

11th March 2021

Businesses Pipeline Development and Selection

Purpose of Report

The report recommends selection of 13 identified schemes onto the pipeline in order that Business Cases may be developed

Thematic Priority

1. Ensure new businesses receive the support they need to flourish.
2. Facilitate and proactively support growth amongst existing firms.
3. Attract investment from other parts of the UK and overseas and improve our brand.
4. Increase sales of SCR's goods and services to other parts of the UK and abroad.

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

The paper is available under the MCA Publication Scheme.

Recommendations

1. The Board notes the update on the on-going development of the business pipeline
2. The Board accepts the schemes detailed in section 2.1 – 2.6 and Appendix A of this report to the programme pipeline, noting that projects will only be supported if future funding is received and assurance requirements are met.

1. Introduction

- 1.1** Since 2014 the LEP has invested £46.8m in business support primarily through LGF. This has made a significant difference to our businesses and residents in terms of increased job creation, income and wellbeing.

As at Q4 2019/20 the £46.8m fund has achieved the following:

- Direct jobs created or safeguarded = 2,827 (cost per job of £16,554.65)
- Private sector leverage = £92.1m

Despite these successes, evidence shows that the region continues to underperform on many indicators and our relative position has not materially improved.

- 1.2** An initial priority of 37 projects have been identified for pipeline development with the potential for more than 7,000 direct jobs being created. The public funding required for these schemes is significant and will be in the region £171m but would leverage in around £900m of private sector investment.
- 1.3** On 14th January 2021 a paper was presented to the board detailing the on-going engagement work with businesses and requesting entry onto the pipeline for 13 projects.

2. Proposal and justification

2.1 This paper seeks approval for an additional 13 projects to be entered onto the pipeline.

2.2 Work is being undertaken in close dialogue with these businesses to develop strategic business cases required to fulfil the requirements of submitting a funding application, enabling these growth projects to be “oven-ready” for consideration for public funding. Most of these have confidentiality requirements due to non-disclosure agreements being in place to protect commercial sensitivities.

Appendix A presents a list of the schemes anonymised.

2.3 Schemes selected represent both inward investment and the growth of indigenous businesses. Of the schemes 61% are new to the region with the rest being indigenous. These 13 projects are likely to need in the region of £73m public investment to realise c£400m of private investment. These projects combined will create 1445 jobs.

2.4 The businesses operate across the spectrum in the Digital, Energy, Advanced Manufacturing, Scientific Research, Retail and the Logistics sectors.

2.5 At this stage there is not a commitment to fund any of the projects as this is dependent upon the emerging business cases, and the availability of funding.

3. Consideration of alternative approaches

3.1 Business as Usual

Business as usual would involve the existing reactive posture as opposed to pro-actively identifying businesses with the ability to scale up and locate in the region.

It is likely an element of the business as usual programme can and should continue as it remains a priority to consider a range of financial interventions to assist businesses to adopt more innovative products or processes.

A business as usual approach on its own will not lead to the transformation required in the economy and is unlikely to lever the wider outcomes associated with a co-investment deal including the inclusion and sustainability outcomes.

3.2 Prioritise work with out of area new investment only

Whilst it remains a priority to market to national and international businesses, solely relying on generating enquiries from national and international companies that will be new to the UK, is a high- risk strategy.

4. Implications

4.1 Financial

There have been some costs associated with supporting the development work of business cases for these investments. At this stage there is not a commitment to fund any of the projects as this is dependent upon the emerging business cases, and the availability of funding.

4.2 Legal

These projects have confidentiality requirements due to non-disclosure agreements being in place to protect commercial sensitivities. Some of the potential investment may require detailed due diligence and legal work before any recommendation to support could be considered.

4.3 Risk Management

By proactively engaging with businesses and potential investment opportunities and taking a pre-emptive approach to funding being available from March 2021 to extend/replace LGF, this supports the mitigating the risk of local innovative business relocating outside of the City region to get greater support.

4.4 Equality, Diversity and Social Inclusion

The premise of the engagement is based upon a deal where greater social value is negotiated and the business commits to supporting local supply chains, local labour market, training and taking on apprenticeships, for example. These indicators are being defined as part of the work on the economic plan.

5. Communications

- 5.1** Currently all developments are at the exploratory stage and covered by Non-disclosure agreements. Communications will be jointly progressed in the future with the businesses and government if there is the potential for a significant investment deal to be realised.

6. Appendices/Annexes

- 6.1** Appendix A – Business Development Pipeline Summary

REPORT AUTHOR	Sue Sykes
POST	AD – Programme and Performance
Officer responsible	Dave Smith
Organisation	MCA Executive
Email	Dave.Smith@sheffieldcityregion.org.uk
Telephone	0114 220 3400

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

Other sources and references: