**South East Local Enterprise Partnership: South East Growing Places Fund (GPF)**

**Introduction and background – GPF Round 2**

The Growing Places Fund (GPF) was established by the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs and build houses in England. GPF operates as a recyclable loans scheme. In the case of South East Local Enterprise Partnership (SELEP) a total of £49.2m GPF was made available, of which £48.7m GPF has been already allocated. Repayments are now being made on these original loan investments, creating the opportunity for reinvestment of GPF through Round 2. Through GPF Round 2, SELEP seeks to invest up to £9.317m (amount of GPF available over the next three years to 2019/20), in projects which require capital loan investment.

The process for the allocation and award of GPF includes three stages:

• *Stage 1 – Expression of interest*

*• Stage 2 – Scheme prioritisation*

*• Stage 3 – SELEP Accountability Board funding decision*

In Stage 2 (scheme prioritisation), schemes selected by the Federated Areas will be required to develop and submit a Strategic Outline Business Case (SOBC) which provides the strategic, economic, financial and deliverability evidence in support of the proposal. Applicants who have applied for GPF for projects which have been assessed as having the potential to progress (Stage 1) are invited to complete the following document (comprised of 10 sections) which sets out the prioritisation process (Stage 2).

**Loan agreements**

SELEP will allocate GPF primarily through loan agreements with the County Council/ Unitary Authorities, who will then enter agreements with scheme promoters.

Primary Loan Agreements will be entered into between Essex County Council (Accountable Body for SELEP), the ‘Lender’ and the applicant authority, the ‘Borrower’ (County or Unitary Authorities).

The Primary Loan Agreement will include:

*• A capped facility for capital expenditure;*

*• A definition of the works (infrastructure);*

*• Drawdown conditions based on certification of works;*

*• A loan term;*

*• Drawdown profile;*

*• Repayment profile;*

*• A finance rate - Interest will be charged at two percent below the Public Works Loan Board (PWLB) or zero, (whichever is higher) at the point of the loan agreement being entered into. The rate will be fixed at the point of the loan agreement being entered into and will be fixed through the duration of the agreement. Based on the current PWLB interest rate, GPW will be awarded with zero percent interest.*

*• Missed repayment fine - A late repayment fine will be incurred if the project fails to make loan repayments as per the schedule agreed within each Project’s Loan Agreement. This fine will be equivalent to the charging of interest at market rate from the point of default on the loan repayment; and*

*• Monitoring requirements.*

Where appropriate Primary Loan Agreements will be conditional upon a subsidiary agreement being entered into between the Borrower and a third party – for example a developer or infrastructure providing for works to be undertaken and/or contributions based on planning agreements, tariffs or CIL.

**The Primary Loan Agreement will provide a contractual obligation for the Borrower to repay the loan according to the repayment profile**.

**Growing Places Fund (GPF) Business Case Template**

1. Scheme summary

Scheme promoter:

*[Please specify the private, public or third sector organisation that is promoting the scheme.]*

Project Name:

*[Please specify official name of scheme.]*

Federated Board Area:

*[East Sussex, Kent & Medway, Essex, and Thames Gateway South Essex.]*

Lead County Council/Unitary Authority:

*[East Sussex, Kent, Medway, Essex, Thurrock, Southend-on-Sea.]*

Development Location:

*[Please specify location, including postal address and postcode.]*

Project Description:

*[Please provide a brief description of the overall proposed scheme; max. 0.5 pages.]*

Project Development Stages:

*[Please specify the current stage of development confirming the roles of developer, and other partners involved in delivering the scheme e.g. bank, contractor. Please specify the project development stage(s) to be funded through GPF as per the table below. Add additional rows as necessary.]*

|  |  |
| --- | --- |
| **Project development stages**  | **GPF funding required** |
| **Stage** | **Partners** | **Status** | ***or🗴*** |
|  |  | *[completed, ongoing or to be completed]* |  |
|  |  |  |  |
|  |  |  |  |

GPF required:

*[Please specify the amount of capital funding sought through the GPF.]*

1. Strategic fit

Policy and Strategic Context:

*[Please specify how the overall scheme aligns with the policy and strategic context, including local policies, strategies and investment plans, SELEP Strategic Economic Plan (SEP) objectives and SELEP emerging Skills Strategy; max. 1 page.]*

Need for Intervention:

*[Please articulate the underlying issues driving the need for intervention, with reference to the specific market failure that the GPF will address. The request should consider whether the problem reflects a market failure or evidence that the market demand for the proposed project has weakened; max. 0.5 pages.]*

Impact of Non-Intervention (Do nothing):

