



Grant Peggie Regional Funding Solutions Team London, 18 February 2016



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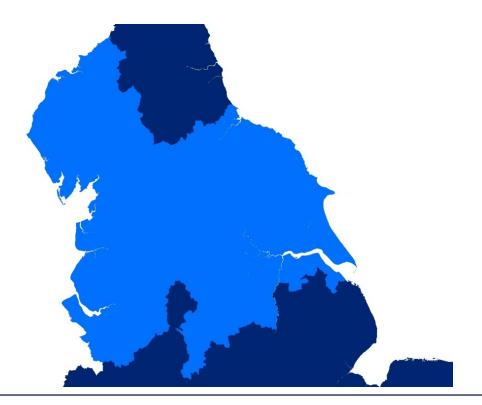


What is the Northern Powerhouse Investment Fund?

- More than £400m of funding for SMEs in the Northern Powerhouse area
- Investment and lending aimed at creating sustainable economic activity through supporting new and growing businesses
- The opportunity to build a substantial legacy for the North from successful investment and lending

What is the Northern Powerhouse Investment Fund?

 Supported by the 10 Local Enterprise Partnerships in the North West, Yorkshire and The Humber and Tees Valley



Key points

- An NPIF of over £400m bringing ERDF / EIB / Legacy and additional BBB / EIB Funding into a single Fund of Funds structure. Underlying funds to be procured to provide microfinance, early stage through to later stage venture capital and debt funds.
- The Bank is working with LEPs, HMT, DCLG, BIS and EIB to implement an Investment and Procurement strategy which is consistent with ex-ante market assessments and value for money.
- Governance structures to give LEPs meaningful input to strategic and key decisions through a Strategic Oversight Board and two Regional Advisory Boards.

Strategic Oversight Board (SOB) – Key Points

- **Membership** 10 members
 - Five senior LEP level representatives chosen by the LEPs
 - Five other members representing HMT, BIS, DCLG, EIB and the Bank, although some may choose not be full members
 - Chaired by a LEP representative

Terms of Reference

 reflecting the desire of LEPs to have a genuine say over the strategic direction of the fund as well as advising on key decisions.

Northern Powerhouse Investment Fund – Governance 2

Regional Advisory Boards -

- Two Regional Advisory Boards (RABs) being established to review the performance of funds and fund managers at a local level and recommend appropriate action to the Bank.
- Building on best practice with current IABs, appointment to the RABs to include LEP nominees with appropriate access to finance expertise along with other private sector reps, DCLG, EIB and the Bank in its capacity as Holding Fund Manager.
- BBB would consult with those RABs affected before switching, increasing or reducing the allocation to funds and on action being taken to, for example, improve geographical coverage.

Proposed Investment Strategy - Objectives

- Create sustainable economic activity through supporting new and growing businesses
- Build a substantial legacy from a successful investment and lending programme
- Have a demonstrable presence across the NPIF area linking up the finance community to increase reach and create an impact beyond the NPIF funds
- Along the way we must:
 - Repay providers of debt
 - Meet ESIF KPIs and reporting requirements
 - Comply with State Aid and other regulatory requirements

Market Needs Identified

Draft Investment Strategies developed in the Tees Valley, the North West and Yorkshire and the Humber have identified four common key themes reflecting the need for:

- Micro-finance: provision of small business loans (from £25,000 -£100,000)
- Debt: provision of business loans (from £100,000 £750,000)
- Early Stage Technology / Innovation: provision of equity funding (from £50k - £1m)
- Equity: Provision of equity / growth capital (from £500k £5m (tbc but £5m likely to be exceptional)

Investment Strategy - Process

- Strategy to be finalised after Workshops and Market Engagement
- Workshops to include LEP representatives and look at the best mix of funding types including whether to introduce any new – NPIF specific – fund objectives
- Market Engagement to test what is possible in delivering funding and to encourage a good spread of proposals once the procurement starts

Thank You



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