

**BUSINESS GROWTH EXECUTIVE BOARD**

**Date: Tuesday 12 July 2016**  
**Venue: 11 Broad Street West, Sheffield**  
**Time: 2.00 pm**

**AGENDA**

<b>Item</b>	<b>Subject</b>	<b>Method</b>	<b>Speaker</b>	<b>Page</b>
	<b>Introduction</b>			
1	Welcome and Apologies	Verbal	Chair	
2	Minutes and Actions of the Previous Meeting	Paper	Chair	1 - 4
3	Declarations of Interest	Verbal		
4	Urgent Items / Announcements	Verbal		
	<b><u>Business Items</u></b>			
5	Lightweight Centre/AMID	Paper		5 - 20
6	Performance Reporting	Paper	Andrew Gates, David Hewitt	21 - 24
7	Growth Hub Progress	Paper	David Grimes	25 - 30
8	Horasis	Paper	David Campbell- Molloy, Andrew Gates	31 - 34
9	Brexit: assessing the impact on the SCR	Verbal	Andrew Gates	
	<b><u>Updates</u></b>			
10	Growth Hub and Spoke Updates	Paper		35 - 40

Item	Subject	Method	Speaker	Page
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- Export
- New Business
- Access to Finance

**Actions and Forward Planning**

11	Agree Actions	Verbal	Chair	
12	Agree Items for Combined Authority	Verbal	Chair	
13	Any Other Business	Verbal		

**SCR BUSINESS GROWTH BOARD**

**31 MAY 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>            Cllr Lewis Rose (DDDC) – in the Chair            Gavin Baldwin (LEP)</p> <p>Apologies were received from Paul Houghton (Chair, LEP / Grant Thornton), Cllr Julie Dore (SCC), Diana Terris (BMBC) Dan Swaine (BoDC / NEDDC), Andrew Denniff (BRCoC), Julie Kenny (Pyronix), Keith Jackson (JRI) and Craig Tyler (JAGU)</p> <p><u>In Attendance</u>            Andrew Gates, SCR Executive Team            David Grimes, SCR Executive Team            David Cambell-Molloy, SCR Executive Team            Edward Highfield, Sheffield City Council            Matt Gladstone, Barnsley MBC            Giles Searby, Keeble Hawson            Lloyd Snellgrove, Sheffield Hallam University            William Beckett, Beckett Plastics            Andrew Shirt, Joint Authorities Governance Unit            Kevin for item 5            Dan Fell, Doncaster Chamber of Commerce 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 19<sup>th</sup> April were agreed to be an accurate record of the meeting.</p> <p>The following matters were noted as arising:</p> <p><u>2. 2016/17 Business Growth Board Business Plan</u>            It was confirmed that figures had been amended as requested by the Board.</p> <p><u>6. Makers Hub</u>            The Board noted that progress was currently on-going to scope out</p>	

	<p>potential options.</p> <p><u>9. Spoke Updates</u>  A discussion took place regarding the recording of Inward Investment data at district level. It was proposed that a dashboard be produced setting out progress on each of the 12 SCR Invest projects. <b>ACTION: David Campbell-Molloy to progress.</b></p>	DC-M
3	<p><b><u>Declarations of Interest</u></b></p> <p>No declarations of interest in relation to the items on today's agenda were noted.</p>	
4	<p><b><u>Urgent Items / Announcements</u></b></p> <p>No urgent items were requested.</p>	
5	<p><b><u>Finance Yorkshire Proposal</u></b></p> <p>A paper was presented informing the Board that a letter had been received by the LEP from Yorkshire Forward regarding the completion of Finance Yorkshire's (FY) investment period.</p> <p>The letter raised issues of a 'gap' between the investment period of the current JEREMIE fund (managed by Finance Yorkshire through a number of funds managers) and the next JEREMIE fund, which will be deployed on a 'Northern' footprint through the £406m Northern Powerhouse Investment Fund (NPIF).</p> <p>The letter also set out that:</p> <p>(a) Finance Yorkshire had invested an average of £20m a year over its investment period;</p> <p>(b) As at the end of April, all funds would be fully committed or allocated; and</p> <p>(c) There would be a 'gap' between this point and the launch of NPIF in September 2016.</p> <p>The letter set out a number of options to address this gap, which were considered by the Board.</p> <p>After consideration, the Board agreed that due diligence be carried out by the Access to Finance Group and reported back to the Board.</p> <p><b>RESOLVED – That the SCR Business Growth Board Members:</b></p> <p><b>i) Note the content of the report;</b>  <b>ii) Requested that further work be undertaken by the Access to Finance Group to resolve this issue.</b></p>	

6	<p><b><u>SCR Quarterly Economic Survey</u></b></p> <p>The Chair welcomed Dan Fell, Chief Executive of Doncaster Chamber of Commerce to the meeting.</p> <p>Dan informed the Board that businesses in the Sheffield City Region had been asked to participate in the Quarterly Economic Survey in order to obtain feedback on how business are doing and to monitor trends within the local economy.</p> <p>Key results of the SCR Quarterly Economic Survey for Quarter One were presented for the Board’s information in the following three areas: Trade and Export, Skills and Labour and the Overarching Economy.</p> <p>The Board commented that the results from the Survey were helpful, and asked if the Board would be able to receive details of the businesses who had participated in the survey. For example, where they had raised issues regarding broadband, it was suggesting that assistance could be provided from the Board.</p> <p>Dan commented that the data could be drawn down to provide this level of detail.</p> <p>A Member stated that it would be helpful to receive a comparison of the results obtained from the SCR and that of businesses within other city regions.</p> <p>It was agreed that the results of future Quarterly Economic Surveys be presented at future Board meetings.</p>	DF
7	<p><b><u>LEP Prioritisation Process for Single Pot</u></b></p> <p>A paper was presented asking the Board to provide a steer from a 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.</p> <p>The Board gave its consideration to potential areas of focus, based on identified gaps in the Business Growth Board 16/17 Business Plan.</p> <p>The Board suggested that a gap analysis exercise be carried out against each of the potential areas of focus, due to there being a feeling that some areas were lacking in evidence. It was felt that the Board should build upon its current initiatives within the Business Plan, rather than identifying new areas.</p> <p><b>RESOLVED – That the SCR Business Growth Board Members:-</b></p> <p><b>i) Note the intention for the LEP and CA to submit a bid for LGF funds that effectively ‘tops-up’ the current funding</b></p>	

	<p>profile; and</p> <p>ii) Gave consideration to some of the areas where future investment in the business growth agenda would support the Board's objectives to create a stronger and bigger private sector in advance of the LEP/CA prioritisation process.</p>	
8	<p><b><u>Project Mercury</u></b></p> <p>Kevin delivered a presentation which provided the Board with an update on Project Mercury and the next steps of the project.</p> <p>The Board noted that Project Mercury was an investment package of £200m to develop the next generation of vehicles. There would be a 4-5 year research and development programme with the AMRC. There would be significant economic impact with the creation of around 200-250 jobs at the AMRC over a 4-5 year period.</p> <p>It was noted that an announcement on the project was due imminently.</p> <p>It was suggested that a 'lessons learnt' exercise be carried out and that a discussion take place at a future meeting regarding where the Board could offer its assistance with the project e.g. a School's Challenge etc.</p>	
9	<p><b><u>Growth Hub and Spoke Updates</u></b></p> <p>A paper was presented requesting the Board to note the SPOKE updates and to identify further issues for attention arising from the report.</p> <p>The Board referred to the headline inward investment figures for the SCR suggesting that further work needed to be undertaken to show how the Growth Hub had been instrumental in this area.</p> <p>It was noted that the dashboard would be presented at the next Board meeting.</p>	
10	<p><b><u>Review of Decisions made</u></b></p> <p>Andrew 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>	
11	<p><b><u>Any Other Business</u></b></p> <p>No further items of business were noted.</p>	
12	<p><b><u>Date of Next Meeting</u></b></p> <p>Tuesday 12<sup>th</sup> July 2016, 2.00pm at Broad Street West, Sheffield.</p>	

