

Growing Places Fund Round 3 – Guidance Note for Applicants

1. Background and Introduction

- 1.1. The Growing Places Fund (GPF) was established by the Ministry for Housing, Communities and Local Government and the Department for Transport in 2011 to unlock economic growth, create jobs and build houses and help ‘kick start’ development at stalled sites. The fund works as a recycled capital loan scheme regenerating funds based on the repayment schedules agreed for the existing GPF projects.
- 1.2. A total of £49.2m GPF capital funding was made available to SELEP by central Government for spend as a capital loan. The recyclable nature of the pot has enabled a total of £54.4m to be invested across 21 projects to date. Information about the types of project that have been supported to date can be found [here](#).
- 1.3. A number of repayments were made during 2018/19 and further repayments are expected during 2019/20. This provides the opportunity for the reinvestment of this funding in new projects. This guidance note sets out the agreed approach for the reinvestment of the available GPF funding.

2. Amount of GPF funding available

- 2.1. The agreed schedule of repayment for existing GPF projects is set out within the credit agreement between Essex County Council, as SELEP Accountable Body, and the lead County/Unitary Authority for each project.
- 2.2. Taking account of the GPF repayments made to date and repayments expected to be made in 2019/20 and 2020/21, the total amount of GPF funding currently available for reinvestment is £20.724m. This funding will be available for reinvestment in 2020/21 and 2021/22 as shown in Table 1.

Table 1 – GPF funding available for reinvestment

	2020/21 £m	2021/22 £m	Total £m
GPF available for reinvestment	15.595	5.129	20.724

- 2.3. Availability of GPF funding for reinvestment is dependent upon GPF repayments being made in line with agreed repayment schedules for existing projects. **All GPF funding awards will be subject to sufficient GPF being available for reinvestment.**

3. Charging of interest

- 3.1. The GPF funding operates as a low interest rate loan. Interest will be charged on GPF loans at two percent below the Public Works Loan Board (PWLB) Fixed Loan Maturity Rate or zero percent – whichever is higher.

- 3.2. The exact rate of interest will be determined on the day of the credit agreement being finalised between Essex County Council, as the SELEP Accountable Body, and the lead County/Unitary Authority.
- 3.3. The credit agreement will set out the agreed loan repayment schedule for the project. If the project fails to meet the agreed repayment schedule detailed within the credit agreement, interest will be charged at the full PWLB interest rate from the point of default on the loan repayment.

4. Approach to GPF reinvestment

- 4.1. The GPF prioritisation and award process will consist of three stages as follows:

Stage 1 – Federated Area assessment, sifting and prioritisation of projects based on Strategic Fit, using information from the Expression of Interest form.

Stage 2 – Independent Technical Evaluator (ITE) assessment and scheme prioritisation by the SELEP Investment Panel, based on the Strategic Outline Business Case.

Stage 3 – SELEP Accountability Board funding decision.

5. Types of project that are being sought

- 5.1. The overall objectives of the GPF are to support development at stalled investment sites, improve skills and learner numbers, to accelerate the delivery of new houses and to support the creation of new jobs.
- 5.2. **GPF projects should be aligned with SELEP's strategic objectives as set out in [SELEP's Economic Strategy Statement, Smarter-Faster-Together](#). The Economic Strategy Statement sets out five main priorities:**
 - **Priority 1 – Creating ideas and enterprise**
 - **Priority 2 – Developing tomorrow's workforce**
 - **Priority 3 – Accelerating infrastructure**
 - **Priority 4 – Creating places**
 - **Priority 5 – Working together**
- 5.3. Federated Boards may wish to agree certain SELEP priorities that they wish to target investment towards. Federated Boards should ensure that applicants are made aware of the strategic priorities of their respective Federated Area at the outset of the GPF round 3 process.

6. LGF3b projects

- 6.1. Projects which have previously been brought forward through the LGF3b process may be considered for GPF funding. If the project now states that it can utilise loan funding and has the mechanism available to repay the loan then the project must be removed from the LGF3b process, unless robust justification can be provided to explain why the project should continue to be considered for both funding streams.

