

BUSINESS GROWTH BOARD

23rd October 2019

BUSINESS INVESTMENT FUND (BIF) APPROVALS

Purpose of Report

This paper requests approval for 14 Business Investment Fund schemes with a total value of £881,397 and seeks delegated authority be given to the head of Paid Service in consultation with the s73 and Monitoring Officer to enter into legal agreements for the schemes.

Freedom of Information

This paper will be available under the Combined Authority Publication Scheme however, appendices A to O are exempt from publication under paragraph 3, part 1, section 12A of the Local Government Act 1972.

Recommendations

Appraisal Panel members are asked to consider and recommend for approval:

1. Award of £96k grant to Company 28c subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix A
2. Award of £74k grant to Company 37c subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix B
3. Award of £50k grant to Company 38 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix C
4. Award of £30k grant to Company 42 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix D
5. Award of £50k grant to Company 52 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix E
6. Award of £30k grant to Company 53 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix F
7. Award of £29k grant to Company 08 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix G
8. Award of £80k grant to Company 10 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix H
9. Award of £45k grant to Company 12 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix I
10. Award of £30k grant to Company 15 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix J
11. Award of £80k grant to Company 18 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix K
12. Award of £100k grant to Company 23 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix L
13. Award of £100k grant to Company 35 subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix M.
14. Award of £85,000 grant to Company 0104 subject to the conditions set out in the Appraisal Panel Summary table attached at Appendix N
15. Delegated authority be given to the Head of Paid Service in consultation with the s73 and Monitoring Officer to enter into legal agreements for the schemes covered in 1-14 above.

1. Introduction

- 1.1 The Business Investment Fund (BIF) was approved by the Combined Authority in June 2015, is an up to £52million SCR Local Growth Fund Scheme to:
- i. support investment in indigenous companies where there is a demonstrable case for grant
 - ii. support significant inward investment into the Sheffield City Region.
- 1.2 In March the LEP Board approved the creation of two new categories within the Business Investment Fund – Productivity Challenge (PC) and Made Smarter (MS). With these new categories' SCR Executive undertook a time-limited competitive call and proactively encouraged relevant indigenous SMEs to apply for capital investment in support of their productivity or digital innovation projects.

£1million was earmarked for each of the categories. Businesses could apply for funding in the range of £25k to £100k for the Productivity Challenge and £25k to £50k for Made Smarter, with a maximum grant of 50% of project costs matched by business.

2. Proposal and justification

2.1 Made Smarter and Productivity Challenge

Company 28c – (Appendix A) is a company that supplies pure metals and recycles superalloy revert, sorting, testing, processing and certifying for re-use. The company is seeking a grant of £96,372 to automate the testing process of small pieces or components to allow for better recovery of valuable materials and purchase new equipment to increase productivity. The project estimates that it will create between 3 and 5 new jobs.

Company 37c (Appendix B) is a company which company operates in the traditional manufacturing sector. The company is seeking a grant of £74,455 in total. This is to install a semi-automatic arm robot cell which would allow increased production volumes and install sensors and updated systems to allow rapid responses to production or downtime issues. The company estimates it will create 8 FTE's by 2021.

2.2 Made Smarter only

Company 38 (Appendix C) is a company which provides specialist service and maintenance teams with mechanical handling knowledge to support clients for the long-term stability of their systems. The company is seeking a grant of £50,000 to develop an all-in-one, remote software and hardware condition monitoring solution, cost-effectively managing and maintaining clients' assets, and requires support to fast track commercialisation. The project is estimated to create 5 FTE's by 2020.

Company 42 (Appendix D) is a company which is involved in the first stage machining of high temperature/corrosion resistant alloys which are used within the oil/gas and aerospace industries. The company is seeking a grant of £30,000 towards fitting existing machines with more modern control systems to enable quicker and easier programming / set up and to enable the company to tackle more complex jobs more efficiently. The project is estimated to create between 1 and 2 FTE's by 2020.

Company 52 (Appendix E) is a company that manufactures high end windows and doors, selling primarily to other window fabricators, installers and trade customers on a supply only basis. The company is seeking a grant of £50,000 to automate elements of production and introduce new digital to improve interaction with customers. The project is estimated to create 5 FTE's by 2021.

Company 53 (Appendix F) is a company that designs, develops and manufactures a wide range of components and finished products using in-house powder coating, CNC machining and assembly facilities, with finishing, design and prototyping capabilities. The company is seeking a grant of £30,000 to introduce a fully integrated ERP system across

all seven manufacturing process areas within the business. The project is estimated to create 5 FTE's by 2022.

2.4 Productivity Challenge only

Company 08 (Appendix G) is a technical distribution company for a wide range of sensors and instrumentation. The company is seeking a grant of £29,136 to create a vibration test facility for the calibration of accelerometers and transducers, providing the ability to test and calibrate sensors directly in the UK in-house. The project is estimated to result in a 42% increase in productivity, with GVA per worker forecast to increase from £50,335 to £71,429, and creation of 1 FTE by 2020.

