

Local Growth Fund Investment Update

To: Business Board

Meeting Date: 13 March 2023

Public report: Yes

Lead Member: Chair of the Business Board, Alex Plant

From: Strategic Funds Programme Lead, Louisa Simpson

Key decision: No

Recommendations: The Business Board is recommended to:
Note the contents of the report.

1. Purpose

- 1.1 To update the Business Board on the position of the equity type investments made utilising the Local Growth Fund.

2. Background

- 2.2 The Business Board and its Local Enterprise Partnership (LEP) predecessor agreed several possible funding options when supporting projects. This included equity investment, investment in joint ventures, loans and grants. This report looks at the current performance of the equity investments and joint ventures (JVs).
- 2.3 The first investment of equity was made by the LEP in 2016 (MedTech Accelerator), with subsequent equity being purchased by the Business Board from 2019 onwards.
- 2.4 The Business Board has supported Accelerator programmes that provide investment into a portfolio of companies as a component of those programmes, JVs where the Combined Authority is an active investment partner, plus invested in the formation of two companies supporting manufacturing and innovation in the region where the Combined Authority is a silent partner (below the black line in table below).
- 2.5 Table 1 below sets out the level of investment and anticipated outputs/outcomes.

Company	Investment Value (£k)	Jobs Created - forecast	Jobs Created - actual to date
MedTech Accelerator	£500	0	9
Illumina Accelerator	£2,600	1,053	99
Start Codon	£3,342	5,204	238
Prop Co 1	£12,500	14,250	83
Growth Co	£5,407	4,739	1,528
Ascendal Labs	£965	202	15
Smart Manufacturing Alliance	£715	385	6

Table 1 – Business Board Investment

- 2.6 The investments in equity and JVs are long-term projects with job creation outcomes forecast over upwards of twenty years. The Return on Investment in financial terms has always been a secondary benefit of the investment and the equity investments are unlikely to return any funds to the Business Board in the near future, as the companies invested in are private, so equity holdings cannot be easily sold.
- 2.7 Appendix 1 to this report details the progress to date of the investments and the additional benefits the investments have created within the region.

Significant Implications

3. Financial Implications

- 3.1 The investments have been made and the Business Board is not being asked for any additional financial support over the agreed budgets. There are occasions where permission from existing shareholders is required, often linked to further investment the companies secure or additional employee share schemes, and these are managed internally by officers using the Officer Decision Notice process.
- 3.2 There may be future return on the investments made, although these are of course subject to the portfolio success and are not guaranteed, and were not the primary focus of the Business Board when entering into the agreements.

4. Legal Implications

- 4.1 The agreements have already been entered into with agreed terms. There are changes to these agreements when further funding is secured or other changes that affect the current shareholders, and at this point the legal team is consulted and the appropriate process is followed.

5. Public Health implications

- 5.1 There are no health implications specifically linked to the investments, although the majority are in life science companies.

6. Environmental and Climate Change Implications

- 6.1 The JV with Ascendal will have impacts on the environment and climate, in so much as the transport organisations on the accelerator are focused on efficiencies and reductions in CO2.

7. Other Significant Implications

- 7.1 There are no other significant implications.

8. Appendices

- 8.1 Appendix 1 – Return on Investment Presentation

9. Background Papers

- 9.1 None.