

4th November 2019

Local Growth Fund (LGF) Scheme Acceptance

Purpose of Report

This paper requests the LEP Board accept a project onto the LGF Programme in order to develop a Full Business Case for further consideration.

Thematic Priority

Attract investment from other parts of the UK and overseas and improve our brand.

Freedom of Information and Schedule 12A of the Local Government Act 1972

The paper will be available under the SCR Publication Scheme

Recommendations

LEP Board are asked to

1. Approve 'Project Chorus' onto the LGF Programme

1. Introduction

- 1.1** Board Members were advised in the LGF update paper presented at the 9th September Board that Statutory Officers had temporarily closed the open call for new schemes until a decision has been reached on the process for resolving the over-programming. This report advised Members that the LEP Board may wish to reserve the right to accept schemes in the case of an exceptional inward investment application.
- 1.2** This paper requests acceptance onto the LGF Programme of an inward investment scheme with a total value of £8m. If approved the project will progress through the Business Planning process and be presented for a decision for grant funding at the Mayoral Combined Authority. This has been positively endorsed by the Business Growth Board at 23rd October.

2. Proposal and justification

2.1 Project Chorus

Project Chorus is a company who are initially seeking to establish a research and development facility to develop the next generation of antennae for satellite control systems. This will create c358 mostly high value jobs.

The second phase will establish a manufacturing facility in the city region, creating a wide range of additional jobs.

The project significantly complements the expertise at the AMRC and is a globally significant development which will deliver opportunities in the supply chain for local businesses.

The total value of the R&D phase is £18m with a LGF grant requested of £8m.

If approved by the LEP and the MCA the company has identified temporary premises and could commence operations in the city region as early as January 2020.

This investment has been assessed at the strategic case and represents good value for money this will be enhanced when the manufacturing facility is delivered.

The recommendation is that this meets the criteria of an exceptional inward investment and should be accepted into the pipeline.

3. Consideration of alternative approaches

- 3.1** Defer the scheme until additional funding is secured – this has been discounted as the scheme would be lost to SCR. The phasing of the scheme and responding to the time sensitivity of the scheme offers the best opportunity to secure the investment in the city region.
- 3.2** Defer the scheme until the manufacturing phase has gone through the business planning process – This has been discounted as the imperative is to operationalise the first phase quickly. A safeguard has been considered and discussed with the Project which if approved by the MCA would tie a proportion of the grant in phase 1 to the manufacturing facility locating in the city region.

4. Implications

4.1 Financial

The scheme is seeking an LGF contribution of £8m.

4.2 Legal

The Project Chorus scheme may look to deliver their activity under the R&D elements of the General Block Exemption State Aid Regulation. Legal implications of both schemes will be considered as the business cases develop, and any conditions will be presented to the MCA as part of the approvals paper process.

4.3 Risk Management

A risk of the second phase manufacturing project not locating in SCR can be partially managed by linking an element of the grant in the first phase to the development of the second phase.

4.4 Equality, Diversity and Social Inclusion

The principles of equality, diversity and social inclusion are built into the application process of individual projects and continue to be considered and addressed by all applications.

5. Communications

- 5.1** This scheme is currently covered by an NDA agreement and so communications are being closely managed at this stage.

6. Appendices/Annexes

- 6.1** None

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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: