

**BUSINESS GROWTH EXECUTIVE BOARD**

**Date: Tuesday 23 February 2016**

**Venue: Amp Technology Centre, Waverley, Rotherham**

**Time: 2.00 pm**

**AGENDA**

<b>Item</b>	<b>Subject</b>	<b>Method</b>	<b>Speaker</b>	<b>Page</b>
1	Welcome and Apologies	verbal	Chair	
2	Minutes and Actions from the Previous Meeting	Paper	Chair	1 - 10
3	Declarations of Interest	Verbal	All	
4	Urgent Items / Announcements	Verbal	All	
<b><u>Decision Items</u></b>				
5	Support for New Businesses: What Good Looks Like	Paper	Gavin Baldwin	11 - 14
6	Innovation Centre of Excellence: proposal development update	Presentation	Keith Jackson	
7	Access to Finance - Business Investment Fund and Northern Powerhouse Investment Fund	Paper	David Hewitt	15 - 50
8	16/17 Business Growth Board Business Plan	Paper	Andrew Gates	51 - 62
<b><u>Updates</u></b>				
9	Skills Bank Progress Update	Paper	Andrea Fitzgerald	63 - 74
10	Growth Hub Update	Paper	David Grimes	75 - 78

Item	Subject	Method	Speaker	Page
	Spoke Updates (not covered in substantive agenda items)			
11	Export - Summary Note - William Beckett Inward Investment - Verbal Update - Chris Scholey	Paper and verbal		79 - 80
	<b><u>Decisions</u></b>			
12	Chair to Note	Verbal		
	<b><u>Actions and Forward Planning</u></b>			
13	To confirm actions	Verbal	Chair	
14	To agree any items for the CA meeting (14th March)	Verbal	Chair	
15	AOB	Verbal	All	

**DATE OF NEXT MEETING 19th April 2016**

## SCR BUSINESS GROWTH BOARD

12th JANUARY 2016

AMP, WAVERLEY, ROTHERHAM

No.	Item	Action
1	<p><b><u>Welcome and Apologies</u></b></p> <p>Present:</p> <p><u>Board Members</u>            Paul Houghton, LEP / Grant Thornton - Chair            Diana Terris, BMBC            Cllr Lewis Rose, DDDC</p> <p>Apologies were received from Board Members Cllr Julie Dore (SCC), Dan Swaine (BoDC, NEDDC), and Gavin Baldwin (LEP / Doncaster Rovers FC)</p> <p><u>In Attendance</u>            Andrew Gates, SCR Executive Team            David Grimes, SCR Executive Team            David Campbell-Molloy, SCR Executive Team            Lee Viney, SCR Executive Team            Chris Scholey, Doncaster and Bassetlaw NHS Foundation Trust)            Giles Searby, Keeble Hawson            William Beckett, Beckett Plastics            Andrew Deniff, Barnsley &amp; Rotherham CoC            Kevin Bennett, SCC            Lloyd Snellgrove, SHU            Keith Jackson, JRI            Craig Tyler, Joint Authorities Governance Unit            + Eleanor Dearle, SCR Executive Team for item 11</p>	
2	<p><b><u>Minutes of the Previous Meeting</u></b></p> <p>The minutes of the previous meeting held on 17th November were agreed to be an accurate record of the meeting.</p> <p>It was confirmed that the resolution record from the previous meeting was received by the CA and LEP and noted.</p>	
3	<p><b><u>Declarations of Interest</u></b></p> <p>No declarations of interest in relation to the items on today's agenda</p>	

	were noted.	
4	<p><b><u>Urgent Items / Announcements</u></b></p> <p>No urgent items were noted.</p>	
5	<p><b><u>Growth Hub Update</u></b></p> <p>A paper was presented to provide a detailed summary of the progress towards implementing the Growth Hub, and to set out the work plan for the respective 'spokes'.</p> <p>The report provided commentary on:</p> <ul style="list-style-type: none"> <li>• Growth Hub Development</li> <li>• Website</li> <li>• Recruitment</li> <li>• CRM</li> <li>• Spoke Development</li> <li>• ESIF</li> <li>• National Programme integration</li> </ul> <p>It was noted that a variance of opinions have been received regarding the appropriate positioning of the RISE programme, with the suggestion of the ICE Board being that his should fit under the skills theme rather than innovation. It was agreed that how RISE is referenced on the Growth Hub website needs to be carefully considered.</p> <p>It was noted that RISE is not being advertised as an innovation programme but a general growth support programme</p> <p><b>Action: David G to consider to RISE is referenced on the Growth Hub website</b></p> <p>The Board sought confirmation that applicants for all posts are being received from across the entire City Region geography. It was suggested that this is the case and numbers of applicants are reasonably acceptable.</p> <p>Regarding business growth advisors, it was noted that the advisors will be full time appointments including one who will be specific to the North Derbyshire districts. The recruitment of this full time post is currently going through Barnsley Council HR process of grading etc.</p> <p>The Board considered how to achieve the longer term objective to align the Growth Hub CRM with other CRMs in operation in the districts</p> <p><b>Action: David G to provide the Growth Hub CRM</b></p>	<p>DG</p> <p>DG</p>

	<p><b>specification to Board Members for further information.</b></p> <p>The Board sought assurances that the risk of duplicate visits is being minimised whilst competing CRMs are in operation.</p> <p><b>Action: David G to confirm what methodology is in place to avoid duplicate visits.</b></p> <p>Regarding important next steps, it was noted that:</p> <ul style="list-style-type: none"> <li>• Branding expectations will be communicated to all stakeholders with meetings arranged to discuss representation of partner status with the Hub</li> <li>• The Head of AFCoE post will be progressed</li> <li>• Website development will be ongoing</li> <li>• A Manufacturing Supply Chain proposal, using LGF and ESIF to support, will be developed. – this is in discussion with other LEPs and growth Hubs and we need to see how this will develop and the agreement was to continue ongoing conversations and see if there is anything else we may be able to do to support.</li> <li>• Development programmes for Spoke areas will continue to be developed.</li> </ul> <p><b>RESOLVED, that the Board Members:</b></p> <ul style="list-style-type: none"> <li>• <b>Note the updates provide and instruct David to ‘crack on’ with the plans for the various Growth Hub spokes.</b></li> </ul>	<p><b>DG</b></p>
<p><b>6</b></p>	<p><b><u>LGF Launch Pad Programme Business Case</u></b></p> <p>A paper was presented to provide a summary of the SCR Launch Pad proposal (new business support) Full Business Case which seeks to secure £350,000 of Business Growth Board budget against a total project cost of £3,948,969.</p> <p>The paper recommended that the Business Growth Board endorse the SCR Launch Pad proposal.</p> <p>The Board requested clarity around the D2N2 overlap. It was noted that businesses in this area will effectively be able to choose from 2 support services.</p> <p>It was noted that not all 9 districts are contributing financially to the initiative. However, in the spirit of partnership working it has been agreed that all districts will still receive the benefit of support.</p> <p><b>RESOLVED, that the Board Members:</b></p> <ul style="list-style-type: none"> <li>• <b>Note the Full Business Case (at Appendix A) for the SCR Launchpad programme and agree that the conditions set by the Board on the 17th November have been met.</b></li> </ul>	

	<ul style="list-style-type: none"> <li>• <b>Approve the Full Business Case (at Appendix A) and instruct officers to progress to contract.</b></li> </ul>	
7	<p><b><u>ICE Board Concept Approval</u></b></p> <p>Keith delivered a presentation on the importance of innovation to the Sheffield City Region and how this perception will need to develop and instil a culture of innovation to ensure local businesses benefit from the opportunities afforded by innovation.</p> <p><b>Action: Keith to circulate the presentation</b></p> <p>The Board considered how the proposal for an ‘Innovation Champion’ for the SCR should be taken forward and what type of person would be ideally needed to undertake this role, suggesting this needs to be someone who’s ‘been there and done it’.</p> <p>The Board noted the importance of customers driving innovation through expectation.</p> <p>The group requested a breakdown of the suggested £1.5m required to develop the ICE proposal</p> <p><b>Action: Keith to provide the breakdown</b></p> <p><b>RESOLVED, that the Board Members:</b></p> <ul style="list-style-type: none"> <li>• <b>Note and support the further development of the proposal</b></li> <li>• <b>Recognise the importance of innovation to the SCR</b></li> </ul>	<p>KJ</p> <p>KJ</p>
8	<p><b><u>Delivery Programme Funding</u></b></p> <p>A presentation was provided on some key, emerging elements of the Growth Hub programme which it suggested require additional funding to fill gaps identified across the delivery programme. Board Members support for proposals was sought.</p> <p><u>Innovation Coordinator / Champion</u> As introduced at agenda item 7, the Board was asked to consider the creation of this post to help ensure businesses are fully aware of what innovation-related funding is available.</p> <p>Outline costs were confirmed.</p> <p><u>Collaborator Resource</u> The Board was asked to consider the creation an online portal that will sit with the Growth Hub website to provide resources and information for the professional services sectors.</p> <p>Outline costs were confirmed</p> <p><u>Growth Hub Enhancement Bid</u> The Board was advised of the details of the bid.</p>	

	<p>The Board welcomed these proposals and commented favourably on how the information had been presented.</p> <p>It was noted that suggested costs were indicative at this stage and subject to refinement.</p> <p><b>RESOLVED, that the Board Members:</b></p> <ul style="list-style-type: none"> <li>• <b>Approve further work on the Innovation Champion and Collaborator Resource initiatives and invite officers to present full Business Cases to the next BGEB meeting</b></li> </ul>	
9	<p><b><u>Use of Devolved Growth Hub Funding / ESIF Match</u></b></p> <p>A paper was received seeking ‘in principle’ agreement to the use of devolved growth hub funds plus a proportion of devolved funds secured through the devolution agreement to provide ‘match’ funding for a Growth Hub ‘enhancement’ bid.</p> <p><b>RESOLVED, that the Board Members:</b></p> <ul style="list-style-type: none"> <li>• <b>Agree, the in principle allocation of any additional devolved funds caused by the cessation of the national Business Growth Service plus ~£930,000 (the enhanced funding was for 2 years only and a total value of £620,000 not £930,000) of match funding derived from the funds secured through the devolution agreement to cover an ‘enhanced Hub’ until 2019.</b></li> <li>• <b>Agree that this allocation should be subject to the development of a full business case, produced to the satisfaction of the head of the SCR Growth Hub and the Business Growth Board.</b></li> <li>• <b>Note that this allocation will be subsumed within the BGB’s budget proposal – to be considered by the Board in February 2016. The timing of this in principle decision is needed to align with the timetables required to access European funding.</b></li> <li>• <b>Note that, in consultation with the Head of the SCR Growth Hub – the areas in which ESIF funding is to be deployed has been considered carefully.</b></li> </ul>	
10	<p><b><u>Gainshare - Priority Setting</u></b></p> <p>A presentation was delivered on Gainshare; a.k.a ‘the £30m x 30 year devolution deal’ that will be forthcoming subject to the ratification of the deal by the 9 district councils.</p> <p>Members were advised of work that has commenced in respect of each theme to consider and prioritise how this funding might be invested.</p>	

	<p>It was noted that the deal is split into 60% capital and 40% revenue.</p> <p>It was noted that a significant number of meetings with representatives of all partners and sectors will be convened to take this work forward.</p>	
11	<p><b><u>Social Inclusion</u></b></p> <p>A report was presented to introduce the Board to the proposed SCR Social Inclusion Framework – a framework for measuring the impact of social inclusion in communities across SCR which aims to consider strategies and techniques to promote social impact to accompany the growth delivered through city region investments.</p> <p>The Board was informed that the Framework is seeking to create a small number of high level objectives and measures for each of the SEP policy areas and areas of investment</p> <p>The paper therefore provided an update on the progress of this work and requested input in the next phase of its development.</p> <p>It was suggested that from a business growth perspective the framework is welcome but needs to be ‘earthed in reality’ i.e. a careful consideration of what policies can the Board invest in and promote to help achieve the objectives.</p> <p><b>Action: ALL spoke leaders to consider the framework in more detail and consider how it might align to their respective areas of work.</b></p> <p><b>RESOLVED, that the Board Members:</b></p> <ul style="list-style-type: none"> <li>• <b>Approve the suggested objectives recommended as the focus for the Social Inclusion Framework</b></li> <li>• <b>Agree to support work to develop the Social Inclusion Framework where objectives relate to the policy and commissioning led by the Board, to ensure the development of the framework has a ‘fit’ with transport measures and targets.</b></li> </ul>	ALL
12	<p><b><u>TATA Update</u></b></p> <p>It was noted that the Government has approved £1.5m of skills cash to assist individuals affected by redundancy. This will be delivered through Rotherham College.</p> <p>An additional £350k has been approved by the Skills Executive Board to fund work on supporting supply chains.</p> <p>It was noted that letters have been sent to all companies in TATA’s supply chains offering an initial contact to discuss what support might be provided.</p>	



12a	<p><b><u>SCR Economic Survey and Science and Innovation Audit Update</u></b></p> <p>The Board was advised that on the 7th December the Local Enterprise Partnership considered two papers that have direct relevance to the work of the Business Growth Executive Board.</p> <p>These papers set out the intention for the LEP to be part of a consortium bid to complete a Science and Innovation Audit, working with the Science and Innovation Board and also sought approval from the LEP to develop a joint LEP, Chambers of Commerce and University of Sheffield business survey across the full Sheffield City Region.</p> <p>It was noted that both papers were approved by the LEP and the Board were therefore asked to note the two papers (at Appendix A and B to the report) and to endorse the proposals that the Board lead on the two work streams on behalf of the LEP/CA.</p> <p><b>RESOLVED, that the Board Members:</b></p> <ul style="list-style-type: none"> <li>• <b>Note the two papers that secured approval at the Local Enterprise Partnership meeting on the 7th December</b></li> <li>• <b>Endorse the proposal that the Business Growth Executive Board lead on the two work streams on behalf of the LEP/Combined Authority.</b></li> </ul>	
12b	<p><b><u>Export</u></b></p> <p>The Board was provided with an update on the work of the spoke. Progress made against key milestones was noted.</p>	
12c	<p><b><u>Inward Investment</u></b></p> <p>The Board was provided with an update on the work of the spoke. Progress made against key milestones was noted.</p> <p>Members were advised that on the advice of the Advisory Group it has been suggested that future progress with ‘targeting national and international companies with expansion plans’ will be reported on project value rather than numbers. This will require the current terms of this work to be amended and retendered.</p> <p><b>RESOLVED, that the Board Members:</b></p> <ul style="list-style-type: none"> <li>• <b>Support the proposal to measure the targeting of national and international companies with expansion plans’ on project value rather than numbers</b></li> </ul>	
12d	<p><b><u>Innovation</u></b></p> <p>The Board was provided with an update on the work of the spoke.</p>	

	Progress made against key milestones was noted.	
12e	<p><b><u>Access to Finance</u></b></p> <p>A paper was received seeking the Board’s endorsement of the proposal for the Sheffield City Region to be part of the Northern Powerhouse Investment Fund (NPIF) – a ‘fund of funds’ involving all Yorkshire and the Humber LEPs (including the whole of the SCR), the North West and Tees Valley.</p> <p>Members issues an expectation that SCR’s ‘voice will be heard’ in the consortium.</p> <p><b>RESOLVED: that the Board Members:</b></p> <ul style="list-style-type: none"> <li>• <b>Agree, that the Sheffield City Region should be part of the Northern Powerhouse Investment Fund</b></li> <li>• <b>Note the context of this decision and the rationale for diverting from a Yorkshire and Humber-based approach.</b></li> </ul>	
12f	<p><b><u>New Business</u></b></p> <p>The Board was provided with an update on the work of the spoke. Progress made against key milestones was noted.</p>	
12g	<p><b><u>Skills Bank</u></b></p> <p>Item deferred.</p>	
13	<p><b><u>RISE - Ratification of Decision</u></b></p> <p>The group reconsidered the information presented to and discussed at the previous meeting.</p> <p><b>RESOLVED, that the Board Members</b></p> <ul style="list-style-type: none"> <li>• <b>Note SCR Economic Development Directors support for the project and appetite to see the project continue at SCR level.</b></li> <li>• <b>Note and agree RISE’s potential fit with the Growth Hub and Innovation Centre of Expertise.</b></li> <li>• <b>Agree to fund the project, at £50,000 per year for 3 years, maximising University match funding of £480,000 (£80,000 per university, per year);</b></li> <li>• <b>Approve 3 year extension of the RISE project in principal</b></li> </ul>	
14	<p><b><u>Any Other Business</u></b></p> <p>The merits of the 5 Growth Hub Chairs conducting informal meetings was considered. The BGEB Chair noted his support for such undertakings.</p>	

<b>15</b>	<b><u>Date of Next Meeting</u></b> Tuesday 23rd February, 2.00pm at AMP, Waverley, Rotherham.	

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FOR DISCUSSION

**SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD**

**23<sup>rd</sup> FEBRUARY 2016**

**SUPPORT FOR NEW BUSINESS: WHAT GOOD LOOKS LIKE**

**Summary/Purpose of paper**

**The Board is asked to consider the New Business Vision, endorse the policy outlined and support the development of new projects and programmes to deliver the Vision.**

**1. Issue**

- 1.1. The development of the SCR Growth Hub and the work of the New Business Partnership in establishing the SCR Launchpad service have put the city region on the front foot in developing a strong offer to support the formation of new businesses in the city region. However, we do not have a start-up ecosystem or set of support products in place that could be described as world class. There are some considerable gaps. The New Business Partnership has developed a new vision and a set of potential programmes to deliver that vision for consideration by the Business Growth Executive Board. The vision is based on achieving the SEP targets by 2024 and will be reviewed over this time.
- 1.2. Should the Business Growth Executive Board indicate their broad support officers will start to develop more detailed cases for consideration and seek endorsement of the SCR CA / LEP for this to enter the programme at strategic mandate stage to be subject to the SCR formal appraisal process for programmes.

**2. Recommendations**

The Board are asked to:

- 2.1. Critique and review the development of the New Business Vision as the SCR's working policy to deliver the SEP targets.
- 2.2. Recommend to the SCR CA / LEP that a strategic mandate is developed for this activity and considered for approval to enter the SCR programme.

**3. Background Information**

- 3.1. The SCR Launch Pad will provide the basics of start-up support and entrepreneur development in the City Region. This service will form the foundation of support in the City Region which other products and services will build on to provide additional specialist support such as business accelerator programmes. The NBP will be actively

seeking proposals and encouraging organisations to come forward with businesses cases which build on the Launch Pad and achieves the ambitions of the SEP. This vision defines the key areas in which the NBP will specifically want to see proposals and activity.

- 3.2. The overarching objective of the vision is to create a start-up ecosystem that will be self-perpetuating and act as draw for professional services and entrepreneurs to the City Region. A start-up ecosystem is formed by people, start-ups in their various stages and various types of organisations in a location (physical or virtual), interacting as a system to create new businesses. The outcome of creating this system will be a more entrepreneurial culture in the City Region which will ensure that the investments lead to a sustainable impact on the economy beyond achieving the SEP targets.
- 3.3. The start-up ecosystem and the way it is being designed draws upon the principles of Innovation Districts (The Brookings Institute) of Economic, Networking and Physical Assets and apply them so as to create a regional start-up ecosystem.
- 3.4. There are five areas of investment that have initially been identified below to start creating the ecosystem.

<b>Creating the Entrepreneurial Ecosystem</b>	
<b>Activity</b>	<b>Indicative outputs</b>
<b>1. Stimulating Entrepreneurial Activity:</b> <ul style="list-style-type: none"> <li>• New Business Launch Pad</li> <li>• Incubation and acceleration</li> <li>• Innovation in employment and spin-out start-ups</li> <li>• Graduate Entrepreneurship</li> <li>• Self-employment as a career</li> <li>• Unemployment to self-employment</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in the start-up rate per 1000 population</li> <li>• Increase in the base business stock</li> <li>• Increase in businesses surviving 2, 3 and 5 years</li> </ul>
<b>2. Incubation and Acceleration:</b> <ul style="list-style-type: none"> <li>• Incubation and Acceleration Strategy</li> <li>• Attract private sector accelerator programmes, and angel and VC investors to the SCR.</li> <li>• Tech sector focus, tech community development, Tech North, Northern Power House</li> <li>• Strong collaboration between facilities to have a more strategic offer to businesses.</li> <li>• Increase incubation offer through existing facilities</li> </ul>	<p>With strong links to the innovation spoke the outcomes and outputs will be fewer businesses started than activity 1 but a greater focus on:</p> <ul style="list-style-type: none"> <li>• Private sector investment in businesses, e.g. angel and VC investment measured in £s.</li> <li>• Businesses engaging in innovation and R&amp;D, measured in £s.</li> <li>• Business investment in new technology to stimulate growth and innovation, measured in £s</li> <li>• Business facilities offering units and tenancies that incorporate incubation principles</li> </ul>
<b>3. Infrastructure and Connectivity:</b> <ul style="list-style-type: none"> <li>• Development of existing network of physical assets to increase the incubation and acceleration offer.</li> <li>• Provides the geographic focus to networking and collaboration to stimulate entrepreneurial activity.</li> <li>• Provides access to ultra-fast digital connectivity (FTTP).</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in physical infrastructure, measured in £s</li> <li>• Business investment in technologies that require superfast broadband</li> </ul>

<ul style="list-style-type: none"> <li>• Strong physical connectivity between facilities to strengthen collaboration</li> </ul>	
<p><b>4. Collaboration and Networks:</b></p> <ul style="list-style-type: none"> <li>• Use of online portal for new businesses to access the Growth Hub</li> <li>• Identification and development of economic assets that form a physical and virtual network.</li> <li>• Identification of products and services delivered across the SCR that support collaboration.</li> <li>• Development of mentoring networks and peer to peer collaboration and support.</li> <li>• Engaging professional service providers, e.g. accountants</li> <li>• Annual expo event around start-up</li> </ul>	<ul style="list-style-type: none"> <li>• More businesses engaged with the Growth Hub</li> <li>• More businesses accessing web-based resources</li> <li>• More businesses collaborating to innovate.</li> <li>• More businesses engaging in peer to peer networks and mentoring</li> <li>• Proliferation of accelerator programmes in the SCR</li> </ul>
<p><b>5. Entrepreneurial Skills</b></p> <ul style="list-style-type: none"> <li>• Developing skills of entrepreneurs through education institutions and business.</li> <li>• Work through schools, colleges and universities to ensure that young people have developed entrepreneurial skills appropriate to employment and self-employment</li> </ul>	<ul style="list-style-type: none"> <li>• More young people investigating self-employment and successfully establishing businesses directly upon leaving education.</li> <li>• Support to entrepreneurs to enable them to start trading</li> <li>• More businesses developing the entrepreneurial skills of their employees, linked to the Skills Bank.</li> </ul>

#### 4. Implications

##### i. Financial

None at this stage however subject to acceptance into the SCR programme, and the development of proposition in accordance with the SCR programme management framework, this visioning paper could result in a long term commitment to invest in developing the projects and programmes to deliver the vision

##### ii. Legal

None at this stage.

##### iii. Diversity

##### iv. Equality

The Development of the start-up ecosystem will take into account the emerging Social Inclusion Framework

**AUTHOR**      **LEE VINEY**  
**POST**        **ECONOMIC POLICY AND DELIVERY OFFICER**

Officer responsible:                      **Andrew Gates, Head of Policy**  
**SCR Exec Team**  
**0114 254 1210, [andrew.gates@sheffieldcityregion.org.uk](mailto:andrew.gates@sheffieldcityregion.org.uk)**

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FOR DISCUSSION

**SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD**

**23<sup>rd</sup> February, 2016**

**Access to Finance – Business Investment Fund and Northern Powerhouse Investment Fund**

**Summary**

This paper provides an update to the Business Growth Executive Board on the progress to date of the Access to Finance “spoke” of the Growth Hub, with a particular focus on the development of the ~£400m Northern Powerhouse Investment Fund and the Business Investment Fund.

**1. Issue**

- 1.1. Work is underway to develop a Northern Powerhouse Investment Fund (NPIF). This is a timely point at which to update the Board of progress and to seek input.
- 1.2. The development of NPIF should be viewed within the context of the wider work of the Access to Finance Growth Hub spoke.

**2. Recommendations**

- 2.1. The Board are asked to:
  1. Note the current activity underway across our Access to Finance programme and note the development of the Northern Powerhouse Investment Fund in particular.
  2. Note that the Business Investment Fund (BIF) is currently operational and the latest performance update.
  3. Note the intention for Heads of Economic Development to explore how the SCR can most appropriately marshal its resources to ensure that the City Region “lands” major investors looking to locate with the SCR. This will be subject to future consideration by the BGB.
  4. Note the intention to ensure that the BIF and AFCoE service actively support other thematic board activity, including the potential to support small housebuilders and the development of a Housing Investment Fund.

### **3. Background Information**

- 3.1. Access to finance is perhaps *the issue* affecting long term business growth in the SCR. Our aim is to enable more companies within the SCR to access external finance to grow, modernise or sustain their operations.
- 3.2. Although the recession / credit crunch had an adverse effect of A2F issues – A2F is an issue that could in fact become more acute as the economy recovers and as more businesses gain the confidence to invest and seek external finance.
- 3.3. The SCR's response will be to:
  - develop a suite of financial products in order to address failure in the SME finance market and to support inward investment (“product development”)
  - better coordinate and broker these products through the SCR Growth Hub (“better coordination” through the Growth Hub / AfCOE).
- 3.4. The A2F ‘spoke’ of the Growth Hub will soon have 6 part-time advisors in place providing advice and guidance (AfCOE) and are in the delivery phase of the Business Investment Fund (BIF) which will utilise £52m secured through the Devolution Deal of 2015. This project will subsume the existing (£30.61m) Regional Growth Fund Programme (called “Unlocking Business Investment”) which has now moved from the investment to the monitoring phase.
- 3.5. The SCR Executive is now working with Northern LEPs to develop a ~£406m Northern Powerhouse Investment Fund (NPIF) to provide loans and equity-linked investments to companies across the NPIF area.
- 3.6. In addition to this, there are various initiatives in the pipeline including: working with neighbouring LEPs to explore the case for a creative content fund, exploring a co-funding model to support early stage companies and keeping abreast of the development of Capital Enterprise North, initiatives linked to Tech North and the health of our Community Development Financial Institutions (CDFI) sector.

### **4. Business investment fund**

- 4.1. The BIF programme board has been reconstituted – and now includes Diana Terris (Lead CEX), Gareth Sutton (representing the s.151 officer) and Lee Manterfield (independent expert – banking).
- 4.2. The Board has approved 3 small grants to date (£245,500 in total) with one further project agreed in principle and a number of projects in the pipeline and being dealt with by AFCoE (see below). The early numbers are looking positive as £245,500 of CA/LEP investment looks set to lead to:
  - £2.21m of total investment (BIF therefore ~11% of total project costs).
  - 58 jobs (therefore £4,078 *per job* – a positive indication but a relatively flawed measure of success).
  - These numbers are being achieved alongside a relentless focus of value for public money i.e. it would be easy / easier to achieve low intervention rates and cost per job

ratios by funding projects that would happen anyway and this is not the approach of the BIF Programme Board.

- The Board have subsumed responsibility for monitoring the ~130 projects in the existing Regional Growth Fund programme – dealing with issues of performance / underperformance as appropriate.
- 4.3. There are two key inward investment projects in the pipeline – which intent to seek funding form the inward investment element of the fund.
- 4.4. When considering the future of BIF – ED Directors have commented that any future Housing Fund should be integrated within our product offering (this may require additional expertise within AfCOE).
- 4.5. ED Directors also felt that a more substantive discussion regarding our ability / capacity to “land” very large inward investments may be required [note the agreed model is that
- 4.6. projects are handed over to LA staff]. Heads of Economic Development will explore this and report to the Business Growth Executive Board.

## 5. Northern Powerhouse Investment Fund (NPIF)

- 5.1. The NPIF geography is now set – with all Northern LEPs contributing to NPIF except from the North East (see *figure 1 below*). The British Business Bank is working to a very tight timetable – and aim to have:
- an agreed Investment Strategy for NPIF by the end of February
  - procured fund managers by ~16 May 2016
  - contracts signed with fund managers ~20 June 2016
  - a “live” fund by 04 July 2016 with first investments from August 2016.

*Figure 1 – NPIF LEPs*



- 5.2. The SCR has secured a set on the Strategic Oversight Board for NPIF – the membership of which will be:
- Yorkshire LEPs – Roger Marsh (LCR LEP) and Nigel Brewster (SCR LEP Vice Chair and Private Sector Board Member) with Heather Waddington (LCR) and Richard Kendall (Humber) as observers to offer technical advice and support to LEP Chairs/Vice Chair.

- NW LEPs - Bill Enevoldson (Manchester) and Mike Damms (Lancashire).
- Tees Valley LEP - Stephen Catchpole.
- Government – representatives from the Business Bank, CLG and BIS.

5.3. The SCR is proceeding on the basis that NPIF will take a little longer to establish than is currently predicted by the BBB. Contingencies are being explored with the BBB in the event of 'investment gap'.

## 6. AfCOE

6.1. There will shortly be 6 part-time advisors providing specialist advice and support within AfCOE. It is relatively early days but to date AfCOE has engaged 99 companies: who are seeking to invest a total of £43m:

- 4 of these companies have been supported to access £300,000 of external finance (Finance for Enterprise / Funding Circle).
- 3 of these companies have secured grant support (as above)
- 51 are 'live' and still being worked on by AfCOE advisors – up to £23m of finance
- The balance of these projects are regarded as 'closed'.

6.2. Of the 'closed' projects:

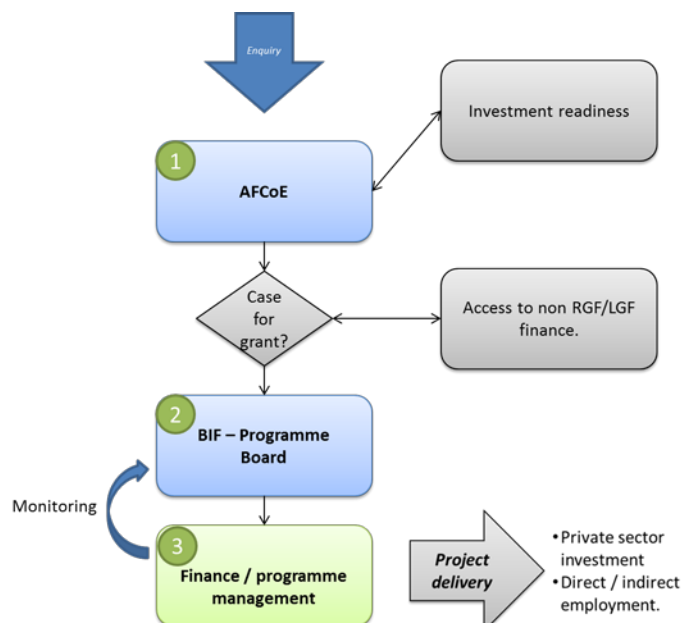
- 29% have been closed because the company has no interest in an A2F discussion – and simply would like a grant for something they are able to do and / or would do anyway.
- 27% of companies made contact but then failed to provide any further information.
- 17% of companies decided not to proceed with the project about which they made an enquiry.

6.3. Only 7 projects (15%) were closed because AfCOE advisors were unable to source a funding option (which may or may not have included BIF). In time, and with a broader

6.4. sample of projects – this market intelligence may lead to a case for a new SCR product or service.

6.5. The relationship between BIF and AfCOE is as set out in *figure 2 below*:

*Figure 2 – BIF and AfCOE*



## **7. Implications**

### Financial

- 7.1. There are no direct financial implications of this report – all investment decisions are being dealt with within existing delegations.

### Legal

- 7.2. Whilst there are of course legal considerations relating to both BIF and NPIF – there are no direct legal implications from this report.

### Diversity / Equality

- 7.3. There are no direct diversity implications arising from this report.

**REPORT AUTHOR:  
POST**

**David Hewitt**  
Senior Economic Policy and Delivery Manager

Officer responsible:

**Andrew Gates**  
**SCR Executive Team**  
**Andrew.Gates@sheffieldcityregion.org.uk**

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# Sheffield City Region

**Business Investment Fund (BIF)**  
**Overview of process for the Business Growth  
Board** [presentation first given to ED Directors 5<sup>th</sup> Feb 2016]

# Since 2012 – the SCR has been responsible for a RGF programme called “Unlocking Business Investment”

- 130 companies across the SCR
- Smallest grant £25K – largest £2m.
- Page 22 Forecast to March 2017:
  - £30,610,400 RGF deployed
  - £208,131,565 private sector investment
  - 2,445 jobs + 349.5 safeguarded.
- Ongoing monitoring requirement AND (inevitably) some active performance management required.



Kingfield Electronics, Chesterfield  
2 projects, ~£300K RGF (paid), £1.5m investment, 35 jobs.

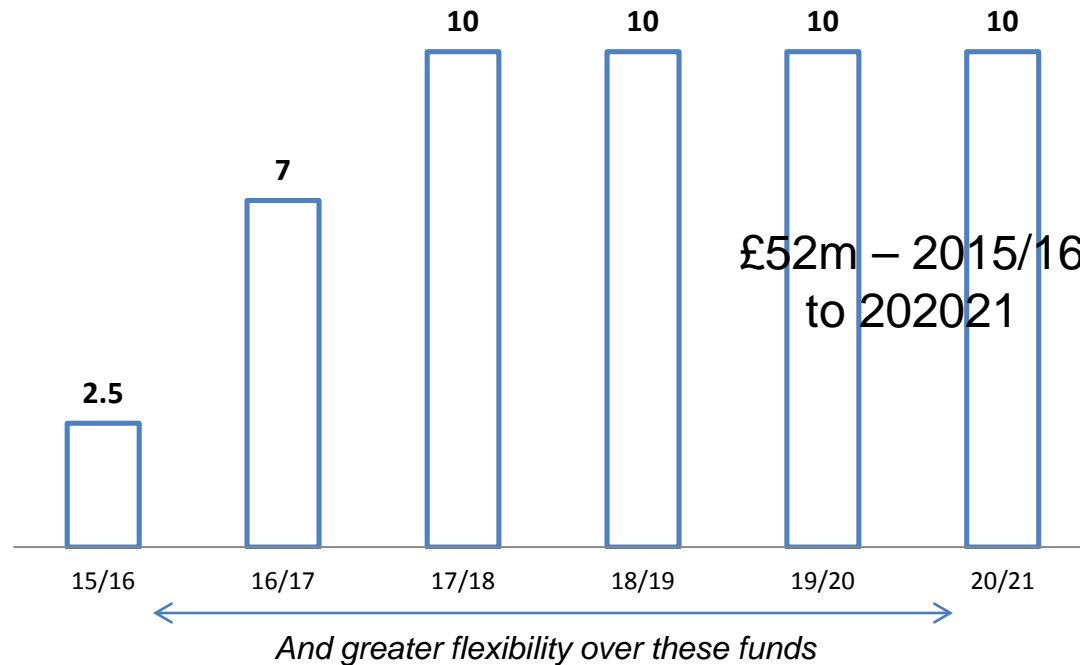
Source – RGF/BIF monitoring report 26.01.2016.



# The performance of this programme enabled us to secure significant funds through the Devolution Deal

£350m  
Growth Deal  
(1 and 2)  
Page 23

LGF - RGF profile (£m)\*



\* Note the timing of £2.5m of the £52 is not yet clear.

# The use of these devolved funds should be considered alongside our broader A2F programme



1 **Product development** – putting in place the right ‘suite of products’ in order to address market failure and stimulate investment and growth.

2 **Better coordination of these products** – delivered through a “centre of expertise” within the Growth Hub

- Northern Powerhouse Investment Fund (NPIF)
- **RGF/BIF**
- Other e.g. CDFIs, Capital Enterprise North, content fund?

- AFCE / Growth Hub
- Investment readiness support

## 2 sub-funds of the Business investment fund, 3 projects approved so far but with some exiting projects in the pipeline (particularly inward investment)

1 A fund focused supporting investment in **locally-based SMEs** (similar to current programme) where there is a *demonstrable case for grant*

2 A fund to support **inward investment** of strategically significant companies.

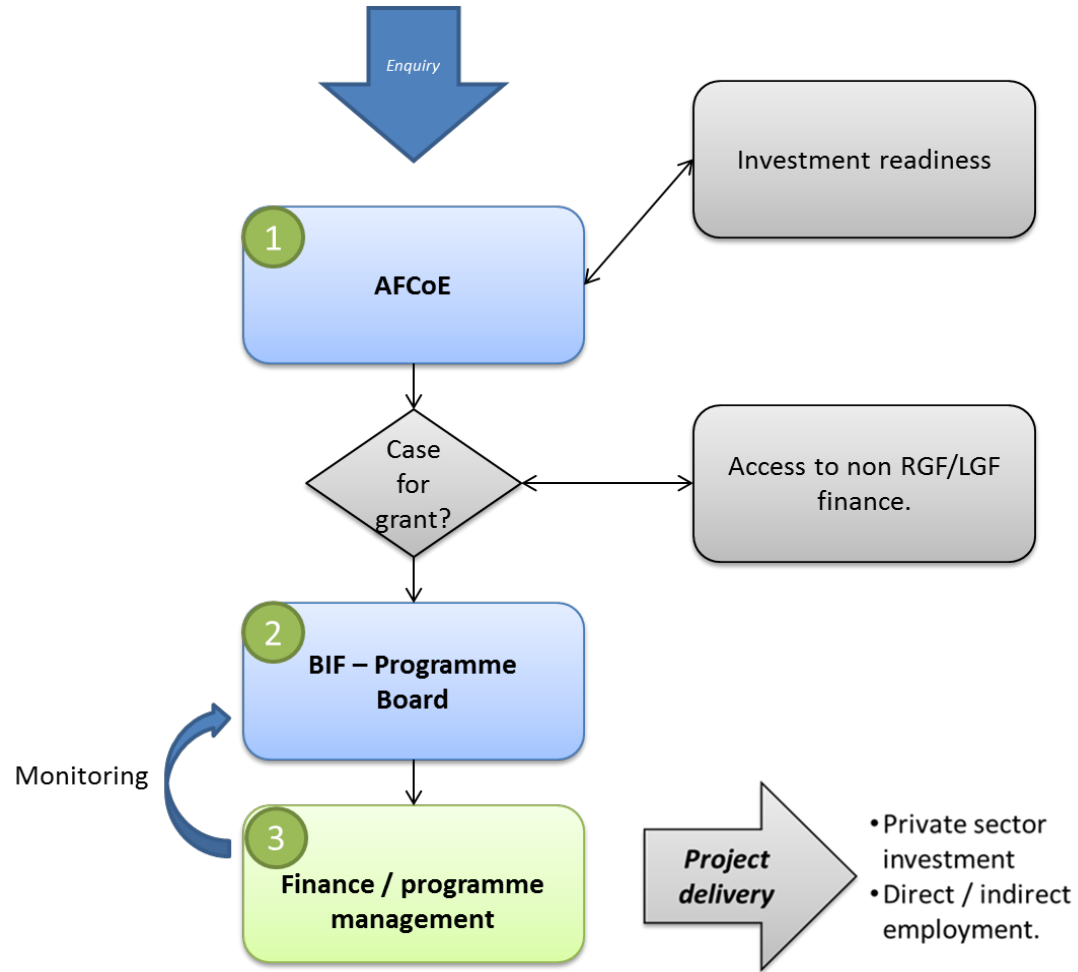
- A commitment made in SEP
- A more streamlined process to ensure LAs/SCR Invest able to negotiate effectively
- 50% repayment mechanism ensures value for money.



Unipart Rail, Doncaster  
~£112K RGF (paid), £750K investment, 32 jobs.

Nominal 50/50%  
allocation at this  
stage...

# Indigenous companies access the fund through the Growth Hub



We are about the judicious use of grant funding, where this will increase the size of our economy (“the pie”).

Leeds / Humber

SCR (and others e.g. TV)

Manchester



Generally – 20% SME/ 10% large and more limited scrutiny.

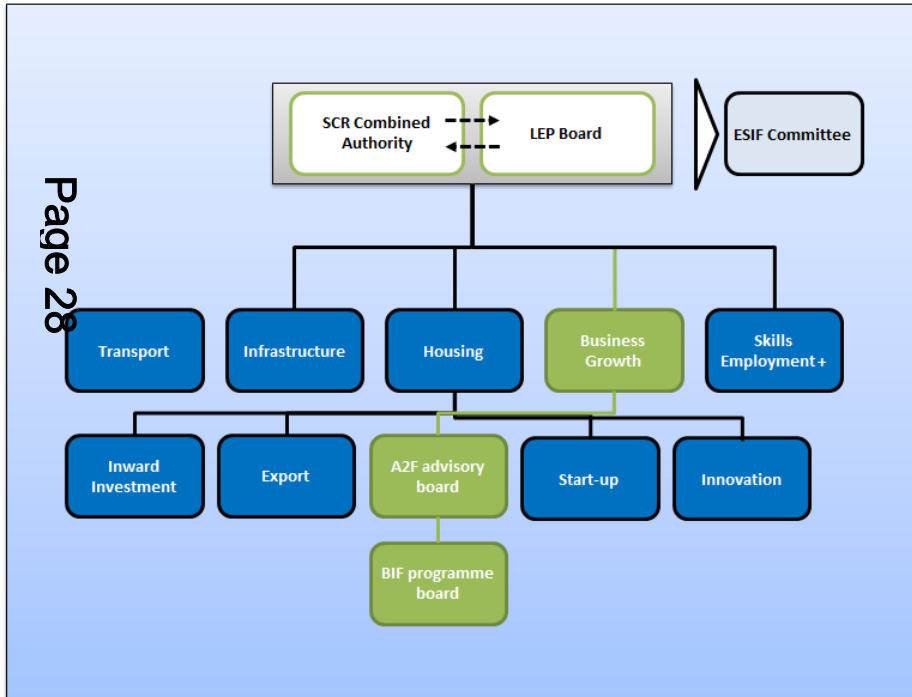
- Grant appropriate where this will result in *net benefit to economy*.
- AfCOE advisors first seek to support companies to access commercial/non-grant finance.

“We don’t do grants – they: distort the market, create soft companies”

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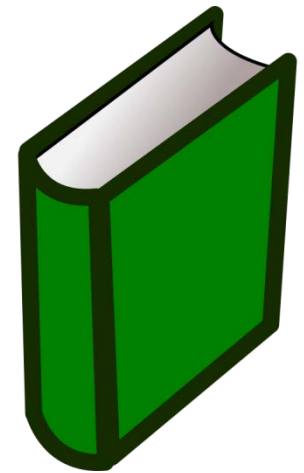
# Programme board are responsible for investment decisions / strategy



- David Grey MBE – independent expert (business)
- Mary Broadhead - independent expert (fund management)
- Diana Terris – CEX Barnsley MBC, lead CEX A2F
- Gareth Sutton – CA finance manager
- Lee Manterfield - independent expert (banking).
- Chris Scholey - independent expert (business)

# Projects assessed on basis of 'Green Book' principles

1. **Project risk** – informed by the quality of any business plan and /or market assessment.
2. **Company viability** – taking into account the size of the investment proposed and sources of funding.
3. **“Deadweight” or “additionality”** will this happen without public sector support.  
**“Displacement”** will the project create net growth – taking into account the sector and the nature/location of sales and local competition.
5. **State aid compliance** i.e. is the project state aid compliant.



# The process is slightly different depending on the size and location of the beneficiary

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Nature of company?	Location of project	Total investment [not total grant].	How to access?
1. Already here	Not relevant	Not relevant	<ul style="list-style-type: none"> <li>Enquiry through AFCOE / the GH (0800 043 5522 / <a href="mailto:finance@sheffieldcityregion.org.uk">finance@sheffieldcityregion.org.uk</a>).</li> </ul>
2. Inward investor	Enterprise Zone	Not relevant	<ul style="list-style-type: none"> <li>To be promoted by SCR invest / LA lead (if applicable).</li> <li>To be assessed by AfCOE</li> <li>Decision rests with BIF programme board (but who may have regard to the status of the company as an inward investor).</li> </ul>
	Not EZ	>£3m+	<ul style="list-style-type: none"> <li>Subject to a set of basic requirements (state aid etc) – LAs free to negotiate with companies.</li> <li>Place in the programme 'secured' once application submitted and contracts signed.</li> <li>Role of BIF programme board more 'technical' – I focus on compliance.</li> <li>50% repayment over 10 years by LA promoter.</li> </ul>
		<£3m +	<ul style="list-style-type: none"> <li>Too small for inward investment scheme.</li> <li>To be promoted by SCR invest / LA lead (if applicable).</li> <li>To be assessed by AfCOE</li> <li>Decision rests with BIF programme board (but who may have regard to the status of the company as an inward investor).</li> </ul>



# In summary

- Alignment of old and new programme
- Subtle shift in approach in light of experience / feedback from of panel
- Alignment with broader structures of the SCR.
- This is not “come and get your grant”
- Projects assessed by finance specialists
- *Net growth* not cost per job or intervention rate key
- Pipeline of high-quality proposals coming forward.

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Chapmans Agricultural, Sheffield  
~£501K RGF (paid), £2.4m investment, 30 jobs.

# Thanks for reading / listening

Page 34  
David Hewitt  
February 2016

[david.hewitt@sheffieldcityregion.org.uk](mailto:david.hewitt@sheffieldcityregion.org.uk)

0114 2541210



Lion Trackhire, Bassetlaw  
~£900K RGF (paid), £4.23m investment, 64 jobs.

# Northern Powerhouse Investment Fund



## Investment Strategy Workshop

3 February 2016, 10.00 – 12.00

Wellington House, Leeds

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Appendix B

# Northern Powerhouse Investment Fund

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## Agenda

- Welcome and Introductions
- Objectives of the Day
- Timeline
- ERDF outputs (DCLG)
- Selecting the right mix of activity
- Next Steps
- Close

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# Northern Powerhouse Investment Fund

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## **Welcome and Introductions**

Ken Cooper, MD VC Solutions, The British Business Bank

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# Northern Powerhouse Investment Fund

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## Objectives for the day:

- Recap of the NPIF objectives

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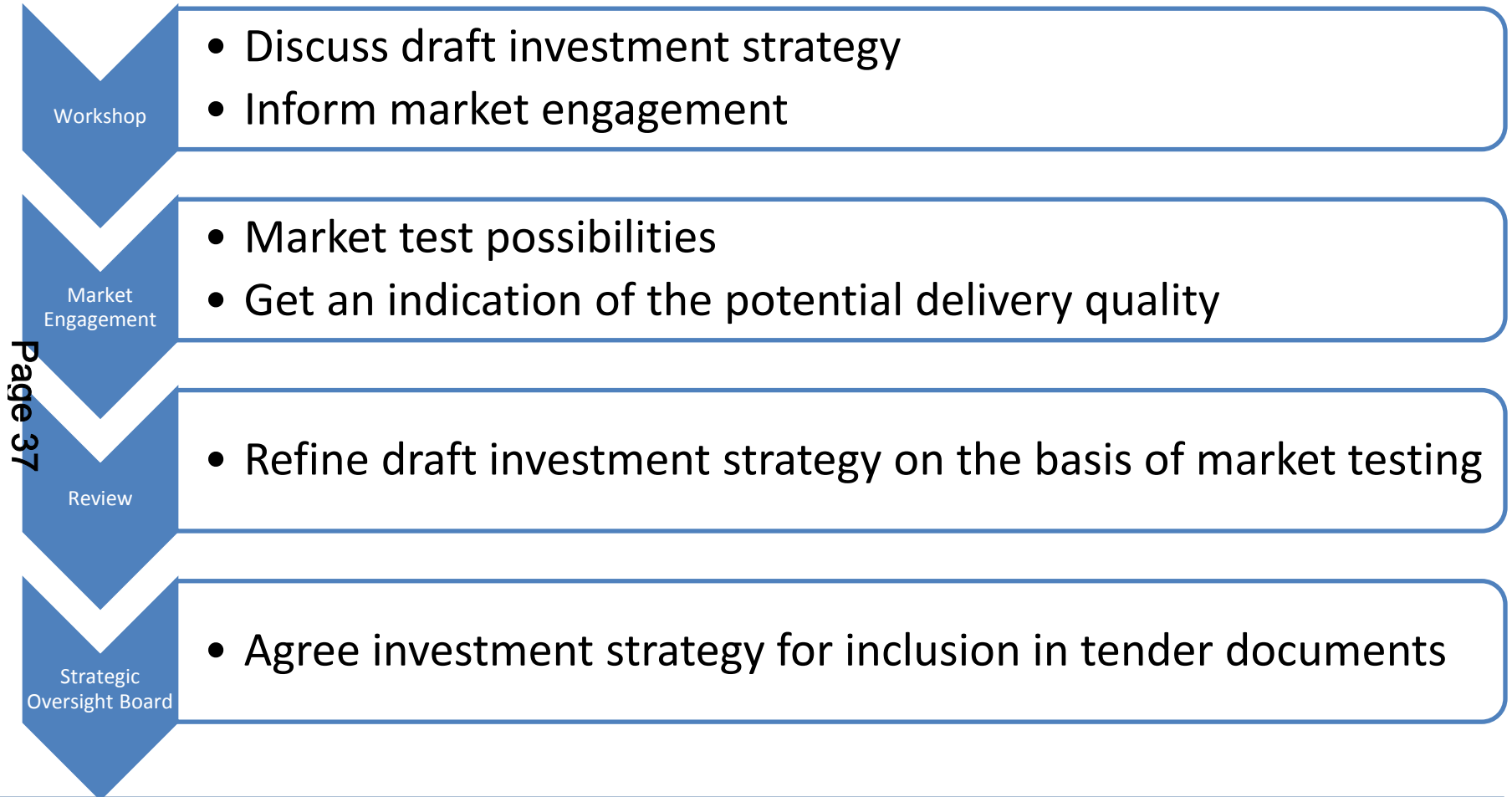
Consideration of potential fund mix – looking at the big questions

- Develop a consensus towards a high level strategy
- Discuss and agree next steps

# Northern Powerhouse Investment Fund

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## Strategy Development: Timeline



# Northern Powerhouse Investment Fund

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## Objectives to be met through Investment Strategy (Recap)

- Create sustainable economic activity through supporting new and growing businesses
- Build a substantial legacy from a successful investment and lending programme
- Have a demonstrable presence across the NPIF area linking up the finance community to increase reach and create an impact beyond the NPIF funds
- And a reminder that along the way we must:
  - Repay providers of debt
  - Meet ESIF KPIs and reporting requirements – **DCLG up next**
  - Comply with State Aid and other regulatory requirements



## **ERDF Requirements**

David Read, DCLG

## **Consideration of potential fund mix – looking at this and other Big Questions**

Ken Cooper

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# Northern Powerhouse Investment Fund

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## Investment Strategy – Market Needs Identified

Draft Investment Strategies developed by North East, North West and Yorkshire and the Humber have identified four common key themes reflecting the need for:

- Micro-finance: provision of small business loans (from £25,000 - £100,000)
- Debt: provision of business loans (from £100,000 - £750,000)
- Early Stage Technology / Innovation: provision of equity funding (from £50k - £1m)
- Equity: Provision of equity / growth capital (from £500k - £5m)

# Northern Powerhouse Investment Fund

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**Micro-finance: provision of small business loans (from £25,000 - £100,000)**

## Questions:

- Whether to do this as part of a bigger debt fund?
- How much to Allocate?

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## Pros and Cons:

- Good for meeting KPIs around start ups and number of companies supported
- Only moderate generation of economic development and historically loss making

# Northern Powerhouse Investment Fund

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## **Debt: provision of business loans (from £100,000 - £750,000)**

### Questions:

- Whether to do this alongside the micro finance?
- Should we leave scope for Mezzanine deals within the same fund?
- Why restrict to £750k?
- How much to Allocate?

### Pros and Cons:

- Essential to have income generation from loans to repay EIB. Better than equity funds at generating numbers of companies supported and new jobs
- Perhaps less impact on economic development as lower additionality?
- Unlikely to create any Unicorns

# Northern Powerhouse Investment Fund

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## **Early Stage Technology / Innovation: provision of equity funding (from £50k - £1m)**

### Questions:

- Does it make sense to split this from other equity funding?
- Is £1m an appropriate upper limit – why not look at a % fund or numerical target? E.g. make this part of a larger fund.
- How much to Allocate?

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### Pros and Cons:

- Strong market gap for formal investment - although EIS and SEIS are having an impact. Potential to back high quality businesses with real growth potential.
- If acting as a stand-alone then there is strong historic evidence that these funds have limited impact and lose money. Partly through inability to back winners but also issues around quality of management and the levels of activity required.

# Northern Powerhouse Investment Fund

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## **Equity: Provision of equity / growth capital (from £500k - £5m)**

### Questions:

- Does it make sense to split this from other equity funding? Issues around overlap.
- How much to Allocate? – see also other big questions around number of funds and competition (next slide).

### Pos and Cons:

- Strong market gap. Potential to back high quality businesses with real growth potential. Potential to attract/develop market leading investment houses.
- Returns take longer. Need for quality management who can really add value. A less common skill set than for lending?

# Northern Powerhouse Investment Fund

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## Other Big Questions...

**Competition:** Should we avoid funds that overlap or should we encourage healthy competition? Should we reallocate funds dependent on performance?

On the one hand we don't want our funds to over compete and drive down returns but on the other this may provide a better deal for the SME by giving more choice and will enable us to benchmark funds against each other. One of the complaints we hear from SME representatives is that if turned down by one fund there is nowhere else to go.

**Innovation:** Are there options we should be considering that could help us deliver the programme more efficiently and effectively (e.g. micro-loans delivered by a crowd-funding platform)?



# Northern Powerhouse Investment Fund

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## Other Big Questions...

**Marketing:** Should we centralise marketing as is currently done in Y&H or place more onus on fund managers?

Our proposal is to carry out some central marketing (particularly around Northern Powerhouse promotion where it has wider benefits) but not to control entry to funds.

Controlled entry has advantages linked to the competition point but is less popular with managers as it tends to promote the holding fund and down play their own brands. This may impact on their sub-regional presence and marketing.

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## **Plan B: Alternative Methods of Meeting State Aid Requirements**

Ken Cooper

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**Next Steps and Thank You!**

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FOR DISCUSSION

**SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD**

**23<sup>rd</sup> February, 2016**

**Business Growth Executive Board Business Plan 2016/17**

**Summary/Purpose of paper**

This paper introduces the Business Growth Business Plan for 2016/17. The Board are asked to comment on the plan and recommend this to the SCR CA for inclusion in the composite SCR Delivery Plan 16/17.

The business plan incorporates the key objectives for the city region as set out in the Strategic Economic Plan and the programme of activity in place as developed throughout 2015/16.

**1. Issue – Topic & Timescale**

- 1.1. This paper is presenting the final draft of the Business Growth Business Plan 16/17 for discussion and recommendation for inclusion in the composite SCR CA / LEP 16/17 Delivery Plan.

**2. Recommendations**

The Board are asked to:

- 2.1. Note the draft Business Plan for 16/17 presented at Appendix A and provide comments in order for that this plan can be recommended to the CA and incorporated into a composite SCR CA / LEP Delivery Plan for 16/17.

**3. Background Information**

- 3.1. The Business Plan has been developed based on the key strategic outcomes that are well established within the city region's Strategic Economic Plan and the programme of activity that the Board have been developing over 15/16. This is the first year where there will be a significant programme of activity in place delivering support to businesses within the city region as well as attracting new investors into the city region.
- 3.2. The Business Plan incorporates the development work currently underway across the Business Growth theme to develop a set of new products to support business growth as well as all projects approved and in delivery stage.
- 3.3. The plan includes a set of outputs and outcomes that the Business Growth Board will be held accountable to for delivery. These outputs and outcomes are drawn from the set of commissioned projects/programmes in place.

- 3.4. This plan will form an annex to the SCR Corporate Plan which will be signed off by the Combined Authority in March 2016. Approval of the key elements of the plan will be used to inform the production of the SCR CA/LEP budget for 2016/17.
- 3.5. The Business Plan will enable the Board to develop a forward plan of activity as well as to be clear about the outputs and outcomes that we expect to achieve.
- 3.6. Comments are also being sought directly from Heads of Economic Development across the SCR.

#### 4. **Implications**

- i. Financial

The Business Plan includes a programme of funded and unfunded asks. This is made clear in the tables presented in the business plan with appropriate CA approvals noted. Where new funding proposals are brought forward the SCR Assurance Framework outlining the programme management and due diligence required will be adhered to.

- ii. Legal

- iii. Diversity

- iv. Equality

**REPORT AUTHOR:  
POST**

**David Hewitt**  
Senior Economic Policy and Delivery Manager

Officer responsible:

**Andrew Gates**  
**SCR Executive Team**  
**Andrew.Gates@sheffieldcityregion.org.uk**

#### **Appendix A: Business Growth Executive Board Business Plan 2016/17**

Background papers used in the preparation of this report are available for inspection at

Other sources and references:

# Sheffield City Region Business Growth Executive Board Business Plan: 2016/17

### Contents

1. Key investments in 2016/17
2. What are the key milestones in 2016/17
3. What outputs and outcomes will be delivered in 2016/17?
4. What are the risks and how will we mitigate them?
5. What are the resource requirements?

