

Private Document Pack

Sheffield
City Region

COMBINED
AUTHORITY

BUSINESS GROWTH EXECUTIVE BOARD

Date: Tuesday 4 April 2017

Venue: 11 Broad Street West, Sheffield

Time: 2.00 pm

AGENDA

Item	Subject	Method	Speaker	Page
	<u>Introduction</u>			
1	Welcome and Apologies	Verbal	Chair	
2	Minutes & Actions of the Previous Meeting & Matters Arising	paper	Chair	1 - 6
3	Declarations of Interest	Verbal	All	
4	Urgent Items/Announcements	Verbal	All	
	<u>Business Items</u>			
5	Improving Business Engagement	Paper	David Hewitt	7 - 12
	<u>Updates</u>			
6	SCR Inward Investment Annual Report 2016/17	Paper	David Campbell-Molloy, Rachel Clark	13 - 28
7	Post MIPIIM Review	Verbal	Andrew Gates	
8	SPOKE Updates	Paper	David Campbell-Molloy, David Grimes, Lee Viney	29 - 38
	<u>Actions & Forward Planning</u>			
9	Agree Actions & Summary for Resolution Log	Verbal	Chair	

Item	Subject	Method	Speaker	Page
10	Forward Plan	Verbal	Mark Lynam	
11	Any Other Business	Verbal	All	

DATE OF NEXT MEETING – 16TH MAY 2017

SCR BUSINESS GROWTH EXECUTIVE BOARD

21st FEBRUARY 2017

BROAD STREET WEST, SHEFFIELD

No.	Item	Action
1	<p><u>Welcome and Apologies</u></p> <p>Present:</p> <p><u>Board Members</u> Paul Houghton, LEP / Grant Thornton – Chair Diana Terris, BMBC</p> <p><u>In Attendance</u> Edward Highfield, Sheffield CC Chris Scholey, Doncaster Bassetlaw NHS Foundation Trust David Grimes, SCR Exec Team Rachel Clark, SCR Exec Team Giles Searby, Keeble Hawson Lloyd Snellgrove, SHU Richard Howard, SCC / SCR Exec Team Mark Lynam, SCR Exec Team Lee Viney, SCR Exec Team Simeon Leach, Rotherham MBC Kevin Bennett, Creative Sheffield (for item 6) Craig Tyler, Joint Authorities Governance Unit</p> <p>Apologies were received from Cllr Lewis Rose (DDDC), Cllr Julie Dore (SCC), Gavin Baldwin (LEP), Dan Swaine (BoDC / NEDDC), Julie Kenny (Pyronix), Andrew Denniff (BRCoC), Peter Dale (DMBC) Keith Jackson (JRI), Ruth Adams (SCR Exec Team)</p>	
2	<p><u>Minutes of the Previous Meeting</u></p> <p>The minutes of the previous meeting held on 10th January were agreed to be an accurate record of the meeting.</p> <p>The following matters were noted as arising:</p> <p>2.5. <u>MIPIM</u> It was noted plans are developing well for MIPIM.</p> <p>It was requested the Board receive a 'post-MIPIM' report after the event.</p>	

	<p>Action: Mark / Andy Gates</p> <p>6. <u>Thinking Place Action Plan Response</u> It was noted all the identified actions have been appropriately picked up and will be evident in the next Growth Hub Overview Report.</p> <p>8. <u>Finance Yorkshire</u> The Board requested an assurance that Finance Yorkshire is still on track to 'spend' to expectation (noting comments at the meeting that this may be at risk).</p> <p>Action: David H to comment</p> <p>In addition, it was reiterated the Board has an expectation that where possible, copies of all presentations will be provided prior to the meeting.</p>	<p>ML/AG</p> <p>DH</p>
3	<p><u>Declarations of Interest</u></p> <p>The Chair declared an interest in matters to be considered noting that Finance Yorkshire a client of Grant Thornton LLP.</p>	
4	<p><u>Urgent Items / Announcements</u></p> <p>No urgent items were requested.</p>	
5	<p><u>Digital Action Plan</u></p> <p>The group was provided with a presentation on work done to-date to develop the SCR Digital Action Plan and a timetable for the creation of the final plan (to June 2017).</p> <p>Action: Lee to circulate a copy of the presentation.</p> <p>The presentation covered emerging messages gleaned from initial discussions with stakeholders and the issues identified as requiring of specific interventions to address (skills deficit, access to growth funding, lack of suitable premises etc.).</p> <p>It was agreed the Action Plan should inherently recognise there are benefits in seeing 'digital' is an enabler, rather than a specific sector in its own right.</p> <p>By way of example of what the Action Plan is trying to address, the Board was presented with 2 case studies demonstrating why digital businesses have chosen to move to other parts of the country and not stay in the SCR.</p> <p>The Board sought an assurance that the most appropriate stakeholders are being engaged as part of the Action Plan's development.</p> <p>Action: ALL to confirm to specific stakeholders to Lee for inclusion on the Action Plan consultee list</p>	<p>LV</p>

	<p>Questions were raised regarding the governance and ownership of the Action Plan and how the Plan fits within the SCR's wider digital ambitions (as referenced in the SEP) with concerns noted that the commissioning of the Plan was undertaken without prior BGEB consideration. It was suggested the Plan should be seen as jointly owned by the BGEB and the SEB.</p> <p>It was reiterated there is the intention that a BGEB member will be appointed 'BGEB digital champion' and represent BGEB's interests on the Digital Action Plan Steering Group.</p> <p>It was agreed the Plan should be currently viewed as more of a scoping document, from which a true Action Plan will emerge once the research stage has concluded. It was also agreed the 'scoping document' should feed into the SEP refresh prior to the Action Plan being agreed.</p> <p>Action: Lee to discuss aligning the digital scoping document / action plan work with the SEP refresh with Exec Team colleagues</p>	<p>ALL</p> <p>LV</p>
<p>6</p>	<p><u>US Aircraft Manufacturer</u></p> <p>The Board was provided with information regarding a project being developed in partnership with a major aircraft manufacturer.</p> <p>It was noted this would be a significant 'win' for the SCR and would elicit the development of some significant supply chain activity and an apprenticeships programme.</p> <p>The Board was advised of questions raised by the BIF Panel seeking clarity around a number of matters to ensure SCR investment represents good investment.</p> <p>The Board noted its support of the project.</p> <p>It was noted public announcements are expected in due course.</p>	
<p>7</p>	<p><u>Investment and Trade Plan</u></p> <p>A report was provided seeking authorisation for the development of a Trade & Investment Delivery Plan as part of the SEP refresh.</p> <p>It was noted the Plan will help clarify the relationship between the SCR Trade and Investment Team and the local authorities.</p> <p>The Board was reminded that as of the 1st January 2017, as part of a restructure of the SCR Executive Team, Trade and Investment activity has been brought together.</p>	

	<p>It was suggested these changes are timely given other changes within the Department for International Trade, including the establishment of a dedicated Northern Powerhouse Team across both trade and investment, and the opportunity to develop a trade and investment delivery plan that aligns itself to the refreshed Strategic Economic Plan (SEP).</p> <p>The paper therefore outlined what the team’s Trade and Investment Plan would seek to cover and the support of the Board for this Plan was sought.</p> <p>It was suggested the Plan helps improve the SCR’s ‘Brexit-ready’ credentials on trade matters and will help avoid other issues such as trade mission duplication of activity.</p> <p>It was noted a Chair of the Export Spoke Board will be appointed in due course.</p> <p>RESOLVED, that the Board endorses the development of a Trade & Investment Delivery Plan as part of the refresh of the SCR Strategic Economic Plan.</p>	
8	<p><u>SPOKE Updates</u></p> <p>A report was received providing updates in respect of the various Growth Hub spokes.</p> <p>It was noted some of the engagement figures quotes are out of date awaiting updated data and increases will be reported in future reports.</p> <p>Under the Innovation spoke, Lloyd presented the Board with additional information regarding the launch of the Industrial Strategy Challenge Fund (ISCF). It was noted the ISCF was included in the Autumn Statement as part of the National Productivity Investment Fund and Innovate UK and the Research Councils are beginning to define a first round of ‘challenges’ to be addressed.</p> <p>The Board was presented with the draft list of challenges. It was agreed this list is too expansive for all threads to be followed and a realistic view needs to be taken in respect of which components the SCR should focus attention on, aligned to the SEP ambitions and the region’s key strengths.</p> <p>Action: Lloyd / David G to map out a proposal for which of the ISCF components are key to the SCR and present to the next meeting</p> <p>It was noted consultation will close on 17th April.</p> <p>Action: Lloyd to circulate a copy of the presentation</p>	LS / DG

