performance.

4.3 Risk Management

Risks on all projects are recorded in a project Risk Register and mitigation actions are reviewed and escalated as appropriate. Risks could be incorporated into the individual programme dashboards if members require further oversight of these matters

4.4 Equality, Diversity and Social Inclusion

All projects promote inclusivity to ensure residents across SCR can access support/opportunities regardless of where they live. A series of inclusive growth targets have recently been included in all new LGF approvals.

5. Communications

5.1 All existing projects form part of the organisations communication plans.

6. Appendices/Annexes

6.1 Appendix 1 (a) and (b) the Growth Hub
Appendix 2 (a) and (b) the Business Investment Fund

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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:

Scheme Name:	Growth Hub
Funder:	Local Growth Fund/BEIS
Programme value:	£6,280,000
Deliverers and Contract Values:	Sheffield City Region and partner organisations £6,280,000
Timescale:	2015 - 2021
Geography covered:	9 Local Authorities within SCR
Description:	The Growth Hub is committed and focussed on collaborative and partner working across the region to deliver high quality business support services. The long term aspiration of the Growth Hub is to be able to ensure the region’s businesses have access to a world class offer of support that will develop over time and for it to be self-sustainable on a long term basis, building on its partnerships and driving long term growth, and the aspiration to create 70,000 jobs and 6000 new businesses across the region in addition to supporting 2000 businesses to begin exporting. The Growth Hub aims to deliver a fully inclusive service offering a graduated level of support, with higher growth potential businesses receiving greater support to help achieve it’s full potential.
Target Beneficiaries:	Businesses within the Sheffield City Region
Outputs (2015-2021 Programme):	
Jobs Created	2,500
Businesses Supported	5,000
Businesses Engaged	6,500
Businesses Referred to Support	1,000

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Skills LGF Dashboard

Executive Board
This Quarter:

Growth Hub
Q1 - 2019/20

Risk Assessment
AG

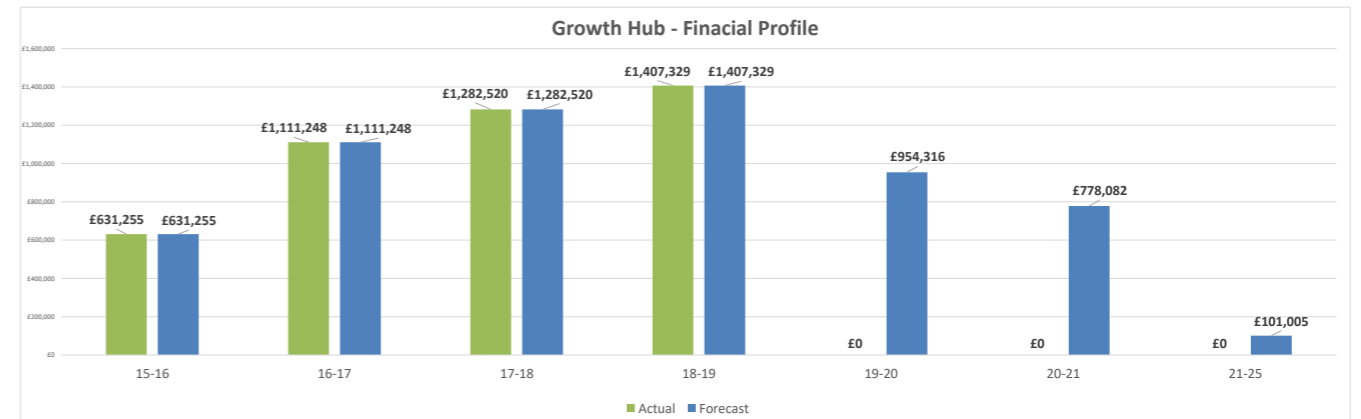
Comments
Outputs exceeded, delivery good.

Financial Progress

Indicative LGF Funding	Approved	Pipeline	Total	Complete	In delivery	Approved	Pipeline
£6,280,000	£6,265,755	£14,245	10	5	3	1	1
Growth Hub Projects Growth Hub Funding (£)			£0	£871,000	5,205,303	£189,452	£14,245

Growth Hub	This Quarter	Financial Year							Total
		15-16	16-17	17-18	18-19	19-20	20-21	21-25	
Actual		£631,255	£1,111,248	£1,282,520	£1,407,329	£0	£0	£0	£4,432,352
Forecast		£631,255	£1,111,248	£1,282,520	£1,407,329	£954,316	£778,082	£101,005	£6,265,755
Variance to funding		£0	£0	£0	£0	-£954,316	-£778,082	-£101,005	-£1,833,403

Comments: Funding has concluded for the projects RISE, Launchpad, original Y-Accelerator and ESIF Enhancement activity. Further Y-accelerator continuation funding underway.



