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**Report to:** Business Investment Panel

**Date:** 6 March 2018

**Subject:** **Growing Places Fund Loans Update**

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## **1 Purpose of this report**

- 1.1 To update members on progress in committing loans through the LEP Growing Places Fund (GPF).
- 1.2 To update members on the progress of one new loan application appraised as a Full Business Case 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 £35.5m of which approximately £2m 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 District. The Fund typically seeks private sector leverage on the basis of 1:3.

### **GPF Loan Application**

- 2.4 A GPF application (project reference 319) considered by the Panel on 18 January 2018 as detailed below has now been appraised as a Full Business Case with costs. Feedback is sought on the appraisal and whether the loan offer can be recommended, and if so can progress to financial and legal due diligence. The appraisal is included at confidential **Appendix 1**.

<b>Project Ref</b>	<b>Total Loan</b>	<b>Proposed Jobs/Homes</b>	<b>Recommendation</b>
319	£1m	TBC	Discuss

### **3 Financial Implications**

- 3.1 The loan at 2.4, if recommended, will allocate £1m of the remaining £2m of GPF funding.
- 3.2 The terms of the loan, if recommended, will be finalised following the financial and legal due diligence process. This will include setting the interest rate.

### **4 Legal Implications**

- 4.1 The information contained in **Appendix 1** 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 application appraised at Full Business Case, as detailed at 2.4 and in **Appendix 1**, be noted, and that progression to loan offer is recommended and that financial and legal due diligence is undertaken.

## **8 Appendices**

**Appendix 1 – GPF 319 Full Business Case Appraisal (CONFIDENTIAL)**