

**BUSINESS GROWTH EXECUTIVE BOARD**

**Date: Tuesday 31 May 2016**  
**Venue: 11 Broad Street West, Sheffield**  
**Time: 2.00 pm**

**AGENDA**

Item	Subject	Method	Speaker	Page
	<b><u>Introduction</u></b>			
1	Welcome and Apologies	Verbal	Chair	
2	Minutes and Actions for the Previous Meeting	Paper	Chair	1 - 6
3	Declarations of Interest		All	
4	Urgent Items/Announcements	Verbal	All	
	<b><u>Discussion Items</u></b>			
5	Finance Yorkshire Proposal	Paper	David Hewitt	7 - 12
6	SCR Quarterly Economic Survey	Presentation	Andrew Denniff, Daniel Fell	
7	LEP Prioritisation Process for Single Pot	Paper	Andrew Gates	13 - 18
8	Project Mercury	Verbal	David Hewitt	
	<b><u>Updates</u></b>			
9	Growth Hub and Spoke Updates		All - to note	19 - 24

Item	Subject	Method	Speaker	Page
	<ul style="list-style-type: none"> <li>• Inward Investment</li> <li>• Export</li> <li>• New Business</li> <li>• Access to Finance</li> </ul>			
	<b><u>Actions &amp; Forward Planning</u></b>			
10	Agree Actions	Verbal	Chair	
11	Agree Items for Combined Authority on 20 June 2016	Verbal	Chair	
12	Any Other Business		All	

**Date of next meeting - 12 July 2016**

## SCR BUSINESS GROWTH BOARD

19th APRIL 2016

BROAD STREET WEST, SHEFFIELD

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</p> <p>Apologies were received from Board Members Cllr Lewis Rose, (DDDC), 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 Ben Morley, SCR Executive Team Lee Viney, SCR Executive Team Giles Searby, Keeble Hawson Andrew Denniff, Barnsley and Rotherham Chamber of Commerce Chris Scholey, Doncaster and Bassetlaw NHS Foundation Trust William Beckett, Beckett Plastics Dan Clarke, DMBC Keith Jackson, JRI Craig Tyler, Joint Authorities Governance Unit + Laura Bennett (TechNorth) for item 6</p>	
2	<p><b><u>Minutes of the Previous Meeting</u></b></p> <p>The minutes of the previous meeting held on 23rd February were agreed to be an accurate record of the meeting.</p> <p>It was noted that matters arising were due to be addressed under the substantive agenda items on today's agenda.</p> <p>The following matters were noted as arising:</p> <p>2. <u>Social Inclusion</u></p>	



	<p>support the social inclusion agenda.</p> <p>Regarding low carbon, the group discussed the need to understand what the business community thinks it needs to support low carbon initiatives and technologies.</p> <p><b>RESOLVED, that the SCR Business Growth Board Members:</b></p> <ol style="list-style-type: none"> <li><b>1. Note the content of the report.</b></li> <li><b>2. Note the need to continue providing advice in respect of the development of future calls and activity.</b></li> </ol>	
6	<p><b><u>Makers Hub</u></b></p> <p>The Board received a presentation on the Makers Hub initiative from Laura Bennett of TechNorth.</p> <p>Laura’s presentation covered:</p> <ul style="list-style-type: none"> <li>• An explanation of TechNorth, it’s background and ambitions</li> <li>• The importance of digital technologies to the SCR</li> <li>• Local opportunities for growth (noting comparisons with other regions)</li> <li>• Activity elsewhere nationally that the SCR might want to look at in more detail.</li> <li>• Potential next steps</li> </ul> <p>The Board discussed the issues faced by TechNorth’s lack of resources and dependence on volunteers. Members noted their willingness to receive a ‘pitch’ as a starting point to elicit some SCR support funding</p> <p><b>Action: Laura, Lee and Andy to scope out potential options</b></p>	LB, LV, AG
7	<p><b><u>Exports - What Good Looks Like</u></b></p> <p>The Board received a presentation on the ‘Exports - What Good Looks Like’ initiative.</p> <p>The information presented covered Devolution related matters, the importance of market testing, how the initiative supports the wider SCR Export Programme, a summary of current activity and next steps.</p> <p>The group agreed the need to introduce a means of identifying target businesses (potential exporters) to permit more detailed engagements with fewer businesses, rather than convene mass participation events.</p> <p>The Board discussed the need for this initiative to fully align with the common Growth Hub principles and objectives.</p> <p>The Board voiced support for officers working up a proposal for a bid for funding to support the ‘what good looks like’ initiative, potentially using unallocated European funding.</p>	

