

BUSINESS INVESTMENT PANEL

**MEETING TO BE HELD AT 2.00 PM ON TUESDAY, 12 JUNE 2018
IN COMMITTEE ROOM A - WELLINGTON HOUSE, LEEDS**

A G E N D A

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. EXEMPT INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**
 1. To highlight Appendices 1 and 2 to Agenda Item 6 and Appendices 1, 2 and 3 to Agenda Item 8 which officers have identified as containing exempt information within the meaning of Schedule 12A to the Local Government Act 1972, and where officers consider that the public interest in maintaining the exemptions outweighs the public interest in disclosing the information, for the reasons outlined in the report.
 2. To consider whether or not to accept the officers' recommendations in respect of the above information as set out at paragraph 4.1 of Agenda Item 6 and paragraph 4.1 of Agenda Item 8.
 3. If the recommendations are accepted, to formally pass the following resolution:-

RESOLVED – That in accordance with paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendices 1 and 2 to Agenda Item 6 and Appendices 1, 2 and 3 to Agenda Item 8 on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**4. MINUTES OF THE MEETING OF THE BUSINESS INVESTMENT
PANEL HELD ON 3 APRIL 2018**

Copy attached
(Pages 1 - 4)

5. STRATEGIC INWARD INVESTMENT FUND

Led by: Henry Rigg
(Pages 5 - 6)

6. BUSINESS GRANTS PROGRAMME

Led by: Henry Rigg
(Pages 7 - 24)

**7. IMPLEMENTATION OF INCLUSIVE GROWTH OUTCOMES
FROM THE BUSINESS GROWTH PROGRAMME**

Led by: Henry Rigg
(Pages 25 - 34)

8. GROWING PLACES FUND LOANS

Led by: Chris Brunold
(Pages 35 - 46)

Signed:

A handwritten signature in black ink, appearing to read "A Taylor". The signature is written in a cursive style with a large initial "A" and a trailing dot.

**Director of Resources
West Yorkshire Combined Authority**

**MINUTES OF THE MEETING OF THE
BUSINESS INVESTMENT PANEL
HELD ON TUESDAY, 3 APRIL 2018 AT COMMITTEE ROOM A,
WELLINGTON HOUSE, 40-50 WELLINGTON STREET, LEEDS**

Present:

Councillor Judith Blake CBE (Chair)
Jonathan King
Councillor Shabir Pandor
Councillor Tim Swift
Simon Wright

Leeds City Council
Medusa Holdings Ltd
Kirklees Council
Calderdale Council
Yorkshire Bank

In attendance:

Phil Cole
Neill Fishman
Lorna Holroyd
Kate Thompson
Janette Woodcock

Leeds City Council
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority
West Yorkshire Combined Authority

1. Apologies for absence

Apologies were received from Michael Allen, Roger Marsh, Marcus Mills, Councillor Graham Swift and Gareth Yates.

2. Declarations of disclosable pecuniary interests

3. Exempt information - Exclusion of the press and public

RESOLVED – That in accordance with paragraph 3 of part 1 of Schedule 12A to the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix 1,2,3 and 4 of Agenda item 7 on the grounds that they are likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information and for the reasons set out in the report that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4. Minutes of the meeting of the Business Investment Panel held on 6 March 2018

That the minutes of the meeting of the Business Investment Panel held on 6 March 2018 be approved and signed by the Chair.

5. Strategic Inward Investment Fund

The Panel considered a report outlining the current position regarding progress in committing grants through the Leeds City Enterprise Partnership Strategic Inward Investment Fund (SIIF)

Resolved: That the progress report on the Strategic Inward Investment Fund be noted.

6. Business Grants Programme update

The Panel was presented with a report outlining the current position regarding progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Business Grants Programme (BGP).

Resolved: That the Business Grants Programme progress report be noted.

7. Growing Places Fund loans update

The Panel was presented with a report to update on progress in committing loans through the LEP Growing Places Fund (GPF).

