

Growing Places Fund Prospectus September 2021



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Dorset Local
Enterprise Partnership



@DorsetLEP

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1. Dorset Local Enterprise Partnership

Dorset Local Enterprise Partnership (Dorset LEP) was established in 2011 with the aim of stimulating growth in the economy across the Dorset area. It is a business led private and public sector partnership that aims to promote

local economic growth and prosperity. Acting as a strategic gateway to funding, Dorset LEP supports and delivers projects of long term economic benefit for all in Dorset through cross-sector partnership.

2. Growing Places Fund

The Department for Transport (DfT) and the Department for Communities and Local Government (DCLG) launched the Growing Places Fund (GPF) in 2011. GPF was allocated to Local Enterprise Partnerships across England to establish a revolving loan fund to address constraints to economic growth in their area. In 2012, Dorset Local Enterprise Partnership (LEP) was allocated £9.7m to set up a revolving loan scheme.

The Growing Places Fund is a loan scheme supporting capital projects that encourage economic growth in Dorset. The Fund is designed to unlock capital projects which have a significant economic impact and the potential to increase innovation and productivity, create jobs and housing, and deliver tangible economic outcomes. The fund may also be used where businesses are unable to access alternative funding mechanisms for viable schemes that will deliver economic growth and support Dorset LEP's strategic objectives, as detailed in the **Strategic Economic Plan "Transforming Dorset"**.

Dorset LEP manages the fund with support from Dorset Council, which acts as the Accountable Body for Dorset LEP, ensuring financial and legal requirements are met. The GPF is a revolving loan fund with the repayment profile defined in a contractual agreement between Dorset Council on behalf of the Dorset LEP and the applicant. Appropriate security will be required to release any approved loan. The features of the loan fund include a commercially attractive interest rate and negotiable terms for the start of the repayment schedule.

To date, Dorset LEP has received and assessed funding applications; and awarded funding to eleven projects across Dorset. These projects vary significantly in terms of the scale and nature but all help to increase innovation and productivity and create jobs, infrastructure and housing that support the growth of the local economy. Details of previously successful projects can be found on the [Dorset LEP website](#).

3. Core Eligibility Criteria

Dorset LEP welcomes applications for GPF loans from a range of private sector businesses and public sector organisations operating in Dorset. All applications must meet all the following criteria:

- The investment is capital, not revenue (see definition below)
- 100% of the loan will be repaid within maximum 5 years from the award date
- The minimum loan amount is £250,000
- It is Subsidy Control compliant
- The project delivers benefits within the Dorset County area
- The scheme will contribute towards the strategic priorities of Dorset LEP

Capital expenditure – Capital expenditure is eligible for Growing Places Funding. It can be defined as money spent on constructing, acquiring or maintaining fixed assets, such as land, buildings, and equipment. The benefit of capital expense generally continues over a long period. Please contact Dorset LEP team if you are uncertain what expenditure qualifies.

Revenue expenditure – Revenue expenditure is not eligible for Growing Places Funding. Generally, revenue expenditure is shorter-term expenses required to meet the ongoing operational costs of running a business such as staff costs, essentially the same as operating expenses.

4. Application Assessment Criteria

All qualifying projects will compete for funding based on their scoring on the following criteria.

Objectives and strategic economic fit	The applicant will have to demonstrate clear and defined objectives for the proposed project that are of recognisable economic / strategic significance, supported by and consistent with established strategies and the priorities of Dorset LEP.
Deliverability	The applicant will have to demonstrate the project is deliverable with realistic milestones, including support from other delivery partners and stakeholders. In addition, the applicant will have to demonstrate considerations given to the project's environmental impact.
Outputs and outcomes	The investment will be measured against proposed outputs and outcomes. Specific focus will be given to outcomes including job creation, job safeguarding, land development, floor space or housing development.
Financial viability	The project should be capable of showing financial viability subject to public sector support from the Growing Places Fund. Also, the applications will be evaluated on the availability of additional public and / or private sector funding which will be leveraged in by the GPF award.
Repayment	The GPF investment should be repayable from the revenue or capital receipts associated with the project and the application will need to demonstrate how and when this will be achieved.
Security	Loans are made on commercial basis and applicants will have to provide acceptable security against the value of the loan.
Subsidy Control compliance	All projects have to demonstrate their compliance with Subsidy Control regulations.

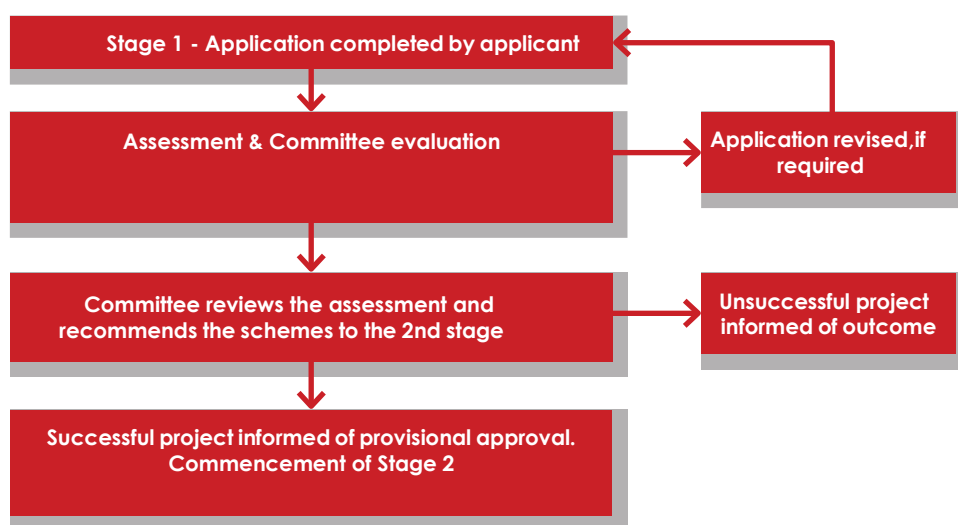
5. Application and Selection Process

The application and selection process is designed to be a simple and straightforward two-stage process, allowing Dorset LEP to undertake robust appraisal and due diligence and to safeguard the LEP's interests. Stage 1 is the initial application and stage 2 is the submission of detailed business information as part of the due diligence process.

Stage 1 – Application

Applicants will complete the Application form outlining all of the key information relating to the project. The information will be reviewed by an independent assessors and

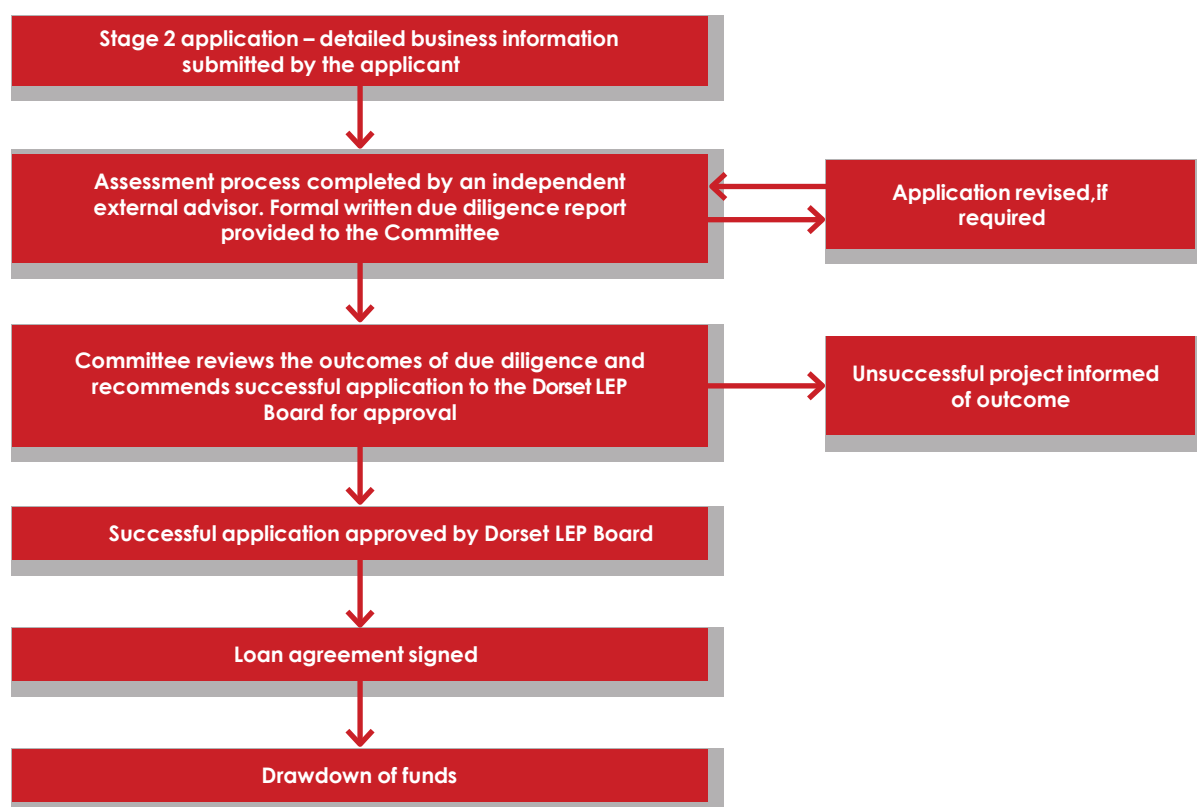
Performance & Investment Committee against the set criteria above, determine initial viability of the schemes.



