



SHEFFIELD CITY COUNCIL

Individual Cabinet Member Report

Report of: Simon Green (Executive Director, Place)

Report to: Cllr Bramall (Deputy Leader)

Date: 14 April 2016

Subject: **RISE 2016-19:** Approval for Sheffield City Council to accept the grant offers for all RISE funding and to authorise SCC to enter into a funding agreement with Sheffield City Region.

Author of Report: Sarah Lowi Jones (0114 22 32368)

Key Decision: YES

Reason Key Decision: Expenditure over £500,000

Summary:

RISE is a business growth project focused on helping small and medium sized enterprises (SMEs) grow by supporting them to access graduate talent as a way to upskill the workforce and introduce innovation into their organisations.

RISE was originally developed by Sheffield City Council (SCC) and the City's Universities. Since its initial launch in April 2013 RISE has demonstrated that there is latent demand in SMEs for graduate positions by delivering over 200 placements across the city and region.

The existing contract comes to an end in September 2016 and there is an opportunity to extend RISE for a further 3 years as Creative Sheffield has successfully secured additional funding to ensure the continuation of this successful scheme.

In order to progress this scheme the Council needs to accept the following grant funding offers: Sheffield Hallam University (up to £240,000), the University of Sheffield (up to £240,000). Sheffield City Region (up to £150,000) - the latter being a new partner to the scheme, allowing the formal coverage of the scheme across the whole city region.

It should be noted that a decision to vary the existing contract and to start the procurement process for a new contract to deliver RISE (necessary to ensure continuity in the delivery of RISE) was taken on 14 March 2016, in advance of this report being presented. This is because this paper needed to be taken as a key decision, necessitating a 28 day publication period, which would have significantly impacted the procurement timetable and timely delivery of future RISE cohorts.

Reasons for Recommendations:

Investment

This proposal ensures a significant investment in the city and region that focuses on SMEs and graduate employment. While it is true that the funding from each of these organisations would be spent in here in any case, RISE provides additionality by addressing a clear market need and producing demonstrable economic impact that would not otherwise be accrued.

In addition, the Council had previously been providing a financial contribution to RISE, but this has now ended. This means that for a contribution in-kind (of officer time) and an internal recharge payment of £6,500 (to cover the costs of the procurement), Sheffield businesses and graduates will benefit from RISE without there being a requirement for investment by the council at a time of significant financial challenge.

Impact

As alluded to above, economic impact calculations (based on those conducted in an independent evaluation of the scheme) show that RISE would deliver the following real economic impacts over the next three years:

- £6.9m net GVA
- Return on Investment of £9.95 per £1 spent
- 150 permanent jobs created (60% conversion rate)
- Private sector wage match of a minimum of £1.6m.

Reputation and reach

RISE could be allowed to close down at the end of the current contract. However, given the success of RISE over the past three years, this would be a missed opportunity to cement the city's reputation for having delivered the first city-wide graduate scheme (and potentially result in a reputational cost for partners). It would also miss a significant opportunity to maximise the impact and reach of RISE as it would form part of the business support offer at a regional level. The SCR led Growth Hub and Skills Bank have agreed to work with and cross-refer with RISE.

Recommendations:

It is recommended that the Cabinet Member:

1. Authorises the Council to accept the following grant offers for RISE 2016-2019:
 - a. Up to £240,000 from Sheffield University;
 - b. Up to £240,000 from Sheffield Hallam University;
 - c. Up to £150,000 from the Sheffield City Region.

2. Delegates authority to the Executive Director of Place, in consultation with the Director of Finance and Director of Legal and Governance, to finalise and enter into a funding agreement with Sheffield City Region, and to determine the procedure for distribution of the RISE funding.

Background Papers: NONE

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: M Wassell
Legal Implications
YES Cleared by: S Bennett
Equality of Opportunity Implications
YES
Tackling Health Inequalities Implications
NO
Human Rights Implications
NO
Environmental and Sustainability implications
NO
Economic Impact
YES Cleared by: D Buckley
Community Safety Implications
NO
Human Resources Implications
NO
Property Implications
NO
Area(s) Affected
City wide
Relevant Cabinet Portfolio Lead
Cllr Bramall (Deputy Leader and Cabinet Member for Business, Skills and Development)
Relevant Scrutiny Committee
Economic and Environmental Wellbeing Scrutiny and Policy Development Committee
Is the item a matter which is reserved for approval by the City Council?
NO
Press Release
NO

RISE 2016-19: Approval for Sheffield City Council to accept the grant offers for all RISE funding and to authorise SCC to enter into a funding agreement with Sheffield City Region.

