

MAYOR OF LONDON

GOOD GROWTH FUND



MAYOR'S FOREWORD

Why London needs good growth

I am proud to be Mayor of a city that is growing. London is a beacon of progress, tolerance and diversity. That is why we continue to attract people from across the globe. They know that London is open now as it always has been. Our city is a melting pot of different faiths, ethnicities and nationalities. More than 200 languages are spoken here. Our city is also a magnet for talent. This extraordinary diversity, entrepreneurial spirit and cosmopolitan culture is what sets our great city apart.

Yet London is at risk of becoming a victim of its own success. London plays a leading role as a world capital in finance, research and innovation, tourism, culture and the arts. We are also expanding rapidly, with 8.8 million people now calling our city home. This puts huge pressures on our environment, housing, workspace, and infrastructure. It impacts everything from social and cultural infrastructure to public space and the transport network. It affects the togetherness of communities, our quality of life, and our prospects to thrive.

In my report, A City for All Londoners, I talk about how I want London's growth to be 'good growth'. That means designing a city that is inclusive, attractive and accommodates a variety of uses in inner and outer London. At its heart, good growth means addressing the stark inequality that exists here. I want London to be a city where all Londoners have an opportunity to be part of our city's prosperity. People, places and prosperity are inseparable to the idea of 'good growth'. If you take one away, the whole idea falls.

And that is why I am launching the Good Growth Fund. I now want you, London's boroughs, community networks, businesses and creative talent to bring forward your ideas for inclusive and place-based regeneration. I know that with your ingenuity and expertise, we can launch a programme of fresh and engaging projects to improve our city.

Through the fund, I also want to challenge preconceived ideas about regeneration. My aim is to support a range of changes we can make to help create a city that works better for all Londoners. I want to build a London that is more accessible, affordable, healthier and resilient. I want London to have more liveable places to live, learn, work and play.

Finally, this prospectus is just the first step in our journey towards developing a collective understanding of what good growth is. Together, we can bring real change. I look forward to working with you.



Sadiq Khan
Mayor of London and Chair of LEAP - London's Local Enterprise
Partnership

WHAT IS THE GOOD GROWTH FUND?

What's on offer?

The Good Growth Fund is the Mayor of London's new regeneration programme from 2017-18 to 2020-21, delivered through the London Economic Action Partnership (LEAP). It will provide over £66 million capital funding from sources including the Local Growth Fund and European Social Fund, as well as expert regeneration advice, design support and knowledge sharing opportunities.

The Good Growth Fund is open to a broad range of public, private and third-sector organisations including: London boroughs, sub-regional partnerships, town teams and business improvement districts, workspace providers, community groups, social enterprises, small and medium-sized enterprises, and charities within London that wish to drive and lead regeneration in their local area.

The Good Growth Fund offers a tiered range of funding and support, to suit different applicants and scales and types of projects which together can build a broad and balanced programme of exemplary regeneration activities. The fund will include capital and revenue grants, repayable capital grants, or a mixture of both.

The Good Growth Fund will augment and complement other Greater London Authority (GLA) and Transport for London (TfL) programmes investing in London's housing, transport infrastructure, skills, culture and environment, as well as regeneration activities by local authorities, the private and third sector.

The Good Growth Fund will expect to fund up to 50 percent of the total project value, with the remainder covered by match funding. Applicants should be aware that the majority of the available funding is capital, so we would encourage revenue elements of projects to be funded via match. We may be willing to show a degree of flexibility to the 50% rule where exceptional outputs and outcomes are delivered and will review this on a case by case basis.

Please refer to the How to apply section of the prospectus for detailed information and deadlines.

What the Good Growth Fund will achieve

The Good Growth Fund has been designed to support three strategic themes: Empowering People, Making Better Places and Growing Prosperity. Each theme comes with its own set of challenges and opportunities, and no theme can be considered in isolation.

We encourage cross-cutting proposals that help to secure the long-term social, environmental and economic sustainability of our city, although projects may put particular emphasis on one or two themes.

Empowering People

London is a city of incredible diversity and fantastic opportunity, but it is crucially important that we ensure these opportunities are available to as many different groups as possible. Consultation conducted in response to A City for All Londoners indicated that some Londoners feel disconnected from the areas they live and work in and that the decline of social infrastructure such as community centres has increased this sense of isolation. We need to make sure that everyone has the opportunity to actively participate in their local community and civic life should they wish to so that everyone can have a say in how their city is shaped.

To build an equal city and more integrated communities we need to bring people together by fostering active citizenship and collaboration at a neighbourhood level. We want to see projects that result in tangible improvements to the quality of life by celebrating and catering for London's diverse and changing population, where everyone has a stake in the future design and regeneration of the city, and which enable Londoners to access good quality sustainable jobs and skills.

Similarly, all Londoners should have the opportunity to develop to the best of their capabilities and to work in the city. People of all ages are concerned about the lack of adequate provisions for entering the job market. How do we provide skills and employability training that is accessible to all Londoners? To make London more inclusive we need to give everyone access to the opportunities created by growth, ultimately benefitting the city as a whole.