Stage 2 – Application & Due Diligence

Applications considered by the Performance & Investment Committee during Stage 1 will be subject to a thorough independent due diligence process. The projects will be required to submit 2nd stage application together with further business information to enable the detailed project appraisals which will determine their suitability to receive Growing Places Funding. Projects must satisfy this process before the Committee can recommend the application for funding to the Dorset LEP Board. All information provided by applicants during this stage will be handled with utmost confidentiality.

Full details of the business information required will be confirmed by Dorset LEP team after the successful completion of stage 1 and will be informed by the complexity of your project. However, an indicative list of required documents can be found in Annex A. As part of the due diligence process, Performance & Investment Committee/Dorset LEP may wish to conduct site visits to the prospective projects.



Funding offer

Following the successful completion of the due diligence process, the Heads of Terms (HoTs) will be negotiated and signed with the applicant (including key delivery, loan drawdown / repayment milestone dates as

well as details of how the loan will be secured). Successful loan applicant will enter into a legal funding agreement with Dorset Council as the Accountable Body for Dorset LEP's Growing Places Fund and will draw down/repay their loan as per the agreement.

6. Monitoring and Evaluation of Successful Applications

It is a requirement of the programme that successful applicants provide regular quarterly updates for monitoring and evaluation purposes, including site visits and inspections until the project ends. Applicants will be asked to report against project progress and achievement outputs and outcomes agreed as part of the loan funding agreement. Dorset LEP may also request supporting

evidence for auditing purposes and reserves the right to invoke clawback of funding for contractual non-compliance, including failure to cooperate with monitoring requirements. All successful projects will be advertised on Dorset LEP webpage as part of the ongoing effort to promote the Growing Places Fund through case studies, press releases and other marketing initiatives of Dorset LEP.

7. Equalities Act 2010

Proposals should not be expected to have a detrimental impact on any of the groups with protected characteristics, as defined in the **Equalities Act 2010**. If it is expected that there may be a detrimental impact, then the

applicant will need to provide details of the impact(s) which are anticipated, the group(s) affected, and any actions which are planned to mitigate the impact(s).

8. Subsidy Control Rules

The Growing Places Fund is subject to Subsidy Control rules regarding subsidies to business and therefore in the majority of cases this means that interest will have to be levied on loans to the private sector. Applicants should be prepared to form their own legal opinion on whether their project is Subsidy Control compliant and that it meets the requirements of all relevant UK procurement laws (relevant only for applications that pass to the stage 2). **This will be at the applicant's cost.** All issues must be identified and resolved before a loan is offered. Applicants should be mindful of this when considering submitting an application.

Subsidy Control rules regulate the amount of aid/ assistance that a state/country can give to a business. All loans will be financed at commercial rates to ensure the fund accords with the requirements. This will include factoring in the European Commission reference rate plus a margin calculated on the basis of an assessment of credit worthiness and collateralisation. The exact interest rate will be confirmed at the due diligence stage of the process. Guidance on Subsidy Control can be found at [Subsidy control guidance](#) and [Northern Ireland Protocol](#).

