

**SSLEP Transition
Growing Places Fund (GPF)**

SSLEP Executive Board is asked to consider, comment and vote on the following option:

- Transfer the Growing Places funding to general SSLEP reserves, to subsequently be utilised at the discretion of the new business partnership, which could include:
 - Financially supporting the running costs of the future business partnership to deliver key priorities,
 - Continuing with the fund as is and offer open calls for utilisation of the fund,
 - Designing a new operating model(s) for utilising the fund.

Item 6

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1. Purpose of report

- 1.1 To review the on-going use of the Growing Places Fund (GPF) and the funding available. The SSLEP have agreed as part of the transition work, that the GPF remains with the new Business Partnership.

2. Background

- 2.1 The GPF is a rolling loan fund which was introduced in 2011/12 in response to SME's not being able to access finance following the economic downturn in 2010/11. The fund has also been used to provide grants (rather than loans) to businesses. There are two elements to the fund:-

A) **GPF Revenue Reserve** – pays for the operating costs of the GPF programme (Legal, due diligence, staff time). SCC staff provide this service to SSLEP and charge their time and any other associated costs against this revenue reserve (cost in 21/22 was £26k). Income also accrues to the reserve from interest on GPF balances held by SCC as the accountable body, and default interest charged on loans. The forecast balance on the reserve at 31 March 23 is £0.209m.

B) **GPF Capital Reserve** – holds the balance on the rolling loan fund. Provides two-year interest free loans to SME's and ad hoc grants. After taking account of all outstanding contractual loan payments and repayments, the available rolling balance is £2.943m.

- 2.2 Interest is earned on balances on the reserve and on any default loan repayments, which is added to the GPF Revenue Reserve.

- 2.3 A Growing Places Fund Panel, chaired by the vice chair of the SSLEP makes decisions on awards of loans and the operation of the fund. Loans have generally focussed on business's looking to expand rather than start-up funding. Further details of the roles and responsibilities of the GPF panel are set out in Appendix 1 (*source SSLEP assurance framework*).

- 2.4 The fund was originally created from a government grant award to LEP's. Many LEP's used the fund for grants rather than loans and hence fully utilised the grant they received. There are no grant conditions associated with the GPF that prevent the SSLEP deciding on the future use of the funds.

3. Activity / Outstanding Issues

- 3.1 Since the introduction of the fund, 3 grants have been awarded totalling £7.855m and 12 loans totalling £6.522m, which has generated an estimated £79.5m in Private Sector leverage. There are currently two loans that have been approved but have not yet been paid out totalling £1.580m (included in the figures above).

Item 6

- 3.2 There is one outstanding loan which is in default, however a repayment plan has been agreed.
- 3.3 Any further “Open Calls” for loan applications are on hold pending confirmation of the future direction of the fund.
- 3.4 It could be argued that activity on the fund over the last ten years has been generally low. The board also need to consider whether the continued operation of the funds fits in with the new direction of travel of the Business Partnership.

4. Recommendations

- 4.1 Transfer the Growing Places funding to general SSLEP reserves, to subsequently be utilised at the discretion of the new business partnership, which could include:
- Financially supporting the running costs of the future business partnership to deliver key priorities,
 - Continuing with the fund as is and offer open calls for utilisation of the fund.
 - Designing a new operating model(s) for utilising the fund.

Appendix 1

Growing Places Funding Panel

2.8.1 Purpose

The role of the Growing Places Funding Panel (GFPF) is to support the SSLEP's ambition to see more businesses employing more people providing goods and services that are in demand nationally and internationally.

Specifically, the panel is in place to consider projects that come forward for a Growing Places Fund loan to confirm their eligibility according to the terms of the SSLEP Strategic Plan. The composition of the group is such that there is representation from both private and public sector. In line with the agreed Scheme of Delegation (Section 3 of this document) the panel will approve projects up to the value of £1million and, for projects requesting over £1million, will make a recommendation to and requested a decision from the SSLEP Executive Board. The panel is responsible for ensuring the allocation of the fund to maximise economic growth, unlock development and expansion, and leverage private investment.

The GFPF will align their activity with SSLEP strategic priorities and other SSLEP funds, e.g. ESIF, LGF etc.

2.8.2 Remit / powers / decision making

The GFPFDP will:

- Consider the eligibility of loan applications brought to panel and advise GFP delivery team of decision accordingly.
- Where the value of applications exceeds the current loan allocation, evaluate the business(es) to be supported based on the best value for money / economic benefit and advise GFP delivery team accordingly.
- Ensure, where practicable, an even geographical spread of businesses supported by promoting the fund on behalf of the GFP delivery team, taking decisions on local priorities for investment.
- Ensure that the fund is operating on a revolving basis to support as many businesses as possible in the region.
- Inform the EB of recommendations made at panel level, where relevant, requesting approval to take forward and making a full report to the EB on the activity and progress of the Fund on a bi-annual basis.
- Maintain and manage a risk register and associated mitigation plan.
- Consider and act on findings at audit

2.8.3 Representation and Attendance

The Group will be constituted as follows:

- Chair – SSLEP Board Director (currently SSLEP Audit and Finance Group Chair) (1)
- Senior representatives of Stoke on Trent City and Staffordshire County Council (2)
- District Council representatives (2)
- Private Sector representative (1)
- Chamber of Commerce (1)

Item 6

- SSLEP Partnership Manager or equivalent (1)

The following will feature as Advisors:

- LEP Accountable Body/S151 Finance Officer
- Growing Places Fund Officer*

(*secretariat responsible for administration, communication and reporting on programme performance and risk).

The GPFM will meet as required, typically up to four times a year. The GPFM is quorate if no fewer than 4 members should be present and must include 1 private sector Board Director.