

Growing Places Infrastructure Fund Investment Prospectus

22 June 2017



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1. What is the Swindon and Wiltshire Local Enterprise Partnership?

The Swindon and Wiltshire Local Enterprise Partnership (SWLEP) was established in 2011 with the aim of stimulating growth in the economy across the Swindon and Wiltshire area. In part it aims to do this by playing a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. It is a partnership between the business community and the two local authorities; Swindon Borough Council and Wiltshire Council, the Military and the education sector.

2. Delivering our strategic economic plan and achieving our vision

Our vision: We want to use our pivotal location in Southern England to create wealth, jobs and new business opportunities which are set within a spectacular landscape that provides an exceptional quality of life. We will focus on our existing strengths and our base of established business sectors to build an outstanding sustainable business environment in which our economy will thrive. By 2026, we want to be world-renowned for innovation, entrepreneurialism and our great quality of life. Our population will have increased from 699,000 in 2014 to 764,000, matched by employment providing higher skilled jobs and high value economic growth.

To achieve this vision we have identified five strategic objectives and a number of priority actions in our Strategic Economic Plan 2016¹ against which we will invest our resources in clear and well thought out targeted investment.

Strategic objectives

Skills and talent: we need an appropriately skilled and competitive workforce to achieve our growth ambitions;

Transport infrastructure improvement: we need a well-connected, reliable and resilient transport system to support economic and planned development growth at key locations;

Digital capability: we need to deliver excellence in digital connectivity and cyber transformation to achieve business growth, innovative public services and influence societal change;

Place-shaping: we need to deliver the infrastructure required to deliver our planned growth and regenerate our city and town centres, and improve our visitor and cultural offer;

Business development: we need to strengthen the competitiveness of small and medium sized businesses and attract a greater share of foreign and domestic investment into the area.

¹ www.swlep.co.uk/strategiceconomicplan.pdf

It is important that our investments support the continued development of Swindon and Wiltshire as a productive and innovative area through supporting our priority sectors and achieving the growth potential of our three Growth Zones in a sensitive and in a sustainable way in order to maintain our high quality and attractive environment.



3. What is the Swindon & Wiltshire Growing Places Infrastructure Fund?

The SWLEP launched its £8.8m Growing Places Infrastructure Fund (GPIF) in March 2012 and this is the third call for applications. GPIF is a capital only fund used to invest in infrastructure projects that deliver sustainable economic growth within the Swindon and Wiltshire area. It does so by investing in infrastructure projects that are vital to un-locking opportunities for new jobs and housing within our area.

In particular, investments will focus on sites that currently cannot be developed due to infrastructure or commercial constraints, but with investment from the fund can proceed immediately.

For example, where land requires a

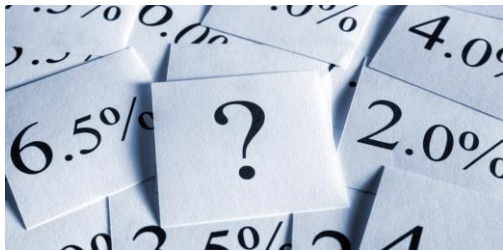
significant up-front investment for infrastructure to be developed, land owners or developers may not currently be willing to incur that expenditure as their return on capital employed is simply not high enough. This means that land release is blocked and the jobs or houses that could be created are not coming forward and real growth in the economy is being delayed. It is for reasons such as this that we are seeking applications to the fund.

The SWLEP manages the fund with compliance support from Wiltshire Council, which acts as the Accountable Body for the SWLEP, ensuring financial and legal requirements are met. GPIF is a revolving loan fund with the repayment profile defined in a contractual agreement between Wiltshire Council on behalf of the SWLEP and the developer of the project. 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.

The SWLEP secured GPIF from the Government's 'Growing Places' initiative². The national prospectus, which has further details of how revolving infrastructure funds can be used to deliver economic growth and the types of projects that have been funded previously, can be found at: <https://www.gov.uk/government/publications/growing-places-fund-prospectus>.

² The Growing Places Infrastructure Fund was launched by the Department for Transport and the Department for Communities and Local Government in November 2011.



4. The 2017 call

This call for applications to the Growing Places Infrastructure Fund is being made by the SWLEP Board to businesses, developers and other applicants which have projects which are currently stalled or have development proposals which can be accelerated with an injection of loan capital for infrastructure development in Swindon and Wiltshire. A high level eligibility checklist can be found in Appendix I to help you decide whether it is the right source of funding for you.

