

1 – SCHEME DETAILS

Project Name	South Yorkshire Innovation Programme (SYIP)	Type of funding	Grant
Grant Recipient	Sheffield Hallam University	Total Scheme Cost	£4,134,225
MCA Executive Board	MCA	MCA Funding	£3,000,000
Programme name	Gainshare (RAP)	% MCA Allocation	72.5%
Current Gateway Stage	FBC	MCA Development costs	£177,318
		% of total MCA allocation	6%

2 – PROJECT DESCRIPTION

Is it clear what the MCA is being asked to fund?

It is clear that the project aims to create a South Yorkshire innovation Programme. The purpose of SYIP is to increase the number of innovation active businesses and encourage development of the regional innovation eco-system through access to high-quality innovation support.

The SYIP will be led by SHU and delivered by a consortium consisting University of Sheffield, BMBC and SYMCA and will consist of number of strands of activity/focus.

The SYIP will build upon the success of the previous Sheffield Innovation Programme (SIP) and Digital Innovation for Growth (DifG) (ERDF funded) programmes but new approaches will be implemented which will further enhance what is already known to have been successful.

The applicant has provided a detailed breakdown of the activities that the project will fund and the resources that will be employed and it is clear what the MCA is funding.

In addition to the MCA grant, £1,134,225 Match funding will be provided made up of: SHU (£173,650), TUoS (£114,925), BMBC (£204,983) and beneficiary companies (£640,667).

3. STRATEGIC CASE

Options assessment

Is there a clear rationale for the selection of short-listed options and the choice of the Preferred Way Forward?

The case for change is made by the evidence of a number of studies which show that South Yorkshire lags behind the UK and other comparable cities on a number economic measures such as

- Higher CO2 emissions
- Lower applications for patents trademarks & designs
- Lower density of businesses
- Lower spend on R&D
- Higher levels of unemployment.

All of these factors drive the economic prosperity of a region and the project seeks to simulate innovation and increase economic growth.

Businesses in South Yorkshire would not have the resources to commission this significant level of R&D activity, because of which a significant proportion of companies in SY would not be able to respond to new market and supply chain opportunities.

Evidence also suggests that a culture of Innovation is not embedded in the SY SME business base, and local take up of Innovate UK products by business is low. A lack of private investment points to a market failure of interest and adoption of innovation as a business growth mechanism. SYIP provides both infrastructure and a coherent approach to support business in addressing these low levels of innovation in South Yorkshire experience and provides a significant opportunity to raise awareness of innovation as a business growth tool in a joined-up manner. This would not be possible without public funding.

The options set out are based on differing levels of resource/intervention from the do minimum being the establishment of a working board to the higher cost option including additional funding on top of the Preferred Option(PO) to provide a grant funding mechanism (as opposed the grant sign-posting in the PO). The PO will

- Carry forward the successful elements from previous EU funded innovation programmes (SIP & DIFG)
- Deliver a range of interventions to drive innovation including the introduction of a call off framework.
- Introduce innovation models and systems that will facilitate greater connectivity across the business support ecosystem in ways that align with the long-term ambition for South Yorkshire.

The FBC provides a strong argument as to why the PO would deliver the key objectives compared to the Do Minimum but not as clear as to why that specific mix of resources and methodology has been determined compared to other alternative models but given that it is based on the learning experience of previous programs then there would seem to be a rationale to it.

