

BUSINESS INVESTMENT FUND PANEL

Date: Wednesday 6 February 2019
Venue: HSBC, Europa Way, Sheffield S9 1XE
Time: 3.00 – 5.00pm

Sheffield
City Region

COMBINED
 AUTHORITY

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 0078	Paper	S Carroll	7 - 10
5	BIF Approval - Company Ref 0088	Paper	S Carroll	11 - 14
6	BIF Approval - Company Ref 0089	Paper	R Fletcher	15 - 18
7	BIF Concept Paper - Company Ref 0091	Paper	R Fletcher	19 - 22
8	Board Update	Verbal	H Lazarus	
9	Programme Management Update			
	a) Programme Management Report	Paper	L Wheatley	23 - 28
	b) BIF Pipeline	Verbal	A McKenna	
10	Any Other Business			

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SCR BUSINESS INVESTMENT FUND PANEL

27th NOVEMBER, 2018

SCR, BROAD STREET WEST, SHEFFIELD

No.	Item	Action
1	<p><u>Welcome and Apologies</u></p> <p>Present:</p> <p><u>Panel Members</u> David Grey - Chair Mary Broadhead Mike Thomas Martin Beasley (for Diana Terris) Helen Lazarus</p> <p><u>In Attendance</u> Laura Wheatley Andy McKenna Steve Carroll Kevin Bennett Dean Hughes Jenny Holmes Craig Tyler, Joint Authorities Governance Unit – minutes</p> <p>Apologies were received from Panel members: Diana Terris and Lee Manterfield</p>	
2	<p><u>Declarations of Interest</u></p> <p>No declarations or interest were reported in relation to any item of business on today's agenda, any activity undertaken since the last formal meeting, or in relation to any forthcoming activity.</p>	
3	<p><u>Minutes of the Previous Meeting</u></p> <p>The minutes of the previous meeting held on 9th October were agreed to be an accurate record.</p>	
4	<p><u>BIF Approval – Company Ref. 0079</u></p>	

	<p>A report was received to enable the Panel to take a decision whether to support the proposal of a BIF (LGF) grant of £750,000 to Company 0079.</p> <p>It was reported the Company is achieving record sales and has outgrown its current UK site. The company needs to invest in new premises to be able to meet the anticipated growth in production and has identified SCR as a preferred location for part of its expansion.</p> <p>It was reported the grant would be used to fund lease costs and additional capital equipment and fit-out costs, and would deliver 33 new jobs to the region at a cost of c£22k per job.</p> <p>It was noted officers have been investigating the extent to which this investment may unlock additional supply chain opportunities.</p> <p>Members questioned whether the financial forecasts provided enough confidence that expected growth rates would justify additional investment.</p> <p>It was noted the jobs outputs would not be fully delivered until 2024 and therefore suggested the grant may be phased, or made contingent to certain milestones being met.</p> <p>It was confirmed the Company is expected to provide further information regarding its future intentions by the end of the year.</p> <p>It was acknowledged that the date the Company expects to commence operations in the SCR (2020) is close to the culmination of the current BIF LGF programme (due to conclude in 2021). Members were advised of work underway to identify compliant mechanisms capable of maximising spend in the latter years of the programme whilst not compromising good governance.</p> <p>Action: Mike to further investigate these mechanisms and report options back to the Panel</p> <p>To help ensure payments can be phased prior to the culmination of the programme, it was agreed the Company needs to confirm whether it is accepting or declining the BIF offer of a grant award by March 31st 2019.</p> <p>Members questioned the degree of financial diligence that can be undertaken based on the information provided by the Company therefore the award is agreed subject to additional financial information being made available and reviewed by the</p>	MT
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	<p>SCR Combined Authority. It was also requested the provision of a parent company guarantee be made an additional condition of award.</p> <p>It was determined that an additional condition should also relate to the completion of the lease on the new premises.</p> <p>The Panel RESOLVED to APPROVE THE MAKING OF AN AWARD of £750,000 to Company 0079 with the award being subject to the grant conditions contained within the report and noted above.</p>	
5	<p><u>BIF Approval – Company Ref. 0080</u></p> <p>A report was received to enable the Panel to take a decision whether to support the proposal of a BIF (LGF) grant of £1,750,000 to Company 0080.</p> <p>It was reported the Company has created a new business services company which is looking to establish a significant operation in the UK and is considering a number of options including Sheffield.</p> <p>It was reported this investment would generate 447 new jobs by Q2 2021.</p> <p>In consideration of the information contained within the report, the Panel recommended that an additional condition of award be introduced in respect of the provision of a parent company guarantee. The Panel also requested that officers undertake appropriate due diligence to ensure the award is compliant with state aid legislation.</p> <p>The Panel considered matters including the inadvertent risk of job displacement and comparative labour costs nationally.</p> <p>Consideration was given to whether a proportion of the total grant request should be commuted to the offer of a loan.</p> <p>It was requested a condition of award be that grant is released based on verified job creation.</p> <p>It was stated that approval is subject to completion of the Company's Companies House registration.</p> <p>It was requested a condition of award be based on the provision of a parent company guarantee.</p>	

	<p>It was noted that S151 Officer confirmation had been received that Sheffield City Council would be required to pay back 50% of the grant, subject to business rates uplift.</p> <p>The Panel RESOLVED to APPROVE THE MAKING OF AN INITIAL OFFER of £1,500,000 to Company 0080 with the award being subject to the grant conditions contained within the report and above, on the understanding that the Company may wish to re-request consideration of the making of an award of the full initial request (£1,750,000) (to be addressed by written procedures).</p>	
6	<p><u>BIF Approval – Company Ref. 0084.</u></p> <p>A report was received to enable the Panel to take a decision whether to support the proposal of a BIF (LGF) grant of £30,000 to Company 0084.</p> <p>It was reported the Company is a specialist training company headquartered in the Midlands seeking to expand its current operations in Doncaster. The company is intending to invest in order to supply a wider range of training courses in response to new market opportunities.</p> <p>The Company has requested BIF grant support to secure the purchase of additional specialist training equipment to support the provision of a wider range of training courses.</p> <p>It was reported that investment in Company 0084 will generate 3 new jobs by September 2019.</p> <p>It was requested that additional conditions of award be introduced in relation to the Company staying in the area and the completion of the lease of its intended premises.</p> <p>The Panel RESOLVED to APPROVE THE MAKING OF AN AWARD of £30,000 to Company 0084 with the award being subject to the grant conditions contained within the report and noted above.</p>	
7	<p><u>BIF Approval – Company Ref. 0081</u></p> <p>A report was received to enable the Panel to take a decision of whether to support the proposal of a BIF (LGF) grant of £178,000 to Company 0081.</p> <p>It was reported the Company is a provider of business services which has recently won a major new contract. Fulfilling the</p>	

	<p>contract will require additional premises. The company has requested BIF grant support to enable it to invest in the construction and fitting out of premises.</p> <p>It was confirmed the cost is all capital expenditure and would be eligible for support.</p> <p>It was reported that the investment will generate 38 new jobs by March 2021 as well as a significant number of temporary roles during 2021.</p> <p>Members questioned the complexity of the financial information provided and noted the 2017 accounts were not apparently available.</p> <p>It was agreed an additional condition of award should be the provision of a parent company guarantee.</p> <p>The Panel RESOLVED to APPROVE THE MAKING OF AN AWARD of £178,000 to Company 0081 with the award being subject to the grant conditions contained within the report and noted above.</p>	
8	<p><u>BIF Approval – Company Ref 0083</u></p> <p>A report was received to enable the Panel to take a decision whether to support the proposal of a BIF (LGF) grant of £90,000 to Company 0083.</p> <p>It was reported the Company is an innovative health sector business located in Sheffield. The company is seeking to expand its product range in response to market opportunities including overseas. In order to grow the company needs to continue to invest in tooling and validation to be able to progress into production at commercial volumes.</p> <p>It was reported the grant will go towards tooling, machining and the testing costs related to expanding its product range and investment will generate 8 new jobs by June 2019.</p> <p>This is the second grant the Company has applied for. It was reported that the Company had completed the first project and exceeded the contracted jobs target.</p> <p>It was noted that the projections for the current fiscal year appeared to be ambitious considering the management accounts. It was agreed an additional condition of award should be that the final outturn should not be materially different to the figures presented in the report.</p>	

	<p>The Panel RESOLVED to APPROVE THE MAKING OF AN AWARD of £90,000 to Company 0083 with the award being subject to the grant conditions contained within the report.</p>	
9	<p><u>BIF Concept Paper – Company 0086.</u></p> <p>A report was received for the Panel to consider whether a potential investment case for Company 0086 should proceed to full application.</p> <p>The Panel was informed of the matters requiring consideration.</p> <p>Panel members were minded to confirm their wish for the Company to retain an R&D presence in the City Region.</p> <p>The Panel RESOLVED to SUPPORT the business case proceeding to full application.</p>	
10	<p><u>Programme Management Update</u></p> <p><u>a) Programme Management Report</u></p> <p>Provided for information</p> <p><u>b) BIF Pipeline</u></p> <p>A list of projects within the BIF pipeline was tabled for information.</p>	
8	<p><u>Any Other Business</u></p> <p>On the occasion of his retirement, Panel members thanked Kevin Bennett for his dedicated service in support of the BIF and predecessor programme.</p>	
9	<p><u>Date of Next Meeting</u></p> <p>The proposed date of the next meeting is Wednesday 6th February, 3:00 – 5:00 at HSBC, Europa Way, Sheffield.</p>	

Business Investment Fund Panel

6th February 2019

Investment Proposal - Company 0078

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 £95,000 to Company 0078.

