

# Record of Urgent Decision taken by Head of Paid Service for the North East Combined Authority

## Consultation and Agreement

The Chair and the Vice Chairs of the NECA have been consulted on this matter and have agreed that it is appropriate for the **Head of Paid Service** to use the delegated powers given to her by the Leadership Board of the NECA and to make an urgent decision.

The Chair and Vice Chairs agreed that this decision is urgent because of the need to progress investment in relation to the North East Property Fund. This matter cannot be left until the next Leadership Board on 21<sup>ST</sup> March 2017.

Consultation with the Chair of NECA the NECA on 3<sup>rd</sup> February 2017

Consultation with the 1<sup>st</sup> Vice Chair of the NECA on 26<sup>th</sup> January 2017

Consultation with the 2<sup>nd</sup> Vice Chair of the NECA on 10<sup>th</sup> February 2017

## Record of the Decision

### 1. **Subject of Decision**

North East Property Fund

### 2. **Thematic Area**

North East Local Enterprise Partnership

### 3. **Executive Summary**

A delegated decision is sought for the approval of £5.7m of North East Investment Fund (NEIF) monies to be invested in the North East Property Fund proposal from the Finance Wales Capital Group (FW Capital Ltd).

This pilot will draw upon the established fund manager experience of FW Capital in the North East, to deliver a fund capitalised at £10m to support SMEs with residential and commercial development projects across the North East LEP area. The North East Investment Fund resource has been used to successfully leverage in match funding from the commercial sector of £4.3m. The Fund is forecasting it will provide for 389 new homes and 3,835 sq m of commercial floor space during its five years of operation.

### 4. **Alternative Options Considered**

It was considered whether the proposal could go to the next full Leadership Board but the decision is time critical. Having originally been approved in July 2016, due diligence unexpected was only completed in January 2017. The private sector finance was approved in December 2016 and is time limited, therefore it is important contracts are addressed now that diligence is completed to NECA satisfaction.

### 5. **Decision**

As outlined in the report (confidential)

**6. Reason for Decision**

Having regard to the report to the North East LEP Board and their decision to support approval for the loan in order to help meet the objectives of the SEP, and to the comments of the Chair of the North East Combined Authority, the Monitoring Officer and the Chief Finance Officer, the Head of Paid Service considers it appropriate for the NECA as the accountable body for the LEP to approve the grant/loan subject to the conditions specified.

**7. Date of Consultation with the Monitoring Officer and their Relevant Comments**

8<sup>th</sup> February – As set out in the e-mail on 8<sup>th</sup> February from Viv Geary, the Monitoring Officer confirmed having been consulted on the matter, she was prepared to proceed with the Delegated Decision under Urgency upon receipt of agreement from Mayor Redfearn.

**8. Date of Consultation with Chief Finance Officer and their Relevant Comments**

26 January 2017. I have been consulted on the proposal as it has developed over the period and have made suggestions to mitigate the risk of loss and improve the potential return to the LEP, which have been taken into account in shaping the final project agreement. While no investment can be risk free, the proposed investment has been subject to significant external due diligence and sensitivity tests. Given the track record in Wales and the mitigating factors that have been built into the fund, it is likely that the investment will be repaid over the period. Sufficient funds are available in the NEIF to enable this investment to be made and to leave funds available for other loans.

**9. Implementation Date**

14 February 2017