

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b>	<b>10<sup>th</sup> June 2016</b>
<b>Date of report:</b>	<b>31<sup>st</sup> May 2016</b>
<b>Title of report:</b>	<b>Growing Places Fund Update</b>
<b>Report by:</b>	<b>Suzanne Bennett</b>
<b>Enquiries to:</b>	<a href="mailto:suzanne.bennett@essex.gov.uk">suzanne.bennett@essex.gov.uk</a>

## 1. Purpose of report

- 1.1 The purpose of this paper is to present an update to the Board on the Growing Places Fund.

## 2. Recommendations

- 2.1 Board is asked to:
- Note the financial position for the fund as at 31<sup>st</sup> March 2016; and
  - Note the current repayment schedule for the fund.

## 3. Background

- 3.1 Government first established the Growing Places Fund programme in 2012. The purpose of the programme is to unlock housing and job growth through the provision of enabling infrastructure via revolving infrastructure funds that would be funded through Government Grant.
- 3.2 Government recognised that whilst the bulk of funding would be capital, there was a revenue impact of managing the programme and in some cases revenue funding would be required and therefore a mixture of funding was awarded. The totals for SELEP are:

	<b>£000</b>
Capital	45,477
Revenue	3,733
Total	<b>49,210</b>

- 3.3 As at 31<sup>st</sup> March 2016, £48.7 million of the fund is allocated to projects, of which £34.4 million has been invested and £2.8 million of repayments have been made. Full details per project can be found at Annex A.

- 3.4 Following the grant awards, a process was agreed with the SELEP Board of the time for the allocation of loans. This process included the following principles:
- that no interest would be charged on the loans except where required by State Aid regulations;
  - that an independent review of projects would be carried out to offer assurance to the Board on approval of investments; and
  - that all project funding would flow via the appropriate upper tier Authority.
- 3.5 Following a review of the Fund performance in March 2014, the Board agreed that the Growing Places Fund would bear the risk of default on the loans made from the Fund rather than the upper tier authority to which the funding had flowed.
- 3.6 Since the agreement that the fund should bear the risk of non-repayment, the majority of the approved investments have been finalised, however there are three projects that have not yet reached final completion of their credit agreements. This is due to the more complex nature of these projects; their repayment proposals; and one project is under-going a significant change of scope and requiring further authorisation from the Board. Every effort is now being made to bring these projects to conclusion so that focus can be given to the future of the fund.
- 3.7 In October 2015, East Sussex County Council confirmed that that the additional £715,000 allocation to the Sovereign Harbour Project in Eastbourne was no longer needed and the allocation was released. A full breakdown of the remaining allocations can be seen in Annex A.
- 3.8 In addition to capital loans, in March 2013 the SELEP Board agreed that £1.2 million of revenue funding would be made to Harlow District Council to support the Harlow Enterprise Zone. This revenue funding was made on a grant rather than a loan basis. This was made as a grant as local authorities are unable to borrow to support revenue spending. A yearly breakdown of grant awarded, and that remaining to Harlow DC, can be found at Annex B.
- 3.9 A number of projects have now completed and are in repayment phase and some projects have completed repayment (details can be found in Annex A). In September 2015 the Strategic Board selected to delay any further investment rounds until a final decision had been made on SEFUND. A paper on SEFUND is being taken to Strategic Board later this month (June) and the future of GPF will form part of that paper.
- 3.10 Details of planned repayments can be found at Annex C.
- 3.11 It is calculated that due to awarding the loans on an interest free basis, £1.1 million of interest has been forgone for the fund to 31<sup>st</sup> March 2016. Whilst this represents a loss for the fund itself, it is a saving for the delivery organisations; in the majority of cases this has been a partner organisation of SELEP.

#### **4. Financial Implications**

- 4.1 There is now a significant balance of repaid funds being held and these funds should be reinvested as soon as possible. The Accountable Body has been working with the Secretariat to support the developing picture on SEFUND and will continue with that support.
- 4.2 It should also be noted that continuing to offer investments on an interest-free basis will begin to erode the true value of the fund over time.

#### **5. Legal Implications**

- 5.1 None at present.

#### **6. Staffing and other resource implications**

- 6.1 None at present.