Making Better Places

London is a city of many unique places. It is loved for its open space and diverse high streets, its built heritage and great contemporary architecture, but growth is placing pressure on these places. We urgently need to deliver more affordable housing, and we are facing increasing demand on employment space and infrastructure, from the transport network to utilities and social infrastructure and public realm. There are a number of key challenges: How can we accommodate growth in a way that works with London's character in inner as well as in outer London? How can Londoners feel that those changes are also beneficial to them and their everyday experience of the city? And how can our public and civic infrastructure support higher densities and more sustainable forms of development?

In response we need to address some of the failures of the past, where large-scale urban change sometimes resulted in the segregation of uses, and unsustainable environments that failed to relate to the human scale. We want to see projects that are part of a wider long-term effort to improve a place, make better use of existing spaces, make them work harder to benefit more people and improve Londoners' health and wellbeing.

Good growth should enable an inclusive city of pleasant and healthy places. It should deliver a balanced mix of young and old, of housing tenures, commercial space, and access to high quality culture, recreation and green space. It should enrich the city's public and civic spaces both internal and external. This could include more accessible, resilient and attractive public realm, the activation of disused assets, or the provision of multi-functional infrastructure. It should allow for vitality and change, building on the 'London-ness' that is a crucial part of the capital's character and enduring appeal.



Growing Prosperity

London's economy is a global success story, but we need to ensure our local economies – from our high streets and town centres to industrial areas – are also strengthened through growth. Growth can be constrained by a number of factors; not least the high cost of living and premises costs. Entrepreneurs who wish to start or grow a business need more support to access affordable space to operate in, funding to grow their business, or simply training to develop the skills required to get their ideas off the ground. How can we make sure that the economy continues to grow, but that this is achieved through the offer of open and inclusive opportunities that benefit local people and businesses in all parts of the city, including in and around local high streets?

Good growth should benefit London's diverse business base, economic assets and local economies. In response to the challenges set out above we need to tackle barriers to businesses starting and scaling up, grow more businesses and social enterprises that contribute to their local areas, improve digital connectivity, find new ways of boosting productivity, and broaden employment opportunities for London's residents. We want to see innovative projects that use targeted interventions to support specific industries and economic activity. We want to see new jobs and places of work being created, that are accessible to the whole community



ACTIONS: WHAT WE WILL FUND

We want to fund a range of projects as part of the Good Growth Fund and hope applicants respond creatively to our suggestions with proposals that address the interrelated strategic themes outlined in the previous chapter. This section sets out the types of actions we will support. This list is not exhaustive, and projects may deliver on one or more of the following actions:

Develop Civic Infrastructure

Back Small Business

Secure and Create Workspace

Drive Innovation

Build Skills and Employability

Deliver Community-led Regeneration

Enhance Public Space

Share Culture

Applicants should be mindful that, with the exception of the European Social Fund (ESF) element, only capital funding is available from the Good Growth Fund. We are therefore particularly looking for proposals that bring complementary revenue funding and can link our capital investment with addressing wider and underlying strategic issues.

All projects should champion collaborative working and high-quality design in the widest definition of the term. At inception, we are keen that you engage collaboratively with a wide range of people and organisations to test ideas and to use local knowledge in defining the concept and scope of your project. During the development and implementation, we strongly encourage you to draw on the right professional expertise from London's rich pool of talent to translate concepts into exemplary outcomes.

As part of the evaluation, projects should learn from each other and cumulatively contribute to our understanding of what good growth means for London.





Develop Civic Infrastructure

London's civic infrastructure serves as the stage where our public lives are played out and often provides the glue that holds our communities together. When neighbourhoods have thriving civic spaces, residents have a strong sense of community and a sense of common purpose.

In planning terms, social infrastructure is defined as assets that provide social services which include, health, education, play, faith, recreation and emergency facilities, all of which provide essential resources to support Londoners in their everyday lives, and whose provision tends to be led by local government. These spaces are particularly important for those who are disadvantaged or vulnerable. As London's population grows it is vital that London's social infrastructure adapts to the population's changing needs, and that Londoners play a direct role in this.

As part of London's growth, exciting new models of civic infrastructure are emerging, led by communities and social enterprises, which do not necessarily fit within traditional categories. We are specifically interested in supporting these less obvious civic spaces; particularly those which foster social integration by ensuring people spend more time meeting people from different backgrounds and ages, creating new community institutions that give neighbourhoods a reason to come together and play a role in London's sense of place and identity.

The Good Growth Fund could be used to support:

- Using empty premises and space above and behind shops for flexible and multi-use workspace, retail incubators, crèches, cafes, learning or making space on London's high streets and in town centres
- Re-using or revitalising underused public assets, e.g. adaptive reuse of libraries and community centres
- Developing new models of shared, communal, or open access civic spaces
- Physically adapting existing retail premises or places of work to enable businesses to diversify their offer to the local community, for example, shops providing meeting space for hire or workspaces providing facilities for community groups
- Making the most of the ground floors in new residential-led developments, by pooling contributions and coordinating management
- Promoting intergenerational and cross-cultural or neighbourhood skill sharing, exchange and strengthening London as a city for all ages

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Back Small Business

London is a leading global hub for business. Its strengths are numerous: a stable regulatory environment, a deep pool of talent, openness to trade, investment and migration, together with a vibrant cultural scene that attracts people from around the world.

Although it performs well in terms of creating new start-up businesses and providing a facilitative environment for big blue-chip companies to thrive, it is less effective at nurturing its SMEs compared to other global cities. This is true from the traditional heartlands of industry to the more recent technology-enabled knowledge - based young businesses emerging over the last decade. London's strengths in ideas and early-stage entrepreneurship need to be translated into strong and sustainable business growth that benefits all. To grow a diversified economy that offers quality jobs to all Londoners, we are seeking ideas that unlock the potential for businesses in traditional industries, the knowledge economy and small businesses to grow and innovate.

The Good Growth Fund could be used to support:

- Funding elements of "sector deals" - coordinated and clear demands from industries currently lagging behind in terms of workforce development, upskilling or uptake of new forms of technology
- Fostering collaboration between educational institutions and industry to deliver affordable shared incubation, acceleration and learning spaces or facilities
- Targeting 're-shoring' of value-added aspects of industry (such as specialised manufacture) amenable to London
- Boosting productivity of and growth by helping SMEs to invest in new equipment and processes, new technology and exporting, especially SMEs based in areas which have lagged behind in SME formation.
- Co-designing and co-funding triple-bottom line investments in infrastructure and city-owned assets to capture economic, environmental, and social returns

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Secure and Create Workspace

Entrepreneurs, creative professionals and small businesses are vital to London's success, but many struggle to find appropriate, affordable space in which to work. A wide range of co-working spaces have sprung up over recent years, but they do not provide affordable workspace across all areas of London, or for all kinds of work, and can be in precarious situations themselves.

London needs to secure and create workspace for sectors and places that lack appropriate supply, particularly where uses with social, cultural and local economic value cannot always service the highest rents. Securing long-term ownership, where workspace is under pressure from rising property markets, is particularly important, and could be achieved through repayable grants, to leverage other forms of finance.

The Good Growth Fund could be used to support:

- Delivery of workspace for sectors that have a social or cultural value such as the social enterprise, charity, community service and care sectors, artists and maker spaces, particularly those which generate social and educational outcomes or impact
- Delivery of workspace for sectors with specialist needs such as kitchens for food businesses, maker spaces, workshops, creative studios, or labs
- Delivery of workspaces that span a number of these categories and cross-subsidise different kinds of workspace, while ensuring the business model maintains affordability for those who need it
- Projects that intensify employment uses, including industrial and complementary uses

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Drive Innovation

London plays a leading role as a centre of the global knowledge economy, housing a concentration of globally respected institutions and demonstrating excellence in areas such as research, specialist design, digital and tech, finance and others. Technological changes and emerging industries are driving us towards forms of work that are more dynamic, open and collaborative than ever, and we are only just beginning to understand the social and economic potential of some emerging areas of activity - particularly around models of collaborative research, design and production.

This represents a challenge to how we create conditions for nurturing new talent, products, processes and collaboration - whether investing in new facilities, skills, equipment or providing coordination to boost productivity and seize opportunities. It also asks questions of how rapid advancements in technology can benefit more traditional industries and the wider community, as well as the public sector and our traditional approach to the delivery of public services.

London's innovation ecosystem, which permeates a number of sectors, industries and products, is full of potential and we are keen to invite proposals that capitalise on this and create an environment where new solutions can emerge and flourish to improve outcomes and create broader economic and social impact.

The Good Growth Fund could be used to support:

- Investing in facilities, equipment and associated skills required to boost productivity, expertise and knowledge exchange
- Developing sustainable open access and/or open source forms of design and production which generate shared equipment, protocols and licenses others can use or learn from
- Investing in the creation of new public assets, particularly those which develop new models of creating and capturing the value, such as community shares or co-operative structures
- Using publicly held data in intelligent and applicable ways to maximise usage of London's assets
- Developing new smart infrastructure such as Wi-Fi enabled street furniture, energy generating public realm features and environmentally friendly multi-use public assets

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Build Skills and Employability

While London contains some of the highest concentrations of technical and professional expertise in the country, we know there is a risk of those without formal training or education falling behind. In addition, a lack of the soft skills that employers demand can leave even well-qualified Londoners excluded from job opportunities. Widening the pathways into learning and skill development is a crucial step to ensuring that our residents have access to the full range of employment and business opportunities available, including self-employment and entrepreneurship. Individuals in work may need support to move into better-paid employment, continue their career progression, or improve their wellbeing via sustained periods of employment.

The Good Growth Fund will provide funding for gaps in provision. There are many avenues available to increase skills levels, and the Good Growth Fund will not fund actions that replicate what is already available through statutory funds, or through funded provision from other sources around London.

