

## SHEFFIELD CITY COUNCIL

### INDIVIDUAL CABINET MEMBER DECISION RECORD

The following decision was taken on 14 April 2016 by the Cabinet Member for Business, Skills and Development.

Date notified to all members: 14 April 2016

The end of the call-in period is 4:00 pm on 20 April 2016

Unless called-in, the decision can be implemented from 21 April 2016

#### 1. **Title**

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

#### 2. **Decision Taken**

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.

#### 3. **Reasons For Decision**

##### **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.

## **4. Alternatives Considered And Rejected**

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

**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.

**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.

**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.

**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

**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.

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