

TERMS OF REFERENCE OF THE NORTHERN POWERHOUSE INVESTMENT FUND STRATEGIC OVERSIGHT BOARD

Purpose

1. The purpose of the Strategic Oversight Board is to provide support and advice to the Northern Powerhouse Investments Limited in the delivery of the Northern Powerhouse Investment Fund. The Strategic Oversight Board was established as an interim Strategic Oversight Board on 2 March 2016 and these terms of reference were adopted by NPIF on 6 April 2016.

Definitions

2. In these Terms of Reference the following capitalised terms shall have the meaning given to them below

“**BEIS**” means the Department for Business, Energy and Industrial Strategy;

“**BBB**” means British Business Bank plc and/or British Business Financial Services Limited as the context may require;

“**DCLG**” means the Department for Communities and Local Government;

“**EIB**” means the European Investment Bank;

“**HMT**” means Her Majesty’s Treasury;

“**LEPs**” means Tees Valley Unlimited LEP, York North Yorkshire and East Riding LEP, Leeds City Region LEP, The Humber LEP, Sheffield City Region LEP, Cumbria LEP, Lancashire LEP, Greater Manchester LEP, Liverpool City Region LEP, Cheshire and Warrington LEP;

“**LEP Members**” Greater Manchester LEP, Leeds City Region LEP, Lancashire LEP Sheffield City Region LEP, Tees Valley Unlimited LEP;

“**Members**” means the LEP Members and the Non-LEP Members;

“**Non-LEP Members**” means BBB, BEIS, DCLG, EIB, HMT;

“**NPIL**” means Northern Powerhouse Investments Limited, the legal entity constituting the Northern Powerhouse Investment Fund;

“**Regional Advisory Board**” means one of two advisory panels to be established by NPIF for the purposes of monitoring the performance of the fund managers procured by NPIF and advising on issues relating to reallocation of funding within those regions.

Role

3. The role of the NPIF Strategic Oversight Board is to:
 - Advise NPIF on the overall Fund of Funds strategy
 - Advise NPIF on final structures (e.g. how many funds and what they target) and weightings for the tendering of fund managers
 - Advise on reallocations between funds where this impacts more than one region
 - Provide a point of escalation for the two Regional Advisory Boards if agreement cannot be reached between NPIF and the respective RABs
 - Consider what further actions might strengthen the Northern Powerhouse area building on NPIF.

4. The role of the Strategic Oversight Board is advisory and it does not have delegated decision making powers.

Membership

5. The membership of the Strategic Oversight Board will consist of:
 - The LEP Members. Each of the LEP Members may nominate one representative to attend the meetings of the Strategic Oversight Board. The LEP Members shall represent the interests of all ten LEPs collectively; and
 - The Non-LEP Members. Each of the Non-LEP Members may nominate one representative to attend the meetings of the Strategic Oversight Board.

6. Any Member may elect to receive notice of meetings and to attend meetings in a non-voting capacity.

Alternates

7. The nominated representatives of any Member may name an alternate to attend a meeting if the nominated representative is unable to attend a meeting. The Member proposing to name an alternate shall notify the Secretariat as soon as practicable ahead of any meeting at which the alternate is due to attend. The alternate shall be able to participate in the meeting as if he or she were a full Member nominated representative.

8. The nominated alternate shall be responsible for providing relevant comments and feedback following the meeting to the nominated representative who named him or her.

Chair

9. The LEP Members will elect a Chair for the Strategic Oversight Board. The initial term of the Chair will be for six months or when the NPIF becomes operational, whichever is later. The LEP Members will agree the subsequent arrangements for electing the Chair and period of tenure.
10. In the absence of the Chair at any meeting, the LEP Members present shall select one of their number present to chair the meeting.
11. The first Chair will be Roger Marsh.

Meetings

12. The location and the agenda for each meeting will be agreed between the Chair and the Secretariat in advance of that meeting.
13. The Secretariat will give the Members at least 5 business days' notice of each meeting in writing, such notice to specify the place, day and hour of the meeting, together with a copy of the agenda and all relevant papers. The accidental omission to give notice to or the non-receipt of notice by any Member shall not invalidate the proceedings at any meeting.
14. Notwithstanding the previous paragraph, meetings may be convened and held on short notice with the consent of the Chair.
15. The Strategic Oversight Board will meet monthly during the first six months or until the NPIF becomes operational, whichever is later; thereafter it will meet quarterly unless the Members agree to change the frequency of meetings.
16. Only nominated representatives of Members (or their alternates) and representatives of the Secretariat shall be entitled to attend meetings. Other individuals may be invited to attend some or all of each meeting to discuss specific topics or to attend in an observer capacity.

Decision making and escalation

17. The quorum for a meeting at which decisions regarding recommendations or advice to NPIF shall require a quorum of 3 LEP Members and BBB to be present.

18. The following persons shall not count in the quorum or decision making:

- a nominated representative of any Member (or his/her alternate) which has elected to take non-voting status under paragraph 6;
- any person invited under paragraph 16 to attend a meeting to discuss specific topics or attend in an observer capacity;
- a nominated representative of any Member (or his/her alternate) who is required to abstain or absent him/herself from voting under paragraph 23;
- a nominated representative of any Member who elects to abstain or absent him/herself under paragraph 24.

19. Subject to the previous paragraph, all decisions shall be made by consensus of all Members. If a consensus does not emerge, the Chair may call for a qualified majority vote requiring a majority of all Members together with a majority of LEP Members.

20. Although BBB remains responsible for delivery of NPIF in its capacity as investment advisor to NPIF (including investment decisions and reallocation of funding allocations), BBB has undertaken that any recommendations or advice from the LEP Members will be given full and due consideration. If for any reason BBB advises NPIF to act against such recommendations or advice, a majority of the LEP Members may require that the CEO, COO, or MD Venture Solutions of BBB to write to the Secretary of State for BIS and the Secretary of State for DCLG to explain why BBB was still taking such action.

Interests

21. Nominated representatives of Members will be required to notify the Secretariat of relevant interests (including pecuniary and non-pecuniary, personal or other interests) and any changes in such interests that occur during their tenure on the Strategic Oversight Board. At least once a year, the nominated representatives of Members will review the register of notified interests and either confirm they have nothing further to declare or make appropriate disclosures to bring the register up to date. The Secretariat will maintain, and update, a register of notified interests.

22. At the start of each meeting, and later if it becomes evident during the course of a meeting, the nominated representatives of Members (or, if applicable, their alternates) must declare any interest in any agenda items where a recommendation, decision, vote or opinion is required that may cause a direct material impact, financial or otherwise, negatively or positively, either personally or to the organisation or institution they are representing.
23. The Chair shall decide if the interested person is conflicted and accordingly should absent him/herself or abstain from any discussion, decision or vote.
24. Any nominated representatives (or, if applicable, their alternates) may elect to absent themselves for the duration of any discussion, decision or vote and/or abstain from any decision or vote to avoid actual or any appearance of conflict or impropriety.
25. The Secretariat will minute any interests or conflicts of interests disclosed in meetings.

Regional Advisory Boards

26. Two Regional Advisory Boards (North West / Yorkshire & Humber and Tees Valley) will be established to review the performance of fund managers at a local level and recommend appropriate action to the Bank including reallocation between funds. The Regional Advisory Board can escalate issues to the Strategic Oversight Board if issues are not able to be resolved by the relevant Regional Advisory Board.

Secretariat

27. BBB will provide the Secretariat function to the Strategic Oversight Board and will be responsible for circulating an agenda, supporting papers and minutes of prior meetings.
28. The Secretariat will produce minutes of meetings and will agree such minutes with the Chair before circulating to all Members.