Applications for capital investment in the Further Education sector for the purpose of delivering skills provision should be directed to the Skills For Londoners Capital Fund

The Good Growth Fund could be used to support:

- Developing and delivering specialist training facilities which respond to clear gaps in provision, including sector-specific facilities
- Developing qualifications that address skills gaps that employers require for the current or future workforce that are not currently available 'off-the-shelf'
- Improving workforce development, upskilling or uptake of new forms of technology
- Providing skills training and employability support to assist disadvantaged groups to overcome barriers that are preventing them from entering or retaining employment, or establishing themselves in self-employment
- Providing skills and training that enable those in low paid or entry level employment to progress in the workplace, improving standards of living and creating entry points for those who are currently unemployed.
- Providing skills and training to support entrepreneurship
- Promoting intergenerational skill-sharing and lifelong learning
- Boosting skills shortage areas resulting from Brexit

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Deliver Community-led Regeneration

Regeneration is something that more Londoners should feel that they are part of. Everyone should have opportunities to contribute to making and remaking the place where they live by coming together to develop common spaces and shared resources. We know that community and civil society groups are full of great ideas and are well placed to propose sustainable solutions to local challenges or opportunities. We want to support innovative community-or citizen-led projects that build local resilience.

We want to see more Londoners actively engaged in the process of urban change, through projects that challenge the way we think about public space, ownership and civic responsibility to find new models that work for local places. London should be celebrated as a city with a strong civil society where everyone feels they can have a stake in the future design and regeneration of the city. We want to see projects that build community cohesion, develop a shared sense of civic pride and involve local people in a meaningful and collaborative regeneration effort in long-term strategic change.

The Good Growth Fund could be used to support:

- Acquiring, refurbishing, developing and/or managing assets of community value
- Enabling community-led development on or around high streets so it successfully mixes new housing with commercial and community activities
- Promoting the local ownership and management of community assets in areas of social and economic deprivation, through innovative models of local engagement and participation in their development and future use
- Bringing the wider community together around common spaces or shared resources that help develop alternative economies or promote collaboration and social integration
- Employing a participatory design process to co-design the outcome of a project or investment
- Delivering actions, projects and development proposed in local neighbourhood plans

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Enhance Public Space

An open and accessible network of well-designed and functional public spaces is at the heart of planning for a healthy, inclusive and prosperous city. One of London's best-loved and defining characteristics is the extent of its public spaces: its streets, squares and green spaces - freely accessible to all Londoners and visitors. However there are challenges, particularly in the context of funding constraints, to continuing to provide and maintain high-quality public space across the city that is welcoming and able to be used by Londoners of all ages and demographics.

The Good Growth Fund can help to support the Mayor's vision for high quality everyday public spaces by prioritising the improvements of high streets, squares and green spaces across the city. With pressures on land for housing and other uses, it is essential that we develop approaches to improve these spaces, make them work harder, and where possible create new innovative forms of public space.

The Good Growth Fund could be used to support:

- Enhancing the experience and multi-functionality of spaces on London's high streets, providing a better environment for people, and street markets, more opportunities for rest and play as well as for walking and cycling
- Creating high-quality public places that can host local culture, adapt to accommodate changing culture, or help instigate new forms of culture
- Opening up or activating underperforming outdoor spaces, such as those on many of London's housing estates or poorly used green and water spaces
- Enhancing architectural and heritage assets and using public art to celebrate local culture and improve perceptions of an area
- Developing interventions in tandem with innovative models of management to care for physical spaces, and to create more accessible space regardless of private or public ownership
- Enhancing or adapting public space to make London a more child-friendly city, and using design to promote more intergenerational and cross-cultural use of London's public realm
- Providing more opportunities for people to encounter, participate, and enjoy London's natural environment, using both traditional and innovative green infrastructure urban greening methods to create sustainable and resilient neighbourhoods

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Share Culture

Culture is integral to ensuring London remains an exciting place to live and work. Culture enriches people's lives, makes people healthier and brings different communities together. The impact of culture on London's economy is greater than anywhere else in the UK and is a key factor in attracting tourists to the capital every day. The importance of culture has been recognised by the Mayor in new initiatives like the London Borough of Culture and Creative Enterprise Zones.

However existing cultural infrastructure including theatres, cinemas, music venues, pubs, skate parks, busking pitches and studios, is being squeezed out due to wider development pressures. This is leading to the homogenisation of places and the loss of valuable assets for communities, reducing the opportunities for all Londoners to access and participate in culture. Additionally, declining investment in public spaces, community spaces, parks, markets and high streets threatens to undermine the cultural activity of everyday life which they contribute to. London's street life and local festivals are spaces of learning and discovery and allow people to share and experience the amazing diversity of our city. That learning builds understanding, respect and tolerance.

To ensure London continues to thrive as a cultural capital on an international and local level, we are looking for ambitious approaches to culture as a driver of regeneration with strategic socio-economic outcomes including health, wellbeing, environment and sustainability as well as strengthening the local identity of a place. We are looking for innovative approaches to broadening cultural participation for all Londoners, fostering social integration and an increased sense of pride and stewardship.

The Good Growth Fund could be used to support:

- Investing in existing or new cultural infrastructure, building upon an area's existing heritage, identity, cultural sector, local assets, institutions and the night time economy
- Enabling access to music venues, cinemas, galleries and theatres on a local level, and ensuring that these assets are protected
- Encouraging participation by facilitating cultural activity in everyday settings including community centres, high streets, parks, allotments and libraries
- Protecting, enhancing and providing affordable studio space and grassroots cultural venues
- Supporting cultural sector SMEs that contribute to the character and identity of places
- Creating opportunities within the cultural sector that can boost the local economy, jobs and skills

What we won't fund

The Good Growth Fund is predominantly capital funding targeted especially to projects that can unlock, or can lead to wider regeneration beyond the immediate investment, ideally with the investment forming part of a strategy. The Good Growth Fund will not fund the following:

- Large scale transport infrastructure projects (e.g. new stations)
- Large scale statutory social infrastructure (new hospitals, prisons, schools)
- Capital investment in the Further Education sector for the purpose of delivering skills provision (please refer to the Skills For Londoners Capital Fund)
- Statutory skills provision (such as full-time education, apprenticeship training and Foundation Learning) or work-based learning to meet employers' legal obligations (such as Health and Safety)
- Housing (please refer to the Homes for Londoners: Affordable Homes Programme or the Innovation Fund)
- 'Business as usual' activities (such as normal maintenance or repairs, or projects that continue existing activities)

HOW TO APPLY

The application process is made up of two stages.

For Stage 1 you must complete an Expression of Interest form, using the form available on the Good Growth page of the GLA website [<https://www.london.gov.uk/good-growth-fund>].

Completed forms and supporting documents must be sent to goodgrowthfund@london.gov.uk.

The Fund has a rolling application process, with two deadlines per year and you can submit your Expression of Interest at any time. Applications received by **16:00 on Monday 4 September 2017** will be included within the first tranche of projects for appraisal. If you submit your proposal after this deadline it will not normally be appraised until the next tranche of project appraisals, which we anticipate will be six months later. The fund will run for four years from March 2017 to March 2021.

Your Expression of Interest will be assessed by an expert panel of GLA officers who will review your proposal against the criteria set out in **How will your bid be assessed.**

The appraisal process will categorise projects as follows:

- Not suitable for funding - Rejected
- Requires further development
- Suitable to move to a Stage 2 - Full Application



We will write to inform you which category your project is in following the appraisal process.

If your project has been categorised as requiring further development or as suitable to move to Stage 2 - Full Application, we will contact you to discuss next steps. At this stage, we may offer you additional support to develop your project. Further information on Stage 2 is provided in **Preparing your bid.**

For projects seeking ESF revenue funding that are accepted, the process is slightly different from other projects as they will not move to a full application stage but will progress to co-commissioning. Further information on the ESF co-commissioning process is provided in **Appendix 2- European Social Fund.**

WHO CAN APPLY?

The Good Growth Fund is open to a broad range of public, private and third-sector organisations including: London boroughs, sub-regional partnerships, town teams and business improvement districts, workspace providers, community groups, social enterprises, small and medium-sized enterprises, and charities within London that wish to drive and lead regeneration in their local area. Individuals cannot apply as a lead applicant. The lead organisation for your project must be legally constituted and able to enter into a contract. If you are not sure whether your organisation is eligible to apply, please contact us via email at goodgrowthfund@london.gov.uk for further advice.

We welcome prefer proposals from partnerships which build on the strengths of different organisations to deliver a holistic project, but the lead organisation must be able to demonstrate that the delivery partnership has the capacity and ability to deliver the project and must be willing to take overall responsibility for the delivery and management of the project. For proposals seeking ESF funding, a delivery partnership is not required at Expression of Interest stage.

HOW THE FUNDING WORKS

The Good Growth Fund offers a tiered range of funding and support to suit different applicants and different types and scales of projects, and to build a broad and balanced programme of exemplary regeneration activities.

The funding options are:

Capital Grants up to £5m to deliver placeshaping and development projects

Capital grants will be awarded where appropriate. Lead organisations will usually be public or third-sector organisations and will normally need to secure a minimum of 50% match funding.

Repayable Capital Grants of between £50k and £2m

Repayable grants will typically be offered at a fixed interest rate agreed during Stage 2 of the application process. Repayable grants may be offered alongside capital grants. Lead organisations will usually be not-for-profit organisations, social enterprises and small and medium-sized enterprises which are able to provide some security relative to the funding requested. Lead organisations will normally need to secure a minimum of 50% match funding and will need to demonstrate that they have a viable means of repaying the grant and any interest (see appendix 3 and 4).

ESF revenue grants of between £500k and £2m to deliver employability and skills projects.

Although we are open to all eligible employability and skills proposals, we are particularly interested in projects which are linked to capital projects funded through the

Good Growth Fund. As an ESF Co-Financing Organisation, there are two key conditions that the GLA is required to meet: 50% match funding must be provided, and the ESF project grant must be awarded to a delivery organisation via an open and competitive process. Therefore you must be able to commit 50% match funding to project delivery and you will be expected to work with the GLA on a co-commissioning basis to select delivery organisations. Further detail is provided in **Appendix 2**.

In addition to the above funding options, the Crowdfund London programme offers small-scale grants in the form of pledges towards crowdfunding campaigns by organisations or partnerships seeking to raise funding for community-led projects. For further detail on this fund and whether it is suited to your project, please see [<https://www.london.gov.uk/what-we-do/regeneration/funding-opportunities/crowdfund-london>].

The Expression of Interest form allows you to indicate what types and scales of funding you require to deliver your project. You may request a mixture of funding to deliver different elements of your project.

Please be aware that there is a presumption that capital funding awards to private sector organisations will be in the form of repayable grants, although we will consider other funding options where this is not appropriate, subject to State Aid regulations

In your Expression of Interest form, you should explain the reasons for your requested funding sources and the requested amounts in the context of your proposed activities and match funding. If you are requesting capital funding but offering less than 50% match funding you should clearly

explain the reasons why a higher level of funding can be justified in your Expression of Interest form, normally this would only be agreed for exceptional outputs and outcomes.

During the Expression of Interest appraisal process the GLA will consider your funding request, taking into account a variety of factors, including: quality and strategic fit of the proposal; available funding; other applications received; complementary activities being delivered by other organisations; other funding sources that may be available to deliver the project; the level of security or scrutiny required; and possible State Aid implications. If you are invited to progress to Full Application stage, we may require you to revise the amount of requested funding or the funding source (e.g. you may have requested a grant but we may only be willing to consider your application for a repayable grant).

Please be aware that if you are awarded funding, you will need to be able to provide evidence that the funds have been spent as proposed and we reserve the right to audit your project, including reviewing invoices, staff salaries, and evidence of delivery achieved. Further details of monitoring, audit and evidence requirements will be provided during the Full Application stage.

PREPARING YOUR BID

Stage 1 - Preparing your Expression of Interest

You are advised to read the Prospectus and Expression of Interest form carefully before applying. We will publish online answers to frequently asked questions and you should check the Question and Answer pages regularly for updates. Published questions will not identify your organisation by name.

Consider whether your proposal meets the challenges and seizes the opportunities set out at the beginning of this prospectus under the themes of Empowering People, Making Better Places and Growing Prosperity before deciding to apply. If you are unsure, you may contact us at goodgrowthfund@london.gov.uk for further guidance and advice. While we cannot help you with the content of your application, we can advise you on the eligibility and suitability of your proposed activities.

When completing your Expression of Interest form, complete all the questions possible and explain your project as clearly and simply as possible. Please ensure you follow the guidance contained in the form, including requirements on number of words. Please be aware that failure to do so may disadvantage your application.

Make sure that you clearly explain the different roles of your partners and their relevance to the project. We encourage partnership applications, but the partnership should be appropriate in scale and membership to best meet the needs of your project – a wide-ranging but poorly focused partnership may result in resources being expended without contributing to results, but equally a partnership which is too narrowly focused on delivery might miss out on marketing and dissemination opportunities.

In the Expression of Interest form we request, where possible, estimates of your anticipated outputs and outcomes and outline information with respect to the following

- The mechanisms that are in place, or that you might introduce, to meet the ongoing costs and resource requirements of your project to enable it to continue after the Good Growth funding has come to an end
- Evidence of the demand, need or support for your project from the intended users and beneficiaries

At Stage 2 of the application process, we will ask you to provide further detail on these areas and we will agree an approach to measuring outcomes and evaluating the impact of your project. We may provide additional support for you to develop your proposals in these areas, particularly if you have indicated a need for support, or your proposal is categorised as requiring further development.

Local Authorities, Local Authority controlled schools and Government bodies and departments are exempt from the financial due diligence process, but all other lead organisations will be subject to detailed due diligence checks. These will take place during the Full Application stage. In addition, private-sector lead or partner organisations, and projects which intend to provide support to SMEs or other private-sector organisations must comply with State Aid regulations (see Appendix 4 for further information). Please also note that recoverable VAT is not eligible expenditure. Again, if you have any queries in relation to these matters, please contact us at goodgrowthfund@london.gov.uk.

Stage 2A – Developing your project

Following the Expression of Interest stage, you may be advised that we are interested in your project, but further development is required with a view to submitting a Full Application at a later stage. If this is the case, feedback will be provided to help you focus on areas that need development or re-scoping and additional support will be available to help you to meet our requirements and respond to our recommendations.

The support provided will depend on our assessment of the needs of your project, but may include:

- Support from GLA officers within Regeneration or other GLA teams
- Support from colleagues external to the GLA, but identified through our networks
- Consultant time from our Specialist Assistance Team (a pre-procured panel of 47 consultants and 6 boroughs officers, spanning 16 areas of expertise)
- Development funding where we consider that specific research or consultancy input is required to enable the project to move forward (up to £50k)

We will agree milestones with you during this period and encourage you to meet these deadlines wherever possible. As far as possible, we want to clarify the details of your project with you before you submit a full application so that you will be able to enter into an agreement with you as quickly as possible if your full application is successful. We recognise that it may take longer for some projects to get to this stage than others.

However, if you consistently fail to meet agreed milestones, please be aware that we may decide not to progress further with your application.

Under the terms of our ESF Co-Financing Agreement with the Government we cannot award ESF funding directly to an applicant that comes forward with a delivery idea at Expression of Interest stage. GLA officers will support applicants to develop and co-commission a project that meets both their and the GLA's priorities and which is ESF-compliant. Appendix 2 provides more information on this process.

Please note that if the GLA provides support, this does not guarantee that your project will receive funding at the Full Application stage.

Stage 2B - Preparing your Full Application

Following the Expression of Interest stage you may be advised that we believe your project is ready to submit a Full Application.

Some projects may be ready to submit a Full Application with very little additional support from GLA officers, but we anticipate that in most cases there will be a period of feedback and negotiation to agree specific details in order to ensure that your Full Application has the best possible chance of approval.

There will be a standard timeline for submission of full applications, and we encourage you to meet these agreed milestones where it makes sense. However we recognise that some projects may be able to move to full application more quickly than the timeline suggests, and for others it may take longer. We will support you to submit your full application when ready. However, if you consistently fail to meet agreed milestones we may decide not to progress further with your application.

Documents and further information which will be issued to applicants selected to submit a Full Application include:

- Detailed application form and guidance
- Template Grant Agreement schedules
- Evidence requirements
- Audit, monitoring and due diligence requirements
- Public Sector Equality Duty guidance

As mentioned above due diligence checks will be undertaken as necessary during the Full Application stage. These checks are summarised in Appendix 1: Financial due diligence Requirements at Stage 2 for information.

Please note that an invitation to submit a Full Application does not guarantee that your project will receive funding.

Stage 3 - Getting into contract

A template of the contract or agreement for your project will be issued to you during stage 2B (full application stage). There will be different contracts or grant agreements for different types and scales of projects and we would expect that, as far as possible, any issues related to the contract or agreement will be discussed and resolved prior to submission of your full application in order to expedite the contracting process.

If your full application is successful we will agree on a timeline for completion of your contract. We recognise that the process will not be identical for all projects, that the unexpected can happen, and that organisations have differing internal processes, but we encourage you to meet the deadlines that we agree to ensure that your project remains on track. If there are significant delays we reserve the right to withdraw our offer of grant.

OUTPUTS AND OUTCOMES

Outputs measure the benefits that specific projects or programmes deliver for target beneficiaries (individuals and businesses) and areas. Outputs must be clearly defined in order to quantify the impact on delivery and measure the benefits accruing from regeneration expenditure. Without clearly defined outputs, projects will be difficult to analyse and evaluate.

Outcomes are the result of outputs (i.e. they are longer term measures). The value of any project cannot be measured without defining success. It requires focusing on outcomes. Outcomes are the events, occurrences, or changes in conditions, behaviour, or attitudes that indicate progress toward a project's goals. Outcomes are specific, measurable, and meaningful.

To enable us to maximise our investment through the Good Growth Fund, the LEAP will prioritise projects that deliver meaningful outcomes around the themes of people, places and prosperity rather than specific, activity-based outputs. We acknowledge that tracking long-term outcomes is inherently more challenging, so we are exploring how we can assist projects we support to achieve this. While you may not have been able to work out specific targets at this early stage of your project, you should still be thinking about what measurable impact your project will result in, and include this in your EOI if possible.

As the Good Growth Fund develops, we will encourage our delivery partners to set objectives against a number of different indices which we will monitor and evaluate during the lifetime of their projects. These will include, but not be limited to the following:



Empowering People

- number of people who actively participate in a project
- number of people entering into employment
- number of people sustaining employment
- number of people progressing in work

Making Better Places

- the amount of public realm being created or improved, and the increase in its use
- number of vacant units brought back into use
- increase in visitor satisfaction
- increase in footfall

Growing Prosperity

- new jobs being created and existing jobs being protected and safeguarded
- commercial/business space being created or improved, and its value measured
- increase in business turnover

As a public sector organisation the GLA must have due regard to the Public Sector Equality Duty and the need to: eliminate unlawful discrimination, harassment, victimisation and any other conduct which is unlawful under the Equality Act 2010, advance equality of opportunity, and foster good relations between people who share a protected characteristic and people who don't have that characteristic. As recipients of public funding, Good Growth Fund delivery organisations will also need to meet this Duty. We will provide further guidance on how to do so at Stage 2 of the application process and we will ask for relative evidence of how it will be done during the application process, and how it has been done during delivery.

We encourage you to develop the rationale for your proposal using current and robust socio-economic data as well as qualitative analysis. We will also encourage partners to monitor the impact of their projects using qualitative and equalities data (gender, age, disability, ethnic background, religious background, sexual orientation) wherever possible. Projects will normally report to us on a monthly basis to enable us to track progress.

