

BACKGROUND PAPER

WCC Capital Growth Fund Business Case Business Loans and Grants Programme

Updated May 2015

1. Introduction

1.1 Business Case Structure

The structure of this business case is based on HM Treasury's Green Book appraisal model and, in particular, the "Five Case Model" approach to business cases. The document provides a description of the project and considers the strategic, financial, economic and management cases. It also describes how the project's benefits and, in particular, its outputs and outcomes will be monitored and evaluated.

1.2 Business Case Development

An outline business case was considered by Communities Leadership Team in December 2014 after an earlier expression of interest had been developed and discussed within the Communities Group.

The business case itself has been developed with input from a number of business units and teams including Communities Local Finance and Warwickshire Legal Services.

2. Project Description

2.1 Project Summary

The project will provide a comprehensive loans and grants programme to Warwickshire businesses that cannot raise the finance they need from banks, investors or other loan/ grant programmes. Specifically, the project will involve three key elements:

1. £1,000,000 of investment from the Capital Growth Fund will be used to attract a further £1,000,000 from the new European Structural and Investment (ESIF) Growth Programme and other funders to create a total loan fund for small and medium sized Warwickshire businesses of £2,000,000;
2. £1,000,000 will be used to establish a small capital grants programme for small businesses; and
3. £1,000,000 will be WCC's contribution to a new £3,000,000 Coventry and Warwickshire Investment Fund which will provide large capital grants to sub-regional businesses. Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and Coventry City Council will also be providing £1,000,000 each.

The project will be delivered across Warwickshire. It will be managed by the Economic Development Group in the Economic Growth Business Unit (who currently manage, or manage and deliver, a number of access to finance projects for businesses) and delivered in partnership with CWLEP, Coventry City Council and Coventry and Warwickshire Reinvestment Trust.

2.2 Project Objectives

The project aims to establish a comprehensive access to finance programme for Warwickshire businesses, filling the gaps in provision that exist either due to unwillingness by the private sector to invest or the end/ lack of other public sector funding in the short to medium term. It is expected that the project will deliver the following outputs and outcomes:

By 31 December 2018, it will help **127 Warwickshire businesses start, survive or grow** by providing loans or grants worth £4,500,000. In particular, it will:

- Attract **£7,500,000 from other funders**;
- Unlock a **minimum of £6,000,000 of private sector investment**;
- **Create 303 new jobs**; and
- Deliver a **£17,124,287 increase in Gross Value Added (GVA)**.

2.3 Project Description

The project will provide loans and grants to Warwickshire businesses that cannot raise the finance they need from banks, investors or other loan/ grant programmes. There will be three strands of activity:

Small Business Loans

This strand will provide small loans to businesses based in Warwickshire that have been unable to raise sufficient, if any, finance from their bank.

Small and medium sized enterprises (businesses with fewer than 250 employees¹) will be eligible for support with purchasing equipment, refurbishing existing buildings and obtaining new premises. The scheme will have the following features:

- Loans from £1,000 to £75,000;
- Typical terms of one to five years;
- No minimum term;
- Low arrangement fees;
- Fixed interest rates of between 11.5% and 16.5% (in order to comply with European Union state aid rules – based on the level of risk involved and the security available);
- Relevant loan conditions including personal/ third party guarantees, charges on equipment or property, etc;
- Flexible repayment schedules; and
- No early repayment penalties.

The loans will be delivered in a partnership with Coventry and Warwickshire Reinvestment Trust (CWRT) – a not-for-profit Community Development Finance

¹ Small and medium sized enterprises (SMEs) are defined in EU law. As well as the required number of employees, businesses must also have either annual turnover or a balance sheet total below €43 million in order to meet the definition of an SME. Relationships with other enterprises are also taken into account (for example, where a business is part of a larger grouping).

Institution (CDFI) set up to provide affordable finance to businesses, a member of the Community Development Finance Association and the only CDFI operating solely in Warwickshire. An opportunity has arisen to partner with CWRT in the expansion of small business loans activity in Warwickshire. WCC and CWRT will jointly fund the capital funding needed to support the expansion whilst CWRT will continue to have responsibility for managing and delivering the loans (via a funding agreement between WCC and CWRT in the case of the resources from the Capital Growth Fund). There will also be an opportunity later in the year for sub-regional partners to secure significant funding for small business loans activity from the new ESIF Growth Programme.

Small Business Grants

This strand will provide small capital grants to micro and small businesses that have been unable to raise sufficient finance from their bank, investors or other loan/ grant programmes and for whom a small business loan is not appropriate.

The scheme is designed to help micro and small businesses² put in place the full funding package needed for capital investments that will diversify or modernise their operations, leading to economic growth. Grants will only be available towards the costs of tangible capital assets including:

- Buildings/ premises; and
- Plant, machinery and equipment (including finance leases with an obligation to buy).

Grants from £5,000 to £35,000 will be available at an intervention rate of up to 40% with the business providing the remaining funding from their own or other resources.

Detailed scheme criteria will be agreed prior to implementation by the Project Board in consultation with the Strategic Director for Communities and the Portfolio Holder. It is expected the grants will focus on areas of Warwickshire and sectors where there are identified gaps in support or particular needs and opportunities. For example, it is expected that particular priority will be given to applications from identified growth sectors including manufacturing, IT services, digital and creative industries, and tourism. All projects will need to demonstrate how the proposed investment will directly create new jobs in the Warwickshire economy and safeguard existing employment (where relevant). Only activities that will not proceed without funding from the Capital Growth Fund, or activities that can be brought forward more quickly as a result of it, will be supported.

Compliance with the European Union's state aid rules will be achieved by ensuring that the grants to businesses fall within the permitted exemptions or are otherwise outside the scope of the state aid regime. For example, grants will be below the European Union's De Minimis Regulation which permits payments of up to €200,000

² Micro and small enterprises are also defined in EU law. A micro enterprise is defined as a business with fewer than ten employees whose annual turnover or balance sheet does not exceed €2 million whereas a small enterprise is defined as a business with fewer than 50 employees whose annual turnover or balance sheet does not exceed €10 million. Again, relationships with other enterprises are also taken into account.

of state aid, per undertaking, over a three year period. Additionally in some cases the “Services of General Economic Interest” state aid exemption may also apply.

WCC will manage and deliver the small grants scheme, building on its experience of managing a similar scheme on behalf of CWLEP and Government (Defra) as part of the Warwickshire Rural Growth Network.

Coventry and Warwickshire Investment Fund

The new Coventry and Warwickshire Investment Fund will provide large capital grants to businesses that have been unable to raise sufficient finance from their bank, investors or other loan/ grant programmes and for whom a small business loan is not appropriate.

The Investment Fund is designed to help businesses of any size put in place the full funding package needed for capital investments that will diversify or modernise their operations, leading to economic growth. This includes inward investors and existing businesses that are relocating within Warwickshire or the wider CWLEP area. Grants will only be available towards the costs of tangible capital assets including:

- Buildings/ premises; and
- Plant, machinery and equipment (including finance leases with an obligation to buy).

Large capital grants (typically of no more than £100,000 but flexible depending on need and opportunity) will be available at maximum intervention rates of 10% to 30% depending on the size and location of the business. Particular priority will be given to applications from the CWLEP’s priority sectors. All projects will need to demonstrate how the proposed investment will directly create new jobs in the local economy and safeguard existing employment (where relevant). The Fund will be a “gap-funder” and only activities that will not proceed without the funding, or activities that can be brought forward more quickly as a result of it, will be supported.

All grants will need to be compliant with the European Union’s state aid rules. It is expected that grants will be offered under the General Block Exemption Regulation which limits the proportion of the total project costs that can be financed by the public sector depending on the size of the business and the location of the investment. Higher intervention rates are available in Assisted Areas and to smaller businesses.