1. SUMMARY

- 1.1. RISE is a business growth project, focused on helping small and medium sized enterprises (SMEs) grow by supporting them to access graduate talent as a way to upskill the workforce and introduce innovation into their organisations.
- 1.2. RISE was originally developed by Sheffield City Council (SCC) and the City's Universities. Since its initial launch in April 2013 RISE has demonstrated that there is latent demand in SMEs for graduate positions by delivering over 200 placements across the city and region.
- 1.3. The existing contract comes to an end in September 2016 and there is an opportunity to extend RISE for a further 3 years, as Creative Sheffield has successfully secured additional funding to ensure the continuation of this successful scheme.
- 1.4. In order to progress this scheme the Council needs to accept the following grant funding offers: Sheffield Hallam University (up to £240,000), the University of Sheffield (up to £240,000); Sheffield City Region (up to £150,000) - the latter being a new partner to the scheme, allowing the formal coverage of the scheme across the whole city region.
- 1.5. It should be noted that a decision to vary the existing contract and to start the procurement process for a new contract to deliver RISE (necessary to ensure continuity in the delivery of RISE) was taken on 14 March 2016, in advance of this report being presented. This is because this paper needed to be taken as a key decision, necessitating a 28 day publication period, which would have significantly impacted the procurement timetable and timely delivery of future RISE cohorts.

2. WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1. This scheme largely affects Sheffield small and medium sized enterprises as well as graduates of Sheffield's Universities (though graduates from any University are eligible to apply, the city's graduates are heavily targeted).
- 2.2. This decision means that for a further three years local SMEs will be able to access a significant level of support if they choose to recruit a graduate, including (if they are new to RISE), a £1,000 subsidy.
- 2.3. Equally, Sheffield graduates will have the opportunity to apply to a prestigious graduate scheme that allows them to access quality work and to stay in the region after graduating, as we know many aim to do.
- 2.4. The wider benefit to Sheffield and its people is in the economic impact that this scheme brings. Independent research showed that the first two cohorts delivered £1.34m net Gross Value Added (GVA) (per annum) and 30 permanent

jobs. In the same period, for every £1 invested the scheme generated £5.71 of net GVA. Using the same calculations, RISE 2016-19 would deliver £6.9m net GVA and a return on investment of £9.95 per £1 spent. It is estimated that 150 permanent jobs would be created.

3. OUTCOME AND SUSTAINABILITY

3.1. For the scheme overall, over the next three years, the outputs and outcomes of RISE are estimated as follows:

Outputs:

- 250 Internships
- 150 new businesses taking on graduates
- 3,000 graduates attracted (and supported at each stage)
- £6.9m net GVA over three years
- Return on Investment of £9.95 per £1 spent
- 150 permanent jobs created
- Private sector wage match of a minimum of £1.6m

Outcomes:

- Businesses feel supported and confident
- Business growth is proactively supported across the region
- Skills base developed
- Graduate talent attracted and retained
- Raise SCR's profile as destination for talent
- Referral of businesses to the Growth Hub and Skills Bank

3.2. We think RISE has proven to be a successful and sustainable model, so much so that both Universities have chosen to reinvest significantly in RISE, rather than use this resource individually within their own organisations. Having RISE extended to cover the next three years and to formally cover the whole city region area should reinforce the position of the scheme and open it up to a new audience of potential users.

3.3. Funding for RISE has been secured and formally committed by all three organisations, and the internal resource required by Sheffield City Council to administer and manage the contract has also been agreed (including in-kind officer support and a £6,500 payment for procurement expertise). At the end of the second year, the RISE Oversight Board, which is responsible for looking at the future of RISE will begin to consider whether and how to fund RISE further.

4. MAIN BODY OF THE REPORT

4.1. RISE is a business growth project, focused on helping SMEs grow by supporting them to access graduate talent as a way to upskill the workforce and introduce innovation into their organisations.

4.2. RISE was originally developed by Sheffield City Council (SCC) and the City's Universities. Since its initial launch in April 2013 RISE has demonstrated that there is latent demand in SMEs for graduate positions by delivering over 200 placements across the city and region.

