

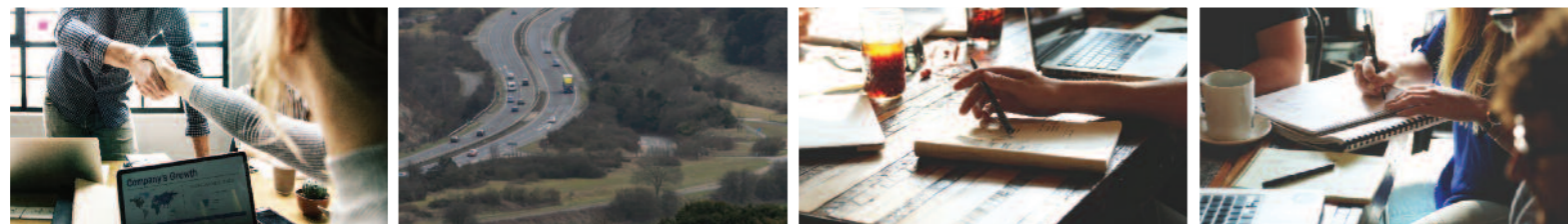


SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP



Solent LEP COVID-19 Restart, Restore and Recover Loan Fund

Guidance for Applicants
Round 1 Guidance
June 2020



COVID-19 Restart, Restore and Recover Summary

The Solent LEP is fully committed to helping businesses in their efforts to meet the unprecedented challenges presented by the COVID-19 pandemic and are putting in place a range of support offers for Solent businesses to access.

This Restart, Restore and Recover Loan Fund is being made available as a bridging facility ahead of businesses accessing Government support offers and also to plug gaps in the Government support offers identified by the local business community, on the following basis:

1. Loans of between £250,000 and £1,500,000 for businesses providing Economic Lifeline and Essential Services (see glossary) who need bridging finance ahead of accessing other Government support, or for those who need loan finance and cannot access other Government support, such as the Coronavirus Business Interruption Loan Scheme (CBILS).
2. Loan funding of between £100,000 and up to £1,500,000 where other COVID-19 support is not available, or the amount businesses can access is insufficient to deliver their recovery plan.

For applicants who successfully secure a loan from the Solent LEP of £500,000 or more, you will also benefit from the knowledge and expertise of a senior corporate mentor, who will provide a sounding board for difficult decisions, support in the development of suitable strategies for the future, and managing staff, cash flow and resilience. This will be a FREE service that will support you and your business as it recovers from COVID-19 and is a requirement of loans above £500,000 .

Please contact the Solent LEP at recover@solentlep.org.uk for more information.

Is this loan fund for you?

You must be able to demonstrate that your business is in need of this loan funding as a direct consequence of the impact of COVID-19 and that there is a good expectation that the business can continue to trade throughout and after the current emergency.

- This fund is for Limited companies registered with Companies House only, located in the Solent LEP area.
- This fund can provide loans at either interest free or low interest rates, with repayment holidays. **(See 7. State Aid - page 10)**

- Funding can be used for capital or revenue expenditure.

Is my business eligible?

This is a Restart, Restore and Recover loan fund to support businesses who are responding to and seeking to recover from the COVID-19 crisis, and who can demonstrate that they have a recovery plan that will position their business for a sustainable long term future.

Businesses that are eligible to apply for this loan fund are required to:

- Be a registered company.
- Be based in and deliver economic benefits in the Solent LEP area.

Businesses will also be eligible to apply for this loan fund if they:

- Cannot access COVID-19 funding support through existing Government schemes in a timely fashion or the amount they can access from Government schemes is insufficient to deliver their recovery plan.
- Can provide a supporting recovery plan that shows the business is sustainable in the medium term.
- Can demonstrate that the funding is needed to support the operating position of the business in the recovery period.
- Can demonstrate that the funds will be repaid in the medium term.

A glossary is available in section 13.

If, after reading these headlines, you are still not sure whether your business is eligible for this loan fund, or if you need further advice or other assistance, please call us on 02392 688 055 / recover@solentlep.org.uk.

