

**BUSINESS INVESTMENT FUND PANEL**

**24<sup>th</sup> APRIL 2018**

**HSBC, EUROPA LINK, SHEFFIELD S9**

No.	Item	Action
1.	<p><b><u>Welcome and Apologies</u></b></p> <p>Present:</p> <p><u>Board Members</u></p> <p>David Grey Chris Scholey Mary Broadhead Diana Terris Lee Manterfield</p> <p><u>In Attendance</u></p> <p>Laura Wheatley Andy McKenna Rachel Fletcher Claire James (minutes)</p> <p><u>Apologies</u> Mike Thomas Helen Lazarus Mark Ross</p>	
2.	<p><b><u>Declarations of Interest</u></b></p> <p>No specific declarations of interest relating to the business to be transacted at the meeting were noted.</p>	
3.	<p><b><u>Minutes of the Previous Meeting</u></b></p> <p>The minutes of the previous meeting held on 20<sup>th</sup> March 2018 were presented for consideration and agreed to be an accurate record.</p> <p><b>Matters arising</b></p> <p>Further to a discussion at the previous meeting, prompted by the receipt of an application by a Community Interest Company (CIC), a slide was tabled which summarised the Business Investment Fund eligibility criteria. Members noted that</p>	

	<p>often CICs do not meet the criteria and this therefore explained why the panel had not been presented with other CICs applications prior to this. Members reviewed the criteria and confirmed that they were comfortable with the criteria and confident that Access to Finance (AFCoE) Advisors have the appropriate skills to access applications against it.</p>	
<p>4.</p>	<p><b><u>BIF Applications</u></b></p> <p><b>NB In their absence, Andy McKenna presented comments, provided by Mike Thomas and Helen Lazarus, on each of the applications.</b></p> <p><b>Company 0010</b></p> <p>Members received a report that, as requested at the meeting held on 20<sup>th</sup> March, provided additional information relating to the proposal to provide a grant to company 0010. This included:</p> <ol style="list-style-type: none"> <li>1. Final 2017 accounts, and draft 2018 accounts.</li> <li>2. Forecasts for 2019/2020; reflecting impact of project</li> <li>3. Details of income received from local authority</li> <li>4. Confirmation as to availability of other funding (asset finance)</li> </ol> <p>Members discussed the split of income across different streams noting that only 11% of income was generated through a Local Authority contract. Members were satisfied that the business was viable that the level of risk related to the grant was acceptable.</p> <p>Members resolved to recommend the award of a grant of £84,000 from the Business Investment Fund, in return of the creation of 9 new jobs (equivalent to 7 FTE), noting that 42% of the whole grant is eligible under De Minimis regulations, the BIF grant representing only 20% of the total project value.</p> <p>Members noted a clerical error in the figures provided in relation to revenue stream however this had no material impact.</p> <p><b>Company 0011</b></p> <p>At its meeting on 25<sup>th</sup> July 2017 the Business Investment Panel had recommended a grant award of £630k towards the estimated 2-year salary costs of £6.3m in respect of 155 jobs to be created in the City Region by 2019. This award however, was conditional on a satisfactory due diligence report, the provision of a parent company guarantee and the inclusion of a contractual obligation to provide monitoring information relating to capital investment.</p> <p>Members received a report that presented the results of the due diligence exercise undertaken to verify estimated costs in relation to the grant application previously submitted.</p> <p>Members noted that the business plan for Company 0011 had evolved since their original application and that the changes had been assessed to be sound from an operational perspective. However, the current business plan now included a</p>	

revised headcount of 81, of which 35 posts were already occupied. Despite this reduction, the same level of grant funding was being sought. Members also noted that Company 0011 remained committed to establishing their headquarters in the City Region.

Members noted that whilst the parent company of Company 0011 had provided significant support to establish the operation, they had been unable to secure additional investment from the market place and lack of investment would significantly impact the growth and sustainability of the company.

Members discussed the location of the premises Company 0011 intended to lease, how this had altered since the Panel had first endorsed the proposal and the implications of this. It was agreed that the Panel should consider location as a 'condition of award' where appropriate for any future schemes.

Members discussed the options presented in the paper and resolved to recommend the award of a proportionately reduced grant to be paid in arrears, of £329,184 for the creation of 81 jobs (at a cost per job of £4,064) by December 2019.

### **Company 0012**

Members received a proposal to provide a loan of £250k to Company 0012. The Company has requested a £250k loan (in total), to be repaid over 3 years to cover working capital requirements during the first year and, in particular, initial set-up costs including the employment of new staff ahead of the Company actually being income-producing.

Members noted that Company 0012 is a subsidiary company whose parent has provided start-up capital for the business. To support their ambition, Company 0012 has begun to commercialise. Overall, they have raised £500k of investment from several investors (typical investment £10-50k) and £80k from another source. Whilst revenue is confirmed from April, the business is still too early-stage to attract mainstream funding and has therefore submitted an application for a loan to cashflow the start-up phase of their business.

Members were advised that the amount of loan being requested had reduced since the paper had been finalised and that Company 0012 were now seeking £150k reducing the maximum exposure to the Combined Authority from £125k to £75k.

Members discussed the detail of the proposal and examined the risks balanced against the strategic fit of the proposition with CA priorities.

Members resolved to recommend the award of a loan to Company 0012 dependent on the relevant conditions outlined in the paper and on the condition that the parent company loan of £150k is subordinate to the BIF loan and in addition, the receipt of a £50k personal guarantee from Directors of Company 0012.

Diana Terris left the meeting.

5.	<p><b><u>BIF Process</u></b></p> <p>Members reviewed the Business Investment Fund process map which provided a high-level representation of the process and roles/responsibilities relating to Business Investment Fund.</p> <p>Members noted the introduction of the SCR Appraisal Panel into the process in relation to applications seeking in excess of £2m.</p> <p>Members requested that the process reflected the requirement for the Panel to be re-presented with any schemes above £2m they had resolved to recommend to the Combined Authority, should the details of the scheme change prior to its submission to the Combined Authority meeting. In addition, the Panel requested that the minutes of the Combined Authority relating to any recommendation made by the Panel be provided to the next BIF meeting.</p>	
6.	<p><b><u>BIF Programme Update</u></b></p> <p><b>Programme Management Report</b></p> <p>Members received a monitoring report which updated them on the overall programme position in relation to expenditure and employment impact of both the Business Investment Fund and Regional Growth Fund programme.</p> <p>Members discussed the programme position including cases where the final outturn position is below the acceptable performance threshold and noted the clawback position.</p> <p><b>BIF Pipeline</b></p> <p>Members were presented with the pipeline of indigenous and inward investment applications.</p>	
7.	<p><b><u>Any other business</u></b></p> <p>Members noted that whilst the next meeting would be held at Europa Way, the 17<sup>th</sup> July meeting would be held at Broad Street West, Sheffield.</p>	
	<p><b>Date of Next Meeting – 5<sup>th</sup> June 2018</b></p>	