

## Growing Places Fund Guidance

### Purpose

The Government considers encouraging economic growth as a key priority. It is concerned that, in the current economic climate, some schemes with the potential to offer significant economic growth were unable to proceed due to the lack of investment. In response, the Government announced a £500m Growing Places Fund jointly led by the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT).

The Dorset Local Enterprise Partnership has been allocated £9.6m through the Growing Places Fund, which is being administered on their behalf by Dorset County Council.

The Dorset Local Enterprise Partnership (DLEP) is committed to using the Growing Places Fund to generate economic activity in the short term by addressing immediate infrastructure and site constraints which promote the delivery of jobs and housing. The fund may also be used where businesses are unable to access alternative funding mechanisms for viable schemes that will deliver economic growth.

### Eligibility

In order to qualify for a Growing Places Fund loan from the Dorset Local Enterprise Partnership, the majority of the benefit will need to be within the County of Dorset (including the unitary authority areas of Bournemouth and Poole).

The Fund is available to any size or type of organisation.

It is expected that the loans requested are over £100,000.

There may be State Aid issues due to the use of public money, which will need to be satisfied during the approval process and will be reviewed when setting the interest rates.

Interest rates are assessed using European Commission guidance as set out in the Communication of 19 January 2008 which can be found at:

[http://ec.europa.eu/competition/state\\_aid/legislation/reference\\_rates.html](http://ec.europa.eu/competition/state_aid/legislation/reference_rates.html)

The EC Reference rate is used as the variable base rate and has been set at 0.88% p.a. for the UK (from 01 January 2014). This rate is then increased by a margin to reflect the creditworthiness of the borrower and the level of collateral offered. The margins are set out below. Where a borrower does not have a credit history or credit rating the base rate should be increased by at least 4:00%.

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Creditworthiness	Collateralisation		
	High	Normal	Low
Strong	0.60%	0.75%	1.00%
Good	0.75%	1.00%	2.20%
Satisfactory	1.00%	2.20%	4.00%
Weak	2.20%	4.00%	6.50%
Potential Financial Difficulties	4.00%	6.50%	10.00%

### Process

1. Expressions of Interests are invited (see [www.dorsetlep.co.uk](http://www.dorsetlep.co.uk) for more information).
2. Submitted Expressions of Interest are reviewed by steering group on behalf of the DLEP Board. Schemes meeting all the criteria are invited to go to the next stage.
3. An independent assessor undertakes a Strategic Evaluation to ensure scheme is viable and highlights any issues.
4. Dorset County Council undertakes due diligence of scheme.
5. DLEP Board approves funding and any conditions.
6. Dorset County Council and applicant enter into Funding Agreement.
7. Applicants are able to draw down money from Dorset County Council.

Due to the Growing Places Fund being public money and the processes involved, schemes should anticipate the process taking six months before funding can be drawn down and full financial disclosure will be required, which will be treated with the utmost confidentiality.

Schemes that have their GPF loan approved will have six months to enter a Funding Agreement and draw down funding, before being reviewed to ensure it is not holding up funds that could be utilised elsewhere.