

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter isn't a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

Report of the Executive Director – Place

TITLE

1. PURPOSE OF REPORT

- 1.1 South Yorkshire Mayoral Combined Authority (SYMCA) has awarded the Council £410,000 from the Additional Restrictions Grant (ARG) to support post-Covid economic recovery in Barnsley . The purpose of the report is to request that the funds be committed to supporting 5 Barnsley based businesses to create new employment opportunities in the borough.

2. RECOMMENDATIONS

- 2.1 Acceptance of the £410,000 ARG monies on behalf of the Council by the Cabinet Spokesperson for Economic Regeneration and Culture, and approval to support 5 businesses with capital investment projects.

3. INTRODUCTION

- 3.1 SYMCA have committed £410k of investment to support local businesses with capital expenditure requirements in Barnsley as part of a region wide package of Covid 19 Economic Recovery initiatives launched by the SYMCA secretariat.
- 3.2 The objective of the ARG is to help the borough and its economy recover from the impact of Covid 19 by supporting sustainable investment and job creation. It promotes the expansion, rationalisation, modernisation, and / or diversification of economic activities of businesses located in the borough, in particular by prioritising businesses who are able to use the investment to generate new employment and research and development opportunities .
- 3.3 ARG can help address some of the market failures that limit the development of local businesses. Specifically, ARG will be used to offset the difficulty that businesses have obtaining capital given the risk-averse nature of certain financial markets post Covid 19 and the limited collateral that some businesses may be able to offer.
- 3.4 The Council has used its network of Key Account Managers (KAMs) and Sheffield City Region Business Advisors to identify businesses who can benefit from the ARG and provide the necessary return on investment, specifically the creation of new employment opportunities

4. PROPOSAL AND JUSTIFICATION

4.1 It is proposed to accept the £410,000 ARG award and undertake the following activities to provide support to those businesses in the borough who want to grow and expand their operations, creating additional wealth and new employment opportunities.

The following investments are listed below.

4.2

- The company is a leading design and manufacturing company that provides unique turnkey services spanning civils groundwork, tank design and manufacture, installation, pipework, commissioning and technical after sales services.
- The company has had a few difficult years following the £20m investment in the new facility and has not yet been able to exploit the benefits of the new lines. The completion of the new facility coincided with a flattening in the commercial construction sector, pressure on margins from overseas competition and, of course, Brexit and Covid.
- The one area which does not meet the required operational targets is the manufacture of the angled fabricated frames which support the tank sheets. The proposed capital investment is in an automated line to achieve the above capability, capacity, and efficiency improvements.
- The investment will result in 8 new skilled shop floor machinery operative roles for the manufacturing team and 2 new production technical support roles.

4.3

- The company's main activities include the design, fabrication, and erection of steelwork for the construction industry.
- The company is the third largest structural steel fabricator in the UK and contracts for and designs (design and build) some of the largest structural steel frames for all types of building and engineering projects across every market sector in the UK and Europe.
- This project is to purchase a Ficep Gantry Automatic CNC Drilling, Milling and thermal cutting system for large plates. This will be able to cut much larger plate and more than double the output of the machine but will only require the same operating team.
- The investment will result in 8 new skilled roles within the business.

4.4

- The company provides market leading sustainable solutions to the Offsite building construction, modular building, home renovation, holiday home and leisure markets, manufacturing and supplying uPVC and Aluminium windows, uPVC and composite entrance doors and patio doors.
- Currently there is £6M turnover into DIY, and £16M into the Holiday Home market and £2M into the modular build market.
- This project is a key foundation required to underpin the future growth strategy, but unfortunately it would by necessity be further down the list of

priorities for the business if grant support were not available due to more immediate priorities requiring funding presently.

- The proposed investment in new CNC equipment will allow the company to produce a new range of products much quicker and cost effectively and to a much higher quality.
- The investment will result in 7 new skilled roles within the business.

4.5

- The company offers custom IT solutions, ranging from software and hardware procurement to deployment planning, configuration services, cloud services, data centre optimisation, mobility, and IT asset management.
- The company is a new inward investor to Barnsley, the new facility will allow the company to expand their business activities and will allow them to accommodate more services led opportunities to their clients including (but not restricted to) public sector, private sector, government organisations.
- This project will create a state-of-the-art 40,000 Sq. ft. configuration centre based in Barnsley with approx. 7,000 sq. ft of internal office space across two floors. This grant application will allow the company to provide more employee I.T. workstations thus allowing more people at start up than planned.
- The company is looking to accelerate the growth of the facility from day one rather than a progressive growth over a period of 4 years. Initially the project consisted of a single 27,000 square feet facility, with funding they will be able to start with a larger facility that can offer a wider range of services and create more employment opportunities.
- It is forecasted that the creation of this facility will create more than 150+ vacancies over the next 12 months and the successful grant application will create a guaranteed additional 10 jobs.

