

**BUSINESS INVESTMENT FUND PANEL****THURSDAY 21<sup>ST</sup> MARCH 2019 08:30-10:30****11 BROAD ST WEST, SHEFFIELD S1 2BQ**

No.	Item	Method	Speaker
1	Welcome and Apologies	Verbal	Chair
2	Registers and Declarations of Interest <ul style="list-style-type: none"><li>Any changes to registers of interest</li><li>In relation to any agenda item</li><li>In relation to any activity since the last formal meeting</li><li>In relation to any forthcoming activity</li></ul>	Verbal	All
3	Notes of Last Meeting <ul style="list-style-type: none"><li>Matters arising</li></ul>	Paper	Chair
<b>For Discussion</b>			
4.	BIF Approval – Company Ref 0094	Paper	Tim O’Connell (RIDO)
5.	BIF Approval – Company Ref 0092	Paper	Andy McKenna
6.	BIF Approval – Company Ref 0093	Paper	Henry Murch
7.	BIF Approval – Company Ref 0082	Paper	Henry Murch
8.	BIF Approval – Company Ref 0096	Paper	Rachel Fletcher
9	BIF Approval – Company Ref 0097	Paper	Steve Carroll
10	BIF Approval – Company Ref 0088 – Reconsideration from 06.02.2019	Paper	Steve Carroll
11.	Programme Management Update: <ul style="list-style-type: none"><li>a) Programme Management Report</li><li>b) BIF pipeline</li><li>c) BIF 19/20 – 20/21</li></ul>	Paper Verbal Verbal	Laura Wheatley Andy McKenna Helen Lazarus
12.	AOB		

**Business Investment Fund Panel**

**21<sup>st</sup> March 2019**

**Investment Proposal - Company 0094**

**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 £1.98m to Company 0094.

**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 0094 is a UK headquartered global engineering business undertaking technology innovation and production in high value adding activities.

**2.2** The company has requested BIF grant to support investment in a production facility focused on the development and industrialisation of new manufacturing processes for a product related to the transport sector.

**2.3** Investment in Company 0094 of £1,980,000 will generate 53 new jobs by Q4 2020/2021 at a cost per job of £37,358. This is considered acceptable value for money for the LGF investment.

## **3. Consideration of alternative approaches**

**3.1** Company 0094 is operating in an innovative frontier technology sector exposed to considerable risk. They are considering options that support the mitigation of risk particularly in the earliest stages of the project.

**3.2** The absence of the grant would have a significant impact upon the likelihood that the Company will locate its operations in the SCR as alternative existing locations would offer a more attractive proposition.

## **4. Implications**

### **4.1 Financial**

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

- Total project costs: £10,858,824
- Grant request: £1,980,000
- £1,980,000 sought from the BIF (LGF) programme to support this project represents 18.23%% 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 53 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.

Report Author	Jenny Holmes
Post	Senior Programme Manager, Business and Investment
Officer responsible	Mark Lynam
Organisation	Sheffield City Region Executive
Email	Mark.lynam@sheffieldcityregion.org.uk
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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:

**Business Investment Fund Panel**

**21<sup>st</sup> March 2019**

**Investment Proposal - Company 0092**

**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 £300,000 to Company 0092.

**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 0092 is a Doncaster based manufacturing company operating in the print and publishing sector. The company has an innovative product line and has experienced growth including in overseas markets. To continue to grow the company needs to relocate to larger premises and invest in new machinery.

**2.2** The company has requested BIF grant to support capital investment in machinery to be able to bring more production in house, increase outputs and productivity and reduce waste.

**2.3** Investment in Company 0092 of £300,000 will generate 30 new jobs by Q4 2020/2021 at a cost per job of £10,000. This is considered acceptable value for money for the LGF investment.

## **3. Consideration of alternative approaches**

**3.1** The Company is unable to realise its expansion plans from its current premises. The Company would be able to purchase some new machinery at the current premises but would not be able to increase headcount.

**3.2** The absence of the grant would have a significant impact upon the Company’s ability to grow. Without investment the Company has indicated that it would potentially have to retrench and lose some of its less profitable work, it would also not create new jobs.

## **4. Implications**

### **4.1 Financial**

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

- Total project costs: £2,760,000
- Grant request: £300,000
- £300,000 sought from the BIF (LGF) programme to support this project represents 10.8% 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 undertaking this investment the Company will create 30 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:

**Business Investment Fund Panel**

**21<sup>st</sup> March 2019**

**Investment Proposal - Company 0093**

**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 £400,000 to Company 0093.

**Thematic Priority**

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

**Freedom of Information**

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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 0093 is a railway storage and maintenance company operating within the region. The company intends to improve a recently acquired site in Bassetlaw to be able to offer additional storage and maintenance in response to a buoyant market place.