<p><i>Statutory requirements and adverse consequences</i></p>	<p><i>Does the scheme have any Statutory Requirements?</i> The project does not have any statutory requirements. The response that the applicant has provided attempts to show alignment with the SEP and Plan for Good Growth.</p> <p><i>Are there any adverse consequences that are unresolved by the scheme promoter?</i> The applicant has considered the dependencies of the project to fully deliver the aspirations in terms of buy-in of the LA's and UoS and adoption of the model of delivery (letters of support are being sought from these parties). The success will also be dependent on the successful linking of business to other funding sources. Given the 2-year delivery and funding timeframe, a post project succession plan will need to be developed.</p>	
<p><i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i></p>	<p>The applicant has provided a very full response to show how the project will qualitatively contribute to all of the themes and impact areas. It would have benefited from being more concise and where appropriate including quantitative measures that the project will contribute based on the objectives of the project.</p>	
<p>4. VALUE FOR MONEY</p>		
<p>Monetised Benefits:</p>		
<p>VFM Indicator</p>	<p>Value</p>	<p>R/A/G</p>
<p><i>Net Present Social Value (£)</i></p>	<p>£29,581k</p>	
<p><i>Benefit Cost Ratio / GVA per £1 of SYMCA Investment</i></p>	<p>9.5 of total public sector funding</p>	
<p><i>Cost per Job</i></p>		
<p>Non-Monetised Benefits:</p>		
<p><i>Non-Quantified Benefits</i></p>	<p>Social Value Support of innovation in the business base will drive productivity and wealth creation and will have a long term positive social and economic effect on the region. SYIP will also proactively engage with Social Enterprises and employee-owned businesses as part of the client base.</p> <p>Wider Impacts SYIP recognises the importance of culture and the role that it can play in helping to ensure that our approach to innovation will be aligned to this objective. SYIP will proactively engage with key stakeholders in this space, not least OPUS, to create an innovation ecosystem that leverages the unique strengths of South Yorkshire and its communities.</p> <p>Skills Whereas SYIP is not a 'skills' programme, it will increase skill levels. In the main this will be via knowledge diffusion as opposed to recognised forms of accreditation.</p>	

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Value for Money Statement

Taking consideration of the monetised and non-monetised benefits and costs, and the uncertainties, does the scheme represent value for money?

The methodology used to calculate the benefits is quite simplistic and assumes that the range of Return on Investment(ROI) from previous schemes can be replicated on this project. The ROI is derived from the conversion of hours of interaction/support for businesses to jobs growth those jobs are then multiplied by the GVA per filled job for the region. The GVA is then divided by the costs of the project to give a ROI.

The figures provided are expressed in current/cash terms but given that benefits are likely to be delivered over future years then if presented as discounted present values may reduce the BCR. There has not been allowance made for displacement/additionality in the growth in jobs and there has not been any sensitivity analysis carried. However, given those limitations, the BCR as calculated is 9.5 which would put it in the very high VFM category and so there would need to be a significant reduction in the benefits for this to fall below a BCR of 1. The project therefor does represent value for money.

5. RISK

What are the most significant risks and is there evidence that these risks are being mitigated?

No.	Risk	Likelihood (High, Med, Low)	Impact (High, Med, Low)	Mitigation	Owner
1	The high number of outputs: Regional businesses do not engage, leading to under achievement.	Low	High	An integrated programme of Business support delivered by innovation advisers, a programme of workshops with multiple themes tailored to individual company needs, and intensive delivery from two business engaged institutions in the region in partnership with the Local Authorities and Chambers supported by a programme of events gives a strong platform for success and several levels of engagement and contingency.	Joint Project Board
2	Failure to secure additional match from beneficiaries	Medium	Low	SIP and DIFG did not seek match from beneficiaries as a rule and so the introduction of this element is new. However, beneficiaries are well used to contributing towards project costs where grants are involved, such as Productivity Grants, and KTPs etc, so we are confident that in some circumstances we will be able to leverage additional match.	Joint Project Board
3	The Universities lack required capacity or expertise, leading	Low	Medium	The universities have extensive expertise in areas relevant to target sectors and academic time will be 'bought-out' through the project. Both universities are mindful of the risk that key academics relevant to these target sectors might	Joint Project Board

	to failure to deliver engagements required.			leave their respective institutions during the programme, however forward planning and succession plans will be implemented to ensure that there is sufficient depth to support continued engagement. The wider networks via the MCA and the LA's will also be able to provide referral support as required.	
4	Delays to project milestones.	Low	Medium	The intended project management team are experienced in successfully delivering projects such as this. Experience includes the previous SIP and DIFG programmes.	Joint Project Board
5	University funding landscape leads to delivery disruption as services are reorganised	Medium	Low	The proposed project will be appraised following the SHU restructure activity ensuring that project resource remains available	SHU

Do the significant risks require any contract conditions? (e.g. clawback on outcomes)

Claw back on achievement of outputs.

