

DATE: 02.01.2018
SUBJECT: JEREMIE 2 Investment Fund – Governance Arrangements
REPORT OF: Michelle Rainbow, Skills Director

EXECUTIVE SUMMARY

The purpose of this report is to outline the implementation arrangements around the JEREMIE 2 Investment Fund and the governance arrangements for the Special Purpose Vehicle (SPV), including the Articles of Association.

RECOMMENDATIONS

The Head of Paid Service in consultation with the Monitoring Officer and the Chief Finance Officer as delegated by the Leadership Board on the 20 September 2016, will consider the recommendation to agree to the continued proceeding of arrangements in acting of the decision made on the 14th August 2017 when the members' agreement was signed.

1. Background

- 1.1 The Leadership Board received a report on the 20 September 2016 (Appendix 1) that recommended the board to:
- i) Agree to the establishment of the SPV
 - ii) Agree to the proposed governance arrangements for the Special Purpose Vehicle as set out in the report
 - iii) Agree to delegate the implementation arrangements to the Head of Paid Service in consultation with the Chief Finance Officer and the Monitoring Officer.
- 1.2 The proposed approach to the SPV and the governance arrangements were detailed in the report to the Leadership Board. The report noted that the Constituent Authorities of NECA would become members of the Implementing Body of the JEREMIE 2 funding project that would be a publically owned SPV, a company limited by guarantee and will hold the investment funds.
- 1.3 The governance arrangements further highlighted that the members would retain strategic decision making over the SPV and that they would adopt the articles of association, and enter into a members' agreement.
- 1.4 In acting of the decision made on the 14th August 2017 when the members' agreement was approved, this Delegated Decision Report notes the process of the governance arrangements in its entirety, following the delegated authority given by the Leadership Board on 20 September 2016.
- 1.5 By May 2017, the following milestones within the project plan had been achieved. This included:
- The £58.5m in ERDF Grant Letter signed (November 2016)
 - £26.5m of local legacy funds and first tranche in Fund bank account in readiness
 - Fund Managers procured and
 - All legal and corporate structures were in place, in line with the structure described in previous report.
- 1.6 The only outstanding item was the Finance Contract for the European Investment Bank (EIB) loan amounting to £60m which was delayed. The delay was caused by the EIB undertaking additional due diligence on new UK projects in relation to UK's exit from the EU. Progress has been made during Autumn and the contract is now being processed, as a priority, in line with normal EIB procedure. We are not anticipating any further delays to the launch of the fund and investment activities will commence without further delay, once the contract is finalised.

2. Proposals

2.1 The proposals outlined in this report highlight the proceeding of arrangements around JEREMIE 2 and the governance arrangements for the SPV.

3. Reasons for the Proposals

3.1 The report proposes to provide an update regarding the next steps following the delegated authority given by the Leadership Board.

4. Alternative Options Available

4.1 Consultation has taken place by the Head of Paid Service, Chief Finance Officer and Monitoring Officer regarding the options available. The preferred option is for arrangements to be progressed in acting of the decision made when the members' agreement was signed.

5. Next Steps and Timetable for Implementation

5.1 Governance arrangements will be progressed as detailed in the Leadership Board Report on the 20 September 2016.

6. Potential Impact on Objectives

6.1 Continued development of these arrangements will support the key objectives as detailed in the Strategic Economic Plan. This includes the increasing of the numbers and quality of private sector jobs in the economy.

7. Financial and Other Resources Implications

7.1 The JEREMIE 2 Programme costs are detailed in the Report to the Leadership Board (Appendix 1).

8. Legal Implications

8.1 The proposed Members' Agreement is in a form agreed by all members having been negotiated with assistance from external lawyers and the legal team at North Tyneside. The Members' Agreement represents an important element of the of the structure's governance and entering into it is recommended by the Monitoring Officer.

9. Key Risks

9.1 There are no key risks associated with the recommendations made in this report.

10. Equality and Diversity

10.1 Not applicable.

11. Crime and Disorder

11.1 Not applicable.

12. Consultation/ Engagement

12.1 Consultation has taken place with the Head of Paid Service, Chief Finance Office and Monitoring Officer.

13. Other Impacts of the Proposals

13.1 The proposals consider the wider impact and take into account the principles of Decision Making as set out in the NECA Constitution.

14. Appendices

14.1 Appendix 1 - Report to the NECA Leadership Board 20 September 2016.

15. Background Papers

15.1 None.

16. Contact Officer(s)

16.1 Name: Michelle Rainbow
Title: Skills Director
E-mail: michelle.rainbow@nelep.co.uk
Tel: 0191 338 7439

17. Sign Off

- 17.1
- Head of Paid Service: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓

18. Glossary

18.1 SPV – Special Purpose Vehicle