



SHEFFIELD CITY COUNCIL

Cabinet

Report of: Executive Director, Place

Date: 15 January 2012

Subject: Sheffield City Region Regional Growth Fund Round 3
– Unlocking Business Investment .

Author of Report: Simon Green, Executive Director, Place

Summary:

The Regional Growth Fund (RGF) is a £2.4bn fund operating across England from 2011 to 2015. The purpose of RGF is to stimulate private sector growth and employment in areas that have experienced (or are likely to experience) significant public sector cuts.

In June 2012, the SCR LEP / Sheffield City Council submitted a programme bid to the RGF called “Unlocking Business Investment”. This bid included 27 “named” companies from across the Sheffield City Region. The companies were selected through a LEP-led selection process from 80 companies who submitted a formal expression of interest (EOI).

On 19th October, the Government announced that it will award £25m of the RGF to the Sheffield City Region Local Enterprise Partnership (SCR LEP) in partnership with Sheffield City Council (as Accountable Body). Subject to negotiation with the Department for Business Innovation and Skills (BIS) – this is likely to be in exchange for 1900 jobs created or safeguarded by the end of 2015/16 or an average of over 860 sustained jobs per annum by the end of 2018/19.

This report sets out proposals for the Council to act in the capacity of Accountable Body on behalf of the Local Enterprise Partnership in relation to a £25m of Regional Growth Funding (RGF) programme secured under round 3. The City Council will be responsible for contracting with the Department for Business for the delivery of the programme, for receiving and managing the funds, for undertaking the technical assessment of the business proposals and for contracting with the recipient businesses. In respect of the contract with BIS, we will carry responsibility for the delivery of the programme outcomes.

The Local Enterprise Partnership, in whose name the bid was submitted, will retain a strategic/policy responsibility for the programme, including setting the overall approach to investment, leading the call for new proposals and reviewing overall progress of the programme and reporting this to the LEP Board.

Reasons for Recommendations: This is now the third round of RGF and to date Sheffield specifically, and the City Region more generally, has had only very limited success in securing funds. Round 1 was largely limited to direct, large scale, bids and very few went forward from SCR and only the Finningley Link Road and AMRC were successful. In round 2, BIS encouraged programme bids and SCC worked with City Region partners to put together a proposal designed to distribute funds (with support) to SMEs. The bid was not successful, although very similar programmes were supported through the Banks (eg Natwest and HSBC) which was clearly the Government's preferred route. Against this background, when round 3 was announced, we felt that it was imperative that Authorities worked with the LEP to put together a credible programme bid which would be able to support companies in the City Region with investment projects smaller than £1m. In order to do so, it was necessary to underpin the bid with a local authority accountable body and it was felt that Sheffield City Council was best placed to provide this function.

RGF is the most significant investment funding for business to emerge from Government since the demise of the RDAs. It is important that we are able to play a significant role in ensuring these funds are available to the City Region and Sheffield businesses in particular. We expect to support approximately 50/60 businesses through these funds up to half of which could be from Sheffield. The £25m will lever in a minimum of £100m of additional private sector investment and generate an absolute total of 1900 new or safeguarded jobs by the end of 2015/16.

Recommendations: That, the Cabinet agrees -

- 1.1 To the principle of the Council taking on the role of Accountable Body and establishing management arrangements for the assessment of investment applications, contracting for the delivery of job outcomes with business and monitoring the performance of these projects until 2016/17;
- 1.2 To delegate authority to the Executive Director for Place in consultation with the Cabinet Member for Business, Skills and Development, the Director of Finance, and the Director of Legal Services to agree the terms of and conclude the funding agreement with the Department for Business Innovation and Skills (BIS);
- 1.3 To delegate authority to the Director of Creative Sheffield, in consultation with the Cabinet Member for Business, Skills and Development and the Director of Legal Services and Director of Finance to agree any variations to the agreement with BIS;
- 1.4 To delegate authority to the Director of Creative Sheffield, in consultation with the Director of Finance and Director of Legal Services, to approve the

scheme delivery plan for this programme which will include detailed methodology for the assessment, contracting and monitoring of business investment proposals;

- 1.5 To delegate authority to the Director of Creative Sheffield to approve investment decisions and contract with successful companies, in consultation with the Chief Executive of the Sheffield City Region Local Enterprise Partnership; and
- 1.6 To delegate authority to the Director of Creative Sheffield to contract with business applicants in a form agreed with Legal Service; and
- 1.7 To delegate to the Director of Creative Sheffield, in consultation with the Director of Finance and the Chief Executive of the Sheffield City Region Local Enterprise Partnership, authority to approve appropriate expenditure from the revenue finance approved by BIS for the purpose of managing these funds.

