**STOKE ON TRENT & STAFFORDSHIRE**

**LOCAL ENTERPRISE PARTNERSHIP**

**COMPANY EXECUTIVE BOARD MEETING**

**14 May 2020**

**Midlands Engine Investment Fund Update**

**Background:**

The Midlands Engine Investment Fund (MEIF), is supported by the European Regional Development Fund, and provides commercially based finance through Small Business Loans, Debt Finance, Proof of Concept and Equity Finance funds.

The MEIF aims to transform the finance landscape for smaller businesses in the Midlands and to realise the region’s potential to achieve economic growth through enterprise.

MEIF is a collaboration between the British Business Bank, a number of other commercial lenders and ten Local Enterprise Partnerships (LEPs) in the East & West Midlands and the South East Midlands. As part of its European Regional Development Fund investment programme Stoke-on-Trent and Staffordshire allocated £10M of its Priority Axis 3 Business Support resource into this MEIF programme. The total investment package created by investing partners standings at over £250m.

The MEIF programme is made up of four funding streams, within the West Midlands these are being delivered by the following Fund Managers:-

* **Proof of Concept** – up to £750,000, delivered by **Mercia Fund** Managers, fund value £23M. This is targeted at early stage proof of concept and utilises an equity finance model
* **Equity Finance** – between £50,000 and £2M, delivered by **Midven** fund, value £34M. Available for businesses with the potential for high growth
* **Debt Finance** – between £100,000 and £1.5M, delivered by **Midven** fund, value £50M. More traditional financing to enable SME growth
* **Small Business Loans** – between £25,000 and £150,000, delivered by **Black Country Reinvestment Society**, fund value £17M. Targeting start-ups who find it more difficult to secure finance

More details on each of the funds can be found at <https://www.meif.co.uk/>

**Key Issues:**

SSLEP has previously highlighted under performance of the fund in our area. Despite generating fairly good numbers of enquiries to the scheme (SSLEP has 9% of the SME business community in the funding areas and 8-9% of all enquiries to the programme), only 8 investments had been made in our area by June 2019, amounting to £600,000 investment. British Business Bank (BBB) recognised the underperformance with the SSLEP area and had started to develop a strategy to increase take up. Appendix 1 (see page 6 table) of this report provides the December 2019 position and indicates that some £2.68m of investment has now been made with 19 companies in SSLEP area. This is a much welcomed improvement, however investments within the SSLEP area still lags compared to other Midland LEPs and therefore it is key that the LEP keeps the pressure on BBB and the fund managers to continue to focus attention upon our economy.

Appendix 2 of this report was provided at the latest MEIF Strategic Oversight Board meeting on 1 April 2020. Mohammed Ahmed represents SSLEP on this Board and will provide an update on Covid-related considerations at the LEP Board meeting.

**Recommendation: that Board Directors note the content of the report.**

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