**2.2** The company has requested BIF grant to support investment in the facilities required to undertake more complex maintenance and heavy engineering work at the site.

**2.3** Investment in Company 0093 of £400,000 will generate 40 new jobs by Q4 2020/2021 at a cost per job of £10,000. This is considered acceptable value for money for the LGF investment.

## **3. Consideration of alternative approaches**

**3.1** It will not be possible to undertake higher value adding maintenance and engineering work at this site without additional investment. Investment at the level proposed supports the creation of high quality engineering roles.

**3.2** In the absence of grant Company 0093 would not be able to secure the full benefits arising from the strategic location of the site and the market opportunities arising from UK investment in rail.

## **4. Implications**

### **4.1 Financial**

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

- Total project costs: £2,255,000
- Grant request: £400,000
- £400,000 sought from the BIF (LGF) programme to support this project represents 17.7% 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 40 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**

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**Business Investment Fund Panel**

**21<sup>st</sup> March 2019**

**Investment Proposal - Company 0082**

**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 £30,000 to Company 0082.

**Thematic Priority**

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

**Freedom of Information**

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**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 0082 is a Sheffield based specialist catering company currently producing small volumes of artisan products. The company is seeking to grow in response to enquiries from potential buyers but to do this needs to manufacture in higher volumes to be able to supply retailers and wholesalers.

**2.2** The Company has requested BIF grant to invest in specialist catering machinery which will speed up the production process, reduce costs and allow for greater volumes to be produced.

**2.3** Investment in Company 0082 of £30,000 will generate 5 new jobs by Q4 2020/2021 at a cost per job of £6,000. This is considered acceptable value for money for the LGF investment.

## **3. Consideration of alternative approaches**

**3.1** Company 0082 has an opportunity to scale up but without investment in the manufacturing process the business will remain a small, artisan manufacturer.

**3.2** The absence of the grant would significantly reduce the Company’s ability invest in the machinery that it requires to be able to take advantage of growth opportunities.

## **4. Implications**

### **4.1 Financial**

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

- Total project costs: £125,000
- Grant request: £30,000
- £30,000 sought from the BIF (LGF) programme to support this project represents 24% 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 5 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**

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Other sources and references:

**Business Investment Fund Panel**

**21<sup>st</sup> March 2019**

**Investment Proposal - Company 0096**

**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 £249,000 to Company 0096.

**Thematic Priority**

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

**Freedom of Information**

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**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.

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## **2. Proposal and justification**

**2.1** Company 0096 is a Chesterfield based manufacturer and distributor operating in the leisure and health sectors. The Company has grown quickly and is manufacturing and selling overseas.

**2.2** Company 0096 is growing significantly and is currently turning down orders as it is unable to store, retrieve and distribute products in the volume required. The company has requested BIF grant to support building larger premises allowing the company to improve performance through increasing stock, improving operations times and supporting greater sales. The premises would include storage space, a showroom and office facility.

**2.3** Investment in Company 0096 of £249,000 will generate 15 new jobs by Q4 2020/2021 and an additional 5 jobs by Q1 2021/22 with a cost per job of £12,450. This is considered acceptable value for money for the LGF investment.

## **3. Consideration of alternative approaches**

**3.1** The Company is unable to increase storage at its current main site. It has not been able to find existing premises for rent or purchase nearby with the requisite space. The company also faces the likelihood of losing their current additional leased storage facility as the site is being redeveloped.

**3.3** In the absence of the grant the Company would not be able to take forward the project and realise its growth potential.

## **4. Implications**

### **4.1 Financial**

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

- Total project costs: £1,231,790
- Grant request: £249,000
- £249,000 sought from the BIF (LGF) programme to support this project represents 20% 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 20 roles by May 2021 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**

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Other sources and references:



**Business Investment Fund Panel**

**21<sup>st</sup> March 2019**

**Investment Proposal - Company 0097**

**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 £25,000 to Company 0097.

**Thematic Priority**

Ensure new businesses receive the support they need to flourish.  
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**Freedom of Information**

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**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**

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- 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 0097 is a Sheffield based scientific services company. The Company has been selected to partner on an international contract to provide a product that has advanced materials applications.

**2.2** Company 0097 has requested BIF grant to support investment in the specialist equipment required to handle and store sensitive materials.

