

**Appraisal Panel Summary****Scheme Details**

|                            |                            |                          |      |
|----------------------------|----------------------------|--------------------------|------|
| <b>Project Name</b>        | Business Investment Fund   |                          |      |
| <b>Grant Recipient</b>     | Company Ref 100, Rotherham |                          |      |
| <b>SCR Executive Board</b> | BGB                        | <b>SCR Funding</b>       | 100k |
| <b>% SCR Allocation</b>    | 33.3%                      | <b>Total Scheme Cost</b> | 300k |

**Appraisal Summary**

|   |
|---|
| <b>Project Description</b>  |
| Company 100 is a Rotherham based IT company seeking to expand rapidly through the development of innovation new software. It is seeking BIF investment to secure additional resources for R&D to be able reduce the time taken to bring new apps specialist apps to the business market. Investment in development is key to the Company's long-term viability. |
| <b>Strategic Case</b>   |
| Company 100 is seeking to accelerate the development of new software in order to exploit the market opportunity. Delaying investment would mean that competitors would likely take advantage of the opportunity and there is a risk that the company would lose existing customers.   |
| <b>Value for Money (Economic Case)</b>  |
| The project is estimated to deliver 9 net additional jobs which equates to an estimated net public sector (LGF) cost per job of £11,758. On this basis, the LGF investment will offer good value for money. The net present value of the GVA impact over ten years is estimated to be £4.2m. This represents a return of £43.75 for every £1 of LGF investment. |
| <b>Financial Assessment</b>   |
| BIF would be providing one third of the total project cost. The remainder would come from existing cash and a loan. The business has shown good profits in recent years.  |
| <b>Commercial Case (inc. Risk)</b>  |
| There is a risk of cost/time overrun which would need to be managed by the company. Finding suitably qualified staff is a risk. The company has a plan in place to reduce/mitigate risk.  |
| <b>Delivery</b>   |
| Having undertaken similar activities in the past the applicant has experience in successfully delivering this type of project. The project is forecast to deliver within the timeframes required by LGF.  |
| <b>Legal (inc. State Aid)</b>   |
| Project costs as described in this proposal appear eligible under the terms of Article 25 GBER 651/2014. Project activity constitutes Experimental Development and the proposed grant is within the 45% intervention threshold for a small company.   |

None of the costs constitute operating aid (Article 15) nor is the firm regarded as being an undertaking in difficulty (Article 2 section 18). The project satisfies the requirement for 'incentive effect' as defined in Article 6, with an application submitted prior to commencement of the project.

## Recommendation and Conditions

|   |                     |
|---|---------------------|
| <b>Recommendation</b>   | Full grant award    |
| <b>Payment Basis</b>  | Payment on defrayal |
| <b>Conditions of Award (including clawback clauses)</b>   |                     |
| <p><b><i>The following conditions must be satisfied before contract execution.</i></b></p> <ol style="list-style-type: none"><li>1. Formal confirmation that all other funding (including bank and pension fund) required to deliver the project is in place.</li><li>2. Agree appropriately detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.</li><li>3. Final signed off accounts to be provided for period ended 30/11/2018 and not to be materially different to the management accounts provided</li></ol> <p>The conditions above should be fully satisfied by 14<sup>th</sup> August 2019. Failure to do so could lead to the withdrawal of approval.</p> <p><b><i>The following conditions must be satisfied before drawdown of funding.</i></b></p> <ol style="list-style-type: none"><li>4. Submission of a copy of any loan agreement, relevant to this project, including the terms and conditions.</li><li>5. Submission of evidence of Board approval for the scheme</li><li>6. Formal confirmation of commitment to address any cost overruns (without recourse for further LGF support) without unduly compromising project outputs and outcomes.</li></ol> <p><b>The following conditions must be included in the contract</b></p> <ol style="list-style-type: none"><li>7. Clawback on outputs only</li><li>8. Covenant for company not to repay loan to director during contract period</li></ol> |                     |