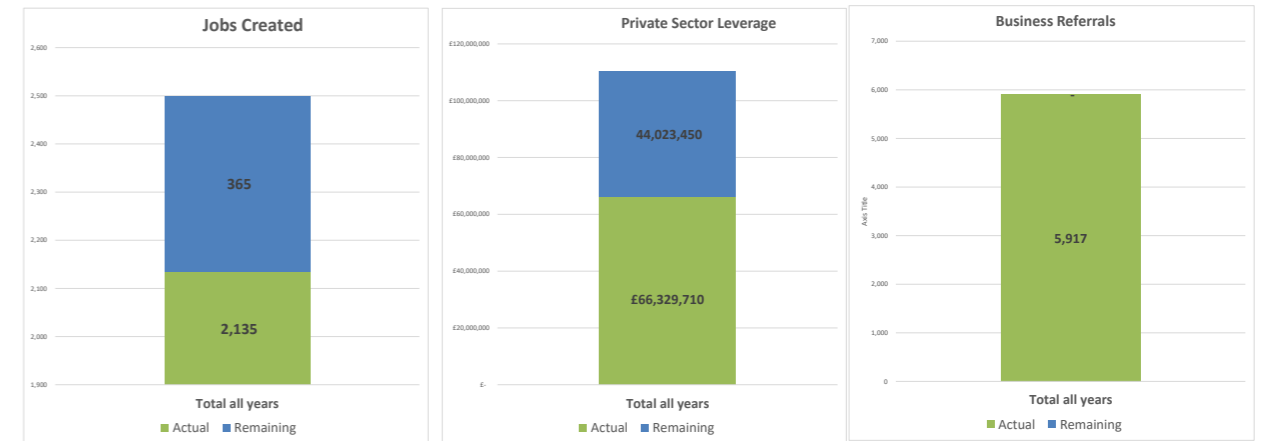
Outcomes

Jobs Created	This Quarter	Financial Year							Total
		15-16	16-17	17-18	18-19	19-20	20-21	21-25	
Actual	41	0	262	1212	620	41	0	0	2,135
Forecast	51	0	262	1212	620	203	203	0	2,500
Progress towards forecast	81%	-	100%	100%	100%	20%	0%	-	85%

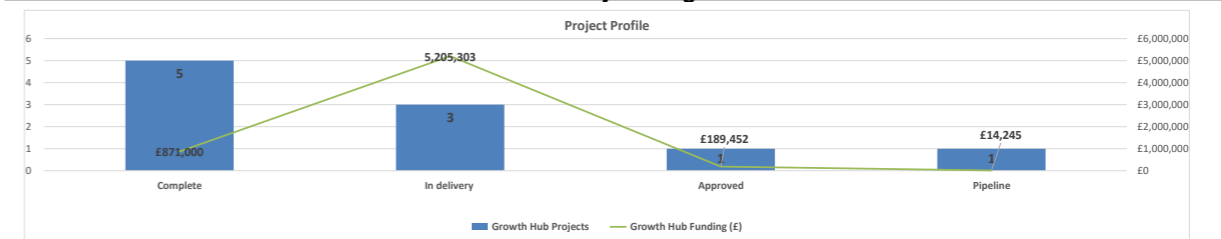
Private Sector Leverage	This Quarter	Financial Year							Total
		15-16	16-17	17-18	18-19	19-20	20-21	21-25	
Actual	£25,000	0	£27,745,000	£31,957,516	£6,627,194	£0	£0	£0	£ 66,329,710
Forecast	£5,502,931.25	0	£27,745,000	£31,957,516	£6,627,194	£22,011,725	£22,011,725	£0	£ 110,353,160
Progress towards forecast	0	-	100%	100%	100%	%	0%	-	60%

Businesses Supported	This Quarter	Financial Year							Total
		15-16	16-17	17-18	18-19	19-20	20-21	21-25	
Actual	0	0	0	5,086	821	0	10	0	5,917
Forecast	250	0	800	1,200	1,200	1,000	800	0	5,000
Progress towards forecast	-	0%	424%	68%	%	1%	-	-	118%

Comments: Growth Hub continues to deliver in line with expected outcomes. All key performance indicators continue to be exceeded. Note that some Q1 18/19 outputs progress are outstanding, and will be reported during Q2.



Project Stages



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Scheme Name:	Business Investment Fund (BIF)	
Funder:	Local Growth Fund	
Programme value:	£52,000,000	
Deliverers and Contract Values:	Sheffield City Region £52,000,000	
Timescale:	2015 - 2021	
Geography covered:	9 Local Authorities within SCR	
Description:	The aim of the Business Investment Fund to create jobs and growth through supporting investment in indigenous companies where there is a demonstrable case for grant and to support significant inward investment into the Sheffield City Region.	
Target Beneficiaries:	Businesses within the Sheffield City Region	
Outputs (2015-2021 Programme):		
	Lower Estimate	Upper Estimate
Jobs Created	1,830	2,370
Private Sector Leverage	£118m	£167.6m

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Skills LGF Dashboard

Executive Board Business Investment Fund (BIF) LGF

This Quarter: Q1 - 2019/20

Risk Assessment

A

Comments

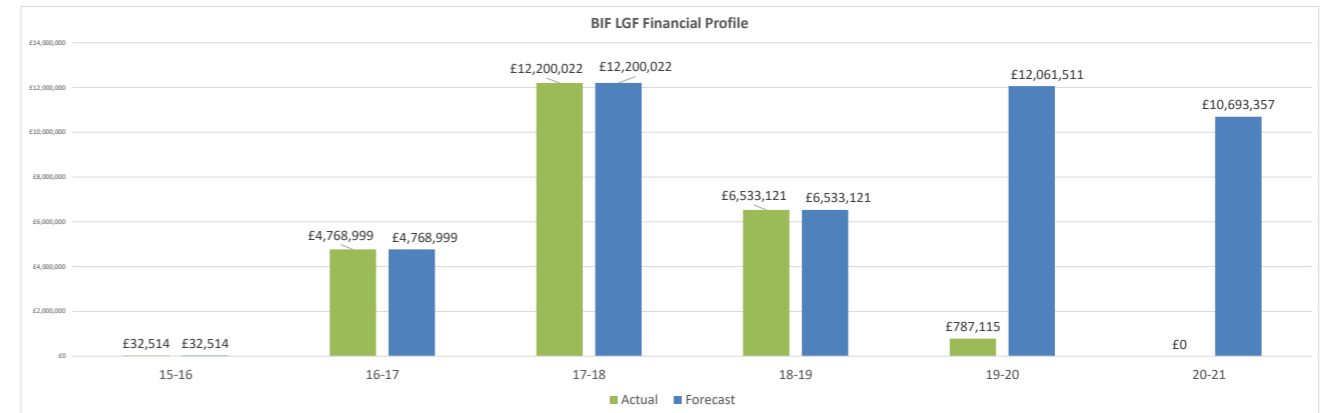
Amber overall fifteen green rated projects and nine red rated projects, seven of which are due to underachievement against outputs and clawback of funding.