**2.3** Investment in Company 0097 of £25,000 will generate 1 new job by Q4 2020/2021 at a cost per job of £25,000. This is considered acceptable value for money for the LGF investment.

## **3. Consideration of alternative approaches**

**3.1** Given the low residual value of the specialist equipment Company 0097 has reduced ability to access traditional sources of finance.

**3.2** The Company would not be in a position to commit to purchase the required equipment and recruit an employee in time to take up this partner opportunity without grant support.

## **4. Implications**

### **4.1 Financial**

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

- Total project costs: £91,655
- Grant request: £25,000
- £25,000 sought from the BIF (LGF) programme to support this project represents 27% of the total investment required, which is within the GBER State Aid limit if the project falls within an Assisted Area.

### **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 1 role 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:

**Business Investment Fund Panel**

**21<sup>st</sup> March 2019**

**Investment Proposal - Company 0088**

**Purpose of Report**

The purpose of this report is to provide additional information requested in support of the proposal for a BIF (LGF) grant of £135,000 towards project costs of £492,816 to Company 0088, originally considered on 6<sup>th</sup> February 2019.

**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** Their application was considered by BIF Panel on 6<sup>th</sup> February 2019, who deferred their decision, requesting additional information regarding the Company’s property and proposed staffing arrangements.

**2.4** 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 a 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:

**Business Investment Fund Panel**

**21<sup>st</sup> March 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 March 2019

1.	<b><u>Introduction</u></b>
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.	<b><u>Programme Update - BIF</u></b>
	<p><b>BIF Allocation</b></p> <ul style="list-style-type: none"> <li>• Total programme allocation for this FY of £16,565,365.</li> <li>• 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.</li> </ul> <p>The following notes apply:</p> <ul style="list-style-type: none"> <li>o The FY19/20 and FY20/21 profiles include £3.9m and £8.4m respectively of pipeline projects that may not come to fruition.</li> <li>o The 'committed' costs (approved / contracted) for FY18/19 and 19/20 are £8.4m and £7.5m respectively.</li> <li>o The commitment of £8.4m for FY18/19 results in headroom of £8.2m against the allocation of £16.5m.</li> </ul> <p>None of the projects being put forward for approval at this meeting are forecast to draw down BIF in FY18/19.</p> <p>NB: The profile presented here has been updated since MCA papers were drafted for consultation with Leaders ahead of publication on 15<sup>th</sup> March, hence there may be minor variations in the figures reported.</p>



## Item 10 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	£8,271,607	£11,769,373	£14,154,848
BIF Allocation	£32,514	£4,768,999	£12,199,712	£16,565,365	£10,900,000	£7,533,410
Variance	£0	£0	£0	£8,293,758	-£869,373	-£6,621,438
Actual and Profile COMMITTED	£32,514	£4,768,999	£12,200,022	£8,271,607	£7,865,971	£5,747,250

### BIF Profile:

- Total BIF committed to date = £38,886,363; representing 75% of the total programme budget of £52m.
- Total active BIF pipeline to 2020/21 of c£12.3m (£4.3m indigenous & £8m inward investment projects); equating to a total programme commitment of c98%.

## 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	56	£9,037,129	£70,070,299	972	717	30kT Cargo	2	6	10	16	22
Contracts signed	46	£7,513,633	£49,656,914	733	717	30kT Cargo	1	6	7	14	18
Projects that have commenced claims	46	£6,256,357	£43,464,493	441	721.5	23.6kT Cargo	1	6	7	14	18
Projects complete	21	£1,436,137	£9,152,498	194	60.5			4	2	5	10

- Current average cost per job £5,351 including safeguarded jobs (slightly up from £5,295 in the July report)
- Average Intervention Rate 13% (same as previous report)
- Risk Monitoring: Further to approval of the Q3 claim returns a risk register detailing Red and Amber rated projects is included at Appendix 1.

## Item 10 Programme Management Report

2.2

BIF – Inward Investment Strand

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									

- Risk Monitoring: Further to approval of the Q3 claim returns a risk register detailing Red and Amber rated projects is included at Appendix 1.

2.3

BIF - Other Investments

2.3.1

The FFE and FY loan portfolios continue to perform as expected.

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

*\*No change since last report*

## Item 10 Programme Management Report

	<b>MI</b> <ul style="list-style-type: none"><li>• Average Intervention Rate across the programme remains at 17%.</li><li>• Average Cost Per Job, Jobs Created and Jobs Safeguarded combined, of £10,665.</li></ul>
	<b>RGF Accountable Body and BIF Managing Agent Delivery Team</b>  <b>Author:</b> <b>Laura Wheatley</b>