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 0078 is a Sheffield based innovative engineering company supplying testing solutions to national and international customers. The company is expanding and has recently moved to larger premises in Sheffield.

2.2 The company has requested BIF grant to support investment in extending the premises including creating a demonstration space and facilities that meet the specification required to deliver services to UK Government.

2.3 Investment in Company 0078 of £95,000 will generate 10 new jobs by Q4 2020/2021 at a cost per job of £9,500. This is considered acceptable value for money for the LGF investment.

3. Consideration of alternative approaches

3.1 Company 0078 has an opportunity to accelerate growth in existing and new markets. Undertaking this work requires space for new facilities and a physically secure part of the building.

3.2 The absence of the grant would have a significant impact upon the Company’s ability to customise new premises to the standard required to secure new business opportunities.

4. Implications

4.1 Financial

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

- Total project costs: £500,000
- Grant request: £95,000
- £95,000 sought from the BIF (LGF) programme to support this project represents 19% 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 undertaking this investment the Company will create 10 roles 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.

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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

6th February 2019

Investment Proposal - Company 0088

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 £135,000 to Company 0088.

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 A Sheffield based specialist manufacturer is seeking to relocate within Sheffield to accommodate growth. The company operates in UK and international markets supplying precision manufacturing machine components to a range of sectors.

2.2 The company has requested BIF grant to support investment in fitting out new premises and in new more efficient equipment incorporating new technologies to improve productivity.

2.3 Investment in Company 0088 of £135,000 will generate 10 new jobs by Q4 2019/2020 at a cost per job of £13,500. This is considered acceptable value for money for the LGF investment.

3. Consideration of alternative approaches

3.1 Company 0088 is investing in Sheffield and has secured the finance for new premises.

3.2 The absence of grant would have a significant impact upon the Company’s ability to realise the full commercial benefits of investing in new premises. Investment would be significantly delayed.

3.3 Although not a preferred option the Company could for some lines pursue a cost reduction strategy based on outsourcing to lower cost economies.

4. Implications

4.1 Financial

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

- Total project costs: £492,816
- Grant request: £135,000
- £135,000 sought from the BIF (LGF) programme to support this project represents 27% of the total investment required. The company would be eligible to obtain grant under De Minimus regulations.

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 undertaking this investment the Company will create 10 roles 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.

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Other sources and references:

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Business Investment Fund Panel

6th February 2019

Investment Proposal - Company 0089

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 £100,000 to Company 0089.

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 A Bassetlaw based industrial manufacturing and distribution company is seeking support to invest in upgrading processing machinery to better customise production in response to changing and new market opportunities. Company 0089 has recently invested in new premises within the SCR and is growing.

2.2 The company has requested BIF grant to support investment in new automated machinery to minimise downtimes and allow customisation of production runs which in turn will create new market opportunities.

2.3 Investment in Company 0089 of £100,000 will generate 9 new jobs by Q4 2019/2020 at a cost per job of £11,111. This is considered acceptable value for money for the LGF investment.

3. Consideration of alternative approaches

3.1 The absence of BIF grant would have a significant impact on the implementation of the project which would not go ahead in its current form and would have to take place over a significantly longer time frame.

3.2 The Company has explored alternative approaches, but smaller less expensive options are either not available or not compatible with existing production arrangements.

3.3 Delaying the project would mean that the Company would not be able to respond to market developments or new commercial opportunities thereby impeding their growth potential.

4. Implications

4.1 Financial

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

- Total project costs: £570,595
- Grant request: £100,000
- £100,000 sought from the BIF (LGF) programme to support this project represents 17% 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 undertaking this investment, the Company will create 9 roles 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.

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Business Investment Fund Panel

6th February 2019

Concept Paper - Company 0091

Purpose of Report

The purpose of this report is to provide a project outline for the Panel to assess whether a potential investment case for Company 0091 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 0091 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 0091 is a chemicals company based in Barnsley seeking investment into an R&D project. It is anticipated that the resulting innovative product would be successful in UK and international markets.
- 2.2** Any potential award of BIF grant in due course would support business growth and innovation in the SCR.
- 2.3** 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 highlight what further information would be required to develop a full application.