*[Describe the expected outcome of non-intervention. Promoters should clearly articulate the impacts of not receiving GPF funding and how this is reflected against the SELEP objectives to support the creation of jobs, homes, skills and strategic connectivity as well as the environment, economy and society, if applicable. This section should also highlight whether the project is expected to still go ahead without GPF and whether it is likely to have a reduced impact or a slower impact due to non-intervention; max. 0.5 pages.]*

Funding Options:

*[Please demonstrate the need for GPF by providing evidence that all reasonable private sector funding options have been exhausted and no other public funding streams are available for or fit the type of scheme that is being proposed; max. 0.5 pages.]*

1. Infrastructure requirements

Infrastructure Requirements:

*[If appropriate, please outline the infrastructure requirements for which GPF is sought, and provide evidence and supporting information in the form of location, layout and site plans; max. 3 pages included as an Appendix to this document.]*

1. Cost and funding

Total Project Cost and Funding Required:

*[Please specify the total project cost and the percentage already funded through other sources; breaking down the funding in the percentage that is private and public. Please specify the capital funding sought through the GPF and what percentage of the total project cost and project stage cost it represents. Please note that it is recommended projects should seek GPF of between £250,000 and £2,000,000. Projects outside this threshold may be considered by exception where there is an overwhelming strategic case.*

*To ensure a proportionate approach to the scale of funding available, no Federated Area should nominate projects or programmes to SELEP for Stage 2 which, in total, exceed £4.65m (50% of the total GPF pot available for allocation)].*

Cost breakdown:

*[For the stages of development where GPF is sought please provide a breakdown of the associated costs, including any overheads, contingency, quantified risk allowances etc., as per the table below. Add row for each cost]*

|  |  |
| --- | --- |
|  | **Expenditure profile** |
| **Cost type** | **17/18****£000** | **18/19****£000** | **19/20****£000** | **20/21****£000** | **21/22****£000** | **22/23****£000** | **Total** |
| Capital [For example by stage, key cost elements for construction, and other cost elements such as contingency, overheads and uplifts] |  |  |  |  |  |  |  |
| Non-capital [For example revenue liabilities for scheme development and operation] |  |  |  |  |  |  |  |
| QRA |  |  |  |  |  |  |  |
| Monitoring and Evaluation |  |  |  |  |  |  |  |
| **Total cost** |  |  |  |  |  |  |  |
| Inflation (%) |  |  |  |  |  |  |  |

Funding breakdown:

*[Please specify the total project funding and breakdown, as per the table below.]*

|  |  |  |
| --- | --- | --- |
|  |  | **Funding profile** |
| **Funding source**  | **Funding security** | **17/18****£000** | **18/19****£000** | **19/20****£000** | **20/21****£000** | **21/22****£000** | **22/23****£000** | **Total** |
| Capital source 1… | *[Please highlight here any uncertainty/risks associated with the specific funding], e.g. funding stream dependent on completion of a certain stage of development or on an external accreditation/decision such as green building certification etc.* |  |  |  |  |  |  |  |
| Capital source 2… |  |  |  |  |  |  |  |  |
| Non-capital source 1… |  |  |  |  |  |  |  |  |
| Non-capital source 2… |  |  |  |  |  |  |  |  |
| **Total funding available** |  |  |  |  |  |  |  |  |

1. *Deliverability*

Planning, Approvals and Specialist Studies:

*[Please provide evidence regarding the planning status of the project by stage, if applicable, and whether any other approvals or specialist studies such as Environmental Impact Assessment are required. Schemes should be ready for delivery. Please include references to planning decisions and reports if available and describe the timescales associated with securing any additional approvals required; max. 0.5 pages.]*

Procurement:

*[Please comment on the proposed procurement route and how opportunities to maximise social value through supporting SME’s and local supply chains has been considered; max. 0.5 pages.].*

Property Ownership and Legal Requirements*:*

*[Please provide evidence of land/property ownership, including the steps being taken and the timescales if land/property is required, and specify any legal requirements that might delay the programme of implementation/development; max. 0.5 pages.]*

Equality:

*[Please state whether an Equality Impact Assessment has been completed for the overall project and state the main outcomes of this assessment. If an Equality Impact Assessment has not yet been completed then please state the expected timescale for completion and how the outcomes of this assessment will be considered in the projects development; max. 0.5 pages.].*

1. Expected benefits

Overall Project Impacts:

*[Please specify the expected impacts of the overall project in terms of ‘direct’ outputs (jobs, homes and other outputs arising from the project) and ‘indirect’ outputs.*

