



Cabinet Report

Report of: Simon Green, Executive Director, Place

Report to: Cabinet

Date: 16/04/2014

Subject: Keep Sheffield Working Fund: Driving the Local Economy Forward

Author of Report: Diana Buckley (0114 223 2378)

Key Decision: No

Reason Key Decision:

Summary:

The Keep Sheffield Working Fund was announced in March 2012 to help the Council to do all it can to:

- create the conditions for private sector growth
- get behind new ideas that will help create jobs and drive the local economy forward
- act swiftly to pump prime short-term growth initiatives
- react to new opportunities during the year.

The fund was formally established in June 2012. This Cabinet report provides an overview of the projects and outputs delivered through the Council's £800,000 investment into the Keep Sheffield Working Fund. It highlights the interim position of the fund, summarising both the direct and indirect impact of the projects supported.

Overall, 18 months after the Keep Sheffield Working Fund was formally established, the programme has achieved the following outcomes:

- Over 90 businesses supported (to increase to 130 by the end Dec 2014).
- £740,000 invested into supporting businesses growth and creating

jobs, of which £330,000 has been direct investment into small and medium sized companies (SMEs) to support growth or export plans. By Dec 2014, £424,000 will have been directly invested in SME growth. The remainder has supported bespoke business advice, project management and indirect business support (for example, Summer Saturdays).

- Supported companies to extend trade relationship to 17 different countries.
- The £800,000 has levered in a further £2,110,000 funding through partners and private sector match. This will increase to an estimated £2,300,000 by Dec 2015.
- The fund is on target to deliver 86 jobs over the course of the projects life. This equates to a cost per job of £9,300 for the fund.

The Keep Sheffield Working Fund has generated economic outcomes that have contributed towards the Competitive City strategic outcome, by supporting private sector growth, supporting export trade and driving job creation. Beyond this direct impact, the programme has evidenced the value of locally delivered innovation funds and has demonstrated the effectiveness of new strategic interventions. This bolsters the case for further devolution of business growth funding and greater local influence over national business growth programmes.

Reflecting this evidence, Special Budget Council resolved on 7th March 2014 that it is a priority for the Council to continue to invest in growing the local economy and therefore directed that the 'Keep Sheffield Working Fund' should receive a further £200,000 of investment.

Reasons for Recommendations:

The objective of the Keep Sheffield Working Fund is to help the Council do all it can do to support activities that will help create jobs and drive the local economy forward. This report gives a review of the projects and outputs delivered to date through the Council's £800,000 investment into the Keep Sheffield Working Fund. The success of the projects supported by the fund has demonstrated the value of a focused but flexible programme of activity which can invest in short term growth initiatives with long term impact.

Recommendations:

- To note the economic impact and outcomes achieved through the Keep Sheffield Working Fund and its contribution toward the Competitive City strategic outcome;
- To note the financial implications contained in this report; and
- To consider the lessons learned from the fund in terms of the impact a locally managed, flexible fund can have on local growth and the implications this has for future innovation funds.

Background Papers: NONE

Category of Report: OPEN
Statutory and Council Policy Checklist

Financial Implications
NO Cleared by: Paul Schofield
Legal Implications
NO Cleared by: Andrew Bullock
Equality of Opportunity Implications
NO Cleared by: Ian Oldershaw No negative impact
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
City wide
Relevant Cabinet Portfolio Lead
Cllr Leigh Bramall
Relevant Scrutiny Committee
Economic and Environmental Wellbeing
Is the item a matter which is reserved for approval by the City Council?
NO

Press Release

YES

REPORT TO THE CABINET

KEEP SHEFFIELD WORKING FUND: DRIVING THE LOCAL ECONOMY FORWARD

1.0 SUMMARY

1.1 The Keep Sheffield Working Fund was announced in March 2012 to help the Council to do all it can to:

- create the conditions for private sector growth
- get behind new ideas that will help create jobs and drive the local economy forward
- act swiftly to pump prime short-term growth initiatives
- react to new opportunities during the year.

1.2 This report provides an overview of the interim position of the fund after two years, summarising both the direct and indirect impact of the projects supported by the fund.

1.3 The fund was formally established in June 2012. Overall, the programme has achieved the following economic outcomes:

- Over 90 businesses supported (to increase to 130 by the end Dec 2014).
- £740,000 invested into supporting businesses growth and creating jobs, of which £330,000 has been direct investment into small and medium sized companies (SMEs) to support growth or export plans. By Dec 2014, £424,000 will have been directly invested in SME growth. The remainder has supported bespoke business advice, project management and indirect business support (for example, Summer Saturdays.)
- Supported companies to extend trade relationship to 17 different countries.
- The £800,000 has levered in a further £2,110,000 funding through partners and private sector match. This will increase to an estimated £2,300,000 by Dec 2015.
- The fund is on target to deliver 86 jobs over the course of the projects life. This equates to a cost per job of £9,300 for the fund.

1.4 The Keep Sheffield Working Fund has generated economic outcomes that have contributed towards the Competitive City strategic outcome, by supporting private sector growth, supporting export trade and driving job creation. Beyond this direct impact, the programme has evidenced the value of locally delivered innovation funds and has demonstrated the effectiveness of new strategic interventions. This bolsters the case for further devolution of business growth funding and greater local influence over national business growth programmes.

1.5 Reflecting the evidenced impact of the Keep Sheffield Working Fund,

Budget Council on 7th March 2014 agreed that it is a priority for the Council to continue to invest in growing the local economy and therefore directed that the 'Keep Sheffield Working Fund' should receive a further £200,000 of investment.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 We know that a strong, sustainable and resilient economy driven by growth in the private sector is vital to the economic future of the city. The Keep Sheffield Working Fund was set up to support activities that will help to generate the conditions for private sector growth, create jobs and drive the local economy forward.
- 2.2 Keep Sheffield Working Fund has invested in actions to build a stronger economy, support businesses to grow and expand into new markets and remove barriers to work. This has helped to raise people's aspirations and improve their chances of taking up training and job opportunities in order to help build a more resilient and inclusive city.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 One of the key ambitions in *The Sheffield City Strategy 2010-2020* is to build a strong, internationally successful local economy, working with our partners in the Sheffield City Region to ensure growth opportunities for local industry and businesses. In addition, the Council's *Corporate Plan 2011-14: Standing up for Sheffield* is clear that we want a strong and competitive economy that creates economic growth and more jobs in the city. Investment in a programme of activity that helps to create jobs and drive the local economy forward has contributed to fulfilling these ambitions for the city.
- 3.2 The projects funded by the Keep Sheffield Working Fund form part of a wider portfolio of work designed to support business growth and jobs (eg. business support delivered by Creative Sheffield, the 100 Apprenticeship Programme and the Skills Made Easy component of the Sheffield City Region City Deal). This work supports the 'Competitive City' strategic outcome, particularly regarding creating a 'Strong and Competitive Economy' and 'Vibrant City'.
- 3.3 The Keep Sheffield Working Fund has generated economic outcomes that have contributed towards the Competitive City strategic outcome, by supporting private sector growth, supporting export trade and driving job creation. Beyond this direct impact, the programme has evidenced the value of locally delivered innovation funds and has demonstrated the effectiveness of new strategic interventions. This bolsters the case for further devolution of business growth funding and greater local influence over national business growth programmes.

3.4 Each of the projects supports various elements of the city's Economic Strategy, contributing towards our ambitions to build a dynamic private sector, strengthening the city centre, building an inclusive economy and bolstering a high profile city brand. The strategy sets out the city's ambitions for SME growth across the whole sector, particularly GVA driving businesses and companies with the most growth potential.

4.0 THE KEEP SHEFFIELD WORKING FUND

4.1 Establishment of the Fund

The Keep Sheffield Working Fund was announced in March 2012 when the Council Budget agreed for 12/13 allocated a '£400,000 investment in a 'Keep Sheffield Working' fund to help the Council to do all it can to:

- create the conditions for private sector growth
- get behind new ideas that will help create jobs and drive the local economy forward
- act swiftly to pump prime short-term growth initiatives
- react to new opportunities during the year.'

In June 2012 Cabinet agreed an additional carry forward request of £200,000 with the option of an additional £200,000 subject to the 13/14 business planning process. This additional amount was confirmed in August 2013 meaning the total fund was £800,000. The fund was also extended into a third year to allow project to deliver across 2013-2014 year end. The fund is fully allocated against a range of projects, which are detailed within this report. The report reflects the two year interim position.

An Individual Cabinet Member Decision for the fund was taken in September 2012 to delegate expenditure to the Director of Creative Sheffield.

The Keep Sheffield Working Fund Steering Group was consequently established in September to consider projects, to oversee the use of the fund and advise the Director of Creative Sheffield in the discharging of his delegated authority. The steering group is chaired by the Cabinet Member for Business, Skills and Development with the other members being the Cabinet Member for Finance and Resources and the Director of Creative Sheffield. This steering group meets bi-monthly.

The development and delivery of projects can be viewed in three stages, with the steering group involved in each stage of the process:

1. **Project Generation:** Creative Sheffield and the wider Economic Portfolio Briefing Group generate project ideas. These are often presented to the steering group during development stage for initial feedback.
2. **Considering Projects:** A full project proposal is then presented to the steering group for consideration. Key considerations include

the ability of the project to generate jobs and growth, the sustainability or legacy of the project and whether the project can lever in additional investment. Projects must also satisfy Council requirements regarding procurement, accountability and fairness.

- 3. Monitoring:** The steering group receives highlight reports from each approved project outlining outputs, spend, key achievements and risk. This allows the steering group to identify any barriers to progress for projects and how these can be addressed. More detailed updates from two projects are presented at each meeting.

4.2 Keep Sheffield Working Fund Projects

To date the Keep Sheffield Working Fund has supported six projects, with delivery schedules for 1-2 years. These projects have been designed to tackle a range of economic issues and all contribute towards driving business growth and job creation.

Project	Allocated	Outcomes
Export Pilot Programme	£90,000	<p>Designed to provide intensive export support for businesses.</p> <ul style="list-style-type: none"> Actively engaged with 26 clients 12 companies have received financial support with their export activities Supported companies to extend trade relationship to 17 different countries.
Work Programme: Self-Employment Option	£80,000	<p>To support SENTA to deliver the self-employment option for the Work Programme.</p> <ul style="list-style-type: none"> 51 clients on the caseload 6 jobs starts
Sheffield RISE	£150,000	<p>A bespoke internship scheme to help Sheffield SMEs attract graduates for their businesses</p> <ul style="list-style-type: none"> 51 6-12 month internships delivered during 2013, delivering an economic impact to GVA of £625,000 18 of 21 completed internships have converted to permanent positions and 1 has secured alternative employment. The £150,000 pump priming finance has also secured approximately £100,000 in additional external funding
SME Loan Fund	£150,000	<p>£150,000 to form the basis of a SME loan fund, matched with partner funding to make a Loan fund of up to £1 million. This £1million is aimed at supporting SMEs with loans of between £5,000- £25,000.</p> <ul style="list-style-type: none"> 10 loans made so far £95,250 of Keep Sheffield Working (£150,000) has been invested in Sheffield businesses so far, with £270,250 loans made in total by the fund
Threshold Company Programme	£200,000	<p>A programme designed to work intensively with businesses considered to have the most rapid potential for growth</p> <ul style="list-style-type: none"> 17 companies on the programme £177,500 has been invested so far in 13 businesses For every £1 invested by Keep Sheffield Working Fund,

		<p>£4.69 has been levered elsewhere</p> <p>Forecasted anticipated impacts of the programme's support reveal that the initiative will help the companies:</p> <ul style="list-style-type: none"> • Increase turnover by 42% within 3 years; and • Create at least 2.5 jobs within 3 years.
Summer Saturdays	£82,000	<p>A programme of events and activities designed to promote the city centre during the summer months:</p> <ul style="list-style-type: none"> • Footfall levels protected • Dwell time increased by 11% • Average spend increased by 12%

A summary of each project and its outputs to date are outlined below. The remaining £48,000 has been pre allocated to support the development of 'Re-new' Sheffield and the Sheffield Outdoor Economic Strategy.

4.2.1 **Export Pilot Programme**

Rationale

The Export Pilot Programme is designed to provide intensive export support for businesses. It was allocated £90,000 when it was approved on the 7th September 2012. The project aims to work intensively with up to 30 businesses over a period of two years, with an average investment in each business of £3,000.

International trade and exports will play a critical role in delivering private sector growth in jobs, GVA and productivity. A UKTI report, '*Bringing home the benefits: how to grow through exporting*' found that 58% of exporters say that exporting enables them to reach levels of growth which are otherwise not achievable. The Sheffield Economic Strategy sets out one of the city's key actions to 2015 being to help more businesses export, as part of its objective to harness the potential of small and medium sized enterprises (SMEs). This has been developed further through Sheffield's International Trade Strategy.

Exports drive net wealth generation and help to make our business stock more resilient by being less dependent on local expenditure. The step change in growth and productivity that an increase in exports can generate makes it a key area of activity for creating the conditions for private sector growth.

Within the context of an anticipated International Trade Strategy, this pilot project was designed to show how a pro-active and planned approach to exporting can deliver significant new business and lead to new employment.

Businesses are referred to the project through a variety of partners including UKTI, SENTA and the Council's Business Transformation Team. There were no fixed criteria for companies coming on board but

businesses were recruited which:

- have achieved demonstrable growth or have the capacity to grow;
- have an experienced and committed management team; and
- have no or limited experience of exporting, but have products or services likely to be of interest internationally.

Above all, the companies should be capable of committing resources to overseas market development over a 12 month period.

Once accepted onto the programme, a project manager works intensively with businesses to research the export opportunities available and then prepare the approach to the appropriate market. An important part of the programme has also been follow-on support for the business once they have engaged with a new market.

An average investment of £3,000 was allocated to each business upon agreement of a suitable intervention. This investment has been used for research, preparing for market, or as a subsidy for visiting a market.

Delivery and Outcomes

Delivery against objectives:

The project is actively engaged with 26 clients, with 46 companies referred to the programme in total. The businesses have been from a variety of sectors including manufacturing, food and drink, digital and media, low carbon and healthcare.

Twelve companies have received financial support with their export activities so far, and for a variety of different purposes including licensing and accreditation, labelling, trade and exhibition visits. Reflecting wider research on the issue, the pilot has found that businesses often have an 'accidental' approach to exporting rather than developing a strategic plan. There can also be more logistical barriers for businesses such as certification and regulations. Therefore, the combined offer of a dedicated adviser and financial support is an effective approach to help overcome these issues.

The project has also helped to identify the importance of a dedicated advisor who can broker appropriate support – this level of support required by businesses was not anticipated and the learning from this has contributed significantly to the city's thinking about how best to provide export support in the future.

The Keep Sheffield Working Fund has recognised the positive impact of the project, and the latent demand amongst Sheffield businesses for this type of support. Consequently, the steering group has recommended that export support should be a priority for any future Keep Sheffield Working Fund investment.

Economic impact

The impact of this programme in terms of new orders placed will be seen within the next 3-6 months, however a number of businesses have already engaged with new markets. Countries that businesses on the programme are now exporting to are as follows:

- The Middle East: Saudi Arabia , Dubai and Qatar in particular
- North America: USA and Canada
- Asia: Singapore, China, Thailand, Cambodia, Bangladesh
- South America: Brazil
- Europe: Sweden, Norway, Germany, Belgium, Croatia, Switzerland

Wider impact

This pilot has had a significant wider impact on both city and City Region policy. One of the key lessons learned from the project has been the demand for a brokerage role that provides intensive one to one support in the lead up to exporting. Identifying this gap has informed Sheffield City Council's International Trade Strategy and the Sheffield City Region Strategic Economic Plan (SEP). The International Trade Strategy proposes using a brokerage role as part of wider ranging interventions to support businesses not currently exporting.

As well as helping to identify what businesses require in terms of support, the project has also facilitated positive working relationships with existing providers of export support such as UKTI and SENTA and helped Sheffield City Council to engage with these providers as part of the International Trade Strategy.

Example case study

Revolution Hair Concepts was founded in 2010 and specialises in keratin based hair care treatments. The company was already established in other overseas markets, but had identified the Middle East as an area of significant potential because of its affluent population.

The company experienced a number of barriers to this market which the Export Programme helped them to overcome. This included customs issues and a requirement for certification to evidence that the product was BSE free. The programme then supported the business to establish the product and adapt it for the Middle East market, including the relabeling of the products. A visit to a major company in the Middle East resulted in a first order being shipped which will bring in circa £100k within the first year.

4.2.2 Work Programme: Self-Employment Option

Rationale

£80,000 of the Keep Sheffield Working Fund has been allocated to support Sheffield Enterprise Agency (SENTA) to deliver the self-employment option for the Work Programme. This project was approved on the 4th October 2012 and following recruitment and interim arrangements the service began delivery in April 2013.

This project helps supports the city's aspiration within its Economic Strategy to build an inclusive economy, which connects people to training and jobs. The project also supports the Keep Sheffield Working Fund principle to get behind new ideas that will help create jobs and drive the local economy forward.

The aim of the project is to deliver an improved service for unemployed and workless people looking to become self-employed by better integrating the service with Sheffield's existing enterprise provision, which includes start-up loans. The service was initially delivered by organisations outside the city and as a result was often disconnected from other Work Programme provision in Sheffield as well as Creative Sheffield's wider enterprise support.

Furthermore, the payment mechanism associated with the Work Programme can deter, or even prohibit, smaller providers from taking on the initial outlay and risk associated with providing the service. By using the Keep Sheffield Working Fund to fund the initial outlay, it has allowed a service to be set up that can provide good quality support to Sheffield people who have expressed an interest in becoming self-employed.

The Work Programme is delivered by DWP contracted service providers who have been given complete autonomy to decide how best to support participants while meeting their minimum service delivery standards. The SENTA Self Employment Option of the Work Programme can be broken down into 3 key phases:

- **The first 16 weeks:** initial engagement and supportive interventions designed to prepare the client for steps into self-employment, for example developing a business plan and the steps towards implementation;
- **16 weeks onwards:** assessing the skills and capability of the individual; considering the business idea and fleshing out the business plan;
- **Final stage** (up to 60 weeks): if clients reach the required standard, they will be able to access support from the Work Programme and the Creative Sheffield Enterprise Programme (support with business planning; mentoring and advice; access to finance).

The Keep Sheffield Working Fund has helped to secure two business adviser posts and administrative support for 18 months.

The Work Programme operates on a payment-by-results model. For an individual client, the delivery organisation will receive a small initial referral fee but the remainder of the funding is dependent on outcomes and sustainment. It has been agreed that outcome payments would be reinvested into the service to enable the service to become sustainable.

Delivery and Outcomes

Delivery against objectives

So far, 51 clients are currently on the caseload representing the considerable work has gone into building relationships with other Work Programme providers in the city to establish SENTA as the lead contact for self-employment clients.

Some of the clients using the service have, as a result of the advice they have received, decided against self-employment but have secured employment elsewhere. Of the number that have become self-employed, the types of businesses that have been set up include a courier service, a building firm and a social enterprise.

Economic impact

The project has improved the local delivery of the self-employment aspect of the Work Programme in Sheffield and has achieved 6 jobs starts so far (either into employment or self-employment). The 51 existing clients are receiving support to help improve their capability and skills in gaining employment.

Wider impact

Before this service was established, there was no dedicated support for the self-employment option of Work Programme in Sheffield which meant that Sheffield people were receiving a limited service. Alongside their delivery of the New Enterprise Allowance scheme and Barclays Enterprise Programme, the service at SENTA has developed a broad offer for people considering self-employment coming from a background of unemployment and economic inactivity.

Example case study

RL came to the service looking to set up as a self-employed builder/handyman. He had been long-term unemployed and has caring responsibilities as a lone parent to two young children.

The adviser agreed that he would need to draw up an action based business plan and started the process with a number of meetings. R gained a contract almost straight away and SENTA continued to keep in touch and support him as he registered the business with the revenue and set up his book-keeping system.

R has put in great effort to ensure that he has been fully employed since starting up and he has now been trading for over 13 weeks now. In fact, although R is keen to further develop his business plans for the future with SENTA, he is having difficulty finding the time because he is so busy with his new business.

4.2.3 RISE – connecting business and graduates

Rationale

RISE is a bespoke internship scheme to help Sheffield SMEs attract the best and brightest talent for their businesses. It aims to connect what are two of the city's greatest economic assets, our SMEs and our highly skilled graduates, to ensure that the city's improving skills profile is utilised to full effect in our economy. This project was allocated £150,000 at the Keep Sheffield Working steering group on 14th February 2013 and the pilot scheme was launched in April 2013.

The RISE internship scheme supports the delivery of the economic priorities set out in the city's Economic Strategy. The project directly generates jobs as well as creating the wider conditions for private sector growth in SMEs due to the application of high level skills. RISE was a new innovation to drive growth and needed pump priming funding to test and prove the schemes effectiveness, with the long term aspiration of securing external funding.

The pilot scheme was commissioned to deliver the following outputs:

- 60 graduates will have assessment centre experiences with feedback
- 30 graduates will have a business induction experience before their internship
- 30 graduates will be placed in businesses for internships (6 months or longer is the aim)
- A conversion rate from internship to employment of at least 50%, so 15 graduates into sustained employment

Sheffield's Economic Strategy prioritises private sector growth, particularly within the city's small and medium sized businesses (SMEs), in order to meet the city's economic growth ambitions. The strategy also highlights the vital role improving skills levels can play in supporting business growth, through driving improvements in productivity and innovation. However, analysis has indicated that Sheffield's highly skilled population is not sufficiently penetrating the private sector, particularly SMEs. For example, Sheffield universities produce over 19,000 graduates annually, yet too many of these graduates are not utilised by the city's

businesses. A recent survey by the Local Enterprise Partnership shows that only 18% of SMEs employ graduates¹. This falls to 17% for businesses who employ less than 50 people.

There are real barriers which needed to be addressed to create new 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, helping the businesses identify new additional graduate level positions.
- Selling our SMEs to our graduates - Communicate to graduates the benefits of working for a SME.
- Brokering the recruitment mismatch between SMEs and graduates through the agglomeration of SME demand and undertaking rigorous selection procedures on behalf of the SMEs.
- Supporting SMEs to provide a structured internship for graduate roles.
- Tackling work readiness and supporting graduates through the transition from university to work

To respond to these challenges, 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 came together to design and pilot a bespoke internship programme for SMEs. This programme equips SMEs with the tools, advice and skills they need to access and utilise graduate talent, and prepare graduates for the fast paced and flexible world of work within SMEs.

RISE is designed specifically for SMEs, bringing together the best of the tried and tested elements of internships and introducing new innovations. The principle of being business focused is at the centre of how the RISE offer was designed, providing support and making operational decisions in the programme's marketing and contact with SMEs. RISE emulates a large corporate graduate development scheme, uniquely customised for SMEs and delivered at city level. It is the UK's first *city* graduate scheme.

A website for graduates and businesses has also been developed and launched (www.RISEsheffield.co.uk), alongside a facebook page and LinkedIn group.

RISE was delivered through 3 specialists SME partners, Gradconsult, Gradcore and Common Purpose. These partners support the businesses and graduates through designing a bespoke internship for each graduate job, providing 1-2-1 brokerage and support, business mentors and a £1500 subsidy. The project also recruited the graduates through corporate standard assessment processes, coupled with a business induction and Continuous Professional Development for graduates.