	<p><b>Action: Ben, David C-M and David G to consider and report back to the Board</b></p>	<p><b>BM, DC-M, DG</b></p>
<p><b>8</b></p>	<p><b><u>Growth Hub Implementation Update</u></b></p> <p>A paper was received to provide members with a summary of the progress being made in implementing/delivering the Growth Hub</p> <p>Members were reminded that the objectives of the SCR Growth Hub are to develop a ‘world-class’ business support offer across the whole of the Sheffield City Region. There is therefore the 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 an understanding of the issues that the Board may choose to focus on over the coming months.</p> <p>Specific updates were provided in relation to:</p> <ul style="list-style-type: none"> <li>• Recruitment</li> <li>• The Growth Hub Continuation Fund</li> <li>• The Hub’s formal launch</li> <li>• Marketing and PR activity</li> <li>• The Hub website</li> <li>• Gateway development</li> <li>• The development of the ESIF Enhancement Programme</li> <li>• The Innovation Centre of Excellence</li> </ul> <p>Regarding the ‘Gateway’, the Board discussed the merits of having both a local Gateway facility, whilst also being part of the National gateway initiative. It was noted that enquiries via the Gateways will be monitored over the next few months to help assess effectiveness.</p> <p><b>RESOLVED, that the SCR Business Growth Board Members:</b></p> <ol style="list-style-type: none"> <li><b>1. Note the content of the report.</b></li> <li><b>2. Support the re-profiled funding arrangements that permit an extra year’s activity from current budgets (2020/21)</b></li> </ol>	
<p><b>9</b></p>	<p><b><u>Spoke Updates</u></b></p> <p>Updates were provided in relation to the substantive Growth Hub Spokes, including progress around key milestones and investment against forecast and commenting on any emerging key risks and contribution to the social inclusion agenda.</p> <p>Regarding Inward Investment, it was confirmed the data can be broken down to individual district level.</p> <p><b>Action: David C-M to provide.</b></p>	<p><b>DC-M</b></p>

	<p>It was noted that a steering group has been convened to oversee plans for next year's MIPIM engagements.</p> <p>The Board members welcomed the inclusion of information regarding social inclusion.</p>	
<b>12</b>	<p><b><u>Review of Decisions made</u></b></p> <p>The Chair recapped the decisions made by the Board and instructed officers to include these in the summary reports to be presented to the next CA and LEP meetings for endorsement.</p>	
<b>13</b>	<p><b><u>Any Other Business</u></b></p> <p>i) <u>Tata Steel</u> It was noted that the Growth Hub is working with other partners and agencies to identify and delivery support for affected individuals and businesses via a number of initiatives.</p>	
<b>14</b>	<p><b><u>Date of Next Meeting</u></b></p> <p>Tuesday 31st May, 2.00pm at Broad Street West, Sheffield</p>	

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**SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD**

**31<sup>st</sup> May 2016**

**ACCESS TO FINANCE – FINANCE YORKSHIRE COMPLETION OF INVESTMENT PERIOD**

**Purpose**

**To raise the issue of a letter received by the LEP on 11 May 2016 with the Business Growth Board**

**1. Summary**

- 1.1. On 11<sup>th</sup> May 2016, the LEP received the letter at Appendix A. This letter raises the issue of a 'gap' between the investment period of the current JEREMIE fund (managed by Finance Yorkshire through a number of fund managers) and the next JEREMIE fund – which will be deployed on a 'Northern' footprint through the £406m Northern Powerhouse Investment Fund (NPIF).<sup>1</sup>
- 1.2. The letter sets out that:
  - (a) Finance Yorkshire has invested an average of £20m a year over its investment period;
  - (b) as of the end of April, all funds will be fully committed or allocated;
  - (c) there will be a 'gap' between this point and the launch of NPIF in September 2016.
- 1.3. The letter sets out a number of options to address this gap. Informal discussions with the Business Bank and others suggests that the only realistic option is for individual LEPs to meet this shortfall (which may be £6-£10m at a Yorkshire-level for the period of 01/06 until the end of the calendar year).<sup>2</sup>
- 1.4. In the North East (which is outside of the NPIF area), the LEP has taken steps to bridge this investment gap. Other Yorkshire and Humber partners are considering their position

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<sup>1</sup> <http://british-business-bank.co.uk/ourpartners/northern-powerhouse-investment-fund/>

<sup>2</sup> –£2-3m for SCR/SY.

and may be prepared to contribute to this shortfall, although the SCR could act unilaterally on this issue.