# Mandate

1 - SCHEME DETAILS	
1.1 - SCHEME INFORMATION	
Scheme Name:	AMRC Lightweighting Centre
Scheme Reference Number:	
Scheme Promoter: (Will also be Grant Recipient in Funding Agreement)	University of Sheffield – Advanced Manufacturing Research Centre
Scheme Location: (Post Code)	Sheffield Business Park, Europa Avenue, Sheffield, S9 1AZ
Primary Scheme Type: (Refer to and complete Appendix 5)	Capital Investment
Other Scheme Type(s): (Refer to and complete Appendix 5)	N/A
Other Delivery Partners and Roles:	There are no other delivery partners
1.2 - SCR ACCOUNTABILITY INFORMATION	
Executive Board:	Business Growth Executive Board
Funding Source:	SCR Single Pot
Grant or Loan:	Grant
SCR Main Contact:	Andrew Gates (Head of Policy)
Other SCR Executive Boards:	N/A
1.3 - PROMOTER'S INFORMATION	
Applicant Organisation:	University of Sheffield – Advanced Manufacturing Research Centre
Contact Name and Role:	John Baragwanath – Projects Director Richard Scaife – Head of Lightweighting Emma Hutton – Projects Manager
Address:	AMRC with Boeing, University of Sheffield, Advanced Manufacturing Park, Wallis Way, Catcliffe, Rotherham, S60 5TZ

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Email:	<a href="mailto:j.baragwanath@sheffield.ac.uk">j.baragwanath@sheffield.ac.uk</a>
Telephone:	Tel: 0114 222 1747 and Mob: 07785510999

## 1.4 - FINANCIAL SUMMARY

Total Scheme Investment:	£68,390,800		
Total Private Investment:	£43,000,000		
Total Other Public Sector Investment (Non-SCR Funding):	N/A		
Total SCR Funding Sought (£):	£25,390,800	SCR as % of Total Scheme Investment:	37.13%

## 1.5 - VERSION CONTROL

Date Raised / Revised:	27 <sup>th</sup> June 2016		
Version Number:	N/A		
Summary of Amendments: (if applicable)	N/A		

## 2 - SCHEME SUMMARY

### 2.1 - Please provide a brief description of your scheme, appending any supporting graphics where relevant.

*What are you proposing to do and what will the SCR be buying / investing in? (approx. 200 words). This will be used to describe the project to SCR stakeholders.*

The Sheffield City Region (SCR) has a distinctive competitive advantage in advanced manufacturing and a number of world class innovation assets which can be the catalyst for a transformational step-change in the regional economy.

The Advanced Manufacturing Innovation District (AMID) is an innovation led, advanced manufacturing cluster that offers world leading manufacturers the opportunity to collaborate and co-locate in a powerful innovation ecosystem alongside a concentration of skilled engineers, advanced manufacturing firms and applied research facilities. AMID builds upon the success of the University of Sheffield’s “Advanced Manufacturing Research Centre” (AMRC), an exemplar model of university-business collaboration that has been a force for the agglomeration of advanced manufacturing and technology firms at the Advanced Manufacturing Park (AMP). AMRC’s Lightweighting Centre is the next major development planned for the Sheffield Business



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Park, which together with the AMP is the catalyst for the wider SCR Innovation District. AMID is THE place for leading manufacturers to come for industrially relevant, research, technology development and demonstration; and industrial collaboration. Critical to the success of AMID is the continued prioritisation of innovative industry focussed research, attracting high tech businesses who can exploit the advantages gained by locating in close proximity to world class facilities.

The Lightweighting Centre is directly relevant to growth industries including aerospace and automotives, and will expand the advanced materials capabilities of SCR's manufacturing research cluster, giving a further competitive strength to the region and the AMID concept. This facility will support manufacturing companies within the SCR and attract global companies, providing access to the tools, technologies and knowledge transfer needed to exploit the commercial opportunity of increased demand for lighter, greener, cheaper materials.



This state of the art research centre is a critical component in SCR's drive to transform competitiveness, increase productivity and rebalance the regional economy. This world-class facility will provide confidence to leading OEMs about SCR's capability and capacity to operate on the cutting edge of innovation and compete in global markets; creating the key differentiator between SCR and alternative locations that will unlock major inward investments.

The Lightweighting Centre will comprise a 4,550m<sup>2</sup> extension to the AMRC's Factory 2050 at Sheffield Business Park and will deliver:

- Applied research – taking leading research to the point where it is directly useable by industry.
- Technology Transfer awareness sessions to SCR companies delivered quarterly.
- Specific research with regional companies and potential inward investors.
- Help to companies experiencing technical difficulties.
- CPD and apprentice training required for companies to benefit from the applied research.
- School visits, enabling pupils and teachers to see the exciting opportunities available in advanced manufacturing.

The AMRC has a strong track record in delivering projects of this type and is gaining world-wide recognition as an exemplar model of university-business collaboration. A core research team is

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already in place and the AMRC will recruit additional research staff once the facility is completed.

## 2.2 - Why is the scheme needed and what will it deliver for Sheffield City Region? (approx. 200 words).

AMID is identified as a Growth Zone in the Integrated Infrastructure Plan (IIP) and recognised by partners across the SCR as a strategic priority and critical economic driver for the region’s future success. The Lightweighting Centre fits well with both regional and national strategies, presenting the opportunity to bring forward one of the key projects explicitly referenced with SCR’s devolution deal. The Government have identified manufacturing as a key ingredient of the Northern Powerhouse with SCR having recognised strengths in materials technology.

### Economic Impact Summary

The Lightweighting Centre is expected to create an estimated: -

- 1,210 net FTE direct and indirect jobs\*
- 263 net FTE construction jobs\*
- £158m net GVA\*

\*Please note these are initial estimates that will be further strengthened for the full business case through economic modelling

### Relationship to Project Mercury and Inward Investment

Proximity to an applied research centre specialising in light-weight materials is an essential element of the inward investment proposition to Project Mercury (a project from a world leading prestige automotive brand) and these facilities are the differentiator between SCR and an alternative locations under consideration. Project Mercury is a strategically significant inward investment project that is expected to have a wide impact on the region and has real potential for attracting related investment in high value sectors.

Sheffield City Region’s target of achieving an additional £3bn additional GVA and an additional 70,000 jobs (by 2024) is well served by this proposal. The manufacturing sectors extended supply chains and increased servitisation, together with the multiplier effect that indicates 3-6 jobs created in support businesses for ever job created in manufacturing, means investment in manufacturing is the most credible route to achieving such challenging outputs. Shared facilities such as those available at the AMRC are a cost effective way of providing a large number of companies, with the tools, technologies and techniques needed to be competitive in a global market.

## 2.3 - Please provide a summary of the value for money your scheme offers. (approx. 100 words)

The total scheme investment is £68.4million, with a proposed investment from SCR of £25.4million including just over £10million for equipment. SCR monies represent 37% of the total cost as they will be matched by an anticipated £43million from the private sector in the form of Research and Development and donated equipment. The match estimate is based on AMRC’s experience of operating similar centres. It will mean that the SCR investment of £25.4million enables the initial build and provides critical equipment, but in the long term the facility will be private sector funded with no ongoing dependency on public sector monies.

The proposal presents a GVA per £1 return on investment (ROI) of £6.22 (£158m return on £25.4m).

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## 3 - STRATEGIC CASE

### SHEFFIELD CITY REGION STRATEGIC VISION & OBJECTIVES

**Vision:** Sheffield City Region will be the best place to collaborate, to invest, to innovate and grow a business, and live, work, play and study. It will be supported by an unrivalled skills base and quality of life.

**Objectives:** this vision to be delivered by:

- Increasing the Sheffield City Region’s Gross Value Added (GVA)
- Increasing the number of jobs in the Sheffield City Region / overall employment rate
- Rebalancing the economic base of the City Region, by: 1) increasing the proportion of the workforce employed in the private sector; and 2) helping address the economic performance gap that exists between the City Region (as with other northern city regions) and the Greater South East
- Capitalising and enhancing the quality of life in the Sheffield City Region and delivering sustainable economic growth

#### 3.1 - Please indicate what opportunities or barriers this scheme will unlock. Please make specific reference to barriers to economic growth. (approx. 100 words)

The project will unlock a number of barriers to deliver growth:

- It will provide the tools, technologies and skills necessary for manufacturers to enter a growing and lucrative manufacturing discipline, set to displace existing manufacturing techniques.
- It will unlock a current barrier to inward investment, providing facilities critical to attracting potential inward investors in a wide range of growth sectors.
- The project will help ensure a vibrant SCR manufacturing sector and as a result increase job opportunities across both the manufacturing and service sectors.
- An AMRC Lightweighting Centre will lead to additional apprenticeships and training for the existing workforce, helping address the issue of an ageing workforce and a regional skills deficit.

The AMRC is already a major attraction for inward investors looking for a UK based manufacturing facility, but this project will unlock what in recent times has proven to be a real barrier to manufacturing companies moving to the region and existing supply chain companies remaining competitive. Factory 2050, to which the Lightweighting Centre will be attached, is a digital factory demonstrator, which carries out applied R&D into automated systems, big data and Industry 4.0 issues (the 4th industrial revolution). This combined provision, together with the other AMRC facilities, will ensure that SCR has business friendly applied research and prototyping facilities comparable with the world’s best.

#### 3.2 - Please indicate how will your scheme contribute to the achievement of the City Region’s strategic vision and ambitions for growth and contribute to the outcomes of the SEP? (approx. 100 words)

SCR Strategic Economic Plan points to the need to grow both the manufacturing and service sectors. Without growth in the manufacturing sector and its extended value chains real growth in the service sector will be more challenging. The plan also identifies the fact that in order to achieve the necessary growth the region needs to attract additional companies, as the creation of new companies is well below that of most other regions and it also highlights the shortfall in skilled employees. AMRC Lightweighting Centre will assist in improving all those areas:

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**Rebalancing the Economy:** The UK government has stressed the importance of rebalancing the economy in favour of manufacturing, which is not surprising; the global manufacturing sector output is valued at \$12,000 billion p.a. (world bank) and the global civil aerospace market is valued at \$5 trillion over the next 20 years (Innovate UK Aerospace Case Studies). The medical technologies sector is worth \$298 billion pa. The Chancellor of the Exchequer has also identified manufacturing as a key ingredient of the Northern Powerhouse, where materials technology, engineering components, advanced manufacturing and health technologies have been identified as the city region's key strengths. AMRC's Lightweighting Centre contributes to every one of those identified strengths in a very practical sense, but perhaps one of the AMRC's most significant achievements is to act as a beacon for the regeneration of manufacturing in the SCR.

**Inward Investment:** AMRC is currently the single most compelling reason for manufacturing companies to visit the Sheffield City Region. It features in most large inward investments and is a draw for senior ministers and government officials. Most regions have land to offer, but few have research facilities geared entirely to the needs of manufacturing companies. The lightweighting centre will attract additional interest and is already featuring in three potential investments by major manufacturing companies. For every direct manufacturing job created at least three and as many as six additional jobs will be created in the service sector.

**Business Growth:** The potential to grow existing manufacturing companies is great. Increased automation and resulting improved competitiveness does mean that the growth in direct manufacturing job numbers will not match the growth in productivity, but jobs in the service sector will increase markedly as manufacturing companies increase output and servitisation of manufactured products becomes the norm.

**Skills:** It is recognised that most SCR companies do not have experience of working with these new materials. Therefore, the AMRC Training Centre, together with its academic partner, Barnsley College, will provide apprentice training and CPD for regional companies, with techniques developed in the research centre quickly transferred to the training courses.

Skills will be a limiting factor for the transformation of the manufacturing base, but a visit by any manufacturer to the AMRC Training Centre will show that this region has the means to satisfy their needs. AMRC visits regional schools demonstrating the interesting and well-paid jobs available in engineering. AMRC Lightweighting Centre will enable existing companies to diversify and attract additional companies to the region, providing a new career path for the region's young people.

**Productivity and GVA:** In short the AMRC Lightweighting Centre will increase GVA, increase competitiveness and productivity, provide diversification opportunities for regional businesses, create and safeguard jobs, upskill the workforce and enable the SCR to present potential inward investors with a range of additional benefits when moving to this region.

### 3.3 - Is the scheme dependent upon any other project or investment? Please highlight any links and potential risks to scheme delivery. (approx. 100 words)

The AMRC Lightweighting Centre project builds on a recent investment of £43m for Factory 2050 and an investment of £5m for the largest titanium casting facility in the world due to be commissioned in August 2016. There is no significant risk associated with those projects.

To help secure Project Mercury, it is essential that the Lightweighting centre's press is installed in October 2016 so the press facility will be built in advance of the rest of the Lightweighting centre. The timescales involved in designing and obtaining planning permission will be challenging.

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**3.4 - Will there be any crossover with other Exec Boards or business areas? Please indicate.**

**Executive Boards:** The Business Growth Board is deemed the most appropriate SCR Executive Board to endorse this proposal as it is a critical innovation project which will stimulate inward investment and support SCR businesses. Confirmed funding for the Lightweighting facility will provide confidence to world leading OEMs about the ambition of the SCR to operate on the cutting edge of innovation and compete in global markets.

Infrastructure		Transport		Housing		<b>Business Growth</b>		Skills		Corporate	
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**3.5 - What, if any, key assumptions have been made in developing the business case for the scheme? (approx. 100 words)**

- Government remains committed to supporting manufacturers.
- Government continues to support the training of apprentices.
- Employers continue to support the recruitment of apprentices.
- The Lightweighting centre is a catalyst in securing inward investments.
- Private sector research partners support the revenue costs of the Lightweighting centre.

## 4 - COMMERCIAL CASE

**4.1 - What is the demand justification for SCR investment in this scheme? Indicate the evidence that you have to support this. (approx. 200 words)**

The AMRC has been working with SCR for many months to secure a major inward investment to the region and two other companies are in discussion with a view to moving onto the Sheffield Business Park (SBP). In all three cases a significant factor in any decision will be the proximity of an applied research centre specialising in the use of lightweight materials. Given the drive towards environmentally friendly aerospace and automotive technologies and the current interest in a SCR facility, the relevance of such a centre is beyond doubt.

Lightweighting is not new but it is increasingly challenging. Regional manufacturing companies currently operating in the supply chains of those sectors, where lightweighting gives a commercial advantage, must embrace these new materials or they will inevitably gradually lose market share.

Lightweight materials are of relevance to the transport sector in achieving customers' increasing expectations regarding emissions but also demand is being driven by legislation that sets environmental targets. Medical technology companies are increasingly utilising fibre-reinforced composites needed for use in the clinical environment and offshore oil and gas production will require risers capable of operating to a depth of 3,000 metres. This will be possible only with the use of fibre-reinforced plastics.

As OEM's divulge their material strategies it is clear that they will use a number of different materials where they previously used steel exclusively. Such multi-material manufacturing requires the integration of joining and forming technologies, which the AMRC is able to provide to manufacturing companies.

Recent developments include ongoing AMRC R&D with the construction sector where the use of lightweight materials in an automated construction facility is currently being explored. The

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Lightweighting centre will be supported through commercially funded research from AMRC partners and the wider SCR private sector. This is the model that has proved so successful in growing the AMRC and supporting manufacturers in the SCR.

**4.2 - Indicate any market testing which has been undertaken or is planned to evidence demand, and provide evidence that demonstrates that the private sector will respond to this opportunity. (approx. 100 words).**

Comprehensive market testing has been carried out in relation to project “Mercury,” where it has been confirmed that the need for an applied research centre for lightweighting is essential if the region is to attract additional large manufacturing OEMs. This move towards the use of lighter materials across several sectors reflects the changes already well underway in the aerospace and automotive industries, where the Boeing 787 is 50% composites by weight and the use of titanium and other difficult to machine lightweight materials are being used extensively. Its industrial board, which consists of some of the world’s leading manufacturing companies, advises the AMRC that this is a trend that is set to continue. It is a trend recognised by the regional supply chain companies and one that SCR manufacturers are well equipped to take advantage of given the necessary tools and training. A series of awareness events will be delivered leading up to the opening of the centre in December 2017.

**4.3 - If this scheme is reliant on private partners / stakeholders to deliver outputs, please indicate any discussions, procurement, negotiations or processes undertaken or planned? (approx. 100 words).**

The primary purpose of the Lightweighting centre is to facilitate industry relevant research which will be led by the University of Sheffield’s AMRC team. This project does not rely on private partners or stakeholders to deliver the R&D, but the private sector will be funding that R&D and implementing the results of that R&D in their companies to deliver the outputs associated with this proposal. This is the model employed successfully by the AMRC over the past 15 years. Discussions have taken place with three large potential inward investors, current AMRC partners and other regional companies. It should be noted that though the AMRC has partner companies it has always been the case that companies do not need to become partners in order to work with the AMRC. Even large companies, such as Airbus, worked with the AMRC for several years before becoming members.

**4.4 - If this scheme comprises a procurement process, provide an overview of the procurement process to be undertaken or to be undertaken. Please include the date procurement is planned to complete in the milestone table in section 7.2.**

As a public body, the University has considerable experience of running compliant OJEU procurements and will do so in this case. Because of the requirement for the press building, the procurement process for this element of the construction is at an advanced stage.

**4.5 - If costs increase during the procurement process how will additional costs be covered?**

The AMRC has a history of delivering its facilities on time and within budget. It also looks at achieving reductions in the cost of equipment because the AMRC is arguably the best “showroom” in the country for equipment manufacturers. However, should extra funding be required some essential equipment purchases will be delayed until alternative funding can be obtained. It should be noted that other funding routes have been explored but so far without success. HEFCE funds were used to build the Factory 2050, which will be used to accommodate the Lightweighting centre people, providing desk, meeting space, conference facilities etc.

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## 5 - ECONOMIC CASE

### 5.1 - PREFERRED OPTION ANALYSIS

Outline the options that have been considered for this scheme, e.g. do nothing, smaller or larger scale scheme, preferred scheme. Provide the rationale for the selected and rejected options.

Do Nothing (No SCR investment)	The advantage to the region of not funding this initiative would be money saved that could then be allocated to alternate schemes. The disadvantage is that the project would not proceed without Sheffield City Region support and the opportunity to attract major inward investors to the region would be lost. Uptake of R&D and collaboration with the knowledge base would remain at similar level to that currently taking place and Sheffield City Region would not have provided the uplift in R&D and innovation compared to other UK and European regions. Without support from the region there would be insufficient funds to build the planned 4,550m <sup>2</sup> Lightweighting Centre.
Do Something (Smaller / larger SCR investment)	To deliver Project Mercury, it is essential that the Lightweighting Centre's press is installed and this means the press facility will be built in advance of the rest of the Lightweighting Centre. Construction of the press building is required for early next year to allow commitments on Project Mercury to be fulfilled plus around £4million of the equipment. If the Sheffield City Region were to only part support the development of the Lightweighting centre with reduced funds of £6million these are the elements that would be prioritised. The advantage to the region of not fully funding this initiative would be money saved that could then be allocated to alternate schemes. This option would not, however, secure other inward investment opportunities currently in the pipeline, as the centre would not be able to accommodate the scale of research equipment required.
Preferred Scheme	The preferred option is to receive support for the Lightweighting Proposal as outlined in full, namely, a £25,390,800 capital investment from the Sheffield City Region matched with £43m from the private sector. This would enable the construction of a 4,550m <sup>2</sup> building and just over £10m of equipment. The full potential of the AMRC Lightweighting Centre as detailed would be achieved, providing a facility with capabilities not available elsewhere in the UK and capability to attract significant inward investment (including global OEMs) in addition to satisfying the needs of existing regional companies.

### 5.2 - OUTPUTS / OUTCOMES / BENEFITS

Indicate the outputs, outcomes and benefits that this scheme will deliver in total (add in additional lines if required). For programmes with multiple funders what proportion of these will be apportioned to the SCR?

*Definitions for outputs, outcomes and benefits (results) should be those referenced in the SEP or the relevant SCR Exec Board Business Plan.*

Deliverable	Total for Scheme (All years)	Total to be claimed by SCR	Rationale for any apportionment
<i>Direct Outputs</i>			
<b>Construction Job Years</b>	<b>154</b>	<b>154</b>	SCR funded, matched with private sector contributions including R&D
<b>Direct Jobs employed in Lightweighting Centre (LWC)</b>	<b>58 maintained</b>	<b>58 maintained</b>	
<b>Floor space m<sup>2</sup></b>	<b>4550</b>	<b>4550</b>	
<b>Private Sector R&amp;D generated</b>	<b>£43million</b>	<b>£43million</b>	

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<i>Direct Outcomes</i>			
<b>Inward Investments</b>	<b>3</b>	<b>3</b>	
<i>Estimated Benefits</i>			
<b>Increased GVA</b>	<b>£158,222,733</b>	<b>£158,222,733</b>	
<b>Indirect Jobs</b>	<b>675</b>	<b>675</b>	
<b>Created Multiplier effect – additional jobs</b>	<b>477</b>	<b>477</b>	
<b>5.3 - POTENTIAL DIS-BENEFITS</b>			
<b>Indicate any potential dis-benefits of the scheme and any assessment to be undertaken as the scheme develops to quantify such dis-benefits. (i.e. environmental impacts)</b>			
<p>The Lightweighting Centre will have no significant adverse environmental effects. There will be increased research jobs created in the centre and many visitors from around the world, which will result in increased emissions, but the applied research carried out in the centre will lead to lighter and greener products, particularly transport related, resulting in significant beneficial environmental benefits.</p> <p>An Environmental Impact Assessment has been carried out for the Development of Advanced Manufacturing and Research Centre Campus (AMRC2). Development of the Campus includes up to 66,983sqm of B1(b) and B1(c) advanced manufacturing and research floor space, up to 37,551sqm of C2 residential training centre and conferencing floor space, D2 outdoor and indoor recreation (up to 450sqm of floor space). The Lightweighting centre is an extension of the AMRC's Factory 2050 the anchor tenant of the Advanced Manufacturing and Research Campus.</p>			
<b>5.4 - MODELLING AND APPRAISAL</b>			
<b>5.4 A - Will further external modelling of the Economic Case be undertaken such as Web Tag compliant multi-modal modelling</b>			<b>No</b>
<b>5.4 B - If yes, please indicate how this will be carried out and ensure timescales are included in the milestone table in Section 7.</b>			
<b>5.5 - EXPECTED SCHEME VALUE</b>			
<b>Please indicate the expected GVA of the scheme</b>		<b>GVA / £ = £158million</b>	
<b>How will GVA be calculated?</b>		<p>The anticipated benefits assume securing 3 inward investments of comparable size over the period to 2025. These are assumed to create approx. 225 direct jobs each (modelled on project mercury). This gives rise to the increased GVA figure. To further test the robustness of this business case, a second more pessimistic scenario allocates just 30% of the inward investment outputs to the business case. This accounts for a not all inward investment being secured, investment at a reduced scale, or further public sector investment needed to secure the deal in addition to the Lightweighting centre. Even in this minimum return scenario the GVA impact delivers a significant ROI with a GVA impact of £73.7million. This is in addition to the £43m in private sector match going into the Lightweighting centre.</p>	



# Mandate

Please indicate the expected Present Value of Costs	PVC = N/A
Please indicate the expected Present Value of Benefits	PVB = N/A
Please indicate the expected Benefit to Cost Ratio of the scheme (BCR = PVB/PVC)	BCR = N/A
Please indicate the expected GVA Ratio of the scheme per £ invested	GVA / £ =£6.22 return on each £1 invested (£158m return on £25.4m)

## 6 - FINANCIAL CASE

### 6.1 - COSTS

*Please indicate the total cost of the scheme against the following categories.*

Cost Category	£ Total	£ SCR
Preparatory Costs (costs incurred to reach award of contract / funding agreement)		
Professional Fees		
Acquisition of Land or Buildings		
Delivery Costs - Works / Building and Construction		£15,390,000
Delivery Costs - Revenue Activity		
Vehicles, Plant, Equipment	£2,500,000	£10,000,800
Risk Allowance / Contingency		
Inflation		
Post-Delivery Maintenance Costs		
Other (Research and Development)	£40,500,000	
<b>Total</b>	<b>£43,000,000</b>	<b>£25,390,800</b>
Degree of certainty to cost estimates	60% (Scheme designed and initial cost estimated based on specific requirements / details of this project.)	
<b>60%</b>		

# Mandate

## 6.2 - Scheme Funding Summary Table

Note: confirmation of other and private funding status will be required prior to contracting.

Funding Source <i>[Add additional columns if multiple funds from same organisation]</i>	SCR		Other Public		Other European <i>[Specify the actual funding stream]</i>		Private <i>[Specify the actual funding stream]</i>		Total £'000	
	Cap	Rev	Cap	Rev	Cap	Rev	Cap	Rev	Cap	Rev
<b>Funding Status</b> <i>1 confirmed in writing 2 applied for 3 to be determined 4 conditions apply</i>										
<b>2015/16</b>										
<b>2016/17</b>	£12,752,329							£3,000,000		
<b>2017/18</b>	£9,478,727							£5,000,000		
<b>2018/19</b>	£3,159,744							£5,000,000		
<b>2019/20</b>								£5,000,000		
<b>Future Years (2020-2025)</b>								£25,000,00		
<b>Total</b>	<b>£25,390,800</b>							<b>£43,000,000</b>		
<b>SCR Funding Source</b>	<i>Single Pot</i>									
<b>% of SCR funding by total cost</b>	37%									
<i>Please complete the full Spend and Funding Profile spreadsheet (Appendix 1).</i>										
<b>6.3 - On what evidence are assumptions relating to costs based? Please outline any additional work required to firm up project costs. (approx. 200 words)</b>										
<p>This proposal is to build a state-of-the-art lightweighting applied research centre will provide the tools, technologies and techniques required by Sheffield City Region manufacturing companies enabling them to produce lighter and greener products. The 4,550m<sup>2</sup> Lightweighting Centre will be attached to the 7,023m<sup>2</sup> Factory 2050 on the Sheffield Business Park. Construction costs will be £15.390m (inc. VAT) and required additional equipment costs of £10.000.8m (inc VAT). The University of Sheffield owns the required land.</p> <p>Assumptions within this mandate are based on the AMRC's experience of developing and operating comparable new research centres and the recent construction of Factory 2050.</p>										
<b>6.4 - Once completed, will the scheme incur revenue costs beyond the SCR investment which will need to be met by the public sector and which will need to be taken into account in the overall assessment of value for money?</b>										
Matched funding will come in the form of R&D and donated equipment. This level of R&D is based on the AMRC's experience of operating comparable new research centres.										

# Mandate

## 7 - MANAGEMENT CASE

### 7.1 - DELIVERY / IMPLEMENTATION PLAN

Please outline how the scheme will be delivered - i.e. tendered works / services / partnership working and give an indication of any project delivery plan development / discussions already undertaken.

The AMRC model of applied research that has proven so successful will be employed on this project. Over 43,000m<sup>2</sup> of AMRC research and teaching facilities have been delivered over the past 15 years, all delivered on time and within budget and all continuing to supply valuable assistance to regional companies. A core research team is already in place and additional research staff will be recruited once the facility is completed. The AMRC model of R&D, Technology Transfer and Training is being adopted in several countries and other parts of the UK.

Robust contracting, projects management, enforcement and monitoring procedures exist. The University has a long track record of building high quality building for the AMRC in a timely manner and within tight financial constraints. As a public body, the University has considerable experience of running compliant OJEU procurements and will do so in this case. Because of the requirement for the press building, they have already run a procurement process for that element of the construction.

### 7.2 - PROGRAMME

Provide your anticipated timetable for delivery including the key milestones you anticipate. Please complete all Mandatory Milestones and add scheme specific milestones as appropriate. This will form the basis for future progress reporting.

Mandatory Milestones	Any Dependencies	Date
SCR Mandate Approved		July 2016
SCR OBC Approved		July/August 2016
SCR FBC Approved		July/August 2016
SCR Award Approved		July/August 2016
SCR Contract Award Signed		September 2016
SCR Contract in Progress / Delivery Commenced		September 2016
SCR Contract / Delivery Complete		December 2017
SCR Evaluation Complete		October 2020
SCR Project Closed		December 2025
Key Milestones	Any Dependencies	Date
All Funding Secured	Private sector R&D and equipment	December 2025
Cabinet / Other External Approvals		
Procurement Complete		
Statutory Processes Complete		

## Mandate

Land Acquisition Complete		2013				
Evaluation Report - Mid Term Review						
Scheme Opening		December 2017				
Evaluation Report - Process Evaluation		January 2018				
Evaluation Report - Outcome evaluation		October 2020				
<b>Please expand as appropriate</b>						
<p>Matched funding will come in the form of R&amp;D and donated equipment. This level of R&amp;D is based on the AMRC's experience of operating comparable new research centres.</p>						
<p><b>7.3 - As per the milestones above, give a realistic indication of when the scheme should commence. Justify your response taking into account factors such as the time required to secure statutory powers, secure match funding, procure contracts etc. Highlight any key dependencies needed to achieve these milestones.</b></p>						
<p>The Project Executive Group (PEG) will report to the University of Sheffield Vice Chancellor and the AMRC Board on Project Progress. Design and construction will take 18 months and is a significant capital build programme. The Lightweighting Centre project does not have any monitoring obligations from other funders.</p> <p>Construction of the press building is due to commence (at risk) in the summer of 2016 with the remainder of the LWC to follow very quickly thereafter.</p> <p>Match funding will come post construction of the Lightweighting Centre in the form of R&amp;D and equipment.</p>						
<p><b>7.4 - STATE AID</b> <b>Does State Aid apply to this scheme?</b></p>						
<table border="1"> <tr> <td>Yes</td> <td>No</td> </tr> <tr> <td></td> <td><b>No</b></td> </tr> </table> <p>Details regarding State Aid can be found at: <a href="https://www.gov.uk/guidance/state-aid">https://www.gov.uk/guidance/state-aid</a>, although Scheme Promoters are recommended to obtain their own legal advice or seek further guidance internally on the subject of State Aid.</p>			Yes	No		<b>No</b>
Yes	No					
	<b>No</b>					
<p><b>7.4 A - If Yes, please indicate the amount of state aid that will be provided and under what scheme.</b></p>						
<p>N/A</p>						
<p><b>7.4 B - If No, please provide an explanation as to why no State Aid is provided for this scheme making specific reference to the State Aid tests.</b></p>						
<p>The Advanced Manufacturing Research Centre (AMRC) is a department of the University of Sheffield. It is an open access facility where any company can commission R&amp;D or attend its awareness and outreach programmes. AMRC also operates a collaborative-type R&amp;D programme where members contribute £200,000 (tier 1) or £30,000 (tier 2) cash or in kind to a shared programme of research activities, where any intellectual property is retained by the University of Sheffield and member companies are provided</p>						

# Mandate

with a free licence. Member companies can also commission specific R&D projects which are also paid for at full market rate, but IP then resides with the commissioning company. Many companies commissioning R&D with the AMRC do not belong to the membership. No priority is given to member-funded projects over those of non-members. The advantage of membership is in accessing the joint-company funded research activities.

## 7.5 - RISK MANAGEMENT

**What are the key risks that are likely to affect the implementation of this scheme and what measures are planned to mitigate these risks?**

**Please complete the Risk Template spreadsheet (Appendix 2), and list the top five risks below.**

Risk	Mitigation	Owner
1. Failure to build AMRC LMG on-time, on budget and to the correct specification	Robust contracting, projects management, enforcement and monitoring procedures exist. The University has a long track record of building high quality building for the AMRC in a timely manner and within tight financial constraints. Over the last 9 years the AMRC has built over 45,000m2 of high quality factory and office space.	UoS Estates and Facilities Management Department
2. Changes to Central Government Policy	Senior AMRC Staff continually review Central Government Policy	AMRC Directors and senior staff
3. If this investment does not take place go ahead there is a significant danger that the region will not attract significant inward investment		Sheffield City Region and AMRC senior staff
4. Construction delays	The UoS Contracting procedures will be implemented. All previous contracts have been delivered on time.	UoS Estates and Facilities Management Team
5.		

There is no risk contingency included in the cost plan. All previous AMRC builds have been completed within budget and have included no risk contingency as such contingencies were not allowable when utilising ERDF gap funding.

## 7.6 - STAKEHOLDER MANAGEMENT

**Please Indicate your key stakeholders that will have known involvement and what their involvement will be. Please also complete the Stakeholder Map spreadsheet (Appendix 3).**

The AMRC with Boeing's partnership of over 95 companies are supporting this project as they have previous AMRC developments. It also involves a significant inward investor to the region with discussions ongoing with a further three potential inward investors in the pipeline.

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**SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD**

**12<sup>th</sup> July 2016**

**Performance and Business Intelligence**

**Summary/Purpose of paper**

- Short paper setting out a proposal for how performance will be reported to the Business Growth Board in the future.
- Two key elements:
  - (1) an outward-looking performance report focussing on the key elements of the Business Growth Board (BGB) Business Plan
  - (2) a 'dashboard' which provides an update on projects funded by or directly within the remit of the BGB.

**1. Issue**

- 1.1. Future performance reporting to the Business Growth Board (BGB).

**2. Recommendations**

- 2.1. It is recommended that the Sheffield City Region Business Growth Executive Board:
- (a) endorse the approach proposed in this report;
  - (b) consider how and if the proposed approach can support the BGB to fulfil its role in the future.

**3. Background Information**

- 3.1. Performance reporting is generally done for one of three reasons:
- (1) due to a contractual, regulatory or other commitment ("because we have to")
  - (2) to control behaviour (based on something called 'agency theory')
  - (3) to learn and improve.

- 3.2. Academic research suggests that “2” seldom works in anything but very basic processes (and then not always)<sup>1</sup> and that “3” should be the focus of any performance management framework. “1” is of course a fact of life, but should not be confused with real ‘management information’ without further scrutiny.
- 3.3. Performance reporting is key part of the SEP Assurance framework, it follows that:
- (a) if the BGB is to set effective strategy, it should be aware of progress against its stated objectives and the contribution of these objectives to the SEP;
  - (b) if the BGB is being asked to approve projects and investments based on business cases submitted THEN
  - (c) the projects themselves should be asked to commit to a subset of the outcomes / outputs;
  - (d) the BGB should receive regular updates on the performance against these outcomes /
  - (e) variations from these agreed outputs / outcomes should be agreed only by the BGB.

