

Section A: Scheme Summary

Name of Scheme:	Project Marigold
Location of Scheme:	West Yorkshire
Lead Organisation:	West Yorkshire Combined Authority
Applicable Funding Stream(s) – Grant or Loan:	Single Investment Fund - Loan
Growth Fund Priority Area (if applicable):	Not applicable
Combined Authority approvals to date:	Decision Point 1 (Strategic Assessment) October 2021
Forecasted Full Approval Date (Decision Point 4):	January 2022
Forecasted Completion Date (Decision Point 5):	February 2022
Total Scheme Cost for the preferred way forward (£):	£100,000,000
WYCA Funding (£):	£5,000,000
Total other public sector investment (£):	£0.00
Total other private sector investment (£):	£100,000,000

Is this a standalone Project?	Yes
Is this a Programme?	No
Is this Project part of an agreed Programme?	No

A.1	Scheme Description
<p>This scheme is of a commercially sensitive nature and the business has requested to keep their company name confidential and will therefore be referred to as Project Marigold.</p> <p>This scheme would put in place the facility for the Combined Authority to offer a commercial loan of £5,000,000 to Project Marigold. The loan would act as an incentive to bring forward £100,000,000 of investment by 2030.</p> <p>The overall investment of £100,000,000, would be used to set up a manufacturing facility in West Yorkshire, with further planned expansion. Three potential sites are currently being considered.</p>	

This investment will:

- Establish a new manufacturing facility of between 200,000 and 250,000 square feet.
- Deliver 2,500 new direct jobs and 2,000 across the supply chain over a period up to 2030
- Deliver £51,00,000 of Gross Value Added (GVA) annually to the region
- Increase the value of exports

The investment decision will be made at Project Marigold's board meeting in January 2022.

A.2 Business Case Summary

Strategic Case

The loan will act as an incentive to attract investment to create jobs and generate a range of other benefits.

The proposal contributes to several Strategic Economic Framework Priorities, including Boosting Productivity and Enabling Inclusive Growth and West Yorkshire Investment Fund Investment Priorities, including Good Jobs and Resilient Businesses and Skills and Training for People.

The scheme also aligns several of the Mayor's pledges including:

- Supporting local businesses and championing our regional economy
- Prioritising skills and training to ensure everyone in West Yorkshire has the skills they need to secure work

The scheme also supports strategic policy in the two Local Authority areas, where sites are being considered, as well as supporting National Government policy.

Economic Case

The Combined Authority's Research and Intelligence team have provided a review of the Economic case using the Regional Economic Model (REM) and assessed the impact for employment and GVA which has been profiled up to 2036 outlining the project's long-term structural effect.

At the scheme's peak (assumed to be from 2027 onwards) it would add just under £51,000,000 annually to the West Yorkshire economy and would create an additional 790 jobs in supply chain sectors.

Project Marigold is excellent value for money (VFM). The VFM benchmark used in Economic Services schemes is cost per job (the financial value of support divided by the number of new jobs created). The cost per job of supporting this project is £2,000.

The key outputs of the scheme include:

- Safeguard and create new job opportunities (up to 2,500 roles by 2030)
- Technology adoption (through capital investment and a manufacturing facility)
- Delivery of a minimum of five inclusive growth commitments
- Delivery of a skills plan which will contribute to equality, diversity, and inclusion in highly skilled, manufacturing roles
- Business adaption, diversification and innovation for survival and future growth
- Increase output per hour worked (productivity gains through the embedding of a skills plan which is aligned with the Combined Authority's Skills Strategy).
- Increase in jobs paying the Real Living Wage and above
- Increase in productivity
- Improve skills and boost employment and productivity

Commercial Case

There is a strong commercial case to continue to grow the manufacturing sector in the region, providing high quality and inclusive opportunities for school, college, and university leavers.

Project Marigold's business is international, and this scheme is not considered a competitive threat locally to other incumbent businesses.

Leeds City Region is competing both nationally and internationally to win new investment from businesses either expanding or relocating mobile operations. The ability to help to financially de-risk projects by inward investors can be critical in winning the business case for investment and can provide excellent value for money as demonstrated by the outputs generated by the Combined Authority's Strategic Inward Investment Fund programme.

Financial Case

This scheme would put in place the facility for the Combined Authority to offer a commercial loan of £5,000,000 to Project Marigold, funded from the Combined Authority's Single Investment Fund to fill an unforeseen gap in funding which has emerged during the COVID-19 pandemic.

Since the Combined Authority's Strategic Inward Investment Fund (SIIF) ended, the Combined Authority does not have any facility in place to offer loans to potential inward investors, so the scheme is seeking a specific decision on the Project Marigold proposal.

The loan would act as an incentive to bring forward £100,000,000 of investment. Any offer of support will be subject to the submission of a robust Full Business Case (FBC) that clearly demonstrates 'additionality'.

A full financial due diligence exercise will be undertaken at the FBC stage. This exercise will identify any financial risks associated with the scheme

Management Case

A full business case (FBC) is expected to follow in January / February 2022 which will include:

- Approval to award the loan subject to conditions including clean growth, equality, diversity, and inclusion policies
- Full details of the heads of terms for the loan, which are being developed in parallel with this business case

A comprehensive due diligence exercise will be undertaken to identify any financial risks associated with the scheme, as part of the FBC appraisal. The Combined Authority's Business Investment Panel will also review and appraise the application as part of the due diligence process and make its recommendations to the Combined Authority at the appropriate time.

No undertakings will be entered into, or monies expended until the FBC has been approved. It is proposed that to safeguard the Combined Authority from default on loan repayments, a form of security will be included within the loan agreement. This will be undertaken through advice provided from the appointment of an external legal services firm.

It is proposed that delivery is managed through existing resource within the Combined Authority's Economic Services Directorate.