

BUSINESS INVESTMENT FUND PANEL**Date: Tuesday 4 September 2018****Venue: HSBC, Europa Way, Sheffield Business Park, Sheffield, S9 1XE****Time: 4.00 pm – 6.00pm****AGENDA**

No.	Item	Method	Speaker	Page
1	Welcome and Apologies	Verbal	Chair	
2	Declarations of Interest	Verbal	All	
	- In relation to any agenda item			
	- In relation to any activity since the last formal meeting			
	- In relation to any forthcoming activity			
3	Notes of the Last Meeting and Matters Arising	Paper	Chair	1 - 6
For Discussion				
4	BIF Approval – Company Ref 0073	Paper	Dan Wilkinson	7 - 10
5	BIF Approval – Company Ref 0075	Paper	Rachel Fletcher	11 - 14
6	BIF Approval – Company Ref 0072	Paper	Steve Carroll	15 - 18
7	BIF Approval – Company Ref 0074	Paper	Steve Carroll	19 - 22
8	Concept paper – Company Ref 0076	Paper	Kevin Bennett	23 - 26
9	Concept paper – Company Ref 0077	Paper	Kevin Bennett	27 - 30

No.	Item	Method	Speaker	Page
10	BIF Programme Update	Paper	Laura Wheatley	31 - 36
	a) Programme Management Report (CA Approval of Investment over £2m to be included)			
	b) BIF Pipeline	Verbal	Andy McKenna	
11	Any Other Business	Verbal	All	

Date of Next Meeting - Tuesday, 9th October, 2018

SCR BUSINESS INVESTMENT FUND PANEL

17th JULY 2018 4pm till 6pm

BROAD STREET WEST, SHEFFIELD

No.	Item	Action
1	<p><u>Welcome and Apologies</u></p> <p>Present:</p> <p><u>Board Members</u> David Grey - Chair Chris Scholey Mary Broadhead Mike Thomas Lee Manterfield</p> <p><u>In Attendance</u> Laura Wheatley Andy McKenna Helen Lazarus Tim O'Connell Rachel Clark (observer) Neil MacDonald (observer) Craig Tyler, Joint Authorities Governance Unit – minutes</p> <p><u>Apologies</u> Diana Terris</p>	
2	<p><u>Declarations of Interest</u></p> <p>No specific declarations of interest in relation to the matters to be discussed on today's agenda were noted.</p>	
3	<p><u>Minutes of the Previous Meeting</u></p> <p>The minutes of the previous meeting held on 5th June were agreed to be an accurate record.</p>	
4	<p><u>BIF Approval – Company Ref. 0024</u></p> <p>Report Withdrawn</p>	

	<p>It was confirmed this project would continue to be retained within the programme pipeline.</p>	
5	<p><u>BIF Approval – Company Ref. 0071</u></p> <p>A report was received to provide the information required to enable the Board to take a decision in respect of whether to support the proposal to provide a BIF (LGF) grant of £35,000 to Company 0071 to invest in new machinery, including the purchase of a Laser Engraving Machine, Centreless Grinding Machine and a Speed Hone Machine</p> <p>The report noted the company has, over the last 12 months, seen a significant increase in product enquiries but has been unable to secure all of the orders due to insufficient capacity to manufacture within acceptable times. Sales have increased over the last 12 months and as the company is experiencing an increased order book, it now needs to upgrade some of its machinery to enable demand to be met.</p> <p>Members were advised that in addition, the company plans to install new CAD software which will enable bespoke CAD drawings of customer requirements to be offered.</p> <p>It was noted the three machines to be purchased are on approximately 8-week delivery and the company will be introducing all items over a 3-4-month schedule.</p> <p>It was confirmed the company has prepared a Risk Assessment highlighting key risks associated with the project.</p> <p>It was reported that investment will generate four new jobs which will be three machine operatives and a sales engineer.</p> <p>Members requested an additional condition of award based on the receipt of an assurance that these 4 jobs are genuinely ‘new’ and additional to jobs that have previously been cited as newly created as a consequence of the receipt of RGF funding.</p> <p>Action: Laura to address this matter with the company</p> <p>Careful consideration was given to the company’s reported finances. This resulted in the determination of 2 additional conditions of grant:</p> <ul style="list-style-type: none"> • That the directors’ loans be left in place • That the 2017 final accounts are not to be materially different to the draft accounts. 	LW

	<p>The Panel RESOLVED to APPROVE the making of an award of £35,000 to Company 0071 subject to the above conditions and the conditions contained within the report.</p>	
6	<p><u>BIF Approval – Company Ref. 0069</u></p> <p>A report was received to provide the information required to enable the Board to take a decision in respect of whether to support the proposal to provide a BIF (LGF) grant of £210,000 to Company 0069 as a support grant to help cover first year set up costs.</p> <p>It was reported the business will be a research and development facility which will also undertake some 3D print work on a commercial basis to support the research activity.</p> <p>It was noted the soft launch of the commercial operation is scheduled for December 2018 and the preferred site in SCR is due to the central location between academic institutions within the UK</p> <p>It was confirmed the company has prepared a Risk Assessment highlighting key risks associated with the project.</p> <p>The report noted investment in the company will generate 7.5FTE new job roles in the first 3 years for highly skilled scientists and engineers, alongside a recruitment programme for PhD students. The company will buy 3D printers in years 2 and 3 as they will need to be able to trial pre-commercial materials and experimental processes. However, in year one it is intended to lease a machine (a proportion of the costs included as R&D) as it will be partly used to generate commercial sales.</p> <p>It was confirmed there is a suitable office/workshop space at the preferred Rotherham site which can be fitted out to include the required climate control environment.</p> <p>Members considered whether this company should be assessed as a start-up company, or as a longer term inward investment opportunity. It was agreed that given the alignment between the company's longer term vision and the aims and objectives of the SCR, this should be viewed as an inward investment opportunity.</p> <p>Members noted potential risks regarding the currently untested practical and commercial nature of the 3D printed products to be manufactured and acknowledged the importance of robust 'R&D' as a means to mitigate these risks.</p>	

