

Hull and East Yorkshire LEP Board

23rd November 2023

Report from Jacquie Newman, Investment Programme Coordinator

Paper F – Growing Places funding Governance and Decision Making

1. Summary

- 1.1 This paper provides the LEP Board with an overview of the governance and decision making processes associated with the allocation of Growing Places funding through the HEY LEP's Investment Programmes team.
- 1.2 The funding decision making processes followed by the Investment Programmes team are the same as those followed by the Humber LEP for the Growing the Humber Grant Programme (2014) and the Growing Places Loan Programme (2014), followed by that of the Growing Hull and East Yorkshire (GHEY 2020-22) as set out in the HEYLEP Local Assurance Framework 2021.
- 1.3 The decision making process for the Growing Places Fund grant and loans is summarised in the flow chart at **appendix 1** which is included within the HEY LEP's Local Assurance Framework.
- 1.4 The Investment Programmes team have recently reviewed the process and recommend an update to the HEY LEP Local Assurance Framework document that would give a clearer understanding of the processes undertaken by both the applicant and decision makers. The proposed changes are included in the flow chart attached at **appendix 1**.

2. Recommendations

- 2.1. The Board notes the amendments to the decision making process and the updated process.

3. Report

3.1 The Growing Places Fund – Application process for grants and loans

Applying for Growing Places Funding is a two-stage application process.

STAGE ONE - THE EXPRESSION OF INTEREST (EOI)

- The applicant submits a short (EOI) which broadly sets out the business' current activities and the capital investment project for which funding is required. It allows the Programme Delivery Team to check that the business and project are eligible before an invitation to submit a full application is issued.
- In exceptional or high-risk circumstances i.e. where the company have already received 4 grant awards, significant reduction in headcount or a large company the Investment Panel are asked to approve an EOI before progression to the application stage.

Time Frame – A decision on whether the EOI can be progressed to full application stage is normally provided within a week of submission.

STAGE TWO – FULL APPLICATION

- The HEY LEP Programme Delivery Team appraises the submitted full application, seeking clarity if necessary.
- Documents appraised include:
 - Full Application Form
 - 3-year historical accounts including one set of management accounts
 - 3-year financial forecast
 - Comprehensive business plan
 - 3 quotes for each item requested and a signed Subsidy Control Form.

Full Application Time Frame – 1-2 months. Application deadlines are aligned to Investment Panel meeting dates so late or incomplete submissions will result in an application being deferred to the next panel date.

Appraisal Time Frame – Generally an application is fully appraised within a month of submission. This appraisal includes both financial and legal checks undertaken by the Accountable Body as well as the following up of any resulting queries. Every application is thoroughly reviewed, the Investment Programme Team establish good connections with the business to ensure the strongest and best possible cases are taken to the Investment Panel for funding decisions.

Care and attention are taken during the application process to reduce the risk of issues arising for either the applicant or the programme after contracting.

Investment Panel – Reviews application and makes funding decisions.

Additional considerations:

- Applications in excess of £100k - In the event of an application being in excess of £100K not only is the standard appraisal carried out, as above, but a request is sent out to established well used companies to carry out external due diligence on the business and application. This can extend the time frame for the appraisal of the application to be confirmed.
- Applications in excess of £250k - in the exceptional circumstance of the application being submitted exceeding £250K, the Investment Panel will recommend approval by the HEYLEP main board. The board reviews the application and confirms or rejects IP decision.

3.2 Roles and Responsibilities of the Investment Panel

- To consider and assess applications on behalf of the HEY LEP board, for business capital investment funding, including external due diligence and make funding decisions or recommendations.
- To approve or decline applications under the scheme and to make recommendations to the HEY LEP board where appropriate.
- To monitor spend and outcomes of the projects and to report on progress to the relevant LEP Board and sub-Boards

3.3 Roles and Responsibilities of Hull City Council (the Accountable Body)

- Final approval of the grant award is given by Hull City Council
- Decision is communicated via the Investment Programmes team who work with Hull City Council's legal team to arrange contracts, claims processes etc.
- Applicant delivers the project and the Investment Programmes team works closely with them to monitor progress and ensure outputs are delivered and evidenced within the designated contract period. Funds are claimed retrospectively on submission of eligible claims and proof of expenditure leaving their company bank accounts.