

Committee:	Executive	Agenda Item No.:	8
Date:	8 <sup>th</sup> July 2013	Status	Open
Category	Within the function of Executive		
Subject:	Sheffield City Region And South Yorkshire Funding Streams Inter-Authority Agreement		
Report by:	Economic Development and Investment Manager		
Other Officers Involved and relevant Cabinet Member with responsibility:	Chief Executive Officer Solicitor to the Council and Monitoring Officer Leader of the Council		
Groups/persons consulted			

#### RELEVANT CORPORATE AIMS

**REGENERATION** – Developing healthy, prosperous and sustainable communities by attracting new business investment, encouraging business growth and creating new employment opportunities.

- Enterprise Zone for advanced manufacturing and technology to attract inward investment to grow the City Region economy through a range of incentives including business rate relief and enhanced capital allowances.
- Regional Growth Fund (RGF) Round 3 funding to unlock business investment leading to sustainable, private sector growth.
- Growing Places Fund (GPF) to support transport and housing projects that deliver economic growth and create employment, locally Markham Vale has been supported (£1.5m SCR, £2.5m D2N2).

**SOCIAL INCLUSION** – Promoting fairness, equality and lifelong learning providing the opportunity for inclusion of all individuals in employment and training opportunities

- City Region Deal secured devolved funding packages for local skills to create new apprenticeships and up-skilling existing employees

### **1.0 PURPOSE OF THE REPORT**

- 1.1 In March of this year the Council agreed to become a member of the Sheffield City Region Authority and take an active role as a beneficiary of funding devolved by Government to the City Region now and in the future.
- 1.2 Funding has already been devolved through the Growing Places Fund (GPF) £18.5m allocated to SCR authorities for immediate short-term investment aimed at supporting transport and housing projects.
- 1.3 The IAA has been put forward by Sheffield City Council (acting as the accountable body to SCR on Growing Places Fund) as a means for all SCR Local Authorities to share the financial risk of delivering External Funding activity on behalf of the City Region. Critically it involves the use

of funds where the Accountable Body is not the sole decision making body. Sheffield City Council has requested that all SCR Local Authorities share what is considered to be a relatively small risk associated with the funding.

- 1.4 The Growing Places Fund has been devolved in form of a grant with the only condition that it is spent on capital projects and that the principle of value for money is applied. Failure to adhere to these requirements could potentially lead to clawback of the GPF. In addition clawback might be triggered if funding is applied in breach of state aid rules or EU procurement requirements.
- 1.5 With particular regard to the proportion of the GPF used to promote the delivery of jobs and housing, which is being matched with ERDF to create the JESSICA, this currently applies to South Yorkshire Authorities. However, conditions attached to the ERDF preclude investment in some of these sectors (retail, residential, transport). SCR Authorities have considered this issue and have put in place processes for the combined funds to work.
- 1.6 Giving consideration to the principal areas that could trigger clawback the associated GPF risk level is assessed as low and measures are in place to address potential risks should it be necessary.
- 1.7 There is no guarantee that there will be no clawback or other loss incurred by Sheffield as Accountable Body, detail on potential risks are explained in paragraph 8 of this report.
- 1.8 In terms of sharing the risk across the SCR it is proposed that risk is calculated on the basis of populations within each Local Authority area. The risk share for the JESSICA fund (South Yorkshire Authorities) and the SCRIF (Housing and Transport Fund) are outlined below.

<b>Local Authority</b>	<b>Housing and Transport Fund %</b>	<b>JESSICA Fund %</b>
Barnsley	13	17
Bassetlaw	7	
<b>Bolsover</b>	<b>4</b>	
Chesterfield	6	
Doncaster	17	22
North East Derbyshire	6	
Rotherham	15	20
Sheffield	32	41

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## **2.0 ISSUES/OPTIONS FOR CONSIDERATION – REASONS FOR DECISIONS TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION**

- 2.1 Specifically, the Local Authorities will indemnify Sheffield City Council in the Risk Shares stipulated in the above table against all financial loss (including but not limited to all reasonable fees, costs and expenses) incurred by Sheffield City Council in relation to or arising from:
- (a) the allocation and management of the GPF and;
  - (b) its role as Accountable Body for the GPF funding to the extent that any such financial loss is not due to the actions of the Accountable Body.