	<p>Assurances were provided that the proposed PhD sponsorship aspects of the proposal are credible.</p> <p>Members acknowledged the SCR may have limited courses of redress should the company decide to relocate its base of operation. However, it was confirmed that the grant would be paid in arrears, thus offering the SCR some degree of protection, and payments could be withheld / clawed back should the company relocate.</p> <p>An additional condition of award was requested in that a personal guarantee of the company's major shareholder should be taken in view of risks arising due to the start-up nature of the company and against the company relocating within a given period of time.</p> <p>An additional condition of award was requested in relation to the company's sponsorship of PhD students.</p> <p>Action: Tim to work with the company to determine the numbers associated with this condition.</p> <p>The Panel RESOLVED to APPROVE the making of an award of £210,000 to Company 0069 subject to the above conditions and the conditions contained within the report.</p>	ToC
7	<p><u>BIF Project Change Request – Ref. 0023</u></p> <p>A report was received to detail Company 0023's request to extend the project completion deadline by 12 months.</p> <p>It was noted the company 0023 is currently below expenditure target due to delays with completing the groundworks required for new machines and changes to the machine specification, subsequently impacting on installation and commissioning timescales.</p> <p>It was reported the last claim submission (Q4 17.18) provided expenditure forecasts which suggested a project extension would be adequate, with the Progress Report confirming that all groundworks are now complete and commissioning is underway.</p> <p>Members requested an assurance be sought that the SCR's clawback capabilities would not be affected should the company be subject to a change in ownership.</p> <p>Action: Laura to address this matter with the company</p>	LW

	The Panel RESOLVED to APPROVE the requested change request subject to the above condition and the conditions contained within the report.	
8.1	<p><u>BIF Programme Update</u></p> <p>A report was received to provide the Panel with an update on the overall programme position in relation to expenditure and employment impact of both the Business Investment Fund and Regional Growth Fund programmes, and to address queries or issues arising in relation to individual projects.</p> <p>In particular the report contained the final RGF clawback project recommendation in respect of Company 0016. It was confirmed the proposal represented an alternative remedy to the breach of the RGF Funding Agreement.</p> <p>Panel members discussed the potential to increase the term of the proposed agreement</p> <p>Action: Laura to explore with SCC (as the Accountable Body for the funds) and report back to the Board on action taken.</p> <p>In considering the Programme Update, members engaged in a number of discussions pertinent to the management of the LGF and the requirement to ensure the most is being made out of public money investments.</p> <p>Consideration was given to examples where the SCR might look to clawback investments, noting the variance of approaches and timescales that might be taken dependent on whether conditions of award are linked to job or GVA creation figures.</p> <p>It was considered whether any conditions of award should be strengthened to ensure recipients of funding work more with local manufacturers and suppliers and effectively spend more of their funding awards in the SCR.</p> <p>The Panel discussed the arrangements for both the LGF and RGF programmes.</p> <p>Action: Mike to discuss matters of detail with the S.73 officer</p>	<p>LW</p> <p>MT</p>
8.2	<p><u>BIF Pipeline</u></p> <p>A list of projects within the BIF pipeline was tabled for information.</p>	
9	<u>Any Other Business</u>	

	None.	
10	<u>Date of Next Meeting</u> Tuesday 4 th September, 4.00 – 6.00pm	

Business Investment Fund Panel

04.09.18

Investment Proposal - Company 0073

Purpose of Report

The purpose of this report is to provide the information required in support of the proposal for a BIF (LGF) grant of £108,000 to Company 0073.

Thematic Priority

Ensure new businesses receive the support they need to flourish.
Facilitate and proactively support growth amongst existing firms

Freedom of Information

This paper will be available under the Combined Authority Publication Scheme.

Annex A of this paper is exempt under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Recommendations

The BIF Panel are asked to consider and agree the proposed grant, to enable the Head of Paid Service (or his appointed delegate) to enact the decision under the delegation made by the MCA.

1. Introduction

- 1.1** The Business Investment Fund (BIF) strategy was approved by the MCA and LEP in 2015 with the purpose of enabling more companies within the City Region to access external finance to grow, modernise or sustain their activities.
- 1.2** To be eligible to make an application, businesses must:
- Be located in the Sheffield City Region and paying business rates to: Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, Rotherham or Sheffield. Applications for BIF are also considered from businesses looking to locate into the above areas;
 - Be viable, demonstrating growth or potential to grow and operating from commercial premises;
 - Be able to demonstrate that their project would not go ahead in the City Region, either as quickly or at the same scale without grant support – i.e. a clear case for grant must be demonstrated and the applicant can evidence that they have exhausted the traditional funding markets;

- Be a project that will create net new jobs in the region;
 - Be planning expenditure, broadly in line with the following;
 - Capital equipment, machinery or tools;
 - Alterations to land and/or premises to meet the needs of the business
 - Not use the award for working capital or research and development purposes.
- 1.3** All BIF applications are appraised using the “Green Book” methodology, following the agreed SCR Assurance Framework for use of Local Growth Fund (LGF) – leading to a cost/benefit appraisal of each proposed investment. Further to unanimous agreement by the Panel the MCA has delegated authority to the Head of Paid Service (or his delegate – in this case Mike Thomas the SCR MCA / LEP Senior Finance Manager) to approve grants and loans of up to £2m LGF.
- 1.4** For grants or loans of over £2m, the SCR Assurance Panel will recommend a decision for consideration by the BIF Panel prior to progressing to the MCA, who make the decision regarding financial approval and award of contract. The Statutory Officers may be given delegated authority by the MCA to agree the terms and conditions of any grant or loan award, within the parameters agreed by the MCA.

2. Proposal and justification

- 2.1** Company 0073 is a long-established family-owned Sheffield business delivering commercial services regionally and nationally. They have undergone significant recent growth and are planning expansion to meet future growth plans
- 2.2** The company has requested BIF grant to support their investment into new machinery at expanded new premises. The business wishes to increase capacity, improve quality and raise profile to increase their share of a growing national market.
- 2.3** The company has prepared a Risk Assessment highlighting key risks associated with the project.
- 2.4** Investment in Company 0073 will generate 8 new jobs by the end of 2019 and support significant income growth.

3. Consideration of alternative approaches

- 3.1** Company 0073 have been unable to secure the full amount of investment they require from the marketplace. The absence of the grant would have a significant impact upon the growth and sustainability of the company and prevent the project from progressing in its current form.
- 3.2** Further loan and debt funding options have been explored with bank and alternative finance organisations.
- 3.3** Expansion without additional investment from BIF has been considered; it is believed this would reduce the scale and delay the project by 12 months.

4. Implications

4.1 Financial

The total cost to the Business Investment Fund (LGF) for this project is:

- Total project costs: £768,000
- Grant request: £108,000
- £108,000 sought from the BIF (LGF) programme to support this project represents 14% of the total investment required, which is within the GBER State Aid limit.

4.2 Legal

All approvals will be subject to a standard funding agreement, to include any scheme specific conditions as appropriate. For schemes under £2m LGF value these will be issued and managed by the Managing Agent (SCC). Over £2m LGF value will be issued and managed by the SCR MCA in accordance with the approved terms and conditions.

4.3 Risk Management

All grant recipients' agreements have contractual milestones and performance reviews as standard clauses. These form the basis of robust project management and are reviewed on a monthly basis. Underperforming projects will be subject to clawback.

4.4 Equality, Diversity and Social Inclusion

By increasing profitability, the organisation may safeguard current roles and is creating 8 new jobs which supports more opportunities for residents within the SCR area.

5. Communications

- 5.1** The BIF programme is funded through the LEP's LGF budget. Publicity regarding the award will therefore follow the standard protocols required for LGF award, with the applicant upon acceptance of the grant funding agreement.

6. Appendices/Annexes

- 6.1** Annex A – exempt from publication under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Report Author	Andy McKenna
Post	AFCoE Adviser
Officer responsible	Helen Lazarus
Organisation	Sheffield City Region Executive
Email	Helen.Lazarus@sheffieldcityregion.org.uk
Telephone	0114 2203438

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

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Business Investment Fund Panel

04.09.18

Investment Proposal - Company 0075

Purpose of Report

The purpose of this report is to provide the information required in support of the proposal for a BIF (LGF) grant of £50,636 to Company 0075.

Thematic Priority

- Ensure new businesses receive the support they need to flourish
- Facilitate and proactively support growth amongst existing firms

Freedom of Information

This paper will be available under the Combined Authority Publication Scheme.

Annex A of this paper is exempt under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Recommendations

The BIF Panel are asked to consider and agree the proposed grant, to enable the Head of Paid Service (or his appointed delegate) to enact the decision under the delegation made by the MCA.

1. Introduction

- 1.1** The Business Investment Fund (BIF) strategy was approved by the MCA and LEP in 2015 with the purpose of enabling more companies within the City Region to access external finance to grow, modernise or sustain their activities.
- 1.2** To be eligible to make an application, businesses must:
- Be located in the Sheffield City Region and paying business rates to: Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, Rotherham or Sheffield. Applications for BIF are also considered from businesses looking to locate into the above areas;
 - Be viable, demonstrating growth or potential to grow and operating from commercial premises;
 - Be able to demonstrate that their project would not go ahead in the City Region, either as quickly or at the same scale without grant support – i.e. a clear case for grant must be demonstrated and the applicant can evidence that they have exhausted the traditional funding markets;

- Be a project that will create net new jobs in the region;
 - Be planning expenditure, broadly in line with the following;
 - Capital equipment, machinery or tools;
 - Alterations to land and/or premises to meet the needs of the business
 - Not use the award for working capital or research and development purposes.
- 1.3** All BIF applications are appraised using the “Green Book” methodology, following the agreed SCR Assurance Framework for use of Local Growth Fund (LGF) – leading to a cost/benefit appraisal of each proposed investment. Further to unanimous agreement by the Panel the MCA has delegated authority to the Head of Paid Service (or his delegate – in this case Mike Thomas the SCR MCA / LEP Senior Finance Manager) to approve grants and loans of up to £2m LGF.
- 1.4** For grants or loans of over £2m, the SCR Assurance Panel will recommend a decision for consideration by the BIF Panel prior to progressing to the MCA, who make the decision regarding financial approval and award of contract. The Statutory Officers may be given delegated authority by the MCA to agree the terms and conditions of any grant or loan award, within the parameters agreed by the MCA.