Background Papers: Appendices to main report

Category of Report: OPEN/

If Closed add – ‘Not for publication because it contains exempt information under Paragraph... of Schedule 12A of the Local Government Act 1972 (as amended).’

* Delete as appropriate

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Anna Peysner
Legal Implications
YES Cleared by: Amy Oakley
Equality of Opportunity Implications
YES Cleared by: Sue Millington
Tackling Health Inequalities Implications
NO
Human rights Implications
No
Environmental and Sustainability implications
NO
Economic impact
YES
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
Sheffield City Region
Relevant Cabinet Portfolio Leader
Councillor Leigh Bramall
Relevant Scrutiny Committee if decision called in
Economic and Environmental Wellbeing
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO -

REPORT TITLE: Sheffield City Region Regional Growth Fund Round 3 –
Unlocking Business Investment .

1.0 SUMMARY

- 1.1 On 19th October, the Government announced that it would award £25m of the RGF to the Sheffield City Region Local Enterprise Partnership (SCR LEP). Although the reduction from £38m was a slight disappointment, this simply reflected the fact that the available funding of £1bn had been over subscribed several times. We are now in negotiation with BIS to agree the terms of a funding agreement which will require the delivery of around 1600 jobs by the funded businesses. The agreement also requires us to develop a scheme delivery plan which will set out the details of our arrangements for managing and monitoring the scheme between now and 2019. Both Legal Services and Corporate Finance are already involved in the discussion of the funding agreements and necessary processes. BIS undertook their due diligence on 18 December and were happy with our progress and raised no issues.
- 1.2 In taking this scheme forward, we are working in close partnership with the executive team at the LEP. Sections 4.4 – 4.8 below describe how this will work in practice and how in particular, we will draw a distinction between the role of SCC as the Accountable Body and LEP as the ‘figurehead’ for the proposal.
- 1.3 It is imperative that we seek all necessary advice and take sufficient time to ensure that the procedures and systems are in place to allow us to manage the programme effectively and reduce risk for the Council. We also need to be able to progress the applications from the 27 named projects in the bid as quickly as possible. In addition, we will work with the LEP to introduce arrangements for bringing forward new expressions of interest for businesses with pipeline projects. Issues relating to both of these aspects are outlined below.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 Since the demise of the RDAs and significant reductions in national funding for business investment and growth, RGF is the only significant business focused intervention designed to directly support and stimulate business investment. Approximately £1.4bn has been allocated through rounds 1 and 2 and Sheffield and the City Region more widely have had only limited success. Our success in round 3 means that we will bring £25m in additional grant funding to the City Region which should result in over £100m of additional private sector funding. This will create or safeguard 1900 jobs by 2015/16.
- 2.2 Our estimate is that RGF will support in the region of 50/60 businesses. 27 of these have already been identified and a further call for proposals will result in the remainder coming through over the coming 3 months. We would estimate at this stage that 20-30 of these investments will be through Sheffield businesses and that as a result, around 40-50% of the employment impact may benefit the City.

3.0 OUTCOME AND SUSTAINABILITY

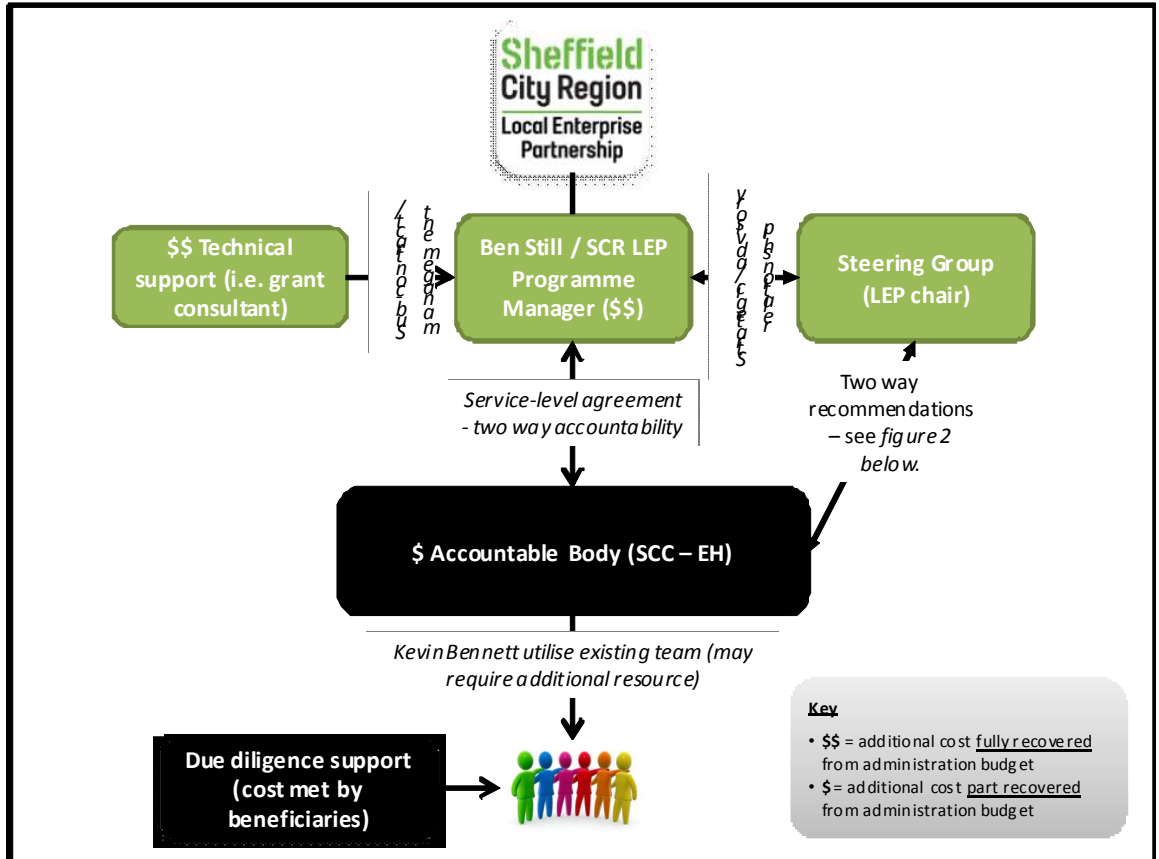
- 3.1 The primary objective of RGF is to support the economic transition of areas identified as being over-reliant in the past on public sector employment. The fund supports business growth through the provision of grants to stimulate job creating investment which otherwise might not go ahead in the current climate. Businesses are required to demonstrate that the investment would not go ahead without grant, that the project will clearly allow them to tackle new markets and that it will create a range of jobs – the level, nature and salary for which have to be specified within the application. The jobs will be monitored over a minimum of 3 years in order to ensure that they are delivered and are sustainable in the medium term.

4.0 BACKGROUND

- 4.1 The Regional Growth Fund (RGF) is a £2.4bn fund operating across England from 2011 to 2015. The purpose of RGF is to stimulate private sector growth and employment in areas that have experienced (or are likely to experience) significant public sector cuts. There are essentially two routes for securing RGF. Companies with projects requiring over £1m of grant are able to bid directly to BIS for funds. In order to cater for small and medium sized businesses (SMEs) with projects requiring less than £1m, organisations such as LEPs, Local Authorities and the Banks, were encouraged to submit so-called programme bids which would allow us to offer support for such companies in the Sheffield City Region.
- 4.2 From our initial discussions with BIS following the announcement of round 3, there appeared to be a recognition that SCR had not benefitted sufficiently from previous rounds of RGF so we were encouraged, unofficially to “think big”. A target figure of £40m was discussed. In June 2012, the SCR LEP / Sheffield City Council submitted a programme bid to Government called “Unlocking Business Investment”. This bid for £38m included 27 “named” companies from across the Sheffield City Region. The companies were selected through a LEP-led selection process from 80 companies who submitted a formal expression of interest (EOI). Naming robust projects in this way was necessary in order to give the bid substance and convince BIS that this region would be capable of investing £40m.
- 4.3 In order to secure the funds, we needed to identify a Local Authority Accountable Body with the capacity and experience to take on the role of contracting with BIS, managing the overall programme and monitoring the expenditure and deliver of jobs. The LEP were not constituted to perform this role and no other Authority was prepared to or had the necessary experience take it on. It was agreed in principle that Sheffield would take on this subject to securing necessary approvals from the Council.
- 4.4 In headline terms, the SCR RGF programme is a LEP-led initiative delivered in partnership between SCR LEP and SCC. As set out in *figure 1* below, the

programme will take strategic and investment direction from the LEP, via a Steering group .comprising Political and LEP private sector Board representation, a representative of the accountable body (Kevin Bennett), a co-opted member with financial expertise and an observer from BIS/CLG.. This position was agreed by the LEP Board on 27 November.

Fig 1



4.5 In addition to providing strategic leadership, the LEP steering group will be responsible for bringing forward the next wave of suitable projects, providing an initial assessment of suitability and, ultimately recommending to the Accountable Body, which projects should go forward for grant. This role will also include monitoring the overall performance of the programme.

4.6 As Accountable Body, SCC will contract with BIS for the funds and delivery of outputs and will therefore be technically and legally responsible for all ‘transactional’ elements of the programme. We will be required to establish:

- An overall programme management framework;
- Clear financial monitoring procedures;
- An investment appraisal process for assessing all proposals – from EOI stage through to detailed assessment;
- Resources for undertaking detailed external technical appraisal (at the businesses’ expense);
- A grant agreement template; and
- Detailed performance monitoring processes.

- 4.7 All of the above will be contained within a Scheme Delivery Plan which will be approved by BIS/CLG prior to the signing of the funding agreement. The plan will be developed in conjunction with all appropriate SCC services and will be finalised in accordance with the recommendation in 15.4 below.
- 4.8 The responsibilities of the Accountable Body are significant on a programme of this size. RGF has political visibility and involves extensive engagement with the private sector at senior levels. The programme will therefore be subject to significant scrutiny and interest. Creative Sheffield, with the support of Corporate Finance, Legal Services and Commercial services, is well placed to manage this programme. We have a team with experience of programme management, business finance and detailed performance monitoring and are proficient in SCC financial and performance reporting processes. Where we require additional support – eg in relation to financial assessment, legal advice – we will secure this through SCC services or externally when advised to do so.
- 4.9 Important milestones are:
- 18 December – Due diligence on SCC (by BIS) - completed (no issues raised);
 - 31 December – 27 named businesses submit revised applications and supporting documents - nine received to date
 - 2 January – detailed consideration of initial 27 bids commences;
 - 19 January – BIS deadline for agreeing in principle to outline terms of offer letter;
 - 31 January – deadline for submission of new expressions of interest;
 - 28 February – EOIs reviewed by LEP panel and invited to go forward to full application;
 - 31 March – Appraisal of the 27 initial bids complete and , where satisfactory, contracted;
 - 19 April – deadline for acceptance of BIS offer letter;
 - 30 May – Deadline for full applications for approved EOIs;
 - June/July/August – New EOIs appraised and contracted.
 - June – further call for EOIs if necessary.

5.0 FINANCIAL, RESOURCE AND EQUALITY IMPLICATIONS

- 5.1 The City Council will be legally responsible for the delivery of the programme – comprising £25m of investment in businesses and approximately £330,000 of revenue support. The £25m will be drawn down quarterly in advance and there will be an opportunity to make four claims each year. There is, therefore, no requirement for the City Council to cashflow the investment. The £25m will be invested in approved business projects and will mainly be released in arrears against the delivery of agreed investment milestones and job outcomes (see paragraph 5.3 below for potential exceptions to this). The funding agreement contains standard terms and conditions regarding the potential repayment or withholding of funding by BIS. This could arise in the event that BIS conclude that:
- a. The nature of the scheme has changed fundamentally;

- b. Progress with the scheme is insufficient;
- c. Information we provided during the bidding process appears to be inaccurate or misleading; or
- d. We fail to comply with any of the provisions of the Grant Offer Letter.

- 5.2 From a-d above, the most significant risk to the Authority is grant clawback. The main theoretical triggers for this would be:
- a. if we were unable to invest the funds due to a lack of quality proposals – in which case BIS would rightly ask for the advanced funds back and there would be no penalty for the Council;
 - b. if projects we had contracted proved unable to deliver the forecast jobs. In this case, the Authority would be technically accountable to BIS through the grant offer letter;
 - c. if we had been negligent in our appraisal of bids.
- 5.3 The mitigation for this is to ensure that we have undertaken a thorough assessment of the proposals – including proportionate detailed external assessment – prior to contracting and that our default position, unless there are exceptional circumstances, will be to release the grant in arrears upon the achievement of investment milestones and jobs. On the latter point, there may be exceptions where the detailed assessment of the company and the sources of funding for the project show that the grant is required earlier in the investment period either for cashflow reasons or in order to release the other funds. These cases will be considered extremely carefully and only taken forward where evidenced through the financial and external assessment exercises. It is also to ensure that our contract with businesses is robust and contains all necessary powers of closure/recovery in the event that investment milestones/commitments are not met. This is currently being agreed with Legal Services.
- 5.4 Clearly managing this programme is not without risk, but we believe that these can be managed in the manner outlined above. Through both the Due Diligence exercise and our more informal discussions with BIS, they have indicated that so long as our pre-investment processes and overall contract management are shown to be robust, it is highly unlikely that we would ever be held account for any underperformance by contracted businesses – ie for the non delivery of jobs. The only circumstances in which they envisage funds being returned are where we have failed to invest it. In view of the current level of interest, this appears unlikely. **We have been through the BIS due diligence process on 18 December at which we discussed the progress we have made in developing the delivery plan. This included presenting our work on programme management, investment appraisal, risk management and monitoring. The feedback we have received is very positive, with no issues raised and BIS have now issued the conditional offer letter.**
- 5.5 In order to underpin the financial risks of running the programme, we are working with Legal Services on a draft Inter Authority Agreement covering RGF, Growing Places Fund and the SCR Urban Development Fund which in essence will set out a basis for sharing the liability of any clawback or financial issue arising from the delivery of the programme.

