

Assurance Summary

VERSION 1 24.11.2021



1 – SCHEME DETAILS

Project Name	FourJaw Growth & Innovation Support	Type of funding	Grant
Grant Recipient	FourJaw Manufacturing Analytics Ltd	Total Scheme Cost	£540,000
MCA Portfolio	Economic Growth	MCA Funding	£278,500
Programme name	Investment Zone	% MCA Allocation	51.6%
Current Gateway Stage	BJC	MCA Development costs	£0
		% of total MCA allocation	0%

2 – PROJECT DESCRIPTION

£278,500 of grant funding is needed to support the re-location of a fast-growing young technology company to larger premises in Sheffield to support their growth. Since being created four years ago from a spin-out company at the AMRC the company has grown from two co-founders to 27 employees who are servicing 130 manufacturing firms worldwide. The company needs to grow its workforce to support growing demand for their services but the current rented premises in the Wicker are unable to support this expansion.

Funding is required to refurbish and fit-out larger premises at Pennine Five near Paradise Square with an investment in additional hardware to support the IoT (Internet of Things) to enable the company to further scale-up without having a detrimental impact on cashflow which would impede their growth. 8 additional jobs will be created from the expansion.

The company is supported with venture capital, and loan finance from high street lenders is not a viable option. Further loans would also affect the valuation of the company in advance of further equity rounds they may run (the company has held 3 previous equity raising rounds which have supported the company's growth in turnover, trade and employee size).

The applicant is required to give 6 months' notice to the current landlord on the end of the tenancy and their current lease expires in April 2025. The applicant is therefore at a crucial point where they need to invest in larger premises now or they will have to extend the lease on the existing premises which are no longer suitable for their needs or growth aspirations.

3. STRATEGIC CASE

<i>Options assessment</i>	The Preferred Way Forward seems to be the optimal option for obtaining the required investment in hardware, whilst also creating 8 jobs at SOC levels 1-3. A lower investment of £200k would delay the creation of the jobs and reduce the amount invested in new hardware.	
<i>Statutory requirements and adverse consequences</i>	There are no statutory requirements or adverse consequences for this project.	
<i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i>	The project will support the expansion of a high value, high growth business which is concerned with translational research in the tech sector. The project will also support innovation within the Investment Zone and create jobs that will be most attractive to college and university graduates. The project has a positive alignment with the three SEP strategic pillars.	
4. VALUE FOR MONEY		
Monetised Benefits:		
VFM Indicator	Value	R/A/G
<i>Net Present Social Value (£)</i>	£321,500	
<i>Benefit Cost Ratio / GVA per £1 of SYMCA Investment</i>	2.15	
<i>Cost per Job</i>	£54,000 based on total project cost (£27,850 based on public sector investment only)	
Non-Monetised Benefits:		
<i>Non-Quantified Benefits</i>	Investment in innovation Increased supply chain opportunities in IoT Enhanced reputation and image of the company	
Value for Money Statement		
The scheme represents good value for money. The quantified benefits have been calculated on an average salary of the workforce (currently £30k per annum) but the jobs created from the expansion will be at the high value/high skills end (technical, professional and managerial jobs) and are likely to generate a higher economic return than outlined.		
5. RISK		
Five risks have been identified by the applicant – three in relation to the fit-out of the new premises being over budget, not completed on time or not sufficient quality. The other two risks pertain to hardware being more expensive and supply chain shortages on the hardware procurement. These risks are in the medium to low		

category and the applicant has based cost estimates on recent estimates/quotes. Investment from the MCA is somewhat de-risked by the applicant's willingness to re-pay the costs of the hardware in the event.

6. DELIVERY

The milestone dates for delivery are realistic and achievable as the applicant will be aiming to move into the new premises on 1 April 2025 and the refurbishment and fit-out works are not extensive and have been delivered within a similar timescale in another unit in the new premises. Due to the applicant needing to give six months notice, the applicant will be giving notice at their own risk.

Cost overruns will be borne by the applicant.

The applicant has existing monitoring arrangements in place for the venture capitalist funders and Assurance has seen reports generated by the company which contain monitoring information that they report on. The applicant also has a Board structure and their governance arrangements for oversight are considered satisfactory.

7. LEGAL

The amount of investment requested is below the subsidy control threshold, and there is no other public funding included.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Approve BJC and grant funding of £278,500
Payment Basis	Defrayal
Conditions of Award (including clawback clauses)	