## **3.0 IMPLICATIONS**

### **3.1 Financial: Sharing Risk**

- 3.2 The sharing of financial risk when managing funds on behalf of the SCR is based on limited set of circumstances where the Accountable Body incurs loss, damages and/or costs for delivering the funding in question. Importantly it is the financial loss incurred by (and to) the Accountable Body that is being covered by the IAA not necessarily the loss of funds for which it is accountable.
- 3.3 It is also important to note that the IAA does not cover the Accountable Body's own negligence, wilful misconduct, fraud or reckless disregard.
- 3.4 A number of scenarios are provided below to demonstrate when the IAA would or would not be called upon:

#### **a. A project benefits from a loan from the Accountable Body but fails to repay it at maturity.**

Loans to projects/developments can go 'wrong' due to a number of reasons. Where a project has received funding in good faith but is unable to repay a loan the IAA is unlikely to come into effect unless the original external funding came to the Accountable Body with a requirement for full repayment at a specified date.

In the case of Growing Places Fund, there is no obligation to repay Government the funding as it is an unringfenced grant.

In this scenario SCR partners do have the discretion to take further action to try and recover the original loan even if it is not required by the external funder. The cost of this action would be shared by the SCR partners, such an agreement would fall outside of the scope of the IAA.

#### **b. A project is awarded funding but not in accordance with the external funders requirements and claw-back is implemented.**

If funding has been awarded to a project, however the external funder considers the award to be ineligible and seeks claw-back, the IAA may be required. If the Accountable Body has failed to follow the external funders requirements this could be construed as negligence and the IAA would not be implemented. However if the Accountable Body can reasonably demonstrate that it followed the external funders

requirements but the 'rules have now changed' then IAA would be the means to share the cost of repaying the external funder.

**c. A project breaches state aid regulations.**

If funds are invested in a project that then faces a successful state aid challenge it is the project beneficiary that will be required to repay the funding. However the Accountable Body may incur legal costs to claw-back the funding and a potential fine for investing outside of state aid regulations. The IAA may come into effect if it can be shown that any loss incurred by the Accountable Body is not as a result of it failing to consider the state aid risk in its investment process.

**d. A project breaches procurement regulations**

From a finance management perspective the Accountable Body is unlikely to undertake any procurement activity.

At a project level the procurement activity will be the responsibility of the project sponsor and the Accountable Body will pass on all obligations for such activity through the funding agreement with the sponsor. Therefore it is highly unlikely that the Accountable Body will incur any loss and require protection from the IAA.

**e. A project incurs ineligible expenditure**

Where a project spends funding on inappropriate activity, the funding agreement from the Accountable Body will likely contain a claw-back mechanism. The IAA may come into effect if the Accountable Body incurs cost in implementing the claw-back provision. As with a) above, the IAA may also be applicable if the External Funding body requires repayment of its original funding and the Accountable Body has been unable to secure the claw-back funds through no demonstrable fault of its own.

**f. Failure to Deliver Outputs**

If at a fund level outputs are not achieved the external funder may seek claw-back of their funds. Where this is not the demonstrable fault of the Accountable Body then the IAA may be implemented.

If a project fails to deliver outputs but this does not result in a financial loss to the Accountable Body then the IAA would not be required. However partners at their discretion may have the ability to seek claw-back from the project beneficiary which may result in cost to the Accountable Body. However the sharing of this cost would sit outside of the IAA.

- 3.5 The above scenarios, albeit not fully exhaustive, highlight that the IAA is unlikely to come into effect where the Accountable Body complies with the requirements of the external funding body and seeks to contractually pass on risk to a project beneficiary where appropriate.

3.6 **Current Position**

- 3.7 To date Barnsley MBC, Rotherham MBC, Doncaster MBC and Chesterfield BC have completed the IAA and returned to SCC.

- 3.8 It is understood that Bassetlaw DC and Derbyshire Dales DC are in the process of seeking final approvals to complete the IAA.
- 3.9 The S.151 officer at SCC has indicated that funds for GPF projects might not be released unless the IAA has been completed.