#### *The business plan*

- 3.4. In February 2016, the BGB approved a business plan for the year. This business plan is structured around the overarching objective to:

*...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.*

- 3.5. It is recommended that this business plan and these objectives is the focus of “Part 1” of the regular BGB performance report.

#### *The dashboard*

- 3.6. In addition to the overarching objectives, the BGB has approved or has direct responsibility for a number of projects and investments ranging from a £52m business investment programme (managed through the BIF Programme Board) to a £150,000 invested in the RISE programme (which places graduates in SMEs across the City Region).
- 3.7. In line with the broader performance and assurance processes in place, it is proposed that a “dashboard” approach is taken to these projects, with updates to the BGB on a quarterly basis. This would be “Part 2” of the regular BGB performance report. An example of a “dashboard” is shown in *figure 1* below.

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<sup>1</sup> <http://www.telegraph.co.uk/news/9637865/Dont-leave-patients-in-ambulances-to-hit-AandE-targets-hospitals-told.html>



Figure 1 – dashboard used in assurance process (for SCRIF)

SCRIF Prog Dashboard

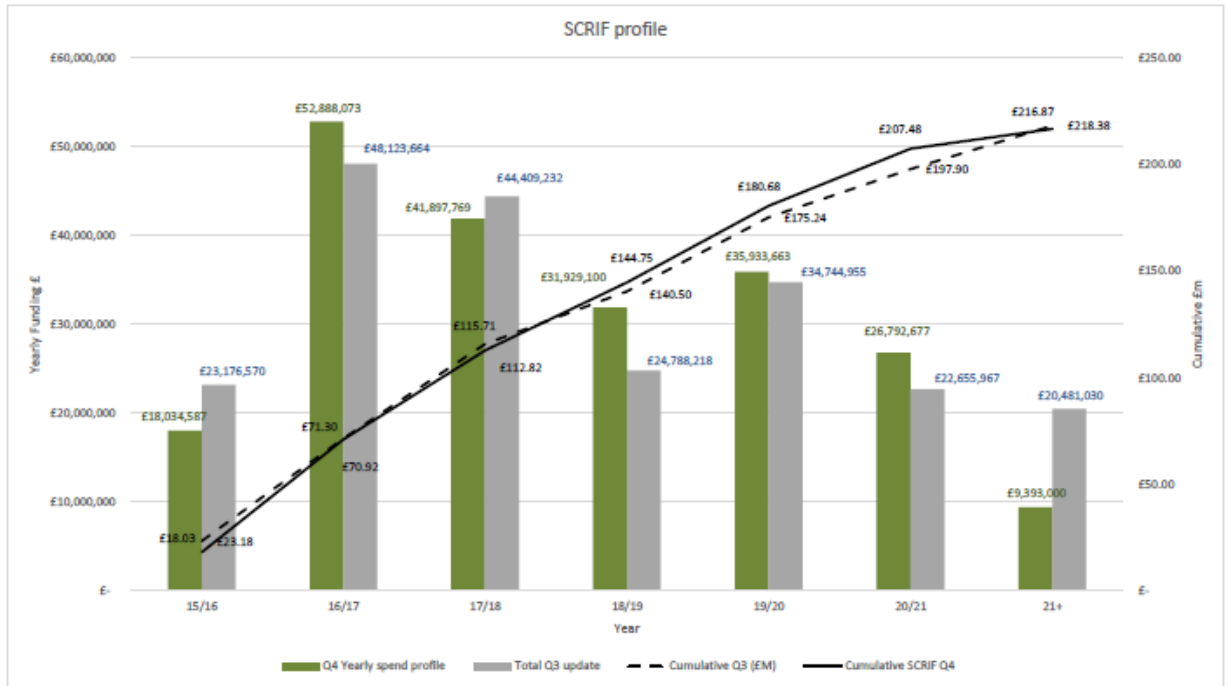
Programme: **Infrastructue (SCRIF)**  
 Month of Report: **Jun-16**  
 Prog. Manager:  
 No. of Projects **34**

Total SCR Funds  
 % SCR Contribution

#####  
 27%

Red
Amber
#REF!

Projects in this Programme											
Promoter	Project	Milestone	Time	Cost	Quality	Risks	Total SCR Funding	SCR Total	Total Funding	% SCR Contribution	
1	Bamsley	M1 J36 Hoyland	Outline Business Case Approved	Green	Green	Green	Amber	£ 15,708,075		£ 18,673,784	84%
2	Bamsley	M1 J37 Claycliffe	Mandate Approved	Amber	Amber	Amber	Amber	£ 11,808,000		£ 293,692,293	4%
3	Bamsley	M1 J36 Goldthorpe	Outline Business Case Approved	Green	Green	Green	Amber	£ 7,324,000		£ 15,138,823	48%
4	Bamsley	Superfast South Yorkshire	Contract Commenced	Green	Green	Green	Amber	£ 11,025,955	£ 45,866,031	£ 28,988,145	38%
5	Bassetlaw	Harworth	Outline Business Case Approved	Green	Green	Green	Amber	£ 945,000		£ 3,550,000	27%
6	Bassetlaw	Workshop Vesuvius	Contract Commenced	Green	Green	Green	Amber	£ 500,000	£ 1,445,000	£ 2,438,000	21%
7	Chesterfield	Peak Resort	Outline Business Case Approved	Amber	Green	Green	Amber	£ 2,850,000		£ 81,150,000	4%
8	Chesterfield	Northern Gateway	Outline Business Case Approved	Red	Amber	Amber	Amber	£ 5,830,380		£ 19,950,500	29%
9	Chesterfield	Chesterfield Waterside	Award Approved	Amber	Green	Green	Amber	£ 2,700,000	£ 11,380,380	£ 60,390,000	4%
10	Derbyshire	Beymour Link Road	Contract Commenced	Green	Green	Green		£ 3,780,000	£ 3,780,000	£ 7,560,000	50%
11	Doncaster	Doncaster Urban Centre - Colonnades	Full Business Case Approved	Green	Green	Green	Amber	£ 2,280,000		£ 3,330,000	68%
12	Doncaster	Doncaster Urban Centre - Lakeside Power	Outline Business Case Approved	Green	Green	Green		£ 1,275,000		£ 5,275,000	24%
13	Doncaster	Finningley and Rossington Regeneration Route Scheme - Phase 2 (FARRR2)	Full Business Case Approved	Red	Green	Green	Amber	£ 9,100,000		£ 9,792,000	93%
14	Doncaster	DN7 Unity - Hatfield Link Road	Full Business Case Approved	Amber	Green	Green	Red	£ 11,155,000		£ 15,470,000	72%
15	Doncaster	Doncaster Urban Centre - The Civic & Cultural Quarter (CCQ)	Full Business Case Approved	Green	Green	Green		£ 635,000		£ 1,185,000	54%
16	Doncaster	Doncaster Urban Centre - St Sepulchre West / Station Forecourt	Outline Business Case Approved	Green	Green	Green	Green	£ 8,100,000		£ 10,510,000	77%
17	Doncaster	Doncaster Urban Centre - Quality Streets	Outline Business Case Approved	Green	Green	Green		£ 1,350,000		£ 1,450,000	93%
18	Doncaster	Doncaster Urban Centre - Markets	Outline Business Case Approved	Green	Green	Green	Green	£ 2,000,000		£ 2,100,000	95%
19	Doncaster	Doncaster Urban Centre - Waterfront	Full Business Case Approved	Green	Green	Green		£ 8,250,000		£ 9,600,000	86%



Narrative on changes to in year profile

3.8. As ever, it is important that dashboards of this type remain proportionate. For example, it is proposed that 1 dashboard is used for all Business Investment Fund “BIF” projects below £2m but that a single dashboard is used for each individual project which is £2m+.

#### 4. Implications

##### *Financial*

4.1. No implications in this paper. Performance reporting to be managed within existing budgets.

##### *Legal*

4.2. No implications in this paper

##### *Diversity*

4.3. No implications in this paper

##### *Equality*

4.4. No implications in this paper

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## SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD

July 12<sup>th</sup> 2016

### Growth Hub Update

#### Summary/Purpose of paper

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

#### 1. **Issue** – Topic & Timescale

1.1. The objectives of the SCR Growth Hub are to develop 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 to fund the core activity, with potential match funding from local and European sources to supplement delivery.

### 3.3. Progress to Date

Key areas to note on progress at this board.