2. Proposal and justification

- 2.1** Company 0075 has identified an opportunity to significantly increase its current productivity levels and new product development process, through the undertaking of a research and development project focused on advanced manufacturing solutions. The project would allow the company to develop and implement new manufacturing methodologies, resulting in increased production and expansion of its new product range.
- 2.2** The company has requested BIF grant support to enable it to undertake equipment purchase to be used in the research and development project. It has been ascertained that all expenditure to be incurred will be classified as capital and as such is eligible expenditure.
- 2.3** The company has prepared a Risk Assessment highlighting key risks associated with the project.
- 2.4** Investment in Company 0075 will generate 6 new jobs by March 2021, significant income growth and advanced manufacturing skills development.

3. Consideration of alternative approaches

- 3.1** Company 0075 have been unable to secure the full amount of investment they require from the marketplace. The absence of the grant would have a significant impact upon the growth and sustainability of the company and prevent the project from progressing in its current form. A smaller project has been considered to generate insufficient return on investment to be a viable proposition.
- 3.2** Alternative support from Innovate UK has been investigated. This however is unavailable as the project is deemed to be more product development than the level of innovation required.

4. Implications

4.1 Financial

The total cost to the Business Investment Fund (LGF) for this project is:

- Total project costs: £125,236
- Grant request: £50,636

- £50,636 sought from the BIF (LGF) programme to support this project represents 40% of the total investment required, which is within the 45% GBER State Aid limit for R&D.

4.2 Legal

All approvals will be subject to a standard funding agreement, to include any scheme specific conditions as appropriate. For schemes under £2m LGF value these will be issued and managed by the Managing Agent (SCC). Over £2m LGF value will be issued and managed by the SCR MCA in accordance with the approved terms and conditions.

4.3 Risk Management

All grant recipients' agreements have contractual milestones and performance reviews as standard clauses. These form the basis of robust project management and are reviewed on a monthly basis. Underperforming projects will be subject to clawback procedures.

4.4 Equality, Diversity and Social Inclusion

By increasing profitability, the organisation may safeguard current roles and is creating 6 new jobs which supports more economic opportunities for residents within the SCR area.

5. Communications

- 5.1** The BIF programme is funded through the LEP's LGF budget. Publicity regarding the award will therefore follow the standard protocols required for LGF award, with the applicant upon acceptance of the grant funding agreement.

6. Appendices/Annexes

- 6.1** Annex A – exempt from publication under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Report Author	Andy McKenna
Post	AFCoE Adviser
Officer responsible	Helen Lazarus
Organisation	Sheffield City Region Executive
Email	Helen.Lazarus@sheffieldcityregion.org.uk
Telephone	0114 2203438

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Other sources and references:

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Business Investment Fund Panel

04.09.18

Investment Proposal - Company 0072

Purpose of Report

The purpose of this report is to provide the information required in support of the proposal for a BIF (LGF) grant of £500,000 to Company 0072.

Thematic Priority

Ensure new businesses receive the support they need to flourish.
 Facilitate and proactively support growth amongst existing firms

Freedom of Information

This paper will be available under the Combined Authority Publication Scheme.

Annex A of this paper is exempt under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Recommendations

The BIF Panel are asked to consider and agree the proposed grant, to enable the Head of Paid Service (or his appointed delegate) to enact the decision under the delegation made by the MCA.

1. Introduction

- 1.1** The Business Investment Fund (BIF) strategy was approved by the MCA and LEP in 2015 with the purpose of enabling more companies within the City Region to access external finance to grow, modernise or sustain their activities.
- 1.2** To be eligible to make an application, businesses must:
 - Be located in the Sheffield City Region and paying business rates to: Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, Rotherham or Sheffield. Applications for BIF are also considered from businesses looking to locate into the above areas;
 - Be viable, demonstrating growth or potential to grow and operating from commercial premises;
 - Be able to demonstrate that their project would not go ahead in the City Region, either as quickly or at the same scale without grant support – i.e. a clear case for grant must be demonstrated and the applicant can evidence that they have exhausted the traditional funding markets;

- Be a project that will create net new jobs in the region;
- Be planning expenditure, broadly in line with the following;
 - Capital equipment, machinery or tools;
 - Alterations to land and/or premises to meet the needs of the business
- Not use the award for working capital or research and development purposes.

1.3 All BIF applications are appraised using the “Green Book” methodology, following the agreed SCR Assurance Framework for use of Local Growth Fund (LGF) – leading to a cost/benefit appraisal of each proposed investment. Further to unanimous agreement by the Panel the MCA has delegated authority to the Head of Paid Service (or his delegate – in this case Mike Thomas the SCR MCA / LEP Senior Finance Manager) to approve grants and loans of up to £2m LGF.