3. Consideration of alternative approaches

- 3.1** Alternative sources of funding have been investigated by the business and 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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Other sources and references:

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Business Investment Fund Panel

6th February 2019

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 February 2019

1.	<u>Introduction</u>
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.	<u>Programme Update - BIF</u>
	<p>BIF Allocation</p> <ul style="list-style-type: none"> • 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 the next two FYs. <p>The following notes apply:</p> <ul style="list-style-type: none"> o The FY18/19 and 19/20 profiles include £71k and £6.6m respectively of pipeline projects that may not come to fruition. o The 'committed' costs (approved / contracted) for FY18/19 and 19/20 are £8.4m and £7.5m respectively. o The commitment of £8.4m for FY18/19 results in headroom of £8.1m against the allocation of £16.5m. <p>The 4 projects being put forward for approval at this meeting are forecast to draw down £71k BIF this year.</p>

Item 9 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	£8,550,395	£14,289,440	£9,097,044
BIF Allocation	£32,514	£4,768,999	£12,199,712	£16,565,365	£10,900,000	£7,533,410
Variance	£0	£0	£0	-£8,014,970	£3,389,440	£1,563,634
BIF Actual and Profile COMMITTED	£32,514	£4,768,999	£12,199,712	£8,479,165	£7,597,759	£5,682,954

BIF Profile:

- Total BIF committed to date = £38,761,104; representing 75% of the total programme budget of £52m.
- Total active BIF pipeline to 2020/21 of c£10.1m (£585k indigenous & £9.5m inward investment projects); equating to a total programme commitment of c94%.

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	SHF
Total Projects Approved	54	£8,842,129	£69,194,704	953	717.0	30kT Cargo	2	6	9	16	21
Contracts signed	43	£7,320,001	£48,811,059	715	717.0	30kT Cargo	1	6	6	14	16
Projects that have commenced claims	43	£5,819,559	£32,689,776	405	721.5		1	6	6	14	16
Projects complete	19	£1,443,992	£8,998,550	202	69.0			4	2	4	9

- Current average cost per job £5,295 including safeguarded jobs (slightly down from £5,345 in the July report)
- Average Intervention Rate 13% (same as previous report)
- Risk Monitoring: Q3 claims are currently being processed. An update will be provided in the next Programme Management Report.

2.2	<u>BIF – Inward Investment Strand</u>																																																																		
	<table><tr><th>Latest position - Inward Investment</th><th>Number</th><th>Total BIF</th><th>Total Private Sector leverage</th><th>Jobs Created</th><th>Other Outputs</th><th colspan="5">Location</th></tr><tr><th></th><th></th><th></th><th></th><th></th><th></th><th>BARN</th><th>CHD</th><th>DON</th><th>ROTH</th><th>SHF</th></tr><tr><td>Total Projects Approved</td><td>9</td><td>£27,239,184</td><td>£155,865,352</td><td>2,177.5</td><td>£242m GVA</td><td></td><td></td><td>1</td><td>3</td><td>5</td></tr><tr><td>Contracts signed</td><td>4</td><td>£19,950,000</td><td>£79,886,000</td><td>560</td><td>£242m GVA</td><td></td><td></td><td></td><td>2</td><td>2</td></tr><tr><td>Projects that have commenced claims</td><td>3</td><td>£11,331,865</td><td></td><td>255</td><td></td><td></td><td></td><td></td><td>1</td><td>2</td></tr><tr><td>Projects complete</td><td>0</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> <ul style="list-style-type: none">• Risk Monitoring: Q3 claims are currently being processed. An update will be provided in the next Programme Management Report.	Latest position - Inward Investment	Number	Total BIF	Total Private Sector leverage	Jobs Created	Other Outputs	Location											BARN	CHD	DON	ROTH	SHF	Total Projects Approved	9	£27,239,184	£155,865,352	2,177.5	£242m GVA			1	3	5	Contracts signed	4	£19,950,000	£79,886,000	560	£242m GVA				2	2	Projects that have commenced claims	3	£11,331,865		255					1	2	Projects complete	0									
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2.2.1	<u>Project Updates</u> <ul style="list-style-type: none">• Project X: Panel members approved a grant of £750k at November’s panel, however further to a suitable property becoming available close to their current location the company has decided not to proceed with the project in Sheffield.																																																																		
2.3	<u>BIF - Other Investments</u>																																																																		
2.3.1	<p>The FFE and FY loan portfolios continue to perform as expected.</p> <p>The Finance Yorkshire Interim fund was implemented to bridge the gap between the previous JEREMIE fund and the Northern Powerhouse Investment Fund (“NPIF”). The interim fund ran between November/December 2016 and March 2017.</p> <p>The fund made a total of 6 investments in the Sheffield City Region (1 “Seedcorn”, 1 Equity and 4 Debt) amounting to a total investment of £925k Repayments are via an annual cash sweep in December and the second repayment is currently being processed.</p>																																																																		

3.

Programme Update - RGF

3.1

The expected 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	£28,155,919	£28,155,919
Other Private Investment	£129,579,000	£114,174,690	£167,474,206
Total	£161,579,000	£142,330,610	£195,630,125
Employment Impact	Contracted	Proportionate Target	Outturn
New Jobs Created	1,986	1,747	2,148
Jobs Safeguarded	872	767	493
Total	2,858	2,515	2,640

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

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