Financial Progress

LGF Funding	Approved	Pipeline	BIF Projects (No.)	Total	Complete	In delivery	Pending Contract	Pipeline
£52,000,000	£44,881,401	£1,408,124	90	£46,289,525	£8,091,856	£24,078,529	£12,711,016	£1,408,124

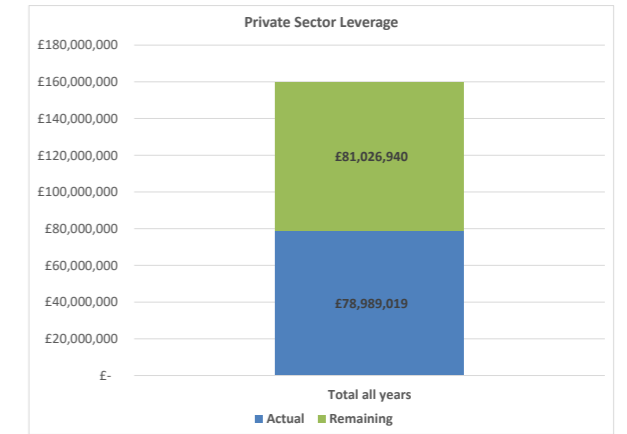
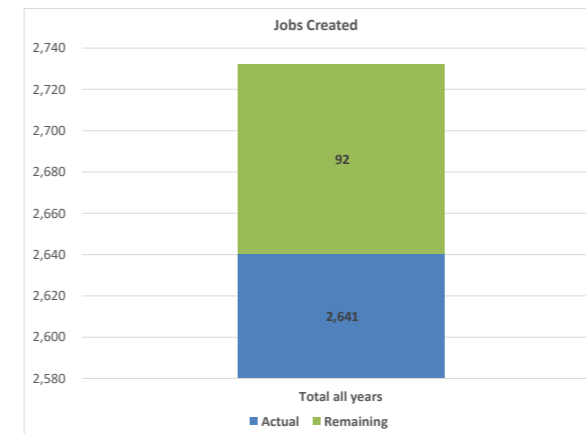
BIF - LGF	This Quarter	Financial Year						Total	
		15-16	16-17	17-18	18-19	19-20	20-21		21-25
Actual	£ 787,115	£32,514	£4,768,999	£12,200,022	£6,533,121	£787,115	£0	£0	£24,321,772
Forecast	£ 3,015,378	£32,514	£4,768,999	£12,200,022	£6,533,121	£12,061,511	£10,693,357	£0	£46,289,525
Variance to funding	-£2,228,263	£0	£0	£0	£0	-£11,274,396	-£10,693,357	£0	-£21,967,753

Comments: In addition to the £1,408,124 which is not in contract there is a long term 'waiting list' of potential projects worth a total of £20m. These are potential projects which have been discussed with SCR, but have not yet been formalised in an application.



Outcomes

	This Quarter	Financial Year						Total	
		15-16	16-17	17-18	18-19	19-20	20-21		21-25
Jobs Created									
Actual	199	0	750	278	1415	199	0	0	2,641
Forecast	108	0	770	310	1032	431	189	0	2,732
Progress towards forecast	185%	-	97%	90%	137%	46%	0%	-	97%
Remaining									92
Private Sector Leverage									
Actual	£11,079,307	0	£11,738,024	£14,437,652	£41,734,036	£11,079,307	£0	£0	£ 78,989,019
Forecast	£19,896,310	0	£11,738,024	£14,437,652	£41,734,036	£79,585,240	£12,521,007	£0	£ 160,015,960
Progress towards forecast	56%	-	100%	100%	100%	%	0%	-	49%
Remaining									£ 81,026,940



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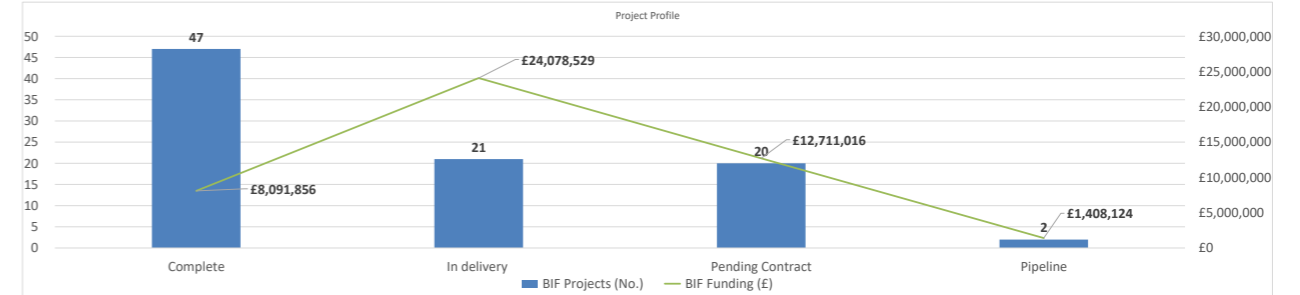
Comments: Only £6m funding remains uncommitted from the £52m available for BIF projects, with an extensive pipeline of projects contesting limited remaining funding.

