



SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP

SOLENT LEP SME PRIORITY SECTORS LOAN FUND

Bidding Prospectus

June 2022



CONTENTS

Section	Page Number
Summary	3-4
2 Introduction	5
2.2 The Solent Local Enterprise Partnership	5
3 SME Priority Sectors Loan Fund	6
3.1 What is the fund?	6
3.2 How applications will be prioritised	7-9
3.5 Type of loan funding available	10
3.6 Loan review and monitoring	11
4 How to apply and the assessment process	12-13
5 Timetable	14
6 Publicity requirements	15
7 Data protection and information	15
8 Project monitoring	16
9 Contact information	16

1. Solent LEP SME Priority Sectors Loan Fund: Summary

The Solent LEP is fully committed to supporting the prosperity of the Solent economy and recognises that recent years have presented significant operating challenges - including Brexit, the Covid-19 pandemic, recruitment challenges, and more recently, increases in energy costs.

We recognise also that businesses want to invest in their staff, want to grow, and want to operate more sustainably to support societal ambitions to lower carbon emissions and adapt to climate change.

Of course, these ambitions often mean investment, and it is within this context that the Solent LEP is publishing this loan fund prospectus.

The LEP has allocated at least £1m of **Loan funding** for applications from SME's of between **£15,000 and £99,000**. The LEP is looking to fund a minimum of ten projects through this loan fund. The level of loan you apply for must not be more than 80% of the total cost of your project, with at least 20% of total project costs being confirmed from your own funds or confirmed third party funding.

Subject to financial due diligence, benefits of this loan fund include:

- No interest on loan funding charged unless subsidy limits are breached (see below) - this will be assessed on a case-by-case basis. All loans will be subject to a 2.5% of loan value administration fee. This fee will be on the loan amount agreed as part of the loan agreement, and not on the loan amount that is ultimately drawn down. This fee does not form part of total project costs and must be paid up-front ahead of the transfer of the agreed loan funding.
- Repayment holidays of up to 12 months (included within the overall 36-month maximum term).

Projects must achieve one or more of the following fund goals:

- Support our core sectors (see below) to grow (in terms of new customers secured, increased turnover)
- Create direct¹ jobs
- Strengthens skills provision that is evidenced by employer need
- Support the transition to Net Zero in the Solent

The Solent's economic strategy - Solent 2050 - sets a vision for the Solent to be the globally leading maritime cluster and at the forefront of innovations to adapt to climate change, with towns and cities that are fantastic places to live, trade and with opportunities for all our communities to flourish. To deliver this vision, our strategy sets seven strategic priorities and to be successful applications must demonstrate how they will support the achievement of at least one of the below.

- **Priority 1:** A world leading marine and maritime economy
- **Priority 2:** Pioneering approaches to climate change adaptation and decarbonisation
- **Priority 3:** The UK's capital of coastal renaissance
- **Priority 4:** A thriving visitor, creative and cultural economy
- **Priority 5:** Developing a world-class talent base
- **Priority 6:** An outstanding business environment
- **Priority 7:** Health and wellbeing at the heart of economic success.

¹ A Direct Job is classed as a new, permanent full time equivalent (FTE) job on the payroll of the beneficiary company, created as a direct result of the project. 1 FTE is an employee that works at least 36 hours per week. Each direct job must last for at least 12 months.

IS MY PROJECT ELIGIBLE?

To be eligible, your project must:

- Be **located in** the Solent Local Enterprise Partnership area (see map 1)
- Be a **UK domiciled company**
- Deliver **economic outputs** in the Solent Local Enterprise Partnership area
- Be seeking loan funding of no less than **£15,000 and no more than £99,000** (The level of loan you apply for must not be more than 80% of the total cost of your project, with at least 20% of total project costs being confirmed from your own funds or confirmed third party funding))
- Commence delivery on site **by the end of March 2023** (projects that can start sooner may be prioritised)
- Demonstrate the ability to pay back the loan funding in no more than **36 months** from the commencement of the agreement (including any agreed repayment holiday period)
- Be able to offer **non-personal security** to underwrite the full value of the loan at the cost of the bidding organisation.
- Be within one of the following sectors:
 - Maritime
 - Advanced Manufacturing
 - Transport and Logistics
 - Leisure, Hospitality and Tourism
 - Healthcare and Medicine
 - Greentech - Products and services the use of technology and science to reduce human impacts on the natural environment.
 - Creative and Cultural
 - Aerospace
 - Retail (Online and Bricks and Mortar)

WHO IS ELIGIBLE TO BID?

- Private sector SME's incorporated in the UK and located in the Solent area

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

2. Introduction

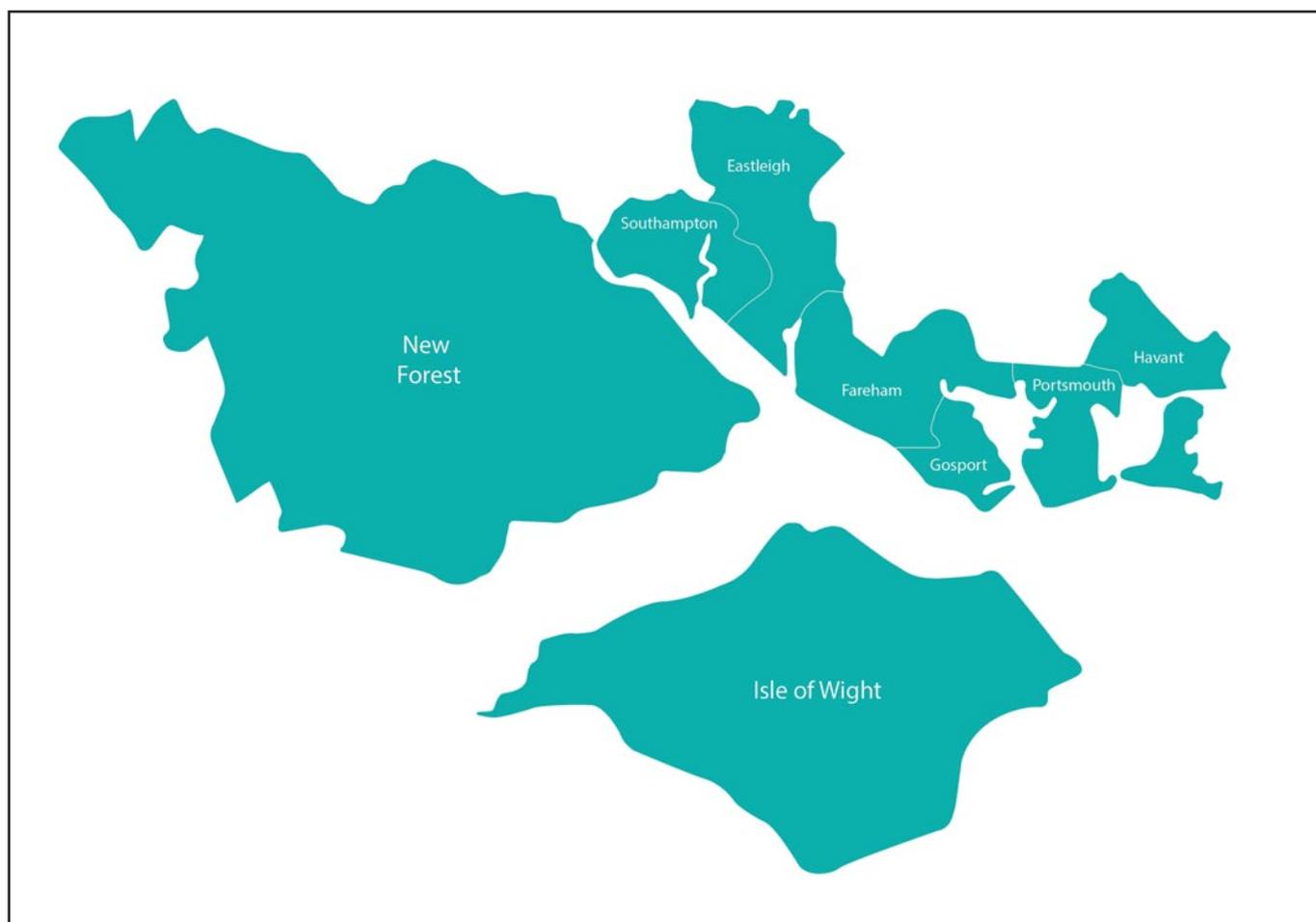
2.1 THE SOLENT LOCAL ENTERPRISE PARTNERSHIP

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 solentlep.org.uk.

