

Report to: Business Economy & Innovation Committee

Date: 5 January 2022

Subject: **West Yorkshire Business Accelerator Fund**

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1. Purpose of this report

- 1.1 To update the Business Economy & Innovation Committee (BEIC) on the establishment of the new £21,650,000 commercial investment fund recycling recovered Growing Places Funding, to be named the West Yorkshire Business Accelerator Limited Partnership (WYBALP).

2. Information

Background

- 2.1 At the LEP Board meetings of 20 September 2018 and 26 March 2019, discussions were held on the creation of a Flexible Growth Fund that has as its primary objective the addressing of market failures in the business finance market making investments that deliver productivity and inclusive growth in the City Region.
- 2.2 The primary source for this investment pot would be the returned capital from the current Growing Places Fund (GPF) with the capability to increase in size as wider funds become available.
- 2.3 It was proposed that a flexible fund pot be established in line with the recommendations agreed by the LEP Board in September 2018. In particular, in line with the guiding principles, 80% of the GPF returned funds would be used to continue providing investment capital on a returnable basis. The Leeds City Region Enterprise Partnership (the LEP) received £35.5 million of

GPF capital funding in 2011/12. It is anticipated that £26 million will be recovered from current loans by 2027.

- 2.4 In November and December 2021, the LEP Board and Combined Authority endorsed £21,650,000 of the anticipated £26,000,000 of recovered GPF funding (which represents 83.3% of the total anticipated returned funding) being invested in the WYBALP.
- 2.5 The proposed fund was progressed to Full Business Case and approved via the internal Assurance Framework in October 2021, where it was recommended to progress to LEP Board and Combined Authority for approval subject to conditions being met.

Options for use of the returned Growing Places Funding

- 2.6 The project has not followed a traditional options appraisal route. A policy decision was taken by LEP Board in 2018 to explore the creation of an investment vehicle and the demand in the market for products. External consultants were commissioned to undertake the analysis associated with this decision to explore access to finance investment products which would meet the needs of the local business community and recycle the GPF funding with the potential to create an investment fund. This culminated in the Commercial Investment Fund Draft Business Case in February 2021.
- 2.7 The specialist skills required for equity investment make it impractical for the Combined Authority to establish a business-based debt and equity fund and to evaluate and manage investments in-house due to the high-risk nature of the planned investments. Consequently, this was not regarded as a viable option.
- 2.8 Soft market testing along with the Business Case informed the process and nature of the WYBALP Limited Partnership Agreement (LPA) and the Investment Managers Agreement (IMA) which have been prepared by the Combined Authority's external legal advisors.
- 2.9 The WYBALP is a new investment vehicle intervention utilising £20 million of the recycled GPF funding which will provide a new Access to Finance product to be delivered alongside grants and loans by the Combined Authority's Economic Services team to benefit West Yorkshire businesses and the wider economy. The fund will target high growth SMEs, generating strong commercial returns, supporting growth in high value employment, and promoting a low carbon and inclusive economy.
- 2.10 LEP Board and the Combined Authority recently endorsed that £21,650,000 of the GPF funding is invested into WYBALP, which will create a fund of £20 million (the remainder to cover delivery costs). A smaller sum is unlikely to attract the interest of experienced fund managers working with public sector funds. This sum is sufficiently large to be managed independently and to have sufficient scale to attract 1:1 co-investment to lever additional investment into

West Yorkshire and assist more businesses than £20 million alone could. It is hoped that the fund will become evergreen and will have a life beyond year 10 increasing in value to assist West Yorkshire businesses into the future. The Fund will have both environmental and social value credentials to boost the growth of local businesses meeting the objectives of the Strategic Economic Framework (SEF).

2.11 The rationale for development of the Fund has been strengthened by the market failures identified in Leeds City Region's finance and investment market. British Business Bank market research has revealed there is a gap in equity finance offered by the private sector, with regional markets receiving a disproportionately low amount of equity investment compared to those in the South of England or London. Equity finance is a way of raising funds for business by selling partial or complete ownership of the company's equity for money. The experiences and lessons learnt from similar investment products, successfully established by other Combined Authorities, have supported development of the West Yorkshire Fund.

2.12 Other options that were under consideration:

- A lesser investment in a fund was not deemed to be viable as soft market testing indicated that £20 million is required to establish an investment fund if it is to attract a good quality experienced fund manager. A smaller capital sum is also likely to attract a high fee structure due to the scale of management required for a reduced investment pot which is likely to make such a proposition unviable.
- An alternative use for the GPF may have been to purchase an investment asset or to fund capital or regeneration projects promoted by the Combined Authority. This may have involved a lower capital contribution from the Combined Authority and may have levered co-investment from other public sector or private sector organisations. This would have meant a lower return for the Combined Authority but potentially also a lower risk. However, if the investment failed and there were priority investors ahead of the Combined Authority, it may not have seen the investment returned.
- It was determined that other investment opportunities would not achieve the leverage of co-investment to be achieved by the creation of an investment fund multiplying the scale of investment in SMEs across the region, and would be unlikely to achieve the same level of job creation and social outputs anticipated from the Fund.

Growing Places Funding

2.13 The Combined Authority currently has £20.395 million of recovered funding. It is anticipated that by 2027 circa £26 million will have been returned to the

Combined Authority from the original loans which will be available for reinvestment.

- 2.14 The amount of funding required to set up and operate the Fund is £21.65 million over a ten-year period. This is made up of £20.05 million to set up, operate and invest in the Fund via an external Fund Manager and £1.6 million of internal Combined Authority costs.
- 2.15 The £21.65 million is 83.3% of the £26 million anticipated funds to be recovered to the Combined Authority, slightly above the 80% of the GPF proposed at LEP Board on 20 September 2018 to be used for the creation of a new Fund.
- 2.16 Funding will be drawn down for the purpose of investment and operational costs over the 10-year life of the Fund commencing 2022 and the cashflow compliments the anticipated GPF recovery of existing loans to 2027.
- 2.17 Further information on costs can be found in Section 6 Financial Implications.

Structure of the Fund

- 2.18 The Fund will be managed and operated on behalf of the Combined Authority by a Financial Conduct Authority (FCA) regulated external Fund Manager who will have delegated decision-making powers for investments. The Fund Manager will create a deal pipeline in accordance with the Fund's objectives, the investment criteria outlined by the Combined Authority and its proposed investment strategy, and will carry out full due diligence process in respect of potential investments.
- 2.19 The Fund will be structured as a Private Fund Limited Partnership (PFLP) which is the industry norm for this type of investment fund. The Combined Authority will comprise the sole Limited Partner (LP) and sole investor of the Fund whose liability will be limited to the total amount invested. The other party of the partnership will be the General Partner (GP), a Special Purpose Vehicle (SPV) to be set up by the appointed Fund Manager, which will have unlimited liability for the debts and obligations of the partnership.
- 2.20 The GP will be a wholly owned subsidiary of the Fund Manager and will have unlimited liability for the debts and obligations of the partnership. The GP will delegate its full power and authority to the Fund Manager, as the key decision entity held responsible for the day-to-day management and operation of the Fund in accordance with the Investment Management Agreement. The role of the GP will be limited to holding title to investments and entering into investment contracts with investees (businesses to receive funding) on behalf of the Partnership.
- 2.21 The Fund will be established as a 10-year fund with a 5-year investment period, followed by a 5-year realisation period. The Combined Authority will have the power to require up to two one-year extension periods to allow

remaining investments to be managed-out. At the end of the term of the Fund, the Combined Authority will also have discretion to continue the Fund, to roll-over the Fund into a continuation vehicle and to replace the General Partner and Manager to take over management itself.

