

## Local Enterprise Partnership

01 July 2021

## Business Development Pipeline

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<b>Is the paper exempt from the press and public?</b>	No
<b>Purpose of this report:</b>	Policy Decision
<b>Funding Stream:</b>	Not applicable
<b>Is this a Key Decision?</b>	No
<b>Has it been included on the Forward Plan?</b>	Not a Key Decision

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### **Director Approving Submission of the Report:**

Gareth Sutton, Chief Finance Officer/s73 Officer

### **Report Author(s):**

Sue Sykes

Sue.sykes@sheffieldcityregion.org.uk

### **Executive Summary:**

The report recommends selection of 3 identified schemes onto the pipeline in order that Business Cases may be developed

### **What does this mean for businesses, people and places in South Yorkshire?**

The Business Development Pipeline has been created to afford the LEP and the MCA the opportunity to assess and appraise potential opportunities to use public funding to support private business investment.

Where opportunities are in alignment with the SEP and RAP, provide value-for-money and are affordable, there is the potential to use public money to leverage private sector investment into South Yorkshire supporting the creation of good, well paid jobs and priming business growth.

### **Recommendations:**

The Board accepts the schemes detailed in 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

### **Consideration by any other Board, Committee, Assurance or Advisory Panel**

## 1. Background

- 1.1 Since its inception the LEP has recognised the potential to use public funding to create more and better paid jobs whilst supporting the advancement of the Strategic Economic Plan through investment into business.
- 1.2 Using its Local Growth Fund monies the LEP, through the MCA, has to-date invested c. £47m into businesses across South Yorkshire and the wider city region, creating or safeguarding close to three thousand jobs and leveraging private sector investment of over £92m into the region.
- 1.3 Whilst the pandemic continues to impact upon the local economy, investment opportunities continue to emerge. Building upon its initial success whilst recognising the step-change required to meet the pandemic challenge, the LEP has previously approved the adoption of a more targeted approach to its business investment activity.
- 1.4 Led by the LEP Chair, a programme of engagement with businesses (both indigenous companies and potential inward investors) has taken place, engaging with the highest levels of leadership in these businesses to identify and develop opportunities.
- 1.5 To-date this activity has led to the development of a pipeline of propositions worth £132m from 27 businesses. Work has been undertaken to develop business cases for a number of proposals, with projects progressing through the MCA's assurance processes.
- 1.6 This report seeks approval from the LEP for the addition of a further three schemes onto the pipeline. Adoption onto the pipeline will allow for business cases to be developed and assurance processes to be undertaken but does not guarantee future funding.

## 2. Key Issues

- 2.1 This report seeks the adoption of three new investment propositions onto the Business Development Pipeline.
- 2.2 All three schemes relate to existing South Yorkshire companies that are seeking to grow and are cumulatively offering the potential for 200 new jobs, leveraging private sector investment of over £100m.
- 2.3 Two proposals are within the cultural and digital industry sector with the third being an advanced manufacturing proposition and at the pre-business case stage all proposals appear well aligned to the desire to support the creation of well-paid jobs.
- 2.4 To achieve this growth the businesses are seeking cumulative investment of £11.6m, at an average cost per job of £67k. Further information on the proposals are presented as an appendix.

2.5 Adoption of these schemes onto the pipeline will allow for the development of business cases and for associated assurance processes to be undertaken. Whilst business cases will be developed by businesses with support from MCA officers, the costs of the assurance process will be met by the MCA from existing resource.

2.6 Adoption of the schemes onto the pipeline does represent a guarantee of funding. To secure funding proposals will need pass through the MCA's assurance processes and a funding source be identified.

### **3. Options Considered and Recommended Proposal**

#### **3.1 Option 1**

Adopt the three proposed schemes onto the Business Development Pipeline.

#### **3.2 Option 1 Risks and Mitigations**

Adoption of the proposals onto the pipeline does not present any additional risks. The costs to the MCA/LEP of appraising schemes can be met from existing resource.

#### **3.3 Option 2**

The proposed adoption of the three schemes could be rejected.

#### **3.4 Option 2 Risks and Mitigations**

Rejection of the proposed schemes could mean that the proposed investment is either not undertaken, or not undertaken within the region. Rejecting the adoption of the schemes onto the pipeline would preclude financial support from the MCA, but the MCA could explore whether there were other means by which the MCA could support the businesses.

#### **3.5 Option 3**

Adopt one or more of the schemes onto the Business Development Pipeline.

#### **3.6 Option 3 Risks and Mitigations**

Adoption of the proposals onto the pipeline does not present any additional risks. The costs to the MCA/LEP of appraising schemes can be met from existing resource.

Rejection of the proposed schemes could mean that the proposed investment is either not undertaken, or not undertaken within the region. Rejecting the adoption of the schemes onto the pipeline would preclude financial support from the MCA, but the MCA could explore whether there were other means by which the MCA could support the businesses.

#### **3.7 Recommended Option**

Option 1.

### **4. Consultation on Proposal**

4.1 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

## **5. Timetable and Accountability for Implementing this Decision:**

- 5.1 If the businesses are accepted onto the pipeline Full Business cases would be submitted within this financial year.

## **6. Financial and Procurement Implications and Advice**

- 6.1 Adoption of the proposals onto the pipeline does not represent a commitment from the MCA/LEP for funding. Costs may be incurred in the delivery of assurance processes and where incurred will be funded from existing resource.

## **7. Legal Implications and Advice**

- 7.1 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.

## **8. Human Resources Implications and Advice**

- 8.1 None

## **9. Equality and Diversity Implications and Advice**

- 9.1 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.

## **10. Climate Change Implications and Advice**

- 10.1 None at this stage

## **11. Information and Communication Technology Implications and Advice**

- 11.1 None at this stage

## **12. Communications and Marketing Implications and Advice.**

- 12.1 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.

## **List of Appendices Included**

- A Business Development Pipeline Summary

## **Background Papers:**

None