

**SCR BUSINESS INVESTMENT FUND PANEL**

**17<sup>th</sup> JULY 2018 4pm till 6pm**

**BROAD STREET WEST, SHEFFIELD**

| <b>No.</b> | <b>Item</b>  | <b>Action</b> |
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| 1          | <p><b><u>Welcome and Apologies</u></b></p> <p>Present:</p> <p><u>Board Members</u><br/>David Grey - Chair<br/>Chris Scholey<br/>Mary Broadhead<br/>Mike Thomas<br/>Lee Manterfield</p> <p><u>In Attendance</u><br/>Laura Wheatley<br/>Andy McKenna<br/>Helen Lazarus<br/>Tim O'Connell<br/>Rachel Clark (observer)<br/>Neil MacDonald (observer)<br/>Craig Tyler, Joint Authorities Governance Unit – minutes</p> <p><u>Apologies</u><br/>Diana Terris</p> |               |
| 2          | <p><b><u>Declarations of Interest</u></b></p> <p>No specific declarations of interest in relation to the matters to be discussed on today's agenda were noted.</p>   |               |
| 3          | <p><b><u>Minutes of the Previous Meeting</u></b></p> <p>The minutes of the previous meeting held on 5<sup>th</sup> June were agreed to be an accurate record.</p>  |               |
| 4          | <p><b><u>BIF Approval – Company Ref. 0024</u></b></p> <p>Report Withdrawn</p>  |               |

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|                 | <p>It was confirmed this project would continue to be retained within the programme pipeline.</p>  |                  |
| <p><b>5</b></p> | <p><b><u>BIF Approval – Company Ref. 0071</u></b></p> <p>A report was received to provide the information required to enable the Board to take a decision in respect of whether to support the proposal to provide a BIF (LGF) grant of £35,000 to Company 0071 to invest in new machinery, including the purchase of a Laser Engraving Machine, Centreless Grinding Machine and a Speed Hone Machine</p> <p>The report noted the company has, over the last 12 months, seen a significant increase in product enquiries but has been unable to secure all of the orders due to insufficient capacity to manufacture within acceptable times. Sales have increased over the last 12 months and as the company is experiencing an increased order book, it now needs to upgrade some of its machinery to enable demand to be met.</p> <p>Members were advised that in addition, the company plans to install new CAD software which will enable bespoke CAD drawings of customer requirements to be offered.</p> <p>It was noted the three machines to be purchased are on approximately 8-week delivery and the company will be introducing all items over a 3-4-month schedule.</p> <p>It was confirmed the company has prepared a Risk Assessment highlighting key risks associated with the project.</p> <p>It was reported that investment will generate four new jobs which will be three machine operatives and a sales engineer.</p> <p>Members requested an additional condition of award based on the receipt of an assurance that these 4 jobs are genuinely ‘new’ and additional to jobs that have previously been cited as newly created as a consequence of the receipt of RGF funding.</p> <p><b>Action: Laura to address this matter with the company</b></p> <p>Careful consideration was given to the company’s reported finances. This resulted in the determination of 2 additional conditions of grant:</p> <ul style="list-style-type: none"> <li>• That the directors’ loans be left in place</li> <li>• That the 2017 final accounts are not to be materially different to the draft accounts.</li> </ul> | <p><b>LW</b></p> |

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|                 | <p><b>The Panel RESOLVED to APPROVE the making of an award of £35,000 to Company 0071 subject to the above conditions and the conditions contained within the report.</b></p>   |  |
| <p><b>6</b></p> | <p><b><u>BIF Approval – Company Ref. 0069</u></b></p> <p>A report was received to provide the information required to enable the Board to take a decision in respect of whether to support the proposal to provide a BIF (LGF) grant of £210,000 to Company 0069 as a support grant to help cover first year set up costs.</p> <p>It was reported the business will be a research and development facility which will also undertake some 3D print work on a commercial basis to support the research activity.</p> <p>It was noted the soft launch of the commercial operation is scheduled for December 2018 and the preferred site in SCR is due to the central location between academic institutions within the UK</p> <p>It was confirmed the company has prepared a Risk Assessment highlighting key risks associated with the project.</p> <p>The report noted investment in the company will generate 7.5FTE new job roles in the first 3 years for highly skilled scientists and engineers, alongside a recruitment programme for PhD students. The company will buy 3D printers in years 2 and 3 as they will need to be able to trial pre-commercial materials and experimental processes. However, in year one it is intended to lease a machine (a proportion of the costs included as R&amp;D) as it will be partly used to generate commercial sales.</p> <p>It was confirmed there is a suitable office/workshop space at the preferred Rotherham site which can be fitted out to include the required climate control environment.</p> <p>Members considered whether this company should be assessed as a start-up company, or as a longer term inward investment opportunity. It was agreed that given the alignment between the company’s longer term vision and the aims and objectives of the SCR, this should be viewed as an inward investment opportunity.</p> <p>Members noted potential risks regarding the currently untested practical and commercial nature of the 3D printed products to be manufactured and acknowledged the importance of robust ‘R&amp;D’ as a means to mitigate these risks.</p> |  |

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|          | <p>Assurances were provided that the proposed PhD sponsorship aspects of the proposal are credible.</p> <p>Members acknowledged the SCR may have limited courses of redress should the company decide to relocate its base of operation. However, it was confirmed that the grant would be paid in arrears, thus offering the SCR some degree of protection, and payments could be withheld / clawed back should the company relocate.</p> <p>An additional condition of award was requested in that a personal guarantee of the company's major shareholder should be taken in view of risks arising due to the start-up nature of the company and against the company relocating within a given period of time.</p> <p>An additional condition of award was requested in relation to the company's sponsorship of PhD students.</p> <p><b>Action: Tim to work with the company to determine the numbers associated with this condition.</b></p> <p><b>The Panel RESOLVED to APPROVE the making of an award of £210,000 to Company 0069 subject to the above conditions and the conditions contained within the report.</b></p> | <p>ToC</p> |
| <p>7</p> | <p><b><u>BIF Project Change Request – Ref. 0023</u></b></p> <p>A report was received to detail Company 0023's request to extend the project completion deadline by 12 months.</p> <p>It was noted the company 0023 is currently below expenditure target due to delays with completing the groundworks required for new machines and changes to the machine specification, subsequently impacting on installation and commissioning timescales.</p> <p>It was reported the last claim submission (Q4 17.18) provided expenditure forecasts which suggested a project extension would be adequate, with the Progress Report confirming that all groundworks are now complete and commissioning is underway.</p> <p>Members requested an assurance be sought that the SCR's clawback capabilities would not be affected should the company be subject to a change in ownership.</p> <p><b>Action: Laura to address this matter with the company</b></p>  | <p>LW</p>  |



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|           | None.  |  |
| <b>10</b> | <b><u>Date of Next Meeting</u></b><br>Tuesday 4 <sup>th</sup> September, 4.00 – 6.00pm |  |