5.6 Fundamentally this proposal is equality neutral, impacting all local people equally regardless of age, sex, race, faith, disability, sexuality, etc. However, it should prove particularly positive for financial inclusion and community cohesion as up to 1600 extra jobs will be created. The project should assist in the City's wider economic development, delivering jobs for local residents. Although in this context, Sheffield City Council is only acting as Administrator - we need to ensure that we are connecting to the support available through the City Deal and other Sheffield specific employability measures to ensure that as wide a range of individuals as possible have access to these opportunities. No negative equality impacts have been identified.

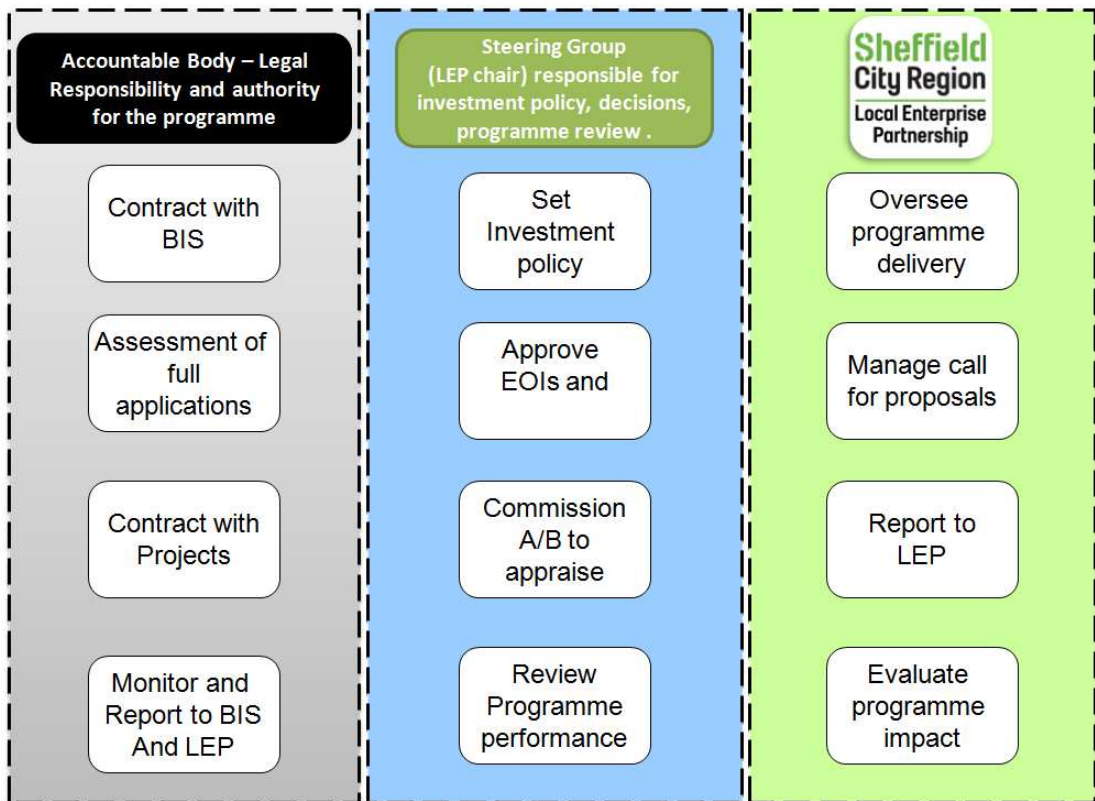
6.0 LEGAL IMPLICATIONS

- 6.1 In the past significant reliance would have been placed on Section 2 of the Local Government Act (LGA) 2000 well-being powers to implement the proposals set out in this report. However, it is likely that in implementing these proposals reliance will now be placed on the new 'general power of competence' (the 'GPC') conferred on the Council by Section 1(1) of the Localism Act 2011.
- 6.2 Section 1(1) came into force on 18th February 2012 and provides that, "*A local authority has power to do anything that individuals generally may do.*" This is clearly a very broad power, which is subject to existing or future statutory limitations. For example, Section 2(1) of the Localism Act provides that, "*If exercise of a pre-commencement power of a local authority is subject to restrictions, those restrictions apply also to exercise of the general power so far as it is overlapped by the pre-commencement power.*"
- 6.3 The Government's intention is that the statutory power of local authorities to promote the economic, social and environmental well-being of their areas contained in Section 2 of the LGA 2000 will be repealed as these activities will fall within the scope of the GPC. However, Section 2 has not yet been repealed. Therefore, if prior to the introduction of the GPC activities would have been carried out under Section 2 of the LGA, where those activities are now carried out under the GPC they will for the time being continue to be subject to the same restrictions that apply to the exercise of Section 2 of the LGA 2000 powers. This is the effect of Section 2(1) of the Localism Act 2011 set out above.
- 6.4 Therefore, for the time being, even if the GPC is now being used, it will still be necessary to observe the restrictions on the use of the well-being powers. For example, prior to using the well-being powers regard must be had to any relevant guidance issued by the Secretary of State and to the Council's Sustainable Community Strategy ('The Sheffield City Strategy 2010 – 2020'). The proposals in this report would ultimately be in keeping with the ambitions within the City Strategy of promoting a strong economy.
- 6.5 The procurement of any goods, works or services must be undertaken in accordance with all relevant provisions of the Council's Constitution and Contract Standing Orders in addition to the European procurement rules.

6.7 The governance arrangements have been touched upon in paragraph 4.4 above. The LEP took the lead on the submission of the bid and are the 'front'. Sheffield City Council agreed in principle to act in an accountable body capacity as this was a requirement for LEP submissions. The City Council will contract with BIS and will be responsible for the assessment and contracting of projects. In this respect, therefore, the programme will be established as a separate business unit within Creative Sheffield. It will be managed in accordance with standing orders and will report through Performance Plus to all appropriate levels. In addition, we will create a small Project Management Group in conjunction with Corporate Finance which will support management of the programme.

6.8 In respect of the LEP, management arrangements were set out in a paper to the LEP Board on 20 November. A LEP Steering Group will be established, comprising a LEP Board Council representative, David Grey MBE and Chris Scholey representing the private Sector, BIS as observers (probably through the Department for Communities), Creative Sheffield representing the Accountable Body and 2 additional members suitably qualified in business investment matters. The Steering Group will report to the LEP Board on progress with the fund. Responsibilities are summarised in figure 2 below.

Fig 2



7.0 RISKS

7.1 The key risks are set out in the risk assessment matrix in Appendix 1.

8.0 ALTERNATIVE OPTIONS CONSIDERED

8.1 **Not acting as Accountable Body for RGF**

SCC was the only LA in South Yorkshire prepared to take on this role and probably the only one with capacity. A Local Authority Accountable Body was a pre-requisite for a LEP led RGF bid, so failure to identify a suitably qualified authority acting in this role would have jeopardised our ability to draw down £25m for the benefit of small and medium sized businesses in the City Region.

8.2 Allowing the LEP business entity (LEPCO) to take over the role.

This would not have been acceptable to BIS and the LEPCO would not have had the systems in place to carry out the essential functions required to administer the fund. In reality this was not a realistic option.

8.3 Procuring a fund manager/grant administrator

This would potentially have been a feasible option. However, this would have only covered part of the issue – ie the actual, administration of the grants/loans. The Council would still have had to contract with BIS and would have been responsible for the on-going monitoring of investments. So, whilst aspects of this option would have had some merit, we believe that it would not have represented a comprehensive and cost effective option.

9.0 EQUALITY OF OPPORTUNITY IMPLICATIONS

9.1 An Equality Impact Assessment of this specific scheme is attached at Appendix 2. The investments undertaken through the RGF are designed to improve business competitiveness, support job creation and to support the growth of the Sheffield economy. Although as Accountable Body we will have little ability to influence the nature of the employment offered by the businesses, we will need to ensure that we link this work to the City Deal apprenticeship and up-skilling programme and other employability measures undertaken via SCC.