1.4 For grants or loans of over £2m, the SCR Assurance Panel will recommend a decision for consideration by the BIF Panel prior to progressing to the MCA, who make the decision regarding financial approval and award of contract. The Statutory Officers may be given delegated authority by the MCA to agree the terms and conditions of any grant or loan award, within the parameters agreed by the MCA.

2. Proposal and justification

2.1 Company 0072 is a Doncaster-based provider of commercial services, seeking to expand its operations within the district. The company has grown significantly over the past 5 years, has now reached capacity at its current site and will be unable to meet its future growth projections without investment in premises, equipment and people.

2.2 The company has requested BIF grant support to secure the purchase of additional, updated equipment to enable increased automation and productivity at its new premises.

2.3 The company has prepared a Risk Assessment highlighting key risks associated with the project.

2.4 Investment in Company 0072 will generate 60 new jobs and safeguard a further 13 by March 2021.

3. Consideration of alternative approaches

3.1 Company 0072 have been unable to secure the full amount of investment they require from the marketplace. The absence of the grant would have a significant impact upon the growth and sustainability of the company and prevent the project from progressing in its current form.

3.2 Investment in new equipment at the current location would have been a cost-efficient option, but the site is too small to accommodate the growth in premises required to meet future business projections. Retention of existing equipment at the new location has also been considered, however this would restrict the anticipated increases in productivity and limit the ability of the organisation to remain up-to-date or meet future demand.

4. Implications

4.1 Financial

The total cost to the Business Investment Fund (LGF) for this project is:

- Total project costs: £5,111,217
- Grant request: £500,000

- £500,000 sought from the BIF (LGF) programme to support this project represents 9.8% of the total investment required, which is within the GBER State Aid limit.

4.2 Legal

All approvals will be subject to a standard funding agreement, to include any scheme specific conditions as appropriate. For schemes under £2m LGF value these will be issued and managed by the Managing Agent (SCC). Over £2m LGF value will be issued and managed by the SCR MCA in accordance with the approved terms and conditions.

4.3 Risk Management

All grant recipients' agreements have contractual milestones and performance reviews as standard clauses. These form the basis of robust project management and are reviewed on a monthly basis. Underperforming projects will be subject to clawback.

4.4 Equality, Diversity and Social Inclusion

By increasing profitability, the organisation will safeguard 13 current roles and is creating 60 new jobs which supports more opportunities for residents within the SCR area.

5. Communications

- 5.1** The BIF programme is funded through the LEP's LGF budget. Publicity regarding the award will therefore follow the standard protocols required for LGF award, with the applicant upon acceptance of the grant funding agreement.

6. Appendices/Annexes

- 6.1** Annex A – exempt from publication under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Report Author	Andy McKenna
Post	AFCoE Adviser
Officer responsible	Helen Lazarus
Organisation	Sheffield City Region Executive
Email	Helen.Lazarus@sheffieldcityregion.org.uk
Telephone	0114 2203438

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Other sources and references:

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Business Investment Fund Panel

04.09.18

Investment Proposal - Company 0074

Purpose of Report

The purpose of this report is to provide the information required in support of the proposal for a BIF (LGF) grant of £350,000 to Company 0074.

Thematic Priority

Ensure new businesses receive the support they need to flourish.
Facilitate and proactively support growth amongst existing firms

Freedom of Information

This paper will be available under the Combined Authority Publication Scheme.

Annex A of this paper is exempt under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Recommendations

The BIF Panel are asked to consider and agree the proposed grant, to enable the Head of Paid Service (or his appointed delegate) to enact the decision under the delegation made by the MCA.

1. Introduction

- 1.1** The Business Investment Fund (BIF) strategy was approved by the MCA and LEP in 2015 with the purpose of enabling more companies within the City Region to access external finance to grow, modernise or sustain their activities.
- 1.2** To be eligible to make an application, businesses must:
- Be located in the Sheffield City Region and paying business rates to: Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, Rotherham or Sheffield. Applications for BIF are also considered from businesses looking to locate into the above areas;
 - Be viable, demonstrating growth or potential to grow and operating from commercial premises;
 - Be able to demonstrate that their project would not go ahead in the City Region, either as quickly or at the same scale without grant support – i.e. a clear case for grant must be demonstrated and the applicant can evidence that they have exhausted the traditional funding markets;

- Be a project that will create net new jobs in the region;
- Be planning expenditure, broadly in line with the following;
 - Capital equipment, machinery or tools;
 - Alterations to land and/or premises to meet the needs of the business
- Not use the award for working capital or research and development purposes.

1.3 All BIF applications are appraised using the “Green Book” methodology, following the agreed SCR Assurance Framework for use of Local Growth Fund (LGF) – leading to a cost/benefit appraisal of each proposed investment. Further to unanimous agreement by the Panel the MCA has delegated authority to the Head of Paid Service (or his delegate – in this case Mike Thomas the SCR MCA / LEP Senior Finance Manager) to approve grants and loans of up to £2m LGF.

1.4 For grants or loans of over £2m, the SCR Assurance Panel will recommend a decision for consideration by the BIF Panel prior to progressing to the MCA, who make the decision regarding financial approval and award of contract. The Statutory Officers may be given delegated authority by the MCA to agree the terms and conditions of any grant or loan award, within the parameters agreed by the MCA.