WCC will work with CWLEP and Coventry City Council to manage and deliver the Coventry and Warwickshire Investment Fund. In particular, Coventry City Council will continue in its role as accountable body for the CWLEP’s large grant programmes and it will manage and deliver the new Coventry and Warwickshire Investment Fund on behalf of the three partners.

3. The Business Case

3.1 The Strategic Case

Project Need

Access to finance is still a major issue for businesses in Warwickshire. This is both the availability of finance and also the leadership & management skills needed to access it. Difficulties in accessing finance is repeatedly identified as one of the main barriers to growth by local businesses (e.g. a 2013 survey for the CWLEP, WCC's 2014 business survey, a 2014 FSB questionnaire, consultation carried out as part of the development of the new ESIF programmes, etc).

Moreover, recent research commissioned by Government (DCLG) and the six local enterprise partnerships in the West Midlands confirmed that there are still a number of gaps or market failures in the access to finance market. These include micro loans and loans for business expansion as well as finance for new, start-up and early stage businesses (Regeneris, 2015). In particular, for micro and small businesses, there is a recognised gap in smaller levels of funding.

There are a number of business loan or grant programmes operating in the CWLEP area including small business loans (which are funded by WCC's Going for Growth funding as well as the Warwickshire Rural Growth Network, CWLEP, the European Regional Development Fund (ERDF) and the Government-backed Start Up Loans Company); small grants for micro-enterprises in the rural areas of Warwickshire (part of the Rural Growth Network); and large CWLEP grants (funded by ERDF, Growing Places and the Regional Growth Fund). In recent years, these programmes have provided loans or grants worth £6,269,094 to 77 Warwickshire businesses including a number of inward investors for projects that are expected to create about 1,000 jobs. However, all these programmes are due to end by December 2015 at the latest and their funding is expected to be fully allocated between May and July this year. The CWLEP has secured an additional £2,000,000 from the Local Growth Fund to continue the large grants programme and there is funding available from the new ESIF Growth Programme to support both loan and grant schemes. However, none of these resources will be available until Spring 2016 at the earliest which will leave a major gap in support.

Project Demand

Evidence from these current programmes demonstrates the ongoing demand for small business loans and both small and large grants.

In the last two years, CWRT have provided £1,211,384 of loans to Warwickshire businesses. The table below shows the loans provided to businesses since April 2013.

Small Business Loans in Warwickshire – April 2013 to March 2015

Fund	Number of loans	Value of loans	Private sector	Forecast jobs created	Forecast jobs safeguarded
WCC GfG	10	£134,100	£304,000	16.5	55
RGN (Defra)	8	£167,000	£490,000	23.3	12
CWLEP	8	£119,001	£117,000	19	15.7
ERDF	13	£497,000	£558,540	67	57
Start Up (BIS)	27	£294,283	N/A	27	0
Total	66	£1,211,384	£1,469,540	152.8	139.7

This follows a period when CWRT were lending only approximately £150,000 a year in Warwickshire. For their part, the WCC Going for Growth and CWLEP funding were allocated 18 and 15 months early respectively. Furthermore, all funds are on track to deliver or exceed their job targets.

CWRT currently have a pipeline of loan applications worth over £500,000 and only £51,000 of RGN funding and £213,000 of ERDF funding still to allocate. Both funds are expected to be fully allocated by June 2015 at the very latest. CWRT will be able to draw on some of their reserves at this point (generated through re-payments and interest on previous loans). However, this funding on its own will not meet the current demand from Warwickshire businesses unable to secure the finance they need from banks. Furthermore, the new ESIF funding for small business loans is unlikely to be available until Spring 2016 at the earliest.

The demand for grant support towards the costs of investment projects, and to underpin them, is equally high. The table below shows the small grants provided to micro-enterprises in rural Warwickshire through the Warwickshire Rural Growth Network (RGN).

Warwickshire Rural Growth Network Grants – August 2013 to March 2015

District/Borough	Number of grants	Value of grants	Value of private sector leverage	Forecast jobs created
NWBC	3	£46,670	£73,507	11
RBC	4	£81,168	£141,754	12.5
SDC	20	£470,124	£741,039	67.5
WDC	3	£37,327	£55,989	7
Total	30	£635,289	£1,012,289	98

The budget for the scheme has been increased three times by the RGN Programme Board in order to meet the demand from micro-enterprises in Warwickshire's rural areas. However, the final grant offers are expected to be made in May 2015. Defra have recently launched a new (ESIF funded) grant scheme for micro and small businesses. However, the minimum grant is £35,000. This leaves a major gap in support in rural Warwickshire and there is already a similar gap in our urban areas

The final table shows the large grants provided by the CWLEP to Warwickshire businesses between July 2012 and March 2015.

CWLEP Large Grants in Warwickshire – July 2012 to March 2015

Fund	Number of grants	Value of grants	Value of private sector leverage	Forecast jobs created
ERDF Large	27	£1,291,154	£9,212,674	171
GP Business	4	£528,090	£2,147,088	55
RGF SME	11	£701,534	£4,587,008	98
RGF Large	11	£2,917,434	£20,537,713	491
RGF Lancaster	24	£830,882	£3,892,923	146
Total	77	£6,269,094	£40,377,406	961

The Growing Places and Regional Growth Fund funding is now fully allocated. The ERDF strand has been extended three times in order to meet the demand and a fourth request for additional funding is expected to be approved by DCLG during May 2015. However, the current pipeline of projects far exceeds the funding still to be allocated.

The CWLEP is expecting to have to close its large grants programme in July and it is unlikely to be open again to new applications until April 2016 when the new ESIF Growth funding and Local Growth Deal resources are expected to be available. This major gap in support will delay and/ or curtail a number of large investment projects in Warwickshire that would have led to business expansion, economic growth and job creation.

Alignment with WCC's Strategic Objectives

The project will support the corporate priority of economic growth by providing support for the creation and expansion of businesses. In particular, it will help ensure that the Warwickshire economy is vibrant and residents have access to jobs (one of the five key outcomes in the One Organisational Plan) and it will meet identified gaps in provision (one of the key activity areas for the Economic Growth Business Unit as agreed at Corporate Board in June 2014) including support for the rural economy. It will also support Warwickshire's new Inward Investment Strategy by focusing activity on identified growth sectors, supporting existing businesses looking to expand, and offering a financial incentive to inward investors.

WCC is particularly committed to supporting the small business community. In 2014, WCC won the "Best All Round Small Business Friendly Award" at the Federation of Small Business Local Authority Awards for the second year running in recognition of the range of support we offer to small businesses including our programme of small loans and grants.

Alignment with the Strategic Economic Plan

The project will support the delivery of the Coventry and Warwickshire Strategic Economic Plan (SEP). In particular, it will complement the Growing our Talent Programme (one of four in the SEP) which aims to support the enhancement of productivity and economic performance by supporting businesses both in identified growth sectors and where there are areas of underperformance (geographically,

sectorally and in terms of business size i.e. the lack of resilience among micro and small businesses).

Support for Economic Growth

The project will provide support for the creation and expansion of businesses in Warwickshire in order to stimulate economic growth and create new employment opportunities. For their part, micro and small businesses form an integral part of the Warwickshire economy – 97% of all businesses are small – and, with appropriate support including finance, many could be expanded.

3.2 The Financial Case – Project Costs

Introduction

The costs are based on the anticipated need for the project (particularly given the closure of current programmes during Spring/ Summer 2015), the expected demand from Warwickshire’s businesses and the availability of other funding including the recycling of previous investments in the case of the small business loans activity. All three strands of activity will attract investment from other funders including significant private sector investment.