7. Stage 1 – Expression of Interest – Federated Area assessment, sifting and prioritisation of projects

- 7.1. Led by Federated Areas, the first stage in the process will be to identify potential projects through an open call for projects and the completion of a GPF Expression of Interest (EOI) form.
- 7.2. The EOI should be submitted to the appropriate lead officer for each Federated Board. If scheme promoters are unclear of the appropriate contact within the Federated Area then they should contact the SELEP Secretariat, at hello@southeastlep.com, who will provide details of the appropriate local contact. Alternatively contact details for each Federated Board can be found on the [SELEP website](#).
- 7.3. Scheme promoters should make initial contact with the appropriate lead officer for the relevant Federated Area, by the 18th October 2019, to inform them of their intention to make a funding bid.
- 7.4. Federated Boards will lead the initial assessment, sifting and prioritisation of projects, based on the agreed eligibility and prioritisation criteria. In particular, Federated Boards are asked to consider the alignment of the project with SELEP and local area strategic growth objectives. Through this assessment, Federated Boards are asked to sift and prioritise projects as per the guidance set out in Table 2 below, in order to create a single prioritised list of projects. A standard template will be provided by SELEP to support this local assessment of projects by Federated Areas.
- 7.5. The prioritised list of projects produced by each Federated Board will represent an initial project prioritisation, based solely on strategic fit with both SELEP and local economic growth objectives. The ITE will then assess each project against the criteria set out in Table 4 below and will provide a RAG assessment indicating how well each project meets the stated criteria, which will be taken into consideration by the Investment Panel during Stage 2 when the final GPF project pipeline is created. This may mean that the order of priority agreed by the Investment Panel differs from the prioritised lists provided by Federated Boards.
- 7.6. For projects to progress to the next stage of the process, submission of a Strategic Outline Business Case to SELEP, they must receive S151 officer sign off from the lead County or Unitary Authority for the project. The sign-off is to confirm that:
 - 7.6.1. the Local Authority agrees to act as the promoting authority for the project and to enter into a credit agreement; and

- 7.6.2. the Local Authority has completed a credit check for the project and confirms that the funding bid is from a creditable source with the means to repay the loan (private sector applicants only).
- 7.7. Local Authority S151 officer sign off is not required at the point of submitting an EOI. However, there is an expectation that at the outset of the process scheme promoters will engage with the relevant lead County or Unitary Authority to seek support for the project. If scheme promoters are unclear of the appropriate contact within the relevant County or Unitary Authority then they should contact the SELEP Secretariat, at hello@southeastlep.com, who will provide details of the appropriate local contact.
- 7.8. Local Authority S151 officer sign off must be obtained prior to submission of the Strategic Outline Business Case to SELEP, which represents the start of Stage 2 of the process.
- 7.9. The risk of non-repayment sits over the fund. This means that Local Authorities that promote projects submitted by third parties are required to demonstrate that they have exhausted all reasonable steps to secure the repayment of the loan, but are not liable to make the GPF repayment if the project fails and the third party is unable to make the loan repayments in full.
- 7.10. As part of the local authority consideration of any GPF application, the lead County or Unitary Authority must be satisfied that the scheme promoter has the financial capability to repay the loan. The promoting Local Authority should complete a credit check on any third-party scheme promoters to consider whether there is a genuine need for GPF investment and whether the third party has the means to repay the loan.
- 7.11. If local authorities wish to recover the cost of completing the credit checks through an application fee, applicants must be informed of this at the outset of the process.
- 7.12. The Independent Technical Evaluator (an independent consultant appointed by SELEP to assess funding applications submitted to the LEP) will be invited to attend each of the Federated Board meetings at which priorities are being agreed, to listen and understand the priorities of the Federated Boards to feed into their assessment during Stage 2 of the process.
- 7.13. The Independent Technical Evaluator (ITE) will also meet the lead officer for each Federated Area to help Federated Boards to identify any showstopper issues before the projects progress to Stage 2 of the process. These meetings will take place in November 2019. The ITE will be commissioned to spend half a day with each Federated Area to review the EOIs received and to help inform the advice to be provided by Federated Area lead officers to their respective Federated Boards about the suitability of projects for this funding opportunity.



Table 2 – Prioritisation of proposed GPF projects – based on Strategic Fit

<p>Assessment criteria to be used when prioritising projects:</p> <ul style="list-style-type: none">• the fit with SELEP and local economic growth objectives;• impact of the project in creating new jobs and/or homes through enabling a specific named development (which has been identified as part of local development policies, plans or investment strategies), safeguarding jobs and/or delivery of skills benefits;• the strength of the case for investment;• compliance with GPF eligibility criteria, as set out in Table 3; and• presence of any showstopper issues or risks.
<p>Minimum requirements for inclusion in single prioritised list:</p> <ul style="list-style-type: none">• the project meets the GPF eligibility criteria, as set out in Table 3; and• no showstopper issues or risks have been identified.
<p>Requirements to be considered a high priority project:</p> <ul style="list-style-type: none">• very strong fit with SELEP and local economic growth objectives;• that the investment will have a direct impact in creating new jobs and/or homes through enabling a specific named development (which has been identified as part of local development policies, plans or investment strategies), safeguarding jobs and/or delivery of skills benefits;• that there is an overwhelming case for investment;• that it meets all the GPF eligibility criteria, as set out in Table 3; and• that there are no showstopper issues or risks.

7.14. To help ensure a proportionate approach to the funding call relative to the amount of funding available, it is advised that the total amount of GPF sought for projects included in the prioritised list of projects for each Federated Area should not exceed the amount of funding available (£20.724m).

7.15. Once Federated Areas have considered a project's fit with the eligibility criteria, it is expected that Federated Areas will consider the projects strategic importance to help determine which bids should progress to the next stage and the appropriate ranking of those bids. Any showstopper issues or risks should also be considered at this stage of assessment.





- 7.16. No thresholds have been defined by SELEP as to the number of projects that should be included within the prioritised list, but a sensible approach must be adopted by Federated Areas to ensure the strategic priorities of the Federated Area are made clear.
- 7.17. Federated Boards should provide a paragraph per project to confirm that the project meets the eligibility criteria and to justify the strategic fit and the project's position on the prioritised list.
- 7.18. When considering each project's fit with the eligibility criteria, a pass/fail approach should be applied.



Table 3 – Eligibility Criteria for GPF investment

Projects put forward for GPF investment must:	
Align with SELEP’s objective to support economic growth	As detailed in Section 5 above
Require capital loan funding investment	GPF funding can only be used for capital loan investment and cannot be used as revenue
Projects should be between £250,000 and £3,500,000	Projects outside of this threshold may be considered by exception where there is an overwhelming strategic case and high level of support from the respective Federated Board
Identify benefits which are expected to exceed the project costs	An assessment of project benefits relative to the amount of GPF sought and total project cost, with consideration for the total GPF available for investment across SELEP. <i>For the project to be approved by the Accountability Board at a later stage of the process, it will be required to demonstrate high value for money with a Benefit Cost Ratio of over 2:1</i>
Demonstrate an ability to deliver the project following the legal requirements for investment of public funds	This will include consideration for the requirement to follow public procurement regulations to the extent which is applicable and to demonstrate that the investment does not constitute State Aid
Only support projects which can demonstrate an ability to repay the GPF loan by 31 st March 2026	The EOI should provide details of a suitable mechanism by which the GPF will be repaid. Prior to the submission of a project Business Case to SELEP, the lead Local Authority will be required to complete appropriate financial checks at the local level to ensure that the scheme promoter has the means to repay the GPF loan. For example, this should consider existing loans taken out by the scheme promoter which may impact on the ability of the scheme promoter to repay the GPF loan
Must receive support from the respective Federated Board and the lead County Council/Unitary Authority	Deadlines have been set out in Table 5 for the submission of Strategic Outline Business Cases. The project must be supported by the respective Federated Board and the lead County Council/Unitary Authority for the application to be considered by SELEP

8. Stage 2 – Strategic Outline Business Case – Scheme prioritisation across SELEP

- 8.1. Once the Federated Boards have assessed, sifted and prioritised their GPF submissions, projects nominated for progression to Stage 2 will be invited to develop a Strategic Outline Business Case (SOBC) using the SELEP template. This SOBC will be assessed by the Independent Technical Evaluator (ITE) based on the criteria detailed in Table 4.
- 8.2. An initial draft of the assessment of each of the projects will be completed by the ITE and shared with the scheme promoter. A teleconference or face to face meeting will then be organised with each of the scheme promoters to discuss any clarification questions and to provide the opportunity for the scheme promoters to respond to the feedback.
- 8.3. The ITE will update their assessment based on the additional information provided and will prepare a report of their findings, which will present projects in bands based on their fit with the assessment criteria.
- 8.4. The ITE assessment will be shared with each of the Federated Board's in sufficient time to allow for Federated Boards to prepare any written comments to be made available to the Investment Panel and considered as part of the preparation of the Investment Panel papers.
- 8.5. The information to be presented to the Investment Panel will include:
 - the amount of GPF funding available, relative to projects expenditure profile;
 - the outcome of the ITE assessment against the agreed criteria;
 - the prioritisation and assessment of the Strategic Fit by the Federated Boards;
 - the ITE assessment of the need for intervention, viability, deliverability, expected benefits, pace of benefit realisation and contribution to the establishment of a revolving fund; and
 - Federated Board written comments on the ITE assessment.
- 8.6. A greater weighting will be placed on the strategic fit of the project, as determined by the Federated Boards. The role of the ITE assessment is to provide technical input and to help identify any project constraints which may impact on the suitability of the project for GPF funding, based on the criteria detailed in Table 4.
- 8.7. The Investment Panel will be convened to agree the priorities for the £20.724m GPF available.



Table 4 – Details of the RAG rating for the ITE assessment undertaken in Stage 2

Section	RAG rating	Scoring Guide
This section assesses the need for public sector intervention		
Need for Intervention (ITE to assess)	Green	Awarded to Business Cases which: - strongly demonstrate the need for public sector intervention
	Amber	Awarded to Business Cases which: - demonstrate the need for public sector intervention
	Red	Awarded to Business Cases which: - do not clearly demonstrate the need for public sector intervention
This section should justify the total cost of the project including any assumptions made, the GPF required, the additional sources of funding and how secure they are		
Viability (ITE to assess)	Green	Awarded to Business Cases which: - justify the costs of the project including any assumptions made - identify the timescales over which the GPF is required - demonstrate that any additional funding sources which are required to deliver the project have been secured - explain how the ongoing operational costs will be met
	Amber	Awarded to Business Cases which: - justify the costs of the project including any assumptions made - identify the timescales over which the GPF is required - identify the additional sources of funding - create some uncertainty as to the availability of other funding sources which are required to deliver the project (e.g. sources of funding have been identified but have not been secured in full) - explain how the ongoing operational costs will be met



Section	RAG rating	Scoring Guide
	Red	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - do not provide sufficient evidence that the project costs have been considered in detail - do not provide sufficient detail as to how other projects costs will be met - create uncertainty as to the availability of other funding sources which are required to deliver the project (e.g. funding sources have not been secured in full)
		<p>This section should provide evidence of the planning status, any additional approvals required, the property ownership and any legal requirements that might delay the project or benefits realisation</p>
	Green	<p>Awarded to Business Cases where:</p> <ul style="list-style-type: none"> - evidence is provided that potential delivery constraints and project dependencies (including, but not limited to, land and property acquisition, planning approval and environmental constraints) present a low risk to the project cost and the project delivery timescales
Deliverability (ITE to assess)	Amber	<p>Awarded to Business Cases where:</p> <ul style="list-style-type: none"> - evidence is provided that potential delivery constraints and project dependencies (including, but not limited to, land and property acquisition, planning approval and environmental constraints) present a low to medium risk to the project cost and the project delivery timescales
	Red	<p>Awarded to Business Cases where:</p> <ul style="list-style-type: none"> - evidence is provided that potential delivery constraints and project dependencies (including, but not limited to, land and property acquisition, planning approval and environmental constraints) present a medium to high risk to the project cost and the project delivery timescales
Expected Benefits (ITE to assess)		<p>This section should show the impacts that the project is likely to have, the extent to which the stated project benefits are dependent on the delivery of the GPF project and the scale of benefits</p>