#### **7. Equality and Diversity implications**

- 7.1 None at present.

#### **8. List of Appendices**

- 8.1 Annex A – Detailed list of projects
- 8.2 Annex B – Revenue grant information
- 8.3 Annex C – Cashflow for the Fund

#### **9. List of Background Papers**

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Lorna Norris	02/06/16
On behalf of Margaret Lee	

## Growing Places Fund Project Detail

Name of Project	Area	Status	£000's		
			Total Allocation	Invested to Date	Repaid to Date
Priory Quarter - Phase 3 Hastings	East Sussex	Investment	7,000	7,000	-
North Queensway, Hastings	East Sussex	Repayment	1,500	1,500	1,000
Rochester Riverside	Medway	Investment	4,410	4,410	-
Chatham Waterfront	Medway	Investment	2,999	2,999	-
Bexhill Business Mall	East Sussex	Repayment	6,000	6,000	25
Parkside Office Village	Essex	Investment	3,250	3,250	540
Chelmsford NE Urban Expansion	Essex	Repaid	1,000	1,000	1,000
Grays Magistrates' Court	Thurrock	Repayment	1,400	1,400	200
Sovereign Harbour	East Sussex	Investment	4,600	4,600	-
Workspace Kent	Kent	Investment	1,500	1,437	-
Enterprise West Essex	Essex	Working to agreement	3,500	-	-
Discovery Park	Kent	Working to agreement	5,315	-	-
Live Margate	Kent	Working to agreement	5,000	-	-
Harlow EZ Start Up Grant	Harlow	Grant awarded	244	244	-
Harlow EZ - Revenue Grant	Harlow	Grant awarded	1,000	544	-
Administration support drawdown			2	2	-
<b>Total</b>			<b>48,720</b>	<b>34,386</b>	<b>2,765</b>

## Growing Places Fund – Revenue Grants

Name of Grant/Drawdown	Allocation - £000s	Drawdowns - £000s					Total	£000s
		2011/12	2012/13	2013/14	2014/15	2015/16		
Total Revenue Funds from Govt								3,733
Harlow EZ - Start Up Fund	244				244		244	455
Harlow EZ - Admin Costs	1,000				177	368	545	
Admin support	2	2					2	
<b>Allocation Remaining for Harlow EZ</b>								
<b>Remaing Revenue Grant</b>								<b>2,487</b>

## Repayment Schedule

Name of Project	£000s													
	To Date	Q1 - 16/17	Q2 - 16/17	Q3 - 16/17	Q4 - 16/17	Q1-17/18	Q2 - 17/18	Q3 - 17/18	Q4 - 17/18	2018/19	2019/20	2020/21	2021/22	2022/23 +
Priory Quarter - Phase 3 Hastings	-				400				400	400	400	5,400		
North Queensway, Hastings	1,000				500									
Rochester Riverside	-								110	130	1,650	2,520		
Chatham Waterfront	-										2,999			
Bexhill Business Mall	25				200				300	500	4,975			
Parkside Office Village	540				1,080				1,630					
Chelmsford NE Urban Expansion	1,000													
Grays Magistrates' Court	200				300				300	300	300			
Sovereign Harbour	-				25				200	300	475	400	3,200	
Workspace Kent	-		147	74		74		74		447	507	114	63	
Enterprise West Essex*	-								1,500	500	500	500	500	
Discovery Park*	-													5,315
Live Margate*	-									1,000	1,000	1,000	1,000	1,000
<b>Total</b>	<b>2,765</b>	<b>-</b>	<b>147</b>	<b>74</b>	<b>2,505</b>	<b>74</b>	<b>-</b>	<b>74</b>	<b>4,440</b>	<b>3,577</b>	<b>12,806</b>	<b>9,934</b>	<b>4,763</b>	<b>6,315</b>
<b>Cumm - Total</b>	<b>2,765</b>	<b>2,765</b>	<b>2,912</b>	<b>2,986</b>	<b>5,491</b>	<b>5,565</b>	<b>5,565</b>	<b>5,639</b>	<b>10,079</b>	<b>13,656</b>	<b>26,462</b>	<b>36,396</b>	<b>41,159</b>	<b>47,474</b>

\*Indicative repayments - final agreements not yet reached