- 4.3. In 2012 Sheffield City Council carried out research to understand the barriers to a functioning graduate / SME market in the city. The research concluded that there are real barriers which needed to be addressed to create opportunities for SME to take on graduates. These included:
- Selling our graduates to SMEs: articulate to SMEs the value a graduate can bring to their business.
 - Selling our SMEs to our graduates: communicate to graduates the benefits of working for a SME.
 - Agglomerating SME demand.
 - Broker the recruitment mismatch between SMEs and graduates through selection procedures.
 - Support SMEs to provide structure for graduate jobs.
 - Tackle work readiness and support graduates through the transition from university to work.
- 4.4. In response to these issues, city partners developed a framework to embed a new and collaborative approach to delivering economic impact and business growth through the development and utilisation of graduate talent in the city's business base. The framework was a city partnership between Sheffield City Council (Creative Sheffield), Sheffield Hallam University and the University of Sheffield, drawing on key private sector partners and stakeholders. Our collective vision has been that:
- Sheffield businesses value and employ graduate talent to support growth;
 - Employing a graduate is the norm not the exception; and
 - Sheffield's Universities are leaders in producing the most enterprising and work ready graduates (though the scheme has always been open to any graduate who wants to work in Sheffield, regardless of university attended).
- 4.5. RISE is a pioneering project delivering employment opportunities for graduates in small and medium enterprises (SMEs). It equips SMEs with the tools, advice and skills they need to access and utilise graduate talent, and prepares graduates for the fast paced and flexible world of work within SMEs.
- 4.6. It is designed specifically for SMEs, bringing together the best of the tried and tested elements of placing graduates and introducing new innovations. RISE emulates a large corporate graduate development scheme, uniquely customised for SMEs and, to now, delivered at a city-wide level (now proposed to expand across the City Region). It was the UK's first city graduate scheme.
- 4.7. RISE is delivered in three cohorts per year. There are four core components to the RISE delivery model. A short description of each element is provided below. Cutting through all of these core components is SME brokerage, to ensure that SMEs are engaged and supported throughout the process.
1. **Attraction** – Because of the disconnect between graduates and SMEs, clear communications and targeted mechanisms to target graduates and businesses are needed. RISE effectively agglomerates SME demand to a level where it can penetrate the graduate recruitment market. RISE aims to:
 - a) Attract SMEs which are serious about growth and genuinely looking to

invest in future talent.

- b) Attract SMEs which have not used graduates before or are creating new positions for RISE due to the service we offer (demonstrating additionally).
- c) Attract the best graduates for the SME jobs identified (from across the UK).
- d) Ensure hard to fill job roles have a good field of applicants.
- e) Work with Sheffield Universities to take advantage of the graduate talent within our local universities.
- f) Ensure that businesses are referred, via a management information system, between RISE and the Growth Hub, so that companies are aware of and can access the range of services they may be eligible for, including services offered by both Universities. We will work with the Growth Hub team and the Universities as we develop the Invitation to Tender and throughout the RISE 2016-18 scheme, to ensure the right processes are in place to get maximum value from this scheme.

2. **Application and Assessment** – The RISE assessment process is modelled on a large corporate graduate scheme. It has so far handled over 2,500 applications in an efficient and cost effective way to identify the best talent for the SME job roles. RISE essentially delivers support for the SME in scoping and writing the graduate job description, ongoing communication and support throughout the application stages, including screening, video interviews and assessment centres. This level of excellence and efficiency will be retained in the expanded scheme.

3. **Matching** - Securing the best match of graduate and company is one of the most important steps. As this increases the likelihood of the internship converting to sustainable employment. We prepare graduates for the workplace through an assessment process (including application, video interviewing and assessment centres), before sending the best candidates to SMEs for final interview.

4. **Bespoke internship structure** - RISE puts in place for both the SMEs and successful graduates an individual internship structure. A business induction will be a mandatory process for each business/graduate, to ensure expectations are clear for each partner and that the graduate has a formal and managed entry into the business. For 6 months, RISE provides contact and support for any issues businesses have with the graduates.

4.8. The existing contract comes to an end in September 2016 so there is an opportunity to secure a 3 year extension to the RISE project and to refocus delivery to be more proactive across SCR. A 3 year commitment would give sustainability, secure economies of scale and give the private sector confidence in the longevity of the scheme.

4.9. Up to £630,000 of funding from the University of Sheffield, Sheffield Hallam University and the Sheffield City Region has been committed to funding RISE for this period (the latter being a new partner to the scheme, allowing the formal

coverage of the scheme across the whole city region). The total funding breaks down as follows:

Organisation	Per year (up to)	Total (up to)
University of Sheffield	£80,000	£240,000
Sheffield Hallam University	£80,000	£240,000
Sheffield City Region	£50,000	£150,000
Total	£210,000	£630,000

4.10. Sheffield City Council will no longer provide a financial contribution to RISE, apart from a £6,500 contribution from Creative Sheffield's 2015-16 budget to cover the necessary procurement fees. The Council's contribution to RISE will be in-kind, in officer time to manage and administer the contract and governance. This commitment has been approved by the Director of Creative Sheffield.

4.11. This funding will secure the following outputs over the next three years:

- 250 Internships
- 150 new businesses taking on graduates
- 3,000 graduates attracted (and supported at each stage)
- 150 permanent jobs created (60% conversion rate).

4.12. In order to access the funding committed by Sheffield City Region, SCC is required to enter into a Funding Agreement, so that the terms of our utilising this contribution are clear and agreed by both parties. The Funding Agreement has been subject to negotiation and all substantive issues have been resolved. The wording in some clauses may vary in the final version, subject to agreement by both parties but this will not materially alter the nature of the Agreement and any changes will be made purely to reflect the nature of the specific requirements around RISE. The current version of the agreement is attached at Appendix 1.

4.13. It should be noted that the University of Sheffield and Sheffield Hallam University do not require SCC to enter into a Funding Agreement in order for us to invoice them for funds relating to RISE. Both are existing partners of RISE and a high degree of understanding of the project and trust has been built. Notwithstanding this, both Universities have provided a letter confirming the funding they have committed to RISE over the next three years (attached at Appendix 2 and 3).

Legal implications

4.14. The Council does not have specific powers to fund schemes of this kind. However, it does have a general power of competence set out in the Localism Act 2011 that, subject to certain restrictions, allows it to do anything that an individual may do including accepting and distributing grant funding.

4.15. The Funding Agreement that was received from Sheffield City Region is based on a standard template. Never the less, the team examined this in detail in order to ensure the relevance of each section and clause. A number of amendments were requested in order to reflect the nature of RISE. These included:

- a) Schedule of payment (at point 3.2): usually SCR would make payments

after delivery, i.e. in arrears. However, given the Council can make no financial commitment to RISE, SCR agreed in this specific case to allow payment in advance annually.

- b) In the 'Acknowledgement and Publicity' (section 12), the text has been changed at points to reflect that RISE needs to be a partnership between the City Region and delivery partners, with both parties working together rather than RISE working only to SCR.
- c) More generally, at a number of points in the text, SCC asked for a softening of language, to ensure that demands on the RISE team are reasonable and proportionate.

4.16. SCC accepted the need for SCR to retain the ability to clawback funding in the event of a significant failure of delivery. The team have been assured by the lead SCR officer that clawback would only be activated in the event of a significant failure and that mitigating action and discussions would take place in advance of this being sought. In addition, it was agreed that at 3.11 SCR would retain the ability to withhold the last 5% of funding pending successful delivery of the agreed outputs.

4.17. In extreme circumstances SCR may choose to terminate its agreement (as per section 15). However, the project would have the opportunity to remedy any failures in a 30 day period. In the event of a termination, SCC may be required to repay the Grant received.

4.18. Mitigating this risk of clawback or termination is the RISE governance structure, which will monitor delivery and address any delivery failures as these happen, to ensure that the contract can be successfully delivered overall. It is understood by all partners that delivery fluctuates across RISE cohorts and that there can be weaker and stronger cohorts within a year. However, the partners and delivery team constantly monitor delivery and address any issues as follows:

- The monthly Contract Meetings will monitor the outputs (number of applications, new businesses recruited to RISE, graduates successfully placed and the numbers being offered permanent contracts once these have ended). Where not enough businesses or graduates are recruited, there are backup processes that kick into place to ensure that numbers can be delivered.
- The Operations Group will meet in advance of each RISE cohort in order coordinate the dates for delivery, supporting attraction activity and graduate readiness for application. This group is attended by partners who are responsible for supporting RISE in their organisations and ensuring the success of each cohort. Any issues with delivery in partner organisations are addressed here by the people who can make operational changes within their organisations.
- The Oversight Group will meet bimonthly while the new contract starts up and embeds. This Group is the key strategic decision maker for RISE and takes overall responsibility for monitoring contract delivery. Representatives are decision makers for their organisations and can step in to ensure any issues are addressed by the contractor of their organisation.

- 4.19. Also in the Funding Agreement is a requirement around State Aid (set out in Section 8), which sets out the responsibilities of the recipient of funds regarding compliance with EU State Aid regulations. For RISE, the scheme has always operated under De Minimis, and it is recommended that we continue this approach.
- 4.20. Any company receiving financial support from the RISE Programme will be required to confirm that they are eligible to receive State Aid under the De Minimis regulation (1407/2013). As such prior to receiving any financial support from RISE the company will need to declare any De Minimis State Aid it has received in its past 3 accounting years, including the current one, and, in addition, the Creative Sheffield Accountable Body team will confirm whether the company falls within an eligible sector.
- 4.21. The maximum amount of Aid the company can receive will be capped at €200,000, including the RISE payment within this period. Where this cap is not reached the company will be able to receive a payment from the RISE Programme and will be advised, in their Funding Agreement, that they are in benefit of De Minimis aid of a value calculated in £GBP and €Euros.
- 4.22. Should the total amount of State Aid that a company has received (within the past three year period) exceed €200,000, the company in question will not be eligible for De Minimis aid and will not be able to benefit from a financial contribution from the RISE Programme.
- 4.23. Lastly, in terms of legal implications it should be noted that SCC retains Intellectual Property rights over the RISE brand and project (as set out in Section 13), though the City Region will have the right to 'use and exploit' the RISE brand and materials.

Financial implications and risk

- 4.24. The key terms and conditions of the funding sources for the RISE project are summarised below:

i. Sheffield Hallam University (Funding up to £240,000)

Sheffield Hallam University (SHU) has agreed to provide funding of up to £80,000 per annum for each of the next 3 years (up to £240,000 in total) towards the project. The funding offer has no detailed terms and conditions attached to it other than SHU require the funding to be used only for the RISE project. SHU have provided a letter confirming their funding commitment (see Appendix 2).

ii. University of Sheffield (UoS) (Funding up to £240,000)

The University of Sheffield (UoS) has agreed to provide funding of up to £80,000 per annum for each of the next 3 years (up to £240,000 in total) towards the project. The funding offer has no detailed terms and conditions attached to it other than the requirement for the funding to be used only for the RISE project. The UoS have provided a letter confirming their funding commitment (see Appendix 3).

iii. Sheffield City Region Investment Fund (up to £150,000)

A more detailed Funding Agreement has to be signed up to with the following key terms and conditions:

- A total grant of up to £150,000 to cover the period 12/04/2016-29/07/2019 will be paid in equal annual instalments of up to £50,000
- The grant is at risk of claw back and interest penalties if it is not spent correctly and / or project outputs and outcomes are not achieved.
- The grant can only be used for the project.
- Records need to be kept for 10 years.

4.25. RISE more generally poses a small financial risk to the Council, because the level of investment required by each organisation depends to an extent on the number of graduates that are placed. One of the key principles of the scheme is that the Universities will only pay for their own students. In modelling RISE finance scenarios, the minimum required proportion of graduates to be placed from each University is 30%. This means that 40% of graduates placed would be from non-Sheffield Universities and therefore are paid for with the SCR grant funding. To cover this risk, a contingency of £10,000 per annum has been agreed to be provided by the Universities. The financial modelling can be seen in Appendix 4.

Equality of opportunity implications

4.26. RISE is proud to support graduates from all walks of life and all partners are keen to promote equal opportunities for all protected characteristics (according to the Equalities Act 2010).

4.27. RISE encourages applicants from all backgrounds to apply to the scheme and makes (and encourages and supports employers to make) reasonable adjustments for people with additional needs wherever possible. We have set out in the Invitation to Tender that the new contractor is expected to make efforts to continue this work so that we continue to see a diverse RISE workforce.

Economic Impact

4.28. The economic impacts of RISE are set out elsewhere in the report, but for clarity, using the methodology of independent researchers, it is estimated that RISE will deliver the following real economic impacts over the next three years:

- £6.9m net GVA
- Return on Investment of £9.95 per £1 spent
- 150 permanent jobs created (60% conversion rate)
- Private sector wage match of a minimum of £1.6m.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1. RISE partners considered a number of alternative options to extending the scheme as proposed here. These are outlined below.

5.2. **Allow the scheme to come to an end** at the close of the current contract (December 2015).

Given the scheme's success in addressing market failure (as demonstrated by an independent evaluation report), it was felt that the model should be sustained

and built upon. This option was dismissed, with the rationale that:

- It would entail intolerable reputational risk for the city amongst SMEs, the wider private sector and graduate community given the scheme's success to date and strong reputation and brand
- Closing the scheme fails to meet the needs and demands of our SMEs. RISE has demonstrated a clear demand amongst SMEs for accessing graduate talent and has helped to bridge a gap in the market
- SMEs may disengage from employing graduates in the future, with the mismatch between SMEs and graduate employment failing to be addressed with knock-on implications for business growth and graduate attraction/retention rates in the city.

5.3. Continue the scheme in its current form (covering only Sheffield SMEs).

While there were advantages to this option, it was dismissed as no match funding could be found from the public sector to match the Universities' contribution. In addition, it was felt that the scheme's success demonstrated its benefits could be accrued more widely if the scheme was expanded to cover SMEs from across SCR.

5.4. Expand the scheme to accommodate demand from across the City-Region.

This was the preferred option as it allowed the revitalisation of the scheme, consolidation of its successes and opportunities for growth and development. In particular, the strength of this option was seen as being the increased scale and economic impact RISE could have (through the ability to place more graduates into more jobs across a wider SME base). This in turn could have a greater impact on the destination figures for both University of Sheffield and Sheffield Hallam University as they would remain the only significant local university partners with greater volumes of students applying for more SME graduate positions across the SCR. The increase in the number of roles across the SCR would also help to raise the profile of RISE even further and would inevitably attract even more applicants to the scheme, making it more attractive to SMEs to participate and have access to a wider choice of graduates.

5.5. Expand the scheme across Yorkshire and the Humber and or northern cities.

This option was considered to be too ambitious and was thought to be unachievable in the timescale available. A number of significant challenges would need to be overcome with such a model. These include:

- The danger of RISE losing both its distinctiveness and competitive advantage for Sheffield at this scale, and feeling as relevant to local SMEs
- Potential competition for graduates with other RISE areas, and losing Sheffield's competitive advantage on graduate attraction and retention
- A recent YH Heads of Careers Service meeting suggested a lack of appetite for a regional scheme
- The complexities involved in engaging with towns/cities, LEPs/Councils and universities across YH/core cities with different economies and challenges, along with the complexities of administering such a

programme. This would require leadership and resources from the Council, SHU and UoS

- Potential dilution and loss of control of the RISE brand
- A lack of existing infrastructure or capability to coordinate and deliver such a regional/national scheme
- Less clear funding structures

5.6. **Create University level employment schemes.**

As noted earlier in this paper, one option considered was to close down RISE in favour of both universities developing their own employment schemes. This was dismissed because: both universities are bought into the *raison d'être* of this scheme – which centres on business growth (rather than graduate employment). It is understood that any university scheme would necessarily revert to a 'graduate employment' function, rather than being about wider economic growth and value. An additional reason for not pursuing this option is that currently RISE works on the principle of the 'best graduate' getting the right job, regardless of the university they attended; this principle would also be lost if individual university schemes were to be run instead of RISE, which is open to all graduates.

6. **REASONS FOR RECOMMENDATIONS**

6.1. **Investment**

This proposal ensures a significant investment in the city and region that focuses on SMEs and graduate employment. While it is true that the funding from each of these organisations would be spent in here in any case, RISE provides additionality by addressing a clear market need and producing demonstrable economic impact that would not otherwise be accrued.

In addition, the Council had previously been providing a financial contribution to RISE, but this has now ended. This means that for a contribution in-kind (of officer time) and £6,500 to cover internal procurement costs, Sheffield businesses and graduates will benefit from RISE without there being a requirement for investment by the council at a time of significant financial challenge.

6.2. **Impact**

As alluded to above, economic impact calculations (based on those conducted in an independent evaluation of the scheme) show that RISE would deliver the following real economic impacts over the next three years:

- £6.9m net GVA
- Return on Investment of £9.95 per £1 spent
- 150 permanent jobs created (60% conversion rate)
- Private sector wage match of a minimum of £1.6m.

6.3. **Reputation and reach**

RISE could be allowed to close down at the end of the current contract. However, given the success of RISE over the past three years, this would be a missed opportunity to cement the city's reputation for having delivered the first city-wide graduate scheme (and potentially a reputational cost). It would also

miss a significant opportunity to maximise the impact and reach of RISE as it would form part of the business support offer at a regional level. The SCR led Growth Hub and Skills Bank have agreed to work with and cross-refer with RISE.

7. RECOMMENDATIONS

7.1. It is recommended that the Cabinet Member:

1. Authorises the Council to accept the following grant offers for RISE 2016-2019:
 - a. Up to £240,000 from Sheffield University;
 - b. Up to £240,000 from Sheffield Hallam University;
 - c. Up to £150,000 from the Sheffield City Region.

2. Delegates authority to the Executive Director of Place, in consultation with the Director of Finance and Director of Legal and Governance, to finalise and enter into a funding agreement with Sheffield City Region, and to determine the procedure for distribution of the RISE funding.