£12m of the current funding is at approved stage, but not yet progressed to delivery. Ongoing monitoring of the progression of these projects continues to ensure that the remaining funding can be fully utilised.

Overall risk rating for BIF is amber. There are currently 9 projects with red risk rating, 2 projects with Amber risk rating and 15 projects with green risk rating. Seven of the nine 'Red' risk rated projects are subject to clawback due to under-delivering against their jobs target.

Figures taken from BIF position as at 07/08/19

Project Stages



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BUSINESS GROWTH EXECUTIVE BOARD

Written Procedures supplementary information

PROJECT APPROVAL

Purpose of Report

The Business Growth Board, at its meeting on the 17th July 2019, agreed to consider Project 0098 via written procedures, and that options, in addition to the original were presented to them for consideration. The required quoracy of decisions was not achieved from members via written procedures and so the paper is returning to the Board for consideration. As part of the written procedures process the option for a grant of 5% of scheme value -grant £619,000 was confirmed as acceptable from the options presented.

Thematic Priority

Secure investment in infrastructure where it will do most to support growth.

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme. However, appendix 3 is exempt from publication under paragraph 3. Part 1, section 12a of the Local Government Act 1972.

Recommendations

The Business Growth Executive Board consider the information provided and consider:

1. 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 issued 26th July.
2. Delegate 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.

1. Introduction

- 1.1 The Business Growth Thematic Board members, gave their agreement to considering Project 0098 seeking £1.238m LGF funding by written procedures, at their meeting 17th July 2019. The Board Paper was issued to Board Members (26/07/19) and published in accordance with the publication requirements for LGF. Quoracy in decisions to progress the recommendation was not achieved and therefore the paper is returning to the Board.
- 1.2 As part of the written procedures process, Members asked for the paper to include a number of options linked to the cost of the scheme, the job and salary numbers. These options were presented to Members in the paper issued. As part of this process the SCC

lead Member advised that the option for a grant of £619,000 or 5% of the scheme value would be acceptable. This paper is therefore seeking to award the grant at this level.

- 1.3 Members also raised a number of questions, on wider benefits of the schemes in addition to those tested via the assurance process. A full response to each of these questions is provided in Appendix 2 to this supplementary paper.

2. Proposal and justification

Summary of Project 0098

- 2.1 Project 0098 is a Sheffield based scheme seeking to support an inward investment opportunity to create a unique visitor experience. This inward investment scheme is closely aligned with a development, already approved, and aims to contribute to the Sheffield 'Outdoor city' strategy offer.

The grant will be matched by private sector finance up to the £12.3m total project costs. The applicant is exploring other sites in the UK and Europe, but states that they will only progress one of these in the immediate term.

- 2.2 The assurance opinion for awarding a grant of £619,000, using the additionality guidance¹ applied to all LGF schemes, is that the cost per job is £23,958. This is in the low category and is good for a scheme of this nature.

The nature of the site and the engineering solutions required add to the total costs and in considering this alongside the cost per job the scheme provides acceptable / good value for money.

The Assurance Summary is attached at **Appendix 1**.

- 2.3 It is worth noting that a reduction in grant level offered, particularly the option to award 5%, may result in the applicant deciding to not proceed with this investment here in SCR, as Sheffield is in competition with other areas.

The FBC makes clear that the return on investment on offer in Sheffield is below what the inward investor deems to be acceptable, hence the grant request. The full grant award may still be insufficient to secure this investment as it is unknown what the other European offers may be.

- 2.4 There are likely to be wider impacts beyond these measures, which are worth consideration. These include the strategic fit and how this scheme may complement the wider SCC "Outdoor City" objective, the uniqueness of this proposal within the country and softer measures including additional spend in the visitor economy as a consequence of the development.

The benefits of the scheme beyond jobs and GVA is detailed in full in Appendix 1 in the response to questions asked by Members.

3. Consideration of alternative approaches

- 3.1 Members of the Business Growth Board were presentation with alternative options for award of a higher level of grant, these have been discounted.

4. Implications

¹ The additionality guidelines allow us to account for key factors like what would happen without the grant (deadweight), how this investment could impact on other economic activity in the area (displacement), and how much of the impact will leak outside the area (leakage).

4.1 Financial

The financial implications of this scheme are to award a grant to Company 0098 and in conjunction enter into an agreement with SCC for repayment of up to 50% of the grant, in accordance with the policy for inward investment grants.

4.2 Legal

The legal implications of each project have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed by the Appraisal Panel as presented in the supporting information. The two agreements with the inward investor and the sponsoring Local Authority will be entered into simultaneously.

4.3 Risk Management

A reduced grant offer carries the risks that the development may not go ahead as planned. There is still competition from a site in the UK and a further three potential sites in Europe and so there are risks beyond the allocation of the grant to securing the scheme.

4.4 Equality, Diversity and Social Inclusion

This scheme will create a number and range of employment opportunities, including entry level vacancies and the company is committed to apprenticeship opportunities.

5. Communications

5.1 The approval of the business case presents an opportunity for positive communications; officers from the SCR Executive Team will work with the relevant local authority officers on joint communications activity.

