



Report to the Director Finance &
Transformation

20 February 2025

Wards: All

Supporting Report to Decision Record Growing Places Fund – Entering into Grant Funding Agreement(s)
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Report of the Finance Business Partner

This item is not exempt
Therefore exempt reasons are not applicable

This is a Non-Key Decision

The decision is not a key decision of the Council as it does not result in expenditure or savings to the Council's budget as the role of the Council is limited to that of accountable body, that the funding represents value for money and that there are appropriate safeguards in place to ensure the money is spent in accordance with appropriate legal requirements.

1. Purpose of the Report and Summary

1.1 This decision record authorises the entering into grant funding agreements under the Growing Places Fund Grants scheme.

2. Recommendations

2.1 To enter into funding agreements with the companies listed in Appendix1 on the basis that the projects to be funded are compliant with the requirements and objectives of the Growing Places Fund scheme, having been subject to due diligence on behalf of the LEP.

2.2 That in accordance with the Council's role as the accountable body for the Growing Places Fund scheme, the Director of Legal Services & Partnerships be requested to draw up offer letters/legal agreements which will deal with the named projects' timescales for delivery, draw down of funding, repayment of ineligible expenditure, outputs and monitoring requirements as well as any procurement and publicity requirements.

3. Reasons for Recommendations

- 3.1 Following approval, this decision record will allow the grants to be paid to the recipient in arrears as specified by the requirements of the Growing Places Fund scheme.

4. Impact on other Executive Committees (including Area Committees)

- 4.1 None

5. Growing Places Fund – Grants scheme

- 5.1 The scheme was established by the Hull & East Yorkshire LEP following a Strategic Review of the Growing Places Loan fund and the cessation of Growth Funding to the LEP which had previously supported the Growing the Humber (Humber LEP) and Growing Hull & East Yorkshire (HEY LEP) grant schemes.

- 5.2 The review which concluded that there was an ongoing appetite for a grant scheme within the Hull & East Yorkshire area but a lesser demand in relation to loans. The loans fund was also competing with the Northern Powerhouse Investment Fund (<https://www.npif.co.uk/>) which also provides equity finance alongside loans.

- 5.3 Some of the key messages and findings from the consultation are set out below:

- There is still a strong need for modest amounts of capital funding to support SME businesses in making capital investments and mitigating challenging economic environments. Business investment grant programmes such as Growing the Humber and Growing Hull and East Yorkshire are occupying a space that others aren't.
- Loans remain of little appeal to many SME businesses – those that are in the market for finance have options available to them from banks, investors, mezzanine finance specialists etc. While there may be times when offering a loan in preference to a grant is desirable (e.g. large enterprises, projects with quick payback), the focus should be on grants.
- These are also more cost effective to administer and more businesses will be able to benefit from smaller amounts of funding than could be awarded as loans due to FSA regulations.
- Supporting businesses and communities with the transition to net zero and low carbon technologies will be increasingly important due to looming targets and ambitions but limited line of sight to financial support and incentives from government.

This is also likely to be a way to engage with rural businesses and communities, many of which may not have been a good fit with previous grant programmes.

- There is a need for simplicity and equitability across the programme requirements – many businesses find differentials like Assisted Area status confusing and demonstrating benefit beyond simple core metrics such as job creation difficult. However, a new programme must also balance this with maintaining adherence to the UK Subsidy Control regime and competition rules.

5.4 The LEP agreed to utilise

- £3.25m of the balances available on the Growing Places Loan fund of which £0.45m from this allocation is ring-fenced to cover programme management and administration, including the retention of the existing Investment Programmes Co-ordinator and Investment Programmes Officer roles (£2.8m net)
- Any underspend on the Growing Hull & East Yorkshire Grants scheme (then estimated at £275k)
- Any underspend on the Local Growth Fund &/or Getting Building Fund (TBD).

6. Options

6.1 It is not the role of the accountable body to duplicate or replicate the LEP process by re-opening or re-examining the decisions of the relevant LEP Boards, sub boards and panels. There are therefore no other options to be considered at this point.

7. Projects

7.1 Details of the projects comprising this Decision Record are shown at Appendix 1.

8. Summary of Fund position

Original funds available	£3,250,000
Additional funds awarded from savings in GBF M&A	<u>£ 293,070</u>
Total Funds Available	£3,543,070

Allocations approved in previous decision records	£2,981,328.19
Less previous allocations underspent or withdrawn	<u>£ 199,842.25</u>
	£2,781,485.94

Administrative overheads in managing the scheme	£450,000
Funding available	£311,584.06
Allocations recommended in this decision record (see appendix A for details)	£43,286.68
Funding available after these allocations	£268,297.38

9. Due Diligence/Subsidy Control Regime

9.1 All grants are reviewed internally but grants in excess of £100k are normally also subject to due diligence. The Project Board also reserves the right to commission external due diligence for any project in circumstances where this is deemed appropriate.

9.2 The proposed grants have also been considered under the new UK Subsidy Control Regime and are deemed compliant.

10. Offer Letter

10.1 The funding agreement takes the form of a draft Offer Letter, which has been drawn up and covers, inter alia:

- Audit requirements
- Future years funding
- Monitoring
- Record retention
- Reports
- Variations to, withholding of repayment of the grant (including details of ineligible expenditure)
- Procurement requirements
- Subsidy Control Regime
- Freedom of Information
- Public Sector Equality duty
- Management
- Insurance
- Publicity
- Evaluation

11. Comments of the Monitoring Officer (Assistant Direct Legal Services and Governance)

11.1 Release of the grants may be authorised by the Director of Finance under the adopted LEP Assurance & Accountability framework. Template documentation is already in use to support the grant allocations and the terms of the offer letter mitigate the exposure of the Council, as accountable body, to risk or liability. The grants will

assist small businesses in developing and assist in regional regeneration. [CA]

12. Comments of the Section 151 Officer (Director of Finance and Transformation)

12.1 The Director of Finance notes the awards of the grants set out in this Decision Record. (GS)

13. Comments of Assistant Director of HR & OD and compliance with the Equality Duty

13.1 There are no staffing or equality issues arising for the Council

14. Comments of Overview and Scrutiny

14.1 This decision has not been subject to pre-decision scrutiny (Sc8641 - AS)

15. Comments of the Portfolio Holder for Business Support & Change

15.1 Not applicable.

Graeme Smith,
Finance Business Partner

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Officer Interests: None

Background Documents: - None

Implications Matrix

This section must be completed and you must ensure that you have fully considered all potential implications

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc. prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant Assistant Director	Yes
I have included any procurement/commercial issues/implications within the report	Yes
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	Yes
I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	Yes
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	Yes
I have included information about how this report contributes to the City Plan/ Area priorities within the report	No
I have considered the impact on air quality, carried out an appropriate assessment and included any resulting actions or opportunities necessary to improve air quality in the report.	No

Appendix 1

Company/ Organisation Name	Synopsis of Project	Area	GPF Grant Offered (£)	Private Sector match (£)	Total Project Cost (£)	Special Conditions of Grant Offer	Date Application Approved
Abbey Joinery Hull Limited	The project is to purchase a new CNC with tooling, an extraction system, compressor and lifter. To enable an increase in capacity by 50%.	Hull	£29,599.68	£118,398.72	£147,998.40	None. Standard Offer Letter and Agreement.	18 February 2025
ELB Metal Works Limited	The project is to purchase a saw, extraction system and welding plant. to enable an increase in speed, quality and orders for manufacturing.	Hull	£13,687.00	£13,687.00	£27,374.00	None. Standard Offer Letter and Agreement.	18 February 2025