In Private Session:

A GPF application (project reference 318) had been appraised as an Expression of Interest. Feedback was sought on the Case Paper appraisal and whether progression to due diligence and Full Business Case can be recommended.

A GPF application (project reference 319) that was considered by the Panel on 6 March 2018 as a Full Business Case with costs has progressed through to initial due diligence. Feedback was sought on the findings and whether the loan should continue to be recommended. The Panel was supportive of the approach outlined in conjunction with the Revolving Investment Fund, subject to confirmation that the independent valuation of the land to be held as security is in excess of the loan offered.

A live GPF Loan (project reference 308) had approached the Combined Authority in the last month to propose a variation on which feedback was sought. The Change Request will be progressed through the Combined Authority's Assurance Framework once full details are received.

Resolved:

- (i) That the update on progress in committing loans through the GPF be noted.

- (ii) That the application appraised at Case Paper (project reference 318) as detailed in paragraph 2.4 be noted and that progression to due diligence and Full Business Case be recommended.
- (iii) That feedback from the Panel on the application appraised at Full Business Case with costs (project reference 319) as detailed at paragraph 2.5 and findings from legal due diligence be noted.
- (iv) That feedback from the Panel and information provided on the proposal for a variation project reference 308) as detailed at paragraph 2.6 be noted.

8. Date of next meeting

Date of next meeting Wednesday 16 May 2018 10:30 AM Meeting Room A, Wellington House, Leeds.

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Report to: Business Investment Panel

Date: 12 June 2018

Subject: **Strategic Inward Investment Fund**

Director(s): Sue Cooke, Executive Head of Economic Services

Author(s): Lorna Holroyd

1. Purpose of this report

- 1.1 To outline the current position regarding progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Strategic Inward Investment Fund (SIIF).

2. Information

- 2.1 Spend and outputs for SIIF are detailed below.

Performance indicator	Target	Total Commitments	Actual Outputs (24/04/18)
Direct jobs	1,245	552	209
Number of enterprises	10	3	1
Total investment	£120,450,000	£17,151,961	£4,175,522
Programme Spend	£12,450,000	£1,853,386	£758,457

- 2.2 The building fit-out associated with SIIF 001 (Burberry) is now almost complete and 209 of the 329 jobs associated with that project have now been created.
- 2.3 Applicant SIIF 004, whose application was considered at the Business Investment Panel meeting on 6 March 2018, has now made a decision on its investment location and has confirmed that the investment will go ahead in Leeds.

3. Financial implications

- 3.1 There are no financial implications directly arising from this report.

4. Legal implications

4.1 There are no legal implications directly arising from this report.

5. Staffing implications

5.1 There are no staffing implications directly arising from this report.

6. External consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the Panel notes the progress report on the SIIF.

8. Background documents

None.

9. Appendices

None.

Report to: Business Investment Panel

Date: 12 June 2018

Subject: **Business Grants Programme**

Director(s): Sue Cooke, Executive Head of Economic Services

Author(s): Neill Fishman, Lorna Holroyd

1. Purpose of this report

- 1.1 To outline the current position regarding progress in committing grants through the Leeds City Region Enterprise Partnership (the LEP) Business Grants Programme (BGP).

2. Information

- 2.1 Spend and outputs for the grant schemes funded through the Local Growth Fund (LGF) are detailed below. Achievements against these targets can be made through the three capital grants schemes which make up the BGP; the big scheme, the small scheme and the Business Flood Recovery Fund. The big scheme is for grants over £100,000, the small scheme grants of between £10,000 and £100,000 and the Business Flood Recovery Fund grants of £10,000 to £100,000 for businesses affected by the Boxing Day Floods of 2015 (note that this programme is now closed to new applications).