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1. Introduction

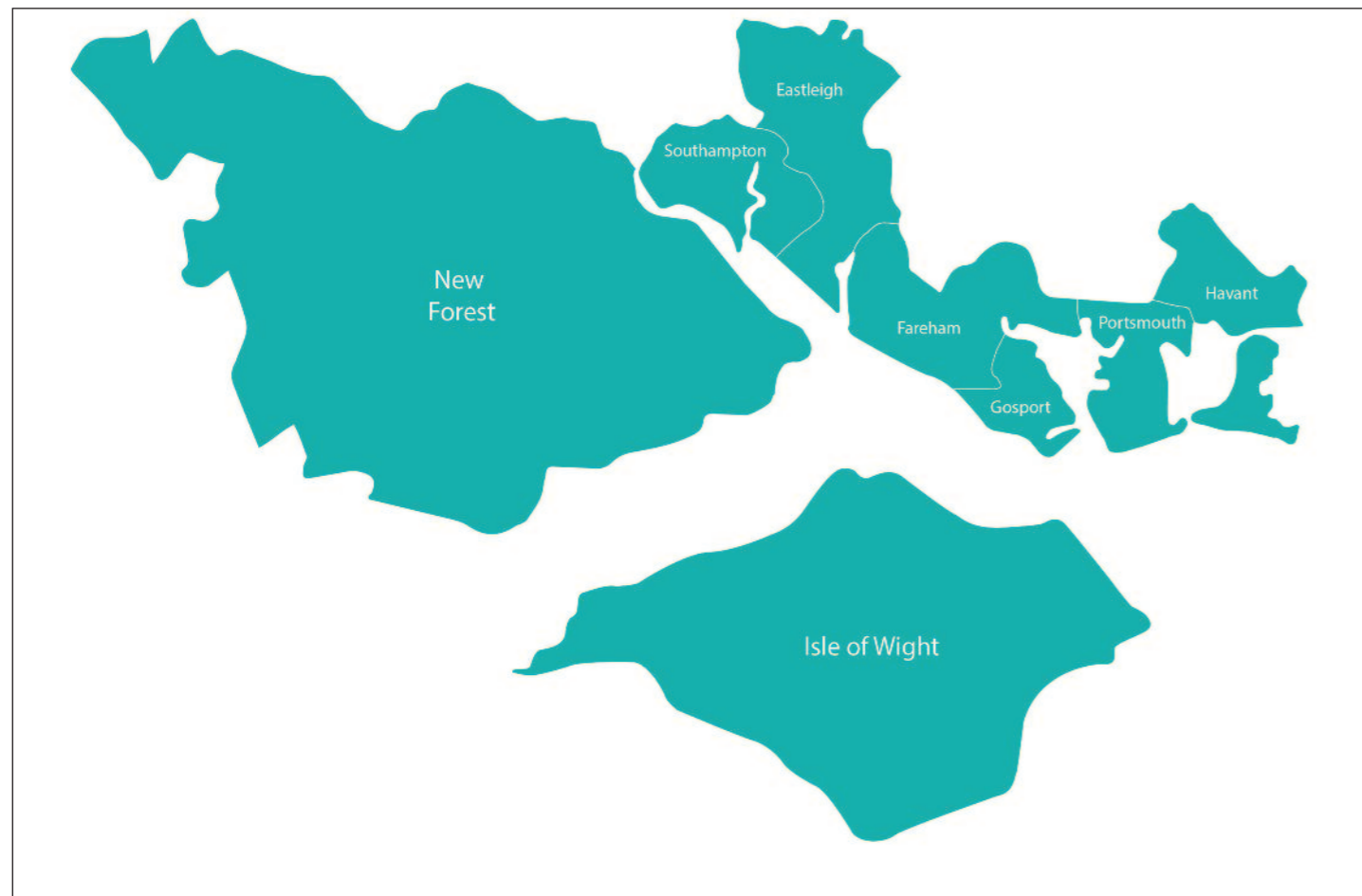
1.1 The Solent Local Enterprise Partnership

The Solent Local Enterprise Partnership (LEP) is the key interface and lead for economic development in the Solent (See map 1, below), an area that stretches from Hayling Island in the east, to the border with Dorset in the west, and includes the Isle of Wight, much of the New Forest National Park, and the two cities of Portsmouth and Southampton. It is a partnership organisation between the business community, the Further Education and Higher Education

sector, three unitary authorities, five district councils and one county council, all of whom are actively working together to secure a more prosperous and sustainable future for the Solent area, providing the resources and economic environment, which makes it easier for businesses and individuals to be productive and where pioneering research is encouraged through support for relevant institutions.

For further information on the Solent LEP, please visit our website www.solentlep.org.uk.