- Gateway Transition
- Growth Hub Enhancement Programme Development
- Recruitment
- Marketing and PR
- Website
- Dashboard and Reporting

#### **3.3.1 Gateway Transition**

As previously advised the Growth Hub are currently working through the transition period from Creative Sheffield delivering the Gateway service to this being delivered centrally by the Growth Hub. It has been agreed this will be extended by 2 weeks until Mid-July as Mark Loraine has gone on long term illness and therefore the additional couple of week period helps with this transition in light of Mark's ongoing absence.

This absence has also impacted on other aspects across the team which Mark was responsible for including Pilot evaluation and feedback and a number aspects around the CRM.

We have offered the 2 original gateway posts to two successful candidates and they are due to join us end of July.

### **3.3.2 Recruitment**

We are still struggling to recruit suitable candidates for a number of growth hub posts.

- **Head of AFCOE post –**

After trying to recruit twice, after interview it was felt by the panel that no candidates were suitable, it was felt the grading of the post wasn't suitable to attract the right calibre of candidate.

In agreement with the BIF panel and a number of key officers internally, it was felt that the most appropriate solution was to keep Andrew McKenna as the AFCoE lead, but working 3 days a week in this role. Andy has agreed and we are exploring the option to potentially recruit a full time support role to Andy for the AFCoE team if required, bearing in mind he will be working 3 days per week.

- **Overlap Districts focussed - Growth Hub Advisor**

Again after going to advert and inviting 4 potentials to interview, the panel felt that none of the candidates were suitable, it was felt this could be due to the grading of the posts, the panel included a senior member of the team from D2N2 and one of the North Derbyshire Districts. We will look to re-advertise and possibly look to advertise differently and potentially get assistance with the recruitment process.

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

We have appointed the Administrator post - Kate Scott started w.c. Monday the 20<sup>th</sup> of June.

- **Growth Hub Advisors**

8 Advisors now in post - 6-8 days per month each.

Fortnightly meetings in place where we will be inviting different teams to come and present and network with the wider team.

- **Gateway Advisor x 2**

We have interviewed and appointed our 2 Gateway officer posts, one has set up and run his own family business in Barnsley which his wife is still running, has had wide business support experience, worked in banking as a business director

for Yorkshire bank in the past, also has experience providing advice to businesses. The second candidate has just relocated to Doncaster and has successfully managed a number of businesses, has recently worked with the big lottery fund and just completed a PHD where his thesis was working with another LEP understanding small business policy development, so both have extensive and highly relevant experience for gateway roles.

### **3.3.3 Marketing and PR**

The central marketing team have engaged the services of an external organisation (thinking places) to help understand what the Growth Hub marketing message should be, as a result, they have undertaken about 40 one to one interviews with businesses across the region, and have set up a focus group from the local authorities with a cross section from S Yorkshire and the overlap to ensure a wide spread of views.

At the same time we have started the development of a wider marketing and PR plan which will use this work by Thinking Places to inform the messaging and the work to focus on. This is also using an external marketing organisation to develop this with a wider focus across all areas of the growth hub. The expectation this work will all be complete by September.

### **3.3.4 Ongoing Website Development**

The new Growth Hub website is live and is attracting significant of visitors, since April the 27<sup>th</sup> has had over 20,000 unique visitors, so the current level of PR and awareness raising is having a positive effect, we need to add a number of outstanding elements such as the resource bank and the directory which should be up and running within the next 2 weeks.

We have also developed an online system for our advisors to be able to log their time where it automatically logs hours and time worked and creates us a record of the activity and time worked, this automatically links to their invoices and allows us to track for accuracy and allows us to plan and make prompt payments allowing automatic invoicing.

### **3.3.5 ESIF Enhancement Programme Development**

Full business case submitted week commencing 13<sup>th</sup> of June by Creative Sheffield with Sheffield Council the accountable body for the programme.

The ESIF programme has been agreed by all partners, includes 840 business assists and 300 specialist interventions at 50% contribution rate.

This programme will be starting 6 months later than expected originally due to delays in submission, therefore decreasing the amount of time for the partners and the Hub deliver outputs in year one, but we are confident that the partners will all be able to achieve the numbers in the bid.

This model which was developed with the Growth Hub team allows for increased outputs to be generated and using this model of client contribution, it therefore minimises growth hub budget contribution, which is small and finite.

Key Elements of Growth Hub Enhancement programme:

Anticipated to be live end of September:

- Client contribution model - 50% retrospective grant
- Projects of up to £10k with growth businesses
- Utilising external specialist advisors to support growth
- Client driven and demand led (advisor selection by company)
- Additional events/workshops
- 11 regional 'Local Authority Account Managers' to engage with local businesses.

There are obviously some challenges arising from the potential exit from the EU and regarding the European funded programmes. This may well have implications that we may not be aware of and should be flagged as a potential area of risk around the delivery of ongoing ESIF programmes and the wider ESIF programme.

This will have an impact on growth Hub but unsure at this stage if there will be any immediate or medium term effects felt.

### **3.3.6 Dashboard and Reporting**

The Growth Hub is exploring dashboard elements and has an external company working a dashboard system that will capture and combine all programme areas including some externally delivered programmes.

It is expected that this will be ready by September to report at the 6 month stage of growth hub delivery.

This will hopefully include all partner programmes dependent upon progress etc. including:

Rise, Launchpad, Y Accelerator, SCR Export programme, AFCOE, Growth Hub Core delivery etc.

#### 4. Implications

- i. Financial  
Paper for update - No implications in this paper
  
- ii. Legal  
Paper for update - No implications in this paper
  
- iii. Diversity  
Paper for update - No implications in this paper
  
- iv. Equality  
Paper for update - No implications in this paper

#### REPORT AUTHOR POST

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

Other sources and references: NA



## SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD

12<sup>TH</sup> JULY 2016

HORASIS CHINA

### Summary

The Board are asked to note the intention of the SCR LEP to deliver the Horasis China 2017 conference. The conference will attract around 350 delegates from China, comprising senior executives of major Chinese institutions. This conference is of national scale and scope and will generate significant direct and indirect benefits to the SCR. Board members should note the recommendation of the Combined Authority that the Business Growth Executive Board be the lead governance partnership for Horasis.

### 1. Issue

- 1.1. The Combined Authority (CA) meeting held on the 27<sup>th</sup> June approved the LEP Chairman's recommendation to host the 'Horasis China' event in 2017. The CA made it clear that it expected significant sponsorship to emerge to support the delivery of Horasis and that the Business Growth Executive Board be the lead governance partnership for Horasis.
- 1.2. This paper introduces Horasis China and requests that the Board adopt the delivery of Horasis as part of its 2016/17 – 2017/18 business plan.

### 2. Recommendations

- 2.1. The Board are asked to note:
  - 2.1.1. The intention of the Sheffield City Region bid to host the Horasis 2017 conference.
  - 2.1.2. The intention for the Business Growth Executive Board to provide the governance for the Horasis 2017 conference to ensure that the full benefits of hosting this event in the SCR is fully maximised

### 3. Background Information

- 3.1. Horasis: The Global Visions Community is an independent international organisation committed to enact visions for a sustainable future. Horasis hosts annual meetings to advance solutions to the most critical challenges facing corporations today. They have been described by The New York Times as the 'World Economic Forum for the emerging markets'.

**3.2.** The Horasis Global Meeting aims to be the world's foremost annual gathering of business leaders who interact with heads of governments and key ministers as well as Nobel Laureates and other thought provoking leaders. The meeting's purpose is to advance solutions to the most critical challenges facing corporations today, providing an unparalleled opportunity for the world's leaders to develop the solutions to respond to the challenges and opportunities of the future.

**3.3.** Horasis holds annual meetings on China, India, Russia and the Arab region. Earlier editions of the Horasis China meeting have been held in Geneva, Switzerland (2005 and 2006); Frankfurt, Germany (2007); Barcelona, Spain (2008); Lisbon, Portugal (2009); Luxembourg (2010); Valencia, Spain (2011); Riga, Latvia (2012); The Hague, Netherlands (2013); Lake Como, Italy (2014) and Cascais, Portugal (2015). The 2016 meeting will be held in Interlaken, Switzerland between 7-8<sup>th</sup> November and will be co-hosted by the Portuguese government and the City of Cascais.

#### **3.4. Horasis 2017 Sheffield City Region**

**3.4.1.** The Chairman of the LEP, Sir Nigel Knowles, attended the 2016 World Economic Forum and had initial discussions with the organisers of Horasis about bringing the 2017 conference to the Sheffield City Region. The LEP Chairman has subsequently secured strong private sector support for Horasis 2017 to be hosted in the Sheffield City Region. Initial contact with government officials in HM Treasury has also indicated their interest and support for the SCR as host.