# 1. Business Growth

---

## 1.1. Our Ambition: what are we trying to achieve?

The ambition for work of the Business Growth Executive Board in 16/17 is to move from establishing a new Growth Hub and programmes of activity that sit within the respective “spokes” of the Hub to one of delivery. This programme of support will:

- Provide initial business support, advice and guidance to x00 SCR businesses
- deliver 60 new enterprises and provide assistance to 500 entrepreneurs through the SCR Launchpad project
- support around 200 businesses to export for the first time and help 100 experienced exporters find new markets or grow their export base further
- support 150 SCR businesses to access innovation support
- support over 100 businesses to access the right package of finance to support their growth plans and access £9m of SCR finance – leveraging £30m of private sector investment
- support x new businesses from national and international markets into the Sheffield City Region
- Support the creation of a £400m plus Northern Powerhouse Investment Fund with an SCR contribution of £15m.

By doing this we will increase the size, density and productivity of our business-base. This is not an end in itself: bigger and more productive SMEs produce more and better jobs, are more resilient to external shocks and provide the revenues (either directly or indirectly) to support high quality public services.

The Business Growth Board will also oversee the development of a set of What Good Looks Like for each spoke area to inform a **potential new round of business support programmes** as well as investigate potential sector or issue specific challenges that could be addressed through a bespoke SCR programme. This work will be undertaken in light of changes to the national business support structures, for example the closure of the Manufacturing Advisory Service (MAS) and the cessation of the national Business Growth Service.

The Board will also seek to develop a stronger evidence base to deepen our understanding of the challenges and opportunities impacting on the SCR business base; this work will include oversight of the a LEP, SCR Chambers of Commerce and University of Sheffield led city region wide business survey.

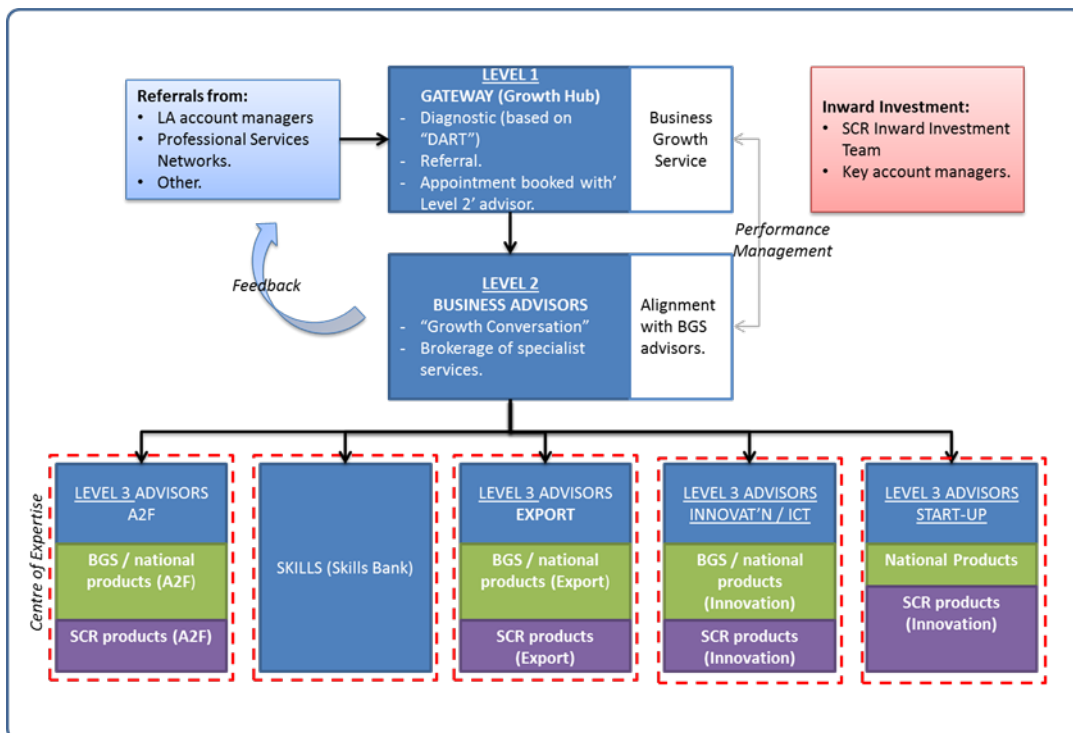


## 1.2. What are our investments in 2016/17

### 1.2.1. The Growth Hub

The SCR Growth Hub will be the principle delivery ‘arm’ of the Business Growth Board. The Growth Hub is now live. The Growth Hub works alongside and is complimentary to the Sheffield City Region Inward Investment Team (SCR Invest). The SCR Invest team will continue to focus on attracting new investors to the SCR with the Growth Hub forming an important part of the aftercare offer to new investors once they land and to existing foreign-owned companies as part of their growth strategies.

Figure 1: Growth Hub: target operating model



### 1.2.2. Key investments

The key / planned investments are detailed in the "Business Growth Board Exec Board Budget Proposal" table below and include:

- Investment in the Growth Hub ‘core’ i.e. the gateway function (including the website) and the business advisors.
- Growth Hub “enhancement” through supporting a consortia ESIF proposal.
- Investment in the ‘thematic spokes’ including the Access to Finance Service (AfCOE) and the New Business Partnership (including support for the NBP ESIF proposal) and the Export Centre of Expertise (in partnership with UKTI).
- Support the extension of the RISE programme across the full geography of the SCR.
- Investment in policy development and research to produce a programme of project mandates, outline and full business cases for the spokes, with particular emphasis on:
  - Incubation and Accelerator programmes for the New Business spoke

- A programme of support for companies new to exporting, trade missions and a programme to grow existing exporters
- Innovation Centre of Expertise support for SMEs to improve the culture of innovation (and subsequent take-up of national and local innovation “products”).
- The ‘Core’ budget and services provided through SCR Invest.
- £15m ESIF investment in a pan-northern “Northern Powerhouse Investment Fund”.
- Up to £9.5m of investment through the business investment fund (or BIF).
- Re-energising our foreign direct investment activity including lead generation, marketing, institutional investment proposition development and investment in a pan-northern “Northern Powerhouse Investment Hub” (NPIH)
- Investment in a key account management programme of activity for our foreign-owned companies

### 1.3. What are the key milestones?

Theme	Project /scheme	Milestones 2016/17											
		Apr 16	May 16	June 16	July 16	Aug 16	Sept 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	March 17
Core	Formal launch of Growth Hub	x											
	Growth Hub enhancement commences				x								
	Exports Champion Coordinator starts		x										
	Skills Bank advisors integrated with Gateway Advisors		x										
Access to	Business Investment Fund “live”	Programme live and receiving ‘calls’ through the year											
	Northern Powerhouse Investment Fund - launch			x									
	Mid-term review of AfCOE performance / SME finance market assessment.								X	x			
	Explore potential for Digital Access to Finance Platform					x							
Exports	Model for Export CoE agreed.	x											
	Project development for new Export Programme	Research and development		Mandate		OBC		FBC					
	Aligned trade & investment strategy agreed for SCR						x						
	Trade & investment mission to Arab Health (Medical)										x		
New Business	SCR Launch Pad Project “live”	x											
	Project development for enhanced start-up programme.	Research and development	Mandate		OBC			FBC					
Inwar	Investment brochure completed	x											
	MIPIM programme of activity delivered	x											

UKTI Project Matchmaker launched	x												
UKTI/SCR "pitchbook" launched	x												
Northern Powerhouse Investment Hub launch	x												
UKTI / SCR Foreign Owned Company Key Account Management Pilot			x										
FDI toolkit in place for identifying companies with expansion plans		x											
Launch of new SCR Invest website			x										
Trade & investment mission to Alberta Oil and Gas Show			x										
SCR Innotrans trade & investment mission (Rail)						x							
Ambassador Programme launched							x						
Project development for new Innovation Centre of Expertise	Project mandate and OBC			FBC									
Launch of SCR wide RISE (graduate / SME programme)	x												
Science and Innovation Audit			X	X	X								

## 1.4. What outcomes and outputs will be generated by these investments

The table below sets out the key outputs and outcomes generated from our investment in 16/17:

		Q1 Apr-Jun 2016	Q2 Jul-Sept 2016	Q3 Oct-Dec 2016	Q4 Jan-Mar 2017
Core Growth Hub inc enhancement, export and innovation champion	Website, advisors and events programme	50 business accessing bespoke support	50 business accessing bespoke support	50 business accessing bespoke support	50 business accessing bespoke support
		50 business accessing Growth Hub offer	100 business accessing Growth Hub offer	150 business accessing Growth Hub offer	200 business accessing Growth Hub offer
Access to Finance	Access to Finance brokerage service (AfCO) and Business Investment Fund	25 business accessing AfCO	25 business accessing AfCO	25 business accessing AfCO	25 business accessing AfCO
		5 businesses accessing Grant Funding	5 businesses accessing Grant Funding	5 businesses accessing Grant Funding	5 businesses accessing Grant Funding
		175 Jobs created / safeguarded	175 Jobs created / safeguarded	175 Jobs created / safeguarded	175 Jobs created / safeguarded
Exports	Joint SCR / UKTI programme (inc Matchmaker, ESIF programme) and Trade Missions	25 new exporters	25 new exporters	25 new exporters	25 new exporters
		12 experienced exporters operating in new markets	12 experienced exporters operating in new markets	12 experienced exporters operating in new markets	12 experienced exporters operating in new markets
		125 businesses engaged	125 businesses engaged	125 businesses engaged	125 businesses engaged
Inward Investment	Core activity (inc targeting companies with expansion plans)	80 firms with expansion plans engaged	80 firms with expansion plans engaged	80 firms with expansion plans engaged	16 new investors 400 jobs created 80 firms with expansion plans engaged
	Foreign Owned Companies programme	5 companies engaged	20 companies engaged	20 companies engaged	20 companies engaged 600 jobs created or safeguarded
New Business	SCR Launch Pad		15 new businesses supported 125 entrepreneurs assisted	15 new businesses supported 125 entrepreneurs assisted	15 new businesses supported 125 entrepreneurs assisted
Innovation	RISE programme	12 businesses supported to grow (new to RISE)	12 businesses supported to grow (new to RISE)	12 businesses supported to grow (new to RISE)	12 businesses supported to grow (new to RISE)
		20 Graduate internships created	20 Graduate internships created	20 Graduate internships created	20 Graduate internships created

Note: BIF outcomes (and investment) is staggered over the lifetime of a project i.e. a £500K investment may be made over 18 months, with outputs and outcomes to follow thereafter.