1.5. One option is for the SCR to support:

- (a) a loan to support the continuation of the FY loan fund until the end of the financial year;
- (b) this loan could be used to support follow-on equity investments (i.e. not new equity-linked investments – and subject to certain safeguards as to the quality of these investments)

1.6. On the basis of the above, it is recommended that the Board:

- (a) note the letter and issue raised at appendix A;
- (b) provide a steer as to an appropriate response and/or if further work should be undertaken to resolve this issue

<b>REPORT AUTHOR</b>	<b>David Hewitt</b>
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Post	Interim Head of Paid Service
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Background papers used in the preparation of this report are available for inspection at:	
Other sources and references:	

Sir Nigel Knowles  
Chair  
Sheffield City Region Local Enterprise Partnership  
AMP Technology Centre  
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11<sup>th</sup> May 2016

Dear Nigel

### Finance Yorkshire (FY) – Completion of Investment period

As you are aware, the investment period for FY is due to finish on 30 June this year. From that date, the amount of investment capital available to SMEs in Yorkshire and Humber will dramatically reduce with very few institutions having the investment funds, appetite or capacity to provide gap finance in the way that FY has done for the last six years.

By June, FY will have invested over £112 million in SMEs over that time, an average of around £20m per year.

Due to the exceptional success of FY's presence in the market and completing our investment phase, I now write to inform you that as from the end of April 2016, FY has either invested or has allocated to be invested before the end of June 2016, all of its available investment capital. **Thus, no more applications for investment will be accepted and a gap in the availability of SME finance now exists.**

The reason for informing you of the completion of FY's investment period is that a negative market impact is likely to occur between now and up to and until the Northern Powerhouse Investment Fund (NPIF) gathers momentum and starts to invest in SMEs at a similar level established by FY. Consequently, as all of you, including FY, are stakeholders in the future of the availability of finance to SMEs in Yorkshire and Humber, I believe that it is important that some consideration is made of various options to bridge, what could be at least a 5 month interruption to SME investment.

FY's own experience in having to deal with a break in investment activity would suggest that it is something to avoid, if possible, and to have more than a three month gap can do harm to the any future investment activity going forward. We experienced this when FY was launched, due to the abolition of the RDA's and uncertainty around who would be taking their place and the attached funding, we had to delay the start of our investment period from 1 April to late August 2010. This was on top of the three month gap from the end of 2009, when SYIF and PIF finished investing. The result was a very slow start to the JEREMIE fund, which has taken a lot of effort by all concerned to recover.





In early 2015, we experienced a further four month gap from the end of the JEREMIE investment period to the start of FY's Extension Fund. In both of those cases, significant management challenges emerged as a consequence. Within the company, the organisation and administration of Fund Management teams increased considerably.

But more importantly addressing the challenges in the market through intermediaries, partners, banks and with individual companies was particularly tough, as in many cases there was no alternative to the investment being offered from FY. It was also a very uncertain and potentially damaging time for our investment portfolio, especially where companies were relying on FY to continue to fund their progress.

As such, we believe that it is the responsibility of all of us and in all our interests to try to create some temporary provision to fill any gap that will appear, however small. A number of options would seem to be available for Yorkshire and Humber, which could be put in place very quickly, if there was a will to do so. They include:

1. To ask FY to continue to make investments by making further funds available. At the moment, FY has capacity to receive and invest a further £7 million, which will take its total investment up to £120 million, the maximum allowed under the original procurement for Fund management and other contracts.