Are there any significant risks associated with securing the full funding for the scheme?

In addition to MCA grant funding match funding is being provided by UoS and BMBC letters of support/funding agreements are not yet in place meaning some degree of risk. In addition, businesses that participate in the programme will be expected to provide a contribution to the cost. This will be tiered based on the size of the organisation. This is a usual practice for similar types of support schemes. Whilst this does not present a financial risk as if businesses aren't able to pay the match they will not be included in the programme, it does represent a risk to the outputs/outcomes if this is a barrier to entry into the programme.

Are there any key risks that need to be highlighted in relation to the procurement strategy?

The sub-contract arrangements with the delivery partners is yet to be complete.

6. DELIVERY

Is the timetable for delivery reasonable?

The project is based on a 2-year delivery programme which is reasonable.

Is the procurement strategy clear with defined milestones?

The FBC sets out the methodology for the engagement of the delivery partners via sub-contracts. It says that open procurement will not be required but through clarification the applicant has acknowledged that with regard to the framework of advisors to be established that all activity will be managed via SHU's well established procurement processes. This is reasonable.

What is the level of cost certainty and is this sufficient at this stage of the assurance process? Has the promotor confirmed they will cover any cost overruns?

The level of costs certainty is 95% which is appropriate for this stage of the project and is supported by a detailed project budget which is based on direct experience of resourcing similar projects.

No cost overruns are anticipated as project delivery can be altered according to the spend profile. There is no allocation for risk as costs are based largely on known staff costs.

Has the promoter demonstrated clear project governance and identified the SRO? Has the SRO or other appropriate Officer signed of this business case?

There is a very clear governance structure set out with clear details of the roles of and membership of a number of groups within the programme and reporting into the SMCA Growth Working Group. The SRO has been identified who is the Head of Innovation Services. The FBC has not been signed.

Has public consultation taken place and if so, is there public support for the scheme?

Public consultation for this project is not required. The applicant has detailed the consultation with the UoS and Local Authority key personnel and also with other key organisations providing support in the industry. Letter of Support would enhance this section.

Are monitoring and evaluation procedures in place?

M&E procedures are in place with project dashboards being maintained on a day-to-day basis by the project team to track key metrics. Interim (after 1 year) and summative assessments (2 years) will be commissioned to provide an external review of performance against targets, measure the nature of the programme's impacts, measure value for money that has been achieved.

7. LEGAL

Has the scheme considered Subsidy Control compliance or does the promoter still need to seek legal advice?

The project has fully considered Subsidy Control and is of the view that the funding to the University and other delivery partners will be used for activities that are knowledge transfer activities where the ultimate beneficiaries of the funding are the downstream participants. Therefore, this does not meet the test for a subsidy as the delivery partners will not be acting as "enterprises" undertaking economic activity and nor will they gain any economic advantage from the funding.

Where Beneficiaries of the project who benefit from the knowledge transfer activities may be in receipt of a subsidy, SYIP will ensure that the benefit they receive through the project falls within the scope of permissible Minimum Financial Assistance under the Subsidy Control Act. Upon applying for the Programme, businesses will be asked to detail any State Aid they have received within the past 3 financial years.

This assessment is appropriate.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Approval of FBC and grant funding of £3,000,000
Payment Basis	Defrayal
Conditions of Award (including clawback clauses)	

Conditions Prior to approval of FBC:

- Revised signed FBC incorporating agreed corrections/clarifications.
- Letters of support from University of Sheffield and Barnsley MBC

The following conditions must be satisfied before contract execution.

- Confirmation of sub-contracts in place with relevant delivery partners.

The conditions above should be fully satisfied by 31.12.2024 Failure to do so could lead to the withdrawal of approval.

The following conditions must be satisfied before drawdown of funding.

- Evidence of Match funding agreements with Sheffield Hallam University, University of Sheffield and Barnsley MBC.