Map 1: Solent Area Map



3. SME Priority Sectors Loan Fund

3.1 WHAT IS THE FUND?

The Solent LEP is fully committed to supporting the prosperity of the Solent economy and recognises that recent years have presented significant operating challenges - including Brexit, the Covid-19 pandemic, recruitment challenges, and more recently increases in energy costs.

We recognise also that businesses want to invest in their staff, want to grow, and want to operate more sustainably to support societal ambitions to lower carbon emissions and adapt to climate change.

Of course, these ambitions often mean investment, and it is within this context that the Solent LEP is publishing this loan fund prospectus.

This is open to organisations from the private sector.

The LEP has allocated at least £1m of Loan funding for applications from SME's of between **£15,000 and £99,000**. The LEP is seeking to fund a minimum of ten projects through this loan fund. The level of loan you apply for must not be more than 80% of the total cost of your project, with at least 20% of total project costs being confirmed from your own funds or confirmed third party funding.

Subject to financial due diligence, benefits of this loan fund include:

- No interest on loan funding charged unless subsidy limits are breached (see below) - this will be assessed on a case-by-case basis. All loans will be subject to a 2.5% of loan value administration fee. This fee will be on the loan amount agreed as part of the loan agreement, and not on the loan amount that is ultimately drawn down. This fee does not form part of total project costs and must be paid up-front ahead of the transfer of the agreed loan funding.
- Re-payment holidays of up to 12 months (included within the overall 36-month maximum term).

Projects must achieve one or more of the following fund goals:

- Supports our core sectors (see below) to grow (in terms of new customers secured, increased turnover)
- Create direct² jobs
- Strengthens skills provision that is evidenced by employer need
- Supports the transition to Net Zero in the Solent

The Solent's economic strategy - Solent 2050 - sets a vision for the Solent to be the globally leading maritime cluster and at the forefront of innovations to adapt to climate change, with towns and cities that are fantastic places to live, trade and with opportunities for all our communities to flourish. To deliver this vision, our strategy sets seven strategic priorities and to be successful applications must demonstrate how they will support the achievement of at least one of the below.

- **Priority 1:** A world leading marine and maritime economy
- **Priority 2:** Pioneering approaches to climate change adaptation and decarbonisation
- **Priority 3:** The UK's capital of coastal renaissance
- **Priority 4:** A thriving visitor, creative and cultural economy
- **Priority 5:** Developing a world-class talent base
- **Priority 6:** An outstanding business environment
- **Priority 7:** Health and wellbeing at the heart of economic success.

All projects must be delivered and secure outputs in the Solent LEP area (see map 1). Priority will be given to project that can start on site by the end of March 2023 at the latest. Projects that can start sooner may be prioritised.

² A Direct Job is classed as a new, permanent full time equivalent (FTE) job on the payroll of the beneficiary company, created as a direct result of the project. 1 FTE is an employee that works at least 36 hours per week. Each direct job must last for at least 12 months.

3.2 HOW APPLICATIONS WILL BE PRIORITISED

3.2.1 Strategic Fit

The Solent's economic strategy - Solent 2050 - sets a vision for the Solent to be the globally leading maritime cluster and at the forefront of innovations to adapt to climate change, with towns and cities that are fantastic places to live, trade and with opportunities for all our communities to flourish. To deliver this vision, our strategy sets seven strategic priorities and to be successful applications must demonstrate how they will support the achievement of at least one of the below.

- **Priority 1:** A world leading marine and maritime economy
- **Priority 2:** Pioneering approaches to climate change adaptation and decarbonisation
- **Priority 3:** The UK's capital of coastal renaissance
- **Priority 4:** A thriving visitor, creative and cultural economy
- **Priority 5:** Developing a world-class talent base
- **Priority 6:** An outstanding business environment
- **Priority 7:** Health and wellbeing at the heart of economic success.