		LS
9	<p><u>Forward Plan</u></p> <p>The Forward Plan to June was provided for information.</p> <p>The Board noted support for the continued provision of this information.</p>	
10	<p><u>Any Other Business</u></p> <p>i. <u>Growth Hub Events</u> The Board was provided with information regarding the recent 'delivering a successful Growth Hub' event held with the business advisory community, attended by 120 people.</p> <p>ii. <u>Growth Hub Gateway</u> The Board was provided with some updated statistics in respect of how many businesses have now been engaged via the Gateway. It was noted the number of enquiries continues to grow and the team will remain mindful of capacity, identifying options for consideration should this become stretched.</p> <p>It was noted work continues to identify and exploit any potential synergies with other Growth Hub Gateway Partners.</p>	
112	<p><u>Date of Next Meeting</u></p> <p>Tuesday 4th April 2017, 2.00pm at Broad Street West, Sheffield.</p>	

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BUSINESS GROWTH EXECUTIVE BOARD

4th APRIL 2017

IMPROVING BUSINESS ENGAGEMENT

Purpose of Report

As the LEP and CA refresh the SEP and consequently develop the associated investment plans, business engagement is a clear priority. This paper seeks to stimulate a discussion aiming to consider the SCR LEP's approach to broader business engagement where this relates to developing better policy and strategy as opposed to the operational engagement the LEP has via the Growth Hub service.

Thematic Priority

Cross-cutting.

Freedom of Information

There are no FOI restrictions.

Recommendations

It is recommended that the Business Growth Board consider the issues raised in this report, the options set out in this report and any other options or considerations the LEP should address.

1. Introduction

What is business engagement, and why does the LEP / CA undertake this activity?

- 1.1 "Business Engagement" is a term used to describe the interaction between an organisation (almost always a public body/ University) and the private sector. Generally, business engagement takes place for a number of (not mutually exclusive) reasons including:
- (a) **Self-promotion / marketing** – letting the "customer" know about the things being done on their behalf e.g. funding allocated, schemes developed, activity undertaken.
 - (b) **A communications "campaign"** – engagement which seeks to disseminate information or change the behaviour of the target business e.g. to encourage a businesses to take on an apprentice, make the most of R&D tax relief or export to new markets.

- (c) **To make better decisions** - the SCR engages business representatives through the LEP/ Executive Boards or sub-boards e.g. the Business Investment Fund sub-board has business representatives with expertise in banking and commercial fund management.
- (d) **To support our efforts to influence a third party (“PR”)** – e.g. sometimes the business community can more credibly deliver an (essentially) public sector message to government ministers and others e.g. arguments in favour of devolution.
- (e) **To secure external funding** – Universities in particular often have to demonstrate business engagement in order to secure external funding.
- (f) **To make better policy and strategy** – e.g. to inform the LEP/CA’s Strategic Economic Plan and or response to issues such as Brexit and/or to inform the national Industrial Strategy.

1.2 The purpose of this note is business engagement undertaken in the course of policy development (i.e. reason “f” above). Whilst all of the above forms of engagement are relevant to the LEP a number of these are delivered via the Growth Hub service and through the SCR approach to governance.

How is this currently done?

1.3 Limiting the scope of business engagement to “reason f” above (better policy and strategy) – the LEP/CA undertakes business engagement in the following ways:

- (a) through the LEP Board – as board members act in a representee capacity;
- (b) through bespoke events e.g. Business Insider events;
- (c) through smaller meetings on specific issues e.g. a round table on Industrial Strategy in March 2017;
- (d) through more formal consultation on specific issues e.g. the Devolution Deal;¹
- (e) on an *ad-hoc* basis – e.g. in response to a question or query;
- (f) through the 7 Sector Groups;
- (g) through bespoke commissions eg commissioning business and skills work through CITB or work on digital business / skills issues.

The approach above is not formalised or systematised sufficiently. There are also some notable gaps, namely:

- In engagement with small businesses (a mandatory requirement in the new AAF),
- In engagement with other business representative / interest groups including IOD, CBI, EEF, CITB for example
- In sectors which are not covered by the established sector groups and yet which are fundamental to the outcomes of the SEP eg the health and social care sector which is crucial in terms of employment and offer potential to achieving the objective to increase the size of the SCR labour market.
- In negotiation with the large private sector delivers of services eg G4S, Capita etc
- Consistent approach to engagement with the top 100 businesses in the SCR.

Proposal / issues raised by the SCR Chambers of Commerce

1.4 In recognition of some of the actual or perceived limitations with the existing approach, the SCR invited the SCR Chambers of Commerce (the “Chambers”) to provide their thoughts and reflections on greater business engagement through a sectoral route / sector group model (see Appendix A).

¹ Although arguably this was to communicate, seek views on established policy rather than shape that policy.

- 1.5 It should be noted that it is well recognised by both the SCR and the Chambers that some sector groups work very well, and provide valuable input to the LEP/CA and value to their members. However in a constructive and thoughtful response, the Chambers summarised the current situation as being that:

“...there are, presently, a number of SCR Sector Groups in existence that operate on an ‘arm’s length’ basis from the LEP. Each of these groups operates on a different basis, engages a varying number of businesses, and has a varying level of recognition and credibility within the private sector. As a consequence of this divergence, each group has a slightly different understanding or vision of what it is there to do and, perhaps, a slightly uneasy relationship with the LEP itself”.

- 1.6 The Chambers suggested that they could play a role in seeking to address this and make a more systematic approach:

“[the Chambers could] pick up the secretariat function for the Sector Groups with a view to giving them a more consistent feel, refreshing their membership and creating a much better strategic alignment between the Sector Groups, the LEP and the private sector”.

Under the Chambers’ proposal, Sector Groups would have three principle functions:

- (a) **“Providing an opportunity for the business community to share its challenges, aspirations and views with the LEP.** This could include, for example: flagging emerging trends or concerns within a given sector, identifying opportunities that the LEP and partners could support industry with, and sensibly and collegiately critiquing aspects of the LEP and SCR public sector’s strategy and thinking...”
- (b) **“Providing an opportunity for the LEP to communicate its plans, achievements and projects to the private sector”.** This could include, for example: ways in which business can engage with devolution, inward investment priorities, or anything else of pertinence or interest...”
- (c) **“Providing an opportunity for businesses to engage with other partners and initiatives relevant to their sector but not necessarily directly linked with the LEP...”**

2. Proposal and justification

- 2.1 It is suggested that the Chambers’ proposal makes a very helpful contribution to the debate around business engagement, and it is recommended that this approach is considered by the Business Growth Board. This consideration to be made in the context of consideration of the:

- Major gaps in current engagement in policy?
- Whether the approach outlined by the Chambers be sufficient to cover many of the major gaps identified or should this be part of a wider complementary approach to engagement?
- What other options should / could be considered?

- 2.2 However, two issues relating to the proposal of the Chambers (which they, themselves recognise) are:

- (a) The proposal pre-supposes that engaging with the business community (i) on a sectoral basis and (ii) on the basis of a bi-monthly committee meeting remains the most appropriate way to undertake business engagement and develop better policy and strategy.
- (b) The proposal will not deal with the biggest business engagement issue for the LEP/CA i.e. how to engage “the right” businesses on critical questions of policy

and strategy. Engagement with 30 - 50 business (210 to 350 in total) through a refreshed Sector Group structure will no doubt be valuable, but engagement with the “right” businesses on the right issue at the right time would be optimal. It is recognised that many of those “right businesses” will not be prepared to routinely attend a standing bi-monthly committee, which may become repetitious by design and cover a diverse range of policy issues.

