

**MEMORANDUM OF UNDERSTANDING ON CO-OPERATION BETWEEN
SOUTH YORKSHIRE MAYORAL COMBINED AUTHORITY AND SOUTH YORKSHIRE
PENSION AUTHORITY**

XX December 2023

The South Yorkshire Mayoral Combined Authority (SYMCA) and South Yorkshire Pension Authority (SYPA) agree to form a strategic partnership to collaborate on supporting early stage business finance, local development, housing delivery and progress towards decarbonising the economy. Delivery will be in liaison with, and supported by, the four South Yorkshire Local Authorities in Barnsley, Doncaster, Rotherham and Sheffield districts, where appropriate.

SYMCA recognises that the purpose of SYPA and its pension fund is to provide the resources to ensure that pensions can be paid when due and not to be an instrument of policy. Equally SYPA recognises that it is possible for some investments to achieve policy impacts in addition to the required financial return.

Purpose of the Memorandum of Understanding

Following the SYPA's recent announcement of a Place-Based Investment Portfolio, this Memorandum of Understanding sets out how the two parties will deliver the Productivity and Community missions in the Portfolio to mutual benefit. It sets out the mutual objectives of the respective parties, areas for engagement and nature of engagement.

This Memorandum of Understanding does not guarantee any specific opportunities for SYPA, nor does it assume SYPA as being more than a willing partner to support SYMCA with the policy outcomes which the Mayoral Combined Authority is ultimately responsible for delivering.

It is not intended to be legally binding except as specifically set out below.

Nothing in this document should be taken as undermining the responsibilities of either party under the relevant aspects of English law and relevant regulations. Nor should the existence of this Memorandum of Understanding be taken to imply any approval or endorsement of any particular investment proposal.

SYPA Place-Based Investment Portfolio Objectives

SYPA is targeting investments to create a diverse portfolio that would create well-paying jobs, stimulate innovation, improve living standards, provide SME and start up finance and drive the use of Net Zero Technologies.

- Early stage start-up and innovation support for Small to Medium Sized businesses
- Development of new homes, be it build-to-rent or for sale, including affordable and specialist housing.
- Local commercial development and infrastructure including town and city centre regeneration or redevelopment of major assets.

- Support for businesses which are making the net zero transition SYPA is keen to utilise its available resources in responsible way to support the Government's Levelling Up agenda in South Yorkshire.

South Yorkshire – The Opportunity

South Yorkshire has particular sector strengths including world-leading innovative businesses and research capabilities in advanced manufacturing, health and life sciences, and aerospace and defence technologies, as well as pioneering clean energy technologies such as hydrogen and nuclear fusion. The region benefits from a supportive public sector and universities, open to working more closely in partnership with private investors and a skills base actively transitioning to meet these new sector and growth opportunities.

The region has a lower proportion of new start-up small-medium sized enterprises (SME) than other comparable regions and a lack of innovation and dynamism in existing businesses that is dampening economic growth and job creation in South Yorkshire. There are significant opportunities in the region for new business creation in growing sectors such as clean energy, health, decarbonisation, and manufacturing, building on the world class research and development being undertaken both by the Universities and the various research centres. However, there is a lack of business start-up finance and support for new and local businesses to establish and grow, due to few financial investors being focussed in the region.

The housing Vision for South Yorkshire is to ensure that everyone has access to good quality, warm homes that are affordable and meet needs, whilst helping achieve ambitions for a net zero economy and sustainable, attractive places to live, work and invest. There is a significant historic undersupply of affordable housing across the region, which needs to be addressed, alongside a growing need for specialist housing related to an ageing population. There are significant opportunities, particularly in our urban centres, not only for new housing but also for new commercial development and infrastructure to contribute to wider regeneration and renewal ambitions, and helping drive a net zero transition for places across South Yorkshire.

As part of this Memorandum of Understanding, both parties agree to share and test proposals to check their suitability for investment by SYPA, either solely or as a co-investment opportunity. Any potential investments referred to SYPA will be passed by SYPA officers on to an appropriate third-party fund manager for evaluation against the criteria for investment agreed for their particular mandate. SYPA officers will select this fund manager with which SYPA has an existing relationship and dependent on the 'fit' of the opportunity received. This may include referring proposals to the 'Border to Coast' partnership for investment, of which SYPA is party to, if proposals are a more suitable investment 'fit.'

Potential investments will be considered for either equity or debt support by SYPA, or a mix of both depending on the nature of the development and other tangible criteria. Clear feedback will be provided where proposals do not accord with SYPA's investment criteria.

The work will focus initially on three areas:

1. Early Stage Finance for Local Businesses

SYMCA strategic objective – increase the number of new businesses forming in South Yorkshire and support businesses to grow.

To support the South Yorkshire economy to take advantage of new growth opportunities, the two parties agree to engage with both inward investors, existing

businesses and umbrella business groups, to identify tangible new start-up and business growth opportunities.

With SYPA, SYMCA agrees to refer suitable new business investment opportunities to SYPA, and provide 'wrap-around' support where required to seek to strengthen the sustainability and resilience of local businesses and to minimise investment risks.

2. Housing Delivery

SYMCA strategic objective - to identify a robust pipeline of new housing growth investment opportunities to deliver more affordable new homes and specialist homes.

To support community renewal and new housing provision opportunities, the two parties agree to engage stakeholders where there are areas of common interest, including but not limited to local authorities, registered housing providers, developers and financial institutions. Consideration will be given to both sole housing schemes or mixed-use schemes with a sizeable housing element, particularly where high environmental standards are being applied to support net zero ambitions and help address the cost of living crisis.

This area of cooperation will also look beyond housing provision to consider the existing housing stock and sustainable, place-based infrastructure solutions and investments to support the wider regeneration and growth of places.

3. Commercial Development and Net Zero Infrastructure

SYMCA strategic objective - to support new commercial development and infrastructure through a well-designed, deliverable pipeline of capital projects to support regeneration and a net zero transition.

To enable transformational change and regeneration in our major centres across South Yorkshire and support the transition to a new zero economy and society, the two parties agree to collaborate on developing a dynamic and viable investment pipeline of investable propositions for potential investment by SYPA.

SYMCA will lead on identifying these propositions in liaison, with local authorities and other local partners. Where a viable and regulatory compliant case can be made, SYPA will give consideration to entering into suitable investment and delivery partnerships for large scale area proposals, including Joint Venture arrangements.

Ways of Working

The two parties will meet on at least a quarterly basis. These stocktakes will:

- i. Track the performance of the investment portfolio against its objectives and the challenges identified in the sections above;
- ii. Provide SYPA with local intelligence and business referrals from SYMCA officers; and,
- iii. Discuss future opportunities for collaboration and engagement.

Both parties recognise that collaboration of this nature requires open and proactive engagement, so commit to operating in a transparent manner and sharing relevant information and ideas. Where additional input is required to facilitate activity, SYMCA will in

the first instance look to source; however, both parties will remain open to co-supporting required inputs.

Any material or other information provided by either party to the other is provided without liability for its accuracy or fitness for the purpose relied upon, and a non-disclosure agreement between the two parties will be entered into to cover any commercially sensitive information supplied by either party. SYPA acknowledges that any information provided by SYMCA will be available to other parties willing to engage in strategic partnerships with SYMCA. Both parties recognise that this is a non-exclusive partnership, however SYMCA will advise of intentions to enter into other strategic partnerships which may compete with SYPA's areas of expertise.

SYPA acknowledges that SYMCA is subject to the requirements of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

Nothing in this Memorandum of Understanding is intended to, or shall be deemed to, establish any legal partnership or joint venture between any of the parties, constitute any party, act as the agent of another party, nor authorise any party to make or enter into any commitments for or on behalf of any other party.

We recognise that each party will act in its own interests.

This Memorandum of Understanding is not exhaustive and is not intended to be legally binding unless otherwise stated.

Any publicity or other related communications about this strategic partnership will be agreed in writing by both parties prior to issue or release.

Term and Termination

This paragraph is legally binding.

This Memorandum of Understanding shall commence on the date of signature by both parties and shall end five (5) years after this date, unless extended with the formal consent of all parties.

Either party may terminate its involvement in the strategic partnership by giving three months' notice in writing to the other.

Costs

This paragraph is legally binding.

Unless otherwise agreed, each party shall be responsible for its own costs in preparation and in complying with their obligations under this Memorandum of Understanding.

Governing Law

This paragraph is legally binding.

This memorandum of understanding, and all negotiations and any legal agreements prepared in connection with the Purpose, and any dispute or claim (including non-contractual disputes

or claims) arising out of or in connection with them or their subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this memorandum of understanding, the negotiations relating to the Purpose and any legal agreements prepared in connection with the Purpose.

Each party hereby confirms its agreement to the terms contained in this memorandum of understanding.

..... Director / Authorised Signatory,
duly authorised for and on behalf of SOUTH YORKSHIRE MAYORAL COMBINED
AUTHORITY

Date:..... 2023

..... Director / Authorised Signatory,
duly authorised for and on behalf of SOUTH YORKSHIRE PENSION FUND

Date:..... 2023