Delivery and Outcomes

¹ Data from LEP skills survey, based on SCR, survey of 899 companies

Delivery against objectives:

RISE has successfully delivered its outputs, supporting 31 graduates into internships in 25 different SMEs. The 31 graduate roles stimulated over 700 applications from graduates and 120 of these applicants undertook assessment centres receiving comprehensive feedback. This feedback led to further graduates securing jobs.

These outputs were secured between April 2013 – September 2013. Due to the success of the project, Sheffield Hallam University and The University of Sheffield contributed further funding to extend the project. This attracted a further 3000 applications from graduates and enabled a further 20 graduates to be placed in 15 additional businesses.

The internship jobs are 6-12 month placements with salaries ranging from £14,500 to £24,000pa. 65% of successful applicants are graduates from Sheffield universities, with 35% from other universities, developing Sheffield's reputation as a Graduate City.

Through Keep Sheffield Working funding, RISE successfully demonstrated:

- that by tailoring an internship programme to meet SME needs we can overcome the key barriers experienced by SMEs in recruiting and employing graduates.
- that we can successfully increase the number of SMEs employing graduates as well as improving the quality of the experience for both the business and graduate.
- that by creating a SME internship package, and agglomerating SME job opportunities, we can establish SMEs as a career option for graduates.

The success of the scheme through 2013 had led to positive support in the city and national recognition through nominations for national awards such as The Guardian Higher Education Awards and Association of Graduate Recruiters Awards. Other cities have also shown interest in developing similar schemes. The project has now also secured further funding to deliver a further 65 internship jobs through 2014.

Economic Impact

- RISE had secured 51 6-12 month internships during 2013. This has delivered, to date, an economic impact to GVA of £625,000 through salaries.
- 21 of the 51 internships have reached the end of their agreed internship period, of which 18 have converted to permanent position and 1 has secured alternative employment. This is much higher than the 50% conversion rate we aimed for. We expect this trend to continue and that the conversion rate will achieve in excess of 75%.
- The £150,000 pump priming finance from Keep Sheffield Working Fund has also secured approximately £100,000 in additional external

funding securing the future of the project through 2014.

“The quality of the RISE jobs show once and for all Sheffield can deliver great graduate careers.” (Private sector representative, Garry Meakin)

‘Opportunity has come knocking for some of Sheffield’s brightest graduates’ (Sheffield Star)

“We’ve recognised that continuing to employ more graduates is the right way forward for our business” (RISE business)

This delivery model has unearthed latent demand in the SME-graduate job market and inspired city support. Keep Sheffield Working Funding has been the catalyst for RISE.

RISE is about creating Sheffield as a key graduate destination with all types of employers. RISE targets SMEs, as this sector provides the city with the greatest potential to "grow" graduate new opportunities.

Wider impact:

By attracting over 1000 applications RISE is putting Sheffield on the map as a city that attracts and utilising graduate talent. Other towns and cities are looking to RISE as best practice and the scheme has been recognised nationally with nominations for prestigious Higher Education awards such as Association of Graduate Recruiters and The Guardian.

RISE has built stronger positive and proactive relationships with the city’s universities and the private sector, particularly SMEs. This has created momentum to secure future funding and the desire to extend the project to businesses across Sheffield City Region at a larger scale.

RISE also helps to stimulate longer term business growth. Small businesses need graduate level skills to support business growth and drive future productivity and innovation. Some RISE companies are already recruiting further staff based on the business benefits of graduate talent through RISE.

Example case study

Wilson Benesch design and manufacture high end audio products. Christina and Craig, the company directors, worked with RISE to find two 3D CAD-CAM designer engineers, to help deliver on specialist design work that needed to take place in 2013 to help the company achieve its 5 year business plan. RISE took all of the hard work out of finding the right graduates for their business. “RISE offered us the

flexibility to give a graduate a short-term opportunity and really try out how they settle into the team and get to grips with the role. We have been involved in various different schemes to support small business growth and without doubt this is the best one we have been involved in. It has been excellent. In fact after doing the interviews we decided to recruit two graduates, rather than just one, which has been hugely beneficial and a very worthwhile investment”

The company has identified the direct business benefits of employing graduate talent through RISE, highlighting that the graduates have created a real engine for business growth and innovation in the business. The two internships have now both been converted into permanent jobs.

In the New Year the company will be looking to invest in new people in the machining and production area, in order to maintain the production schedule and keep pace with the newly generated R&D demands.

4.2.4 SME Loan Fund

Rationale

£150,000 of Keep Sheffield Working Fund has been combined with £250,000 Local Enterprise Growth Initiative legacy funding and match-funding from delivery partners Donbac to create an SME Loan Fund of up to £1 million. This was launched in September 2013.

The loan fund was commissioned to make up to 30 loans of between £5,000 – 25,000, with the prospect of it becoming a revolving fund that could re-invest in businesses when loans were repaid.

The Keep Sheffield Working fund approved the loan fund as a way of creating the conditions for private sector growth. Sheffield’s business base is primarily made up of small and medium size enterprises (SMEs) and it is vital that we ensure start-ups and small businesses grow in order to create a sustainable economy that provides jobs for the local workforce.

However, despite a number of Government initiatives designed to encourage the banking sector to lend, research by the Community Development Finance Association, backed by the RBS group points to un-met demand for finance for micro and small businesses that do not qualify for traditional bank funding.

This fund aims to address this gap, distributing loans of between £5,000-25,000. This helps support one of the city’s key actions outlined in the Economic Strategy, which is to improve access to finance in order to

harness the energy and potential of Sheffield SMEs. Encouraging businesses to expand and sustaining that growth is a key part of our strategy going forward.

The fund is managed by an experienced small business lender, Donbac, who is responsible for all investment decisions but supported by the Council with regular case reviews and quality checks. Loans are available for early stage and established businesses ideally with at least a one year trading record and paying their business rates to Sheffield City Council.

Loans are considered for:

- Working Capital
- Purchase of equipment
- Business expansion
- To supplement bank overdrafts and provide headroom

The majority of clients have come as a direct referral from banks with the remainder evenly split across accountants, intermediaries and Sheffield Enterprise Agency (SENTA). Due to the level of demand Donbac have now recruited an investment manager dedicated to all Sheffield cases.

Delivery and Outcomes

Delivery against objectives:

So far, 10 loans have been made with three more in the pipeline. Enquiries for the fund have been very healthy due to the significant work with banks to publicise the fund.

The loan fund has supported a wide range of businesses including a marketing company; a gym; a social care company; a fashion boutique; a lighting company; a coffee shop; a telesales company; and a cosmetic treatments product company. Loans have been used to invest in product development, renovations and providing working capital.

Economic impact:

- The £150,000 Keep Sheffield Working investment has unlocked a fund of approximately £1 million. This means that for every £1 of Keep Sheffield Working Fund that it is invested in businesses, a further £5 is invested from other sources
- So far £95,250 of Keep Sheffield Working Fund has been invested in Sheffield businesses, which is part of £270,250 total investment by the fund

Wider impact:

The loan fund has demonstrated the demand for this size of loan in the city which has helped to inform the Sheffield City Region Growth Plan, which sets out the requirement for loans for SMEs in order to support future growth potential.

The recruitment of a manager dedicated to Sheffield at Donbac has also improved the accessibility of Donbac's financial services to Sheffield businesses.

Example case study

Courtyard Coffee House in Heeley, part of the Langton's Antiques Centre, has been renovated, as a result of the SME loan fund. The café, which forms part of the city's Antiques Quarter, now has a new kitchen and décor thanks to the £10k loan.

Courtyard Coffee House was spotted by husband and wife team, Andrew and Jacqui Saint, who, realising it held real potential, decided they wanted to run the business and be part of the community at the Antiques Centre.

Owner of Courtyard Coffee House, Andrew Saint said:

"We were familiar with the business and we both felt it was a real gem as we have previous catering experience and we could see huge potential. We felt we could really make our mark in a positive way through the correct management, marketing and a re-fit.

"In the first week alone we doubled our takings thanks to a thorough clean of the premises but we wanted to make a real difference to the coffee house and knew renovation was the way to do this.

"We approached our bank for a loan who recommended we speak to Creative Sheffield and Donbac about the SME loan fund. We had a £10k loan from the SME loan fund and were also able to access additional funding from Donbac to help us develop the business.

"To date, we've retained the existing employee and hired a new employee. Our aim is to become a key part of the Sheffield Antiques Quarter and the antiques trail in Sheffield. Recent publicity around the Antiques Quarter has helped to boost footfall to the area and we hope this will in turn increase our growth and profit."

4.2.5 Threshold Company Programme

Rationale

The Threshold Company Programme is a programme designed to work intensively with businesses considered to have the most rapid potential

for growth by working with them to develop a growth plan and identifying and addressing a barrier to that company's growth.

This project was allocated £200,000 when it was approved by the Keep Sheffield Working Fund Steering Group on 22nd May 2013.

The project was commissioned to deliver the following outputs:

- Up to 25 business supported by the programme
- An investment of up to £15,000 per company for a key intervention to unlock growth potential
- 5 group networking events organised

The project received approval from the Keep Sheffield Working Fund in order to support new ideas that will help create jobs and drive the local economy forward.

To achieve both Sheffield and Sheffield City Region's economic ambitions, we need to increase the growth and productivity of the existing business base. Accelerating the growth potential of our high performing businesses is a key objective within Sheffield's Economic Strategy and is vital in order for Sheffield to address its productivity gap. A project to champion the next generation of leading businesses is highlighted as a key action by 2015 for the city.

Many places in the UK claim to have similar high growth programmes. "Gazelles" is often a term used to describe these kind of firms as well as being a specific business support initiative. This project was about taking the 'Gazelles' concept to the next level and really working with a very limited number of business leaders that have exceptional prospects. Offering this kind of tailored support to companies with high growth potential brings forward the timing of the additional growth, and can magnify it.

Throughout spring 2012, 50 intermediaries (banks, lawyers, business advice services) were consulted and helped to develop the concept of the Threshold Companies Initiative. Considerable work went into testing the proposition and clarifying the nature of the product offered by the programme before launching the scheme.

The following criteria was used to identify these companies:

- Located in the city in any sector;
- Financially stable with demonstrable growth;
- Senior management are committed to growth;
- Open to support from Creative Sheffield; and,
- Identified growth barrier or opportunity.

The programme provides the following support to businesses that meet the criteria:

- Dedicated support from a Growth Advisor to develop a Growth Plan;
- Access to complementary support schemes;
- Access to a range of high-profile events; and
- Flexible investment of up to £15,000 (examples of investment include management capacity, developing new products and developing new markets)

Delivery and Outcomes

Delivery against objectives:

So far, the programme has received 49 formal enquiries which has resulted in 17 companies so far on the programme. The assessment criteria for businesses were rigorous to ensure the benefits of the programme are maximised, although unsuccessful companies were referred to other business advisory services where this was appropriate.

£177,500 has been invested so far in 13 businesses with the remaining funding allocated. One of the key features of the initiative is the diversity of both the business supported and the nature of their growth barriers or opportunities. The specific interventions range from training for the management team to address recognised weaknesses, to the development of innovative new products. We are also assisting companies to enter new markets and invest in technology to increase efficiencies.

Economic impact:

- From the companies that have produced growth plans so far, for every £1 invested by Keep Sheffield Working Fund, £4.69 has been levered. The average amount of leverage per company is £59,562.
- Business confidence and ambition – this will be measured when the initiative has developed further

Each company on the programme develops a growth plan outlining the growth barrier or opportunity that the programme will help them overcome or address. The growth plans also forecast the anticipated impacts of the programme's support, and analysis of the plans agreed to date reveal that the initiative will help our Threshold Companies:

- Increase turnover by 42% within 3 years; and
- Create at least 2.5 jobs within 3 years.

Wider impact:

In addition to the economic impacts outlined above, the value of establishing and building upon the contacts made with these high growth businesses should not be underestimated in the long-term because of the potential role they could play in the future Sheffield economy.