- 2.22 The Fund documents contain the ability for the Combined Authority to remove the General Partner and Manager at any point for "Cause" with no right to compensation and to remove on a no-fault basis subject to an initial 12-month lock-in period plus compensation.

Procurement of a Fund Manager

- 2.23 An Official Journal of the European Union (OJEU) compliant open tender procurement exercise took place during the summer of 2021 to identify a suitable Fund Manager based upon a £20m investment fund.
- 2.24 A company with extensive experience in public sector fund management has been identified as the preferred supplier. Due diligence is underway prior to contract award in late 2021 / early 2022.
- 2.25 The WYBALP will comprise a debt and equity investment product that will be funded from money previously invested and recycled through GPF. The Fund will provide access to finance to small and medium-sized enterprises (SMEs) and start-up businesses operating within West Yorkshire, supporting entrepreneurial growth across a wide range of sectors. The aim is to become a recyclable product whose financial returns can be reinvested in the future to support more businesses in the region or contribute to social value projects within West Yorkshire.
- 2.26 The Fund will be established as an Environmental Social and Governance (ESG) Fund. Investment decisions will be based not only on anticipated financial returns, but equally informed by environmental, societal, and corporate criteria and behaviour implications. The product aims to support low carbon, sustainable activity and businesses, create and safeguard jobs, enhance training and skills and encourage inclusive governance and leadership.
- 2.27 The Fund is aligned with the SEF priorities and Mayoral Pledges. It will not only drive productivity in the Region but will also help businesses to realise and achieve their carbon net zero goals and make a positive contribution to the communities in which they operate. There will be a clear focus on diversity and inclusion and on encouraging investee companies to incorporate training and social performance improvements into their working practices.

Investment Strategy

- 2.28 The Fund is a Special Purpose Investment Vehicle – a Partnership between the WYBALP and a Service Provider (the Fund Manager) and the Combined

Authority. It is not a grant or a loan to an individual organisation. It will be established as an opportunity to create a portfolio of diverse investments providing debt, equity and mezzanine finance to high growth SMEs. The aim is to achieve an evergreen fund which will increase in value enabling the Combined Authority to assist more SMEs with equity and loan finance over time.

2.29 As part of the Tender exercise, bidders were asked to develop a bespoke Investment Strategy and supporting Financial Model based upon their knowledge and experience of managing regional public sector funds targeting SMEs and informed by the Combined Authority Specification of Requirements in the Invitation to Tender (ITT).

2.30 The ITT provided the following guidance for bidders:

Criteria	Description
Geography	<p>Financing will be restricted to projects that will grow the economy in relation to job creation and increased GVA within West Yorkshire.</p> <p>In exceptional circumstances investments will be considered in projects outside the geographical area if the economic benefits to the region warrant their inclusion. The Fund Manager must present such prospective investments to the Combined Authority for its consideration and prior consent.</p>
Objectives	<p>Be established as an Environmental, Social and Corporate Governance (ESG) Fund seeking to invest in organisations with low carbon credentials and targeting net zero.</p> <p>The ambition is to create an evergreen investment fund that returns more than invested.</p> <p>Target an internal rate of return (IRR) of 12% over the length of the fund.</p> <p>Create significant growth in West Yorkshire SMEs in terms of robust profit growth potential, profitability and job creation/job protection.</p>
Environmental, social and governance credentials	<p>The Fund will have strong Environmental, Social and Governance credentials working towards Net Zero 2038 and maximising the benefits to the West Yorkshire region.</p>
Target sectors	<p>The portfolio should have a diverse sector approach to create a blended balanced portfolio.</p> <p>The Fund will target sectors identified in both the Local Industrial Strategy and West Yorkshire Economic Recovery Plan but not exclusively. These include Healthcare and Innovation,</p>