6. Appendices/Annexes

6.1 Appendix 1 – Appraisal Panel Summary
Appendix 2 - Summary of responses to member questions regarding the scheme

REPORT AUTHOR	Sue Sykes
POST	Assistant Director Programme and Performance Unit
Officer responsible	Ruth Adams
Organisation	Sheffield City Region Mayoral Combined Authority
Email	Ruth.adams@sheffieldcityregion.org.uk
Telephone	0114 220 3437

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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Appraisal Panel Summary

Scheme Details

Project Name	Company 0098		
Grant Recipient	Company 0098 Limited		
SCR Executive Board	Business	SCR Funding	£619,000
% SCR Allocation	5%	Total Scheme Cost	£12,381,240

Appraisal Summary

Project Description
<p>Company 0098 are considering investing into a leisure attraction in Sheffield and have requested grant funding as they are considering alternative locations.</p> <p>They will only progress one of these sites and are judging them based on return on investment, ease of development and cost. The Sheffield site has geological challenges and grant funding would assist in improving return on investment.</p> <p>The application is being made by Sheffield City Council (SCC) on behalf Company 0098, which is a subsidiary of the parent company who will be new to the Country as well as the region.</p> <p>SCC describe the investment as “providing a strategically significant tourist attraction in a city region that lacks visitor attractions, cementing Sheffield’s product offering as the Outdoor City, offering a unique experience”. There may also be some supply chain opportunities during build and spin-off income to other businesses (hotels for instance) once operational.</p>
Strategic Case
<p>This is an inward investment application and there are other suitable locations vying for this investment. Whilst this is a tourism and leisure investment which is not one of the key priority sectors for the SCR, it does nevertheless offer opportunities beyond the core business.</p> <p>Business Investment Fund was designed to support the following objectives with the SEP;</p> <ul style="list-style-type: none"> - Creation of new jobs - Creation of new businesses - Increase of GVA - Support projects that cannot proceed without grant support <p>In terms of need for grant, the applicant could fund this project without LGF. However, that will have an impact on return on investment and thereby disadvantage the Sheffield site as a preferred location. The application does refer to the potential for a smaller project in Sheffield if the grant is reduced but this will not maximise the potential of the site and could also make Sheffield less attractive.</p> <p>There is an acceptable strategic case for support of the project in terms of its alignment with local plans and objectives. However, the LGF relevant outputs include lower skilled jobs which are already over represented in the local economy.</p>
Value for Money (Economic Case)

The scheme will deliver 26 net additional jobs (87 gross) which equates to an estimated net public sector (LGF) cost per job of £23,956. On this basis, the LGF investment will offer acceptable value for money.

The net present value of the GVA impact over ten years is estimated to be £5.8m. This represents a return of £9.69 for every £1 of LGF investment.

Inward Investment Scheme - 50% Repayable

Where an inward investment scheme is being promoted by a Local Authority (as is the case with this project) the Authority is required to confirm that they are prepared to repay 50% of the grant value (unless an exception applies) and that funding options have been considered prior to the application seeking full approval. It is understood that the 50% repayable element will be funded from a future business rate uplift directly associated with the Project and will be repaid within 10 years.

In cases where the Authority can demonstrate that the business rates uplift is insufficient to repay 50% of the grant over the 10-year period (i.e. where the cost of works is high and the premises to which business rates apply are relatively small) the BIF process states that the principle of “no detriment” should apply. This means that if the business rate uplift over 10 years does not repay the full 50% of the grant the burden for the shortfall should not fall on either the Authority or the applicant but will be written off.

For this project;

- Local Authority Section 151 Officer has confirmed that they are prepared to make the repayments.
- Local Authority Finance have submitted analysis of the potential business rate uplift projections.
- At this level of grant the 50% repayment would equate to £309,500. SCR evaluation of the business rate uplift projections have indicated in the 10-year, modelled period that the potential uplift could range between £150k and £532k.

This repayment should be considered when reaching an investment decision, it should however be noted that full value for money appraisal has also been undertaken.

Financial Assessment

This is a new business in the UK and thus there are no past financials on which to base an assessment. The following is the forecast information that was provided in the application. However, there is no detailed information behind the figures, particularly the assumptions used by Company 0098 in reaching these figures, or a balance sheet or cashflow forecast.

- Wages for 87 employees (year 3) based on the schedule provided would equate to a cost of £1.53m out of a cost base of c£3.1m in that year. We have no detail on other costs.
- If there was no grant and year 3 was assumed as the performance going forward, on net profit before tax payback on the £12.381m is less than 5.5 years, and under 5 years with the requested grant.

It is recommended that more detailed forecasts should be provided and for the MCA to confirm its satisfaction ahead of any contract execution. It must be said however that Company 0098 are a proven operator in this field and have established similar parks all around the world.

Also, the accounts reviewed are now 15 months out of date. Contract execution should be conditioned on receipt of satisfactory 2019 account.

The ultimate parent is a successful Parent Company with a strong track record. The business is strong with limited debt and good levels of retained profit. Income is spread across several operational sectors.

Delivery of the project is dependent on the parent company for funding so a parent company guarantee should be attached as a grant condition to cover the risk of non-delivery of outputs or failure of the new business.

Commercial Case (inc. risk)

This would be a 1st such operation in the UK and there is a risk that this might not be successful. However, the parent company has a strong track record and is intending to invest significantly.

The application plays heavily on attracting visitors from outside of the SCR and if successful in attracting visitors from far and wide, that can benefit other linked sectors such as hospitality.

From the information provided, the works have not been tendered for, so it is not yet clear how accurate the costs are. The application intends to use experienced contractors however there is a risk to be managed (overruns etc).