**3.4.2.** Convention tourism is an under-exploited opportunity for the SCR, but we are increasingly well-placed to showcase a series of new and upgraded facilities which have been unveiled across the city region over the last few months. These include:

- By 2018, Sheffield will have seen over £170m invested in new buildings and upgrades to existing conference venues in the city
- Sheffield's 2 award-winning universities are behind the majority of the investment, with The University of Sheffield unveiling their £81m Diamond Building last year, and Sheffield Hallam University recently completing on their £27m Charles Street building and reopened Grade II listed Head Post Office building following a £9m refurbishment
- Sheffield International Venues investing a significant amount in upgrading their digital technology across their events spaces over the last year.

#### **Economic benefits**

**3.5.** Initial analysis has suggested that there are considerable direct and indirect economic benefits to the Sheffield City Region of hosting Horasis 2017.

**3.6.** Indirectly, the conference would help to significantly raise the profile of the SCR on the global stage and within the wider Northern Powerhouse to significant international investors. This would include promoting significant strategic investment opportunities to international investors such as AMID and Doncaster Sheffield Airport. The City Region is not particularly well-placed currently to attract high profile business tourism so the securing of this conference could be used as a platform for securing additional investment via SCR resources in similar tourism-focused events.

**3.7.** China, and Chinese investment, is a key market for the City Region for securing foreign direct investment, boosting exports and strengthening links between the global opportunities within some of the SCR research specialisms.

- 3.8. Directly, initial analysis indicates that Horasis could have a strong benefit cost ratio for the SCR for the upfront £350k investment required to host the conference. Convention tourists generally spend x4 that of normal tourists with other direct benefits to the local economy including improved hotel occupancy rates during the conference and spend on hospitality, travel, venue hire and ancillary conference facilities as well as use of marketing, communications and creative agencies in the planning and facilitation of the events. These costs and benefits are being worked through with colleagues in Marketing Sheffield to provide a more comprehensive assessment of what the BCR is likely to be

#### 4. Implications

i. Financial

The estimated cost of hosting the conference to the City Region is £350,000, including up to £100k of un-budgeted funding required in 2016/17. Funding in 2016/17 will displace other proposed – but as of yet uncommitted - marketing activity, and be resourced from the central marketing and communications budget. However, private sector sponsorship will be sought to offset as much of this initial cost as possible.

ii. Legal

The contractual arrangements between the Sheffield City Region and the Horasis China organisers are in the developmental stages. This process requires clear heads of agreement to establish the key points of any arrangement and any issue of English legal jurisdiction. Any subsequent arrangements between sponsors and SCR will be subject to separate agreements as will any venue contracts which should deal with all aspects of venue management. The SCR will need to consider any insurance arrangements should the provision of insurance cover be deemed appropriate to address any potential liabilities.

iii. Diversity

iv. Equality

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**SCR COMBINED AUTHORITY BUSINESS GROWTH EXECUTIVE BOARD**

**12<sup>th</sup> July 2016**

**SPOKE UPDATES**

**Purpose**

*To provide an update on the key areas of activity within the “spokes” of the Growth Hub.*

**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**

Since the last BGB meeting two key milestones have been: (1) approval of a BIF award of £12m to support “Project Mercury” (2) offer of a BIF loan to Finance Yorkshire to support continued investment until the end of 2016.

Project Mercury

Project Mercury involves:

- a collaborative research and development programme between the applicant and the AMRC - £30m in value requiring up to £10m support from BIF over 6 years and involving a University contribution of £2.5m via an overhead contribution;
- the establishment of a production facility of potentially 10,000sqm to commence in 2020, with capacity to produce 5,000 units per annum;
- a skills and workforce development programme; and
- a supply chain initiative which will involve the attraction of inward investors and the development of appropriate local suppliers.

The project is expected to lead to:

- £100m of GVA by 2028 (with the joint ambition that this amount will be doubled through supply chain and factory extension);
- 370 jobs from the overall programme including 250 initially in the production facility; and
- a commitment by the applicant to work with the SCR to bring key suppliers to the City Region.

The BGB received a presentation on Project Mercury at the board meeting 31.05.2016. The BGB and the LEP/SCR's BIF Programme Board recommended an award of £12m to the CA, who approved the grant on 20 June 2016.

Key next steps for the project are: (1) finalising BIF funding agreement and (2) finalising the research agreement between the applicant and the University of Sheffield (by the end of July). The project is expected to commence September 2016.

### FY loan

At the BGB meeting on 31.05.2016, the Board raised two issues in relation to this proposed loan: (1) what evidence of a pipeline exists? (2) why did FY leave it to this point to raise this issue with the SCR? Evidence of pipeline was provided as part of the CA paper on 20 June 2016 (see Paragraph 5.3 and the table below). We estimated that 9 SCR projects would be facilitated by this loan.

*Table 1 – investment pipeline*

Loan Fund	Regional	28 possible deals valued at £2.975m
	South Yorkshire	6 possible deals valued at £0.755m
Equity Fund	Regional	32 possible deals valued at £9.55
	South Yorkshire	8 possible deals valued at £2.805m
Seedcorn fund	Regional	11 possible deals valued at £3.35m
	South Yorkshire	4 possible deals valued at £1.15m

On the second question, the answer was less clear. It is fair to say that the development of the Northern Powerhouse (NPIF) was something that fundamentally changed FY's plans for the future, and it is not unreasonable that FY took some time to adapt to this change. It is also possible that FY did not believe that the SCR could take decisive action with the time available.

In any event, the proposed loan was approved by the CA on 20 June 2016 and terms and conditions are being agreed. An update will be provided on the next BGB meeting.

## **Risks & Issues**

Issues – agreeing a suitable rate for the FY loan. External advice is being taken to ensure compliance with state aid.

## **Social Inclusion**

No direct relevance.

## **Next Steps**

It is proposed that an update is provided on the BIF programme at the next BGB meeting. This is in light of considerable spend in the last 2 weeks (£14.5m committed) and a good pipeline of future projects (5 of which will be considered by the BIF programme board W/C 11 July 2016).

## **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 Sub-group**

The group has met and are creating a knowledge base so as to better understand the current provision. The feeling from the group was that a strategy was not needed and that resources would be better used for delivering and expanding programmes.

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 has brought over a new cohort of South Korean entrepreneurs who are developing businesses around digitally connected health and safety devices, carbon nanotube

biometric fabrics, and med tech devices.

Networks and collaboration group has decided to employ an undergraduate to research start-up networks across the city region. The post will be paid for by the University of Sheffield, and the student will be employed by Sheffield Technology Parks for a period of 8 weeks on £8.25 p/h and will be managed in partnership by SCR Policy Team, Sheffield Digital, UoS and STP.

Entrepreneurship and Collaboration group has met and is working up a proposal that will feed into ESF commissioning proposal that will identify areas of investment that will encourage greater levels of entrepreneurship for Young People. The key themes coming out of the group are:

14+ create the culture

16+ start-up

18+ start and grow

### **Risks & Issues**

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

That the resources are slow coming forward and potentially losing access to EU funds

### **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.

Support the gathering of knowledge around incubation and acceleration, and networks to better understand the opportunities and gaps to grow the start-up ecosystem.

Identify key officers around the City Region to start developing a network of Tech Hubs in partnership with the Maker Hub in Sheffield.



## **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. A briefing session with business support colleagues from across the SCR was recently convened to talk about the upcoming programme and other business support programmes that will be delivered through the Growth Hub.

#### 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. The outline programme is being developed into an outline business case.

Roundtable sessions have been held with SMEs in the healthcare technologies and food and drink sectors to talk in more detail about the barriers they face to either begin exporting, or exporting further. Encouragingly, the principles and support ideas behind the Export Development Programme were warmly welcomed, with the businesses involved telling us that this would be a programme they would be very interested in taking advantage of should it become available.

#### EU referendum

The outcome of the EU referendum is likely to create a short-term boost to export volumes from the city region with the fall in the value of the pound making exports more competitive. However, a number of risks have arisen on the back of the referendum outcome which the Business Growth Executive Board needs to be made aware of, and which is not exclusively a risk for exports but for wider business support programmes in general. This includes uncertainty and urgent clarification being required on our ESIF funded International Trade Programme. We anticipate there are likely to be no risks to this as the programme is currently going through contracting and due diligence stage but there has been no clarification provided by DCLG as the Managing Authority on what an EU Leave referendum outcome means for the SCR's €200m ESIF allocation to 2020.

### **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
- EU referendum outcome short-term boost to exports, but issues around Europe as a priority destination for first-time exporters and uncertainty about funding of our ESIF International Trade Programme

### **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 Outline Business Case for SCR Export Development Programme