

BUSINESS GROWTH EXECUTIVE BOARD

Written Procedures supplementary information

PROJECT APPROVAL

Purpose of Report

The Business Growth Board, at its meeting on the 17th July 2019, agreed to consider Project 0098 via written procedures, and that options, in addition to the original were presented to them for consideration. The required quoracy of decisions was not achieved from members via written procedures and so the paper is returning to the Board for consideration. As part of the written procedures process the option for a grant of 5% of scheme value -grant £619,000 was confirmed as acceptable from the options presented.

Thematic Priority

Secure investment in infrastructure where it will do most to support growth.

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme. However, appendix 3 is exempt from publication under paragraph 3. Part 1, section 12a of the Local Government Act 1972.

Recommendations

The Business Growth Executive Board consider the information provided and consider:

1. Progression of Project 0098 to full approval and award of £619,000 subject to the conditions set out in the Board paper and associated annexes issued 26th July.
2. Delegate Authority to the Head of Paid Service, in conjunction with the Monitoring and Section 73 Officers, to enter into the contractual arrangements required as a result of the above approval.

1. Introduction

- 1.1** The Business Growth Thematic Board members, gave their agreement to considering Project 0098 seeking £1.238m LGF funding by written procedures, at their meeting 17th July 2019. The Board Paper was issued to Board Members (26/07/19) and published in accordance with the publication requirements for LGF. Quoracy in decisions to progress the recommendation was not achieved and therefore the paper is returning to the Board.
- 1.2** As part of the written procedures process, Members asked for the paper to include a number of options linked to the cost of the scheme, the job and salary numbers. These options were presented to Members in the paper issued. As part of this process the SCC

lead Member advised that the option for a grant of £619,000 or 5% of the scheme value would be acceptable. This paper is therefore seeking to award the grant at this level.

- 1.3 Members also raised a number of questions, on wider benefits of the schemes in addition to those tested via the assurance process. A full response to each of these questions is provided in Appendix 2 to this supplementary paper.

2. Proposal and justification

Summary of Project 0098

- 2.1 Project 0098 is a Sheffield based scheme seeking to support an inward investment opportunity to create a unique visitor experience. This inward investment scheme is closely aligned with a development, already approved, and aims to contribute to the Sheffield 'Outdoor city' strategy offer.

The grant will be matched by private sector finance up to the £12.3m total project costs. The applicant is exploring other sites in the UK and Europe, but states that they will only progress one of these in the immediate term.

- 2.2 The assurance opinion for awarding a grant of £619,000, using the additionality guidance¹ applied to all LGF schemes, is that the cost per job is £23,958. This is in the low category and is good for a scheme of this nature.

The nature of the site and the engineering solutions required add to the total costs and in considering this alongside the cost per job the scheme provides acceptable / good value for money.

The Assurance Summary is attached at **Appendix 1**.

- 2.3 It is worth noting that a reduction in grant level offered, particularly the option to award 5%, may result in the applicant deciding to not proceed with this investment here in SCR, as Sheffield is in competition with other areas.

The FBC makes clear that the return on investment on offer in Sheffield is below what the inward investor deems to be acceptable, hence the grant request. The full grant award may still be insufficient to secure this investment as it is unknown what the other European offers may be.

- 2.4 There are likely to be wider impacts beyond these measures, which are worth consideration. These include the strategic fit and how this scheme may complement the wider SCC "Outdoor City" objective, the uniqueness of this proposal within the country and softer measures including additional spend in the visitor economy as a consequence of the development.

The benefits of the scheme beyond jobs and GVA is detailed in full in Appendix 1 in the response to questions asked by Members.

3. Consideration of alternative approaches

- 3.1 Members of the Business Growth Board were presentation with alternative options for award of a higher level of grant, these have been discounted.

4. Implications

¹ The additionality guidelines allow us to account for key factors like what would happen without the grant (deadweight), how this investment could impact on other economic activity in the area (displacement), and how much of the impact will leak outside the area (leakage).

4.1 Financial

The financial implications of this scheme are to award a grant to Company 0098 and in conjunction enter into an agreement with SCC for repayment of up to 50% of the grant, in accordance with the policy for inward investment grants.

4.2 Legal

The legal implications of each project have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed by the Appraisal Panel as presented in the supporting information. The two agreements with the inward investor and the sponsoring Local Authority will be entered into simultaneously.

4.3 Risk Management

A reduced grant offer carries the risks that the development may not go ahead as planned. There is still competition from a site in the UK and a further three potential sites in Europe and so there are risks beyond the allocation of the grant to securing the scheme.

4.4 Equality, Diversity and Social Inclusion

This scheme will create a number and range of employment opportunities, including entry level vacancies and the company is committed to apprenticeship opportunities.

5. Communications

- 5.1 The approval of the business case presents an opportunity for positive communications; officers from the SCR Executive Team will work with the relevant local authority officers on joint communications activity.

6. Appendices/Annexes

- 6.1 Appendix 1 – Appraisal Panel Summary
Appendix 2 - Summary of responses to member questions regarding the scheme

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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: