

Appraisal Panel Summary

Scheme Details

Project Name	Business Investment Fund		
Grant Recipient	Company Ref 101, Sheffield		
SCR Executive Board	BGB	SCR Funding	£100k
% SCR Allocation	6%	Total Scheme Cost	£1,606,000

Appraisal Summary

Project Description
Company 101 is a Sheffield based manufacturing company. Following the award of a significant new contract, which is forecast to increase sales by 40%, the Company needs to rapidly increase its production capacity and requires additional space.
Strategic Case
Company 101 is seeking BIF investment to support capital expenditure required to increase manufacturing capacity through additional space. In the short-term expansion will be facilitated at a temporary site to be able to respond to the time lines associated with the new contract. Longer term the company plans expansion of their existing Sheffield sites.
Value for Money (Economic Case)
The scheme is estimated to deliver 10 net additional jobs which equates to an estimated net public sector (LGF) cost per job of £10,288. 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 £3.3m. This represents a return of £34.03 for every £1 of LGF investment.
Financial Assessment
The business is established and profitable and there has been steady growth in recent years. The BIF contribution represents 6% of the project costs with the remainder of the finance funded through a mixture of sources.
Commercial Case (inc. Risk)
The main identified risk relates to the Company being in a position to manufacture the product for the new order which could be impacted by availability of a temporary space and power supply.
Delivery
Production is due to commence in August, so timescales are short. The project is being overseen by the Directors of the business and the milestone dates provided do not leave room for error. However, all BIF funds should be spent comfortably before end of the programme.
Legal (inc. State Aid)
Project costs as described in this proposal appear eligible under the terms of Article 14 Regional Investment Aid GBER 651/2014 and the proposed grant is within the 20% intervention threshold for a medium sized company in an assisted area. 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 to commencement of the project.

Recommendation and Conditions

Recommendation	Full grant award
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <ol style="list-style-type: none">1. Formal confirmation that all other funding required (including bank and pension fund) to deliver the project is in place.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. <p>The conditions above should be fully satisfied by 14th August 2019. Failure to do so could lead to the withdrawal of approval.</p> <p><i>The following conditions must be satisfied before drawdown of funding.</i></p> <ol style="list-style-type: none">3. Submission of a copy of any loan agreement, relevant to this project, including the terms and conditions.4. Confirmation that contract specified in the application is in place5. Submission of lease for temporary building and confirmation there is sufficient electrical power6. Formal confirmation that, if applicable, planning permission and all relevant statutory requirements for the scheme are in place and have been satisfied.7. Submission of evidence of Board approval for the scheme8. Formal confirmation of commitment to address any cost overruns (without recourse for further LGF support) without unduly compromising project outputs and outcomes. <p><i>The following conditions must be included in the contract</i></p> <ol style="list-style-type: none">9. Clawback on outputs only, guaranteed by parent company, where applicable,10. Directors loans not to be reduced during the contract period (ongoing condition)	