Performance indicator	Target	Big Scheme Committed	Small Scheme Committed	Flood Grants Committed	Total Commitments	Actual Outputs (24/04/18)
Direct jobs	4,100	2,863	1,929	n/a	4,792	2,778
Safeguarded jobs	n/a	152	n/a	1,608	1,760	1,682
Number of grant awards	765	36	500	66	602	489
Total investment	£168,500,000	£144,441,164	£137,522,153	£13,326,126	£295,289,443	£218,843,323
Programme Spend	£38,963,000	£8,681,754	£16,988,668	£3,080,656	£28,751,078	£23,299,756
Cost per job	n/a	£3,032	£8,809	n/a	£6,000	£8,389

Performance indicator	Target	Big Scheme Committed	Small Scheme Committed	Flood Grants Committed	Total Commitments	Actual Outputs (24/04/18)
Cost per job (including safeguarded jobs)	n/a	£2,880	n/a	£1,916	£4,388	£5,225

*It should be noted that 1,400 of committed jobs under the Big Programme relate to one major project within the Wakefield District. Initial monitoring of the project has now been completed and a total of 290 new jobs have been created to date.

2.2 To date commitments of £25.67 million have been made through a combination of the big and small schemes. A further £3.08 million has been committed through the Business Flood Recovery Fund.

2.3 As outlined in previous Business Investment Panel papers, grants are now funded through a combination of the Business Growth Programme and Access to Capital Grants, both of which are funded through the LGF.

2.4 A full list of all LEP grant approvals is available on the LEP website.¹

2.5 Re-approval of big scheme application - BGP 964

2.6 Panel members are asked to recommend re-approval to the above application based on the information at Appendices One and Two.

3. Financial implications

3.1 There are no financial implications directly arising from this report.

4. Legal implications

4.1 The information contained in **Appendices one and two** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.

5. Staffing implications

5.1 There are no staffing implications directly arising from this report.

¹ <http://www.the-lep.com/about/governance-and-funding/grants-for-business/>

6. External consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the BGP progress report be noted.

8. Background documents

None.

9. Appendices

9.1 **Appendix One** - BGP 964 re-appraisal (CONFIDENTIAL).

9.2 **Appendix Two** - BGP 964 letter of appeal (CONFIDENTIAL).

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Report to:	Business Investment Panel
Date:	12 June 2018
Subject:	Implementation of Inclusive Growth outcomes from the Business Growth Programme

Director:	Sue Cooke, Executive Head of Economic Services
Author(s):	Henry Rigg

1. Purpose of this report

- 1.1 To update, and seek input from, the Business Investment Panel on implementation of the new inclusive growth criteria, and associated conditions, for recipients of capital grants on the Business Growth Programme (BGP).

2. Information

- 2.1 The City Region's approach to a local inclusive industrial strategy aims to tackle the growing productivity gap and sustainably improve living standards for all. This extends to using the Combined Authority's economic services – including the BGP – to incentivise businesses to grow in a way that delivers inclusive growth.
- 2.2 The aim of introducing inclusive growth outcomes for the BGP, is to better target limited public support at those businesses seeking to 'get ahead of the curve' on matters such as in-work progression, apprenticeship opportunities, supporting employees with disabilities, introducing more sustainable travel and boosting productivity.

Consultation

- 2.3 The LEP and Combined Authority have been mindful of the need to ensure that the new measures are acceptable to small businesses and will not place an undue burden on their operations. To this end, a workshop was hosted in November 2017 with representatives of prominent private sector intermediaries in the City Region, including accountants, banks and legal companies (known as the 'Professionals' Perspective'). Attendees were consulted on the proposed changes to the grant criteria, and also provided valuable feedback from their own perspectives and those of their clients and

customers. There was strong consensus amongst attendees of the importance of prompt payment to small businesses.