Small Business Loans

Small business loans of £1,000 to £75,000 will be available to businesses based in Warwickshire that have been unable to raise sufficient, if any, finance from their bank. £1,000,000 from the Capital Growth Fund will be used to attract a further £1,000,000 from the ESIF Growth Programme and other funders to create a loan fund of £2,000,000 for Warwickshire businesses. The budget assumes an average loan of £35,000 (based on current delivery). This would mean approximately 57 small businesses in Warwickshire being supported with a loan during the lifetime of the project.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
Capital Growth Fund	0	200	400	400	1,000
CWRT/ Other Funders	0	200	400	400	1,000
Total Cost	0	400	800	800	2,000

The investment required from the Capital Growth Fund is a combination of loan (which will be returned to the Fund) and grant (to cover potential defaults). Based on the current default rate, it is suggested that the funding agreement with CWRT is made up of 75% loan and 25% grant. It is also suggested that CWRT is required to repay the loan by instalments every six months equating to the amounts repayable by businesses over the preceding six month period at the Bank of England interest rate. Such an arrangement for the duration of the small business loans activity would mean an approximate **return to the Capital Growth Fund of £759,570** over five to seven years. Further work on the detailed funding agreement with CWRT will be required prior to implementation including on the phasing of the payments.

Small Business Grants

Small capital grants of £5,000 to £35,000 will be available to micro and small businesses Warwickshire that have been unable to raise sufficient finance from their bank, investors or other loan/ grant programmes and for whom a small business loan is not appropriate. The budget assumes an average grant of £20,000 (based on the current demand under the Rural Growth Network) and an intervention rate of 40%. This would mean approximately 50 businesses being supported with a grant during the lifetime of the project and minimum private sector investment of £1,500,000. The investment required from the Capital Growth Fund is a grant.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
Capital Growth Fund	0	350	350	300	1,000
Private Sector Match Funding	0	525	525	450	1,500
Total Cost	0	875	875	750	2,500

Coventry and Warwickshire Investment Fund

The new Coventry and Warwickshire Investment Fund will provide large capital grants to businesses that have been unable to raise sufficient finance from their bank, investors or other loan/ grant programmes and for whom a small business loan is not appropriate. £1,000,000 from the Growth Fund will be WCC's contribution to the Fund; CWLEP and Coventry City Council will also be providing £1,000,000 each. The budget assumes an average grant of £75,000 and an average intervention rate of 25%. This would mean approximately 40 businesses being supported with a grant during the lifetime of the project (across the sub-region) and minimum private sector investment of £9,000,000. Approximately 20 of the businesses could be expected to be in Warwickshire (giving approximate investment in Warwickshire by CWLEP of £500,000 and the private sector of £4,500,000). The investment required from the Capital Growth Fund is a grant.

Total Budget

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
Capital Growth Fund	0	500	500	0	1,000
CWLEP	0	500	500	0	1,000
Coventry City Council	0	500	500	0	1,000
Private Sector Match Funding	0	4,500	4,500	0	9,000
Total Cost	0	6,000	6,000	0	12,000

Warwickshire Budget

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
Capital Growth Fund	0	500	500	0	1,000
CWLEP	0	250	250	0	500
Private Sector Match Funding	0	2,250	2,250	0	4,500
Total Cost	0	3,000	3,000	0	6,000

Total Capital Funding

This gives a total request of £3,000,000 from the Capital Growth Fund over three years which will attract a minimum of £7,500,000 from other funders including the new ESIF Growth Programme, the CWLEP and the private sector. The contribution from the Capital Growth Fund would be reduced if WCC or partners are successful in securing alternative funding.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
Total Capital Growth Fund	0	1,050	1,250	700	3,000
Total Other Funding	0	3,225	3,425	850	7,500
Total Cost	0	4,275	4,675	1,550	10,500

Revenue Funding

There is the revenue budget within the Economic Growth Business Unit to support the management of the funding agreement with CWRT (as well as WCC's ongoing involvement in the Credit Committee), the management and delivery of the small business grants and WCC's involvement in the new Coventry and Warwickshire Investment Fund. In addition, CWRT will be expected to cover their revenue costs from the interest recovered on the loans and/ or other external funding secured.