2.3. On balance – the following propositions are made to the Business Growth Board:

- (a) Where a Sector Group (or other group) wishes to self-organise, in order to develop and scrutinise LEP/CA policy – then the LEP/CA should be prepared to listen.
- (b) AND (subject to certain minimum standards) the LEP/CA may wish to provide some support to facilitate this engagement.
- (c) However, all parties should be aware of the limitations business engagement structured (i) on a sectoral basis and (ii) through a standing bi-monthly committee.
- (d) The SCR should take a “thematic approach” to business engagement. The focus of the LEP/CA’s resources should be asking the “right” (and often hard to reach) businesses the “right questions” at the right time. This lends itself to a more “thematic” approach to business engagement rather than a focus on a number of standing committees.
- (e) Even if the LEP/CA was not minded to accept the proposal of the Chambers of Commerce – the Chambers may be a useful delivery partner for a more thematic approach to business engagement e.g. bespoke and targeted business engagement relating to “Industrial Strategy”, “Key Brexit Asks”, or “SEP Priorities” etc.

3. Consideration of alternative approaches / the options

3.1 The options available to the LEP/CA can be summarised as follows. These options are not mutually exclusive (i.e. the LEP could provide enhanced support to sector groups and undertake thematic business engagement). Any funding required would be drawn from the Corporate Affairs budget.

Option	Advantages	Disadvantages
1. Do nothing	<p>No additional cost.</p> <p>Some good practice within sector groups.</p>	<p>Sub-optimal approach to business engagement.</p> <p>Of limited use on thematic issues such as “Industrial Strategy”.</p> <p>Does not address inconsistencies identified by the Chambers of Commerce.</p>
2. Accept the Chambers of Commerce proposal – to facilitate a more structured approach to engagement.	<p>Would improve the consistency of the SCR Sector Groups.</p> <p>Would support greater definition of the role of these groups.</p> <p>Would improve the LEP/CA’s approach to business engagement.</p> <p>Would be welcomed by Sector Group Chairs - as this would reduce their workload.</p>	<p>Does not address the issues set out at 2.2 above.</p> <p>May not give sufficient coverage.</p>
3. Provide additional support to Sector Groups that wish to self-organise AND develop a broader thematic approach to business engagement. <i>Note: this means allowing Sector Groups that do not wish to (largely) self-organise to fail / and not seeking to develop Groups in these areas unless there is sufficient momentum to do so.</i>	<p>Would provide additional capacity where sector groups are required / have momentum.</p> <p>Provides the opportunity to develop a more bespoke, thematic approach to business engagement – i.e. proactive engagement with the right business at the right time (and asking the right question).</p>	<p>Some areas would have no sector groups – and therefore may be underrepresented.</p> <p>May not be achievable without significant budget input.</p>
4. End the LEP/ CA’s association with Sector Groups AND develop a broader thematic approach to business engagement.	<p>Would address the less constructive behaviours and interactions between the LEP/CA and Sector Groups.</p> <p>Could be based on the rationale that the Sector Groups do not (in all cases) adequately reflect their sectors and therefore have a limited mandate.</p> <p>Provides the opportunity to develop a more bespoke, thematic approach to business engagement – i.e. proactive engagement with the right business at the right time (and asking the right question).</p>	<p>Fails to recognise those Sector Groups that are working well, have good attendance from a wide range of business representatives and have a purpose beyond that shared with the LEP.</p> <p>Fails to recognise the efforts of Sector Group Chairs in developing their group.</p>

- 3.2 Note, in any event, the “Sectors” of sector groups may need to be reviewed in light of the SEP refresh.

4. Implications

4.1 Financial

This report has no direct financial implications. However, should the LEP/CA wish to invest in business engagement, funding would be required from the core revenue budgets of the SCR Executive which is largely committed for 17/18.

4.2 Legal

There are no direct legal implications to this report, however should procurement of a business partner to work on behalf of the LEP be adopted this would be subject to EU compliant procurement and legal processes.

4.3 Risk Management

The key risk to be managed is the reputational risk to the LEP/CA and / or the risk of developing sub-optimal policy due to inadequate business engagement. The report seeks to address the second risk specifically.

4.4 Equality, Diversity and Social Inclusion (Equality Act - Public Sector Equality Duty)

Any business engagement must take into account the CA's statutory duties in relation to equality, diversity and social inclusion. It is a relevant consideration to ask the extent to which the LEP/CA's current or future approach business engagement represents the demographic mix of the City Region.

5. Communications

- 5.1 Appropriate advice will be sought in due course.

6. Appendices/Annexes

- 6.1 Appendix A – proposal from the SCR Chambers of Commerce (made on the invitation of the LEP).

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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 EXECUTIVE EXECUTIVE BOARD

4TH APRIL 2017

SCR INWARD INVESTMENT ANNUAL REPORT 2016/17

Purpose of Report

The purpose of this report is to provide an overview of inward investment activity across the Sheffield City Region for the 2016/17 financial year

Thematic Priority

The issues in this report relate to the following thematic priority of the Strategic Economic Plan

- Attract investment from other parts of the UK and overseas, and improve our brand

Freedom of Information

This paper is not exempt under [Part II of the Freedom of Information Act 2000](#)

Recommendations

The Business Growth Executive Board are asked to note the contents of the report and provide any feedback to help inform the further development of the SCR Invest offer

1. Introduction

- 1.1 This report provides an overview of inward investment activity across the Sheffield City Region for the 2016/17 financial year.

2. Proposal and justification

- 2.1 The report provides an overview of inward investment activity across the Sheffield City Region for 2016/17. It covers the approach of the SCR Invest Team to attracting new investment to the city region and performance for the year including notable successes. It also covers losses and the reasons provided for why these did not land in the SCR. The report also includes planned activity for 2017/18
- 2.2 Despite the inward investment successes for the SCR for 2016/17 Board Members may wish to consider in more detail the losses highlighted in the report at X. In particular, the reasons for these losses to other UK locations, namely graduate attraction and retention and property availability.

3. Consideration of alternative approaches

3.1 The contents of the report have been developed in collaboration with partners including local authorities and Department for International Trade. No other approaches have been considered

4. Implications

4.1 Financial

Financial implications included within the scheduled activity for 2017/18 are subject to SCR budget approval, and will be aligned to the development of the SCR Trade & Investment Plan

4.2 Legal

There are no legal implications contained in this report.

4.3 Risk Management

Risks identified in the report include the successful landing of existing live investment projects which remain confidential. The SCR Invest Team and partners including our respective Local Authorities are working extensively to make the case for the SCR as part of these prospective investment projects.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity and social inclusion implications identified in the report.

5. Communications

5.1 The contents of the report will be communicated with stakeholders, including SCR Inward Investment Advisory Board, Local Authorities, Chief Executives, LEP Board Members and Council Leaders.

The SCR Communications Team will be lined up to report the inward investment successes for 2016/17 as part of a wider communications release package.

6. Appendices/Annexes

6.1 The full report is attached at Appendix 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: n/a

Sheffield City Region

**INWARD
INVESTMENT**

Inward Investment Annual Report 2016/17

March 2017

How the SCR Inward Investment Team operates:

The Business Plan

Strategy

1.1 The 2015 SCR Strategic Economic Plan (SEP) sets out the region's international outward-facing ambitions and objectives to 2025. These include:

- Supporting the creation of 4,000 jobs as a direct result of attracting new investment, and
- Supporting the creation of 6,000 jobs through supporting existing investors to remain located in the SCR, grow and expand up the value chain

1.2 The purpose of the Sheffield City Region Inward Investment Team is to deliver on these two above objectives.

How we attract new investment to the SCR

Our Elevator pitch

1.3 We search for companies that are planning expansion either from overseas or from other parts of the UK.

1.4 We target the Chief Executives of those companies to present the Sheffield City Region offer and its key assets including our research capabilities, availability of a skilled workforce and the commercial benefits of locating in the region.

1.5 We help them make the business case for expansion into our region by providing intelligence on property, the skills of the workforce, the local labour market and trade and market intelligence. We account manage the companies to ensure their investment in the region is a success.

The SCR sales pitch

Target Audience

1.6 The Chief Executives and Senior Managers of companies with plans for expansion and who are responsible for business strategy. We also target members of the decision-making unit for business expansion. These could include, for example, the Chief Executive, Finance Director, Property Director and sales and marketing director.

