

Mayoral Combined Authority Board

21 March 2022

Social Value Eligibility Criteria for Funding & Finance

Is the paper exempt from the press and public?	No
<i>Reason why exempt:</i>	Not applicable
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

Director Approving Submission of the Report:

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Executive Summary

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

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

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

Recommendations

That the Board reviews and adopts the eligibility conditions, which have been endorsed by the LEP at its March 2022 meeting, noting the need to pilot its implementation in the first year.

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

None

1. Background

- 1.1 The MCA agreed to explore criteria linked to investment following the publication of the Strategic Economic Plan. The SEP explicitly states that “when making investments, we will establish an upfront social contract based on our terms of business”.
- 1.2 The policy will establish key commitments that enhance the social value leveraged from our funding and finance. This will help ensure that MCA financial support goes to organisations with a similar socially progressive ethos.
- 1.3 The LEP endorsed the policy on 10th March 2022. This paper updates members on work and seeks final approval.

2. Key Issues

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

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

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

The Eligibility Conditions

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

- Engage with and support local communities
- Achieve Net Zero
- Create a healthy workplace

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

2.5 The attached policy paper provides more detail and reflects the need for a careful balance in implementation.

2.6 This paper begins to redeem the SEP commitment and is also a strong basis to develop an Employer Charter. This will be explored later in 2022 and will likely involve working with all partners towards a voluntary charter which seeks a broader and sustained cultural shift in the behaviour of employers.

3. Options Considered and Recommended Proposal

3.1 Below are two options.

Option 1

Do nothing and continue our existing approach. This limits the reach of MCA spending and will result in the MCA not delivering on the commitment made in the SEP.

Option 2 – recommended

Agree this policy and the Eligibility Conditions

4. Consultation on Proposal

4.1 This policy has been developed through discussion with a wide range of partners and stakeholders including the four LAs, both universities, all the Chambers of Commerce, CBI, FSB, academic experts, other MCAs, and the TUC.

5. Timetable and Accountability for Implementing this Decision

5.1 If approved the policy will be applied immediately. The first year will be a pilot to test out the best implementation approach and the resource implications.

6. Financial and Procurement Implications and Advice

6.1 No financial implications are envisaged at this time. This will be reviewed during the first year and the Board will be updated, if required.

7. Legal Implications and Advice

7.1 If the policy is approved, any legal implications will be addressed through the assurance process, as currently pertains.

8. Human Resources Implications and Advice

8.1 There are no HR implications at this time.

9. Equality and Diversity Implications and Advice

9.1 The policy options advanced in this paper intend to directly address equality and diversity issues in the region.

10. Climate Change Implications and Advice

10.1 The policy options advanced in this paper intend to directly address climate change implications issues in the region

11. Information and Communication Technology Implications and Advice

11.1 There are no IT implications at this time.

12. Communications and Marketing Implications and Advice

12.1 The policy statement will be communicated widely and support will be available for SMEs to ensure they can engage effectively.

List of Appendices Included

Appendix A – Policy paper

Background Papers

N/A