



fi  compass

# Northern Powerhouse Investment Fund

Grant Peggie

Regional Funding Solutions Team

London, 18 February 2016



twitter: [#ficompass](https://twitter.com/ficompass)



# Northern Powerhouse Investment Fund

---

## 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

# Northern Powerhouse Investment Fund

---

## 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 micro-finance, 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.

# Northern Powerhouse Investment Fund

---

## 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.

### 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.

# Northern Powerhouse Investment Fund

---

## 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

# Northern Powerhouse Investment Fund

---

## 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))



# Northern Powerhouse Investment Fund

---

## 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

# Northern Powerhouse Investment Fund

---

**Thank You**

# Legal Notice

---

No representation, express or implied, is made by British Business Bank plc and its subsidiaries as to the completeness or accuracy of any facts or opinions contained in this presentation and recipients should seek their own independent legal, financial, tax, accounting or regulatory advice before making any investment decision.

No part of this presentation should be published, reproduced, distributed or otherwise made available in whole or in part in any jurisdiction where to do so would be unlawful.

British Business Bank plc is the holding company of the group operating under the trading name of British Business Bank. It is a development bank wholly owned by HM Government which is not authorised or regulated by the Prudential Regulation Authority ("PRA") or the Financial Conduct Authority ("FCA"). British Business Bank plc operates under its trading name through a number of subsidiaries. Neither British Business Bank plc, British Business Finance Ltd nor British Business Financial Services Ltd is authorised or regulated by the PRA or FCA. British Business Bank plc and its subsidiary entities are not banking institutions and do not operate as such.

A complete legal structure chart for British Business Bank plc and its subsidiaries can be found at [www.british-business-bank.co.uk](http://www.british-business-bank.co.uk).

© British Business Bank plc February 2016