

**25 March 2021**

**Projects Considered by the March LEP Board Meeting for Acceptance on to the Pipeline for Future Funding**

**Purpose of Report**

This report seeks to provide BRGB members with an update on the significant investment opportunities that have been identified from LEP led business engagement. 13 identified schemes were considered by the LEP Board at their March meeting to go onto the pipeline in order that Business Cases may be developed for approval by this board or the MCA

**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**

A – the paper will be available under the Combined Authority Publication Scheme

**Recommendations**

1. The board acknowledge the investment projects that were accepted onto the pipeline by the LEP board in March.
2. An agreement is reached to allow officers to progress all the projects to Strategic Business Case, ready for when funding is in place to achieve the investment for South Yorkshire.
3. The board have the opportunity to discuss the types of projects they would like to see coming forward onto the pipeline.

**1. Introduction**

- 1.1** An agreed action from the January meeting of the BRGB is for the International Hub team to provide regular updates on the pipeline of projects that are seeking financial support either via a grant or loan.
- 1.2** This report updates the Board with the decisions of the LEP Board meeting in March.
- 1.3** To-date, discussions have taken place with 65 businesses. These consist of a mix of old industry, new digital and technology businesses, locally owner managed as well as multinational companies at different stages of maturity.

## 2. Proposal and justification

- 2.1** The LEP Board considered 13 projects to be added to the pipeline at their March meeting for future funding when it becomes available.
- 2.2** These 13 projects could have an immediate impact: These 13 projects are likely to need in the region of £74m public investment to realise c£500 m of private investment and create c 1445 jobs. 8 would be new investors to the region and 5 are indigenous companies with expansion plans.
- 2.3** It is planned to take further cohorts of projects to the June LEP Board meeting. This will be a regular item at the meetings of the LEP Board and this board.
- 2.4** Of the potential inward investors, 5 have yet to settle on a location within the city region which creates an opportunity to influence their decision. These schemes have been identified in collaboration with Local Authority Partners, The LEP Chair and the on-going work of the Trade and Investment team.
- 2.5** The businesses operate in advanced manufacturing and logistics. Investment would return quality jobs to the region: 80% of jobs are at a high level with 30% at Skills Level 5+, 30% Level 4, and 40% Level 3.
- 2.6** This investment would further support the LEP in leveraging a level of influence in the board rooms of businesses who, to date, have not had a reason to engage with the LEP, or were sceptical of the benefits of such engagement. Through this approach, there is an opportunity to co-design interventions and investments with businesses, thereby ensuring that the policy objectives of the new economic plan (growth, inclusion and sustainability) are being delivered. This includes the introduction of agreements to deliver social value returns from the business in return for public investment.
- 2.7** 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 nondisclosure agreements being in place to protect commercial sensitivities.

Appendix A presents a list of the schemes anonymised.

- 2.8** The LEP Chair has commenced a programme of briefing the co-chairs of this Board with details of the projects.

## 3. Consideration of alternative approaches

### 3.1 Business as Usual

Business as usual would involve the existing reactive posture as opposed to proactively 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**

Many of these projects are covered by Non- Disclosure Agreements (NDAs) which have been entered by the MCA. These restrict our ability to share the names and details of the companies and their investment plans with both Board members and Local Authority partners.

A separate paper setting out a recommended proposed way forward will be submitted to the Board for approval.

There are no other legal implications associated with this report, however, 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.

There is a risk that if we are unable to make decisions on funding support by Q1 of 2021 some investment opportunities will be lost to the region.

An additional risk concerns the availability of suitable sites with enough power to meet the demands of new companies to the region. The region and indeed Yorkshire is running out of supply of suitably developed sites. Some of the new companies are planning to be operational in this financial year and therefore cannot wait for design and build options or for speculative developments to be brought forward by developers.

### **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 Nondisclosure 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: Projects for acceptance on to the pipeline for future funding at the LEP Board March 2021

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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: