

*making our region more prosperous, sustainable and fairer,
helping our people and businesses to create and seize opportunities*

Combined County Authority Investment Committee		Agenda Item 7
Date	30 September 2024	
Report Title	Investment Overview	
Accountable Chief Officer	Will Morlidge/Richard Grice	
Accountable Employee	Tom Goshawk	
Key decision	No	
Public Report	Yes	
Voting Arrangements	The committee will work to progress decisions via consensus, if a vote is required then it will be majority decision in alignment with the terms of reference.	

Recommendation(s) for action or decision:	
The Combined County Authority Investment Committee is recommended to:	
A	To <u>note</u> the existing investment work D2N2 LEP, which is expected to transfer to EMCCA control by the end of the 2024 calendar year.
B	To <u>note</u> a decision by the D2N2 Board to ringfence funding for two important elements of their work, which have or will transfer to EMCCA.
C	To <u>note</u> the proposed approach to develop our mode for investment risk

1. Purpose

- 1.1 To ensure all members of the Investment Committee are aware of the projects which are being taken forward by EMCCA staff but which are still under the control of the D2N2 Board until a transfer agreement is signed.
- 1.2 Members are asked to note that the transfer agreement is agreed in principle and that the LEP Board has ringfenced two funding lines which are:
 - £380k to support the running costs of the EMCCA Growth Hub, whose future funding from Government has both yet been confirmed
 - Up to £100k to support the development of the region's skills strategy, starting with an exercise to map the numerous overlapping strategies and developing strategies that are in existence.

2. Proposal

To note the following projects and programmes which have been approved.

2.1 Early-Stage Angel Investment Fund

The Early-Stage Angel Investment Fund (ESAIF) officially launched in July with two events held in Nottingham and Derby to promote interest in the fund across financial and investment partners. The fund provides equity investment in companies up to £250,000 for businesses that are revenue generating between 6 and 24 months old. The fund is match funded with contributions from Haatch and the British Business Bank which take the total value of the programme to £8 million.

Haatch is operating as the independent fund manager for ESAIF and will work on the selection of companies to be invested in across the Derbyshire and Nottinghamshire area. The fund originates from the lack of funding available for companies in the early stages of business in our region and will look to concentrate investment away from traditional arenas such as London and the South East.

CONTROLLED Haatch has stated a good level of interest in the fund from companies across the area since its launch and continuous promotion is taking place from EMCCA and Haatch. Haatch has also reported that two businesses have been identified for further due diligence and working through their internal processes to decide whether funding will be allocated to those projects. Haatch will feedback on their investments to EMCCA on a quarterly basis in line with the terms of the Limited Partnership Agreement.

The D2N2 Board agreed the transfer of this programme to EMCCA at its 16 September meeting, with formalities completed by December.

2.2 Growth Hub

EMCCA is now the accountable body for the East Midlands (formerly D2N2) Growth Hub. Growth hubs are core-funded by government to deliver some free-at-the-point-of-use advisory services to businesses and to provide direct or signpost to more intensive business support programmes. The funding of £380k p/a currently supports 7 staff. This service dovetails with services provided locally under UKSPF as local authorities know they do not need to duplicate the core offer from the Growth Hub.

2.3 Smart Manufacturing Data Hub

D2N2 runs a fully-funded national programme called Smart Manufacturing Data Hub which provides advice and diagnostics to businesses to help them use their own data more smartly. The programme helps businesses, primarily SMEs to simultaneously increase productivity and reduce emissions. To date 251 businesses have been supported, including 26 in our region.

2.4 Supporting investors

We have one post dedicated to "Key Account Management". The main purpose of the role is to work with overseas or UK investors who have recently invested in our area for the first time to keep on

reinvesting in more jobs, more capital and additional skills commissioning. At a cost of around £55k per year (paid for by the Department for Business and Trade), this programme has helped to secure new investment valued at over £400m. It is a function we intend to expand.

A wider programme of work is underway with our partners to consider the various strands of activity across the region undertaken by EMCCA, LAs, business support organisations, universities and government funded programmes such as the Freeport. We are investigating whether or not the system is running as effectively as it could and offering maximum value for money. We will bring a report to a future Investment Board with our findings.

2.5 Investment Risk and Funding Models

As part of EMCCA's future thinking around investment, the investment team will be working around colleagues in finance to identify the level of funding risk and different types of funding model that the CA will undertake to promote growth across the region. This work is being undertaken to understand how the CA will generate best value from the funding resources it has at its disposal and maximise the amount of funding that we have.

CONTROLLED The work will look to inform potential mechanisms for delivery of projects and also the types of funding that the CA may use moving forward. This could include but is not limited to grant, loan and different types of equity funding models. The review will also hope to identify different partners that may be engaged to generate match funding for the region and support key development projects, potentially utilising funding from pensions, institutional investment partners and other public funding bodies.

Within this investment work there will be considerations for EMCCA and its constituent partners over the levels of risk that the organisation is willing to take and how this may maximise growth in the region from sources that have previously either not been available or utilised. The work will also inform EMCCA on how we best prepare projects and programmes to be able to unearth the potential opportunity from such funding bodies and types.

3. Background

3.1 This paper summarises papers presented to the [EMCCA Board on 16th September](#).

4. Alternative Options Considered

4.1 N/a

5. Implications

Financial Implications

5.1 This paper sets out progress across a range of existing and new funding streams which are within or expected to be devolved into EMCCA's remit in this financial year or the next.

Legal Implications

5.2 The projects described within this report fall within the powers and functions of EMCCA. Noting the progress of the updates described within this report does not raise specific legal concerns

5.3 The allocation of funds through the project described in this report will require compliance with various regimes including the Public Procurement and Subsidy Control, as well as fulfilment of EMCCA's fiduciary duty as a steward of public funds. Appropriate advice will be sought, and appropriate governance and decision-making procedures followed, for each project as required.

Other Significant Implications

5.3 None

Background Papers

5.4 None.