*Direct outputs should be presented in ‘gross’ terms and ‘net’ terms after making adjustments for additionality factors[[1]](#footnote-1), as per the table below.*

*Please describe the basis for these estimates and specify if the realisation of benefits is contingent on further investment not yet secured, max 0.5 pages.]*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Outputs / Outcomes** | **2017/18** | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **2023+** | **Total** |
| **Direct Outputs (gross terms)** | *[Jobs, Homes, floorspace, new learners assisted etc.]* |  |  |  |  |  |  |  |
| **Direct Outputs (net terms, after considering additionality)** | *[Jobs, Homes, floorspace, new learners assisted etc.]* |  |  |  |  |  |  |  |
| **Indirect Outputs (gross terms)** |  |  |  |  |  |  |  |  |
| **Indirect Outputs (net terms, after considering additionality)** |  |  |  |  |  |  |  |  |

The Role of GPF in Benefit Realisation:

*[Provide evidence that without GPF support the project would not proceed, would proceed at slower rate or would have fewer impacts and benefits than estimated; max. 0.5 pages].*

Value for Money (VfM):

*[The VfM category should be presented as a summary of the project benefits in relation to project costs. Where the overall project has already had a VfM assessment undertaken the promoter should include this and provide an evidence on the potential for GPF to support or, if applicable, enhance the VfM of the overall project. Where no previous VfM assessment has been undertaken, promoters should follow the relevant appraisal guidance (DCLG Appraisal Guidance[[2]](#footnote-2) - page 28 or the DfT Value for Money Framework[[3]](#footnote-3)) and define both the overall VfM and the GPF contribution. This should be proportionate to the size of the overall project and the GPF ask; max. 0.5 pages. Please note the following:*

*• for projects requesting funding towards the upper limit of the recommended GPF loan (£2m) a quantified Value for Money assessment will be required*

*• the VfM should be based on the overall assessment of both monetised and non-monetised impacts.]*

1. Contribution to the Establishment of a Revolving Fund

GPF Repayment:

*[Please specify how the GPF will be repaid e.g. through developer contributions, and include supporting documentation where appropriate (e.g. draft S106 agreements) as an Annex to this document; max 0.5 pages.]*

GPF Repayment Schedule:

*[Please outline the proposed timetable for GPF repayment, committing to repaying the loan before 31st March 2022. The Repayment Profiles should match those in the Financial Viability section]*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2018/19** | **2019/20** | **2020/21** | **2021/22** | **2022/23** | **Total** |
| GPF Repayment (Capital) |  |  |  |  |  |  |

Financial Viability:

*[Please provide an initial statement highlighting the underlying assumptions and expected viability of the GPF investment; max 0.5 pages. Following this, please include a cashflow that would show both the Drawdown and Repayment Profiles for GPF. All costs and revenues need to be sourced and clearly referenced. If the GPF is expected to unlock further funding that will be used, in part to repay the GPF loan this should be clearly annotated].*

1. Risks

Risk Register:

*[Please complete a Risk Register, identifying overall and GPF related project risks, likelihood, impacts and mitigations as per the table in Appendix A.*

*For the most significant project risks provide supporting commentary which considers the implementation risks associated with the project, such as risks associated with not securing GPF and risks to the repayment of GPF.*

*The risk assessment should consider the risks associated with the repayment schedule and mitigation to address this. max. 0.5 pages.]*

1. State aid

State Aid:

*[Please confirm that by supporting this project the GPF will not be providing State Aid; max 0.5 pages;]*

1. Monitoring and evaluation

*Monitoring and Evaluation:*

*[Please provide evidence how you will monitor and evaluate the effectiveness of the GPF funding. If GPF funding is sought to unlock a stage of development a monitoring and evaluation schedule should be in place to understand whether the GPF funding has addressed the need and generated the expected benefits[[4]](#footnote-4); max. 1 page.]*

1. Declaration (To be completed by applicant)

|  |  |
| --- | --- |
| *Has any director/partner ever been disqualified from being a company director under the Company Directors Disqualification Act (1986) or ever been the proprietor, partner or director of a business that has been subject to an investigation (completed, current or pending) undertaken under the Companies, Financial Services or Banking Acts?* | *Yes / No* |
| *Has any director/partner ever been bankrupt or subject to an arrangement with creditors or ever been the proprietor, partner or director of a business subject to any formal insolvency procedure such as receivership, liquidation, or administration, or subject to an arrangement with its creditors* | *Yes /No* |
| *Has any director/partner ever been the proprietor, partner or director of a business that has been requested to repay a grant under any government scheme?* | *Yes / No* |

*If the answer is “yes” to any of these questions please give details on a separate sheet of paper of the person(s) and business(es) and details of the circumstances. This does not necessarily affect your chances of being awarded SELEP funding.*

I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer Davies Gleave, and other public sector bodies who may be involved in considering the business case.

I understand that a copy of the main Business Case document will be made available on the South East Local Enterprise Partnership website one month in advance of the funding decision by SELEP Accountability Board. The Business Case supporting appendices will not be uploaded onto the website. Redactions to the main Business Case document will only be acceptable where they fall within a category for exemption, as stated in Appendix E.

Where scheme promoters consider information to fall within the categories for exemption (stated in Appendix E) they should provide a separate version of the main Business Case document to SELEP 6 weeks in advance of the SELEP Accountability Board meeting at which the funding decision is being taken, which highlights the proposed Business Case redactions.

I understand that if I give information that is incorrect or incomplete, funding may be withheld or reclaimed and action taken against me. I declare that the information I have given on this form is correct and complete. Any expenditure defrayed in advance of project approval is at risk of not being reimbursed and all spend of Local Growth Fund must be compliant with the Grant Conditions.

I understand that any offer may be publicised by means of a press release giving brief details of the project and the grant amount.

|  |  |
| --- | --- |
| *Signature of applicant* |  |
| *Print full name* |  |
| *Designation* |  |

*The lead County Council/ Unitary Authority should also provide a signed S151 Officer Letter to support the submission – see example letter in Appendix B*

**Appendix A – Risk register**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Description of Risk** | **Impact of Risk** | **Risk Owner** | **Risk Manager** | **Likelihood of occurrence (Very Low/ Low/Med/ High/ Very High) (1/2/3/4/5) \*** | **Impact (Very Low/ Low/ Med/ High/ Very High) (1/2/3/4/5) \*\*** | **Risk Rating** | **Risk Mitigation** | **Residual Likelihood/Impact Scores** |
|  |  |  |  | [e.g. Medium 3] | [e.g. Very Low 1] | [Likelihood of occurrence multiplied by Impact]  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |

*\* Likelihood of occurrence scale: Very Low (1) more than 1 chance in 1000; Low (2) more than 1 chance in 100; Medium (3) more than 1 chance in 50; High (4) more than 1 chance in 25; Very High (5) more than 1 chance in 10.*

*\*\* Impact scale: Very Low (1) likely that impact could be resolved within 2 days; Low (2) potential for a few days’ delay; Medium (3) potential for significant delay; High (4) potential for many weeks’ delay; Very High (5) potential for many months’ delay.*

**Appendix B – Funding commitment**

**Draft S151 Officer Letter to support Business Case submission – Growing Places Fund**

Dear Colleague

In submitting this project Business Case, I confirm on behalf of [Insert name of County or Unitary Authority] that:

• The information presented in this Business Case is accurate and correct.

• The funding has been identified to deliver the project and project benefits, as specified within the Business Case. Where sufficient funding has not been identified to deliver the project, this risk has been identified within the Business Case and brought to the attention of the SELEP Secretariat through the SELEP quarterly reporting process.

• The risk assessment included in the project Business Case identifies all substantial project risks known at the time of Business Case submission.

• The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.

• The delivery body has access to the skills, expertise and resource to support the delivery of the project

• Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting

• The project will be delivered under the conditions of the Loan Agreement which will be agreed with the SELEP Accountable Body, including the repayment of the Growing Places Fund loan in accordance with an approved repayment schedule.

I note that the Business Case will be made available on the SELEP website one month in advance of the funding decision being taken, subject to the removal of those parts of the Business Case which are commercially sensitive and confidential as agreed with the SELEP Accountable Body.

Yours Sincerely,

SRO (Director Level) ……………………………………………

S151 Officer …………………………………………………………

1. Additionality is the extent to which something happens as a result of an intervention that would not have occurred in the absence of the intervention (see [Homes and Communities Agency, Additionality Guidance, 2014](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf)) [↑](#footnote-ref-1)
2. [DCLG Appraisal Guide](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/576427/161129_Appraisal_Guidance.pdf) [↑](#footnote-ref-2)
3. [DfT value for money framework](https://www.gov.uk/government/publications/dft-value-for-money-framework) [↑](#footnote-ref-3)
4. For more details, please see the [HM Treasury The Green Book](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf) and the [SELEP Assurance Framework 2017](http://www.southeastlep.com/images/uploads/resources/Assurance_Framework_2017_Final_Version.pdf), Section 5.8 [↑](#footnote-ref-4)