Solent LEP Area



1.2 The COVID-19 Restart, Restore and Recover Loan Fund

The Solent LEP has allocated loan funding to establish a Restart, Restore and Recover loan fund for Solent businesses which, through a successful application for loan funding, can demonstrate that they will be positioned to respond to and recover from the economic impacts of the COVID-19 crisis and have the ability to recover from the current economic shock, recover and continue to trade once the initial impact on the economy has passed.

Whilst the Solent LEP has acted rapidly to divert its funding to establish a range of offers to support businesses through this economic crisis, it does not have the funds to provide support to every business impacted by COVID-19 and, as such, must target this loan fund to areas that have not been able to access the support being made available by central Government.

This loan fund is, therefore, able to provide support on the

following basis:

1. Loans of between £250,000 and £1,500,000 for businesses providing Economic Lifeline and Essential Services (see glossary) who need bridging finance ahead of accessing other Government support, or for those who need loan finance and cannot access other Government support, such as the Coronavirus Business Interruption Loan Scheme.
2. Loan funding of between £100,000 and up to £1,500,000 where other COVID-19 support is not available, or the amount businesses can access is insufficient to deliver their recovery plan.

This loan fund is structured on a flexible basis where repayment holidays can be provided and either interest free or low interest rates can be offered, subject to State Aid considerations and the applicants' financial history / standing. This will be discussed with applicants as part of the application process.

2. COVID-19 Restart, Restore and Recover Loan Fund: The Details

2.1 What and who can be funded?

The COVID-19 Loan Fund is immediately available to businesses within the Solent LEP area (see Map 1) that require loan funding to respond to and recover from the COVID-19 crisis, that contribute economic outputs within the Solent LEP area and who can also demonstrate that they have a recovery plan that will position their business for a sustainable long term future.

This loan fund is being made available to support businesses that are both eligible and represent the strongest cases for support within the funding envelope.

The main priorities of the Fund are, therefore, the safeguarding of employment and apprenticeships, long-term business recovery and, where applicable, the continued provision of Economic Lifeline and Essential Services (see glossary) during the COVID-19 pandemic.

The Solent LEP will consider applications against the following eligibility criteria:

1. Businesses that can demonstrate that they have been adversely impacted by the COVID-19 pandemic;
2. Businesses that have not been able to access support made available by Government;
3. Businesses that are unable to access wider support made available by Government in a timely manner and require bridging funding in advance of securing Government funding.
4. Businesses that can demonstrate that through a successful application for loan funding they will be able to:
 - Safeguard jobs;
 - Position the business to respond and seek to recover from the COVID-19 pandemic;
5. Businesses must be located in the Solent LEP area;
6. Businesses that can put their business plans into action immediately to respond to the impact of COVID-19.
7. Businesses that have accessed government funding support but need further loan funding to deliver their recovery plan

Exceptionally, we will consider applications from businesses that are already in receipt of Government funding in relation to the pandemic but need additional funding to be able to provide Economic Lifeline and Essential Services that benefit the economy.

2.2 Who can apply?

The Fund is open to businesses in the following two categories:

1. Loans of between £250,000 and £1,500,000 for businesses providing Economic Lifeline and Essential Services (see glossary) who need bridging finance ahead of accessing other Government support, or for those who need loan finance and cannot access other Government support, such as the Coronavirus Business Interruption Loan Scheme.
2. Loan funding of between £100,000 and up to £1,500,000 where other COVID-19 support is not available, or the amount businesses can access is insufficient to deliver their recovery plan.

2.3 What Funding is available?

Applicants can apply for loans between £100,000 and £1,500,000 depending on which of the two categories they fit into.

This specific loan fund is designed to be flexible and the following are the main characteristics:

Interest Rates:

- Interest free loans will be considered, subject to State Aid rules and financial standing and this will be discussed with you at the application stage.
- Where an interest rate is charged, it will be based on EC Reference Rate plus a margin calculated on the basis of an assessment by the Accountable Body of the Solent LEP as part of the due diligence process of creditworthiness and risk.

Loan Repayments:

- An initial repayment holiday of up to 12 months will be considered as part of the applicant's recovery plan.
- A loan repayment plan will be agreed with you as part of the application and will be reviewed with you on an ongoing basis.

Loan Terms: are available for a period of three to 36 months.

- There will be no charge for early repayment of loans.

The amount and type of loan ultimately offered to any business will reflect the Solent LEP's assessment of the minimum support needed to support the sustainable continuation of the business and the level of risk involved. The Solent LEP, and Portsmouth City Council as Accountable Body for the fund, will require a debenture or other form of non-personal security on the company in order to help satisfy the due diligence process.

