

Agenda Item

Subject	Place Based Impact Investment – Memorandum of Understanding with South Yorkshire Mayoral Combined Authority	Status	For Publication
Report to	Authority	Date	7 th December 2023
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

- 1.1 To authorise the Director to sign a memorandum of understanding (MoU) with the South Yorkshire Mayoral Combined Authority (SYMCA) in relation to the place based impact investment strategy.

2 Recommendations

- 2.1 Members are recommended to:
- a. **Authorise the Director to sign the Memorandum of Understanding at Appendix 1 on behalf of the Authority.**

3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Investment Returns

To maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long term liabilities.

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

The proposal set out in this report sets out transparently for all stakeholders the commitment by the Authority to a process of sharing information and providing feedback on potential investment opportunities between the Authority and SYMCA.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report do not directly impact any risks identified in the corporate risk register but the arrangements set out in the MoU mitigate the risk of the Authority's independence in relation to the making of investment decisions being compromised when considering certain types of local investment.

5 Background and Options

- 5.1 In March 2023 the Authority approved its strategy for place-based impact investment which is intended to deliver return and impact which over time will be increasingly focussed in South Yorkshire. In developing this strategy members engaged with SYMCA officers with regard to identifying the priorities for investment across the sub region. Thus the priorities for investment identified in the strategy reflect those sub regional priorities which can generate the returns which the Authority needs to provide in order to pay pensions.
- 5.2 Following the development of the strategy discussions have taken place between the Authority's officers and SYMCA to identify ways in which the two organisations can cooperate in relation to the delivery of SYPA's place based strategy while respecting the different roles and responsibilities of the two organisations. This process has resulted in the development of the Memorandum of Understanding at Appendix 1. A memorandum of understanding is a legal agreement which sets out the way in which the parties to the agreement intend to work together on particular issues.
- 5.3 The proposed MoU with SYMCA in essence commits SYPA to ask its various fund managers to consider and provide feedback on potential investments passed on by SYMCA. There is no obligation to invest in any particular project. The intent is that this process may make fund managers aware of potential investments which they otherwise may not have seen and also through the provision of feedback it may be possible to gradually improve the overall quality of investment submissions. It is worth pointing out that Border to Coast propose a similar arrangement in relation to their UK Opportunities product so having this arrangement in place may mean that South Yorkshire is well positioned to take advantage of this larger pool of capital and wider range of specialist fund managers. It is important to note that there is specific language in the MoU acknowledging that the role of SYPA is to pay pensions and that it will only invest in projects which deliver an appropriate return.
- 5.4 The SYMCA Board will consider this MoU at its meeting in January and following approval by both organisations it will be signed by officers and come into operation.

6 Implications

- 6.1 The proposals outlined in this report have the following implications:

Financial	None. Any work required by fund managers to examine potential investments is covered by the fees SYPA already pays.
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Human Resources	None
ICT	None
Legal	The MoU commits SYPA to consider potential investments but not to make any particular investment and therefore does not compromise the Authority's fiduciary duty.
Procurement	None

George Graham

Director

Background Papers	
Document	Place of Inspection