9. Interest rates

The interest rate for all loans is split into 2 parts;

- 1) A fixed rate to reflect the credit worthiness of the borrower and the level of collateral (i.e. security) available. The rates are set out in the following matrix. Note – where a borrower does not have a credit history or a credit rating, then the best rate available will be 4.00%
- 2) A variable rate which is based on the European Commission (EC) 'market rate' margin and the current EC Reference rate* (0.17% at 1st September 2021).

*The EU base rate is currently available however, it is subject to change and should this no longer be available or applicable to use, then the Bank of England base rate (or equivalent) will be used.

Interest will be calculated on a monthly basis and is to be paid on a monthly basis.

10.0% p.a. above the EU Reference Rate (applies only in the very unlikely event of a default)

CREDIT WORTHINESS	COLLATERALISATION		
	High	Normal	Low
Strong	0.60%	0.75%	1.00%
Good	0.75%	1.00%	2.20%
Satisfactory	1.00%	2.20%	4.00%
Weak	2.20%	4.00%	6.50%
Potential Financial Difficulties	4.00%	6.50%	10.00%

10. Confidentiality

All applications and subsequent due diligence information will be treated as commercially sensitive and in confidence. Project summaries (excluding commercially confidential material) of those awarded GPF funding will

be made public following Dorset LEP Board approval and recipients will be required to acknowledge Dorset LEP support in press releases, public presentations, etc.

11. Help and Guidance Available

We recognise that applying for funds can be complicated. Good preparation helps make a good proposal and ultimately a successful application. Before filling out the application

form, we encourage applicants to take advantage of the range of support offered by local authorities or the Chamber of Commerce.

12. Application Submission

Due to the Growing Places Fund being public money, the processes involved will depend on the complexity of the project, however, the process may take three to five months from submission of application to a funding decision. To avoid delays we encourage the applicants to discuss their applications with the Dorset LEP team prior

to submission; and to read through all relevant documents. There is no deadline for applications and projects will be assessed ad-hoc, if and when funds become available. **Before applying, please contact Dorset LEP on funds availability.**

13. Contact Details

If you wish to discuss your project idea in advance of your application submission; or have questions about the application process, please contact:

Daniela Doncakova

Senior Programme Manager

Dorset Local Enterprise Partnership

Telephone: 07802 721351

Email: ddoncakova@bournemouth.ac.uk

Annex A

Project Overview and Status

1. Outline business case, including project workplan and expenditures
2. Detail outputs and outcomes to be achieved by the scheme and the basis of their calculation, including how the project will measure the outputs and outcomes over the life of project

Financial review

1. Three years historical accounts plus current management accounts to demonstrate sound business management
2. Credit report
3. Financial forecast in detail (cash flow forecast for the project, cash flow forecast for the organisation/business for at least 12 months from the date of the completion of the due diligence process, which demonstrate that the project costs are included within in the cash flow forecast, profit & loss statement, and balance sheet) to demonstrate availability of internal resources and to support the overall business case of the project
4. Employer legislation - evidence (in the form of a certificate or schedule) of appropriate insurances, including professional indemnity, employer's liability, public liability
5. Detailed review of project costs - copies of supporting evidence behind the costings – e.g. quotations for work, detailed sales forecasts with explanations
6. Evidence of match funding sought or other investors in the scheme, and the status of those applications

Legal

1. Legal proof/guidance to demonstrate the GPF investment is in line with Subsidy Control regulations
2. Copies of land surveys, e.g. ground condition, contamination, flooding, asbestos, etc.
3. Evidence of control over all land/property or asset interests required for project delivery (e.g. copies of Land Registry title documents, lease or license agreements, etc.)
4. Planning requirements in place -status of any pre-commencement planning conditions or Agreements (s106 / s278 / CIL, etc.)
5. Details of the form of security to be offered against the GPF loan and any other charges relevant to the project. (Examples include a legal charge over land or assets, a charge over bank account)
6. 3rd party land valuations
7. Review of appropriate consents in place specific to the projects
8. Details of the terms sought for the loan