Company 10 (Appendix H) is a manufacturing, product developing, distribution and marketing company, with a globally recognised audio brand within the Audio industry. The company is seeking a grant of £80,315 towards the purchase of 2 CNC machines, 1 studio machine, two 3D printers, building modifications and compressed air electrical installations to leverage the expertise within the company and provide a solution to the existing and growing demand from the global market. The project is estimated to result in a 95% increase in productivity, with GVA per worker forecast to increase from £29,694 to £58,030, and creation of 7 FTE's by 2020.

Company 12 (Appendix I) is a company that manufactures environmental products to be used in the construction / spill industry. The company is seeking a grant of £45,479 towards the purchase of a new textile laminator machine to allow production of bespoke sizes of the product to meet different market requirements. The project is estimated to result in a 30% increase in productivity, with GVA per worker forecast to increase from £112,500 to £145,833, and creation of 2 FTE's by 2020.

Company 15 (Appendix J) is a company that provides IT solutions and support to SME's and charitable organisations. The company is seeking a grant of £30,640 to develop software and integrated tools to assess and manage client infrastructure, to improve client service, productivity, management reporting, process automation and streamlining of other software to reduce cost. The project is estimated to result in an 85% increase in productivity, with GVA per worker forecast to increase from £22,659 to £42,000, safeguarding of 4 FTE's and creation of 2 new FTE's by 2021.

Company 18 (Appendix K) is a company that supplies slurry and submersible pumps to the mining and quarrying industry. It has recently invested a considerable amount in its engineering ability and redesign to improve customer experience, reduce weight and speed up the production process. The company is seeking a grant of £80,000 towards the purchase of laser cutting and welding equipment which enables the set-up of a full end-to-end manufacturing facility. The project is estimated to result in a 16% increase in productivity, with GVA per worker forecast to increase from £94,692 to £110,000, and creation of 2 FTE's by 2020.

Company 23 (Appendix L) is a company that manufactures self-adhesive labels, mainly sold via brokers, and is developing a new technology to manufacture short run pouches and sachets. The company is seeking a grant of £100,000 towards construction of an extension to the existing factory to house digital print and finishing machinery. The project has been estimated to result in a 36% increase in productivity, with GVA per worker forecast to increase from £36,686 to £50,061, and creation of 4 FTE's by 2020.

Company 35 (Appendix M) is a company that operates in the Transport Equipment Manufacturing sector, specialising in electric vehicles with fully electric systems, providing the components, software, and vehicle integration abilities. The company is seeking a grant of £100,000 to fund reorganisation of the electrical and mechanical assembly areas to enable a ramp up in production output and efficiencies. The project has been estimated to result in a 137% increase in productivity, with GVA per worker forecast to increase from £29,850 to £70,748, and creation of 24 FTE's by 2020.

2.5 BIF Indigenous

Company 0104 application (Appendix N.)

Company 0104 is an environmental print business who would like to expand and purchase new machinery. The project is estimated to deliver 10 gross and 4 net additional full time equivalent (FTE) jobs, representing an LGF cost per net additional job of £20,988. The 4 net additional jobs will yield additional GVA of circa £1.4m (present value) over ten years, which equates to a return of £16.97 for every £1 of LGF investment. The project is therefore considered to provide acceptable value for money.

3. Consideration of alternative approaches

- 3.1 All scheme assurance is undertaken to comply with the approved Assurance Framework of the LEP / MCA.

4. Implications

4.1 Financial

The Made Smart and Productivity Challenge projects recommended for approval total £796,397. Alongside the £85,000 BIF scheme in Appendix N a total of £881,397 is recommended for approval through BIF.

4.2 Legal

All approvals will be subject to a standard funding agreement, to include any scheme specific conditions as appropriate. These will be issued and managed by the SCR MCA in accordance with the approved terms and conditions.

4.3 Risk Management

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

4.4 Equality, Diversity and Social Inclusion

By increasing profitability the applicant organisations may safeguard current roles and are creating new jobs which supports more opportunities for residents within the SCR area. Conditions of grant can include working with local suppliers and delivering apprenticeships.

5. Communications

- 5.1 Proactive communications materials will be released, including an online news story, social media and a press release, following the Business Growth Board meeting. There may also be opportunities to use businesses who have received these grants as case studies for future communications work. All communications for LGF must comply with national government branding guidance as a condition of contract award.

6. Appendices/Annexes

- 6.1 Appendix A Company 28c; Appendix B Company 37c; Appendix C Company 38; Appendix D Company 42; Appendix E Company 52; Appendix F Company 53; Appendix G Company 08; Appendix H Company 10; Appendix I Company 12; Appendix J Company 15; Appendix K Company 18; Appendix L Company 23; Appendix M Company 35; Appendix N Company 0104;

REPORT AUTHOR POST

Carl Howard
Senior Programme Manager
Officer responsible Ruth Adams
Organisation **Sheffield City Region**
Email Ruth.adams@sheffieldcityregion.org.uk
Telephone **0114 220 3442**

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