- 2.4 To gather direct feedback on the proposals from SMEs, a survey of businesses in the Leeds City Region that had previously been awarded grants was undertaken in late 2017/early 2018. 25 businesses responded by completing a detailed questionnaire on the revised draft criteria and associated conditions. One specific question was whether the revised criteria would have deterred businesses from applying for the grant.
- 2.5 The LEP Board's January 2018 meeting provided feedback on the revised criteria and associated conditions, which were noted subject to further consultation. The same documents were previously considered by this Panel in December 2017, and by the Business, Innovation and Growth (BIG) Panel in December 2017 and March 2018, with feedback also noted.
- 2.6 Following the above meetings, a final version of the revised criteria and associated conditions was again considered by the LEP Board at its meeting on 27 March 2018. This meeting approved the new approach, whilst emphasising the importance of making the application, appraisal and monitoring processes as straightforward and business-friendly as possible. The Combined Authority then endorsed the LEP Board's decision at its meeting on 10th May 2018.
- 2.7 As an extension of its appraisal function on large capital grant applications of £100k plus, it is proposed that this Panel advises the LEP/Combined Authority on the application of the revised criteria and associated conditions from July 2018 onwards.

Consultation Findings

- 2.8 The main findings from the above consultation and business engagement were that there is strong support for the inclusive growth agenda and its underpinning principles, and for encouraging employers of all sizes to invest in their lower-paid staff and facilitate career progression.
- 2.9 There was also consensus that the LEP and the Combined Authority should better realise increased inclusive growth outcomes and benefits from the grants awarded to businesses in the City Region. However, there was also a clear view that support for the new approach should be proportionate depending on the size of the business and of the grant i.e. businesses in receipt of larger grants should deliver the most inclusive growth outcomes.
- 2.10 Paying the 'real living wage' was regarded as the main barrier for businesses in terms of implementing all of the proposed changes. This was primarily because of the cost implications in sectors with typically low margins. Furthermore, there was strong support for incentivising businesses to deliver more inclusive growth outcomes, but without excluding certain sectors or sub-sectors. This panel, in particular, stressed the importance of including all parts of the City Region's business population.

- 2.11 Other common views from the consultation included the importance of grant-recipients making a commitment to prompt payment of their small business suppliers, and the need to improve the link between grants and increased productivity. This is particularly important for manufacturers that may be investing in productivity measures without necessarily increasing headcount in the business.

Business Productivity

- 2.12 A common response from the consultation was the need to identify an effective, robust and deliverable way to support businesses with grant-funding for capital investment projects that are improving their productivity, without necessarily creating new jobs. To this end, the LEP has established a small working group, with representation from businesses in the City Region, to take it work forward at the local level. The group will report progress to the LEP Board, the BIG Panel and this Panel, and an update paper will come to the Panel in July 2018.
- 2.13 Further consideration will be undertaken into how the new criteria and associated conditions approach might be applied to strategic inward investment projects. This will include more detailed analysis of projects supported to date and those in the pipeline.

Consultation conclusions and revised criteria

- 2.14 The overall conclusion of the consultation and business engagement activity was that there is strong support for introducing the proposed new criteria and conditions.
- 2.15 One main issue for consideration, which was raised by some members of this Panel, was the original proposal to pay the Real Living Wage for all new jobs created as a result of investment projects supported by grants. This was primarily because of the potential for certain sectors, sub-sectors and parts of the City Region to be excluded from grant-funding and from engaging meaningfully with the LEP/Combined Authority.
- 2.16 Therefore, the revised criteria incorporates an 'incentive element' that provides more funding per new job paying the Real Living Wage, and less funding per new job paying the National Minimum Wage. This revised approach is set out in more detail within **Appendix 1** and addresses the feedback to ensure that small businesses in lower wage sectors can continue to apply for business grants, whilst incentivising those who pay more to their staff.
- 2.17 It is important to stress that for jobs paying the Real Living Wage or above, the maximum amount of grant funding per new job is £12,500. This does not mean that every job that pays £8.75 will receive £12,500 as there will remain an element of discretion within the appraisal process, including the views of this Panel where the applications of £100k plus are appraised. In addition, the existing State Aid rules for grant investment will remain i.e. 10-20% of eligible

expenditure on the overall value of the capital investment. This is the effective starting point and primary factor for determining the amount of grant that could be awarded, as opposed to the number, and salary levels, of new jobs.

- 2.18 The LEP Board and Combined Authority are keen to review the new approach after the first six months to check its effectiveness and impact on SMEs, including grant take-up rates amongst smaller businesses.

Implementation Plan

- 2.19 The new changes will be implemented from July 2018 by teams at the Combined Authority and Leeds City Council (LCC), and the table below sets out the proposed implementation plan:-

Table 1 - Draft Implementation Plan

Milestone	Date
Grant delivery teams at LCC and the Combined Authority hold implementation workshop	June 2018
Application form, guidance and legal documentation revised, including a one-page fact sheet setting out the changes in Plain English	June 2018
Key public and private sector stakeholders are informed about the changes e.g. LAs, SME Growth Managers, Chambers and other business membership groups (via the LEP Business Communications Group), private sector intermediaries (banks, accountants etc), other business support products and providers in the City Region	June and July 2018
Press and marketing activity to promote the changes undertaken	June and July 2018
Offers of support from those services capable of supporting businesses with the associated conditions are confirmed, including referral routes	June and July 2018
New criteria and conditions are introduced for all new enquiries to the programme, including clear and tested links to services to support meeting the conditions	Monday 30 July 2018
Businesses that had commenced the application process prior to 30 th July 2018 informed that the deadline for submitting their applications on the previous criteria is the end of September 2018.	June to end of September 2018
Deadline for businesses that had commenced the application process prior to 30 th July 2018 to submit their final applications on the previous criteria.	Friday 29 September 2018
New criteria applied to businesses in the above category that did not submit final applications by end of September 2018	October 2018 onwards

Review of the new approach undertaken with feedback to LEP Panels, Board and Combined Authority	February 2019
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- 2.22 As the above table highlights, those businesses that have actively engaged with the application process (e.g. have submitted an enquiry and held detailed discussions with the teams at LCC and the Combined Authority) prior to the new criteria being launched (30 July 2018), will be given two months to submit their full applications based on the previous criteria. If the applications are not received by 29 September 2018, the revised criteria will be applied to their applications. All businesses in this category will be informed of the changes and the associated timeline.
- 2.23 Supporting businesses to meet the required conditions will be a key priority for the LEP/Combined Authority, and all applicants will be able to directly access the range of products and services that can help with this via the LEP Growth Service. Work will continue over the coming weeks to ensure that clear and robust referrals routes are in place with the providers of products and services that can help meet the required conditions. The majority of these are actually delivered by the LEP/Combined Authority, which will make the process more straightforward for businesses.
- 2.24 Raising awareness of the revised criteria, and ensuring that the messaging is clear and consistent, is also clearly a priority within the implementation plan. This is reflected in the number of actions in the above table related to marketing, communications and stakeholder engagement.
- 2.25 The review referenced in the table will include consultation with businesses, key public and private sector stakeholders (including via the LEP Panels) and the delivery teams at LCC and the Combined Authority. This will feed into a wider impact evaluation of the BGP to be undertaken in early 2019.

3. Inclusive Growth Implications

- 3.1 The new approach aims to improve inclusive growth within the City Region by encouraging, incentivising and supporting businesses to pay higher wages and invest in their current and future employees.

4. Financial Implications

- 4.1 Implementation of the revised criteria may reduce the amount of Local Growth Fund expenditure via the BGP in coming years. However, this should be balanced by the reduced amount of available funding within the BGP up to 2021, compared to the previous three years.

5. Legal Implications

- 5.1 Implementation of the revised criteria will require additional legal resource due to the inclusion of new clauses in funding agreements with the grant-recipients related to the inclusive growth outcomes.

6. Staffing Implications

- 6.1 Implementation of the revised criteria will require a modest level of additional staff time within the Combined Authority to ensure that the proposed inclusive growth outcomes are appraised, monitored and reported for each grant award over the £50k threshold, i.e. circa 20-25 grants per annum.
- 6.2 For the smaller awards up to £50k, the delivery teams at Leeds City Council and the Combined Authority will continue to track the wage rates of jobs created with the grant funding, as they do currently, to check that they are in line with the grant conditions stipulated, prior to final payment.

7. External Consultees

- 7.1 Please see paragraphs 2.4 to 2.13 above for detail of the consultation undertaken to date.

8. Recommendations

- 8.1 That the Panel notes the forthcoming changes to the criteria for awarding BGP grants related to inclusive growth outcomes (as set out with **Appendix 1**), and provides feedback and advice on the proposed implementation plan.

9 Background Documents

None.

10 Appendices

Appendix 1 - Revised criteria for the Business Growth Programme

Appendix 1 - Revised criteria for the Business Growth Programme

All grant recipients of the Business Growth Programme (BGP) will be expected to meet the core criteria outlined below from July 2018.

Revised Core Criteria

- Applicants must be based in the Leeds City Region, which includes the local authority areas of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York
- Investment projects must create permanent new jobs in the Leeds City Region
- In accordance with State Aid rules, applicants are eligible to apply for grants of between 10 and 20% of the total cost of a capital investment project
- Applicants will be incentivised to employ staff on or above £8.75 per hour, by allocating more grant per new job for those paying that rate
- All new jobs funded by the LEP grant must be paid at least the National Living Wage or Minimum Wage (£7.83 per hour from age 25+ as of April 2018)
- Apprenticeship* jobs are permissible but applicants are expected to pay the apprentice at least the National Minimum Wage appropriate for the age of the apprentice (rather than the lower national apprenticeship wage)
- For each new job created, the following maximum amounts will be available to the applicants, to be revised annually in line with published rates : -

Pay Rates for New Jobs Created with LEP Grant	Maximum Amount per new job
Pay at least £8.75 per hour (Real Living Wage)	£12,500
Pay at least £7.83 per hour (National Living Wage/ Minimum Wage/Apprentice rates see above *)	£7,500

- Applicants must have private finance available: either of their own, from a bank, or other commercial finance to invest alongside the grant
- For every £1 of LEP funding sought, applicants must be able to provide at least £4 of private sector investment

- The minimum grant level is £10,000 and total project cost must be at least £50,000 - therefore applicants must have at least £40,000 of private sector finance to invest for every £10,000 of grant
- Applicants must be established for at least 12 months and must operate from commercial premises
- Applicants must generate the majority of their turnover by trading with other businesses, or applications must demonstrate how the grant-supported project will lead to this
- Projects must support the City Region's key growth sectors and/or their direct supply chains: specifically health and life sciences, digital and creative industries, low carbon and environmental industries, manufacturing, financial and professional services or business to business services
- Refurbishment or renovation projects will only be supported where the applicant will be the sole occupier within the refurbished or renovated property
- Businesses engaged in retailing or providing localised business to consumer services are not eligible for grant support. However, applications from businesses who derive their turnover exclusively from e-commerce/internet sales will be considered on a case by case basis

Additional Inclusive Growth Commitments

Businesses receiving grants of over £50,000 will be expected to offer additional "inclusive growth" commitments as outlined below.

- Inspire the next generation by working with schools and/or colleges
- Develop a Skills Plan including Apprenticeships
- Offer training to low paid staff to help them progress
- Offer work opportunities to local people with disabilities or health issues
- Offer more sustainable 'green travel' options to employees
- Undertake an energy audit to identify ways to reduce energy consumption
- Undertake a supply chain audit to identify opportunities to buy more from local suppliers
- Pay small business suppliers in accordance with the Prompt Payment Code - <http://www.promptpaymentcode.org.uk/> - including a commitment to pay all suppliers within 60 days and to commit to 30 days as the norm.

- Commit to paying staff the Real Living Wage within an agreed timescale.

The LEP / Combined Authority, and its partners, can support applicants to directly access a number of products and services associated with the above commitments. Initial guidance and advice with the commitments is available to businesses via the LEP Growth Service on 0113 3481818 (businessgrowth@the-lep.com / www.the-lep.com/business)

The expected commitment will vary depending on the level of grant awarded:

- For grants from £50,000 - £99,000, the applicant is expected to agree to **two or more** of the additional commitments.
- For grants from £100,000 -£249,000, the applicant is expected to agree to **three or more** of the additional commitments.
- For grants over £250,000, the applicant is expected to agree to **four or more** of the additional commitments, one of which must be paying staff the Real Living Wage.