2. Proposal and justification

2.1 Company 0074 is a long-established specialist manufacturing business seeking to move from outdated premises on a constrained inner-urban site, develop new laboratory facilities and implement innovative processes to enable the company’s future growth opportunities.

2.2 The company has requested BIF grant to support the acquisition of innovative plant and machinery to enable the growth and diversification of the business into new design/build premises.

2.3 The company has prepared a Risk Assessment highlighting key risks associated with the project.

2.4 Investment in Company 0074 will generate 12 new highly-skilled jobs by March 2021 and safeguard 4 in addition.

3. Consideration of alternative approaches

3.1 Company 0074 have been unable to secure the full amount of investment they require from the marketplace. The absence of the grant would have an impact upon the speed of growth and long-term sustainability of the company and prevent the project from progressing in its current form.

3.2 Consideration has been given to alternate, smaller premises and sites; however, these could not accommodate the required new equipment to enable the business expansion planned

3.3 Investigation has been undertaken to the ability and willingness of the parental Group to increase their level of contribution to address this project’s investment gap.

4. Implications

4.1 Financial

The total cost to the Business Investment Fund (LGF) for this project is:

- Total project costs: £6,235,000

- Grant request: £350,000
- £350,000 sought from the BIF (LGF) programme to support this project represents 10% of the total investment required, which is within the GBER State Aid limit.

4.2 Legal

All approvals will be subject to a standard funding agreement, to include any scheme specific conditions as appropriate. For schemes under £2m LGF value these will be issued and managed by the Managing Agent (SCC). Over £2m LGF value will be issued and managed by the SCR MCA in accordance with the approved terms and conditions.

4.3 Risk Management

All grant recipients' agreements have contractual milestones and performance reviews as standard clauses. These form the basis of robust project management and are reviewed on a monthly basis. Underperforming projects will be subject to clawback.

4.4 Equality, Diversity and Social Inclusion

By increasing profitability, the organisation may safeguard 4 current roles and is creating 12 new specialist jobs which supports more opportunities for residents within the SCR area.

5. Communications

- 5.1** The BIF programme is funded through the LEP's LGF budget. Publicity regarding the award will therefore follow the standard protocols required for LGF award, with the applicant upon acceptance of the grant funding agreement.

6. Appendices/Annexes

- 6.1** Annex A – exempt from publication under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Report Author	Andy McKenna
Post	AFCoE Adviser
Officer responsible	Helen Lazarus
Organisation	Sheffield City Region Executive
Email	Helen.Lazarus@sheffieldcityregion.org.uk
Telephone	0114 2203438

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

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Business Investment Fund Panel

04.09.18

Concept Paper - Company 0076

Purpose of Report

The purpose of this report is to provide a project outline for the Panel to assess whether a potential inward investment case for Company 0076 should proceed to full application.

Thematic Priority

Ensure new businesses receive the support they need to flourish.
Facilitate and proactively support growth amongst existing firms

Freedom of Information

This paper will be available under the Combined Authority Publication Scheme.

Annex A of this paper is exempt under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Recommendations

The BIF Panel are asked to consider the project outline and offer feedback on whether the case of Company 0076 should proceed to full application.

1. Introduction

- 1.1** The Business Investment Fund (BIF) strategy was approved by the MCA and LEP in 2015 with the purpose of enabling more companies within the City Region to access external finance to grow, modernise or sustain their activities.
- 1.2** To be eligible to make an application, businesses must:
- Be located in the Sheffield City Region and paying business rates to: Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, Rotherham or Sheffield. Applications for BIF are also considered from businesses looking to locate into the above areas;
 - Be viable, demonstrating growth or potential to grow and operating from commercial premises;
 - Be able to demonstrate that their project would not go ahead in the City Region, either as quickly or at the same scale without grant support – i.e. a clear case for grant must

be demonstrated and the applicant can evidence that they have exhausted the traditional funding markets;

- Be a project that will create net new jobs in the region;
- Be planning expenditure, broadly in line with the following;
 - Capital equipment, machinery or tools;
 - Alterations to land and/or premises to meet the needs of the business
- Not use the award for working capital or research and development purposes.

1.3 All BIF applications are appraised using the “Green Book” methodology, following the agreed SCR Assurance Framework for use of Local Growth Fund (LGF) – leading to a cost/benefit appraisal of each proposed investment. Further to unanimous agreement by the Panel the MCA has delegated authority to the Head of Paid Service (or his delegate – in this case Mike Thomas the SCR MCA / LEP Senior Finance Manager) to approve grants and loans of up to £2m LGF.

1.4 For grants or loans of over £2m, the SCR Assurance Panel will recommend a decision for consideration by the BIF Panel prior to progressing to the MCA, who make the decision regarding financial approval and award of contract. The Statutory Officers may be given delegated authority by the MCA to agree the terms and conditions of any grant or loan award, within the parameters agreed by the MCA.

2. Proposal and justification

2.1 Company 0076 is a potential inward investor considering moving into the City Region. A full application for BIF has not been submitted at this stage, and a cost benefit analysis will be prepared should the business’ interest in the region progress. Any potential award of BIF grant in due course would likely support job growth, enhance innovation and strengthen the region’s supply chains.