The Solent LEP needs to satisfy Portsmouth City Council as Accountable Body with regard to the compliance of any proposed loan with State Aid regulations. This will also form part of the due diligence process (see below).

Portsmouth City Council, as Accountable body for the COVID-19 Restart, Restore and Recover Loan Fund, will enter into all funding agreements on behalf of the Solent LEP with

businesses that accept a loan offer.

The Solent LEP's liability will always be limited to the value of its agreed investment.

2.4 Added Value for larger loans

For applicants who successfully secure a loan from the Solent LEP of £500,000 or more, you will also benefit from the knowledge and expertise of a senior corporate mentor, who will provide a sounding board for difficult decisions, support in the development of suitable strategies for the future, and managing staff, cash flow and resilience. This will be a FREE service that will support you and your business as it recovers from COVID-19 and is a requirement of loans above £500,000.

3. Loan Review and Monitoring

The applicant must use the funds to ensure the sustainability of the business and the safeguarding of jobs by an agreed date. All loan agreements will be managed on an open book basis.

Successful applicants will be required to provide quarterly reports setting out progress and including management accounts and cash flow updates.

If you want to repay your loan early, there is no charge for doing so.

Ultimately, the terms of each loan will be approved by the Solent LEP and its Accountable Body, Portsmouth City Council, and may include the following legal instruments (as appropriate in the instance of each given application) in order to ensure that the loan is recovered:

- Funding Agreement
- Debenture or other forms of non-personal security. (See Glossary)

4. How to apply

The applicant should submit a full application form which needs to be accompanied with the following:

- Three year audited accounts identifying strong trading history (two years by exception), along with last six months management accounts.
- Current cash flow forecasts.
- Recovery Plan (36 months).
- In addition to the current year cash flow forecast, a set of cash flow forecasts that cover the repayment period for the loan requested.
- Any other information that will support and add strength to your application.

Note: The recovery plan and cash flow forecasts need to include evidence of future trading costs and revenues. Without suitable evidence it is unlikely that a loan can be agreed.

The application form is available for download now [here](#)

All completed applications and accompanying information should be submitted via email to recover@solentlep.org.uk

Support is available to applicants during the application process. The Solent LEP wants to see strong evidence of how this funding can support the recovery of your businesses through the COVID-19 pandemic and a long term recovery plan.

All applicants are invited to join one of our weekly webinars to find out more about the application process and ask specific questions relating to their application before submission.

5. Timetable

We aim to acknowledge applications within two working days, and undertake an eligibility check within five working days. If your application is eligible, it will then progress to due diligence, which will consider strategic fit, the strength of your recovery plan, and a financial assessment. The LEP's Funding, Finance and Performance Management Group (FFPMG) will

consider applications for loan funding up to £500,000, with the LEP Board considering applications above £500,000.

This loan fund is now open and will accept applications on an ongoing basis until all the funding has been allocated, or until 31 October 2020, whichever is the soonest. Performance of the loan fund will be kept under review and the LEP may need to introduce application windows to enable the relative strength of applications to be considered should demand exceed affordability.

6. Evaluation Process

6.1 Eligibility check

All applications will go through an initial basic eligibility check against the following criteria set by the Solent LEP Board:

- Businesses should be located in, and contribute economic outputs within, the Solent LEP area;
- Businesses can demonstrate and evidence that they can recover from the COVID-19 pandemic.
- Businesses should meet one of the two areas specified for targeted support:
 1. Loans of between £250,000 and £1,500,000 for businesses providing Economic Lifeline and Essential Services (see glossary) who need bridging finance ahead of accessing other Government support, or for those who need loan finance and cannot access other Government support, such as the Coronavirus Business Interruption Loan Scheme.
 2. Loan funding of between £100,000 and up to £1,500,000 where other COVID-19 support is not available, or the amount businesses can access is insufficient to deliver their recovery plan.
- There must be a good expectation that the business can continue to trade throughout and after the current emergency;
- Limited companies registered with Companies House only;
- Reason for loan - COVID-19 impact and not inherent business failure.

6.2 Evaluation criteria

Eligible applications will be objectively assessed and scored by the Solent LEP Executive Team and the Accountable Body based on the information provided by each applicant. Final funding decisions will be made by the LEP Board or the Finance, Funding and Performance Management Group.

Key criteria are:

- Business Recovery Plan – The ability to demonstrate that the business are responding to and seeking to recover

from the current COVID-19 crisis;

- Jobs Safeguarded – The ability to demonstrate that jobs will be safeguarded as a direct result of this funding;
- Recovery Plan – Evidence that the business cannot only continue to trade but can show a long term recovery plan to be a sustainable business post COVID-19;
- Ability to Repay - Clear demonstration that LEP funding can be repaid.