10.0 HUMAN RIGHTS ISSUES

10.1 There are not thought to be any human rights implications arising from these proposals.

11.0 CONSULTATION

11.1 Consultation has been ongoing with the Sheffield City Region LEP, representatives of the other City Region Local Authorities, the Department for Communities and Local Government and the private sector.

12.0 REASONS FOR RECOMMENDATIONS

12.1 This is now the third round of RGF and to date, Sheffield specifically and the City Region more generally has had only very limited success in securing funds – especially when compared to the North West and North East. However, RGF is

one of the Government's primary policy tools for intervening in parts of the Country previously over reliant on public sector employment. It was therefore imperative that Authorities worked with the LEP to put together a credible programme bid which would be able to support companies in the City Region with investment projects smaller than £1m. In order to do so, it was necessary to underpin the bid with a local authority accountable body and it was felt that Sheffield City Council was best placed to provide this function.

- 12.2 RGF is the most significant investment funding for business to emerge from Government since the demise of the RDAs. It is important that we are able to play a significant role in ensuring these funds are available to the City Region and Sheffield businesses in particular. We expect to support approximately 50 businesses through these funds up to half of which could be from Sheffield. The £25m will lever in a minimum of £100m of additional private sector investment and generate at least 1600 new or safeguarded jobs.
- 12.3 Alongside similar roles we are playing in relation to the Growing Places Fund and Start Up Loans for Young People, being involved so actively in the

15.0 RECOMMENDATIONS

- 15.1 That, the Cabinet agrees -
- a. To the principle of the Council taking on the role of Accountable Body and establishing management arrangements for the assessment of investment applications, contracting for the delivery of job outcomes with business and monitoring the performance of these projects until 2016/17;
 - b. To delegate authority to the Executive Director for Place in consultation with the Cabinet Member for Business, Skills and Development, the Director of Finance, and the Director of Legal Services to agree the terms of and conclude the funding agreement with the Department for Business Innovation and Skills (BIS);
 - c. To delegate authority to the Director of Creative Sheffield, in consultation with the Cabinet Member for Business, Skills and Development and the Director of Legal Services and Director of Finance to agree any variations to the agreement with BIS;
 - d. To delegate authority to the Director of Creative Sheffield, in consultation with the Director of Finance and Director of Legal Services, to approve the scheme delivery plan for this programme which will include detailed methodology for the assessment, contracting and monitoring of business investment proposals;
 - e. To delegate authority to the Director of Creative Sheffield to approve investment decisions and contract with successful companies, in consultation with the Chief Executive of the Sheffield City Region Local Enterprise Partnership; and

- f. To delegate authority to the Director of Creative Sheffield to contract with business applicants in a form agreed with Legal Service; and
- g. To delegate to the Director of Creative Sheffield, in consultation with the Director of Finance and the Chief Executive of the Sheffield City Region Local Enterprise Partnership, authority to approve appropriate expenditure from the revenue finance approved by BIS for the purpose of managing these funds.

Appendices

- 1. Risk assessment matrix
- 2. Equalities Impact Assessment

Simon Green
Executive Director, Place
January 2013

RISK IDENTIFICATION MATRIX

Key Business Drivers	Risk Events	Impact		
		Operational	Financial	Reputational
Legal Compliance	<ol style="list-style-type: none"> 1. Ensuring that the necessary Executive Authority is in place for the delivery of the programme. 2. Ensuring that we comply with all standing orders and relevant European and national regulations and legislation. 3. Ensuring that we understand and are able to comply with the terms of the funding agreement with BIS.. 4. Ensuring that we meet our obligations in respect of our accountable body duties in relation to our SLA with the LEP. 	<p>Failure to have necessary authority in place could result in project delays with practical and financial implications for SCR businesses and partners.</p> <p>Need clarity on key state aid issues and on procurement and the extent to which the directives apply to public grants for the private sector.</p> <p>See no issues in this respect at the current time.</p> <p>The SLA/MOU needs to clearly state the roles and responsibilities. There is current scope for confusion of roles, especially in relation to contact with BIS..</p> <p>Need for complete clarity in respect of required functions. Delivery plans in place, appraisal frameworks agreed. Resources are in place to meet our commitments. Processes audited.</p>	<p>Issues in respect of legal authority would cause delays rather than expose us to any particular financial risk.</p> <p>If they apply, failure to meet appropriate EU regs – eg on procurement – could have major financial impact on the Council and businesses grant funded..</p> <p>Inadequate management of the BIS contract and in turn our contracts with businesses does have the potential to create significant risks for the City Council.</p> <p>Ineffective management and delivery would result in the City Region failing to draw down available and essential investment funds. In any one of these programmes clawback or recovery is a risk and we need to ensure that: a. we have this covered through our own risk planning; and b. that we have – where appropriate – inter authority agreements in place to cover how any future liabilities are treated.</p>	<p>Failure in both of these areas could involve the Council in legal challenges and have impact on the public perception of our competence in managing external funding.</p> <p>As above, but RGF is a particularly high profile programme so the reputational damage for CS at this stage in our development would be a significant issue.</p>