Timing of Expansion

1.7 We are targeting companies who have expansion plans in the next 5 years, with those in the next 12 months a key priority.

The Messages

1.8 Our central message is that the Sheffield City Region is in the centre of the UK and offers a high quality cost effective location for business. No other region offers such a large recruitment catchment combined with competitive salaries. Our key propositions include:

- A skilled workforce in our priority sectors at competitive salaries
- A flexible and multilingual workforce
- Availability of land and property at competitive prices
- Serve Serving national and international markets by road, rail, air and sea
- Incentive programmes to support Investment
- Employees benefit from a high quality life style at affordable prices

Investment services and support

1.9 We work in partnership with the economic development teams in partner Local Authorities to ensure clients receive targeted support to establish a presence in the City Region.

1.10 Services are bespoke to client's requirements and include the following:

- Support from a dedicated account manager both in the investment process and aftercare
- Support to find the right property
- Co-ordination of visits to the region
- Support with access to finance and local incentives
- Support to access training and skills development
- Relocation support for key employees including advice for families for example accessing the NHS
- Advice on visa regulations
- HR consultancy services to recruit staff
- HR consultancy services to advise on local labour wage rates and demographic information
- Targeted personal introductions to supply chain partners, the knowledge base including universities and healthcare networks
- Trade and market information including supply chain opportunities and industry events

Opportunities -What are we looking for?

Companies and sectors

1.11 Our priority sectors that we focus on are:

- Advanced manufacturing and engineering – including aerospace, automobile, aviation and rail
- Food and drink
- Business professional and financial services
- Creative and digital
- Healthcare technologies
- Logistics including e-commerce

1.12 Covering the following key activities:

- Manufacturing and engineering
- Maintenance, Repair and Overhaul (MRO) in aviation and rail
- Research and development in particular companies who want to collaborate with our Universities
- BPFs including contact centres, back and middle office operations
- Head Office/Regional office/ Sales and marketing office
- Logistics
- Warehousing and distribution
- Export from the UK

Lead Categorization

1.13 Leads are broken down into 2 categories:

- Primary leads where the company has decided on the UK but no location has been selected. Typical characteristics of such leads are property searches, information on incentives and local workforce demographics. These enquiries are put out to all local partners via basecamp unless the company has given specific information such as at an airport.
- Secondary leads where the company is at an early stage of the process. Typical characteristics of such leads are information requests about the region or companies that are here etc.

Qualifying Leads

1.14 At this stage, we do not have a lead scoring system but do classify leads as:

Best	Average	Poor
<ul style="list-style-type: none">• Developed plan for overseas expansion• Timescale over the next 12 months• Priority sector• 10+ jobs• Budget available• Has UK/European customers• Bringing innovation/R&D to UK market• Plans to export from UK operation• Large company• Discussions are at Board level	<ul style="list-style-type: none">• Reviewing overseas expansion• Timescale over the next 36 months• Any sector• 0- 10 jobs• Some UK or European business	<ul style="list-style-type: none">• Trade related• Looking for distributor or agent• No clear plans to establish in the UK• Looking to enter highly mature market (Examples NHS or Network Rail)• Product offered has no clear competitive advantage or new sector• Small/start- up company• Companies only interested in incentives or require financial support

Our Activities

Lead Generation

1.15 We have a 3 - year lead generation contact in place with OCO and a framework agreement in place for smaller specific lead generation activities either for specific events or countries. In addition to leads generated by Lead generation organisations we obtain leads from:

- DIT via overseas posts
- Direct contact
- Industry events and seminars
- Networking
- Programme visits to markets

Monitoring and Reporting

1.16 The SCR inward investment team use Tractivity as their CRM system to record company details, contact details and enquiries and activities. The CRM system is also used for marketing activities such as newsletter distribution and invitations to events. All leads generated are recorded on Tractivity

2.0 Trade Shows and Exhibitions

2.1 We attend and or exhibit at a large number of exhibitions and trade shows both in the UK and internationally.

2.2 When we exhibit or visit an exhibition or trade show we also arrange a meeting programme with companies who have expansion plans and are considering the UK. These meetings are either organised by ourselves using information from our CRM system or by our lead generation company.

2.3 We undertake a comprehensive marketing and PR programme both before and after the event including social media activities.

2.4 Examples for 2016/17 include:

Event	Venue	Month	Activity
Global Petroleum Show	Calgary	June 2016	Attended as part of an SCR trade mission. Programme of 1-1 meetings with companies. Networking events attended.
European 3PL Summit	Venlo	October 2016	Attended with 1 -1 meetings with prospects identified from previous events
MIPIM London	London	October 2016	Exhibited and events programme
MIPIM France	Cannes	March 2016	Exhibited and events programme
Multimodal	Birmingham	April 2016	Exhibited
Farnborough Air Show	Farnborough	July 2016	Attended with 1-1 meetings with prospects identified from previous events
Innotrans	Berlin	September 2016	Attended with 1-1 meetings with prospects identified from previous events. Organised an event with Marketing Birmingham to promote the National College for High Speed Rail. Attended Networking events
Arab Health	Dubai	January 2017	Exhibited in partnership with the Medical AMRC and support from local companies in Medical technology sector. Programme of 1-1 meetings arranged. Attended Networking events

Programme Visits to Markets

2.5 We will typically organise a country visit as part of attending an exhibition. As an example, In June 2016 we visited the Global petroleum show in Calgary, Alberta, Canada. As well as attending the exhibition we had discussions with local companies and then continued with a visit to companies in the Toronto area that we have had previous discussions with. As part of these visits we also presented to the local DIT teams on the SCR offer.

3.0 Successes

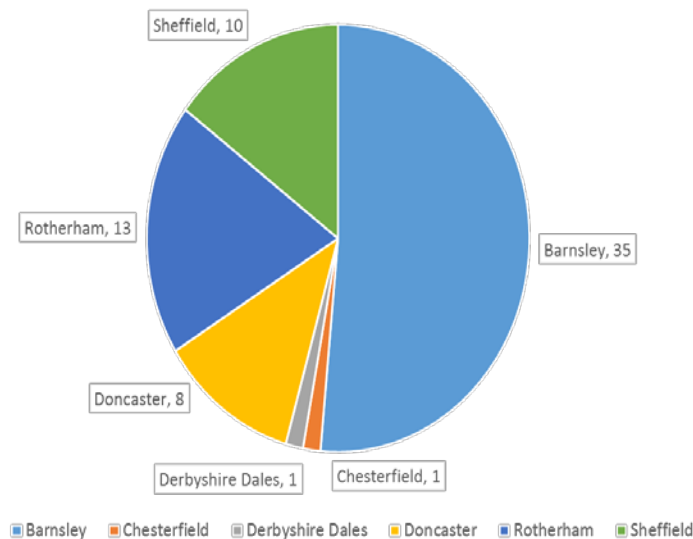
3.1 2016/17 has been a strong year for foreign direct investment into the SCR. We have had a number of significant inward investment wins this financial year, including the hugely significant McLaren Automotive and Boeing investments.

3.2 Although final figures will not be confirmed until June/July 2017, we are anticipating that 2016/17 will represent one of the most successful years for the SCR in relation to inward investment in recent years..

Source of Investment	Successes	Jobs	Investment
Foreign	37	2,800	£500m
UK	31	366	TBC
Total	68	3,166	£500m

3.3 The table above sets out the approximate SCR figures we are expecting to be confirmed by Department for International Trade later in 2017. We expect 68 project successes to be confirmed for the SCR for 2016/17, creating or safeguarding 3,166 jobs. We anticipate that of these 68 project successes a greater proportion will come via new investment to the SCR from overseas compared to the UK.

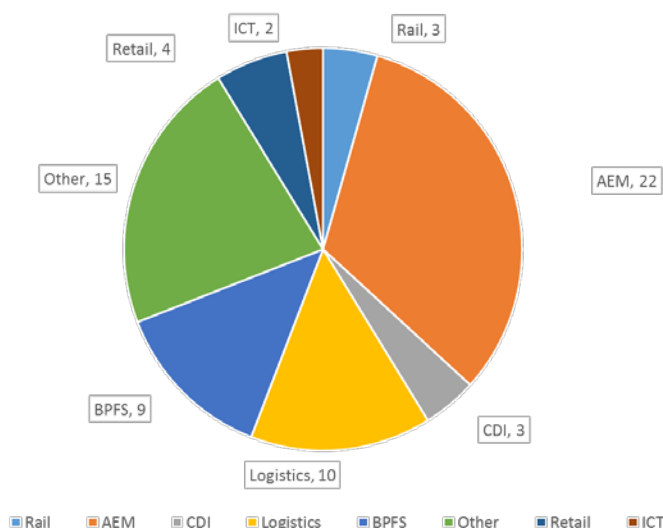
Location of Project Successes 2016/17



3.4 Barnsley accounted for just over 50% of the location for these project successes for 2016/17, with an even distribution for Sheffield, Rotherham and Doncaster. Derbyshire Dales and Chesterfield accounted for 1 project success each¹.

¹ Note nil responses were received from Bassetlaw, Bolsover and North East Derbyshire

Sector breakdown of project successes 2016/17



3.5 Advanced manufacturing & engineering accounted for over 30% of these project successes for 2016/17. Taken together with other priority sectors including logistics and BPFS accounted for around 60% of these investment successes for the SCR.

Institutional investment in SCR 2016/17

Scheme and location	Investment	Jobs
Peak Resort – Chesterfield	£400m	1,300
iPort – Doncaster	£500m	TBC
Meadowhall Expansion – Sheffield	£300m	1,000
Chinese investment – Sheffield	£1bn	TBC

3.6 2016/17 saw significant institutional investment success into the SCR, including investment into the Peak Resort at Chesterfield, the iPort at Doncaster and Chinese investment into Sheffield. The Sheffield investment by China-based construction company Sichaun Guodong Construction (based in Chengdu) will initially invest £220m over the first 3 years of the £1bn 60 year deal. The deal will involve investment in Sheffield real estate, with developments including apartments, offices, leisure facilities and the city's first 5 star hotel.

Top 5 Project Successes in SCR 2016/17

By Jobs	Project and location	Jobs
	Amazon – Doncaster	500
	Ferdinand Bilstein – Chesterfield	400
	ALDI – Barnsley	400
	IKEA – Sheffield	400
	McLaren – Rotherham	200

By Investment	Project and location	Investment
	Hitachi Maintenance Facility – Doncaster	£70m
	IKEA – Sheffield	£60m
	McLaren – Rotherham	£50m
	Ferdinand Bilstein – Chesterfield	£38m
	Boeing – Sheffield	£20m

3.7 By job numbers the top 5 investment successes into the SCR came from Amazon, Ferdinand Bilstein, Aldi, Ikea and McLaren Automotive. Whilst by investment value, the top 5 for the SCR also included Boeing and Hitachi Maintenance Facility. Further detail of some of these investments are provided below:

- **Amazon – Doncaster (Logistics):** US-based online retail giant is investing in the iPort development and will allow the company to better meet growing demand from UK customers. The investment is expected to create 500 new jobs. Creation of a further distribution unit in Doncaster at the iport resulting in the creation of a further 1,650 jobs. This takes the number of Amazon units in Doncaster to 4 from initial investment in 2011 and as a result is the largest distribution hub in the world.
- **Ferdinand Bilstein – Chesterfield (Logistics):** Major investment from German owned car parts company relocating from South East to Markham Vale. Phase 1 of the project will see job creation c150 jobs with a further 250 jobs created in phase 2
- **McLaren Automotive – Rotherham (Automotive):** £50m Investment creating a production facility to manufacture the carbon fibre chassis for McLaren Automotive’s supercars. Direct job creation is estimated at 200 jobs through a combined investment of nearly £50 million. This investment brings forward significant supply chain opportunities.
- **Boeing – Sheffield (Aerospace):** A £20m investment in to AMID to create Boeings first European manufacturing facility. The facility will produce actuation systems for Boeing’s Next-Generation 737, 737 MAX and 777 aircraft with the components used on the trailing edge of wings on these models. This investment has created 30 direct jobs with more envisaged in future phases alongside supply chain benefit.

3.8 Other notable new investments to the SCR include:

- **Lidl – Doncaster (Food & Drink):** New investment as part of a logistics, distribution and transportation project. Lidl plans to establish a new depot in Doncaster. The 70m facility will create 500 jobs covering 53,400 sq metres. Construction is due to begin in 2017 and forms part of a wider 1.5bn investment plan for the UK
- **Crean Solutions – Barnsley (Logistics):** Ireland-based automotive components company has established a 2,880 sq metre facility in Goldthorpe Power Park, Barnsley and is the company’s first operation in the UK. The \$21m investment is expected to create around 40 jobs
- **Great Bear – Chesterfield (Logistics):** Opening of a new 44,595 sq metre facility at the Markham Vale Enterprise Zone creating 400 new jobs serving the UK domestic market. A second distribution operation at Markham Vale will create an additional 480k of warehousing space resulting in 400 new jobs, representing the largest development at Markham Vale to date.

Expansion

3.9 Expansion projects to note for 2016/17 include

Svenska Handelsbanken – Sheffield (Financial Services): Expansion into a new space in Sheffield. The company is relocating from Tudor Square to a 325 sq metre facility at 3 St Paul’s Place. The new site will facilitate the continued growth of the branch and will open in early 2017, creating 33 jobs

Element Materials Technology – Sheffield (Materials): Netherlands-based materials testing company has expanded operations in Sheffield, moving to a new facility with 1,235 sq metre of warehouse space and 340 sq metre of office space, creating 29 jobs

Exclusive Networks – Chesterfield (ICT): France-based Exclusive Networks, a distributor specialising in the marketing of professional IT solutions for security, storage and networking has expanded operations into a larger office in Chesterfield, creating 16 jobs.

4.0 Selected Losses

4.1 Two notable losses this year include:

- **Kainos** - Tech company based in Belfast looking to create 200 jobs with competition from Newcastle and Nottingham. The reason for none advancement in the SCR included concerns around recruitment and the number of graduates from the University of Sheffield.
- **Staysure** - Call Centre / BPO operation looking to create c250 jobs. Following a longlist and shortlisting exercise SCR was not taken forward due to a greater range of properties being available in Leeds and Cardiff.

4.2 The issues of graduate attraction and retention and property availability are familiar ones for the SCR. These form part of a broader issue for the SCR which will be captured as part of the refresh of the Strategic Economic Plan.

5.0 Existing Projects & Live Enquiries (to be exempt under FOI in the report)

Gulfstream Jets

5.1 The proposed investment from Gulfstream jets involves the creation of a heavy maintenance repair and overhaul (MRO) facility of existing business jet fleet. There is a specific need for the operation to be adjacent to a runway and as such Doncaster Sheffield Airport is the viable site for the Sheffield City Region.

5.2 The proposal involves the creation of up to 400 skilled engineering jobs in phase 1 with significant supply chain development. Business Investment funds have been offered alongside grants and low interest loans to Peel group, the landowner.

5.3 Alongside this the proposal is the creation of a satellite AMRC MRO training facility based at the airport that would be a UK centre of excellence, training the staff working on the aircraft. Proposals are at an advanced stage with the SCR one of five possible destinations. A shortlisting operation is currently underway with senior management expected to visit UK again within Q2 2017.

Siemens

5.4 A large train manufacturing facility enquiry which has been passed across to Doncaster Council Investment team. The investment involves the creation of a rolling stock assembly facility with job creation estimated to be c325 jobs in phase 1 and potentially 650 in phase 2. Advanced discussions are being held with the site proposed to be at the iPort Doncaster. Points to note are this investment is demand led and dependent on Siemens winning contracts with both Transport for London and HS2.

PCM Inc

5.5 Multibillion dollar US IT company looking to create a UK head office and sales operation in Sheffield. Estimated job relation in Sheffield is between 120 to 140 jobs located in the city in addition to a further 140 sales positions in the UK. Competition for the site is with Manchester and Liverpool.

6.0 Forward Plan 2017/18

6.1 Looking ahead to 2017/18 a number of proposals are being developed or planned as part of the SCR budget setting process. These are set out below for further information:

SCR Trade & Investment Plan

6.2 As part of the SCR restructure process trade & investment activity has been brought together as part of an integrated single team. The plan will be developed in collaboration with our partners including local authorities, DIT trade and investment teams including Northern Powerhouse colleagues, Chambers of Commerce. The intention is to have this plan developed by summer 2017 to align with the refresh of the Strategic Economic Plan.