We aim to recycle the GPIF fund as often as possible so applicants will need to have well developed capital investment projects which can be delivered by 31 March 2021 at the latest and preferably have a start date of December 2017 or soon thereafter. Loan payments will be released in stages in line with the development plan for the investment.

Although there is no formal minimum investment level, the SWLEP Board expects to invest in up to 3 projects from this call as this will provide the optimum balance between achieving the desired outputs and the costs of administering and monitoring the investment. We are seeking applications for loans in the region of £1m; applications below £750,000 will need to demonstrate a very strong business case for investment.

Applicants are advised to contact their local authority before completing an

application. Each authority will have its own infrastructure priorities based on an evidence base, including relevant spatial and economic strategies, and the contribution that the project will make to those local priorities must be clear.

In determining which investments to make the SWLEP will have regard to a number of key criteria which will be explored through the application process.

Key criteria for successful applications

- Will the investment result in immediate economic activity that helps support job growth?
- Does the proposal have planning permission and any other necessary consents?
- Will the investment result in a commitment by the developer to begin building new housing?
- Is the economic activity enabled by the GPIF investment in line with the priorities established by the SWLEP for long term sustainable economic growth of the area?
- Would the economic activity not proceed without this investment?
- Does the investment represent 'value for money' for the public sector?
- How and when will the investment be repaid?
- Would a GPIF loan unlock economic growth that can be brought forward more quickly?
- Is the scheme capable of repaying the investment and if so how?
- What is the level of private sector match?

5. How to apply

The application and selection process is designed to be a straightforward two-stage process which enables the SWLEP to undertake a robust appraisal and due diligence checks to safeguard its interests. Stage 1 is the initial application and stage 2 is the submission of an detailed business information.

Stage 1

Stage one applications will be assessed by an Independent Technical Adviser who will make recommendations on the suitability of each GPIF application for investment and will prioritise the projects. The ITA's recommendations will be considered by the SWLEP Board which will determine the projects which will proceed to the next stage. Stage 1 is expected to take 7 weeks from the day the call closes (Figure 1).

Stage 2

Those projects approved by the SWLEP Board at Stage 1 will have funding notionally allocated to them. Applicants will then be invited to submit detailed business information. Once the stage 2 application has been approved, a loan agreement will be issued and the funding will be released in accordance with the terms of this agreement. This second stage is expected to take 7 weeks from the date of submission of the detailed business information to the final decision (Figure 2).

The application form and supporting material can be downloaded from the SWLEP website:

[http://www.swlep.co.uk/programmes/Growing-Places-Infrastructure-Fund-\(GPIF\)](http://www.swlep.co.uk/programmes/Growing-Places-Infrastructure-Fund-(GPIF))

or by email request to:

administration@swlep.co.uk.

Applicants are encouraged to ring and discuss their potential project with Paddy Bradley, the SWLEP Director, at the earliest opportunity (tel 07799 595443).

Castledown Business Park

The SWLEP awarded £2.535m of its Growing Places Infrastructure Fund to bring forward the development of phase 2 of the Castledown Business Centre in Ludgershall, Wiltshire. The construction work resulted in 33,650 sq. ft. of follow-on units being developed on brownfield land as part of the investment on the site.

The application for funding was made by Wiltshire Council, working with the developer St Modwen, to bring the development forward. The scheme has delivered 15 new workspaces of various sizes to complement the start-up units developed as phase 1 of the site.

Without the GPIF funding and associated payment holiday to underwrite the scheme, the development would not have come forward. The units are now all built and generating income enabling the loan to be repaid.