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Report to: Business Investment Panel

Date: 12 June 2018

Subject: **Growing Places Fund Loans**

Director(s): Melanie Corcoran, Director of Delivery

Author(s): Chris Brunold Project Manager (Growth Deal)

1. Purpose of this report

- 1.1 To update the Panel on progress in committing loans through the LEP Growing Places Fund (GPF).
- 1.2 To update the Panel on the findings from one project which has received an interim review and ask for feedback.
- 1.3 To update the Panel on one project with changed circumstances and ask for feedback.

2. Information

Growing Places Fund update

- 2.1 The Growing Places Fund (GPF) has operated since 2012 offering loans to support projects that require additional capital funding to deliver jobs and economic growth and unlock stalled developments post-recession, within a timescale of 5 years or less. Infrastructure projects have included expansion of business premises, site remediation and developing a new road junction as part of opening up a brownfield site for housing. Funds can also be used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment. A loan often completes a package of agreed finance that is not quite sufficient for a project that is ready to go in other respects. The fund is open to all businesses and organisations of any size based in or looking to invest in the city region. This includes the partner councils of, Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York. Applications from small and medium-sized enterprises, employing up to 250 staff, are particularly welcome.
- 2.2 The total GPF allocation was £35.5 million of which approximately £0.7 million remains unallocated.

2.3 Private sector leverage from the fund has the potential to exceed 1:30 although it should be noted much of this is due to a large gas powered energy plant that will be built at the site of a project that is remediating brownfield land in Wakefield Council’s area. The Fund typically seeks private sector leverage on the basis of 1:3.

GPF Interim Project Review

2.4 A GPF project (project reference 305) as detailed below has been reviewed as previously agreed by the Panel. Feedback is sought on the findings of the review, which includes an external report, and whether continuation of the project for a further 6 months should be recommended. Information on the review is included, as it is confidential as **Appendix 1 and Appendix 2**.

Project Ref	Total Loan	Proposed Jobs	Recommendation
305	£250,000	N/A	Discuss

GPF Project with Changed Circumstances

2.5 A GPF project (project reference 315) has new funding circumstances on which feedback is sought. Information on the circumstances, as they are confidential, is included at **Appendix 3**. As the change in circumstances is current, a verbal update of the most recent developments will also be provided to Panel.

Project Ref	Total Loan	Proposed Jobs/Homes	Recommendation
315	£800,000	24	Discuss

3. Financial Implications

3.1 The changed circumstances of the loan at 2.5, increase the risks of related to the loan of £800,000.

4. Legal Implications

4.1 The information contained in **Appendices 1, 2 and 3** is exempt under paragraph 3 of Part 1 to Schedule 12A of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that the public interest in maintaining the content of the appendices as exempt outweighs the public interest in disclosing the information as publication could prejudice current and future decision making.

5. Staffing Implications

5.1 There are no staffing implications directly arising from this report.

6. External Consultees

6.1 No external consultations have been undertaken.

7. Recommendations

7.1 That the update on progress in committing loans through the GPF be noted.

7.2 That the interim review of the project, as detailed at paragraph 2.4 and in **Appendix 1 and Appendix 2**, be noted, and that a further review is recommended in six months' time to re-evaluate performance and consider the options which could include project closure with a full return of funds.

7.3 That the project with changed circumstances, as detailed at paragraph 2.5, and in **Appendix 3**, be noted and feedback given.

8. Appendices

Appendix 1 – GPF 305 Interim Review Report (CONFIDENTIAL)

Appendix 2 – GPF 305 External Consultants Report (CONFIDENTIAL)

Appendix 3 – GPF 315 Changes Circumstances (CONFIDENTIAL)

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