

---

**Report to:** Business Investment Panel

**Date:** 6 November 2018

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

---

**Director(s):** Melanie Corcoran, Director of Delivery

**Author(s):** Chris Brunold, Project Manager

---

**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 share with the Panel the draft external report on the future of the GPF.
- 1.3 To update the Panel on the risks within the GPF Programme and ask for comment.
- 1.4 To update the Panel on one project with changed circumstances.

**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 five years or less. The fund is open to all businesses and organisations of any size based in or looking to invest in the city region. Applications from small and medium-sized enterprises, employing up to 250 staff, are particularly welcome.
- 2.2 The total original GPF allocation from Government was £35.5 million of which approximately £4.0 million currently remains unallocated. The Fund typically seeks private sector leverage on the basis of 1:3.
- 2.3 Loan repayments are also held separately and can be reinvested in the future.

- 2.4 The draft report for the external review of the GPF is included in **Exempt Appendix 1**. It begins to inform how the GPF may operate moving forward. The final report is expected towards the end of November 2018.

Key findings from the report are:

- **Evolving Market**-The lender population has increased significantly in recent years, with an expanding range of products, pricing and risk appetite. The view of the lenders interviewed is that if a borrower cannot access funding, it is likely not because of a lack of liquidity in the market (as may have been the case five years ago), but more because of the perceived risk of the loan / risk-appetite of the lender.
- **Perception of the GPF**- Both lenders with knowledge of the local market, and existing borrowers, agree unanimously that there is a continued need for the existence of the GPF.
- **Managing the GPF going forwards** – there are opportunities to improve the GPF application and credit appraisal / approval processes, and consider marketing the fund more proactively. The current processes could not sustain a material increase in the volume of applications.

#### GPF Capital Position

- 2.5 The capital repaid by GPF loans offered through the programme to 30 September 2018 is £7.4 million.
- 2.6 The capital anticipated in the remainder of the 2018/19 financial year is £2.9 million. There is as always with GPF loans a risk that projects may not pay to the agreed repayment schedule.
- 2.7 The capital anticipated in 2019/20 is a further £2.9 million.
- 2.8 The total capital expected beyond 31 March 2020 is £13.2 million.

#### GPF Programme Risks

- 2.9 A report on the overall risks within the GPF Programme is provided, as this is confidential, in **Exempt Appendix 2**.

#### GPF Projects with Changed Circumstances

- 2.10 One GPF project has changed circumstances as shown below. Detail is provided for information, as this is confidential, it is included in **Exempt Appendix 3**.

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

### **3. Financial Implications**

- 3.1 The financial implications associated with the project with changed circumstances detailed in para 2.10 is set out in **Appendix 3**.

### **4. Legal Implications**

- 4.1 The information contained in **Appendices 1, 2 & 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 draft report on the future of the GPF at **Appendix 1** be noted and feedback given.
- 7.3 That the risk report for the GPF Programme at **Appendix 2** be noted and comments provided.
- 7.4 That the information provided in **Appendix 3** be noted and feedback given.

### **8. Background Documents**

None.

### **9. Appendices**

**Exempt Appendix 1** – Draft Report - GPF External Review

**Exempt Appendix 2** – GPF Programme Risk Report

**Exempt Appendix 3** – Project 315 with changed circumstances image