3.3 The Economic Case – Value for Money

Support for small business loans generally represents excellent value for money for the public sector. For example, WCC's relatively modest investment from the Going for Growth Fund supported loans which are expected to lead to the creation of 16.5 new jobs and the safeguarding of a further 55 at a cost per job created of £8,733 and job safeguarded of £2,620. There has been a trend in recent months in Warwickshire of businesses requesting larger loans towards bigger projects without there being a similar increase in the number of jobs being created. However, the cost per job is still excellent. It improves further still when the recycling of the funding [a further round of loans] is taken into account.

Support for both small and large grants also represents excellent value for money. For example, the micro-enterprise grant scheme managed by WCC on behalf of the CWLEP as part of the Warwickshire Rural Growth Network has so far provided grants worth £635,289 for projects that are expected to create 98 jobs. To-date, approximately £435,000 has been claimed and 40.5 jobs have been created at a cost per job of £10,740.

This new project will help **127 Warwickshire businesses start, survive or grow** by providing loans or grants worth £4,500,000. In particular, it will:

- Attract **£7,500,000 from other funders**;
- Unlock a **minimum of £6,000,000 of private sector investment**;
- **Create 303 new jobs**; and

- Deliver a **£17,124,287 increase in Gross Value Added (GVA)**.³

This would represent:

- £2.50 of investment from other funders for every £1.00 invested by WCC;
- A minimum of £2.00 of private sector investment for every £1.00 invested by WCC;
- A cost per job created of £14,851;
- A cost per job created against WCC's investment of £9,901;
- A return in terms of GVA increase of £5.71 for every £1.00 invested by WCC.

3.4 The Management Case

Project Milestones

A detailed project plan will be prepared prior to implementation for approval by the Project Board. The main project milestones are:

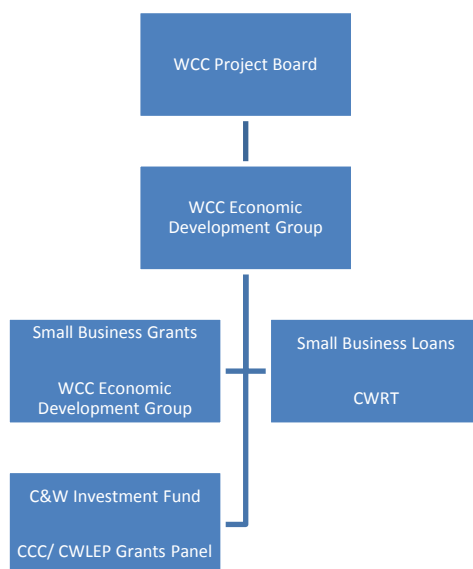
- September 2014 – Expression of interest
- November 2014 – Development of outline business case
- December 2015 – Communities Leadership Team
- January to March 2015 – Development of business case
- April 2015 – Evaluation Panel
- Early May 2015 – Corporate Board
- June 2015 – Cabinet
- July 2015 – Council
- August 2015 – Project start
- Autumn 2015 – Submission of ERDF outline proposal
- Winter 2015 – Submission of ERDF full application
- Spring 2016 – Start of ERDF activity
- July 2016 – Annual review
- July 2017 – Annual review
- December 2018 – Annual review
- March 2018 – Final date for Capital Growth Fund spend
- December 2018 – Final date for ERDF spend
- December 2020 – Project completion

Project Governance and Delivery

The project will be managed by the Economic Development Group in the Economic Growth Business Unit and delivered in partnership with the CWLEP, Coventry City Council and a small number of specialist partners. The Economic Development Group are currently managing, or managing and delivering, business support programmes worth over £5,000,000 on behalf of CWLEP, Government departments and the European Union. This includes a number of access to finance projects for businesses. The Group also represents WCC on the current CWLEP's Grant Panel.

³ The GVA has been calculated using an Additionality outcome ratio of 0.55, an average GVA per job figure of £34,252 (Cambridge Econometrics data for Warwickshire in 2014 prices) and a persistence of benefits factor of three years.