SCR Trade shows & Exhibitions

6.3 As part of its core activity of generating leads and enquiries the SCR regularly attends sector specific trade shows and events. The table below sets out the events that the SCR is planning to attend and showcase at during 2017/18. There are a couple of caveats with this information a) these remain subject to budget approval by the SCR and b) some of these are being explored as options to join together with broader Northern Powerhouse activity. The list below is not a comprehensive list of SCR activity, and does not include, for example, the hosting of delegations and regular meetings with partners in the UK

Month	Event	Sector	Activity	Purpose
April	Multimodal	Logistics	Exhibitor	Exhibiting at the main logistics show in the UK and arrange 1-1 meetings with trade press and prospects
	MRO Americas	Aviation	Attend for meetings	Potentially a joint programme with DSA including meetings with MRO expansions
May	OTC	Energy	Attend for meetings	Trade & investment mission, potentially as part of NPH. 1-1 meetings arranged by LGO
	Railtex	Rail	Visit	UK Rail infrastructure exhibition meeting overseas companies
	Enabling tech	CDI	Visit	Trade & investment mission, potentially as part of NPH. 1-1 meetings arranged by LGO
	North shoring	BPFS	Host	Promote the SCR to key prospects and intermediaries, and 1-1 meetings
	Shared services week	BPFS	Attend	Joint NPH event
	The Next Web	CDI	Visit	Scoping visit with 1-1 meetings with prospects and DIT posts arranged by LGO
June	Automechanika	AEM	Exhibitor	Automotive supply chain exhibition trade show
	Paris Air Show	Aviation	Visit	Promote the SCR to key prospects and 1-1 meetings
	Money 2020	BPFS	Attend	Trade & investment mission, potentially as part of NPH. 1-1 meetings arranged by LGO

September	Offshore energy	Energy	Attend	Trade & investment mission, potentially as part of NPH. 1-1 meetings arranged by LGO
	IEDC	Site selector	Attend	Attend site selectors conference and 1-1 meetings
	Cenex	Energy	Visit	Promote the SCR to key prospects and 1-1 meetings
October	Sibos	BPFS	Visit	Scoping visit with 1-1 meetings and DIT posts arranged by LGO
November	Medica	Medical	Exhibitor	Promote the SCR to key prospects and 1-1 meetings
	Web Summit	CDI	Visit	Scoping visit with 1-1 meetings and DIT posts arranged by LGO
January	Arab Health	Medical	Exhibitor	Promote the SCR to key prospects and 1-1 meetings
February	NPH Exhibition		Visit	
	Mobile World	Tech	Attend	Trade & investment mission, potentially as part of NPH. 1-1 meetings arranged by LGO
March	IFE	Food	Visit	Scoping visit with 1-1 meetings and DIT posts arranged by LGO
	MIPIM		Exhibitor	

Lead generation

6.4 Sheffield City Region has appointed a suitably qualified and experienced Lead Generation Organisation (LGO) for a three year period for the following activities:

- Inward Investment lead generation activities
- Targeting specific industry sectors
- Targeting specific Geographical areas
- Developing and managing a pipeline of opportunities
- Developing inbound visits of qualified prospects to the SCR
- Sector based market intelligence
- Account Management and reporting

6.5 Primary targets are companies in our key sectors looking to establish operations in our region. Examples of the type of operations we would be looking for are, R&D, manufacturing, sales & marketing, distribution, customer contact/support centres.

6.6 Secondary targets are companies looking for joint ventures or mergers and acquisitions with businesses in the SCR.

6.7 The LGO may also be asked to support the SCR in the growth of indigenous foreign owned companies in the SCR by developing local contacts.

6.8 It is expected that contacts will be at Chief Operating Officer Level.

Northern Powerhouse Key Account Management of Foreign-Owned Companies

6.9 As part of a Department for International Trade Northern Powerhouse initiative the SCR has proposed to acquire funding to support the key account management of foreign-owned companies (using standard DIT definition of a minimum of 10% foreign ownership).

6.10 The initial proposal is for dedicated support to be provided for up to 60 foreign-owned companies across the SCR. These would be companies that are not currently being account managed or that have little account management based upon companies currently on the One List. The support provided will be of a strategic relationship management nature to these selected companies, proactively supporting and challenging these companies to achieve their growth potential and objectives. It is proposed that delivery would be through our Local Authorities.

6.11 It is proposed that the selected foreign-owned companies through this programme will be shortlisted according to the following criteria:

- Working with colleagues in DIT, local authorities and the SCR Growth Hub to identify foreign-owned companies not currently being account managed, or who have little current account management against the One List and who have growth potential
- Shortlist these identified companies according to our competitive strengths as identified in the Northern Powerhouse Independent Economic Review (IER) e.g. advanced manufacturing & engineering, rail, nuclear energy and medical technologies
- Alignment with our key strategic assets, including the Advanced Manufacturing Innovation District (AMID), Doncaster Sheffield Airport and the Advanced Wellbeing Research Centre (AWRC)

6.12 Proactively supporting these companies to achieve their growth potential will include, but not be limited to, strong interaction and engagement with the SCR Growth Hub to add value in joining up the existing offer as part of an integrated and collaborative approach towards business growth.

Target markets

6.13 Whilst the SCR seeks to generate the best overseas leads regardless of location there are certain markets that, alongside our priority sectors, we will look to prioritise over the next 12 months. These include:

- North America: Includes the USA & Canada with both trade & investment to and from the United States in particular being the largest market for the SCR. Lead generation organisation based in the United States that promotes the SCR offer 'in-market'. In the context of Brexit, the importance of North America as a trade and investment market for the SCR is likely to increase
- China: significant FDI success for the region in recent years and a market of growing importance given the region's strategic interests. In light of the SCR hosting the Horasis China Conference in Sheffield in November 2017 the focus on China is likely to grow
- India: Foreign direct investment coming out of India is at its highest point for a number of years with GDP growth overtaking China in 2016/17. India's rise in the global FDI rankings is largely due to the pro-business reforms of the Narendra Modi-led government which has been focused on significant FDI and labour-led reforms. The SCR has commissioned the UK India Business Council to assist with the development of a market entry strategy to develop SCR's India engagement activity.

Northern Powerhouse

1.14 The SCR is working closely with the newly established Department for International Trade Northern Powerhouse Unit. Focusing on promoting increased trade and investment into and out from the Northern Powerhouse the SCR is well placed to work closely with this team as part of the recent restructure in the SCR which has brought trade and investment together into a single integrated team.

1.15 The DIT Northern Powerhouse Team are organised along sector capabilities and strengths, aligned to the Independent Economic Review

1.16 In order to facilitate and promote stronger collaboration across the North DIT have commissioned PWC to undertake a review and provide recommendations. We are anticipating the results of this work to be released in May 2017

6.17 As part of the DIT 2017/18 business planning process, the Northern Powerhouse team are looking to promote the Northern Powerhouse at 10 DIT supported events overseas. The events that have been chosen are those that support key sectors in the north and have previously shown a good return on investment. The list is provided below but it is worth noting that as stated in 6.3 the SCR is working closely with the Northern Powerhouse team to reduce duplication and join together where beneficial to maximise resources and impact.

Event	Sector	Location	Dates
Mobile World Congress	Tech	Spain	February 2018
MipCom	Creative	France	October 2017
Bio	Life Sciences	USA	June 2017
Advamed	Life Sciences	USA	October 2017
Money 2020	Financial Services	USA	September 2017
Sibos	Financial Services	USA	October 2017
Paris Air Show	Advanced manufacturing & engineering	France	June 2017
JSAE	Advanced manufacturing & engineering	Japan	May 2017
European Utility Week	Energy	Amsterdam	October 2017

SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD

4th April 2017

SPOKE UPDATES

Purpose

The SCR's business support 'offer' is structured against several thematic spokes. These spokes were set out in the Strategic Economic Plan (based on the findings of the Independent Economic Review). The purpose of this report is to provide an update against the key developments, issues and risks associated with each thematic area.