	<p>Manufacturing, Financial and Professional Services and Digital Technologies.</p> <p>Opportunities will generally be non-asset-based applications with knowledge-based collateral and guarantees which may deliver significant growth to the West Yorkshire economy in relation to job creation and increased gross added value (GVA) to be determined on a project-by-project basis.</p> <p>Exclusions: nuclear; fossil fuels; property-based retail; property development; any activity which might bring the Combined Authority into disrepute.</p>
<p>Business criteria</p>	<p>The Fund will target businesses with robust turnover potential.</p> <p>The target sectors should primarily but not exclusively be determined based on those identified in the Strategic Economic Plan and future Industrial Strategy. These may vary due to wider economic events and so a process of reflection upon market failures in specific sectors should be undertaken regularly.</p> <p>A fundamental principle underpinning decision making and strategy across the future funding programme is ensuring that the products and support available are seen as being accessible to a diverse society. It is widely understood that applications for start-up and growth funding are more readily presented by male entrepreneurs and it is important that any programme established by the Combined Authority not only appeals across gender but also supports different cultural and economic backgrounds. Consideration of these issues will inform the application and appraisal process for any new investments; particularly where key parts of society may not currently have access to finance from traditional sources.</p>
<p>Composition of the Fund</p>	<p>The investment type will need to be flexible dependent upon individual company circumstance. It is expected that investment will be significantly weighted towards equity.</p> <p><u>Non-asset backed equity</u></p> <ul style="list-style-type: none"> • More traditional equity, investment is in intellectual property and people. • Based on capital required to implement business growth plan and become revenue generating to the extent that traditional finance can then be sought. • Target sector types, potential timescale for exit and minimum expected return on equity based on business projections over 5 years. • Mentoring support or regular business updates should be embedded within the investment strategy. • Strong business plan for growth required.

	<p><u>Debt Investment Product</u></p> <ul style="list-style-type: none"> • Secured or non-secured loan finance. • Supported by evidenced ability to service debt. • Business would be revenue generating or have robust cashflow projections that demonstrate an ability to commence repayments quickly. • Strong business plan for growth required.
Size of investments & co-investment	<p>£20 million will be spread across a range of investment sizes depending on risk. The portfolio will aim to have a mix of sizes and risk profiles to mitigate failure. The recyclable nature of the fund will allow for the finance to be repaid and invested resulting in the initial fund investments representing a greater value of investment across the region.</p> <p>Anticipated Investment value range - £50,000 - £2 million (equity) & £150,000- £2 million (debt).</p> <p>The management of the Fund should be targeted with attracting a similar level of co-investment from other sources. Opportunity to partner with other funds to share risk on a pari passu basis.</p>
Investment product	<p>The investment product will reflect the specific nature and requirements of each project. The Fund will provide but not be limited to:</p> <ul style="list-style-type: none"> • Debt finance on senior and mezzanine terms • Equity investment finance <p>Investment strategy will reflect need for further rounds of funding. Where investment is made a portion of capital should be retained to support follow-on funding.</p>
Target return	<p>A target financial return of a minimum of 12% Internal Rate of Return has been identified for the Fund.</p> <p>Individual investments will be determined on a project specific basis to be consistent with commercially available rates in compliance with applicable state aid and/or subsidy control requirements.</p> <p>The financing terms associated with the loans should be commensurate with the risk profile of the investment (including credit worthiness, form of collateral, risks to cashflows and sensitivity analysis) and in consideration of applicable state aid and/or subsidy control requirements.</p>
Recycling principles	<p>The Fund is proposed as an evergreen fund where returns from investments are used to further re-invest in the region. Any re-investment of cash needs to be approved in advance by the Combined Authority.</p>

Anticipated failure rates	<p>It is prudent to assume a level of investment failure that reflects the investment type.</p> <p>It is recognised that the post - Covid-19 environment could be more unsettled.</p>
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- 2.31 The preferred supplier has prepared a commercial model based on their experience to demonstrate the potential level of returns which may be achieved from a fund of this size. Investments will respond to business opportunities which present themselves throughout the life of the fund.
- 2.32 The Fund Manager will manage the day-to-day operation of the Fund on behalf of the General Partner. All investment decisions will be delegated to the Fund Manager, which will be based upon a business plan to be developed by the Fund Manager and which will be signed off by the Combined Authority.
- 2.33 Further information is set out in Section One of Appendix One.

