

Local Enterprise Partnership

10 March 2022

(Social Value) Eligibility Conditions for accessing MCA funding & finance

Is the paper exempt from the press and public?	No
Purpose of this report:	Policy Decision
Funding Stream:	Not applicable
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a key decision

Director Approving Submission of the Report:

Ruth Adams, Deputy Chief Executive

Report Author(s):

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Executive Summary:

Work has been underway over the last few months to develop a set of eligibility conditions for accessing MCA funding and finance. Ten commitments have been produced through intense engagement with partners and are presented in this policy paper. These commitments are designed to ensure that funding and finance from the MCA supports organisations with a similar desired ethos and with whom the MCA can work to generate greater social value through all our actions, interventions and relationships.

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

This will help define the type of organisations that MCA funds benefit. For example, the outputs of implementing the eligibility conditions could unlock greater work opportunities or provide more stable employment for our communities.

Recommendations:

That the Board endorses this policy and the Eligibility Conditions and recommends same to the MCA Board for adoption.

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

None

1. Background

- 1.1 The LEP and MCA agreed to explore criteria linked to MCA investment following the publication of the Strategic Economic Plan. The SEP explicitly states that “when making investments, we will establish an upfront social contract based on our terms of business”. The Board has steered the development of this policy since inception and this paper is seeking final approval. Following this, technical processes will be put in place for implementation.
- 1.2 Initially this policy was referred to a “Social Value contract” but has since evolved (through consultation) to be known as “eligibility conditions for accessing funding and finance”. The policy will establish key commitments that enhance the social value leveraged from our funding and finance. This will help ensure that MCA financial support goes to organisations with a similar socially progressive ethos.
- 1.3 This paper updates members and seeks endorsement of the work to take to the MCA Board for final approval.

2. Key Issues

- 2.1 Currently, funding and finance invested by the MCA and LEP are conditioned by some basic social value commitments. Led by the LEP board, developing this policy required deep engagement with the voluntary sector, businesses, local authorities and business representative organisations to develop the commitment into more socially inclusive and environmentally sound eligibility commitments.

An example of how this policy would work is that a South Yorkshire firm making widgets that employs 70 people, may be seeking for example £1million pound loan from the MCA to grow its premises, turnover and headcount. The Eligibility Conditions will serve as a guide to ensure that the organisation adheres to the ethos of the MCA and is, for example also paying (or seeking to) pay the real living wage to their employees and has (or is developing) a net zero strategy.

- 2.2 Through the engagement process there has been pragmatism by many stakeholders who understand the drivers to do this but have also stressed the need for flexibility in implementation. Issues such as “zero hours contracts” or “workforce diversity” affect businesses differently and as such, the policy will be applied sensitively. The first year will be pilot and the board will be kept updated.

3. Discussion

3.1 The ten Eligibility Conditions are:

- Pay Real Living Wage to full and part time employees, for regularly contracted hours and overtime
- Increase secure work for employees, with zero hours contracts only for those who want them
- Spend more with local suppliers in South Yorkshire, particularly with SMEs and the Voluntary, Community and Social Enterprise (VCSE) sector
- Empower employees to be informed about the business and involved in decision-making
- Enable and enhance workforce diversity
- Offer more pathways into employment through work experience, placements, internships, and apprenticeships
- Support staff progress in the organisation through training and development
- Engage with and support local communities
- Achieve Net Zero
- Create a healthy workplace

3.2 The focus of the commitments is upon organisations the MCA has financial dealings with. In accessing funding and finance, organisations will need to confirm commitment to the conditions. These commitments will then be followed through and evidenced via the usual business case development process. So, this is not about outputs specifically related to a project or scheme; the focus is on culture and continuous improvement, not one-off outputs.

3.3 The attached policy paper and FAQs reflect the need for a careful balance in implementation. All issues raised at previous updates to the LEP board have been overcome. For example, the need for proportionality has been hard wired, ensuring that expectations are tailored accordingly, allowing businesses of different sizes and those seeking different levels of funding and finance responding accordingly. The attached policy papers also explore more of the queries and challenges as well as proposing a way forward on resourcing, support and signposting, flexibility on implementation, closing of loopholes.

3.4 The policy paper meets the ambition set out in the SEP. It is also a strong basis to develop an Employer Charter. This will be explored later in 2022 and will likely involve working with all partners towards a voluntary charter which seeks a broader and sustained cultural shift in the behaviour of employers.

4. Ask

4.1 The policy paper sets commitments. Implementation will require testing and exploration with stakeholders. The LEP board is invited to recommend to the MCA that the policy is adopted.

5. Timetable

5.1 Following this paper, if endorsed, approval will be sought at the MCA board March 2022 meeting.

5.2 The intention is to pilot implementation in the new financial year. This will make clear the extent to which certain resources are needed (e.g. proactive support for SMEs) and any operational challenges that exist.

6. Financial and Procurement Implications and Advice

6.1 There are potential resource implications and the piloting period will be used to test this out. For now, no further financial burden will be placed on the LEP and MCA because of this policy.

7. Legal Implications and Advice

7.1 The Eligibility Conditions have been subject to legal review and potential implications have been explored. There are no identified barriers currently.

8. Human Resources Implications and Advice

8.1 Monitoring and delivery could have a human resource implication, depending on the preferred approach. This will be further explored as part of the pilot phase.

9. Equality and Diversity Implications and Advice

9.1 The proposals seek to enhance equality, diversity and social inclusion through activities funded by the MCA and interventions that are funded and delivered by partner organisations. The benefits of the criteria have been considered in detail to support decision making on funding and finance. A pragmatic and flexible approach is promoted to also support equality and diversity.

10. Climate Change Implications and Advice

10.1 The commitments include a specific net zero commitment which will deliver environmental and wider sustainability benefits.

11. Information and Communication Technology Implications and Advice

11.1 N/A

List of Appendices Included

- A 10 Commitments
- B Policy Paper
- C Question & Answer Booklet

Background Papers:

None