Regional Growth Fund – Sheffield City Region – December 2012

Key Business Drivers	Risk Events	Operational	Financial	Reputational
Information Governance	5. The investment information we are processing will have certain levels of sensitivity and we need to ensure that our processes respect commercial confidentiality. For example, if using tracktivity, we will need to ensure that access is restricted to those involved in the process.		This could have significant implications for businesses in extreme cases.	The reputational damage caused by information being mishandled or lost would be significant.
Performance management	6. A major issue in terms of managing the investment profiling and output delivery of potentially up to 50 private sector operations. Monitoring will have to be well organised and regular and carried out in sufficient depth. We also need to ensure that it is underpinned by robust funding agreements .	Specified outcomes in BIS contract are not delivered and little ability to take effective corrective action. Programme does not effectively deal with volume of new clients.	Risks loss of investment in the City Region and clawback to the City Council.	Delivery reputation of Council, Creative Sheffield and partners is tarnished.
Achieving financial objectives.	7. Aspects of the risks identified above may prevent us from drawing down all of the external funding available to us and seeing this effectively invested in private sector growth..	.	Risks loss of investment in the City Region and clawback to the City Council.	

RISK MANAGEMENT PLAN		Regional Growth Fund – Sheffield City Region – December 2012												Original: December 2012		
Risk No	Starte Datee	Risk Description	Probability (H/M/L)	Impact (H/M/L)	Overall Risk Rating	Risk Appetite	Risk Control(s) and Cost Considerations	Probability (H/M/L)	Impact (H/M/L)	Residual Risk	Direction	Cost Approval Needed?	Owner	Escalation?	Escalation Reason	Review Date
1.		Legal Compliance Ensuring that the necessary Executive Authority is in place for the revenue and capital programmes we are supporting.	L	L	1	1	All necessary authority in place through, Cabinet, decision..	L	L	1			KB			
2.		Legal Compliance Ensuring that we comply with all standing orders and relevant European and national regulations and legislation.	L	L	2	1	As a result of the European Audits undertaken on our ERDF programme, we have developed a very detailed understanding of procurement and (to a slightly lesser extent) State Aids. We are also clear about where we will seek firther advice and have ensured that these key isses are built into our project appraisal framework at the earliest possible stage.	L	L	2	▶		KB			
3.		Legal Compliance Ensring that we understand and are able to comply with the terms of the funding agreement with BIS..	L	L	1	1	All contracts and delivery arrangements are developed under the guidance of Legal services. In particular, we will need to ensure that the funding agreement with businesses is commercially robust so that it is clearly enforceable in the event of default..						KB			

Updated:

Regional Growth Fund – Sheffield City Region – December 2012

4.	Legal Compliance Ensuring that we meet our obligations in respect of our accountable body duties in relation to our SLA with the LEP.	L	L	1	1	We believe that we will have all key processes in place for the delivery of effective investment, contracting, monitoring and reporting..	L	L	1							
5.	Information Governance The investment information we are processing will have certain levels of sensitivity and we need to ensure that our processes respect commercial confidentiality. For example, if using tracktivity, we will need to ensure that access is restricted to those involved in the process.	L	H	1	1	This is an area still under consideration. It may not prove possible to .restrict access to Tractivity in the way we would wish, so may end up	L	M	2			LW				
6.	Performance management A major issue in terms of managing the investment profiling and output delivery of potentially up to 50 private sector operations. Monitoring will have to be well organised and regular and carried out in sufficient depth. We also need to ensure that it is underpinned by robust funding agreements .	L	H	1	2	We believe that we will have all key processes in place for the delivery of effective investment, contracting, monitoring and reporting. All of the processes contained in our delivery plan and appraisal manual will be assessed by BIS through their due diligence..	L	L	1			KB/ CS				
7.	Achieving Financial Objectives Aspects of the risks identified above may prevent us from drawing down all of the external funding available to us and seeing this effectively invested in private sector growth.	L	L	1	2	We believe that we will have all key processes in place for the delivery of effective investment, contracting, monitoring and reporting. All of the processes contained in our delivery plan and appraisal manual will be assessed by BIS through their due diligence..	L	L	1			KB				