**3.10 Expansion of Use**

- 3.11 To date the IAA is being used in respect of the Growing Places Fund and JESSICA but it has been designed to allow the addition of other funding streams. For example consideration is being given to use in respect to the SCR Regional Growth Fund programme.
- 3.12 The IAA can be used by any SCR LA where it undertakes an Accountable Body role and, for example, Barnsley MBC are reviewing the document to see how it might apply in respect of their Accountable Body status for the SCR LEP accounts.
- 3.13 At the time of circulating the IAA Derbyshire Dales were not part of the SCR. Amendment to include Derbyshire Dales within the scope of the IAA will be undertaken through a simple variation of the existing agreement.

**3.14 Legal: The IAA**

- 3.15 A copy of the IAA is appended: Annex 1

**3.16 Human Resources: None**

**4.0 RECOMMENDATION**

**4.1 That the Executive**

Agree to the Leader of the Council signing the Inter-Authority Agreement (IAA) put forward by Sheffield City Council (acting as accountable body to Sheffield City Region (SCR) on Growing Places Fund), as a means for all SCR Local Authorities to share the financial risk of delivering External Funding activity on behalf of the City Region.

A copy of the IAA is appended Annex 1.

**SOURCE DOCUMENT:**

Inter Authority Agreement

Appended: Annex 1

**SHEFFIELD CITY REGION AND SOUTH YORKSHIRE  
FUNDING STREAMS INTER-AUTHORITY AGREEMENT**

## SHEFFIELD CITY REGION AND SOUTH YORKSHIRE FUNDING STREAMS

### INTER-AUTHORITY AGREEMENT

#### HEADS OF TERMS

#### 1. INTRODUCTION AND BACKGROUND

- 1.1 Sheffield City Council (the "**Accountable Body**") will be acting as the accountable body in respect of a number of funding streams (the "**Funds**") that are to be defrayed on a South Yorkshire or Sheffield City Region basis. However, each of these Funds involves provisions for decision-making regarding defrayal of the Funds by organisations that are not within the control of the Accountable Body.
- 1.2 In consideration of the Accountable Body taking on this role, the Authorities agree to the administration and governance of the Funds and the sharing of liability in accordance with the terms of this inter-authority agreement ("**IAA**") to regulate the arrangements between them.
- 1.3 Each Appendix to this IAA shall set out any specific governance and administrative requirements in respect of a particular Fund, which of the Authorities shall be subject to the provisions of the relevant Appendix, and the arrangements between those Authorities in relation to the sharing of Losses incurred by the Accountable Body (as the same is determined pursuant to paragraph 3 below, and to be based as far as is practicable on the calculation of the proportion of an Authority's population as a percentage of the whole population of all of the Authorities benefitting from a particular Fund).
- 1.4 Each of the Authorities agrees that it shall:
- 1.4.1 cooperate with the Accountable Body in relation to the negotiation and entering into of agreements in respect of individual projects funded through the Funds in a timely manner;
  - 1.4.2 act in good faith in respect of its dealings with any of the Authorities;
  - 1.4.3 uphold and promote principles of transparency and competition; and
  - 1.4.4 comply with all relevant legislation in relation to the administration of the Funds and projects funded by the Funds.
- 1.5 Defined terms used in this IAA have the meaning set out in the Fund Management Agreement or other agreements relating to the Funds as may be identified in the Appendices (save where stated otherwise).

#### 2. PARTIES

- 2.1 The first parties to this IAA will be:-
- 2.1.1 the Accountable Body
  - 2.1.2 Rotherham Metropolitan Borough Council ("**Rotherham**")
  - 2.1.3 Doncaster Metropolitan Borough Council ("**Doncaster**")
  - 2.1.4 Barnsley Metropolitan Borough Council ("**Barnsley**")
  - 2.1.5 Bassetlaw District Council ("**Bassetlaw**")
  - 2.1.6 Bolsover District Council ("**Bolsover**")

- 2.1.7 Chesterfield Borough Council ("**Chesterfield**")
- 2.1.8 North East Derbyshire Council ("**North East Derbyshire**")

(together the "**Authorities**").

### 3. **AUTHORITY COMMITMENTS**

- 3.1 Subject to paragraph 3.3 below, in the event that the Accountable Body incurs any losses (including, without limitation, loss of profit), damages and/or costs (in each case whether direct, indirect, special, consequential or otherwise) howsoever caused and whether in contract, tort, negligence or otherwise arising in respect of any of the Funds ("**Losses**") then the Authorities hereby agree that any such Losses shall be borne as between the Authorities in the proportions set out in the relevant Appendix relating to that Fund and in accordance with the process set out in paragraph 3.2.
- 3.2 On incurring a Loss, the Accountable Body shall notify each Authority in writing setting out:-
  - 3.2.1 The amount of the Loss;
  - 3.2.2 Evidence of the Loss having been incurred;
  - 3.2.3 A summary of the steps taken by the Accountable Body to mitigate the Loss;
  - 3.2.4 The amount of the contribution it requires from each Authority ("**Contribution**"), to be determined in accordance with the liability sharing proportions set out in the relevant Appendix pertaining to the relevant Fund; and
  - 3.2.5 Details of the bank account into which the Contribution should be paid; and each Authority severally undertakes to (as soon as reasonably practicable following receipt of such written notice from the Accountable Body) pay such requested Contribution into the bank account of the Accountable Body specified in the notice.
- 3.3 Paragraphs 3.1 and 3.2 above shall not apply to the extent that Losses:-
  - 3.3.1 are recovered or should have been recovered by the Accountable Body under any agreement that the Accountable Body has entered into or should (acting reasonably) have entered into with any organisation (including any of the Authorities) in relation to the allocation of risk of delivery of the project; or
  - 3.3.2 are incurred by the Accountable Body due to its own negligence, wilful misconduct, fraud or reckless disregard.

### 4. **NEW MEMBERS**

- 4.1 Additional local authority partners may become a party to this IAA provided that:-
  - 4.1.1 The initial parties to the IAA unanimously agree (including the agreement of any revised liability share arrangements in respect of each of the Funds; and
  - 4.1.2 The incoming local authority signs the IAA.

### 5. **NEW FUNDS**

- 5.1 Where additional funding streams become available to the Authorities (or some of them), the Authorities may agree that the terms of this IAA shall apply to the administration of such Funds, provided that:-



- 5.1.1 The Authorities unanimously agree; and
- 5.1.2 The Authorities produce and sign and new Appendix to the IAA in respect the new funding stream, such Appendix to detail the specific governance and administrative requirements in respect of the funding stream, which of the Authorities shall be subject to the provisions of the relevant Appendix, and the arrangements between those Authorities in relation to the sharing of Losses incurred by the Accountable Body (such liability sharing to be based as far as is practicable on the calculation of the proportion of an Authority's population as a percentage of the whole population of all of the Authorities benefitting from a particular Fund).

**6. TERMINATION**

- 6.1 Subject to Clause 7.5 below, this IAA shall terminate upon the expiry or termination of the last of the agreements between the Accountable Body and any funded organisation under any of the Funds.
- 6.2 The provisions of this IAA shall cease to apply to a Fund upon the expiry or termination of the last of the agreements between the Accountable Body and any funded organisation under that Fund.

**7. ENTIRE AGREEMENT, VARIATION, WAIVER, SURVIVAL AND COSTS**

- 7.1 This IAA embodies and sets forth the entire agreement and understanding of the Authorities and supersedes all prior oral or written agreements understandings or arrangements relating to the subject matter of this IAA.
- 7.2 This IAA shall not be amended, modified, varied or supplemented except in writing signed by duly authorised representatives of the Authorities.
- 7.3 No failure or delay on the part of either party hereto to exercise any right or remedy under this IAA shall be construed or operated as a waiver thereof nor shall any single or partial exercise of any right or remedy as the case may be. The rights and remedies provided in this IAA are cumulative and are not exclusive of any rights or remedies provided by law.
- 7.4 Each of the Authorities shall be responsible for its respective legal and other costs incurred in relation to the preparation of this IAA.
- 7.5 The provisions of paragraph 4, and the liability sharing provisions of each of the Appendices, shall survive the termination or expiry of this IAA and continue in full force and effect.