Author Sarah Lowi Jones
Job Title Economic Policy Officer
Date 30 March 2015

Appendix 1 – Draft SCR-SCC Funding Agreement (See separate document)

Appendix 2 – Funding Confirmation Letter (Sheffield Hallam University)



Department for Education &
Employer Partnerships
Sheffield Hallam University
City Campus
Howard Street
Sheffield, S1 1WB

cmoss@paruk
www.shu.ac.uk

Conor Moss
Director of Education & Employer
Partnerships

16th March 2016

Dear Diana,

I am writing to confirm formally that the Sheffield Hallam University has committed the following funding to support the continuation of the RISE scheme for the next three years (2016-18):

Annually – up to £80,000

In total – up to £240,000

The payment schedule for this funding is flexible – but you have my firm commitment that all funding due for this project will be paid in consultation with your team in Creative Sheffield, subject to an annual review. While we (Sheffield Hallam University) attach no formal terms and conditions to this funding, according to the principles of RISE:

- The grant funding that we provide can only be used for the purpose of funding the RISE scheme.
- We will only pay the amount that ultimately falls due, depending on the number of graduates placed from the Sheffield Hallam University

Notwithstanding, I am committed to supporting RISE and can confirm that I am happy to support the creation of a small contingency fund from this funding envelope (£5,000 per year) to cover any financial risk for Creative Sheffield. It has been agreed that this contingency fund will only be used for the purposes of RISE, and the use of this will be agreed collectively by the Oversight Board, of which my organisation will form a key part.

I look forward to continuing to work with you and your team on RISE in the coming years.

Yours sincerely,



Conor Moss
Director of Education & Employer Partnerships

Appendix 3 – Funding Confirmation Letter (the University of Sheffield)



The
University
Of
Sheffield.

The
Careers
Service.

Diana Buckley
Economy Strategy Manager
Creative Sheffield
Sheffield City Council
11 Broad Street West
Sheffield
S1 2BQ

21st March 2016

Paul Fennell, BA DipCG, MA
Head of Careers and Employability
University of Sheffield
Careers Service
388 Glossop Road
Sheffield
S10 2JA

General Enquiries: 0114 222 0900
Website: <http://www.shef.ac.uk/careers/>
Email: p.fennell@sheffield.ac.uk
Direct Line: 0114 222 0909

Dear Diana

I am writing to formally confirm that the University of Sheffield has committed the following funding to support the continuation of the RISE scheme for the next three years (2016-19), subject to annual review:

Annually - up to £80,000

In total - up to £240,000

The payment schedule for this funding is flexible, but you have my firm commitment that all funding due for this project will be paid in consultation with your team in Creative Sheffield. Whilst we attach no formal terms and conditions to this funding, according to the principles of RISE:

- The grant funding that I provide can only be used for the purpose of funding the RISE scheme.
- I will pay only the amount that ultimately falls due, depending on the number of graduates placed from the University of Sheffield.

Notwithstanding, I am committed to supporting RISE and can confirm that I am happy to support the creation of a small contingency fund from this funding envelope (£5,000 per year) to cover any financial risk for Creative Sheffield. It has been agreed that this contingency fund will only be used for the purposes of RISE, and the use of this will be agreed collectively by the Oversight Board, of which my organisation will form a key part.

I look forward to continuing to work with you and your team on RISE in the coming years.

Yours sincerely

[signature removed]

Paul Fennell

Head of Careers and Employability

Appendix 4 – RISE Financial Modelling

Minimum Scenario

Guaranteed 30% graduates from each university
Contract specified 60 new to rise (therefore 60% subsidy)

Total per year	85						
subsidy	£ 1,000.00						
brokerage	£ 500.00						
INCOME	Assumed %		Per year	in total			At risk
CS Project Mgmt (in-kind)			£ -	£ -			
CS Subtotal			£ -	£ -			
LEP Flat Fee			£ 23,000.00	£ 69,000.00			
LEP Brokerage	40%	34	£ 17,000.00	£ 51,000.00			
LEP Subsidy	60%	20	£ 20,000.00	£ 60,000.00			
LEP subtotal			£ 60,000.00	£ 180,000.00	-£ 10,000.00		-£ 30,000.00
SHU Flat Fee			£ 30,000.00	£ 90,000.00			
SHU Brokerage	30%	26	£ 13,000.00	£ 39,000.00			
SHU Subsidy	60%	15	£ 15,000.00	£ 45,000.00			
SHU subtotal			£ 58,000.00	£ 174,000.00	£ 22,000.00		£ 66,000.00
UoS Flat Fee			£ 30,000.00	£ 90,000.00			
UoS Brokerage	30%	26	£ 13,000.00	£ 39,000.00			
UoS Subidy	60%	15	£ 15,000.00	£ 45,000.00			
UoS subtotal			£ 58,000.00	£ 174,000.00	£ 22,000.00		£ 66,000.00
TOTAL INCOME			£ 166,000.00	£ 498,000.00			
Income available			£ 210,000	£ 630,000			
EXPENDITURE							
Contract delivery cost			£ 125,000.00	£ 375,000.00			
Subsidies (60% of 85 companies)			£ 51,000.00	£ 153,000.00			
Procurement				£ -			
CS Project management			£ -	£ -			
TOTAL EXPENDITURE			£ 176,000.00	£ 528,000.00			
Contract cost difference							
- cont							£ 44,000.00
Creative Sheffield Financial Risk							
(Covered by contingency fund)			£ 10,000.00	£ 30,000.00			