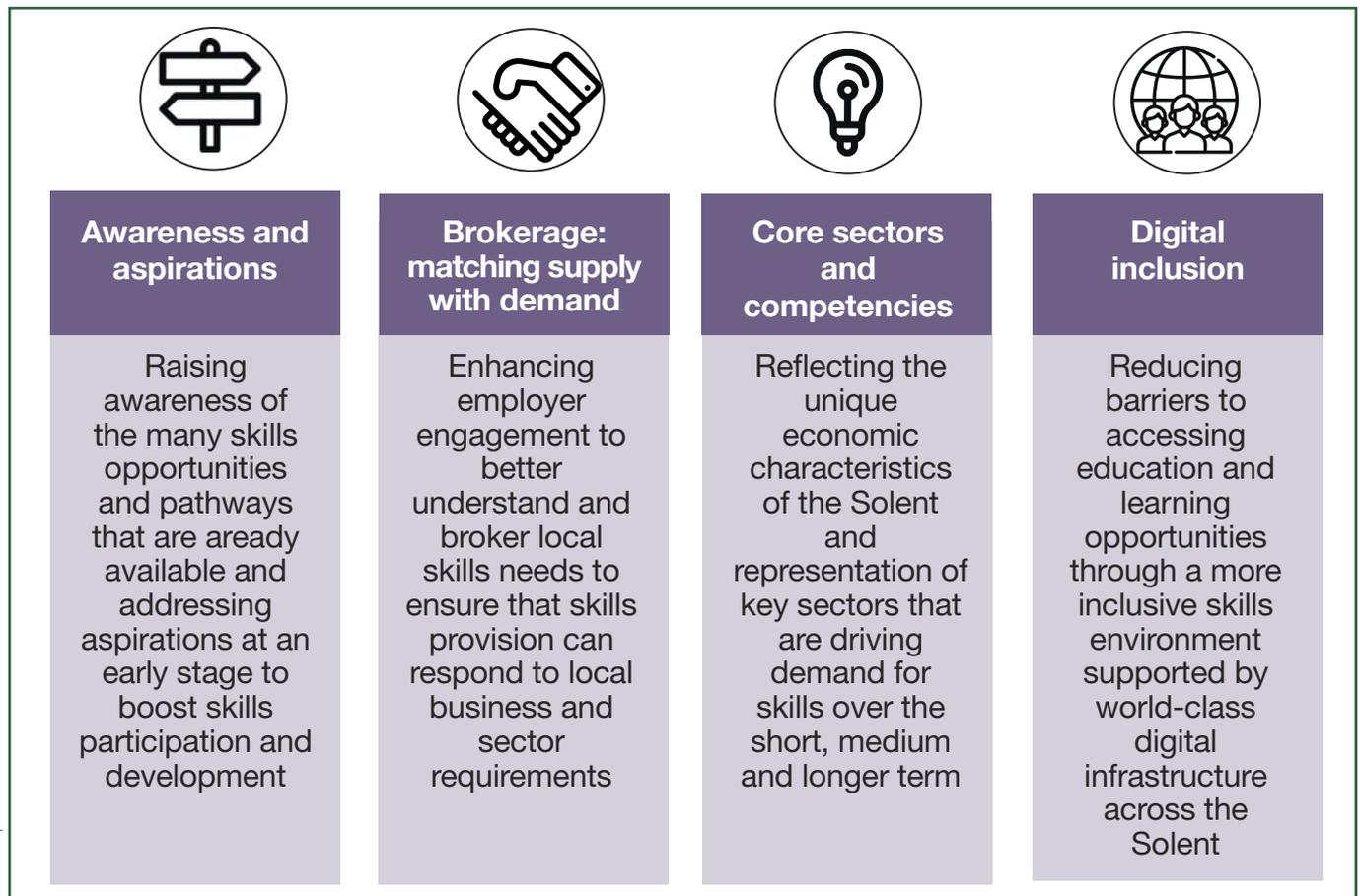
Investment made under this Fund should demonstrate the extent of contribution to **net zero and nature recovery** objectives, including the UK's legal commitment to cut greenhouse gas emissions to net zero by 2050, wider environmental considerations, such as resilience to natural hazards and the **25 Year Environment Plan** commitments.

To support green growth, projects should also consider how projects can work with the natural environment to achieve project objectives, and – at a minimum – consider the project's impact on our natural assets and nature. For further information on how to take these considerations into account, see the **Enabling a Natural Capital Approach (ENCA) resources**.

The LEP has published a **10 Point Plan for Building Back Greener in the Solent**. Through this work, the Solent aims to pioneer approaches to climate change adaptation, decarbonisation, carbon off-setting and storage. Projects should be aligned to and support the Government's Net Zero Strategy and local Net Zero goals: for instance, be based on low or zero carbon best practice; adopt and support innovative clean technology and/or support the growth of green skills and sustainable supply chains. Applications should also consider how projects can work with the natural environment to achieve project objectives - considering at a minimum the project's impact on the Solent's natural assets and nature, as well as the resilience of the capital project to potential hazards such as flooding and poor air quality.

The **Solent Skills Action Plan and Local Skills Report** has identified the priorities as set out in figure 1 below. Skills and training applications should additionally seek to support one or more of these priorities and evidence employer need for the project. The report also highlights some of the recruitment challenges employers are experiencing.

Figure 1: Solent's Skills Priorities



www.freeport.com

Solent Freeport is a 'once-in-a-generation' opportunity to level-up local communities, turbocharge post-Brexit trade and invest in a net zero future. Solent Freeport will unlock 32,000 new skilled and semi-skilled jobs, including 16,000 director jobs in the Solent and 16,000 in the wider UK supply chain. Freeport status will add an additional £3.57 billion to UK plc through the GVA uplift, including £1.6billion in direct GVA in the Solent and £1.9 billion in GVA to be generated for the rest of the UK.

Projects that support the Solent Freeport objectives to:

- Establish the Solent Freeport as a hub for global trade and investment across the UK
- Promote regeneration and job creation
- Create hotbeds of innovation and skills, pioneer approaches to climate change adaptation and decarbonisation and accelerate the transition to a "Net Zero" economy.

3.3 Outputs

It is important that we measure the impact of LEP loan funding. Therefore, we are keen to understand from you what outputs your project will deliver and will prioritise project that can deliver one or more of the following:

- Support our core sectors to grow (in terms of new customers secured, increased turnover)
- Create direct³ jobs
- Provide new training or skills opportunities
- Support the transition to Net Zero in the Solent

3.4 Deliverability

The focus is on early commencement and delivery, with proposals that can commence (on site) by the end of **March 2023** and look to complete (practical completion of project) by **June 2024**. Projects that can deliver more quickly may be prioritised.

Priority will be given to projects that can demonstrate how all project funding and consents will be in place by the end of **December 2022**. Projects that do not have funding confirmed and / or consents in place and / or provide assurances around security at the time of application will not

be prioritised unless there is a clear and imminent pathway to securing both.

All proposals seeking loan funding support will be required to identify a scheme promoter who will need to confirm that they will underwrite any cost increases or risks to delivery of the scheme. In addition, the scheme promoter will be required to identify a Senior Responsible Officer or Lead Manager who is accountable for the implementation of the project. This individual must be senior and must take personal responsibility for the delivery of the project and should be recognised as the owner of the proposal through the organisation.

³A Direct Job is classed as a new, permanent full time equivalent (FTE) job on the payroll of the beneficiary company, created as a direct result of the project. 1 FTE is an employee that works at least 36 hours per week. Each direct job must last for at least 12 months.

3.5 TYPE OF LOAN FUNDING AVAILABLE

Loan funding is being made available for **capital projects** only.

Only loan funding applications of **no less than £15,000 and no more than £99,000** will be considered. The level of loan you apply for must not be more than 80% of the total cost of your project, with at least 20% of total project costs being confirmed from your own funds or confirmed third party funding. Requests for grant funding will not be considered.

This loan fund is structured on a flexible basis where repayment holidays can be offered, subject to subsidy control considerations and the applicants' financial history / standing. Security to cover the full value of any loan will be required. These points will be discussed with applicants as part of the application process.

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

Administration Fee:

- An administration fee of 2.5% will be applied to all applications. The administration fee will contribute to the costs of processing the application, issuing the loan funding, processing payments, and monitoring impact of the project. This fee will be on the loan amount agreed as part of the loan agreement, and not on the loan amount that is ultimately drawn down.
- This fee does not form part of total project costs and must be paid up-front ahead of the transfer of the agreed loan funding.

Loan Repayments:

- An initial repayment holiday of up to 12 months will be considered in exceptional circumstances (included within the overall 36-month maximum term).
- 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:

- Loan terms are available for a period of three to 36 months (including any agreed repayment holiday).
- There will be no charge for early repayment of loans.

The amount and type of loan ultimately offered to any applicant will reflect the Solent LEP and its Accountable Body's assessment of the minimum level of loan needed to support the project and the level of risk involved.

IMPORTANT: The Solent LEP and its Accountable Body will require a debenture or other form of non-personal security on the applying organisation to help satisfy the due diligence process.

The Solent LEP needs to satisfy their Accountable Body, Portsmouth City Council (PCC), regarding the compliance of any proposed loan with Subsidy Control regulations. This will also form part of the due diligence process (see below).

Portsmouth City Council, as Accountable body for this Loan Fund, will enter into all funding agreements on behalf of the Solent LEP with organisations that accept a loan offer.

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

To comply with Subsidy Control rules it is necessary to ensure that the value of the benefit is calculated and that this does not mean that the recipient will have received in excess of £315,000 in your current and two previous financial years.

The calculation will be done based on the net present value of the discount to a market rate loan to the recipient for the same amount and terms. We will require a declaration from recipients as a condition precedent of drawdown of the loan.



3.6 LOAN REVIEW AND MONITORING

The applicant must use the funds to ensure the successful delivery of the capital project and the agreed outputs. All loan agreements will be managed on an open book basis.

Loan funding beneficiaries will need to closely monitor the delivery and success of their project during the monitoring period, which will begin on the date of execution of the Loan Funding Agreement.

Successful applicants will be required to provide quarterly reports for the duration of the loan term setting out progress and including management accounts and regularly updated cash flow and profit and loss forecasts.

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 will include the following legal instruments (as appropriate in the instance of each given application) to ensure that the loan is recovered:

- Loan Funding Agreement
- **Debenture or other forms of non-personal security.**

4. How to apply and the assessment process

4.1 APPLICATIONS

Applicants will need to complete the SME Priority Sectors Loan Fund Expression of Interest (EoI) Form, which is available [here](#). This will allow applicants to secure an early response on whether their application is eligible. Eligible applicants will be invited to complete the Prosperity Loan Fund application form (not available for download). The application form draws on the approach adopted by HM Treasury and the business case templates and guidance that is published [here](#).

EoI forms should be returned to the LEP at pipeline@solentlep.org.uk by 23:59 on Friday July 8, 2022.

Applications may be considered by the Solent LEP **Business Support Investment Panel**.

The LEP will hold sessions to introduce the loan fund and answer questions.

All applications will be considered against the criteria set out in section 3 of this prospectus.

All application costs are the responsibility of the applicant. Any expenditure on projects in advance of confirmation of loan funding are at the risk of the applicant.

Applicants should expect to be contacted post submission of their application submission with clarification questions,

and applicants will be expected to respond to these and, if necessary, provide additional evidence in a timely manner.

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 financial appraisal stage will seek to:

- Consider the tax status of the organisation
- Consider the corporate form of the organisation
- Appraise the financial position of the business and test underlying assumptions
- Identify the minimum loan funding needed to support the project
- 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 and PCC will undertake a thorough review of the applicant's financial standing, including an assessment of any CCJ's, known criminal offences, loan defaults, bankruptcies or court proceedings associated with the bidding organisation or other organisations who have the same directors

The Solent LEP and PCC will also consider the most appropriate form of security for its investment. This will involve the use of charges / debentures as appropriate to cover the full value of the loan. 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 and PCC 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 and PCC will undertake a risk assessment for each application.

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

Affordability

The funding available for this Fund is £1m. If eligible applications for loan funding exceed the funding available, projects will be prioritised based on their performance against the criteria set out in Section 3. The LEP is seeking to support a minimum of ten projects through this loan fund.

The decision of the LEP and PCC is final, and there is no right of appeal.



5. Timetable

The timetable for consideration of applications is set out below:

Wednesday June 8, 2022 - Loan fund is launched

Wednesday June 8, 2022 - Expression of Interest window open

June 8, 2022 (At the Solent Summit) and

June 24, 2022 (Webinar 11.00-12.00) -

Sessions to support potential applicants

23.59 on Friday July 8, 2022 Deadline for submission of Expression of Interest form

W/C July 11, 2022 Initial eligibility check

W/C July 18, 2022 Invitation to submit full application

Friday September 30, 2022 Deadline for full application

W/C October 3, 2022 - Independent expert due diligence and financial due diligence of applications. Please note, applicants may be required to respond to clarification questions and provide additional evidence

W/C November 7, 2022 - LEP Business Support Investment Panel (BSIP) meets to consider applications

Outcome of Application reported within five working days of LEP Business Support Investment Panel (BSIP) meeting (please note, any unsuccessful applications will be offered a feedback call)

It is expected that successful applications will be provided with an in-principle loan offer in **December 2022**

6. Publicity requirements

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

7. 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. Further guidance on the use of personal data for those who use LEP services and/or apply for LEP funding is available [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.

8. 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 project plan included within your full application.

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

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

9. 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: enquiries@Solentlep.org.uk

Or by telephone on: 023 9268 8055

**Applications should be sent to
pipeline@solentlep.org.uk**



SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP