

Hull and East Yorkshire LEP Board

Report from Jacquie Newman, Investment Programme Coordinator

**Paper F** – Levelling Up Partnership – Growing Places Fund Investment Panel Proposal  
20<sup>th</sup> March 2024

## **Levelling Up Partnership – Investment Panel/LEP Board Proposal (new Business Board involvement).**

### **1. Summary**

Hull City Council has been successful in securing funding from the Governments Levelling Up Partnership of up to £19.3 million. Within the programme there is a **£1M** allocation to deliver a new Business Loan Scheme. This will operate only for businesses within Hull boundaries.

The capital allocation must be defrayed by 31st March 2025, and consequently there is a need to progress in a timely manner, ensuring the scheme is operational and generates sufficient enquiries, referrals and applications to meet the defrayal conditions.

### **2. Report**

#### **2.1. Request of the Investment Panel**

2.2. It is being proposed that the £1m LUP loan applications make use of established processes and system, successfully used by the HEY LEP Growing Places Loan/ Grant Fund and would be utilised and adapted as appropriate.

2.3. Applications will be received, largely through referral from other providers, such as the Northern Powerhouse Investment Fund and High Street Banks but also potentially via intermediaries and in limited instances, directly. There may be applications received outside the geographical boundaries or too large for this scheme which may be appropriate to refer to the GPF scheme.

2.4. Applications will be closely risk assessed, including by the councils legal and finance teams. If appropriate, external due diligence will be sought, supplementing internal and syndicated loan partner due diligence. It is expected that the majority of loans would come via the NPIF route & would thus already have been subject to external due diligence, but this is not a given.

2.5. It is proposed that following internal checks/due diligence, applications will be considered by the Investment Panel who have considerable skills and experience in the application decision making process. This in effect would mean new responsibilities are taken on by the Panel which would require the Panel to continue providing support to the Investment Programme Team and the interim structure which would replace the LEP prior to the proposed

Combined Authority being established. As such the TOR will need some slight amends.

- 2.6. Following the panel assessment and recommendation on whether to support or not, including loan terms, all decisions will ultimately be made by the Director of Finance and Transformation, via future decision records, as is the case with Growing Places loans. The approval process will (save for approval by the new Business Board) be the same as GPF loans.
- 2.7. Appropriate security will be taken when appropriate and available, generally a charge over the fixed asset and/or a personal guarantee. As most loans will be provided on a syndicated basis, alongside another loan provider, security will need to be co-ordinated with cross defaults applied to fairly mitigate risks.
- 2.8. Loans will attract an interest charge, generally replicating the level applied by the syndicated/primary lender.
- 2.9. There is an expectation of no more than 15 loans to be awarded within the tight time constraints of the programme.

There will be no additional administration requirements from the HEY LEP's current Investment Programme Team, apart from ensuring the Investment Panel meetings takes place and recommendations are recorded for the Accountable Body as appropriate.

### **3. Reporting**

- 3.1. Ongoing reporting will be through the Accountable Body.

#### **3.2. Investment Panel Recommendation**

- 3.3. This proposal was discussed by the Investment Panel on Tuesday 12th March 2024. The Investment Panel was quorate and approved the proposal that they consider any loan applications coming forward from the additional £1m allocated to the Levelling Up Partnership.

#### **3.4. LEP Board Recommendation**

- 3.5. That the LEP Bord recommend that the Investment Panel take on this additional responsibility as outlined in this proposal