In addition, the programme aims to encourage peer-to-peer support

through a set of group events for the businesses participating. The content and format of these events is flexible in order for the businesses themselves to inform the planning of them.

The initiative has demonstrated the value of working closely with intermediaries from the outset, allowing them to shape and inform the 'product' that is being offered. However, it has also raised awareness of Creative Sheffield's work across the city, and contributed towards changing business investors' perceptions of Sheffield by raising the profile of innovative businesses with high growth potential.

This programme was designed to pilot a new approach to working with businesses with high growth potential: it was not focused on a specific sector and it made no assumptions about the types of barriers these businesses faced. The findings from this work has helped to inform the 'Top 1000 growth deals' initiative outlined in the Sheffield City Region Economic Plan, which will focus on giving intensive support to the local businesses with the highest potential for economic growth.

Example case study

Ceramisys is an international manufacturer of synthetic bone graft substitutes for dental and orthopaedic applications. The company is committed to growth and is investing to increase capacity and introduce new product lines. One of the barriers the company faces in launching new products is securing the confidence of buyers from the NHS and health services abroad. A key tool in securing this confidence is the development of robust clinical evidence and the support of surgeons and medical practitioners. The Threshold Companies Programme is assisting Ceramisys implement a three-stage approach:

- Generate interest by demonstrating the benefits of ReproBone® range to surgeons at international conferences;
- Build relationships with selected surgeons; and,
- Develop a clinical evidence portfolio that is applicable across Europe.

In doing so the company will remove the final barrier they face in achieving greater global success and increased market share. Generating a larger clinical evidence portfolio will put Ceramisys in a strong position to directly compete with the major international orthopaedic companies who already have established clinical portfolios and product champions. The company forecasts turnover growth of 64% over the next 3 years and creating at least 4 new jobs.

4.2.6 Summer Saturdays

Rationale

Summer Saturdays consisted of a programme of events during the summer months of 2013 with a focus on Saturday's between 1pm-7pm. It was approved and commenced in July 2013 with a budget allocation of £82,000.

The programme of events was underpinned by a comprehensive marketing campaign and utilised existing events such as Tramlines, Doc Fest, Pride and Sheffield By The Seaside.

The project was commissioned to deliver the following outputs:

- Maintain footfall
- Increase dwell time
- Increase opportunities for secondary spend, particularly in leisure, food, drink and retail
- Improve confidence in the city centre

The key message promoted throughout the summer, through a strong city and regional marketing and communications campaign, was that there was always something happening in Sheffield City Centre on Saturday.

Sheffield city centre is vital to the success of both the city and city region economy: city centres are hubs for employment, retail and cultural amenities and a vibrant city centre can help to generate new jobs and economic growth. This is why it is a priority for the city, contained within the Economic Strategy, to ensure our city centre is fit for purpose for the 21st century.

However, the city currently suffers a comparatively low spend from those who visit and use the city centre. City centre footfall is inconsistent, retail ATV is between £5 and £10 which highlights that most consumers spend in medium quantity but low value transactions. Feedback from retailers suggests shoppers also have a low dwell time, which has a knock on effect for secondary spend.

Within the context of the repositioning of the new Retail Quarter in the spring of 2013, the need for a short-term intervention to demonstrate the longer-term ambitions for the city was identified.

The Summer Saturdays programme consisted of a series of events and activities designed to promote the city centre by:

- Encouraging visitors to spend more time in the City Centre;
- Offering events aimed mainly at families but including all ages;
- Providing a fun, vibrant and memorable experience;
- Providing retail therapy, food, drink and entertainment;
- Entertainment including; markets, dance, music, open air cinema, celebrations, art, fairgrounds and the Sheffield seaside; and

- Suiting all budgets

Delivery and Outcomes

Delivery against objectives:

The programme of events included:

- The development of new content to complement the existing city centre calendar of events (for example street theatre)
- An outdoor cinema showing family films
- 'Free Pass Sheffield' to stimulate footfall over three weeks, whereby visitors could collect vouchers from city centre retailers to use fairground rides for free the following weekend, and then use the vouchers for discounts with the retailers the week for the third weekend.

The events programme was underpinned by a comprehensive marketing campaign which involved TV, radio and print advertising and had a strong presence on social media. This resulted in Summer Saturdays winning an APCOM Design Award for Best Cross Media Campaign.

An evaluation of the success of Summer Saturdays was undertaken. The key findings from the report included:

- The overall views of visitors were towards the positive regarding both liking the overall appearance of the city and the city looking different and special.
- Events such as Summer Saturdays are a more significant attraction to visit the city centre compared to food and drink deals, parking deals and exclusive sales.
- Sheffield Summer Saturdays attracts visitors of both gender and of all ages, with a focus specifically on those aged 25-44 years old, and being more likely to have children than not.
- Whilst not directly affecting an increase in spend, duration of stay is higher and one fifth of visitors did go to new shops/outlets/businesses on the day.

Economic impact:

- Footfall levels protected
- Dwell time increased by 11%
- Average spend increased by 12%

It has been acknowledged that the programme of events benefitted from good weather; with a large proportion of these events being weather dependent.

Wider impact:

The value of social media in promoting the city centre activities is

regarded as one of the biggest legacies from the project. In addition, the programme of events and evaluation has provided a valuable insight into 'what works' regarding city centre activities to drive footfall by helping to identify what motivated people to visit Summer Saturdays. These lessons will be applied to future city centre events.

Feedback from businesses has been positive, and the programme can be seen to have supported business confidence in the city centre. The initiative has demonstrated the value of pump priming a partnership with city centre retailers to generate increased activity.

4.3 Impact of programme to date

Overall, 18 months after the Keep Sheffield Working Fund was formally established, the programme has achieved to date the following outcomes:

- Over 90 businesses supported (to increase to 130 by the end of December 2014).
- £740,000 invested into supporting businesses growth and creating jobs, of which £330,000 has been direct investment into small and medium sized companies (SMEs) to support growth or export plans. By Dec 2014, £424,000 will have been directly invested in SME growth. The remainder has supported bespoke business advice, project management and indirect business support (for example, Summer Saturdays).
- Supported companies to extend trade relationship to 17 different countries.
- The £800,000 has levered in a further £2,110,000 funding through partners and private sector match. This will increase to an estimated £2,300,000 by Dec 2015.
- The fund is on target to deliver 86 jobs over the course of the projects life.