Figure 1: Stage 1 Initial project assessment, sifting and prioritisation

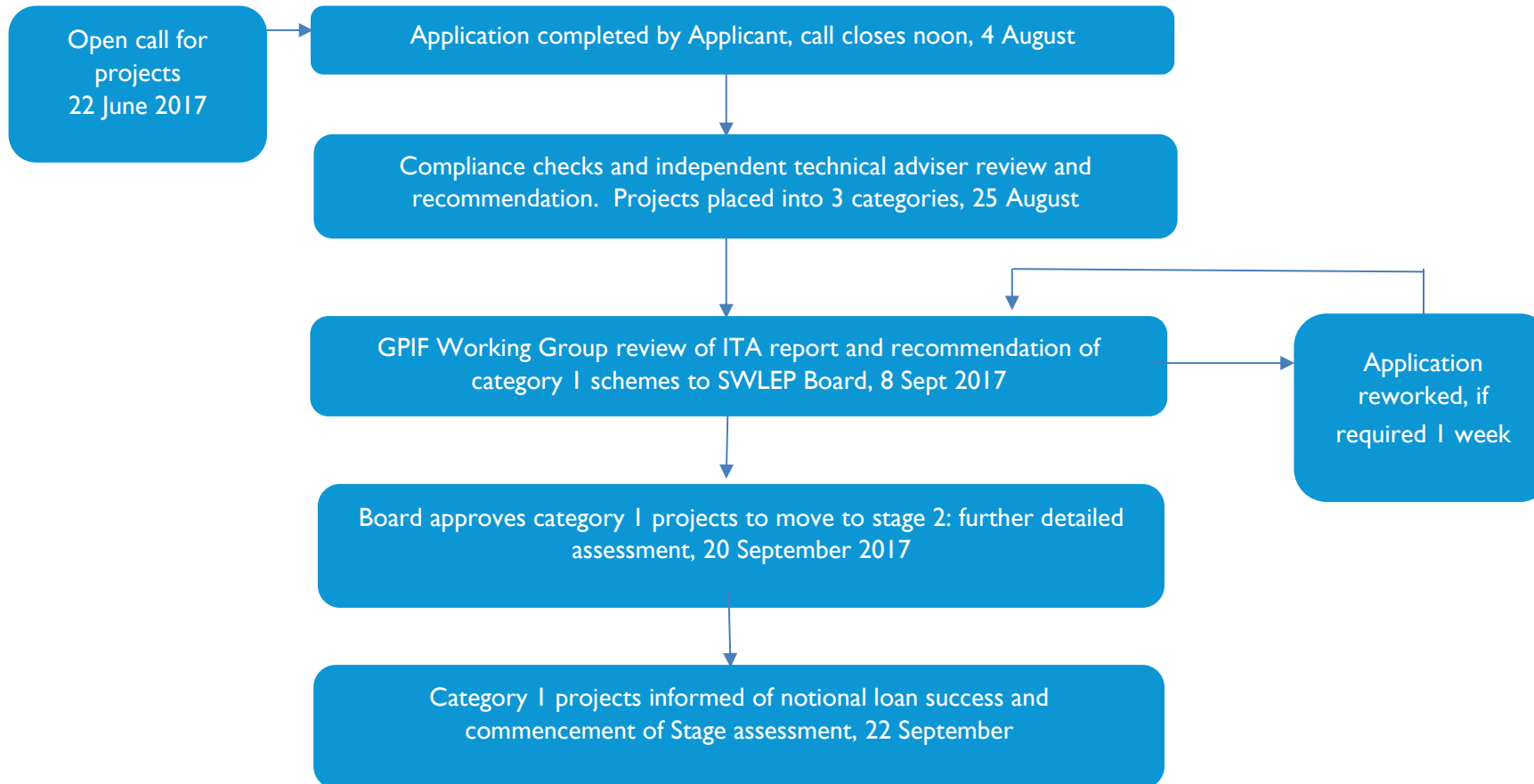
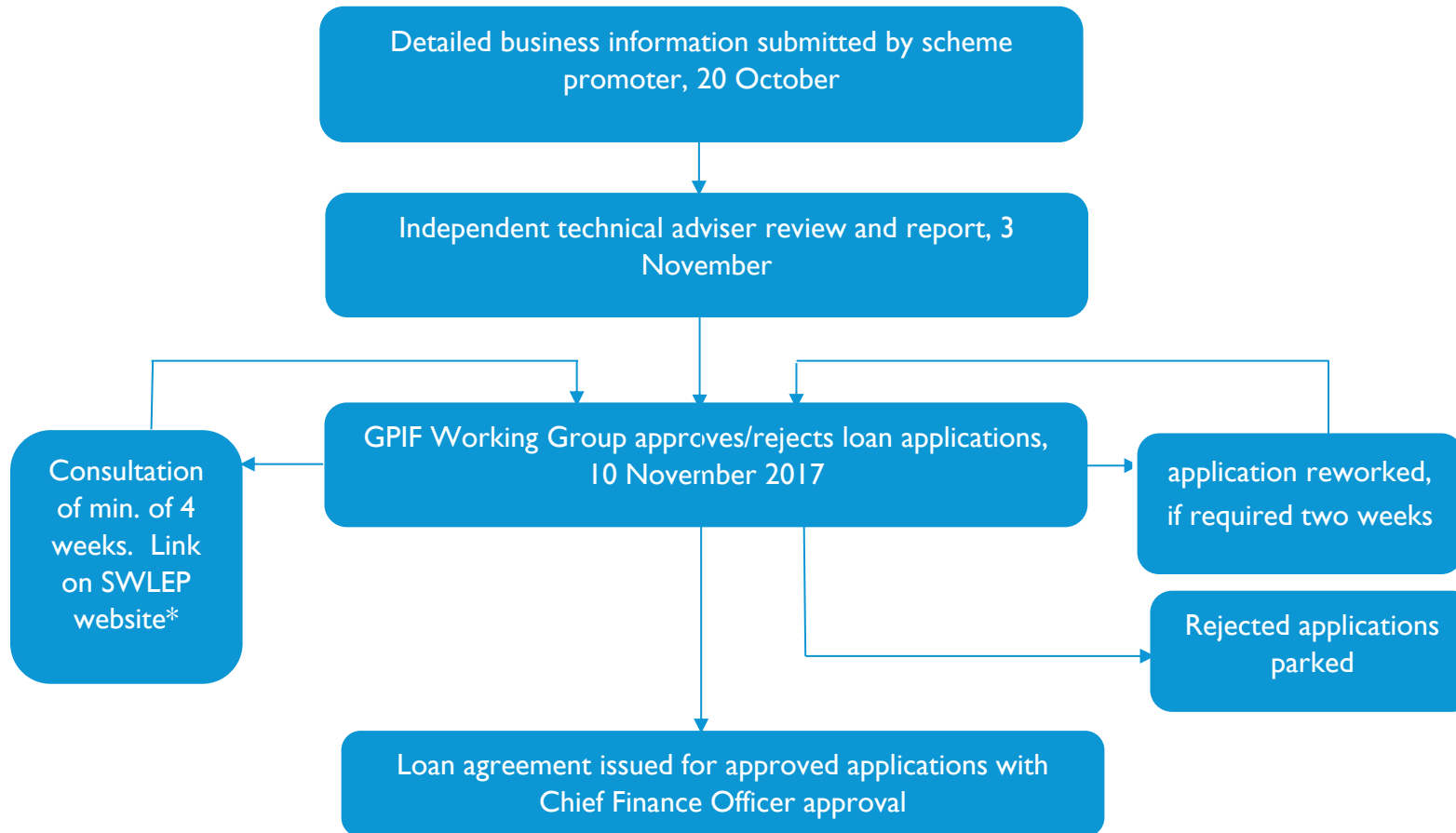


Figure 2: Stage 2 detailed business information, duration 7 weeks to Working Group decision (excluding consultation period if required)



*The consultation exercise will depend on the nature of the project and what is required by statute or the funding authority

6. State aid

The Growing Places Infrastructure Fund is subject to state aid rules regarding subsidies to business. Applications to the GPIF will need to be checked so that they are compatible with the state aid regulations. The SWLEP will make checks and the application form has been designed to capture the information required; however applicants should be prepared to form their own legal opinion on whether their project is compatible with State Aid regulations.

With your stage 2 application submission, you should set out a formal opinion on the project's compatibility with state aid regulations. All issues must be identified and resolved before a loan is offered.

Failure of projects to be compatible with State Aid regulations can put the whole investment at risk of clawback by public authorities.

The SWLEP will arrange for projects to be checked for compatibility with state aid regulations.

7. Due diligence

Independent Technical Advisers will undertake due diligence checks as part of their appraisal process for projects which have been prioritised. These checks will include reviewing the following:

- the value of funding requested as a percentage of turnover
- liquidity
- profitability
- the return on capital employed

- gearing
- the debtors and creditors cycle
- Companies House report check
- Charity Commission check
- insurance level (including parent guarantee/performance bond checks where appropriate)

Three years of annual reports need to be submitted as part of the stage 1 application in order for these checks to be made. Additional requests for information may also be forthcoming.

8. Value for money

The SWLEP Board will ultimately decide which applications will receive GPIF investment. As well as the criteria listed above, the SWLEP will pay regard to the 'value for money' the investment represents and will take into account the following:

- The level of investment per new job/house;
- The level of private sector investment leveraged;
- The pace of delivery of the 'outputs';
- The certainty and timing of repayments;
- The timing of repayments; the SWLEP will favour projects where the investment is repaid in full by 31 March 2021 at the latest.

Our focus will be on the extent to which the benefits to the economy outweigh the cost of the project. Account will also be taken of a project's wider economic, environmental and social impacts.



Projects which are considered to have a low or medium value for money may still be considered for approval if wider objectives provide a compelling case (as determined by the Independent Technical Advisors) taking into account broader appraisal evidence in relation to:

- where there is an overwhelming strategic case on economic/development related, social, and/or environmental grounds (with minimal risk in the other cases);
- where scheme benefits are notoriously difficult to appraise in monetary terms and there are qualitative benefits; and
- where the total value of the scheme, including match, is less than £2.0m and high value for money is estimated, but to conduct further quantified and monetised economic appraisal would be disproportionate.

9. Consultation and meetings in public

The SWLEP does not anticipate that applications to this round of GPIF will be subject to public consultation by statute. If applications are received where the SWLEP considers that the views of the public should be considered, the SWLEP reserves the right to take longer to make a funding decision to accommodate any consultation requirement.

Applicants need to be aware the SWLEP Board holds its meetings in public and although full applications to the GPIF scheme and details of the due diligence checks will not be published on the SWLEP website. Summary details of the application will be posted as part of Board papers on the SWLEP website.

The details (excluding commercially confidential material) of projects awarded GPIF funding will be made public following SWLEP Board approval and details will be posted on the SWLEP website and may be used in marketing and promotional materials. GPIF funding agreements will set out the arrangements for sharing information for publicity purposes.



10. Applicants

The SWLEP welcomes applications for GPIF loans from a range of private sector businesses and public sector organisations operating in Swindon and Wiltshire.

Applicants

Private sector, business-led organisations or investment organisations including companies which are registered abroad but which operate in Swindon and Wiltshire;

SMEs or local business groups, either coming together to submit a joint bid or bidding to deliver a package of projects;

Higher education and research institutions, alone or in collaboration with private sector partners; and

Public sector applicants which are working with private sector delivery partners.



11. Timetable

We are inviting stage 1 applications to be submitted electronically to by **noon on 4 August 2017** by emailing **administration@swlep.co.uk**. The milestones for stage 1 are:

Stage 1	Date 2017
Call opens	20 June
Call closes for stage 1 applications	4 August
ITA appraisal and compliance checks	25 August
GPIF Working Group recommendations	8 September
SWLEP Board meeting, funding notionally allocated	20 September
Projects advised of outcome	22 September

Closing Date
stage 1 applications
noon on 4 August 2017

Stage 2: detailed business information	Indicative date 2017
Approved projects move to detailed assessment	22 September
Detailed business information submitted	20 October
ITA review and recommendation	3 November
GPIF Working Group decision	10 November
Loan agreement issued ³	

³ Subject to the acceptance of the loan agreement terms and conditions.

Stage 3 for projects awarded funding

Monitoring and evaluation commences including site visits and inspections until the project ends. Project reporting, claim details and scheduling will be set out in full as part of the loan funding agreement.

12. Future calls

We will be in contact with applicants to this call for GPIF funding to ask for feedback on their experience in applying for a loan. We will use this information

to refine and improve our application and appraisal process and we look forward to hearing from you as part of our evaluation exercise later in the year.

13. Contact Details

Paddy Bradley

SWLEP Director

T: 07799 595443

E: paddy.bradley@swlep.co.uk

Appendix I: Eligibility - things to consider before applying for Growing Places Infrastructure Funding (GPIF)

It is recommended that you go through the following checklist before completing the stage I application form. If you can answer 'yes' to the following statements, then the Growing Places Infrastructure Fund might be right for your project. Please note that being able to say tick 'yes' is not a guarantee that your application for funding will be successful.

Project status	Yes ✓
I need capital funding to deliver my project	
I have an agreed design and detailed cost breakdown for my project	
I have not started to spend against my cost breakdown which is shown in this application	
I have the relevant legal and planning consents in place or expect to in the next 6 months	
I am clear how much I need to borrow from GPIF	
I have all the remaining funding identified to deliver my project	
I have assets to secure against the GPIF loan	
I have experienced project managers in place to deliver my project	
I understand that my project needs to be compliant with European State Aid regulations	
I can deliver my project and pay the loan back by 31 March 2021 at the latest	
Project outputs	Yes ✓
My project will lead to one or both of the following direct compulsory outputs:	
<ul style="list-style-type: none"> • New jobs created 	
<ul style="list-style-type: none"> • New homes built including affordable homes 	
My project will also lead to one or more supplementary desirable outputs	
<ul style="list-style-type: none"> • Delivery of apprenticeships 	
<ul style="list-style-type: none"> • New employment land unlocked 	
<ul style="list-style-type: none"> • Low carbon energy generation 	
<ul style="list-style-type: none"> • Business-led innovation including the registration of new patents 	
<ul style="list-style-type: none"> • New local employment opportunities for example construction jobs 	
<ul style="list-style-type: none"> • Local procurement contracts within Swindon and Wiltshire 	
My project has a good fit with the SWLEP's strategic objectives	

If you are not sure whether your project fits with the GPIF scheme or for more information on it, please email: administration@swlep.co.uk. Please note that there are some restrictions regarding the use of GPIF loan funding by businesses operating in the financial services and agriculture sectors.