Governance

- 2.34 Reporting at intervals will be required to demonstrate that the Fund Manager is carrying out due diligence processes in accordance with the agreed methodology and captured within the contract and terms of reference.
- 2.35 Formal and informal engagement with the Combined Authority and Fund Manager including monthly reporting milestones and investment meetings, risk profile updates, as well as quarterly, half year and annual reporting requirements.
- 2.36 Half-yearly presentations to the Combined Authority on the Fund's portfolio and the performance of investments.
- 2.37 Quarterly written report to the Combined Authority on the Fund's portfolio and the performance of investments.
- 2.38 Annual audited report and accounts for the Fund to be prepared and delivered to the Combined Authority.
- 2.39 The Fund Manager shall produce an annual business plan, to be approved by the Combined Authority which will set out plans for the year for the delivery of the Fund. This will include, but not be limited to, investment activity, marketing plans, project pipeline development, status of investments, budgetary position and projections, risk profile, delivery of KPIs and other relevant undertakings.
- 2.40 Following approval of the Fund by the Combined Authority on 9 December 2021, the legal documentation is being finalised which will include jointly drafting a communication strategy, and the Fund Manager developing the first business plan for consideration by the Combined Authority.

2.41 In the interim, the vehicle will be established and the Fund Manager will begin its search for opportunities which will feed into the business plan and which may form early investments.

Operational Summary

2.42 The key operational responsibilities of the Fund Manager will be to:

- Assist with the formulation of the Fund's Investment Strategy.
- Create and maintain the financial model for the Fund.
- Implement a comprehensive strategy for identifying pipeline investment opportunities, which should set out target sectors and businesses in line with the Fund's objectives.
- Work with the Combined Authority and the LEP, Local Authorities and other regional stakeholders to ensure that stakeholders are engaged and aware of the opportunities that the Fund provides to businesses. Relationships should be maintained with business and knowledge networks, including business support services provided by the Combined Authority and the LEP, to maximise pipeline opportunities.
- Maintain a robust pipeline that matches its clearly defined investment strategy and impact objectives and report on potential opportunities with updates to the Combined Authority.
- Undertake qualitative and quantitative due diligence and risk analysis of each investment, before making investment decisions.
- Undertake the structuring of funding agreements and other documentation, having regard to market pricing and applicable state aid and/or subsidy control requirements.
- Manage the acquisition, transfer, holding and management of, exit from and/or realisation of investments, in accordance with Fund documents.
- Follow the agreed communications strategy which will specify how the Combined Authority and the LEP will be kept aware of potential issues through the agreed reporting process in order to identify any potential reputational risks associated with investments.
- Refer SMEs back to the Combined Authority and LEP for further support where appropriate.
- Produce an annual business plan setting out plans for the year for the delivery of the Fund, to include, but not be limited to, investment activity, marketing plans, project pipeline development, status of investments, budgetary position and projections, risk profile, delivery of KPIs and other relevant undertakings.

- 2.43 The key responsibilities for the Combined Authority’s delivery team will be to:
- Design, oversee and implement the governance arrangements of the WYBALP, and ensure that it is delivered in a robust, transparent manner that is compliant with the Combined Authority’s Assurance Framework.
 - Ensure expenditure and contractual targets are met and that funding is allocated and awarded in accordance with the Combined Authority’s Assurance Framework, UK Subsidy Control regulations and external funding agreements.
 - Track performance of the Fund Manager, and the loan portfolio.
 - Manage issues and risks relating to WYBALP and ensure that these are escalated as required.
 - Report progress on the performance of the WYBALP to this Committee, the Business Investment Panel (BIP), LEP Board and Combined Authority.
- 2.44 Monthly updates will be provided to BIP by the Fund Manager / Programme Lead (Access to Finance).
- 2.45 Quarterly updates will be provided to this Committee by the Fund Manager / Programme Lead (Access to Finance).
- 2.46 Half-yearly updates will be provided to LEP Board and the Combined Authority by the Fund Manager / Programme Lead (Access to Finance).