**8. NOTICES**

- 8.1 Any notice or other document to be given under this IAA shall be in writing and shall be deemed to have been duly given if left at or sent by:
  - 8.1.1 first class post or express or air mail or other fast postal services; or
  - 8.1.2 registered post; or
  - 8.1.3 telex, facsimile or other electronic media (including by email), to an Authority at the address, email address or relevant telecommunications number for such Authority or such other address as the Authority may from time to time designate by written notice to the other Authorities.

8.2 All such notices and documents shall be in the English language. Any notice or other document shall be deemed to have been received by the addressee two working days following the date of despatch of the notice or other document by post or, where the notice or other document is sent by hand or is given by telex, facsimile or other electronic media, simultaneously with the delivery or transmission. To prove the giving of a notice or other document it shall be sufficient to show that it was despatched.

9. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

9.1 A person who is not a party to this IAA shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

10. **ASSIGNMENT**

10.1 No Authority shall assign, transfer, sub-contract or in any other manner make over to any third party the benefit and/or burden of this IAA without the prior written consent of the other.

11. **GOVERNING LAW**

11.1 The validity construction and performance of this IAA shall be governed by English law.

11.2 All disputes, claims or proceedings between the parties relating to the validity construction or performance of this IAA shall be subject to the jurisdiction of the English Courts to which the parties hereto irrevocably submit.

12. **COUNTERPARTS**

12.1 This IAA may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument.

13. **AVAILABILITY OF FUNDS**

13.1 The Accountable Body reserves the right to not to make funding available for any investment until such time that all Authorities have executed this IAA and returned a completed copy to the Accountable Body

**[Add execution blocks for all authorities]**

## DRAFT - TO BE AGREED WITH FUND MANAGER

### APPENDIX 1

#### SHEFFIELD CITY REGION UDF

##### Administration and Governance

1. The Accountable Body has established the Sheffield City Region Urban Development Fund (the "**UDF**"). The UDF has been set up as a limited partnership with the Accountable Body as limited partner and the general partner, being a wholly owned subsidiary of the Accountable Body. The general partner has appointed GBRE Limited to act as the **Fund Manager** to identify investment opportunities and make recommendations to the general partner to invest in line with an investment strategy.
2. The UDF will be invested with two separate classes of funding:-
  - 2.1 £15,042,857 of ERDF plus £8.1m of Growing Places ("match") Funding (the "**JESSICA Funding**" for investment in the South Yorkshire region; and
  - 2.2 Such other funds as are identified by the Accountable Body and its partners from time to time for investment in the Sheffield City Region (the "**SCR Funds**").
3. As part of the wider UDF structure, the Accountable Body is to establish an Investment Board (or "**IB**") to provide a forum for the Accountable Body and its partners to provide an appropriate level of advice to the UDF/Fund Manager and oversight and monitoring of the UDF's operations. The IB will not have a direct relationship with the Manager, with the Accountable Body acting as conduit for the IB's recommendations.
4. The day to day running and investment activities of the UDF will be delegated by the general partner to the Fund Manager. It is critical that the Investment Board (and each representative on it) does not participate in the day to day operations of the UDF such that it is deemed to be carrying out regulated activity for the purposes of the FSMA (with the associated liability implications).
5. The Accountable Body will also establish a Sheffield City Region Advisory Investment Group (the "**SCRAIG**") at an Officer level to ensure engagement of all SCR Authorities within the activities of the UDF. The SCRAIG will provide an informal forum for the Fund Manager to discuss project opportunities and seek comments when considering amendments to the Investment Strategy. The SCRAIG will have no legal status and the Fund Manager will be under no obligation to agree to any recommendations made by the SCRAIG.
6. **AUTHORITY RIGHTS**
  - 6.1 [Each] Authority from South Yorkshire area shall each be entitled to appoint one representative to the IB (each a "**Representative**").
  - 6.2 Each Authority shall each be entitled to appoint one representative to the SCRAIG (each a "**SCRAIG Representative**").
  - 6.3 The first Representatives and SCRAIG Representatives shall be:-

**Authority**

**Investment Board  
Representative**

**SCRAIG  
Representative**

- 6.3.1 Sheffield Representative:

- 6.3.2 Rotherham Representative:
- 6.3.3 Doncaster Representative:
- 6.3.4 Barnsley Representative:
- 6.3.5 Bassetlaw Representative: N/A
- 6.3.6 Bolsover Representative: N/A
- 6.3.7 Chesterfield Representative: N/A
- 6.3.8 North East Derbyshire Representative: N/A