Delivery

Funding – balance sheet of parent company would indicate that they have the necessary funding in place (although accounts out of date).

Management team – there is limited information about how the project will be delivered, other than appointing a local project manager. There is a long list of potential risks considered by the business in the schedules, and most can be managed locally. Company 0098 have established a number of similar sites so it is not unreasonable to expect they are able to manage delivery here.

Timescales – **there is risk that this project cannot be delivered by March 2021** given that planning consent is not secured. Project milestones from the application are:

- | | |
|---|-----------------|
| • Receive funding approval from Sheffield City Region | July'19 |
| • Site design | Sept'19 |
| • Receive planning approval from Sheffield Council | Dec'19 |
| • Engage main contractor | Jan'20 |
| • Construction begins | Jan'20 |
| • Staff recruitment | Dec'20 - Jan'21 |
| • Construction completed | Jan'21 |
| • Open for Business | Mar'21 |

There is minimal room for time slippage here in terms of defrayment of grant by March 2021.

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 10% intervention threshold for a large 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 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. Confirmation that all statutory approvals are in place including planning permission 3. 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. 4. Provision of 2019 parent company accounts for review 5. Provision of the detailed information that underpin overall forecasts, a balance sheet or cashflow forecast and the assumptions used, for MCA to confirm its satisfaction 6. Detailed milestones to be provided for the delivery of the scheme. Contract to include suitable clauses that non-achievement of delivery milestones will result in an event of default. <p>The conditions above should be fully satisfied by 30th September 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"> 7. Submission of a copy any loan agreements, relevant to this project, including the terms and conditions. 8. Submission of evidence of Board approval for the scheme. 9. 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"> 10. On completion of physical works, 30% (£185,700) of this LGF grant will be placed out of scope for any clawback. The remaining 70% LGF grant (£433,300) will remain in scope until 80 gross fte jobs have been created at the site. The SCR Operational Contracts team will monitor progress on job creation based on the annual profile (as at funding agreement) submitted by the promoter. If by the end of March 2024, the minimum threshold of 80 gross fte jobs have not being created, the applicant will return £5,416 for each job below the threshold. 11. Suitable overage clause linked to excess profitability over and above estimated profit 12. If at any point parent company funding is withdrawn and scheme becomes unviable, public grant should be clawed back 13. Suitable parental company guarantee 	

Record of Recommendation, Endorsement and Approval

Project Name

Appraisal Panel Recommendation		Board Endorsement		CA Approval	
Date of Meeting		Date of Meeting		Date of Meeting	
Head of Paid Service or Delegate	Ruth Adams Deputy CEX	Endorsing Officer (Board Chair)		Approving Officer (Chair)	
Signature		Signature		Signature	
Date		Date		Date	
S73 Officer or Delegate	Simon Tompkins Finance Manager	Statutory Finance Officer Approval			
Signature					
Date					
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor				
Signature					
Date					

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Appendix 2 – Response to Member questions