In terms of the wider impacts of the programme these can be summarised as follows:

1. The value of a flexible but focused approach

The Keep Sheffield Working Fund has demonstrated the value of a fund that has the flexibility to be able to respond to opportunities as they arise, but is underpinned by a programme management approach that monitors performance and allows learning and contacts to be shared across the projects.

2. Relationships and profile

The fund has also helped to enhance positive working relationships between the Council, businesses, intermediaries and partner delivery organisations such as UKTI. The legacy this creates not only lends the Council a high profile in terms of its business friendly work, but it will also support projects and collaborations in the future.

3. Influencing strategy and raising profile

In addition, a number of the projects have had a significant impact on city region strategy and Sheffield's national profile. By helping to identify some of the key barriers Sheffield businesses face and piloting interventions to address these barriers, the lessons learned from the programme of projects has helped to inform strategies such as the International Trade Strategy and the Sheffield City Region Growth Plan.

4. Sustainability

At approval stage, the steering group has always considered the sustainability of each project. Projects have either reached completion, were designed to be pilot initiatives that required pump priming or have the potential to be self-sustaining. For example, having demonstrated the appetite from both businesses and graduates for graduate internships in SMEs, Sheffield RISE secured further funding from the two Sheffield universities to launch a second cohort of RISE internships. Another example would be the Work Programme Self Employment Option, which is now generating a modest amount of income through the Work Programme payment-by-results framework and has the potential to be self-sustaining

The performance of the projects demonstrates that small growth focused schemes, like the Keep Sheffield Working Fund, which are flexible and can respond to business needs can deliver similar, if not better impact as nationally administered programmes.

This tallies with the findings from other locally delivered funds and bolsters the case for further devolution of local growth funds for local areas to administer. If we take job creation as an example, the £800,000 fund is on target to deliver 86 jobs over the course of the projects' life. This equates to £9,300 per job

In comparison:

- Nationally, the Regional Growth Fund (RGF) Secretariat's estimate of the overall expected average cost per net additional job for the Regional Growth Fund is £37,400.
- The December Finance Yorkshire statistics shows a rate of £15,500 per new or safeguarded job
- The Sheffield City Region RGF programme currently consists of 108 live projects and has a rate of £11,600 per new job.
- The Keep Sheffield Working Fund is on target to deliver £9,300 per job

Cost per job can be seen as a crude indicator of the success of a fund but the Keep Sheffield Working Fund has delivered a number of significant outcomes not directly related to job creation (for example, Summer Saturdays). Taken alongside the wider economic impacts of the fund, this shows that locally delivered, flexible innovation funds that are accessible

to SMEs can perform very strongly and effectively. The Keep Sheffield Working Fund is, therefore, further evidence of the case for further devolution of business growth funding to a local level.

4.4 The future of the Keep Sheffield Working Fund

The current Keep Sheffield Working Fund has been fully allocated. £200,000 has been identified to continue the Keep Sheffield Working Fund into the 2014/15 financial year. This funding would be allocated to areas of work that have already been identified as a priority by the steering group, for example the International Trade Strategy.

4.5 Financial Implications

There are no direct financial implications arising from this report. However, reflecting the impact of the Keep Sheffield Working Fund, Special Budget Council resolved on 7th March 2014 that it is a priority for the Council to continue to invest in growing the local economy and therefore directed that the 'Keep Sheffield Working Fund' should receive a further £200,000 of investment.

The Keep Sheffield Working Steering Group has agreed that a priority for any further funding would be export support, aligned with the International Trade and Export Strategy.

4.6 Legal Implications

The Council has the power to take steps to promote the economic development of the city by virtue of section 1 of the Localism Act 2011 (the so called 'general power of competence'). However, in doing so the Council has to be mindful of the need to comply with any applicable UK or EU laws, e.g. state aid legislation.

4.7 Equal Opportunities

An Equality Impact Assessment was carried out as part of the original Individual Cabinet Member's decision. No negative equality impacts were identified and the conclusions of the EIA remain the same. The breadth of the projects supported by the fund has contributed towards the Sheffield Economic Strategy's objective to build an inclusive economy that supports people to achieve their full potential. The self-employment option of the Work Programme, for example, has addressed issues relating to worklessness and other projects have created job opportunities.

4.8 Economic Impact

The Keep Sheffield Working Fund has a significant positive economic impact. The projects it funds support a number of strategic priorities outlined in the city's Economic Strategy including supporting Sheffield to be an enterprising and business friendly city, accelerating the growth potential of our high performing business, harnessing the potential of our SMEs, connecting people to training and jobs and supporting the

development of Sheffield city centre. The achievements of the projects will have a long term impact on both delivery and strategy of economic policy in the city and city region.

5.0 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The option of using the £800,000 set aside for the Keep Sheffield Working fund to support other activities has been considered. However it was felt that investing in activities to create jobs and drive the local economy forward is essential to maintaining the city's competitiveness, as well as the prosperity and wellbeing of individuals and communities.

6.0 REASONS FOR RECOMMENDATIONS

- 6.1 The objective of the Keep Sheffield Working Fund was to help the Council do all it can do to support activities that will help create jobs and drive the local economy forward. The success of the projects supported by the fund has demonstrated the value of a focused but flexible programme of activity which can invest in short term growth initiatives with long term impact.

7.0 RECOMMENDATIONS

- 7.1
- To note the economic impact and outcomes achieved through the Keep Sheffield Working Fund and its contribution toward the Competitive City strategic outcome;
 - To note the financial implications contained in this report; and
 - To consider the lessons learned from the fund in terms of the impact a locally managed, flexible fund can have on local growth and the implications this has for future innovation funds.

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