



Application Guidance Notes: Humber LEP Business Loan Fund

About the Humber LEP Business Loan Fund

The Humber Local Enterprise Partnership's Business Loan Fund provides loans to businesses to help get stalled development projects off the ground. It is designed to unlock capital projects that have the potential for job and/or home creation and can quickly deliver tangible economic outcomes through providing additional capital investment.

The aim of the loan fund is to support development projects which have a significant economic impact and support sustainable job creation.

The fund will be allocated by the Humber LEP's Investment Board which comprises private sector business leaders.

We are now inviting applications to the Fund.

Available funding

The Business Loan Fund is an £8m revolving fund and availability at any given time is subject to project pipeline and repayments.

It is anticipated that individual funding approvals will be between £100,000 and £1,000,000. Projects outside this range may be considered but must deliver exceptional outputs and/or provide exceptional value for money. It will not be possible to consider loan requests for less than £75,000.

Eligibility

The Humber Business Loan Fund will support capital development projects, from infrastructure, flood defence work, housing projects and building, through to machinery purchases, interior refurbishment and landscaping. Projects will need to clearly demonstrate the potential for job creation and alignment to the Humber LEP's priorities (see the Humber's [Strategic Economic Plan](#)). Priority will be given to projects that create skilled employment, particularly in one of the Humber's key sectors - Ports and Logistics, Energy, Food Processing and Manufacturing.

Projects must be located within the Humber area which covers the administrative boundaries of Hull, East Riding of Yorkshire, North Lincolnshire and North East Lincolnshire Councils. The Humber LEP would particularly welcome development projects based in the [Humber's Enterprise Zones](#).

Revenue projects are not eligible for the Business Loan Fund. Only capital projects may be submitted (usual fees/project management costs which are part of a larger capital project are eligible).

Deliverability is of paramount importance. Business Loan funding will be used flexibly to deliver critical infrastructure, de-risk projects and tackle site constraints to unblock stalled schemes of significant economic benefit.

There is no restriction on the type of capital project that may be submitted or the way in which the Business Loan Fund will be applied. However, the Humber LEP has a responsibility to manage public funding effectively and all projects must demonstrate sustainability and economic benefit to the Humber and its residents.

Humber LEP Business Loan Fund is a revolving fund and projects will be expected to repay their funding. Early repayment will be prioritised and taken into account alongside value for money and economic impact. A repayment period of more than 5 years will not normally be considered.

There are no restrictions on the type of organisations that can apply for funding but we recommend that you should consult with the Economic Development team of the local authority in which your scheme is located before making an expression of interest (contact details overleaf). Your local authority contact can also provide advice and assistance at the full application stage.

Application Process

There is a three stage process:

1. An Expression of Interest is submitted and assessed by the Humber LEP's Investment Panel
2. Selected projects will be invited to submit a full application and business case which will be reviewed by the Investment Panel. Full, independent due diligence will be commissioned for applications that appear to be viable. Applications that do not appear to be viable will be rejected at this stage. Guidance on the requirements of the due diligence process can be found at <http://www.humberlep.org/business-support/business-loan-fund>
3. Progressed applications will be reviewed alongside the associated due diligence report and the Investment Panel will make a recommendation to approve or decline the application.

Assessment

All applications will be assessed against the following criteria:

- Projects must be capital schemes that are ‘ready to go’ and are able to generate tangible benefits quickly
- Projects must be located in, and significantly contribute to, the economy of the Humber
- Projects should have outline planning consent and/or a reasonable expectation that full planning consent will be granted within six months.
- Projects must be demonstrably capital, meaning that an investment:
 - Must be used for the acquisition or enhancement of an identifiable asset with a life of more than one year
 - Can include the costs (excluding interest) of assets acquired under a finance lease
 - Cannot be used to fund moveable assets where there is an expectation of immediate re-sale.

Applications will be assessed in terms of the following:

- Deliverability and risks associated with the project
- Job creation benefits and/or other benefits to the Humber
- Sustainability and prospects for growth
- Financial implications (e.g. leverage, distributed risk, returns to the Business Loan Fund)

Priority will be given to projects that have planning permission and other funding in place and to those that fit well with one or more of the Humber LEP’s key objectives.

Interest rates

The Interest rate for all loans is based on the European Commission (EC) “market rate” margin and the current EC Reference rate (0.73% at 11/1/18) as a variable base rate. Based on an independent assessment of the creditworthiness of the applicant and the collateral offered, loans can be offered at rates of interest from 0.60% to 10.00% above the variable base rate. Please see Interest rate matrix below.

[Interest rate matrix](#)

N.B. Failure to make scheduled payments will incur a default interest rate of 10%.

Successful Applications

Successful loan applicants will enter into a contract with Hull City Council as the Accountable Body for the programme and will draw down/repay their loans according to the contract agreement.

It is a requirement of the programme that successful applicants provide regular updates for monitoring purposes. Applicants will periodically be asked to report against project progress and achievement of outputs such as job creation. The Humber LEP may request supporting evidence for auditing purposes and reserves the right to invoke clawback of funding for contractual non-compliance, including failure to cooperate with monitoring requirements.

Contacts

Before submitting an Expression of Interest form, applicants are advised to discuss their scheme with economic development staff from the relevant local authority in which the scheme is located.

Contacts in each of the four Humber Authorities are:

Local Authority	Name	Email	Tel
East Riding of Yorkshire Council	Stephen Silvester	Stephen.silvester@eastriding.gov.uk	01482 391615
Hull City Council	Paul Burnley	paul.burnley@hullcc.gov.uk	01482 613336
North Lincolnshire Council	Matthew Collinson	Matthew.Collinson@northlincs.gov.uk	01724 297329
North East Lincolnshire	David Robinson	David.robinson@nelincs.gov.uk	07827 231697

Submitting your application

Please complete the Expression of Interest form that can be accessed from the website via the link below.

[Expression of Interest Form](#)

Expressions of Interest should be emailed to funding@humberlep.org and will normally be reviewed at the next Investment Panel meeting.

Emailed applications are strongly encouraged, however, if it is necessary to post your application, please address it for the attention of:

Karen Oliver-Spry
Investment Programme Manager
Humber LEP
47 Queen Street
Hull
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