



SHEFFIELD CITY COUNCIL Cabinet Report

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Report of: Executive Director, Resources

Date: 1 August 2012

Subject: Sheffield Investment Fund

Author of Report: Nalin Seneviratne – Director of Property & Facilities
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Summary:

This report sets out proposals on how Sheffield City Council can lead in taking a strategic and innovative approach to the use of its property asset base to develop an Investment Fund, 'The Sheffield Investment Fund'.

The ultimate objective and targeted output of this fund will be to assist in the regeneration and sustainable growth of the local economy with associated benefits to the workforce and people of Sheffield.

The City has the ability to realise cash from the large number of surplus property assets it currently owns, and for a period of time, put that cash to work, through an investment fund. The fund would work by making investments in projects that will unlock viable economic development schemes to assist business, job growth and regenerate the City.

This fund would work alongside and be complimentary to the recently approved South Yorkshire Development Fund and Transport and Housing Fund. Unlike these funds, which are managed outside the City Council, the Sheffield Investment Fund would be integrated with the Council's Capital Programme and be directly controlled by the City Council.

Drivers

- To make better use of the Council's assets, consistent with the corporate asset management plan.

- Recognition that proactive steps need to be taken by the Council to promote economic advancement in the City.
- To offer a solution to the current challenges in the development finance market in which conditions continue to worsen.
- Viable projects in the City have stalled due to current difficulties in accessing private finance.
- The need to be complementary to the Local Enterprise Partnership (LEP) and linked initiatives.
- To demonstrate that Sheffield is open for business, and for the public sector to meet the private sector to achieve outcomes in the new economic climate.

What is the proposed structure of the fund?

- A revolving fund that is governed by the Council with options to use Fund Management expertise where appropriate all as a function of the Council's financial strategy.
- Integrated with the Council's financial strategy and Capital Programme.
- Financing of the Fund is to be obtained from some of the Council's low/zero yielding assets and matched with private sector funding, with the option of drawing in other public funding.
- The fund invests in economic projects to the extent needed to secure the necessary project funding from the private sector. As the project is developed out, the finance provided by the Fund is repaid including an appropriate return. The Fund is therefore a sustainable revolving fund thereby protecting the capital element of the Fund.
- The fund can be structured to work in partnership with other investment Funds at a City Region level, should the Council consider it strategically advantageous to do so in order to maximise benefit.

What are the benefits?

- Better use of surplus and underperforming assets that currently generate little financial benefit to the Council and therefore with minimal impact on the net revenue of the Council.
- An opportunity to directly influence economic activity in the City including the growth of Small and Medium Enterprises, social enterprise and inward investment.
- Raising the profile of the City and a clear demonstration to funders, developers and companies that the City is a proactive and positive place to do business.
- A structure that is consistent with emerging Government policy and, if shown to be effective in spending public funds, resulting in a better chance of securing more central government allocations for Regional Growth Fund etc in the future.
- The ability to provide synergy with and to add value or unlock other funding sources such as New Homes Bonus, Regional Growth Fund or JESSICA, (Joint European Support for Sustainable Investment in City Areas), linked to the South Yorkshire Development Fund already approved.

- This approach provides a funding route for viable projects thereby improving the success rate of projects made viable through other sources (such as grant funding, gap funding etc).

Which investments will the fund focus on?

The fund is expected to focus on six priority themes that are consistent with the Economic Strategies of both the City Council and the Local Enterprise Partnership and will invite projects which can support and drive growth in these areas:

- Advanced manufacturing & healthcare technologies
- Housing
- Retail and the experience economy
- Creative and digital
- Green and low carbon infrastructure
- Quality office space in the city centre

The fund could also support strategic land acquisition to assist in the above priorities (this may provide a first phase of project investment for the fund).

Recommendations

To establish the Sheffield Investment Fund as outlined in the report and as a result agree to delegate authority to the Executive Director of Resources, in consultation with the Cabinet Member for Finance and the Director of Legal Services to:

- a) Establish the fund through the capital programme on the basis that the fund will not normally be for “gap” funding, but will be for investment purposes, generating a cash return on the investment with a payback of the capital at the end of the term of the investment.
- b) To establish an appropriate governance structure.
- c) To establish the Fund’s Investment Strategy, project selection process and linkage, where appropriate, to the Sheffield City Region Investment Fund.
- d) To agree the procurement strategy and award if it is determined that the best way of delivering the output is by creating a special purpose vehicle or entering into a joint venture.
- e) To negotiate, agree and complete the legal agreements required to give effect to the above arrangements.
- f) To make any other decision required to enable the creation and operation of the Sheffield Investment Fund including the use of a Fund Manager, where deemed appropriate, as procured for the South Yorkshire Urban Development Fund.

Background Papers:

Category of Report: OPEN/~~CLOSED~~*

If Closed add – ‘Not for publication because it contains exempt information under Paragraph... of Schedule 12A of the Local Government Act 1972 (as amended).’

* Delete as appropriate

Statutory and Council Policy Checklist

Financial Implications
YES/NO Cleared by: Eugene Walker
Legal Implications
YES/NO Cleared by: Gillian Duckworth
Equality of Opportunity Implications
YES/NO Cleared by: Julie Toner
Tackling Health Inequalities Implications
NO
Human rights Implications
/NO:
Environmental and Sustainability implications
NO
Economic impact
/NO
Community safety implications
/NO
Human resources implications
/NO
Property implications
/NO
Area(s) affected
Relevant Cabinet Portfolio Leader
Cllr Bryan Lodge
Relevant Scrutiny Committee if decision called in
Overview and Scrutiny Management
Is the item a matter which is reserved for approval by the City Council?
YES
Press release
NO

The Sheffield Investment Fund

1.0 SUMMARY

- 1.1 This report sets out proposals on how Sheffield City Council can lead in taking a strategic and innovative approach to the use of its property asset base to develop an Investment Fund, 'The Sheffield Investment Fund'.

The ultimate objective and targeted output of this fund will be to assist in the regeneration and sustainable growth of the local economy with associated benefits to the workforce and people of Sheffield.

The City has the ability to realise cash from the large number of surplus property assets it currently owns, and for a period of time, put that cash to work, through an investment fund. The fund would work by making investments in projects that will unlock viable economic development schemes to assist business, job growth and regenerate the City.

This fund would work alongside and be complimentary to the recently approved South Yorkshire Development Fund and Transport and Housing Fund. Unlike these funds, which are managed outside the City Council, the Sheffield Investment Fund would be integrated with the Council's Capital Programme and be directly controlled by the City Council.

1.2 Drivers

- To make better use of the Council's assets, consistent with the corporate asset management plan.
- Recognition that proactive steps need to be taken by the Council to promote economic advancement in the City.
- To offer a solution to the current challenges in the development finance market in which conditions continue to worsen.
- Viable projects in the City have stalled due to current difficulties in accessing private finance.
- The need to be complementary to the Local Enterprise Partnership (LEP) and linked initiatives.
- To demonstrate that Sheffield is open for business, and for the public sector to meet the private sector to achieve outcomes in the new economic climate.

1.3 What is the proposed structure of the fund?

- A revolving fund that is governed by the Council with options to use Fund Management expertise where appropriate all as a function of the Council's financial strategy.

- Integrated with the Council's financial strategy and Capital Programme.
- Financing of the Fund is to be obtained from some of the Council's low/zero yielding assets and matched with private sector funding, with the option of drawing in other public funding.
- The fund invests in economic projects to the extent needed to secure the necessary project funding from the private sector. As the project is developed out, the finance provided by the Fund is repaid including an appropriate return. The Fund is therefore a sustainable revolving fund thereby protecting the capital element of the Fund.

The fund can be structured to work in partnership with other investment Funds at a City Region level, should the Council consider it strategically advantageous to do so in order to maximise benefit.

1.4 What are the benefits?

- Better use of surplus and underperforming assets that currently generate little financial benefit to the Council and therefore with minimal impact on the net revenue of the Council.
- An opportunity to directly influence economic activity in the City including the growth of Small and Medium Enterprises, social enterprise and inward investment.
- Raising the profile of the City and a clear demonstration to funders, developers and companies that the City is a proactive and positive place to do business.
- A structure that is consistent with emerging Government policy and, if shown to be effective in spending public funds, resulting in a better chance of securing more central government allocations for Regional Growth Fund etc in the future.
- The ability to provide synergy with and to add value or unlock other funding sources such as New Homes Bonus, Regional Growth Fund or JESSICA linked to the South Yorkshire Development Fund already approved.
- This approach provides a funding route for viable projects thereby improving the success rate of projects made viable through other sources (such as grant funding, gap funding etc).

1.5 Which investments will the fund focus on?

The fund is expected to focus on six priority themes that are consistent with the Economic Strategies of both the City Council and the Local Enterprise Partnership and will invite projects which can support and drive growth in these areas:

- Advanced manufacturing & healthcare technologies
- Housing

- Retail and the experience economy
- Creative and digital
- Green and low carbon infrastructure
- Quality office space in the city centre

The fund could also support strategic land acquisition to assist in the above priorities (this may provide a first phase of project investment for the fund).

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 The proposals in this report would assist in the development and promotion of Sheffield's economy with investment in projects that among other things lead to environmental improvements and growth in jobs, thereby assisting in the sustainable development of the economic, environmental and social well being of the City and its inhabitants.
- 2.2 The proposals also ensure that Sheffield people benefit from the improved use of the City's property asset base to assist with their sustainable well being.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 As for the South Yorkshire Development Fund, previously agreed by Cabinet, the proposals set out here will establish a recyclable investment fund within the City of Sheffield. This too will facilitate private and public sector investment in projects that will promote job creation and economic growth. This will directly support the Council's strategic objective to create a Strong and Competitive Economy.
- 3.2 Sustainable outcomes would be set through the Investment Strategy to guide investment decisions ensuring that such decisions meet the outcomes of the Corporate Plan. Whilst the fund needs to make a financial return on investments, its purpose is primarily to assist in driving the economic growth and prosperity of the City and to respond to the City Region's needs rather than competing with the private sector. Therefore a series of quantifiable outputs that can be targeted in order to deliver this will be produced. These will then be used as an important part of the project selection mechanism, and will ensure that best value is delivered against measurable criteria.

The actual target categories and numbers will need to be worked up during the fund development, and will require input from all Council and Partner working groups. Whilst there is likely to be an aspiration to aim for the highest possible number of outputs, it must be remembered that the fund must still be able to make a return to keep its integrity and to maintain the potential for a private sector investor to join at fund level, therefore an achievable set of outputs per £ invested would be agreed in an attempt to find this balance.

The output targets will then feed into the project selection process and also the

pricing structure.

Example outputs that may be considered are as follows

- Number of jobs created
- Area of brown field land remediated
- Number of affordable houses produced
- Number of private / private rented houses produced
- Carbon reduction and amount of space created to environmentally sustainable standards.

4.0 BACKGROUND

4.1 Objective of the Sheffield Investment Fund

The objective of the fund is to use the City's asset base more effectively to deliver sustainable economic growth and increased prosperity for Sheffield, engaging the private sector more widely.

- 4.2 This paper follows work carried out by the Property Service of the Council reviewing how it could make best use of the surplus asset base for furthering the objectives of the Corporate Plan which considered taking a different approach to the funding of the capital programme and driving economic growth.

In common with all public sector organisations Sheffield City Council faces severe financial constraints. However, the demand for public services and the need to act as catalysts for change and growth is undiminished. It is hence incumbent upon the Council to explore all opportunities to promote growth and prosperity for the City.

Access to capital to drive regeneration and growth from traditional sources such as central government agencies is very much reduced. Similarly the nature and profile of opportunities which the private sector has the willingness and ability to fund has changed dramatically in recent years presenting further challenges to the promotion of economic activity.