## 1.5. What are the risks and how will we mitigate them?

<b>Risk theme</b>	<b>Risk</b>	<b>Mitigation</b>
<b>Policy</b>	<ul style="list-style-type: none"> <li>• External economic climate change can limit the effectiveness of SCR interventions.</li> <li>• Duplication and lack of joined up thinking across the region.</li> <li>• National political agenda changes</li> </ul>	
<b>Operational</b>	<ul style="list-style-type: none"> <li>• Lack of engagement with the SCR Business Community</li> <li>• Under resourced Growth Hub team and programme management delivery compromised</li> <li>• Lack of engagement and support from all SCR Stakeholders and partners</li> </ul>	
<b>Financial</b>	<ul style="list-style-type: none"> <li>• Unable to establish funding to deliver operation requirements to achieve the aims and objectives of the Growth Hub,</li> <li>• Delays with Governance, Contracting and Procurement</li> </ul>	
<b>Reputational</b>	<ul style="list-style-type: none"> <li>• Delays in programme funding delivery creating apathy with Growth Hub programme engagement</li> <li>• No Co-ordinated or suitably resourced Marketing Activity to promote Growth Hub activity, Successes and achievements</li> <li>• Non delivery of agreed outputs and outcomes....</li> </ul>	
<b>Delivery</b>	<ul style="list-style-type: none"> <li>• International, National, SCR and local business support programmes poorly aligned due to complexity and competing priorities</li> <li>• Delays incurred re: EU –ESIF Funding</li> <li>• Non Delivery of SEP outcomes - or being way off profile annually regardless of forecast end of programme outturn.</li> </ul>	

## 1.6. What are the resource requirements?

The table below sets out the current position on the funding allocated for 16/17. The second table sets out a summary of an expected additional funding request based on the development of a new programme of work identified in the sections above.

2016/17 Business Growth Exec Board Budget Proposal							
Programme	Project / Scheme	Funding Source	Status	Funding Type	16/17	17/18	18/19
					£000	£000	£000
Growth Hub "Core"	Growth Hub "Core" (Gateway + L1 advisor)	Growth Deal 2 (LGF)	Approved – CA	Revenue	500	500	500
Access to Finance	RGF (inward investment and indigenous support)	LGF	Approved – CA	Capital	9,000	10,000	10,000
Access to Finance	Access to Finance centre of expertise	Growth Deal 2 (LGF)	Approved – CA	Revenue	362	373	
Cross Cutting	Growth Hub product development	Growth Deal 2 (LGF)	Approved – CA	Revenue	137	137	137
Growth Hub New Business	NBP – SCR Launchpad	LGF	Approved – CA	Revenue	117	117	117
Growth Hub New Business	New Business Portal	LGF	Pipeline - NBP & BGB Sign off and Agreement Required	Revenue	95	-	-
Growth Hub Innovation	RISE Programme	LGF	Approved CA	Revenue	50	50	-
Growth Hub Enhancement	Growth Hub Enhancement	Devolved Sustainability Grant	Pipeline - BGB Sign off and Agreement Required	Revenue	410	410	-
				<b>Budget Request</b>	514	419	419
				<b>Total Revenue</b>	1,671	1,587	754
				<b>Total Capital</b>	9,000	10,000	10,000

**Business Growth Exec Board potential additional resource request**

<b>Programme</b>	<b>Project</b>	<b>Funding Source</b>	<b>Status</b>	<b>Funding Type</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>
					<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Growth Hub New Business	New Business Enhanced Programme	Tbc	Project mandate being developed	Revenue	1,000	1,325	1,325	1,325
Growth Hub Innovation	SME Innovation Programme	Tbc	Project mandate being developed	Revenue	1,600	1,600	1,600	-
Growth Hub Export	SCR Export Programme	Tbc	Project mandate being developed	Revenue	630	630	630	630
Growth Hub – Inward Investment	New Inward Investment programme	Tbc	Concept stage	Revenue	500	500	500	500
				<b>Budget Request</b>	3,730	4,055	4,055	2,455
				<b>Total Revenue</b>	3,730	4,055	4,055	2,455
				<b>Total Capital</b>	0	0	0	0



**SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD**

**23<sup>rd</sup> FEBRUARY 2016**

**Mobilising the SCR Skills Bank**

**Summary/Purpose of paper**

**To provide an update for the Board on the mobilisation of the Skills Bank service.**

**1. Issue**

- 1.1 This report provides an update on the progress in mobilising the Skills Bank service in the first quarter of the contract.

**2. Recommendations**

- 2.1. The Board notes the progress being made on Skills Bank mobilisation and work to integrate of the Skills Bank and Growth Hub services.

**3. Background Information**

Skills Bank Service

- 3.1. The Sheffield City Region Skills Bank is a £17m fund which will be used to stimulate employers to increase investment in the upskilling of their workforce.
- 3.2. The Contract will be governed by the Skills Employment and Education Executive Board for the LEP/CA and progress reported through the performance management process for the boards. The contract is directly managed by the Skills Funding Agency who hold the contract.
- 3.3. The service is designed to transform the skills system by placing purchasing power in the hands of employers across the Sheffield City Region (SCR) through the creation of a training investment fund delivered by an independent Managing Agent.
- 3.4. To access funding employers will be required to submit an application for assessment. Applications from clusters of employers/sector can also be accepted. A detailed overview of the service is presented at Appendix 1. The service is designed to be able to respond to the preferences of employers working through a number of channels: on-line, telephone and face to face. Once a skills deal is agreed, the purchasing power sits with employers who are then able to negotiate the best training provision to meet their specific requirements.

- 3.5. Where the current market place does not meet the identified needs of employer's skills deal, the service has an Innovation Fund through which new provision can be developed to meet those specific requirements.
- 3.6. The Skills Bank operates as a spoke within the overall Growth Hub, providing a clear, responsive, pathway to support, ensuring clarity and simplicity of offer to our employers. The SCR team, PwC and the Growth Hub team are meeting regularly to align and integrate support. Work continues to align access to CRM's, websites, data and joint team meetings to ensure that employers receive a seamless service and all administrative wiring is hidden.
- 3.7. The contract invests a combination of Growth Deal funding and ESF against skills deals, the lifetime output from which will be 8,676 individuals receiving qualifications/bespoke training.
- 3.8. The independent Managing Agent, PricewaterhouseCoopers LLP (PwC), were procured in October 2015, with a delivery contract running until March 2018. The PwC delivery team has been identified, with 23 full time staff currently involved in the set up and mobilisation of the Skills Bank.

#### Mobilisation

- 3.9. The contract was signed 23 December 2015. Delays occurring in the contracting process, have resulted in slippage of approximately 10 weeks against the schedule included within PwC's tender submission. The project plan has been reshaped and work is underway with an interim employer referral arrangement in place to progress towards early deals. Appendix 1 provides an overview of activities, achievements and priorities for the first quarter which include:
- Establishing the Provider Framework
  - Design and build of the online Skills Bank Portal providing a quick, streamlined access to the service at a time to suit employers
  - Employer Engagement activities
- 3.10 To meet procurement regulations, a Skills Bank Provider Framework is being established and will be completed by end March 2016. Launched 12 February 2016, a bidders event will be held on the 24 February 2016. The framework will be regularly refreshed to maintain quality and enable new entrants. A shorter process is in place to allow non-framework providers to deliver training in circumstances where an employer's demand cannot be met by the existing supply base.
- 3.11 Branded clearly as a spoke of the Growth Hub, the Skills Bank Marketing strategy is in place, with the formal launch of the project planned for the end March 2016.
- 3.12 PwC are currently talking to circa 10 employers explaining the concept of the Skills Bank and discussing whether their needs could be addressed through it. The team are positively responding to referrals from intermediaries and are working with those employers now, ahead of a full launch of the Skills Bank in March 2016. Currently, the quality of the referrals has been mixed, with some being from employers with a clear growth potential and others seeking funding for pre-booked provision and with no clear growth narrative. Over the coming months, PwC will be working with intermediaries to enhance their understanding of the Skills Bank aims and objectives and the kinds of criteria that will make for a serious employer application. Early skills deals will be

considered against their case for business growth by a SCR panel to establish a precedent and set a level of delegation.

- 3.13 To ensure impact from investment is maximised an external evaluation of the Skills Bank Programme has been procured. The evaluation team comprises a partnership between CFE Research and Sheffield University. Commencing at the start of the project, the evaluation will evaluate business processes and impact from investment. The first stage of the evaluation is to set the current approach against learning from similar national programmes. Findings will be shared at regular instances across the project to ensure that learning is embedded and addressed within the project and impact maximised.

#### 4. **Implications**

i. Financial

There are no direct financial implications. The Skills Bank service sits outside of Combined Authority financial management planning as the contract is directly managed by the Skills Funding Agency.

ii. Legal

iii. Diversity

iv. Equality

**REPORT AUTHOR  
POST**

**Andrea Fitzgerald**  
Economic Policy & Delivery Officer

Officer responsible:

**Ruth Adams, Deputy Director**  
**Sheffield City Region Executive Team**  
**0114 354 1307, [Ruth.Adams@sheffieldcityregion.org.uk](mailto:Ruth.Adams@sheffieldcityregion.org.uk)**

Background papers used in the preparation of this report are available for inspection at

Other sources and references:

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# Sheffield City Region Skills Bank

## *Governance Report - February 2016*

*Private & Confidential with restricted circulation.*



# What is the SCR Skills Bank?

The Skills Bank provides employers with the opportunity to create a Skills Deal that will help their businesses to grow through investing in training and upskilling their workforce. The Skills Bank will primarily target the SCR priority sectors for growth, and will be able to generate Skills Deals with any employer who can demonstrate their growth potential.

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## Purpose

The SCR Skills Bank is working to **increase GVA in the region by 10%**, through delivering interventions which help employers meet their skills challenges.

The Skills Bank helps to provide the training needed to **address a shortfall of around 30,000 higher skilled people** in the region.

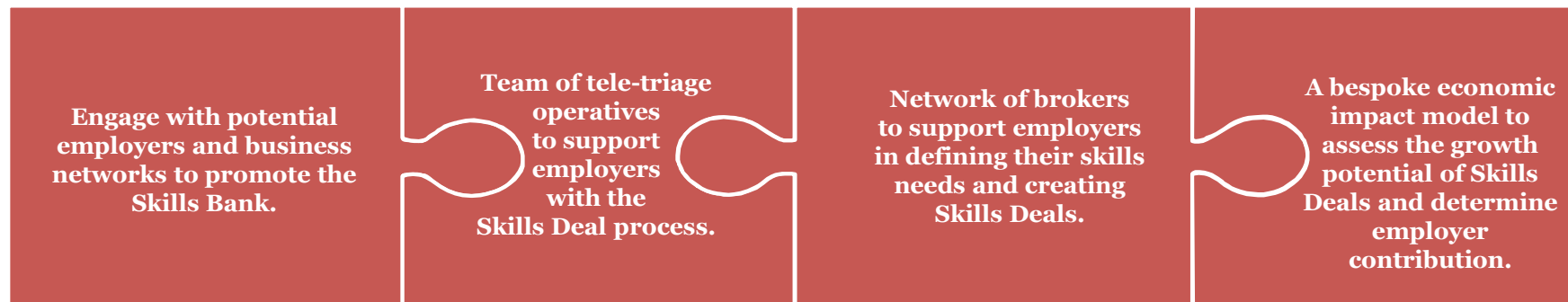


## Objectives

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.

# Overview of the Skills Bank activities



## Eligibility checker

The eligibility checker determines which funding stream(s) employers are eligible for. Criteria that are considered at this stage include: size and turnover of the employer, the age of the learners and the industry the employer operates in.



## Skills diagnostic

Employers are required to complete a training needs assessment to determine which training their employee(s) will benefit from. For more complex training needs, employers can access additional support through our tele-triage service and brokers.



## Selection of training

Employers can select their training provision of choice through an online market place. They can search for training that best suits their needs, filtering by provider, cost, method and mode of delivery. The portal will provide opportunities to make bespoke training requests and have an aggregation function for small and micro employers.



## Creating a Skills Deal

Once an employer has selected their preferred provider, the Skills Bank reviews the application and if successful, generates a Skills deal. At this stage, the growth potential of the Skills Deal is assessed and the value of the employer cash contribution is set.



## Training is delivered

Once the Skills Deal is generated, the employer and selected training provider will contract to deliver the training. The employer will pay their cash contribution before the training begins and the providers will supply evidence of completion of training to the Skills Bank.



## Feedback and payment

Upon receiving evidence of completed training, the Skills Bank will seek feedback from the employer. Not only does this provide a quality control mechanism but feedback is also to be made available for future employers to view. Payment from the Skills Bank is then released

# Mobilisation & design: Jan – Mar 2016

There are 3 areas of focus in ensuring that the Skills Bank is mobilised and operational in March 2016 as outlined below.

<b>Page 70</b> Overview	<b>1. Establishing the provider framework</b>	<b>2. Design &amp; build of the Skills Bank portal</b>	<b>3. Employer engagement</b>
	<p>A full EU tender process is underway to develop a framework of providers who can deliver high quality training as part of the Skills Bank.</p> <p>All training providers will, as a minimum, be ROTO members and will have been assessed against a range of criteria that include quality, communication and employer responsiveness. We are committed to delivering a high quality experience for employers.</p>	<p>The Skills Bank Portal is in the design and build phase. Business and system requirements have been established and mapped against the requirements of the SCR and the Growth Hub.</p> <p>The portal and supporting CRM will be used by both providers and employers to generate Skills Deals. The principle of self serve has been incorporated at every level, supporting the journey employers want.</p>	<p>Development of an employer engagement strategy and plan is underway. This will initially focus on the first 6 months of operation, before an ongoing strategy for the remainder of the programme is developed.</p> <p>Conversations with employers and business networks are already taking place. An email address with FAQs is in place for any employers looking to get in contact.</p>
<b>Mobilisation date</b>	<p>The full provider network will be in place in March 2016, with smaller, one-off procurements expected before this to meet Growth Funding restrictions for this financial year.</p>	<p>Full portal functionality is expected by April 2016. This will include the functionality required for the wider SCR and Growth Hub.</p>	<p>A marketing campaign will start in the second half of February with a formal launch taking place in March 2016.</p> <p>Conversations with employers and business networks are ongoing.</p>



# Key achievements: Jan – Feb 2016

## 1. Establishing the provider framework

- Process for rapid procurement to meet demand developed and agreed.
- ITT for provider framework has been released and is being responded to.
- Presented to the provider network pre-tender to warm up and generate interest.
- Hosted a bidders event for providers once the tender was opened to help them understand more about the procurement process.

## 2. Design & build of the Skills Bank portal

- PwC have contracted with Outbox, Salesforce and Sage to deliver the Skills Bank portal functionality.
- Skills Bank portal designed including; eligibility checker, skills diagnostic, online market place and CRM System provider procured.
- Working concept model developed and tested.
- Internal user-testing completed to sign-off on proof of concept.

## 3. Employer engagement

- Two workshops facilitated in conjunction with the SCR team to understand key messages and brand.
- Conversations with employers and business networks / intermediaries underway.
- Interim employer registration of interest process established.
- A marketing and PR strategy are being finalised.
- Collateral has been developed to market the Skills Bank.
- Brokerage model developed.

## Programme Management

- Programme boards established, TOR written and meetings booked for first 6 months.
- Team of c.23 from PwC mobilised and working.
- Funding system and protocols designed and implemented.
- Funding and investment rules developed and agreed.

# Key priorities until launch of the Skills Bank in March 2016

## 1. Establishing the provider framework

- Assess all bids to become a provider on the framework, delivering a high quality and employer focused supply base.
- Ensure all due diligence and compliance checks are undertaken, protecting the investment of the SCR and ESF.
- Contract with successful providers, delivering a commercially focused agreement which drives performance.
- Provide suppliers with management rules, training and clear instruction as to how the Skills Bank will work.

## 2. Design & build of the Skills Bank portal

- Complete external user and stress testing to deliver a smooth and effective employer experience.
- Develop the 'look and feel' in line with SCR and Skills Bank brand guidelines, making the Skills Bank feel like a key part of the wider Growth Hub service.
- Upload all training provider and existing employer data providing the base for an analytical tool which can be used to drive programme performance.
- Start to track employer performance.

## 3. Employer engagement

- Implement marketing plan with a formal launch in the second half of March. This will help to generate a buzz about the Skills Bank and the benefits to the region.
- Implement early Skills Deals with identified employers utilising Growth Funding for this financial year.
- Work with intermediaries and local stakeholders to promote the Skills Bank to a wide audience.

## Programme Management

- Continued programme boards.
- The value of Skills Deals to be assessed and reported to the SCR executive.
- Robust financial management techniques used to control funding, maximising value for money.

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FOR INFORMATION

## SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD

23<sup>rd</sup> February 2015

### Growth Hub Implementation Update

#### Summary/Purpose of paper

- This paper provides an ongoing summary of the progress being made in implementing/delivering the Growth Hub

#### 1. **Issue – Topic & Timescale**

- 1.1. The objectives of the SCR Growth Hub are to provide a 'world-class' business support offer across the whole of the Sheffield City Region.
- 1.2. Opportunity for the Board to develop a sound understanding of the principles of the Growth Hub, receive and update on progress on implementation and develop a understanding of the issues that the Board may choose to focus on over the coming months.

#### 2. **Recommendations –**

- 2.1. It is recommended that the Sheffield City Region Business Growth Executive Board:

Note the update below and set out any areas of focus for further consideration.

#### 3. **Background Information**

- 3.1. The previous Business Growth Board and Combined Authority have received a set of detailed papers setting out the principles of the Growth Hub and how the devolved resources from 16/17 will support this delivery. The SCR's plan is to:

- Deliver the most ambitious, business-led Growth Hub in the country including (from a business perspective) a near-total removal of internal boundaries within the City Region, so that every growing business in the SCR gets the support it needs to thrive;
- Provide genuine strategic private sector leadership of the Hub via the Business Growth Board;

- Act as an exemplar, using innovative evaluation techniques to ensure Government is able to make evidence-based decisions about how the business support landscape could be improved in other areas and deliver better outcomes for the country as a whole;
- Act as an exemplar for a new, mature approach to partnership working with Government by sharing best practice in real time via a fully integrated Hub that combines the best of local and national business support, and thereby delivers real value for money by eliminating duplication and waste.

3.2. The Growth Hub and its spokes are the principal delivery element of the work of the Business Growth Executive Board and have a £4,000,000 budget allocation with match funding from local and European sources to supplement delivery.

3.3. Progress to Date

### **Recruitment**

#### **Head of AFCOE post -**

Only received 2 applications for the post - upon writing this paper - had not assessed both Applications, however initial feelings are that on paper neither were necessarily the exact fit - but yet to go through initial scoring.

#### **Administrator/project Co-ordinator Role**

Due to the significant volumes of work being created by the current work streams - there is an immediate requirement for some additional resource into the central Growth Hub Team – currently myself and Louise Bermingham in post as full time employees on the Growth Hub delivery. Resource is a significant bottleneck in progressing and giving every area the attention and support it needs. So will be looking to recruit a project support officer – Co-ordinator.

#### **Innovation Champion Role**

The ICE partnership has agreed that the Innovation champion role should be included in the ICE programme development and will be included in the Innovation programme business case

#### **Additional Growth Hub Funding**

As mentioned at the previous growth board meeting, on the demise of BGS and the expected additional Growth Hub allocation of funding, BIS have confirmed the additional Growth Hub funding for SCR will be £820,000 which as previously discussed due to the issues around the Hub enhancement, reluctantly be used for the Growth Hub enhancement European match.

This was agreed in principle at the previous board meeting in January 2016 (see section 9 of the minutes – for 12<sup>th</sup> January Board) This will form part of the ESIF enhancement ask, and the Business Growth Board will be asked to formally make a decision for approval at a subsequent BGB meeting once the full bid has been submitted to DCLG as per the minute notes etc.

## General Development

**All ongoing and areas being progressed - each having different challenges in making progress at a pace.**

Programme Area Development - Export, Innovation, New Business etc

Local support provision mapping

Gateway processes and systems development - gateway reporting etc

CRM Implementation – Duplication Methodology

Marketing and Comms Strategy

Marketing materials - print documents - events etc

Website Development

Growth Advisor pool development

ESIF Programme integration/development

Partner Development - Innovate UK - ICAEW – IOD – etc.

Collaborator Portal – Skills bank Co-ordination

Tata Steel Supply Chain support programme

In addition to all the general areas of delivering a Growth Hub.....

## 4. Implications

### i. Financial

Paper for update - No legal implications in this paper

### ii. Legal

Paper for update - No legal implications in this paper

### iii. Diversity

Paper for update - No legal implications in this paper

### iv. Equality

Paper for update - No legal implications in this paper

## REPORT AUTHOR POST

Officer responsible: **David Grimes, Head of Growth Hub - SCR Executive**  
[David.grimes@sheffieldcityregion.org.uk](mailto:David.grimes@sheffieldcityregion.org.uk)  
**07464 980559**

Background papers used in the preparation of this report are available for inspection at - NA

Other sources and references: NA

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## SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD

23<sup>rd</sup> FEBRUARY 2016

## SPOKE UPDATE - EXPORT

**Purpose**

The Board is asked to note the progress made against key milestones and the next steps.

Theme/project	Progress	Next steps
A single coordinated SCR export programme	<p>Partners signed up to a working agreement for joint working</p> <p>SCR export campaign launched via series of 'Not Difficult Just Different' (NDJD) seminars, with 3 events so far being held in Rotherham, Doncaster and Sheffield</p> <p>These NDJD events have attracted 63 attendees, 25 assists and 9 new leads for UKTI</p>	<p>Formal sign off of this agreement</p> <p>Delivery of a further 2 NDJD events with local partners in Barnsley and the district areas to be held in early 2016.</p> <p>Integration and building upon the learning from these joint marketing events to be included as part of the SCR Export Outline Business Case</p>
Delivered through Export Centre of Expertise (ECE) as a spoke of the SCR Growth Hub	<p><u>Export Development Pilot Programme (EDP)</u></p> <p>Delivery of EDP has drawn to a close with 55 companies being supported, including 10 outside of Sheffield</p> <p>On average companies contributed £3,237 against and average grant award of £2,239.</p>	<p>Lessons from the pilot have helped to confirm initial thinking on what a future export offer ought to include. For example: demand exists for a flexible grant scheme that accelerates export propositions, and there is merit in a coordinated marketing campaign to highlight sector strengths</p>

	<p>On average, companies are forecasting additional sales of £512,864 over 3 years, creating 3.3 FTE jobs</p> <p><u>ESIF</u> £960,000 (£768k transition and £192k more developed) Call responded to and full application invitation issued</p>	<p>These and other elements of the pilot, including export grants (ESIF) and export insight visits to be included and scaled up as part of the Outline Business Case</p> <p>Integration of ESIF activity (including SCR Export Coordinator/Champion) as part of the single export offer for the SCR to be included as part of the Outline Business Case</p>
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### Next Steps

The SCRIPT Advisory Group met on 3<sup>rd</sup> February to discuss the emerging SCR Export Programme, the Outline Business Case for which is being developed. Agreement was reached on:

- The need for an SCR Export Programme to integrate existing products and services and fill gaps in our current export support offer
- The need for an impartial SCR Export Coordinator/Champion to integrate this support through the Growth Hub
- Use of the ACE model as the basis for the SCR Export Programme:
  - Awareness raising
  - Capability development
  - Entry to markets
- Importance to be placed upon export capacity building over the longer-term

**REPORT AUTHOR  
POST**

**David Campbell-Molloy,  
Economic Policy & Delivery Officer, SCR Executive Team,**

Officer responsible:

**Andrew Gates  
SCR Executive Team  
Andrew.Gates@sheffieldcityregion.org.uk**

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