Export

Policy Objectives

By 2025 to have:

- Supported 2,150 new exporters, and
- 900 experienced exporters to exploit new overseas markets

Progress/Key Milestones

ERDF Exporting for Growth Programme (Sheffield City Region)

The ERDF Exporting for Growth Programme launched in January 2017. This £1m programme provides additional resource support and delivery capacity for our exporters to 2019, including:

- An Export Coordinator (Duncan Hoyland), part-located within the Growth Hub, who works with partners and intermediaries to improve the reach and take-up of export support services, simplifying the export customer journey and eliminating duplication through the development of client journeys and pathways to meet business export needs
- An additional International Trade Advisor to support our high growth export potential small and medium-sized companies to export
- Marketing and communications export activity e.g. generic and sector campaigns
- Match-funded export grants to de-risk and/or accelerate export activity

Progress to date includes:

Awards

- For the period December 2016 – February 2017 there were 43 expressions of interest into the programme
- 20 of these have been followed up with full grant applications
- 13 grant offer letters have been awarded (11 sustainable exporters and 2 are new exporters)
- The total amount of grant awarded to date is £51,135, with £41,074 being provided by private sector match

- This is expected to generate an increase of £10m in export sales and create 35 jobs
- The largest applicant sector is manufacturing followed by healthcare
- The most common project type is de-risking the cost to physically get overseas to meet new customers and attend trade shows
- The top 3 target markets to date are the USA, Middle East and China

Intelligence

The SCR has received export data for 2015 from HMRC. This has been eagerly awaited and has been a regular topic of discussion as part of our Devolution Deal negotiations with Government. Although these figures are for 2015 and represent only goods (and not services) they give an interesting insight into the SCR's export market. Highlights include:

- £3.5 billion of goods were exported from the SCR in 2015 (56% went to the EU)
- 40% of these exports were manufactured goods. Other large export categories included machinery & transport (27%) and chemicals (10%)
- The top 12 countries for SCR exports in 2015 can be seen in the table below

Country	Value (£ million)	% of export total for SCR
USA	449	15%
Germany	379	13%
France	233	8%
Ireland	220	7%
Sweden	173	6%
Belgium	162	5%
Netherlands	137	5%
Spain	129	4%
Italy	110	4%
China	96	3%
UAE	91	3%
India	81	3%

Risks & Issues

Brexit

The SCR has commissioned Oxford Economics to do some independent analysis of the potential impacts of Brexit on the SCR economy. One of the obvious risks this has flagged up is exports. A significant proportion of the SCR's exports is geared towards engineering and includes some world-class companies and facilities with very important innovative assets. The work has highlighted that this is a narrow base and vulnerable to trade barriers. This will impose additional costs on our exporters of between 5-10%. Some of our exporters are more exposed than others e.g. iron & steel production where roughly 50% is currently EU-bound.

Social Inclusion

Through the creation of additional employment opportunities as a result of increased business growth from increased export sales the SCR will do all that it can to ensure that these employment opportunities are as accessible as possible to people located in the SCR, including those who are socially disadvantaged and continue to work to upskill the existing labour force to support increased export sales from the SCR

Next Steps

- Development of a broader Trade & Investment Plan that aligns itself to SEP refresh outcomes
- Wider marketing of our ERDF Exporting for Growth Programme

Innovation

Policy Objectives

Innovation is a key pillar of both the LEP's Strategic Economic Plan (SEP) and of the ESIF Strategy. Supporting businesses to innovate will enable the SCR to achieve its ambition to:

- create additional 6000 businesses required to reduce the enterprise deficit
- create 70,000 jobs to close the gap with other parts of the country
- increase GVA in excess of £3billion to close the productivity gap

The objective of policy area is to enable the delivery of projects and programmes that will increase the number of businesses innovating for business growth and supporting entrepreneurs to start knowledge-led enterprises.

Progress/Key Milestones

The emerging Industrial Strategy has identified Science, Research and Innovation as one of the key pillars and is supporting this activity through the creation of the £4.7b Industrial Strategy Challenge Fund.

The Challenge Fund will be deployed through a new organisation (UK Research and Innovation) that will merge Innovate UK and the Research Councils. Innovate UK will be deploying the £270m in the first year of the programme, from April 2017, into investment ready projects which are those projects that have previously submitted applications to IUK programmes but have not been successful due to insufficient funds.

The first 3 challenges that are being developed will be in:

- **Clean and Flexible Energy:** Leading the world in the development, design and manufacture of batteries that will power the next generation of electric vehicles, helping to tackle air pollution;
- **Robotics and Artificial intelligence:** Developing cutting-edge artificial intelligence and robotics systems that will operate in extreme and hazardous environments, including off-shore energy, nuclear energy, space and deep mining;
- **Leading edge health care and medicines:** Accelerating patient access to new drugs and treatments through developing brand new medicine manufacturing technologies, helping to improve public health.

There is still consultation activity taking place around these challenges and further details to be provided by IUK. It will be important that we support SCR businesses to access these research and innovation opportunities and ensure that the Growth Hub is able to support them to do so.

Following a letter sent to Ruth McKernan from the Northern Powerhouse LEP chairs in support of a Northern Powerhouse Productivity and Innovation Strategy; Innovate UK have set aside up to £100k in their 2017/18 budget to help develop the strategy.

Risks & Issues

Managing the emerging work with existing activity and ensuring that new programmes are joined up and provide additionality.

Social Inclusion

No direct social inclusion impacts

Next Steps

Work with the Growth Hub to identify and support businesses that might be interested in accessing the Challenge Fund.

Work with Innovate UK to develop the challenges and the Northern Powerhouse Productivity and Innovation Strategy

Work with local partners to understand how we can best deploy ESIF funds in future calls to deliver programmes which support the objectives of Innovation policy area

Access to Finance

Policy Objectives

As set out in the Strategic Economic Plan our aim is to enable more companies within the SCR to access external finance to grow, modernise or sustain their operations AND support inward investment of strategic significance.

To achieve this aim the SCR will:

- a) develop a suite of financial products in order to address failure in the SME finance market and to support inward investment (“product development”)
- b) better coordinate and broker these products through the SCR Growth Hub (“better coordination” through the Growth Hub / AfCOE).

Progress/Key Milestones

The 3 key points of this Month’s update are:

1. Northern Powerhouse Investment Fund now ‘live’

The Northern Powerhouse Investment Fund (“NPIF”) was formally launched by the Northern Powerhouse Minister (Andrew Percy MP) on 22 February 2017. A local launch event in Sheffield took place on 02 March 2017. NPIF will provide debt and equity-linked investment to companies across the SCR. The fund managers appointed for this Region are: Enterprise Ventures (debt and equity) and Finance for Enterprise (Micro Fund). The Growth Hub team are actively working with the NPIF team to promote this product as part of our Access to Finance ‘offer’.

2. Interim Fund update

The Finance Yorkshire Interim fund was implemented to bridge the gap between the previous JEREMIE fund and NPIF. The interim fund will run until March 2017, although new investments are now being signposted to NPIF for completion. It is anticipated that the Interim Fund will complete ~£1m of investments within the investment period. This is less than the initial allocation of £2.5m, which provided insurance against any significant delay in the launch of NPIF. The interim fund has also created a good pipeline of projects for the NPIF. A full “closedown” report will be brought to a future Business Growth Board along with a forecast of expected returns.

3. Business Investment Fund

PCT

The Business Investment Fund Programme Board met once again on 14 February 2017. The Programme Board approved a small grant of £50,000 in engineering firm PCT. PCT, a family run

business which celebrated its 90th anniversary last year, manufactures up to 50,000 towbars each year. It also fabricates on a sub-contract basis for customers creating everything from tarmac mixers to generator frames. The grant from the Business Investment Fund enables PCT to raise £550,000 to replace two high definition plasma cutters with a Bystronic fibre laser (see: <https://sheffieldcityregion.org.uk/2017/02/laser-investment-growing-sheffield-firm/>).

Finance for Enterprise

The Business Growth Board previously considered a “ex-ante” assessment which detailed the requirement for “Micro Finance” funding in the SCR. The Business Growth Board noted that the allocation in NPIF will only meet a fraction of the demand that exists in the SCR.

