

Northwest Urban Investment Fund

December 2009

What is it?

The Northwest Urban Investment Fund (NWUIF) is a new £100 million fund to help support urban development projects in England's Northwest.

The fund is a Joint European Support for Sustainable Investment in City Areas (JESSICA) initiative. This is a new financial instrument created by the European Commission in conjunction with the European Investment Bank.

What will it do?

The Northwest Urban Investment Fund will provide debt, equity and guarantee investment to support projects that will unlock sustainable development projects in the Northwest's urban areas.

These areas are defined in the Investment Frameworks for Action Areas 3.2 and 4.3 of the Northwest Operational Programme for ERDF.

Project investments will include the development of employment sites, creation of new commercial floor space, reclamation of derelict or contaminated land, and provision of site servicing and infrastructure.

The Northwest Urban Investment Fund is expected to create or safeguard thousands of jobs in the Northwest by 2015 and provide a boost in Gross Value Added (GVA) for the Northwest economy.



Target Areas:

Urban Regeneration Company (URC) areas:

- Blackpool
- Central Salford
- East Manchester
- Liverpool City Centre
- West Cumbria and Furness

Regional Economic Strategy Priority Areas:

- Barrow
- Halton
- Knowsley

Strategic Sites:

- Ashton Moss
- Barton
- Basford, Crewe
- Birkenhead Docklands
- Blackburn Centre: Freckleton District
- Bolton Innovation Zone
- Carlisle City Centre (Caldew Riverside and Rickergate)
- Central Chester (Rail Gateway Area of Opportunity)
- Central Park, Manchester
- Daresbury
- Ditton, Widnes
- Dunningbridge Corridor (Port of Liverpool access)
- Estuary Park, Speke, Liverpool
- Lancaster University Bailrigg Site
- Lillyhall Business Park, Cumbria
- Liverpool Northshore
- Liverpool Pall Mall extension (Commercial District)
- Liverpool Science Park
- Liverpool University Edge
- Manchester Piccadilly Basin/Oxford Road Area of Opportunity
- Omega, Warrington
- Parkside, St Helens
- Preston Central Business District
- Rochdale Kingsway
- Samlesbury BAE Site
- Salford Quays/Irwell Corridor Area of Opportunity
- Sport City
- Warrington Waterfront (Bank Quay Area of Opportunity)
- Westlakes Science Park, Cumbria
- Whitebirk, East Lancashire
- Wigan South Central
- Wirral International Business Park

Who is involved?

The Northwest Urban Investment Fund has been established by the Northwest Regional Development Agency (NWDA) in partnership with the European Investment Bank (EIB) who have been appointed as Holding Fund Manager, and with funding from the European Regional Development Fund (ERDF).

The £100m fund includes £50m from the ERDF and the equivalent match of £50m from the NWDA.

How will it work?

A region-wide £100 million Holding Fund has been established. This will be managed by the EIB.

The management of the Holding Fund will be overseen by an Investment Board made up of appointed representatives from key stakeholders. The Investment Board will ensure the money in the Holding Fund is distributed according to the Fund Investment Strategy.

The Holding Fund will not directly invest in projects. This task will be undertaken by a small number of Urban Development Funds (UDF's) who will target investment in specific areas in line with the ERDF Northwest Operational Programme (NWOP).

The UDFs will channel the funds from the Holding Fund and attract additional money and land assets from other public and private sources to invest in projects.

The UDFs will be procured through a competitive tender process managed by the EIB.

To ensure that investments are logical and structured, each UDF must have a business plan of projects that is aligned to an Integrated Plan for Sustainable Urban Development. This will set out key priorities for the UDF, objectives, output and spend targets, and identify strategic projects for investment in line with the NWOP.

The fund will prolong the benefit of European funding in the region by reinvesting the returns from investments in future projects, thereby creating a sustainable, revolving investment fund.

All returns will go back to the Holding Fund and will be recycled back to UDFs for re-investment in projects.

Who can bid to become a UDF?

A UDF can be a private or public body, but must be a legal entity or established as a separate block of finance within a financial institution and capable of borrowing.

How many UDFs will there be across the region?

It is anticipated that there will be a small number of UDFs in the region. However, this will be determined after expressions of interest have been received.

When will it be ready?

The Holding Fund was established in November 2009.

The formal procurement of UDFs will commence in March 2010 with UDFs appointed in summer 2010.

The ERDF element of the Holding Fund must have been invested by the end of 2015.



Frequently Asked Questions

Do ERDF eligibility rules apply to NWUIF investments?

Yes. Refer to the ERDF Northwest website for details of eligibility criteria.

<http://www.erdfnw.co.uk/funding-guide/eligibility>

Do state aid rules apply to NWUIF investments?

Yes. EC Regulations state that all Financial Engineering Instruments e.g. JESSICA are subject to State Aid. However the EIB are leading discussions with the EC to maximise the opportunity and impact of this new initiative.

Can the NWUIF be used alongside grant funding in projects?

Yes, subject to approval of grant bodies and subject to state aid regulations.

Can the NWUIF be used to fund housing projects?

ERDF cannot be used for housing. However, housing could form part of a development that was part funded by the NWUIF if the funding and required match funding was directed at the non-housing development costs.

Do projects need to be in city areas?

No, but projects must be within areas stated in the Investment Frameworks for Action Areas 3.2 and 4.3 of the NWOP.

Does a developer have to be based in the Northwest to be eligible for support under the NWUIF?

No, but the project has to be within the Northwest.

Can development costs be met by the NWUIF e.g. drawing up a masterplan?

No, due to the need to fully invest £100 million by 2015, projects requesting NWUIF support will, as a minimum, be expected to be at the outline planning permission stage.

Do projects need to achieve a minimum level of return to be eligible for funding?

No. The Investment Board will consider proposals from UDFs and will balance returns against achievement of outputs and the overall regeneration impact.

Where Loan funding is offered what will be the level of interest charged?

Loans from the Holding Fund to UDFs will be set by the EIB. Loans from UDFs to developers will be set by UDFs. Loans may be at commercial rates.

Northwest Regional Development Agency

The Northwest Regional Development Agency (NWDA) stimulates economic growth and regeneration in England's Northwest.

The NWDA works to deliver economic success in England's Northwest by building the competitiveness of its businesses, people and places. Utilising our technical expertise and strategic influence, we help the region's 250,000+ businesses to develop and grow, as well as supporting international trade and encouraging inward investment.

www.nwda.co.uk

European Investment Bank

The European Investment Bank (EIB) was created by the Treaty of Rome in 1958 as the long-term lending bank of the European Union. The task of the Bank is to contribute towards the integration, balanced development and economic and social cohesion of the EU Member States. The EIB raises substantial volumes of funds on the capital markets which it lends on favourable terms to projects furthering EU policy objectives. The EIB continuously adapts its activity to developments in EU policies.

www.eib.org

European Regional Development Fund

The European Regional Development Fund (ERDF) programme allocates funding to different regions throughout the European Union to boost economic development in less prosperous areas.

In the Northwest, the Northwest Regional Development Agency (NWDA) is responsible for managing the ERDF programme. The NWDA has been allocated €755 million from the ERDF to spend on the Northwest between 2007 and 2013.

The ERDF Programme in the Northwest aims to: create 26,700 additional net jobs; improve the region's annual Gross Value Added by £1.17 billion; and a 25% reduction in additional carbon dioxide emissions generated from ERDF programme investments.

www.erdfnw.co.uk