6.4 In addition to the above the following organisations will be invited to have representation at the SCRAIG in an observer status:

<b>Authority</b>	<b>SCRAIG Observer</b>
6.4.1 Derbyshire Dales:	
6.4.2 Sheffield City Region Executive:	
6.4.3 Homes and Communities Agency:	
6.4.4 South Yorkshire Passenger Transport Executive	

6.5 Any proposed Representative or SCRAIG Representative (as applicable) shall not be appointed as a Representative or SCRAIG Representative (as applicable) unless he has accepted and signed the Letter of Appointment

6.6 Prior to the UDF adopting the investment strategy (or making any material variations to it) the Accountable Body agrees to allow each Authority to make representations on its terms provided that the Accountable Body shall (acting in its absolute discretion) determine whether or not to incorporate such representations into the investment strategy.

**7. INVESTMENT BOARD OPERATIONS**

7.1 The Investment Board shall operate in accordance with the terms of reference that shall be approved by the Investment Board and thereafter shall be appended to this IAA (the "**Terms of Reference**").

7.2 The Terms of Reference are to contain different governance arrangements in relation to the investment of SY Funds and SCR Funds.

7.3 Appointment (except in respect of those Representatives identified in paragraph 6.3 above) and removal of Representatives shall be carried out in accordance with the Terms of Reference.

7.4 No Representative shall be entitled to vote on any decision of the Investment Board in relation to which it has a personal or professional conflict of interest.

8. **SCRAIG OPERATIONS**

8.1 The SCRAIG will operate as an informal officer group to oversee the performance of the UDF and provide input and advice as required. The SCRAIG will develop such terms of reference as the SCRAIG Representatives (or any subset of them appointed by the SCRAIG) consider is required from time to time. In the event that such terms of reference are adopted by the SCRAIG, then the SCRAIG shall operate in accordance with such terms of reference (the "**SCRAIG Terms of Reference**"), which shall be appended to the IAA once adopted.

8.2 Appointment (except in respect of those Representatives identified in paragraph 6.3 above) and removal of SCRAIG Representatives shall be carried out in accordance with the SCRAIG Terms of Reference.

8.3 No SCRAIG Representative shall be entitled to vote on any decision of the SCRAIG in relation to which it has a personal or professional conflict of interest.

9. **AUTHORITY OBLIGATIONS**

9.1 The Authorities hereby agree that the Representatives and SCRAIG Representatives shall carry out their function as Representative or SCRAIG Representative (as applicable) in good faith towards the Fund, and each Authority shall appraise its Representative or SCRAIG Representative (as applicable) of such duties.

9.2 Each Authority shall ensure that the Representative and SCRAIG Representative appointed by it:-

9.2.1 complies with the Terms of Reference or SCRAIG Terms of Reference (as applicable);

9.2.2 is appropriately qualified and experienced;

9.2.3 dedicates sufficient time and resource to its function as Representative or SCRAIG Representative (as applicable).

10. **NEW MEMBERS**

10.1 Additional local authority partners will be entitled to appoint a Representative and/or SCRAIG Representative provided that the procedure in paragraph 4 of the IAA has been followed and the relevant Representative or SCRAIG Representative (as applicable) signs a Letter of Appointment.

11. **LIABILITY SHARING AND RELEVANT AUTHORITIES**

11.1 The Authorities to which this Appendix 1 applies, and the relevant proportion of liability to be borne by each such Authority in the event that Losses are incurred by the Accountable Body in respect of this Fund (as the same are determined in accordance with paragraph 3 of the main body of the IAA), shall be as follows:

<b>Authority</b>	<b>Proportion of Liability for Losses</b>
Sheffield:	41%
Rotherham:	20%
Doncaster:	22%
Barnsley:	17%