Expected Scenario

Contract specified 60 new to rise (therefore 60% subsidy)

Total per year	85						
subsidy	£ 1,000.00						
brokerage	£ 500.00						
INCOME	Assumed %		Per year	in total			At risk
CS Project Mgmt (in-kind)			£ -	£ -			
CS Subtotal			£ -	£ -			
LEP Flat Fee			£ 23,000.00	£ 69,000.00			
LEP Brokerage	30%	26	£ 13,000.00	£ 39,000.00			
LEP Subsidy	60%	15	£ 15,000.00	£ 45,000.00			
LEP subtotal			£ 51,000.00	£ 153,000.00	-£ 1,000.00	-£ 3,000.00	
SHU Flat Fee			£ 30,000.00	£ 90,000.00			
SHU Brokerage	35%	30	£ 15,000.00	£ 45,000.00			
SHU Subsidy	60%	18	£ 18,000.00	£ 54,000.00			
SHU subtotal			£ 63,000.00	£ 189,000.00	£ 17,000.00	£ 51,000.00	
UoS Flat Fee			£ 30,000.00	£ 90,000.00			
UoS Brokerage	35%	30	£ 15,000.00	£ 45,000.00			
UoS Subsidy	60%	18	£ 18,000.00	£ 54,000.00			
UoS subtotal			£ 63,000.00	£ 189,000.00	£ 17,000.00	£ 51,000.00	
TOTAL INCOME			£ 176,000.00	£ 528,000.00			
Income available			£ 210,000	£ 630,000			
EXPENDITURE							
Contract delivery cost			£ 125,000.00	£ 375,000.00			
Subsidies (60% of 85 companies)			£ 51,000.00	£ 153,000.00			
Procurement				£ -			
CS Project management			£ -	£ -			
TOTAL EXPENDITURE			£ 176,000.00	£ 528,000.00			
Contract cost difference - cont						£ 33,000.00	
Creative Sheffield Financial Risk							
(Covered by contingency fund)			£ -	£ -			

Aspirational Scenario

Contract specified 60 new to rise (therefore 60% subsidy)

Total per year 85
 subsidy £ 1,000.00
 brokerage £ 500.00

INCOME	Assumed %		Per year	in total	At risk	
CS Project Mgmt (in-kind)			£ -	£ -		
LEP Flat Fee			£ 23,000.00	£ 69,000.00		
LEP Brokerage	10%	9	£ 4,500.00	£ 13,500.00		
LEP Subsidy	60%	5	£ 5,000.00	£ 15,000.00		
LEP subtotal			£ 32,500.00	£ 97,500.00	£ 17,500.00	£ 52,500.00
SHU Flat Fee			£ 30,000.00	£ 90,000.00		
SHU Brokerage	40%	34	£ 17,000.00	£ 51,000.00		
SHU Subsidy	60%	20	£ 20,000.00	£ 60,000.00		
SHU subtotal			£ 67,000.00	£ 201,000.00	£ 13,000.00	£ 39,000.00
UoS Flat Fee			£ 30,000.00	£ 90,000.00		
UoS Brokerage	50%	43	£ 21,500.00	£ 64,500.00		
UoS Subsidy	60%	26	£ 26,000.00	£ 78,000.00		
UoS subtotal			£ 77,500.00	£ 232,500.00	£ 2,500.00	£ 7,500.00
TOTAL INCOME			£ 177,000.00	£ 531,000.00		
Income available			£ 210,000	£ 630,000		
EXPENDITURE						
Contract delivery cost			£ 125,000.00	£ 375,000.00		
Subsidies (60% of 85 companies)			£ 51,000.00	£ 153,000.00		
Procurement				£ -		
CS Project management			£ -	£ -		
TOTAL EXPENDITURE			£ 176,000.00	£ 528,000.00		
Contract cost difference - cont						£ 33,000.00
Creative Sheffield Financial Risk (Covered by contingency fund)			£ -	£ -		