

**Report to:** Business, Economy and Innovation Committee

**Date:** 29<sup>th</sup> March 2023

**Subject:** **Growing Places Fund**

**Director:** Liz Hunter, Director of Policing, Environment and Place

**Author:** Kate Thompson, Head of Economic Implementation

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	3
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## 1. Purpose of this report

- 1.1 To update the Committee on progress in committing loans through the Growing Places Fund (GPF).

## 2. Information

- 2.1 The Growing Places Fund (GPF) began in 2012 with a £35.5 million allocation from Government. The Fund offered loans to support projects that required additional capital funding to deliver jobs and economic growth and to unlock stalled developments post-recession, generally within a timescale of five years or less. The Fund was open to all businesses and organisations of any size based in or looking to invest in the Leeds City Region. The Fund typically sought private sector leverage on the basis of 1:3.
- 2.2 Over the lifetime of the programme, the Local Enterprise Partnership (the LEP) and former Business Investment Panel, has made 15 investments using GPF capital. Of the 15 investments, 8 projects have completed successfully and 4 are still underway. 3 projects did not complete and investment therefore will not be returned in part or in full.
- 2.3 Infrastructure projects have included expansion of business premises, site remediation and developing new road junctions as part of opening up brownfield sites for housing or jobs. Funds have also been used by borrowers

to acquire or upgrade physical assets such as property, industrial buildings or equipment. Together, these projects have delivered developments that would otherwise have been unviable or significantly delayed. Outputs<sup>1</sup> have included:

- 97 hectares of remediated land
- 34,621 sq. m of commercial space
- 671 new homes built (plus a further 47 affordable homes)
- 177 jobs and 31 apprenticeships created or safeguarded

#### Budget position

- 2.4 Whilst the **residual capital** funding allocation within GPF is £1.988 million, no new loans have been approved since January 2020, when the Fund was paused pending the potential launch of a new investment fund – the West Yorkshire SME Investment Fund.
- 2.5 £250k of the residual capital funding (para 2.4) was approved by the Combined Authority at the February 2023 meeting for use in initial resourcing capacity to enter into a UK Research and Innovation (UKRI) bidding process to create a national centre for Convergent Screen Technologies and performance in Realtime (CoSTAR) located on the Langthwaite Enterprise Zone site at South Kirkby, which is in the ownership of the Combined Authority.
- 2.6 At the same meeting, the Combined Authority noted an indicative funding package for the Langthwaite project, subject to progression of the project through the Assurance Framework, which includes use of all residual capital funding and future unallocated loan repayments from the Growing Places Fund, as well as income related to other Enterprise Zone sites. Please refer to additional information contained in section 6 – Financial Implications.
- 2.7 **Loan repayments** are held separately and the LEP Board and Combined Authority has previously approved £21.65 million of returned GPF capital to be reinvested into the West Yorkshire SME Investment Fund. This leaves £3.156 million available for the Langthwaite EZ project to be allocated from future loan repayments. Please refer to additional information contained in section 6 – Financial Implications.
- 2.8 Taking into account the indicative allocation of funds detailed in paras 2.5-2.7 above, this effectively brings the GPF programme to a close. There are four live loans remaining and all capital is currently anticipated to be repaid by 9<sup>th</sup> October 2027. Live loans will be managed and monitored until completion, when individual project completion reports will be progressed through the Assurance Framework. Any loans with changed circumstances over this remaining period will be reported to the Committee as appropriate.

---

<sup>1</sup> Data monitoring to 2018

## GPF Projects with Changed Circumstances

- 2.9 The Committee is requested to note that two separate GPF loans - which are linked to the same project - have changed circumstances in relation to the repayment of the loans. Details can be found in **Exempt Appendix 1**.

<b>Project Ref</b>	<b>Total Loan</b>	<b>Recommendation</b>
209, New Bolton Woods	£248,000	To note
318, New Bolton Woods	£346,000	To note

- 2.10 Variations to loan agreements have been delegated to the Director of Finance and Commercial Services by the Combined Authority on the condition that decisions are reported to the Business Investment Panel. As the Business Investment Panel has been disbanded, this decision is being reported to the Business, Economy and Innovation Committee (BEIC), the terms of reference for which include “*To advise the Combined Authority in respect of any Non-Mayoral Function which relates to, or impacts on, business, the economy or innovation*”. Therefore, the BEIC is able to advise the Combined Authority and the LEP on any future matters related to business finance and investment under the above point.

### **3. Tackling the Climate Emergency Implications**

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

### **4. Inclusive Growth Implications**

- 4.1 New Bolton Woods is a large mixed-use regeneration scheme in the Canal Road Corridor of Bradford district and once complete, will be a new sustainable urban village that will provide new employment opportunities, key social amenities and over 1000 new homes for local residents.

### **5. Equality and Diversity Implications**

- 5.1 As detailed in para 4.1.

### **6. Financial Implications**

#### GPF Residual Capital and Loan Repayments

- 6.1 The residual capital allocation is £1.738 million, following Combined Authority approval of £250k for the Langthwaite Enterprise Zone site. The residual capital is indicatively allocated to the Langthwaite Enterprise Zone, subject to successful progression of the project through the Assurance Framework.
- 6.2 The capital repaid by GPF loans to 31 January 2023 is £21,107,404 and the remaining capital anticipated to be repaid in 2022/23 is a further £83,610 (total £21.191 million). This funding is allocated to the West Yorkshire SME Investment Fund up to £21.65 million in line with previous LEP Board and Combined Authority approvals.

- 6.3 The total loan capital expected to be repaid beyond 31 March 2023 is £3,615,733. Part of this funding (£458,986 – residual from allocation at para 6.2) has been approved for the SME Investment Fund. The remainder (£3,156,747) has indicatively been allocated to the Langthwaite Enterprise Zone subject to successful progression of the project through the Assurance Framework.
- 6.4 BEIS have previously advised that the decision to re-allocate the GPF residual capital can be determined at local level by the Accountable Body (i.e. the Combined Authority), providing the aims are broadly similar to those of the original GPF. In addition, as GPF came through a Section 31 grant determination, the Accountable Body will need to ensure that the funding is utilised in the manner stipulated in the grant determination and any specific conditions are adhered to e.g. Under the S31 capital grant determination, the funding allocations must be used for infrastructure to unlock further development. The use of the GPF for the Langthwaite site would be in keeping with the S31 funding. The Combined Authority also has the ability to utilise future capital receipts from GPF loans once these are repaid as these are unencumbered.
- 6.5 Commercial implications in relation to GPF loans with changed circumstances as outlined in para 2.9 can be found in **Exempt Appendix 1**.

## **7. Legal Implications**

- 7.1 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.
- 7.2 Legal implications in relation to GPF loans with changed circumstances outlined in para 2.9 can be found in **Exempt Appendix 1**.

## **8. Staffing Implications**

- 8.1 There are no staffing implications directly arising from this report.

## **9. External Consultees**

- 9.1 No external consultations have been undertaken.

## **10. Recommendations**

- 10.1 That the update on GPF repayments and changes to GPF Loans 209 and 318 as approved by the Director of Finance and Commercial Services and detailed in Exempt Appendix 1 be noted.

## **11. Background Documents**

There are no background documents referenced in this report.

## **12. Appendices**

### **12.1 Exempt Appendix 1 – Commercial Update**