Timeframe for Delivery

2.47 Key timescales:

Decision to Award Contract	Combined Authority approval on 9 December 2021
Appointment of Fund Manager	By 30 January 2021
Investment Period	January 2022 to January 2027
Realisation Period	January 2022 to January 2032

2.48 The Limited Partnership Agreement (LPA) allows for the Combined Authority to review performance during the life of the Fund and to extend its life if appropriate. It is usual for a fund of this nature to run over its 10-year life by up to two years to obtain best value in divesting itself of investments.

Appraisal Summary

2.49 Following recommendations from the Combined Authority’s Senior Leadership Team at its meeting on 10 September 2021, an informal review of the preferred supplier’s commercial model has been undertaken. Although this does not include an assurance opinion or valuation, it does provide more

confidence that the investment model proposed by the preferred supplier is relatively typical of what would be seen in the marketplace for a carried interest fund model, in terms of transaction types, success rates, projected outcomes, measured Key Performance Indicators (KPIs) and co-investment structure. A yearly funding profile has also been provided showing expenditure and income throughout the 10-year life of the Fund. A Project Execution Plan is in place that outlines governance structures, roles, and responsibilities of the internal delivery team, planned engagement with the Fund Manager and reporting mechanisms.

- 2.50 Remaining outstanding deliverables include the development of a robust Monitoring and Evaluation Plan, an effective Communications Strategy, and the review of environmental and social KPIs and targets (including Equality, Diversity and Inclusivity targets) that will be discussed and agreed with the Fund Manager in advance of the contract being agreed.
- 2.51 Overall, the Fund has multiple, significant risks of a reputational and financial nature for the Combined Authority as the investor. The Combined Authority's lack of experience and expertise in fund management and not having delivered a finance product like the Fund before adding further risks and uncertainties. The informal review of the proposed investment model adds some confidence, however the pertinent financial risks of such an investment product remain.
- 2.52 There is, however, an opportunity for an additional and longer-term source of income and thus, funding to be generated that could be re-invested to widely support more and more businesses within the region and potentially other projects or aspirations of the Combined Authority. Lessons learned from a review of the Growing Places Fund suggest that several lenders are willing to explore the opportunity of lending alongside the Combined Authority. This could potentially result in increased co-investment from other public sector lenders towards individual investments, enabling the Fund to expand its capital base and impact.

3. Tackling the Climate Emergency Implications

- 3.1 The climate emergency implications have been considered as part of the business case development.
- 3.2 The WYBALP will be an ESG Fund, which will seek to incorporate strong environmental, social and governance criteria throughout the investment evaluation, due diligence and decision-making process. Prior to any investment decision being made, the Fund Manager will undertake analysis of the environmental policy, impact, and performance of each investee.
- 3.3 The Fund will invest in organisations with low carbon credentials supporting all businesses to achieve zero carbon by 2038.

- 3.4 Overall, the Fund will raise environmental awareness that is currently lacking amongst many start-ups and SMEs in the Region, whilst also providing them with access to finance that will enable them to realise and achieve their net zero goals.
- 3.5 Investees may also be able to access further support from the Combined Authority, with a number of other existing programmes supporting businesses to reduce their environmental impact e.g. REBiz, Connecting Innovation, Made Smarter and the Travel Plan Network.

4. Inclusive Growth Implications

- 4.1 The inclusive growth implications have been considered as part of the business case development.
- 4.2 The outputs, benefits and inclusive growth implications are set out in Section Two of Appendix One.

5. Equality and Diversity Implications

- 5.1 An Equality Impact Assessments (EQIA) has been undertaken as part of the business case development.
- 5.2 The equality and diversity implications are set out in Section Three of Appendix One.

6. Financial Implications

- 6.1 The report seeks endorsement to expenditure from the available Combined Authority funding as set out in this report.
- 6.2 Approvals to date total £265,000. £100,000 of development funding from the GPF was approved on 9 March 2021 by the Combined Authority. The remaining £165,000 has been approved in phases by the Combined Authority's SLT through Requests for Decisions and has been funded from reserves. Of this, £238,000 has been spent to date.
- 6.3 Drawdown of £21,650,000 of recycled GBF funding will be required in phases throughout the 10-year fund life according to the Fund Manager's investment decisions and as required to cover staff costs, overheads, Fund Manager's management fees, legal professional fees and operational costs.
- 6.4 A reasonableness test (an informal review) of the preferred supplier's Commercial Model has been undertaken by KPMG.
- 6.5 The scheme costs are set out in Section Four of Appendix One.

7. Risks

- 7.1 The scheme risks include:

- £20,395,000 of GPF returns are currently available for investment and the anticipated return profile will be sufficient to cover the WYBALP cashflow requirements.
- Reputational risks for the Combined Authority related to loss of fund capital and potential adverse social and environmental outcomes and impacts of investment. Mitigation includes:
 - Investment criteria and restrictions clearly set out in the Invitation to Tender document and to be included in the Limited Partnership Agreement with the appointed Fund Manager.
 - Robust due diligence process, assessment and monitoring of the ESG credentials of investees to be undertaken by the Fund Manager throughout the life of the Fund to inform investment selection and evaluation process.
 - Robust communications strategy and effective risk management plan to be jointly developed by the Fund Manager and the Combined Authority. Assurance will be provided by external legal, financial experts and auditors where required.
 - Regular assessment and review of the Fund Manager's performance against agreed KPIs to be undertaken by the Combined Authority.

7.2 Further risks are set out in Section Five of Appendix One.

8. Legal Implications

8.1 The Combined Authority will need to establish a Special Purpose Vehicle and enter into legal agreements for the Limited Partnership Agreement (LPA) and the Investment Manager Agreement (IMA). Drafts of these documents have been prepared as part of the procurement process by Pinsent Mason.

8.2 The investment strategy, inclusive growth implications, equality and diversity implications, scheme costs and risks are set out in Appendix One. These sections are exempt as they contain confidential information relating to financial or business affairs which are still subject to a public procurement process.

9. Staffing Implications

9.1 There will be little impact on staff across the Combined Authority. Two FTEs will be involved in delivering and promoting the new Fund:

- Programme Lead - Access to Finance (in post)
- Service Manager – Access to Finance (to be recruited)

9.2 A Project Execution Plan has been provided that outlines the proposed governance structure, roles and responsibilities of the internal delivery team

and all governance bodies involved whilst setting out reporting mechanisms, a high-level risk management and monitoring strategy, and lessons learnt from GPF.

10. External Consultees

- 10.1 Extensive consultation has been undertaken both across the Combined Authority at Officer and Director level and externally to inform the shape of the Fund. External consultees included several regional comparator funds, such as British Business Bank (Northern Powerhouse Investment Fund) and Finance Yorkshire.

11. Recommendations

- 11.1 That the Committee notes progress on the establishment of the West Yorkshire Business Accelerator Limited Partnership, and the recent endorsements by the LEP Board and approval by the Combined Authority to allocate £21,650,000 of the anticipated £26,000,000 of recovered Growing Places Funding (which represents 83.3% of the total anticipated returned funding) to be invested in the West Yorkshire Business Accelerator Limited Partnership.

12. Background Documents

- 12.1 None.

13. Appendices

- 13.1 **Exempt Appendix One** - investment strategy, inclusive growth implications, equality and diversity implications, scheme costs and risks.