The funding for this could come from a number of sources:

- a. Some of the legacy funds are immediately released to FY.
  - b. BBB could release early some of the additional £50 million of funding it promised to the NPIF, which was an important element in persuading the LEPs to support its creation.
  - c. FY could ask the EIB to delay some the repayments by FY to them and FY could use its returns into the JEREMIE Fund for investment purposes. At present, FY owes EIB less than £8 million and has an investment net portfolio conservatively valued at £50 million, so we do not see this as a major ask of EIB.
  - d. The LEPs could contribute some of their Growth Deal funding or non-allocated PA3 EU funding to FY, which could be matched by some of the legacy funds.
  - e. A combination of the above, but only in a way that was simple, requires as little paper work as possible and could be done quickly.
2. BBB procures outside funding and temporary Fund Managers to fill the gap. I suspect that this is not an option, as this will detract from the setting up of NPIF, which is a difficult enough task as it is. Utilising new Fund Managers might also affect the open and fair procurement process that will need to take place soon.
  3. FY looks at the options, supported by BBB and EIB, of obtaining external finance, which it then would invest in SMEs. FY could continue to invest until the NPIF had established a presence in the market and created demand for its investment funds.
  4. No action is taken at all and the risk of a large market gap is accepted with the inherent risks to the success of NPIF.





In our view, the benefits of 1 above outweigh the other options mentioned. It will fill a market gap quickly, which will allow the NPIF to be properly created without rushing and making mistakes. It will allow time for proper procurement of Fund Managers and for them to set up, recruit a management team and do some pre-marketing of NPIF, which it will need to do as it has no brand name at all. It will allow the correct structures to be put in place and the negotiation of the right contracts with EIB, Fund Managers and other partners.

At the current rate of investment, FY could continue to be in the market place and investing for a further 5 months, almost to the end of 2016 and ensure a pipeline is built up so as to ensure proper handover between FY's Fund Managers and NPIF's Fund Managers, which in our opinion is going to be vital if NPIF has any chance of hitting its first few years targets.

From FY's perspective, we remain willing to continue to invest. We feel confident that with the cooperation of BBB, by utilising our own existing resources and our strong relationships with our Fund Managers, we can deliver further investment into the Y & H Region and fill the market gap.

Alex McWhirter and I are available to discuss this with you further if it is of interest, which we hope it is.

Regards

James H Newman  
Chairman

c.c. British Business Bank  
ERDF Growth Delivery Team  
Local Enterprise Partnerships  
BIS Local  
European Investment Bank  
FY Directors

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FOR DISCUSSION

## SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD

May, 2016

### Business Growth: LEP prioritisation

#### Summary/Purpose of paper

This paper asks the Board to provide a steer from a purely Business Growth/Support angle on **potential areas of focus** for the SCR 'single pot' in advance of the development of a new SCR programme of investment.

#### 1. Issue

- 1.1. The LEP / CA has the opportunity to bid into a new £1.8bn round of Local Growth Fund. Bids need to be submitted by the 21<sup>st</sup> July 2016. A process has been identified which takes advantage of the greater flexibilities allowed to areas with Devolution Deals.
- 1.2. This process is also aligned to a LEP / CA workshop scheduled for the 3<sup>rd</sup> June where LEP and CA members will be seeking to develop a set of high level priorities for funding through the new SCR Single Pot.

#### 2. Recommendations

The Board are asked to:

- 2.1. Note the intention for the LEP and CA to submit a bid for LGF funds that effectively 'tops-up' our current funding profile.
- 2.2. Consider some of the areas (section 5) where future investment in the business growth agenda will support our objectives to create a stronger and bigger private sector in advance of the LEP/CA prioritisation process.

#### 3. Background Information

- 3.1. The SCR Single Pot – one of the SCR proposals to government during the last devolution round was that all resources from national government should be made available for the city region to invest as it chooses, rather than being constrained by the Government department from where the resources were originally sourced.
- 3.2. This objective was successfully achieved – enabling the city region to secure a £484m single pot (which includes the £30m p/a secured as a result of the devolution deal). The implication of the city region securing this single pot is that we move away from a bidding process for particular pots of national government resource and articulate a high

level programme of investment (supported by robust assurance and project appraisal mechanisms) to Government when making the case for additional investment.

- 3.3. Whilst this is a mature approach to take with central government in terms of securing additional resources there is significant work to do locally over the coming months to establish a clear set of priorities on which to build an investment programme from the single pot.
- 3.4. A LEP/CA workshop is scheduled for the 3<sup>rd</sup> June to start this process.
- 3.5. The Business Growth Board 2016/17 Business Plan highlighted a number of potential programmes that would be developed more fully subject to the availability of funding. In addition the plan set out where new policy work was going to be undertaken to develop new business support programmes.