The Business Investment Fund Programme Board has approved a £1m loan (at market rate) to Finance For Enterprise to support Micro Finance in the Sheffield City Region. This £1m is expected to support around 20 companies to invest and create 50 net new jobs. The SCR is expected to make a small return on this investment, providing further funds to support SME-investment in the City Region.

Progress in developing a £20m Micro Fund is detailed below in Risks and Issues.

Risks & Issues

Micro Fund

On 22 February 2017, the City Region made an outline / informal proposal to the Board of South Yorkshire Investment Fund for the development of a £20m Micro Fund combining SCR resources and ERDF legacy funding. A holding response has been provided by the Board but no date has been set for a formal response. Officers of the CA have contacted BEIS officials / CLG officials to try to promote the proposal made but neither Department has shown any great appetite to determine the use of these (pubic) funds. In the meantime, these funds remain inactive and incur administrative costs. On 20.03.17, Dave Smith (Managing Director of the SCR Exec Team) wrote to senior CLG officials to raise this issue. An update will be provided to the Business Growth Board in due course. The outcome of these discussions will inform a future options paper to the Business Growth Board.

Social Inclusion

No direct social inclusion issues.

Next Steps

- On 22 March, the CA will consider a £5.75m grant to “UAM”. If approved, this will secure a £50.5m investment in the City Region.
- The BIF Programme Board will meet again on 28 March 2017.

New Business

Policy Objectives

New Business is a key pillar of both the LEP’s Strategic Economic Plan (SEP) and of the ESIF Strategy. The targets identified in the SEP and ESIF strategy that the New Business policy area will

help to deliver are:

- An additional 6000 businesses required to reduce the enterprise deficit
- 70,000 jobs to close the gap with other parts of the country
- An increase in GVA in excess of £3billion to close the productivity gap

The objective of policy area is to enable the delivery of projects and programmes that will increase the number of people starting businesses in the City Region. By encouraging and enabling more people to start businesses in the SCR we will reduce the enterprise deficit which will increase the potential for private sector jobs and increase the economic output of the City Region.

Progress/Key Milestones

- Development of the Tech Sector
SQW are about to start the consultation interviews, 2 will be with groups of skills providers, Sheffield Digital and DMC have been asked to host 2 group interviews with 4/5 digital businesses, and the remaining 16 will be conducted with individual businesses.

SQW are just finalising the online survey which will be presented to the steering group on the 30th March.

Workshops are being planned for the middle May to present the information from the consultation interviews and emerging survey results to wider stakeholders for analysis and discussion which will feed into the final plan.

- Incubation and Acceleration
The ESIF call for Incubation and Accelerator proposals was published on the 17th March and will close on the 13th May

There are a number of potential consortium partnerships being considered but the difficulty of managing EU funds is a barrier to proposals coming forward.

- Early stage investment
In the last few weeks we have been approach by a number of projects requesting support to access High Net-worth individuals in the City Region to support the creation of SEIS/EIS investment funds.

The most prominent of these is Campus Capital the UK's first student led venture capital fund, founded at the University of Sheffield. Since they have founded the fund they have built the structures and engaged with Students but have been unable to secure the full investment fund.

They have since expanded to Manchester University where they have secure investment funds and will be looking for investment opportunities from April. Michael Howe, founder of Campus Capital, is concerned that the he will not have funds available to invest in Sheffield projects which would be a shame given that the project was founded in Sheffield.

Risks & Issues

Managing the emerging work with existing activity and ensuring that new programmes are joined up and provide additionality.

Social Inclusion

The Social Enterprise Exchange project has launched in the Region funded by ERDF with the remit of supporting entrepreneurs to start and grow social enterprises.

DWP are re-procuring the New Enterprise Allowance which would deliver much of the social inclusion activity and benefits of self-employment for Universal Credit claimants in the region. SCR are looking to work alongside the successful bidder.

Through ESF of the our ESIF programme we are procuring Pathways to Progression which will support adults who are economically inactive and young people who are NEET or at risk of becoming NEET back into education, employment or self-employment.

Next Steps

Work with local partners to develop proposals that can deliver the activity requested in the ESIF call. There are at least potential proposals that could deliver the accelerator and incubation activity and we need to make sure that these are joined up.

Work with SQW and local stakeholders to undertake the digital research and create an action plan

Work with AFCOE and BPFS group to look at how we develop angel investor networks around the SEIS and EIS tax incentives.

Skills

Policy Objectives

The Growth Deal negotiations with government had an ask that SCR aimed to build upon the City Deal activity and intervene to mitigate a fragmented skills and employment system to provide a joined-up response to economic challenges in our region. The secured growth deal with Government included funding to implement an employer driven 'Skills Bank' with a focus on investment of funds for training with employers who can demonstrate growth (March 2015) The SCR Skills Bank works in support of the SEP ambition to increase GVA in the region by 10% (£3bn) through delivering interventions which help employers meet their skills challenges which are serving as a blockage to growth.

The Skills Bank also helps to provide the training needed to address a shortfall of around 30,000 higher skilled people in the region by investing £17.1m funding across two funding streams.

As a part of the overall SCR growth hub; the Skills Bank is facilitating strategic business-led skills conversations that:

- Create Skills Deals providing clear economic benefits for the region, the SFA and employers.
- Deliver training through a high quality and diverse provider network.

Signpost to other services where the skills required can be delivered through mainstream education and training.

Key Contract Deliverables

- 8,676 individuals receiving training and support through the Skills Bank.
- Delivery of an online portal which facilitates employers creating Skills Deals.
- Creation of a provider framework which provides employers with high quality choice of training partner/s.

- Develop robust fiscal guidance policies and governance which delivers value for money and high impact from the use of public funds.

Capacity and Innovation fund element which enables deals to be made which are 'bespoke' in nature. This may include but is not exclusive to transfer of knowledge and skills (none qualification).

Progress/Key Milestones

The Skills Bank went live in April 2016. Performance data suggests The Skills Bank will exceed planned learner number targets by the end of 2017.

To the end of February 2017 and against a contract target of 8,676 learners:

- 2,471 learners have approved skills deals
- A further 32 learners have an approved deal via the capacity and innovation fund element of the programme
- A further 1,169 learners are in the appraisal stage of the process
- The Skills Bank has a pipeline of 10,043 learners (note: pipeline is those employers who are looking to submit deals within the next 6 months)
- 30 deals have been rejected
- 117 employers have advised they are not interested or have no requirement for training and support

As part of changing the culture of public funded support away from a deadweight subsidy to co-investment the Skills Bank has declined deals for a number of reasons which include but are not exclusive to the following:

- Employer wishing to market their own products (not training)
- Employer seeking funding to train their staff in systems they have already purchased/are already in house and being used
- Employer seeking funding for mandatory training courses

The unit cost associated with each learner is less than planned for (this is due to SFA amending funding approach for ESF between negotiation of the spec and contracting), however funding remains within the Skills Bank to support additional numbers.

Risks & Issues

Financial

Discussions are on-going with colleagues from the Skills Funding Agency (SFA) in terms of understanding the policy around programme underspends. There is an acknowledgement that there will be an underspend on the programme due to the delay in the launch and also the fact that the management information thus far is showing us that the average contribution per learner on ESF is under £500.00 which is much lower than the £2,000 profiled for.

Any underspend and subsequent claw back of funds will need discussion and sign off by the s73 (CA Finance) officer and will require CA approval.

Failure to spend our ESF allocation. Previous implications for this prior to the vote to leave the European Union was that if targets for spend were not achieved by 2018 that a 6% reduction would be applied to remaining funds for 2018-2020. It is now unclear if this will still be implemented.

As part of the Brexit negotiations, the Government has inferred the use of domestic funds to replace funding currently received via the European Union. Failure to spend our current ESF allocation may have negative implications for allocations to the SCR on any future domestic budgets. The proposals in this paper mitigate against underspend within the constraints of match funds requirements.

Social Inclusion

No direct social inclusion issues.

Next Steps

- Next monthly performance update due on the 3rd April 2017.
- SCR Exec Team meeting with PwC on the 4th April 2017.
- Skills Bank delivery update to the Skills, Employment and Education Executive board on the 6th April 2017.
- Tri-partite meeting with PwC, SFA and the SCR Exec to be arranged.

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