
Report to: Business Investment Panel

Date: 3 April 2018

Subject: **Growing Places Fund Loans Update**

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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 progress of one new loan application appraised as an outline business case and ask for feedback.
- 1.3 To update the Panel on an application previously considered as a full business case with costs, on the initial findings of legal due diligence and ask for feedback.
- 1.4 To update the Panel on a proposal for a variation to an existing loan and ask for feedback.
- 1.5 To update the Panel on their query related to the financial position of the GPF.

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 £2 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 Loan Application

- 2.4 A GPF application (project reference 318) as detailed below has been appraised as an Expression of Interest. Feedback is sought on the Case Paper appraisal (Combined Authority Decision Point 2) and whether progression to due diligence and Full Business Case can be recommended. The appraisal is included, as it is confidential as **Appendix 1**.

Project Ref	Total Loan	Proposed Jobs	Recommendation
318	£346,000	25	Discuss

GPF Loan Application

- 2.5 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 initial legal due diligence. Feedback is sought on the findings and whether the loan should continue to be recommended. This is as detailed below and the legal due diligence information is included, as it is confidential as **Appendix 2**.

Project Ref	Total Loan	Proposed Jobs/Homes	Recommendation
319	£1,000,000	TBC	Discuss

GPF Proposed Variation to Existing Loan

- 2.6 A live GPF loan (project reference 308) has approached the Combined Authority in the last month to propose a variation on which feedback is sought. This is as detailed below and is included as it is confidential as **Appendix 3** with a site plan to clarify understanding attached as **Appendix 4**.

Project Ref	Total Loan	Proposed Jobs/Homes	Recommendation
308	£1,000,000	311	Discuss

3. Financial Implications

- 3.1 The loan at 2.5, if recommended, will allocate £1 million of the remaining £2 million of GPF funding.
- 3.2 The terms of the loan at 2.5, if recommended, will be finalised following the conclusion of the financial and legal due diligence process. This will include setting the interest rate.
- 3.3 The question raised by Members on 6 March 2018 about the recycling of loan funds is noted. The overall GPF programme is currently being reviewed internally by officers. When this review is completed further information will be shared with Members. The review is currently expected to conclude by the end of the first quarter of 2018/9 Financial year.

4 Legal Implications

- 4.1 The information contained in **Appendices 1, 2 3 and 4** 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 Case Paper, as detailed at paragraph 2.4 and in **Appendix 1**, be noted, and that progression to due diligence and Full Business Case is recommended.
- 7.3 That the application appraised at Full Business Case with costs, as detailed at para 2.5, and with findings from legal due diligence included in **Appendix 2**, be noted and feedback given.
- 7.4 That the proposal for a variation as detailed at para 2.6 and with information included at **Appendices 3 and 4**, is noted and feedback given.

8 Appendices

Appendix 1 – GPF 318 Case Paper Appraisal (CONFIDENTIAL)

Appendix 2 – GPF 319 Legal Due Diligence Information (CONFIDENTIAL)

Appendix 3 – GPF 308 Proposed Change Request (CONFIDENTIAL)

Appendix 4 – GPF 308 (CONFIDENTIAL)