2.2 At this stage a recommendation to the MCA is not being sought. Panel members are asked to consider the project outline, offer their feedback as to the potential benefits to the region and what further information would be required to develop a full application.

3. Consideration of alternative approaches

3.1 All sources of funding are currently under investigation by the business and alternatives will be explored in detail should the project reach full application stage.

4. Implications

4.1 Financial

There are no direct financial implications at this stage.

4.2 Legal

Any subsequent approval will be subject to a standard funding agreement, to include any scheme specific conditions as appropriate. Contracts for schemes over £2m LGF value will be issued and managed by the SCR MCA in accordance with the approved terms and conditions.

4.3 Risk Management

Any subsequent grant agreement will include contractual milestones and performance reviews as standard clauses. These form the basis of robust project management and are reviewed on a monthly basis. Underperforming projects will be subject to clawback.

4.4 Equality, Diversity and Social Inclusion

Any subsequent full grant application shall consider the equality, diversity and social inclusion implications.

5. Communications

5.1 There are no direct communications implications at this stage.

6. Appendices/Annexes

6.1 Annex A – exempt from publication under paragraph 3, part 1, section 12A of the Local Government Act 1972.

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Business Investment Fund Panel

04.09.18

Concept Paper - Company 0077

Purpose of Report

The purpose of this report is to provide a project outline for the Panel to assess whether a potential inward investment case for Company 0077 should proceed to full application.

Thematic Priority

Ensure new businesses receive the support they need to flourish.
Facilitate and proactively support growth amongst existing firms

Freedom of Information

This paper will be available under the Combined Authority Publication Scheme.

Annex A of this paper is exempt under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Recommendations

The BIF Panel are asked to consider the project outline and offer feedback on whether the case of Company 0077 should proceed to full application.

1. Introduction

- 1.1** The Business Investment Fund (BIF) strategy was approved by the MCA and LEP in 2015 with the purpose of enabling more companies within the City Region to access external finance to grow, modernise or sustain their activities.
- 1.2** To be eligible to make an application, businesses must:
- Be located in the Sheffield City Region and paying business rates to: Barnsley, Bassetlaw, Bolsover, Chesterfield, Derbyshire Dales, Doncaster, Rotherham or Sheffield. Applications for BIF are also considered from businesses looking to locate into the above areas;
 - Be viable, demonstrating growth or potential to grow and operating from commercial premises;
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be demonstrated and the applicant can evidence that they have exhausted the traditional funding markets;

- Be a project that will create net new jobs in the region;
- Be planning expenditure, broadly in line with the following;
 - Capital equipment, machinery or tools;
 - Alterations to land and/or premises to meet the needs of the business
- Not use the award for working capital or research and development purposes.

1.3 All BIF applications are appraised using the “Green Book” methodology, following the agreed SCR Assurance Framework for use of Local Growth Fund (LGF) – leading to a cost/benefit appraisal of each proposed investment. Further to unanimous agreement by the Panel the MCA has delegated authority to the Head of Paid Service (or his delegate – in this case Mike Thomas the SCR MCA / LEP Senior Finance Manager) to approve grants and loans of up to £2m LGF.

1.4 For grants or loans of over £2m, the SCR Assurance Panel will recommend a decision for consideration by the BIF Panel prior to progressing to the MCA, who make the decision regarding financial approval and award of contract. The Statutory Officers may be given delegated authority by the MCA to agree the terms and conditions of any grant or loan award, within the parameters agreed by the MCA.

2. Proposal and justification

2.1 Company 0077 is a potential inward investor considering moving into the City Region. A full application for BIF has not been submitted at this stage, and a cost benefit analysis will be prepared should the business’ interest in the region progress. Any potential award of BIF grant in due course would likely support job growth, enhance innovation and strengthen the region’s supply chains.

2.2 At this stage a recommendation to the MCA is not being sought. Panel members are asked to consider the project outline, offer their feedback as to the potential benefits to the region and what further information would be required to develop a full application.

3. Consideration of alternative approaches

3.1 All sources of funding are currently under investigation by the business and alternatives will be explored in detail should the project reach full application stage.

4. Implications

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There are no direct financial implications at this stage.

4.2 Legal

Any subsequent approval will be subject to a standard funding agreement, to include any scheme specific conditions as appropriate. Contracts for schemes over £2m LGF value will be issued and managed by the SCR MCA in accordance with the approved terms and conditions.

4.3 Risk Management

Any subsequent grant agreement will include contractual milestones and performance reviews as standard clauses. These form the basis of robust project management and are reviewed on a monthly basis. Underperforming projects will be subject to clawback.

4.4 Equality, Diversity and Social Inclusion

Any subsequent full grant application shall consider the equality, diversity and social inclusion implications.

5. Communications

5.1 There are no direct communications implications at this stage.

6. Appendices/Annexes

6.1 Annex A – exempt from publication under paragraph 3, part 1, section 12A of the Local Government Act 1972.

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Business Investment Fund Panel

Date 04.09.2018

BIF Programme Management Report

Purpose of Report

This report provides an update on the overall programme position in relation to expenditure and employment impact of both the Business Investment Fund and Regional Growth Fund programmes, and addresses queries or issues arising in relation to individual projects.

Thematic Priority

Ensure new businesses receive the support they need to flourish.
Facilitate and proactively support growth amongst existing firms

Freedom of Information

This paper will be available under the Mayoral Combined Authority Publication Scheme.

Appendix 1 of this paper is exempt under paragraph 3, part 1, section 12A of the Local Government Act 1972. However, an anonymised version has been included in the public paper pack.

Recommendations

The BIF Panel are asked to review the performance monitoring report and identify any issues.

Business Investment Fund and Regional Growth Fund Programme Management Report September 2018

1. Introduction

- 1.1 This report provides an update on the overall programme position in relation to expenditure and employment impact of both the Business Investment Fund and Regional Growth Fund programmes, and addresses queries or issues arising in relation to individual projects.

2. Programme Update - BIF

BIF Allocation

- Total programme allocation for this FY of £16,565,365.
- The BIF profile summary table below provides analysis of the profiled expenditure against the annual BIF allocation. The table illustrates that the programme is under budget for the current and slightly over budget for next FY.

The following notes apply:

- o The FY18/19 and 19/20 profiles include £1m and £6m respectively of pipeline projects that may not come to fruition.
- o The 'committed' costs (approved / contracted) for FY18/19 are £7.8m and £6.8m respectively.

The commitment of £8.8m for FY18/19 results in headroom of £8.6m against the allocation of £16.5m. This gap has increased since the previous report due to some inward investment schemes (which typically have BIF ask in the £m's) being re-profiled into FY19/20.

The 4 projects being put forward for approval at this meeting are forecast to draw down £369,731 BIF this year. Whilst we are only 1 quarter into the year and expect that more projects capable of delivering this year will come forward, the programme team is still in discussions with the CA about reduction of the in-year allocations to ensure we can deliver to target.

Item 10a Programme Management Report

BIF PROFILE						
	15/16	16/17	17/18	18/19	19/20	20/21
BIF Actual + Profile	£32,514	£4,768,999	£12,199,712	£9,838,165	£12,837,333	£9,804,513
BIF Allocation	£32,514	£4,768,999	£12,199,712	£16,565,365	£10,900,000	£7,533,410
Variance	£0	£0	£0	£-6,727,200	£1,937,333	£2,271,103
BIF Actual and Profile COMMITTED	£32,514	£4,768,999	£12,199,712	£8,828,434	£6,849,068	£3,804,513

BIF Profile:

- Total BIF awarded to date = £36,323,062; representing 70% of the total programme budget of £52m.
- Total active BIF pipeline to 2020/21 of c£11.9m (£900k indigenous & £11m inward investment projects); equating to a total programme commitment of c92%.

2.1

BIF – Indigenous Strand

Latest position - Indigenous	Number	Total BIF	Total Private Sector Leverage	Jobs Created	Jobs S'guarded	Other Outputs	Location			
							BARN	CHD	DON	ROTH
Total Projects Approved	47	£8,016,378	£54,116,637	810	708.5	30kT Cargo	1	6	7	15
Contracts signed	42	£7,181,724	£47,581,065	679	708.5	30kT Cargo	1	6	6	13
Projects that have commenced claims	42	£5,356,298	£28,704,888	399.5	721.5	15.4kT Cargo	1	6	6	13
Projects complete	12	£837,215.50	£5,485,977.33	118	60.5			2		3

- Current average cost per job £5,279 including safeguarded jobs (slightly up from £5,270 in the July report)
- Average Intervention Rate 15% (no change)

Item 10a Programme Management Report

2.2 BIF – Inward Investment Strand

Latest position - Inward Investment	Number	Total BIF	Total Private Sector leverage	Jobs Created	Jobs S'guarded	Other Outputs	Location			
							BARN	CHD	DON	ROTH
Total Projects Approved	8	£25,739,184	£138,312,352	1,730.5	0	£242m GVA			1	3
Contracts signed	3	£18,450,000	£62,386,000	520		£242m GVA				1
Projects that have commenced claims	3	£7,839,224								1
Projects complete	0									

2.2.1 Project Updates

- **Company X1:** a potentially critical issue has been identified in relation to insufficient power supply to the project site. At this moment it is unclear whether the project will proceed. For the time being the grant approval of £1.5m remains on the BIF profile.

2.3 BIF - Other Investments

2.3.1 Company X2:

Further to the company entering administration in March 2018, discussions are ongoing with respect to recovering the £175k in respect of the parent company guarantee.

3. Programme Update - RGF

- 3.1 The programme outturn continues to exceed the proportionate targets. The outturn is subject to change as annual verifications are undertaken on beneficiaries to verify that the investments are being adequately maintained.

RGF Programme			
Funding	Contracted	Proportionate Target	Outturn
RGF	£32,000,000	£28,168,467	£28,168,467
Other Private Investment	£129,579,000	£114,224,880	£167,654,920

Item 10a Programme Management Report

Total	£161,579,000	£142,393,347	£195,823,387
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Employment Impact	Contracted	Proportionate Target	Outturn
New Jobs Created	1,986	1,748	2,149
Jobs Safeguarded	872	768	493
Total	2,858	2,516	2,641

MI

- Average Intervention Rate across the programme remains at 17%.
- Average Cost Per Job, Jobs Created and Jobs Safeguarded combined, of £10,665 (slight increase from last report).

RGF Accountable Body and BIF Managing Agent Delivery Team

Author:

Laura Wheatley

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