Question	Response	Member																																																																								
1 What do we know about the 87 proposed jobs in terms of type/quality etc?	<p data-bbox="524 264 1848 316">Staffing information taken from the business case</p> <table border="1" data-bbox="524 320 1848 1286"> <thead> <tr> <th data-bbox="524 320 1016 523">Job Title</th> <th data-bbox="1023 320 1279 523">Location Local Authority Area</th> <th data-bbox="1285 320 1541 523">2020 Salary £ (estimates and will be subject to change)</th> <th data-bbox="1547 320 1848 523">Total New Jobs Created</th> </tr> </thead> <tbody> <tr><td>Finance Manager</td><td>Sheffield</td><td>35000</td><td>1</td></tr> <tr><td>Sales & Marketing Manager</td><td>Sheffield</td><td>33784</td><td>1</td></tr> <tr><td>Sales & Marketing co-ordinator</td><td>Sheffield</td><td>17000</td><td>1</td></tr> <tr><td>Administration / HR Executive</td><td>Sheffield</td><td>18000</td><td>1</td></tr> <tr><td>Senior Engineer</td><td>Sheffield</td><td>35000</td><td>1</td></tr> <tr><td>Engineer</td><td>Sheffield</td><td>25000</td><td>1</td></tr> <tr><td>Luge Cart Technician</td><td>Sheffield</td><td>17316</td><td>2</td></tr> <tr><td>Operations Manager</td><td>Sheffield</td><td>30000</td><td>1</td></tr> <tr><td>Operations Supervisors</td><td>Sheffield</td><td>19240</td><td>3</td></tr> <tr><td>Luge Operators</td><td>Sheffield</td><td>16354</td><td>33</td></tr> <tr><td>Training & Compliance Manager</td><td>Sheffield</td><td>25000</td><td>1</td></tr> <tr><td>Ticketing & Retail Supervisor</td><td>Sheffield</td><td>19240</td><td>1</td></tr> <tr><td>Ticketing & Retail cashier</td><td>Sheffield</td><td>16354</td><td>19</td></tr> <tr><td>Zipline Supervisor</td><td>Sheffield</td><td>19240</td><td>2</td></tr> <tr><td>Zipline Operators</td><td>Sheffield</td><td>16354</td><td>18</td></tr> <tr><td>Zipline Maintenance</td><td>Sheffield</td><td>17316</td><td>1</td></tr> <tr> <td colspan="2" style="text-align: center;">Total Direct Jobs - Created</td><td></td><td>87</td></tr> </tbody> </table>	Job Title	Location Local Authority Area	2020 Salary £ (estimates and will be subject to change)	Total New Jobs Created	Finance Manager	Sheffield	35000	1	Sales & Marketing Manager	Sheffield	33784	1	Sales & Marketing co-ordinator	Sheffield	17000	1	Administration / HR Executive	Sheffield	18000	1	Senior Engineer	Sheffield	35000	1	Engineer	Sheffield	25000	1	Luge Cart Technician	Sheffield	17316	2	Operations Manager	Sheffield	30000	1	Operations Supervisors	Sheffield	19240	3	Luge Operators	Sheffield	16354	33	Training & Compliance Manager	Sheffield	25000	1	Ticketing & Retail Supervisor	Sheffield	19240	1	Ticketing & Retail cashier	Sheffield	16354	19	Zipline Supervisor	Sheffield	19240	2	Zipline Operators	Sheffield	16354	18	Zipline Maintenance	Sheffield	17316	1	Total Direct Jobs - Created			87	Lucy Nickson
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<p>2 Do we know if there are plans to develop the concept beyond this original proposal? Can the business scale up at all?</p>	<p>Can the business scale up (response from SCR Officers)</p> <p>There is a phase three in development for the Parkwood Springs site, however this may not be directly linked to this scheme but look at additional developments aligned to the visitor economy and tourism relating to this development.</p>	<p>Lucy Nickson</p>
<p>3 Further to the point raised at the last Business Growth Board and which was raised and agreed at the CA on Monday to undertake a stocktake of LGF to understand the funding remaining, the current spend profile and the pipeline, will this be applied to BIF and if so, how does it affect the approval process.</p>	<p>Approval process (response from SCR Officers - Assurance Framework)</p> <p>LGF is funding awarded to the LEP to allocate against agreed strategic priorities. The approval and decision-making process is detailed in the approved Assurance Framework for LGF. This establishes the respective roles of the LEP and the MCA.</p> <p>The LEP retains ultimate decision-making authority over how these funds are prioritised and spent, however the MCA tests the value for money of proposed schemes and projects and ensures that decisions are made in a legally compliant, responsible and transparent manner.</p> <p>The LEP Board approve the strategic fit of a scheme with agreed priorities, prior to a scheme being accepted onto the LEP funded pipeline programme. The decision to undertake a stocktake of the LGF pipeline will be considered by the LEP Board at its meeting in September, this will include all LGF schemes including Business Investment and Housing Funds.</p> <p>As all schemes on the established pipeline have been designated by the LEP Board as fitting with their priorities, until this review has been agreed and undertaken by the LEP board the established processes for approval should continue. Any decisions following the LEP paper on the review will be applied to all Boards.</p>	<p>Cllr Lelliott Sharon Kemp</p>
<p>4 The case for supporting an inward investment project of this type isn't really about the technicalities of dead-weight, displacement etc. It is about whether the case that it will be a major attractor and boost to the wider economy is strongly and convincingly enough made to prioritise this project over others. We</p>	<p>Impact of the scheme for Sheffield (response from Scheme Promotor / business case)</p> <p>The (Project 0098) foreign direct investment, through a newly established SPV, has the potential to raise Sheffield and the City Region's profile as one of the UK's premier destinations for outdoor leisure and recreation.</p> <p>The project will act as a complementary catalyst to the Extreme development, creating the city's most significant outdoor recreational hub site and providing the city and City Region with a much-needed visitor attraction of national significance. By locating the attraction here in Sheffield, SCC view is this will drive more visitors to the purpose-built facility, which the Extreme-led consortium are delivering at Parkwood Springs.</p> <p>Parkwood Springs is a hugely important site in its own right and this additional development presents the opportunity to help further cement the Outdoor City identity and deliver associated economic benefits such</p>	<p>Cllr Lelliott Sharon Kemp</p>

<p>find that really difficult to judge from the papers.</p> <p>An opportunity to understand more about the impact and importance for Sheffield and the contribution to the outdoor city strategy would be helpful to assess the issue of prioritisation for the remaining funding.</p>	<p>as increased investment and visitor numbers. Whilst the activities already confirmed at Parkwood (Skiing & mountain biking) can be described as ‘niche’, the universal appeal of the additional attractions will accelerate and increase the scale of the benefits to talent, trade, tourism and participation.</p> <p>SCC anticipate the facility will create a real, lasting and measurable economic impact to the region. This will be derived not only from construction works and the creation of new jobs, but also from the significant visitor spend the facility will drive. It is anticipated that over five years the economic impact from visitor spend could be in the region of £10-13m in the first year, rising to £47-60m by year 5.</p>	
<p>5 Do we have any view on the opposition in this project?</p>	<p>Other potential sites for the scheme process (response from SCR Officers)</p> <p>In addition to Sheffield, the company are considering a site in Swansea Wales. The news feed from the company website states</p> <p><i>The company – which owns a diverse NZ-based tourism, property and accommodation portfolio as well as international Luge operations in Canada, South Korea and Singapore – is currently exploring opportunities to develop Luge facilities in Swansea, Wales and Seoul, South Korea.</i></p> <p>SCC is aware the company are also considering three European sites. The company’s position is that they will only undertake one development at a time.</p>	Neil McDonald
<p>6 It says their decision will be based on return on investment, but what about softer strengths/weaknesses. Surely the development of the ski slope must be a positive for SCR?</p>	<p>Strengths / Weaknesses and whether this is positive for SCR</p> <p>See response to question 4.</p>	Neil McDonald
<p>7 The projections seem optimistic to me. 2367 rides a day seems a lot! Do we know what the ski slope are</p>	<p>Projections (response from the scheme promotor / business case)</p> <p>Using statistics taking from the latest STEAM report (Scarborough Tourism Economic Activity Model – <i>explanatory note at end of this response</i>), shows visitor arrivals at approx. 1.13m and a population of 4.62m within a 60mins drive of the site they have forecast ticket sales in year 1 of 287,000 or visitor arrivals of 364,000. At an average ride of 2.38 rides per person this will provide the company with 864,000 rides in year</p>	Neil McDonald

projecting? I like the profit margin of nearly 40%!!

1. Based on statistics from their existing sites they have forecast year on year growth for the first 5 years of 5% and 1% the years after.

Internally the company has undertaken studies to understand the current attraction offerings in the area and have concluded that currently the number of active/adventure tourism type attractions is very limited and note that Sheffield is lacking a visitor attraction of any kind. There is a chance to capitalise on this gap in the market, especially in light of Sheffield's positioning as the UK's Outdoor City. In Sheffield there is a community who want to engage in outdoor activities and SCC are confident that the Luge and Zipline are active attractions and will attract local visitors and visitors from outside the city region.

The Company recognise the opportunity to work with Extreme who will be bringing their own brand and attractions to the Parkwood Springs development. Extreme are linking up with Continuum Attractions to develop attractions such as ski slopes and mountain biking, plus restaurant, café and retail within the development. Extreme's brand is huge with a monthly media reach of 128m fans and video views of 123m+ per month. Their target market is people between the age of 16-34, though it should be noted that the Luge is an activity that is suitable for people of all ages. Extreme also have 125+ extreme sport ambassadors who will be able to showcase the Luge within their networks.

Having this attraction in Sheffield will raise the profile of the city and in turn increase visitor arrivals. Following the opening of the attraction in Tongyeong, Korea in mid-February 2017, visitor arrivals to the city increased by 20% in year 1. The city council believes this was a direct result of the Luge opening as the previous year saw zero growth on the prior year. We expect to see the same visitor growth in Sheffield. The LGF application for Parkwood Springs forecasts visitor numbers of 1m, a significant number of these will be just Luge riders but some will visit all attractions.

Explanatory Note

The STEAM Report reports on annual tourism figures and is used for tourism economic impact modelling. STEAM quantifies the local economic impact of tourism, from both staying and day visitors, through analysis and use of a variety of inputs including visitor attraction numbers, tourist accommodation bedstock, events attendance, occupancy levels, accommodation tariffs, macro-economic factors, visitor expenditure levels, transport use levels and tourism-specific economic multipliers.

8 This is really about whether we feel this would be a priority project for the

Softer Impacts (response from the Scheme Promotor / business case)

The company has committed to working closely with Talent Sheffield for their recruitment needs, PR/press activity, job fairs and liaising with local community groups and education providers. They will work with

Neil McDonald

Sheffield outdoor city strategy

Marketing Sheffield, who specialise in hospitality and tourism attraction, to promote their offer as part of the Outdoor City promotional activities.

The company has a strong track record in ensuring their investments produce positive outcomes. In Singapore and Korea, they work very closely with local polytechnics that specialise in hospitality and tourism. Each year they accept up to 20 placement students to come and complete their “on job” experience. A number of these staff return to the Company following their course to take on full time roles. The Company has committed to work with local colleges and universities in Sheffield to ensure similar arrangement are in place.

In New Zealand the Company offer mechanical engineering apprenticeships to school leavers who are looking to build a career. The Company will work with Talent Sheffield to offer similar opportunities and they would expect to offer at least 1 apprenticeship per year. All employee’s will go through a series of training courses which will include; customer service, operational (Luge operations, ticketing and photography), Luge cart maintenance, H&S / First Aid. The Company will work with Talent Sheffield and the Skills Bank where appropriate and will explore apprenticeships schemes, which has been successfully implemented at their Gondola & Luge properties in New Zealand.

Following the earthworks the Company will work with Invest Sheffield to identify local suppliers and go to tender for a main contractor (a UK based company, ideally local) who will be responsible for constructing the luge tracks, buildings, footings / foundations and terminal for the chairlift, general site works and landscaping.

The project will deliver significant wider impacts as identified above with jobs and GVA associated directly with the investment and those with the visitor economy. The business case identifies a range of benefits that deliver against the strategic priorities of the SCR SEP including:

- Ensuring new businesses receive the support they need to flourish – Supporting the Company to deliver their first leisure attraction in the UK creating a unique attraction with national and international appeal.
- Attracting investment from other parts of the UK and overseas, and improving our brand – Securing over £11m private investment from the Company, promoting the attraction as the first of its kind in Europe with the ability to host national competitions.
- Increasing sales of SCR's goods and services to other parts of the UK – Enhancing the SCR's tourism offer and strengthening its national reputation for extreme sports, with national standard leisure activities and over-night accommodation on site.
- Securing investment in infrastructure where it will do most to support growth – Delivering fundamental site infrastructure which will then enable private investment which delivers new businesses, jobs and wider economic benefits.

Accordingly, the funding will support activities which contribute to the SEP's 2024 ambitions:

- Increasing SCR's Gross Value Added – £18.7m direct and over £10m pa indirect.
- Increasing the number of jobs in the SCR – Creating gross jobs and 100 net at a range of levels from management to operations and customer service.
- Generating new start-up businesses – Creating a setting which will attract further private sector investment and enterprise both within the site and in its wider area of impact, generating new opportunities for complementary manufacturing and service provision directly related to the extreme sports offer and capitalising on Sheffield's reputation for advanced manufacturing and unique brand of Outdoor City.

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