4.6

- The company supplies products into industries such as iron and steel works, foundries, metal forging, titanium dioxide production, filtration, plastics, friction (aviation, automotive and rail), and insulation boards.
- The company is increasingly required to become more scientific in their approach to both new product development and providing ongoing support to customers therefore a dedicated R&D/Technical facility is required.
- The facility will cover all areas of requirement, and the space will be divided into the following cells:
 - Analytical Laboratory
 - Main R&D Laboratory
 - Trial/Small Scale Application Area.
- This will support the development of innovative products for new market areas.
- The investment in R&D facilities will result in the creation of 2 new highly skilled jobs (R&D Lab Technician and a Production Operative linked to R&D),

- This will increase turnover by faster development, testing and production of products, and support their growth and diversification into new market areas

5. CONSIDERATION OF ALTERNATIVE APPROACHES

- 5.1 Due to the short delivery timescale, limited alternative approaches are available for consideration.
- 5.2 The ARG capital grant concept was agreed between SCR and the four South Yorkshire Local Authorities therefore this model has been replicated across the region.
- 5.3 The Enterprising Barnsley team continually work with the most significant businesses in the borough and continually update their investment pipeline to identify projects and help find investment for the businesses. The projects chosen were deemed to offer best value for money.
- 5.4 The projects have all been presented at the SCR ARG panel and have been provisionally accepted to progress to contracting stage.

6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

- 6.1 The investments will not only provide new employment opportunities for the residents of Barnsley but also supply chain opportunities that could provide additional economic impact at a tier 2 and tier 3 level.
- 6.2 The investments will also help safeguard the existing workforces as the support will help those businesses receiving the grant to become more competitive and access new markets.

7. FINANCIAL IMPLICATIONS

- 7.1 Consultation on the Financial implications of this report have taken place with representatives of the Service Director (Section 151 Officer) Finance.
- 7.2 Members are recommended to approve the receipt of the £0.410m in ARG funding from SYMCA, the funding to be used for the purposes described in Section 4 (Proposal and Justification) of this report.
- 7.3 All costs to deliver this programme will be contained within the ARG award budget.
 - there is therefore no financial ‘ask’ of the Council to progress the recommendations outlined within this report.

8. EMPLOYEE IMPLICATIONS

- 8.1 None

9. LEGAL IMPLICATIONS

9.1 None

10. CUSTOMER AND DIGITAL IMPLICATIONS

10.1 Communications will be mainly digital and grant awards will be issued via Adobe DocuSign, a recognised and trusted service used in previous grant programmes.

11. COMMUNICATIONS IMPLICATIONS

11.1 Positive news stories and case studies will be developed by the Enterprising Barnsley team to highlight the positive impact of the grant, this will feed into the 2030 'Growing Barnsley' theme and highlight the positive work of the Council and SYMCA partners.

12. CONSULTATIONS

12.1 The proposed projects have been ratified by South Yorkshire ARG appraisal panel and proposals shared with BMBC Finance.

12.2 The EIA has been completed with support and guidance from the Equality and Inclusion Officer.

13. EQUALITY IMPACT

13.1 An EIA has been completed, the key findings are as follows

- To ensure that opportunities are open for all the businesses we are supporting they will have to have equality and diversity policies in place.
- As part of receiving the grant the business will also have to sign up to the 'Employer Promise' as part of the Council's Inclusive Economy Approach which aims to ensure that all parts of the community have the opportunity to gain access to meaningful employment.

18. RISK MANAGEMENT ISSUES

18.1 The funding for the projects is provided by Government via the SYMCA, the main risk is ensuring that projects meet the tight expenditure deadline which is the 31st March 2022.

18.2 Ordinarily key delivery milestones such as new jobs created would be included in the funding agreement and would be linked to payments of grant but due to the short payment window monies will have to be paid in total. This increases the risk of releasing funds without contract outputs being delivered within the pre-agreed timeframe.

18.3 Current price fluctuations and the availability of equipment and materials may have an impact on some projects being able to deliver the projects highlighted in the Project Appraisal Forms. This could in turn lead to changes in project costs (over/under), any cost overruns would have to be absorbed by the applicant whilst any projects underspending could mean BMBC not fully

allocating the grant.

23. LIST OF APPENDICES

Appendix A: Financial Implications

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Financial Implications/Consultation

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*(To be signed by senior Financial Services officer
where no financial implications)*