The Council does however, have a significant asset base which at present delivers modest benefit to the City's service priorities and a very modest financial return. This report considers how these assets could be better utilised to address some of these problems. This report also seeks to provide an understanding of how a fund structure can work and to objectively appraise its ability to deliver investment in the City. This paper outlines the principles of operation and the potential sources of funding from both the public and private sector.

4.3 Why An Investment Fund?

In recent history, assistance and resource (both intellectual and financial) has been provided by central government through entities such as the Regional Development Agencies and the Homes and Communities Agency to assist local authorities in delivering strategic frameworks. Such support is now significantly reduced and local authorities are required to source their own intellectual and economic resources and deliver projects using their own initiative.

The principle is that the fund will be created with SCC funds through the management and divestment of assets and used as a vehicle both to lever private sector finance, either at a fund or project level, and to maximise the chances of attracting any available central government funding streams and to make best use of those fund streams through initiatives such as Growing Places Fund, Regional Growth Fund, New Homes Bonus and Business Rate Retention.

It is essential that the fund encourages and can support a structured pipeline of projects to be delivered, creating a critical mass of appropriate projects, access to those projects and finance, which makes it of a size that becomes of interest to the wider market. This structured approach will allow a more efficient resourcing structure and ensure the city can access the best quality investment and delivery advice in a cost efficient manner.

Over time, developers and project sponsors will consider the fund in the first instance when structuring projects, and therefore it is reasonable to expect the project pipeline to strengthen over time.

4.4 Sheffield City Region Investment Fund

In summary, the Sheffield Investment Fund is designed to be complementary to an overarching fund for the City Region which will be implemented on a City Region basis through a partnership approach. This has been given a working title of the Sheffield City Region Investment Fund (SCRIF) and has already been agreed by Cabinet. In reality this will be a collection of complementary funding streams, each of which will have its own objectives and emphases. The SCRIF is the framework through which each of these individual elements is brought together to align objectives and optimise outputs for the Sheffield City Region.

The Sheffield Investment Fund whilst complementing and forming part of the SCRIF, will invest in the local priorities decided by Sheffield City Council, for the benefit of Sheffield and will invest on a commercial basis, seeking to protect the original capital invested and achieve a financial return along with other social and economic benefits. The Sheffield Investment Fund is not however, dependent upon the SCRIF being established to operate and can be formed and operate in advance of the SCRIF.

4.5 The Challenging Market Context

The current market for development finance remains incredibly challenging. A review of the first quarter for 2012 below demonstrates that conditions continue to worsen.

Maximum loan to value ratios continue to fall, bank margins continue to rise and the number of institutions actively lending for development continues to fall. Where finance is available it will generally seek prime assets in prime locations with a very low risk profile.

Other sources of funding are “filling the gap” created by reduced bank financing. All seek preferred positions and exit fees, issues that the Sheffield Investment Fund would also need to consider.

4.6 Priorities for Investment

The following themes have been identified by officers as being the key priorities for economic growth in the city and hence priorities for investment from both the public and private sector. These are consistent with the Sheffield Economic Masterplan prepared by Creative Sheffield and consistent with many of the findings of the independent report by Centre for Cities “Advancing Ambitions: Creating a Sustainable Economic Future for Sheffield” published in October 2011.

Key Investment Themes

The proposed themes are as follows:

- Advanced manufacturing & healthcare technologies
- Housing
- Retail & the experience economy
- Creative and Digital Industries
- Green and low carbon Infrastructure
- Quality office space in the City Centre

It will be a next step for a “pipeline” of projects to be developed and assessed for investment. An assessment has been made for the potential projects that currently exist that may be the subject of investment from this fund. At this stage such information is commercially sensitive as there is as yet no decision of the City Council either to approve the development of this fund or indeed to invest in particular projects. Nor has there been any agreement from potential investors or project sponsors. Therefore the assessment of such projects has been made available to members, for information, in a separate closed report.

4.7 Fund Structure

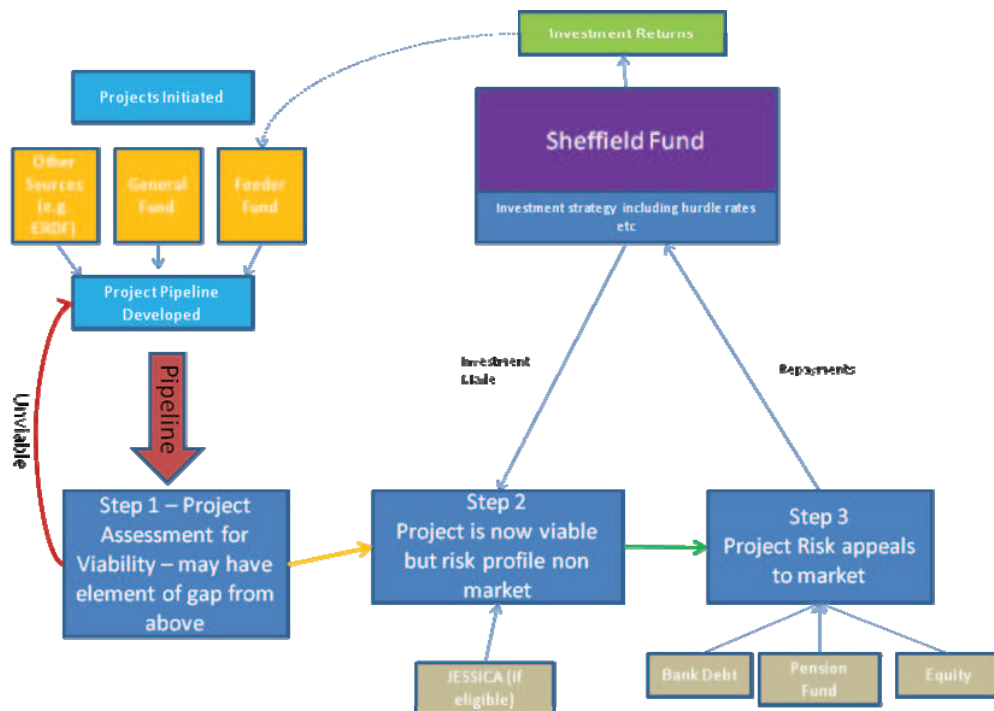
Experience has shown that the projects that deliver the types of outputs that SCC will require from its investments often have historically allocated gap funding, or sunk gap funding and require further investment to deliver the next stage. This funding has typically come from ERDF programmes and the former Regional Development

Agencies.

The Sheffield Investment Fund is not primarily intended to provide gap funding. Therefore it is important to understand the basis on which it can invest, the other funding sources which may be available and how projects will flow towards the fund.

The Sheffield Investment Fund (SIF) will take a commercial stance and will step in where projects are viable but are unable to secure bank finance because the project risk is different to that which is currently acceptable to the banks. Lending will be on commercial terms. The quid pro quo is that the projects will be asked to deliver specified outputs to align them to SCC's economic strategy, thus balancing the risk: benefit ratio to SCC. The initial capital invested in the fund from asset sales will be largely protected and may be bolstered by investments that simply produce a strong financial return.

It is expected that on many occasions the funds will work together with other funding sources such as ERDF, JESSICA, Growing Places etc. which will assist in bringing the projects to a viable position where the Sheffield Investment Fund may then invest.



4.8 What does the Sheffield Investment Fund look like?

The SIF will be structured as a commercial fund. There is an option to use the services of an independent professional Fund Manager and this capacity has been built into the South Yorkshire Development Fund recently approved by Cabinet. However, particularly in the early stages the Council will simply use internal resource to ensure alignment with the Council's financial strategy. This will require an Investment Strategy that will set out the objectives of the fund, determine the rate of return and risk profile that the fund targets, as well as the type of investment the fund

makes.

The SIF will be required to invest in line with State Aid regulations and therefore will be investing at a market rate (subject to obtaining any notification to the contrary). It will aim to deliver a commercial return to its investors. The fund is not primarily about gap funding, but assisting projects that may require a more considered financing solution than the market can offer on its own.

SIF investments may be in the form of debt, equity or guarantee, and may take first or subordinated security (which will affect the rate of return).

Projects for investment will be selected not only on the basis of a sound business case, but also for the regenerative, economic and wider social or environmental benefits that they will deliver for the city.

The fund is expected to have an initial life of 10 years, with capital and potentially returns above a certain level being retained by the fund for reinvestment during this period (a rotating or 'evergreen' fund).

4.9 Interaction with City Region Funds

It is proposed that the Sheffield Investment Fund should co-exist with and be complementary to the emerging Sheffield City Region fund structure. The City Region fund will clearly focus on those projects which will support the economic advancement of the City Region as a whole rather than specifically focussing on Sheffield. The City Region fund will be governed at a City Region level. It is envisaged that the investments strategies of all funds should be complimentary but are likely to have differing emphases. However, notably some of these strategies will be co-terminus i.e. favouring a certain project in a certain location e.g. Sheffield and as such co-investment remains a strong opportunity.

The Sheffield Investment Fund will invest on a commercial basis, aiming for a cashable return whilst protecting the capital which has originated through the sale of City Council owned assets. The City Region fund is likely to provide a structure which is capitalised through alternative sources from Europe and Central Government. The nature of the investments it makes is likely to be of a different nature to the Sheffield Investment Fund although some may be mutually beneficial. City Region funds may also grant fund projects which, whilst important, do not generate a cashable return.

It is possible that the Sheffield Investment Fund could invest in LEP led projects across the City region, which may have multiple income streams, provided the projects fit the Sheffield Investment Fund's investment strategy. It is similarly possible that the Sheffield Investment Fund will invest in projects which have been made viable with grant funding from other sources within the Sheffield City Region Investment fund (SCRIF).

The proposed structure of the SCRIF enables an overview of the economic development priorities across the City Region, the various funding streams available to support these priorities, but importantly allows for local decision making for local authority controlled funding.

4.10 Benefits of the Sheffield Investment Fund

In occupying a position in the funding market that banks and the private sector have retracted from or reduced their capacity, the SIF has the potential to leverage a considerable amount of additional development money in the city.

Because projects will need to be viable, a return will be created from investment by the fund. In addition, projects will need to accord with the Investment Strategy, which will ensure that they deliver beneficial outputs to the city.

These benefits are only maximised through a cohesive approach by SCC, resulting in a critical mass that then becomes attractive to institutional investors and has the capacity to attract and promote other sources of public funding. Whether they will wish to invest at project or fund level, access to the funds that they have available will open up as the funding approach matures.

4.11 Governance and Decision Making

Further work is required on this. The key requirement will be to ensure that this aligns with the Council's capital programme and strategic priorities. The SIF is intended to be directly controlled by the Council, not be a separately managed external fund, although the nature of some investment appraisals may require the use of external fund manager advice. Further work on the arrangements will be agreed with the Cabinet member for Finance.

5.0 FINANCIAL & RESOURCE IMPLICATIONS

5.1 The source of Funds

The source of capital for the fund is a series of assets that are earmarked for disposal. The current disposal programme stretches over a number of years in order to allow the assets to be improved and prepared for divestment and to ensure best value is received. All of the cash from these assets will not therefore be available at day 1. A current estimate of this is as follows:-

<u>Projected Receipts Programme</u>	£m	2011/12	2012/13	2013/14	2014/15	2015/16	Future	Total
Unallocated Receipts b/forward		25.2	16.8	0.0	11.0	20.2	43.9	25.2
Anticipated Capital Receipts		15.7	11.6	13.5	16.6	23.7	54.6	135.7
Required for SCC Capital Programme		-24.1	-28.4	-2.5	-7.4	0.0	0.0	-62.4
Available receipts to carry forward		16.8	0.0	11.0	20.2	43.9	98.5	98.5

- This indicates (the bottom row) that starting in 2013/14, but not before, some funding may become available to the Fund.

- Additional Council capital programme needs, not yet identified, will be required to be funded in the later years.
- The receipts projections are subject to a considerable body of pre-disposal work being undertaken to prepare sites for market, and to the strength of the market itself.
- The successful disposal of surplus assets is essential to the creation of an investment capacity.

5.2 Example of funding for a sample project

A sample project could be a mixed use development in the city centre

- A viable project where the developer needs £2m funding to bridge a gap
- The scheme is expected to be completed and sold to long term investors three years after its construction
- The Council decides that it is supportive of the scheme and its tenor, and offers a loan of £2m at suitable interest rates for the three year period. The capital amount is repaid after 3 years. An element of upside may apply.

After 3 years the loan is repaid to the Council and is then available again for further investment. In this sense the scheme is a 'revolving' fund.

6.0 LEGAL IMPLICATIONS

- 6.1 In implementing these proposals reliance can be placed on the new 'general power of competence' (the 'GPC') conferred on the Council by Section 1 (1) of the Localism Act 2011.
- 6.2 Section 1(1) came into force on 18th February 2012 and provides that, "*A local authority has power to do anything that individuals generally may do.*" This is clearly a very broad power, which is subject to existing or future statutory limitations. Whilst no statutory limitations have at this point been identified, legal input will be required when the exact details of the working of the fund have been agreed, prior to its implementation
- 6.3 The procurement of any goods, works or services must be undertaken in accordance with all relevant provisions of the Council's Constitution and Contract Standing Orders in addition to the European procurement rules and any investments must be made in accordance with State Aid regulations.
- 6.4 The need for any special purpose vehicles (SPVs) or joint ventures is yet to be determined and expert legal advice will be sought to determine the best option for Sheffield where required.
- 6.5 The governance arrangements and the Investment Board / Management Committee are yet to be finalised. The Council will need to satisfy itself that adequate arrangements are in place to protect its position taking appropriate legal advice at the time.

7.0 RISKS

7.1

1. **Risk** - The fund acts against the objectives of the Council or control is lost

Mitigation – The fund has to invest in accordance with Investment Strategy that the Council sets. Finance provided by the Council to the fund is against specific known projects and therefore directly linked to that project being approved by the Council. The Council can therefore reserve the right to sign investments off on a project by project basis

2. **Risk** - Negative revenue impact on the Council

Mitigation - The assets to be invested currently generate a negligible return. One of the fund's aims will be for any interest on bridging finance provided by the Council to be repaid by profits that the fund makes. A facility for the whole fund is established at the outset but funds are only drawn into the fund as required. However, revenue provision will need to be made to cover timing differences between the drawdown of funds and receipt of investment returns

3. **Risk** - This is new, has it been done before?

Mitigation – The structure is similar to *Evergreen* established in the North West between 16 local authorities and is consistent with other structures being looked at by Local Authorities elsewhere and new guidance from HMT/HCA

4. **Risk** - Time and cost of setting up

Mitigation – The fund is set up with Council funding initially to take account of any immediate project opportunities, with private sector brought in to the fund over time. Professional costs are primarily linked to finance raised rather than consulting fees

5. **Risk** - Sufficient suitable projects fail to come forward for investment

Mitigation – An initial due diligence exercise has been undertaken and established there are projects which such a fund could support. However, these are currently limited in number and it will be important to develop a strategy to promote the fund and develop and promote suitable projects

6. **Risk** - Project partners fail to repay investments on time

Mitigation – A professional fund manager could be appointed, if considered necessary, to undertake project underwriting and loan monitoring to mitigate

this risk. A Debt management service could also be provided to work out any bad loans in as efficient a manner as possible. Alternatively the private partner investing in the fund could bring the fund management capability.

8.0 ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The alternative option would be not to create an investment fund to assist economic growth using our own asset base as a source of funds and to leave such matters to the market.
- 8.2 The current economic conditions and restrictions on the availability of bank finance mean that projects that are otherwise viable are stalled due to that lack of funding and that is the state of the current market.
- 8.3 We could restrict our activity of investment in such projects to the South Yorkshire Development Fund. However, the creation of a Sheffield Investment Fund would be complimentary to other funds created in the region, and would be focussed on Sheffield.

