

January's Grant update highlighted the imminent launch of a new loan fund by the South West Regional Development Agency (SWRDA) to help growth businesses through the credit crisis. This issue announces details of the new fund and highlights grant support in Cornwall for workspace development. In addition, we focus on a new mezzanine equity investment fund, and grants to support low carbon buildings.

As part of the drive for economic recovery, SWRDA has announced the launch of a new £10m **South West Loans Fund**, which is available to help growth-orientated businesses with viable business plans. Of this, approximately £5m is available in Cornwall and the Isles of Scilly and the balance for the rest of the region.

A key aim of the Cornwall and Isles of Scilly Convergence Programme is to create the momentum for transforming the economy to a high value added one. **Gap Funding for Employment Space** is an investment mechanism to support the delivery of suitable speculative and bespoke

employment space projects, where the development cost of the project exceeds its market value on completion.

Following the announcement of the Government's Real Help for Business Programme in January, the **Capital for Enterprise Fund** has been launched to help the cashflow, credit and capital needs of businesses during these challenging economic times.

The Chancellor's recent Budget statement highlighted an additional £45m would be available for the **Low Carbon Buildings Programme**. The Department of Energy and Climate Change (DECC) have now announced how this funding has been allocated. Beneficiaries include householders, public sector buildings and charitable bodies.

Ewan McClymont



Capital for Enterprise Fund

The Capital for Enterprise Fund provides £75m of equity and loan funding, bringing together £50m of Government money and an additional £25m from Barclays, HSBC, Lloyds TSB and RBS. The purpose of the fund is to provide equity and mezzanine funding of between £200k and £2.0m for SMEs with a turnover of up to €50 million, and who have a viable business model and growth potential in need of long-term capital.

The CFE Fund has committed £30m each to established venture capital providers, Aberdeen Asset Managers Private Equity ("Aberdeen") and Octopus Private Equity ("Octopus PE") with which to make investments. The remaining £15m is to be managed flexibly by Capital for Enterprise Limited (wholly owned by the Department for Business, Enterprise and Regulatory Reform – BERR) as a co-investment fund.

The Aberdeen and Octopus funds will be making new investments over the next 12 months. The focus is on fundamentally sound businesses with existing cash flows and genuine growth potential, but

which are currently unable to access the funding they need. Priority will be given to established businesses with sustainable operating profits and positive cash generation. The business must be unable to access further debt funding and should have an incentivised management team with a track record. It should be operating in a growth market, be able to defend against competitors, and generate strong margins.

Businesses seeking further information can either call the CFE Registration Hotline on 0845-4599780 or visit www.capitalforenterprise.gov.uk. Alternatively, contact the fund managers directly on:

Aberdeen 0141-3067400 or at
www.aberdeen-asset.com/privateequity

Octopus 0800-2946859 or at
www.octopuspe.com

Low Carbon Buildings Programme

The Low Carbon Buildings Programme (LCBP) provides grants for the installation of microgeneration technologies in a range of buildings, including households, community organisations, public, private and the non-profit sectors. The programme is managed by BERR on behalf of the Energy Saving Trust.

Following the Budget announcement on 22nd April, an additional £45m has been allocated to the LCBP, which will be split between Phase One (£10m) and Phase Two (£35m).

LCBP Phase One focuses on assisting householders to install a range of small-scale energy technologies to reduce their carbon footprint. Householders can apply for grants up to £2,500 per property towards the cost of installing a certified product by a certified installer. The extra £10m funding sees the current programme extended from July

2010 to April 2011. Under the recent announcement, there is no need to get planning permission to install devices such as solar panels, ground and water source heat pumps, and biomass systems. Relaxation of the planning rules for micro wind and air source heat pumps is expected to follow shortly.

LCBP Phase Two provides grants for the installation of microgeneration technologies to public sector buildings (including schools, hospitals, housing associations and local authorities) and charitable bodies. From April, potential grants of up to £200k, capped at 50% across all technologies, are available.

For further information under LCBP Phase One, contact the helpline on 0800-9150990 or visit www.lowcarbonbuildings.org.uk. Information on Phase Two of the LCBP, contact the helpline on 08704-232313 or visit www.lowcarbonbuildingsphase2.org.uk

South West Loans Fund

The South West Loans Fund has been developed by SWRDA to support small and medium-sized businesses (SMEs), with viable business plans, that are unable to raise finance from traditional commercial sources. The Fund will provide loans of up to £250k on fully commercial terms and will lend through to the end of 2015 (subject to availability).

The Fund has two loan products:

Finance for Business for loans of up to £250k
Small Loans for Business for loans of up to £50k

The maximum term is five years and security will be taken as appropriate to the risk profile of the individual proposition. There is a 1% arrangement fee payable up-front, as well as potential valuation and legal fees for security. The taking up of Business Mentoring and / or other management support services will be required as appropriate.

Gap Funding for Employment Space

Gap Funding for Employment Space can provide support to a wide range of speculative or bespoke development projects, including the provision of serviced employment land, offices and industrial schemes. The scheme is part of the Cornwall and Isles of Scilly Convergence Programme, funded through the European Regional Development Fund (ERDF).

The ERDF Convergence Programme is governed by the Operational Programme (the OP), which sets out the priorities for investment. To ensure that each Convergence investment fits the priorities set out in the OP, infrastructure based Strategic Investment Frameworks (SIFs) have been developed - funding is available for employment space projects that can demonstrate their ability to achieve outputs linked to the objectives and priorities under the relevant SIF, and which represent value for money.

Any public or private sector developer may apply for Gap Funding to support projects within Cornwall and the Isles of Scilly. Employment space projects funded through Convergence should be developments with high environmental design standards, and focused on knowledge based and / or high value-added uses. Warehousing and distribution are ineligible.

The funding intervention rates range from 30% to 50% depending on the size of the applicant. In effect, the Fund is designed to fill the gap

To be eligible to apply, you must be based in the South West and be an SME. The business must be solvent with a track record of growth or have growth potential. You will need a viable business plan and have evidence that all or part of the finance required cannot be obtained from private sector sources. The Fund cannot replace existing private sector finance and you must have appropriate Environmental, Health and Safety, Equal Opportunities and Disability policies / statements in place.

Ineligible sectors include speculative building, property investment, major infrastructure in ports, coal and steel, agriculture, banks and insurance companies, production of synthetic fibres, provision of social welfare services, education, retail, and coastal protection and soil conservation.

Initial enquiries should be made through Business Link on 0845-6009966, who can advise on eligibility and take you through the first stage of the application process. Alternatively, email Business Link on enquiry@businesslinksw.co.uk or visit www.swloansfund.co.uk

between the build cost and the actual market value, thus making the project commercially viable. Eligible costs include building related plant and equipment, fit out, provision of services, landscaping, and the extra cost of meeting the required environmental standards. Please note that a 2008 BREEAM rating of Excellent is required. Other eligible costs include professional fees, site investigation and preparation, and planning obligations.

Projects are appraised against a range of criteria including regeneration impact, deliverability, sustainability, value for money, brownfield land remediated, level of new or refurbished floorspace, increase in GVA (Gross Value Added), and jobs created and safeguarded.

All supported employment space projects must incorporate the two Cross-Cutting themes of Environmental Sustainability and Equal Opportunities and Diversity. Applications will be considered for endorsement up to 31st March 2013, with all expenditure completed two years thereafter.

For further information, visit www.convergencecornwall.com or contact the Communities Infrastructure Managers at SWRDA -

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