Growing Places Fund (GPF)

Introduction

The Growing Places Fund (GPF) is a Government regeneration programme. Its purpose is explained in the GPF prospectus jointly issued by the Department of Communities and Local Government and the Department for Transport in November 2011 -

> *Infrastructure is essential to realising the nation's ambition for continued housing and economic growth; enabling it to happen and ensuring it is sustainable in both urban and rural settings. Forward funding of infrastructure – particularly where development interests are held by a number of parties – can be challenging to secure in advance of development.*
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> *In the current economic climate many otherwise viable schemes are not able to proceed because capital constraints have reduced the flow of investment in the physical infrastructure which unlocks development (e.g. transport, utilities and flood defence), stymieing the creation of much needed homes and jobs.*
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> *The Growing Places Fund aims to help address this constraint; enabling targeted investment in pieces of infrastructure which unlock development, allowing places to realise development values which can be recycled to provide a longer term solution to infrastructure provision.*

The Cheshire and Warrington Growing Places Fund

In Cheshire and Warrington, GPF is managed by the Cheshire and Warrington Enterprise Partnership (CWEP) as a loan fund. It seeks to enable projects to take place that otherwise could not due to difficulty in assembling a commercially viable funding package. Applicants will have sought finance from banks and financial institutions before applying for GPF as a last alternative. Projects funding will typically be made up from a combination of commercial finance, applicant's equity, GPF and other public sector funding. Projects must demonstrate that they are viable and loans are made on a commercial basis. As such, the loan rate will vary from project to project and the Cheshire and Warrington Enterprise Partnership has retained independent consultants to advise it on the appropriate rate for each project.

The national rules for GPF require the money to be managed by a local authority acting as an accountable body. In this area the accountable body is Cheshire East Council. As such, loan agreements will be between the applicant and Cheshire East Council.

European State Aid Rules

State Aid rules operate across the European Union and 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 European State Aid 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. Guidance on State Aid can be found at https://www.gov.uk/state-aid

Eligibility Criteria

In Cheshire and Warrington, GPF projects will be assessed against the following criteria –

Compliance of end use	Capital* infrastructure to facilitate construction projects that will deliver employment floor space or residential development. GPF does not fund revenue schemes.
Financial viability	The project should be capable of showing financial viability subject to public sector support from the Growing Places Fund. GPF normally funds a maximum of 50% of the capital costs (higher levels may be available in exceptional circumstances where projects are of sub regional significance)
Prospects for repayment	The GPF investment should be repayable from the revenue or capital receipts associated with the project and the applicant will need to demonstrate how this will be achieved
Value for money	The project must demonstrate value for money in the unit cost of outputs, including an allowance for deadweight and displacement
Deliverability	The applicant must demonstrate the project is deliverable, with particular reference to site ownership, planning consents, availability of development finance, financial standing of the applicant, speed in delivering the agreed outputs
Security	Loans are made on a commercial basis and applicants will have to provide acceptable security against the value of the loan.
State Aid Compliance	All projects have to comply with State Aid regulations
Availability of private sector funding	The applicant will have to demonstrate the availability of the private sector funding that will

	be levered in by the GPF award
Alignment to LEP priorities	The applicant will have to demonstrate how the project aligns with LEP's development and infrastructure priorities
Other public funding	The applicant will have to demonstrate if other public sector funding can be levered in to the project.

*Capital Expenditure
The following gives some general guidance on expenditure that can be regarded as Capital.

Expenditure can be capitalised where it relates to the:
• Acquisition, reclamation, enhancement or laying out of land.
• Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.

For example, the fees of the architect that designs and manages a housing development could be viewed as capital for Growing Places Fund applications. The marketing costs of the same development would not be.

Freedom of Information

Please note that the Cheshire & Warrington Enterprise Partnership and Cheshire East Council are subject to the requirements of the Freedom of Information Act 2010 (**FOIA**) and may be required to disclose information contained in your application and/or subsequent correspondence and/or documentation entered into with you if a request for the disclosure of such information is made under the FOIA.

Fees

When an Expression of Interest is accepted (see Project Selection and Investment Process), the applicant is invited to move onto the appraisal and due diligence stage. At this point applications are subject to a commitment fee. This means if the LEP goes on to offer the applicant a loan but that is declined, then the applicant is liable for the costs the LEP has incurred on the due diligence process. If there is no offer made following due diligence, then the commitment fee is waived by the LEP.

If an applicant accepts the offer of a loan and completes the legal documentation but subsequently pulls out, then the commitment fee covers the cost of appraisal, due diligence and the LEP legal costs.

Should an applicant not draw down the entire loan facility there is a non-utilisation fee amounting to half the interest lost to the Enterprise Partnership. This is calculated with reference to the agreed loan draw down schedule in the legal documentation.

Loans are subject to a 1% arrangement fee, payable when legal documentation is signed.