9.0 REASONS FOR RECOMMENDATIONS

- 9.1 The underlying benefit of this proposal is that it utilises the Council's asset base in a measured way to assist economic growth and progress in the City where, but for the appropriate funding being available, there are viable projects that can help to deliver jobs and other economic activity.
- 9.2 It is proposed that through the Capital Programme Approval process, including subsequent Cabinet approvals, the Council establishes the Sheffield Investment Fund to help progress the priorities of the Corporate Plan.

10.0 RECOMMENDATIONS

- 11.1 That Cabinet agrees –

To establish the Sheffield Investment Fund as outlined in the report and as a result agree to delegate authority to the Executive Director of Resources, in consultation with the Cabinet Member for Finance and the Director of Legal Services to:

- a) Establish the fund through the capital programme on the basis that the fund will not normally be for "gap" funding, but will be for investment purposes, generating a cash return on the investment with a payback of the capital at the end of the term of the investment.
- b) To establish an appropriate governance structure.
- c) To establish the Fund's Investment Strategy, project selection process and linkage, where appropriate, to the Sheffield City Region Investment Fund.

- d) To agree the procurement strategy and award if it is determined that the best way of delivering the output is by creating a special purpose vehicle or entering into a joint venture.
- e) To negotiate, agree and complete the legal agreements required to give effect to the above arrangements.
- f) To make any other decision required to enable the creation and operation of the Sheffield Investment Fund including the use of a Fund Manager, where deemed appropriate, as procured for the South Yorkshire Urban Development Fund.

Sheffield City Council Equality Impact Assessment



[Guidance for completing this form is available on the intranet](#)

Help is also available by selecting the grey area and pressing the F1 key

Name of policy/project/decision: Sheffield Investment Fund

Status of policy/project/decision: New

Name of person(s) writing EIA: Nalin Seneviratne

Date: 12 July 2012

Service: Property Services

Portfolio: Resources

What are the brief aims of the policy/project/decision? To assist economic development of the City of Sheffield

Are there any potential Council staffing implications, include workforce diversity? No

Under the [Public Sector Equality Duty](#), we have to pay due regard to: "Eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations." [More information is available on the council website](#)

Areas of possible impact	Impact	Impact level	Explanation and evidence (Details of data, reports, feedback or consultations. This should be proportionate to the impact.)
Age	Neutral	Low	
Disability	Neutral	Low	
Pregnancy/maternity	Neutral	Low	
Race	Neutral	Low	
Religion/belief	Neutral	Low	
Sex	Neutral	Low	
Sexual orientation	Neutral	Low	
Transgender	Neutral	Low	
Carers	Neutral	Low	
Voluntary, community & faith sector	Neutral	-Select-	
Financial inclusion, poverty, social justice:	Positive	Medium	The ability for the City to make use of its asset base to assist economic development should have a positive impact on assisting with improvements in financial inclusion through the policy aims to help create more jobs in the city.
Cohesion:	Neutral	Low	
Other/additional:	-Select-	-Select-	

Areas of possible impact	Impact	Impact level	Explanation and evidence (Details of data, reports, feedback or consultations. This should be proportionate to the impact.)

Overall summary of possible impact (to be used on EMT, cabinet reports etc): None

If you have identified significant change, med or high negative outcomes or for example the impact is on specialist provision relating to the groups above, or there is cumulative impact you **must** complete the action plan.

Review date: **Q Tier Ref** **Reference number:**

Entered on Qtier: -Select- **Action plan needed:** -Select-

Approved (Lead Manager): **Date:**

Approved (EIA Lead person for Portfolio): **Date:**

Does the proposal/ decision impact on or relate to specialist provision: no

Risk rating: None

Action plan

Area of impact	Action and mitigation	Lead, timescale and how it will be monitored/reviewed
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		
-Select-		

Approved (Lead Manager): **Date:**

Approved (EIA Lead Officer for Portfolio): Julie Toner **Date:** 17/07/2012