The governance for these current projects will be revised to include this new project. A Project Board in the Economic Growth Business Unit will have overall responsibility whilst the project management will sit with the Economic Development Group. In turn, as already discussed in Section 2.3, responsibility for delivering the first phase of small business loans activity will sit with CWRT, the small business grants with WCC and the Coventry and Warwickshire Investment Fund with Coventry City Council via the CWLEP Grants Panel. This governance structure is shown below.



The terms of reference for the CWLEP Grants Panel will be revised so it becomes a joint awarding panel for the Coventry and Warwickshire Investment Fund on behalf of CWLEP and the two partner local authorities.

Funding agreements will be put in place between WCC and CWRT for delivery of the small business loans strand and Coventry City Council for the large grants. This will include giving CWRT and Coventry City Council responsibility for entering into loan or grant agreements with individual businesses.

The terms of the reference for the existing Rural Growth Network Grants Panel will also be revised to include the funding for the small business grants.

Other Delivery Options

Other delivery options have been considered and tested during the development of this full business case.

A partnership with CWRT is still considered the best option for delivering the small business loans activity. CWRT is the only CDFI operating solely in Warwickshire and it has previously received funding from a number of Government departments, Advantage West Midlands, ERDF, CWLEP and WCC. Indeed, CWRT is currently managing funding from the Going for Growth Programme and the Rural Growth Network on behalf of WCC. WCC was heavily involved in the establishment of CWRT (and transferred the reserves from its own small business loans scheme to CWRT in 2005) and is also a long-standing member of both the CWRT Board (as an

observer) and the Credit Committee. CWRT has the experience and skills needed to manage a small business loans scheme whereas WCC would need to recruit or buy-in the expertise. Furthermore, there is an opportunity to expand the provision of small business loans in Warwickshire by partnering with CWRT who are also looking to invest additional resources in the activity.

WCC delivery of the small business grants is also still considered the best option. This builds on WCC's recent experience of managing a Defra and European Union funded micro-enterprise grant scheme (worth £1,600,000 to-date) on behalf of the CWLEP and the processes and systems are already in place. Moreover, WCC has many of the partnerships needed to deliver a scheme of this nature.

Finally, delivery of the Coventry and Warwickshire Investment Fund via Coventry City Council and a revised CWLEP Grants Panel is considered the best option. Coventry City Council have been accountable body on behalf of CWLEP for five large grant programmes and they have the processes in place to manage and deliver the new Investment Fund on behalf of the three partners.

The management and delivery of all three strands of the project will be continuously monitored by the Project Board and the proposed delivery arrangements may be reviewed should better opportunities for delivering the same objectives, outcomes and economic impacts emerge.

Risk Management

A detailed risk register has been prepared and is available in Appendix A. The main risks identified at this stage are:

- Failure to secure funding from the Capital Growth Fund;
- Partnership arrangements with CWRT and CWLEP/ CCC challenged by other providers;
- Failure for CWRT to secure funding;
- Failure to secure ERDF funding for small business loans activity;
- Failure for CWLEP and Coventry City Council to secure their contributions to the Coventry and Warwickshire Investment Fund;
- Failure to agree funding agreements with CWRT and CC;
- Confusion for applicant businesses;
- Poor service delivery;
- Lack of take-up;
- WCC subsidy of other funding;
- Non-compliance with EU state aid rules;
- Non-repayment of loans;
- Non-delivery of outputs.

Plans are already in place to mitigate these risks including transferring responsibility for their management to delivery partners. Overall, the risks to WCC are considered to be relatively low given WCC's track record of successfully managing or managing and delivering similar programmes for businesses including ensuring compliance with EU state aid rules.

4. Monitoring and Evaluation

WCC already has the processes in place to capture benefits such as those arising from this project and we regularly report on them along with the specific outputs and outcomes to Government and European funders.

A detailed monitoring and evaluation plan will be prepared prior to implementation for approval by the Project Board.

5. Contact

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