Section	RAG rating	Scoring Guide
	Green	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - demonstrate substantial project outcomes, including delivery of new jobs/homes, safeguarded jobs and skills benefits which are expected to outweigh total project costs - provide robust, well-evidenced analysis of the estimated number of jobs and homes that the scheme is going to support, jobs safeguarded, or skills benefits delivered
	Amber	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - demonstrate project outcomes, including delivery of new jobs/homes, safeguarded jobs and skills benefits which are expected to outweigh total project costs - provide some evidence of the estimated number of jobs and homes that the scheme is going to support, jobs safeguarded or benefits to skills levels, but the analysis is insufficiently transparent
	Red	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - demonstrate project outcomes, including delivery of new jobs/homes, safeguarded jobs and skills benefits, but which are not expected to outweigh total project cost - do not provide sufficient evidence of how the number of jobs and homes that the scheme is going to support, or skills benefits have been estimated, and there is insufficient evidence to justify assumptions
Pace of benefit realisation (ITE to assess)	Promoter will need to explain how quickly the project benefits will be realised once the investment has taken place	
	Green	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - demonstrate that the benefits of the project will immediately follow project completion - have low risk of the project benefits not materialising
	Amber	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - have project dependencies identified which may impact on the pace of the project benefits coming forward - have low to medium risk of the benefits not materialising at the pace detailed in the Business Case





Section	RAG rating	Scoring Guide
	Red	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - have project dependencies/risks which may impact on the pace of the project benefits coming forward - have medium to high risk of the benefits not materialising at the pace detailed in the Business Case
Contribution to the establishment of a revolving fund (ITE to assess)	<p>Promoters will need to provide evidence of how they intend to repay the loan together with an anticipated timetable for repayment by 31st March 2026</p> <p>This will include consideration of the local financial check and the ability of the project to repay the GPF loan</p>	
	Green	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - Commit to a 5-year loan repayment schedule and no concerns raised through company credit checks
	Amber	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - Commit to a 5-year loan repayment schedule and no concerns raised through company credit checks but some concerns raised over the certainty of the proposed repayment mechanism
	Red	<p>Awarded to Business Cases which:</p> <ul style="list-style-type: none"> - Cannot commit to repay the loan by 31st March 2026 or issues have been raised through company credit checks
Strategic Fit (Federated Boards to assess at Stage 1)	<p>This section will be assessed by Federated Areas at Stage 1, based on the projects fit with SELEP and local economic growth objectives. The assessment criteria are set out in Table 2</p>	

9. Stage 3 – SELEP Accountability Board Funding Decision

- 9.1. Once the Investment Panel have agreed the priorities for investment of the £20.724m GPF currently available, project promoters will be required to strengthen the Business Case to include a full value for money assessment.
- 9.2. The Independent Technical Evaluator (ITE) will complete a further review of the Business Case and recommendations will be made to the SELEP Accountability Board for the funding decision to be made. The dates for Accountability Board in 2020/21 are included in Table 5.

10. Timescales for GPF investment

10.1. Table 5 sets out the timescales for GPF prioritisation. The timescales are based on the forward schedule of Federated Board meetings.

Table 5 – Timescales for GPF prioritisation

	Approval of GPF prioritisation approach by the Strategic Board	4 th October 2019
	Launch of GPF funding round – Open Call for projects	8 th October 2019
	Potential scheme promoters to make initial contact with Federated Area leads	18 th October 2019
Stage 1	Expression of Interest submission to Federated Area leads	1 st November 2019
	Review of Expression of Interest by Federated Area leads	November 2019
	Federated Board decision on schemes to be nominated to SELEP	6 th December 2019 ¹
	SOBC submission to SELEP (Development of SOBC's should commence as soon as Federated Board decision has been made on priorities)	24 th January 2020
Stage 2	SELEP ITE review complete 27 th January to 14 th February – First review by ITE 14 th February to 28 th February – Clarification questions and meetings with scheme promoters 28 th February to 13 th March – Second review by ITE and draft ranked list	February to March 2020
	Attendance at Federated Boards by ITE Opportunity South Essex – 4 th March 2020 Essex Federated Board and Team East Sussex – 16 th March 2020 Kent and Medway Economic Partnership – 17 th March 2020	March 2020
	Written comments back from Federated Boards Written comments to be included as an attachment to the Investment Panel papers	27 th March 2020
	Investment Panel meeting to agree GPF pipeline	April 2020 (date to be confirmed)
Stage 3	Accountability Board meeting for final funding decision	2020/21 Accountability Board dates: 15 th May 2020 3 rd July 2020 18 th September 2020 20 th November 2020 12 th February 2021

¹ Exact date will depend on the schedule for each Federated Board meeting in November 2019