## APPENDIX 2

### GROWING PLACES FUND (GPF)

#### Administration and Governance

1. The Accountable Body is working on behalf of the Sheffield City Region Local Enterprise Partnership (the "**LEP**"). The Accountable Body will be making Growing Places Fund ("**GPF**") funding available to projects in the form of a loan, equity investment or grant at the direction of the LEP.
2. The GPF will be invested in a number of projects to advance the economic development of the City Region. Investments in projects will be in the form of capital only.
3. At the date of this IAA the amount of funds made available for investment with the GPF is £18,203,436.
4. Other funds to be administered as part of the GPF may become available following the date of this IAA as identified by the LEP and Accountable Body, and the Authorities will be advised accordingly. Upon the addition of any additional funding to the GPF and notification of such by the Accountable Body to the Authorities, the Authorities agree that the provisions of this IAA shall apply to such additional funding,
5. As part of managing the GPF, the LEP in consultation with the Accountable Body is to establish a Terms and Conditions Sub-Board (the "**T&C SB**") to the main LEP Board. The T&C SB, once established, will operate as a forum for the LEP and the T&C SB Representatives to provide appropriate recommendations to the LEP Board and Accountable Body in respect of the investments to make and the appropriate terms for such investments (nature, scale, length of the investment and nature of return). The Accountable Body will implement the recommendations of the LEP subject to satisfying the conditions of the GPF funding and final approval of the Accountable Body's S.151 Officer.
6. The day to day administration and investment activities of the GPF will be undertaken by the Accountable Body. The LEP Executive Team (the "**Executive**") will promote the use of the GPF and will act as an interface between project sponsors and the T&C SB and the Accountable Body.
7. The Accountable Body will also use the Sheffield City Region Advisory Investment Group (the "**SCRAIG**") (as the same is described in Appendix 1) to inform Authorities of progress and seek advice in respect of investment opportunities and linkages to the JESSICA fund as and when required.
8. **AUTHORITY RIGHTS**
  - 8.1 The LEP Board has determined the appropriate representation required for the T&C SB in consultation with the Accountable Body. The Executive shall request representatives (the "**T&C SB Representatives**") from the organisations set out in paragraph 8.2.
  - 8.2 The first T&C SB Representatives shall be:-

#### **Authority**

#### **Representative**

8.2.1 LEP Board Representative:

8.2.2 Accountable Body Representative:

- 8.2.3 An independent property expert in respect of financing development as nominated by the LEP
- 8.2.4 The chair of the SCR LEP Property and Construction Sector Group
- 8.2.5 A representative of at least one other Authority other than the Accountable Body at Executive Director level covering regeneration and economic growth as nominated by the Executive.

**9. TERMS AND CONDITIONS SUB BOARD OPERATIONS**

- 9.1 The T&C SB will develop such terms of reference as the T&C SB Representatives (or any subset of them appointed by the T&C SB) consider is required from time to time. In the event that such terms of reference are adopted by the T&C SB, then the T&C SB shall operate in accordance with such terms of reference (the "**T&C SB Terms of Reference**"), which shall be appended to the IAA once adopted.
- 9.1 Appointment (except in respect of those Representatives identified in paragraph 6.3 above) and removal of T&C SB Representatives shall be carried out in accordance with the T&C SB Terms of Reference.
- 9.2 No T&C SB Representative shall be entitled to vote on any decision of the T&C SB in relation to which it has a personal or professional conflict of interest.
- 9.3 The Executive and Accountable Body will provide support to the operations of the T&C SB as required.

**10. NEW MEMBERS**

- 10.1 Additional local authority partners will be entitled to appoint a T&C SB Representative to the T&C SB subject to invitation of the LEP Board.

**11. LIABILITY SHARING AND RELEVANT AUTHORITIES**

- 11.1 The Authorities to which this Appendix 2 applies, and the relevant proportion of liability to be borne by each such Authority in the event that Losses are incurred by the Accountable Body in respect of this Fund (as the same are determined in accordance with paragraph 3 of the main body of the IAA), shall be as follows:

<b>Authority</b>	<b>Proportion of Liability for Losses</b>
Sheffield:	32%
Rotherham:	15%
Doncaster:	17%



Barnsley:	13%
Bassetlaw:	7%
Bolsover:	4%
Chesterfield:	6%
North East Derbyshire	6%

**APPENDIX 3**

**REGIONAL DEVELOPMENT FUND**

**[To set out details of administration/governance/decision making, including which Authorities it is relevant to]**