Note: Evidence will be required to substantiate the information set out in the bullet points above.

The COVID-19 Restart, Restore and Recover Loan Fund Application Form has been designed to capture information on all these criteria and will be used as the basis, along with any supporting documentation provided by you, to evaluate the application.

Members of the Solent LEP's Finance, Funding and Performance Management Group and/or the LEP Board will review and make the final decision on applications based on assessments and recommendations made by the LEP Executive Team and Accountable Body.

Please note: this is a competitive process which is subject to affordability and other terms as detailed in this guidance. The LEP reserves the right to not allocate all of the funding available if insufficient projects meet the required standard.

6.3 Due Diligence

All applications will undergo a due diligence review and will need to satisfactorily pass this review before funding is awarded subject to contract. This process will include:

Financial appraisal

The Solent LEP will not fund businesses that would still be funded and be able to continue to trade without investment from the COVID-19 Restart, Restore and Recover Loan Fund. In other words, the LEP's funding must not replace other funding options, specifically funding being made available by the Government to support businesses in response to the COVID-19 crisis.

Applicants must demonstrate the need they have for a loan from this fund. The Solent LEP will provide only the minimum loan required to allow the business to support the delivery of their recovery plan. The financial appraisal stage, therefore, will seek to:

- Appraise the financial position of the business and test underlying assumptions;
- Identify the minimum loan funding needed to support the business;
- Evaluate the applicant's ability to meet the repayment plan of the Solent LEP's loan facility.
- Understand and consider the financial, commercial and market risks associated with the application.

The Solent LEP reserves the right to request additional information that can further support an application.

Financial standing

The Solent LEP will undertake a thorough review of the applicant's financial standing.

7. State Aid

The Accountable Body is required to ensure that all financial arrangements under the COVID-19 Loan Fund offered by the Solent LEP comply with EU State Aid regulations.

Applicants should note that the responsibility for ensuring their application for funding is compliant with State Aid legislation is theirs, and they may wish to seek advice accordingly. As a guide, interest free loans may be offered in cases where an application meets the requirements of the De Minimis Regulation. *De minimis* aid refers to small amounts of aid that is unlikely to affect trade and therefore benefits from a "safe harbour" exemption. The maximum *de minimis* threshold single recipient can benefit from is €200,000 over a rolling three-year fiscal period (or £ sterling equivalent on the day granted).

The Solent LEP will also consider the most appropriate form of security for its investment. This will involve the use of charges. Please note, any charges, will not include a personal charge.

An assessment of credit worthiness and the financial standing of applicants will be undertaken by the Accountable Body.

The Solent LEP reserves the right to request additional financial information from any applicant. The Solent LEP also reserves the right to take account of an applicant's track record on investment recovery.

Deliverability

The Solent LEP will undertake a risk assessment for each application. This will review risks in relation to:

- The ability to continue to trade and ultimately recover from the COVID-19 pandemic; and
- The level of evidence provided in the application to underpin this.

The Solent LEP also reserves the right to request further information or evidence from any applicant.

In cases where a lower or nil interest rate is not possible then interest rates will be based on a commercial rate of interest which will be calculated using the EC Reference Rate plus a margin calculated on the basis of an assessment by the Accountable Body as part of the due diligence process of creditworthiness and collateralisation of the applicant.

Such assessment(s) of interest rates will be carried out on a case by case basis as part of the due diligence process by the accountable body and any decisions made are final.

You will be required to verify and demonstrate any *de minimis* aid your business has received to date, and any business that has reached the total *de minimis* aid ceiling of €200,000 over a rolling three-year fiscal period will not be eligible to rely on the relief such exemption provides.

8. Publicity requirement

Projects awarded loans will be required to acknowledge support from the Solent LEP in all written material including press releases and public presentations.

9. Closing date

This loan fund is now open and will accept applications on an ongoing basis until all the funding has been allocated, or until 31 October 2020, whichever is the soonest.

Performance of the loan fund will be kept under review and the LEP may need to introduce application windows to enable the relative strength of applications to be considered should demand exceed affordability.

The Solent LEP reserves the right to review the terms and conditions of this loan fund or withdraw it and will monitor this in response to the unprecedented economic situation brought about by COVID-19.

Applications must be submitted using the application form provided and this, along with any other supporting information you provide, should be submitted to:

recover@solentlep.org.uk

Please note, in line with Government guidance on COVID-19, the Solent LEP office is closed and all staff are working remotely, therefore, we are unable to accept postal applications.

Receipt of applications will be acknowledged within two working days.

10. Data Protection and Information

In providing any information to us, including any personal data, you shall be regarded as having consented to allowing the Solent LEP to process your personal data (as defined below), and to share that information with Portsmouth City Council, and any relevant Government department, for purposes relating to the administration of expressions of interest to the Fund. We may also disclose personal data if required to do so by law or in the good-faith and belief that such action is necessary to:

- confirm to the edicts of the law or comply with legal process served on us;
- protect and defend our rights or property;
- act under exigent circumstances to protect the personal safety of other users of the website or the public.

For the purposes of this policy, “personal data” means any personal information (including sensitive personal data) that is

capable of identifying you. This information may include your name, address, telephone number, fax number or e-mail address.

The Solent LEP, as the data controller, will process information in accordance with data protection legislation as outlined in the Solent LEP privacy notice [here](#)

The Accountable Body for the Solent LEP is Portsmouth City Council; information may be shared with our Accountable Body in order to enable the discharge of the LEP’s responsibilities. A copy of the Portsmouth City Council Data Protection privacy notice is available [here](#)

The Solent LEP has secured significant public funding and, as a result, also operates within the context of public funding frameworks. In line with this, information may be shared with HM Government in order to enable the discharge of the LEP’s responsibilities under the Assurance Framework.

Further guidance on the use of personal data for those who use LEP services and/or apply for LEP funding is available [here](#)

11. Project Monitoring

For projects awarded loan funding, we will appoint an officer to liaise with you on a regular basis and may require additional information from you to enable us to monitor progress against your business plan.

You must comply with all reasonable requests for information by the LEP or its Accountable Body.

Further information regarding monitoring will be set out in the loan agreement.

12. Contact Information

Should you have any general enquiries on any of the information included in this document, please contact the Solent LEP using the below contact information:

By email to:
recover@solentlep.org.uk

Or by telephone on:
023 9268 8055

Applications should also be sent to recover@solentlep.org.uk

13. Glossary

This section provides clarification on some of the terminology used in this loan fund guidance document. However, should you require further clarification, please contact the LEP using the contact details in section 12.

Business (and Businesses): A company limited by guarantee does not have any shares or shareholders (like the more common limited by shares structure) but is owned by guarantors who agree to pay a set amount of money towards company debts. Companies limited by guarantee will be registered with Companies House.

Debenture: an agreement between a lender and a borrower which is registered at Companies House and lodged against your company’s assets. The debenture secures the assets for the lender should the company fail and in liquidation, the charge becomes ‘fixed’ on the asset’s value at that point in time.

Economic Lifeline Services: An established business providing a paid for service that is necessary for the effective and efficient functioning of the local economy. Examples include privately operated passenger and freight transport services (not private hire vehicles), utilities (including broadband), freight distribution services, and ports handling passengers and freight.

Essential Services: An established independent registered company providing a paid for service that is necessary for the effective and efficient functioning of the economy through the current COVID-19 health and economic emergency, including (but not limited to): food retailers (including food markets,

supermarkets, convenience stores and corner shops), pharmacies (including non-dispensing pharmacies) and chemists, newsagents, homeware, building supplies and hardware stores, petrol stations, car repair and MOT services, bicycle shops, post offices, funeral directors, laundrettes and dry cleaners, dental services, opticians, audiology services, chiropody, chiropractors, osteopaths and other medical or health services, including services relating to mental health, veterinary surgeons and pet shops, agricultural supplies shop, freight storage and distribution facilities, privately operated passenger and freight transport services (not private hire vehicles), utilities (including broadband), and ports handling passengers and freight.

Public bodies are defined in the Government guidance document available [here](#)

Registered Company: A registered company is defined as a company limited by guarantee. A company limited by guarantee does not have any shares or shareholders (like the more common limited by shares structure) but is owned by guarantors who agree to pay a set amount of money towards company debts. Companies limited by guarantee will be registered with Companies House.

Soft Loan: A loan generally offered on more favourable terms than other loans, such as long repayment or interest holidays.

Timescales:

- Short term — 0-6 months
- Medium term — 6-36 months

Should you have any questions
in relation to the content of this
document please contact the
Solent LEP team at:

Email: recover@solentlep.org.uk

Telephone: 023 9268 8055



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