

SHEFFIELD CITY COUNCIL

INDIVIDUAL CABINET MEMBER DECISION RECORD

The following decision was taken on 14 March 2017 by the Cabinet Member for Business and Economy.

Date notified to all members: 14 March 2017

Please note that this decision is not subject to call-in, in accordance with the Fast Track process set out in Scrutiny Procedure Rule 17 of the Constitution.

1. TITLE

AMRC Lightweighting Centre - Approval to Contract

2. DECISION TAKEN

(i) Approval is given for SCC to accept SCR's grant offer of up to £10 million;

(ii) approval is given for SCC to become the Accountable Body for the grant on behalf of the University of Sheffield (UoS) who will be delivering the project;

(iii) approval is given for SCC to pay the grant of up to £10 million to the University of Sheffield (UoS) to deliver the project;

(iv) approval is granted for SCC to enter into a back to back Grant Funding Agreement with the University of Sheffield (UoS) in order to ensure that any risks to SCC are mitigated and passed on to the UoS; and

(v) delegates to the Director of Finance and Commercial Services and Director of Legal and Governance and Executive Director of Place the power to finalise the grant funding agreement in accordance with council procedures.

3. Reasons For Decision

As explained in the report, this was a short term SCR commission of projects which required us to be able to act quickly to undertake the necessary development work to bring a credible business case forward. Because the project was/is instrumental in the delivery of the McLaren and other similar future investments, we were content to take the lead and influence the development. Initially it would not have been our choice to contract with the University for the delivery of the scheme, but the CA have insisted that they will only transact through lead LAs.

On reflection, we believe that this is actually a positive position to be in because holding the contract will allow us to maintain a long term interest in the delivery of the centre and have at least a level of influence over how the University deliver this in the future. So long as we have effectively dealt with the legal issues identified in section 4.2.1 of the report, we are of the view that this is a positive position for us to

be in.

4. **Alternatives Considered And Rejected**

In terms of the overall project, the following options were considered:

Do Nothing

The advantage to the region of not funding this initiative would be money saved that could then be allocated to alternative schemes. The disadvantage is that the project would not proceed without Sheffield City Region support and the opportunity to attract major inward investors to the region would be lost. Uptake of R&D and collaboration with the knowledge base would remain at similar level to that currently taking place and Sheffield City Region would not have provided the uplift in R&D and innovation compared to other UK and European regions.

Reduced SCRIF Investment

If the Sheffield City Region were to only part support the development of the Lightweighting centre with reduced funds, then some additional funds not committed would be available for alternative initiatives. In reality this was never a practical option. The £10m is required to construct the building and procure the initial generic equipment required for the McLaren project and other similar projects. The project is split between £4m of experimental capex and £6m for the building in which the kit and hydraulic press will be housed. Basically, without the equipment, the building would be pointless and without somewhere to put it, the equipment would be useless. In theory, it could be possible to buy less kit, but then we would severely limit our ability to carry out appropriate research across all areas of composite material lay-up, RTM, and finishing/machining. This option would undermine the credibility of the centre as a globally significant research location.

Full or preferred option

The preferred option was to secure support for the Phase 1 Lightweighting Proposal as outlined in the initial expression of interest. This involves £10m for the phase 1 facility split between generic experimental capital equipment, which is necessary to deliver the McLaren project (£4m), and the 788m² building for the press and other equipment (£6m).

In terms of the decision for SCC to lead the development of the project, to put forward the bid to the SCR and if successful, handle and manage the funding, UoS had little capacity to do this and particularly, were very unfamiliar with the processes of the SCR. We also took an internal decision to lead on this in order to allow us to apply some influence over the development and delivery of the project; in particular in terms of how it relates to the implementation of inward investment projects such as McLaren.

Initially, when it became clear that the SCR approach was to only contract via lead Local Authorities, we pushed backed and challenged the principle. However, it became clear that this was the only way they were prepared to operate, either because they do not have the capacity to manage contracts directly or they see this as a deliberate way of managing liabilities and risks. Either way, we essentially had no choice.

5. **Any Interest Declared or Dispensation Granted**

None

6. **Respective Director Responsible for Implementation**

Executive Director, Place

7. **Relevant Scrutiny Committee If Decision Called In**

Economic and Environmental Wellbeing Scrutiny Committee