#### 4. **Proposed approach from the Business Growth Board:**

- 4.1. There is an opportunity over the coming months to make sure that the gaps in provision that have surfaced through recent Board meetings are highlighted at the LEP and CA level and form part of the wider prioritisation process.
- 4.2. The resourcing made available to the Business Growth theme is not insubstantial. The current £52m Business Investment Fund and the £4.5m of core funding used to deliver the core Growth Hub offer are the principal elements of the programme.
- 4.3. However, whilst we have been able to use European funding to enhance our business growth offer as well as harnessing the capacity and offer available in local areas the Board have also had a series of presentations from several of our 'spoke' areas that have identified a gap in our offer, particularly; export support, innovation and accelerator support for high growth businesses.

#### 5. **Potential areas of focus:**

- 5.1. This section explores **some potential areas of focus**. Some of these are based on identified gaps in the Business Growth Board 16/17 Business Plan. Some other opportunities are also identified for discussion. The Board are asked to consider whether these are the right areas of focus.
  - 5.1.1. **Export programme:** we estimate that UKTI and European funding provision leaves a shortfall of c.1000 potential exporters not being supported to access new markets. The 'export' spoke of the Growth Hub does not currently have any SCR investment allocated and is more focused on aligning other national and regional offers. This is a considerable gap.
  - 5.1.2. **Innovation support:** the key challenge identified by the work of the Innovation Centre of Excellence board is one of stimulating an innovation culture in the city region with a suite of products being proposed that widen the engagement of businesses with services that can support innovation whilst providing an increasingly focused set of interventions for those businesses who are more 'innovation ready'. There is a set of innovation and research facilities in the city region that are under-exploited by SCR businesses. Investment is required to build this programme. There is no SCR funding currently allocated to this 'spoke' of the Growth Hub.
  - 5.1.3. **Creating a start-up ecosystem** – The processes, support services and networks encouraging and enabling people to start businesses are weak, this undermines our economic potential and our ability to stimulate entrepreneurialism. A suit of



products is being proposed that will develop a more enterprising culture and strengthen the support services to enable more entrepreneurs to start sustainable businesses with growth ambitions. This would include, for example, a network of start-up facilities, including incubation and accelerator type services that create start-up and grow early stage businesses.

- 5.1.4. **Access to Finance:** The SCR has already committed European funds to the Northern Powerhouse Investment Fund – there is the opportunity for the SCR to explore other investment models, for example co-investment funds for early stage / proof of concept and supporting Angel / Venture Capital investment in the Sheffield City Region.
- 5.1.5. **Supply Chain programmes:** the city region business base is in essence one of a business to business, supply chain orientated nature. SCR businesses supply a wide range of sectors including Oil and Gas, Nuclear, Automotive, Aerospace and Healthcare Tech. As such our offer could be more effectively tailored to supporting businesses operating across these sectors – and crucially in supporting the development of supply chains in our emerging strength areas – or where we have secured major inward investors.
- 5.1.6. **Responding to economic shocks** – whilst the city region has moved to a growth agenda there remains a rump of businesses (both large and small) that are exposed to economic shock (TATA and their supply chain being a clear example). The LEP may choose to consider developing a fighting fund that can be brought to bear as required.
- 5.1.7. **Extending a Business Investment Fund model to land major investors:** The current BIF fund is currently well capitalised. However, it will only take the attraction of several major investors (some of which are in the pipeline) to limit the effectiveness of BIF in “landing” major investors. We have the systems and processes in place to manage such funds, which could be allocated and designed in order to facilitate future business rate growth and/or capture the “upside” of such investments.

5.2. The Board are also asked to note that there remains significant uncommitted ESIF revenue resource (c.£12m – originally allocated to SME competitiveness and innovation activity) that can most effectively be brought to bear on SCR priorities through the provision of match funding. This should be a factor in LEP/CA considerations on how to most effectively prioritise resources.

## 6. Implications

- i. Financial
- ii. Legal

There are no legal implications arising directly out of this report as such, however, a successful bid may come with legal and governance obligations attaching to the fund and being placed upon the CA. These obligations will in all probability be reflected in subsequent ‘down stream’ funding agreements or contractual arrangements between the CA and funding applicants / recipients.

The other minor ‘legal’ issue revolves around the CA’s s.151 officer being the authorised signatory to receive the funding if the bid is successful.

iii. Diversity

iv. Equality

**REPORT AUTHOR: Andy Gates**  
**POST** Head of Policy, SCR Executive Team

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**Executive Director, SCR Executive Team**  
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Background papers used in the preparation of this report are available for inspection at

Other sources and references:

**SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD**

**31<sup>st</sup> May 2016**

**SPOKE UPDATES**

**Purpose**

**The Board is asked to note the SPOKE updates and is invited to identify further issues for attention arising out of the report.**

**Inward Investment**

**Policy Objectives**

Supporting the creation of 10,000 additional jobs by 2025 across the whole of the SCR and in collaboration between the SCR Invest team, UKTI and local authorities. This is broken down via:

- Attracting 160 new foreign-owned companies to invest in the SCR, creating 4,000 additional jobs, and
- Supporting 300 existing foreign-owned companies to expand higher up the value chain, creating 6,000 additional jobs

**Progress/Key Milestones**

2015/16 headline investment figures for the SCR

At the last Business Growth Executive Board it was requested that 2015/16 SCR investment figures be broken down by local authority areas. We are able to provide these at this stage for overseas investments but not for domestic investments as the figures are not yet complete. Once the final data has been collated and sorted we will provide these figures at a future Business Growth Executive Board meeting.

The breakdown for FDI successes for 2015/16 is below (please note these figures include both involved and non-involved investments and we are still waiting for the final list from UKTI):

<b>2015/16 Overseas Investments SCR</b>		
<b>Local authority</b>	<b>Projects</b>	<b>Jobs</b>
Sheffield	12	358
Doncaster	8	459
Barnsley	5	106
Rotherham	4	51
Derbyshire Dales	1	100
<b>Total</b>	<b>30</b>	<b>1,074</b>

### Prospective investments

Work continues to progress on Projects Mercury and Savannah. Project teams are in place and are working closely with these prospective investors to get these deals over the line. Project Mercury is listed as a verbal item on the Business Growth Executive Board on the 31<sup>st</sup> May.

The SCR Invest Team attended Multimodal, the UK and Ireland's premier freight transport, logistics and supply chain management event in April 2016.

### SCR Investment mandate

A mandate for adding to the SCR FDI toolkit through Gainshare is being developed with stakeholders. This mandate is in its early stages but the intention is to develop a mandate that builds upon the learning gathered to date and from best practice to make a strategic case to boost our inward investment offer so that it is internationally competitive and supports the SCR to land further significant investment.

### Foreign-owned company support

Work continues to progress with both UKTI and local authorities to pilot a programme of activity to support foreign-owned companies that are already located in the SCR. The SCR Invest Team have met with local authorities and UKTI recently to map the key account management arrangements that are currently in place with a view to piloting a scheme of work that supports a small number of high growth foreign-owned companies and establishes stronger links with the parent companies through UKTI posts overseas to support expansion plans within the SCR.

### **Risks & Issues**

- Prospective investments get over the line and are secured
- UKTI strategic review being undertaken, and potential implications for future service provision in the SCR

### **Social Inclusion**

Through the creation of additional employment opportunities as a direct result of inward investment activity the SCR team will work with prospective investors, existing foreign-owned companies and the SCR Skills team 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 attract additional investment to the SCR

### **Next Steps**

- Development of SCR Investment mandate for Appraisal Panel to consider

### **Export**

#### **Policy Objectives**

By 2025 to have:

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

### **Progress/Key Milestones**

#### ESIF International Trade Programme

Enterprise Growth Solutions' ESIF application has been approved, and match funding from UKTI has been confirmed with DCLG to help unlock the contracting process

#### SCR Export Development Programme

Following feedback from the SCR Appraisal Panel and input from the Business Growth Executive Board the developing SCR Export Development Programme has been further refined so that it is specifically targeted at where it adds value and plugs gaps in existing export support so that it is at the required scale to deliver against our export objectives, does not duplicate and/or confuse the

support landscape further and, in line with Growth Hub principles and provides the most intensive support to those businesses that have the greatest export potential.

Discussions have taken place since the last update on testing our export proposals, and we have a roundtable session lined up for June to discuss these ideas with export potential businesses in the medical technologies sector. In addition, we have also been having initial conversations with the SCR Skills Bank about piloting an export skills training package for companies in this sector as an initial pilot test of our skills proposals.

### **Risks & Issues**

- UKTI strategic review being undertaken, and potential implications for future service provision in the SCR
- Export support needs to be identified as a priority through the SCR prioritisation process

### **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**

Further development of Project Mandate and Outline Business Case for SCR Export Development Programme

### **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:

- 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).

### **Progress/Key Milestones**

#### Product development - NPIF

The key development activity relates to the development of a ~£406m **Northern Powerhouse Investment Fund** (NPIF) to provide loans and equity-linked investments to companies across the NPIF area.<sup>1</sup> Key updates are that the investment strategy phase is now complete and that the formal procurement process has now begun. A NPIF OJEU procurement notice for Fund Manager

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<sup>1</sup> see: <http://british-business-bank.co.uk/ourpartners/northern-powerhouse-investment-fund/>

Services has now been issued. The fund is set to be in place by September 2016. Issues of a 'gap' between the current JEREMIE fund and NPIF are raised elsewhere on this agenda.

#### Product development – other

The SCR is working with other Yorkshire and Humber LEPs to explore the requirement for a creative content fund across the Yorkshire and Humber LEP areas. An external review has been commissioned, which will be reported to the BGB in due course.

#### Business Investment Fund

AfCOE (the A2F 'spoke' of the Growth Hub) remains busy and is providing the first point of contact for enquiries relating to the LEP's Business Investment Fund. To date:

- 6 investments have been approved and the first payments have been made;
- £500,000 grant approved, forecast to lead to £3.6m of investment and 127 new and safeguarded jobs (including 2 projects in the TATA supply chain).
- A substantial application for an inward investment project covered elsewhere on this agenda – set to be considered by the Combined Authority on 20 June 2016 (subject to all Programme Board approval / final due diligence).

### **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**

There have been a number of discussions around the developing the Tech sector with interested organisations and individuals over the last few weeks, these include Tech North, Maker Hub, Sheffield Digital, Sheffield Technology Parks etc. These have primarily focused on the Castlegate area of Sheffield but will be expanded to look at other areas of the City Region and what roles they have and can develop in the tech sector.

- **Incubation and Acceleration Strategy**

The brief has been drafted and attached for comments. There have also been a number of conversations to establish a proof of concept fund and growth fund to sit alongside incubation activity. These conversations have included local partners at the University, Rotherham MBC, and private sector fund managers.

The Y-accelerator programme funded through the Growth Hub and UKSE launched in May to work with local entrepreneurs as a pilot programme to test demand and assess the local entrepreneurial talent.

The Y-accelerator will also be opening another competition with Korean businesses in June this year. This is linked with discussion developing the tech sector and establishing VC funds in the SCR.

- Networks and collaboration group has been established to understand what current networking activity exists across the SCR and how we can develop and make use of those networks to encourage more collaboration leading to new businesses.

## **Risks & Issues**

### **Social Inclusion**

The Princes Trust are a delivery partner in the Launch Pad programme and will be delivering start-up support to Young People in South Yorkshire through this contract. They will also be delivering in the D2N2 districts via different contracts.

The Start-up Ecosystem Vision has a specific policy area to develop the entrepreneurial skills of young people and to encourage young people to see self-employment as viable career option. A good example of this in the City Region is the Sheffield Enterprise Pipeline and further activity will be undertaken to develop a City Region approach building on best practice across the SCR.

Much of the activity to date has been aimed at achieving economic growth and targeting limited resources at start-up businesses with the greatest potential to grow. The projects and programmes that are being developed are open to all but they do not provide the type nor the intensity of support that is required by those facing multiple and/or severe barriers to employment.

The Social Inclusion and Equalities Advisory Board have commissioned ESIF proposals for Social The Social Inclusion and Equalities Board have commissioned the following ESIF activity:

- Inclusive Self-employment
- Sector Specific Support for Social and Community Enterprise.

These will provide the specialist and intensive support required for the target groups that will link with the Growth Hub.

### **Next Steps**

Continue to work with local partners to develop the tech cluster around the City Centre, continue to support the Y-accelerator and work with Tech North. Research and engage with start-up activity to build into the start-up ecosystem and wider entrepreneurial ecosystem.

Create a research base on which to build the policy, including the Incubation and Accelerator Strategy and Founder Institute Start-up Ecosystem Canvas mapped on MapMe.com style web based platform linked to the Growth Hub website.

Start to engage with relevant networks and attend events to start putting out a message of what we are trying to achieve and engage more people in working collaboratively across the SCR. Develop the web portal and start raise the profile of the new business activity. Include content on the website for the Start-up Ecosystem Canvass (once complete).

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