HOW WILL YOUR BID BE ASSESSED?

A two-stage assessment process will be undertaken:

Stage 1: Review - A panel drawing on expertise from across the GLA will review, score, and rank EOIs against the criteria below.

Stage 2: Decision - The Deputy Mayor for Planning, Skills and Regeneration and LEAP will recommend projects for (i) further development or (ii) full application. The final decision rests with the Mayor.

Suitability for funding and support will be assessed based on your answers to the following sections of the application form:

Project description (40%) – What do you want to do, where and why? The best applications will show a good fit with the aims of the Good Growth Fund and have clearly defined outputs and outcomes. The application should demonstrate an understanding of the target group/area/business sector and the extent to which proposed delivery meets their needs. An assessment will be made of the project's potential to deliver high-quality provision/activity and outcomes, and the contribution it will make to cross-cutting themes of Empowering People, Making Better Places and Growing Prosperity.

Deliverability (30%) - How can we be confident that the project will be a success? Your project should have a clear plan, underpinned by capacity and skills in the team to deliver on time and budget. We will look for evidence of effective collaborative working and intention to work in partnership and the ability to implement, manage, monitor and deliver the project.

Value for money (30%) – Does your project make optimal use of resources to achieve a high-quality project? Your application should include a clear description that demonstrates all costs associated with the project have been identified and why you believe the costs to be reasonable should be provided. However, value for money is not just about achieving the lowest price; the greater weight will be given to the delivery of high-quality projects.

The Good Growth Fund is a strategic programme that aims to deliver across a number of themes and to support a range of activities across London. In making funding decisions, we will assess how applications received map across stated priorities and London's communities, in order to deliver a balanced programme of exemplary projects. We may also choose not to allocate all of the funding available in any given funding round to allow us flexibility to actively target underrepresented areas and priorities in future rounds.

KEY DATES AND HELP

Prospectus launched	June 29 2017
EOI deadline – first tranche	September 4 2017
EOI decision made – first tranche	October 29 2017
Detailed application deadline* – first tranche	December 2 2017
Announcement of successful projects*	January 13 2018
Grant agreement signed*	February 2018
Project Delivery starts*	March 2018

The Good Growth Fund is a rolling funding programme. After the first round of EOI decisions are made a new timeline for the next tranche of applications will be released.

*These timelines are indicative for projects which are ready to move to the full application (Stage 2B). As described in the section above on preparing your bid, we recognise that the process will not be identical for all projects and we will agree on timelines and milestones at Stage 2 on a project by project basis. Please direct any enquiries to goodgrowthfund@london.gov.uk.



APPENDICES

Appendix 1: Financial due diligence requirements at Stage 2

Local Authorities, Local Authority controlled schools and Government bodies and departments are exempt from the financial due diligence process. Financial due diligence checks will be undertaken on all other organisations prior to any agreement to award funding.

The financial due diligence checks will provide an indication of the financial risks (if any) to the GLA of making an award to the lead organisation and partnership. It may also suggest mitigations to offset these risks. The outcome of due diligence checks are always considered alongside other aspects of the appraisal process, but where the GLA considers that the risks are too high, or are such that they threaten the viability of the programme, it may decide not to award a grant.

Organisations making multiple applications should be aware that due diligence recommendations may limit the amount of funding or volume of grants offered to an individual organisation. This is to ensure that the GLA is able to gauge its level of exposure in relation to any one applicant and, where the GLA deems fit, to spread the distribution of funding to minimise any financial risk across the programme.

In order to facilitate the due diligence process, lead organisations that progress to Stage 2 will be asked to provide the following documentation:

- Certificate of Incorporation
- Most recent audited accounts or most recent accounts signed by an independent and qualified

accountant. The accounts must include a full set of notes to the accounts, Directors report, balance sheet, statement of the organisation's turnover, profit & loss/income & expenditure (not abbreviated) and cash flow position for the most recent full year of trading/operations, where this information is not available in audited form.

- Statement of the organisation's cash flow forecast for the current year;
- Organisation's budget for the current year;
- Financial Regulations (including procurement rules);
- Evidence of Public and Employer's Liability Insurance;
- Detailed project budget.

For applicants with a charitable status, the applicant's details will be checked against those held on the Charity Commission's website. Checks are undertaken to verify an applicant's charity status, that all documents requested by the Charity Commission have been submitted on time and that the Charity Commission has not raised any concerns about their status.

Applicants applying for funding as part of a consortium where all members are jointly and severally liable will be asked to supply Financial Due Diligence Documentation for all members. The information will be collated in order to establish the strength of the consortium as a whole.

Appendix 2: European Social Fund

The GLA's ESF programme supports activities that:

- Help young people who are Not in Employment, Education or Training (NEET) and unemployed and economically inactive individuals into sustained employment or education for a minimum of 26 weeks
- Assist those in low paid employment, particularly those in disadvantaged groups, to improve their position in the labour market
- Enable improvements in skills provision leading to individuals gaining skills relevant to the labour market requirements of SMEs and Micro businesses.

The GLA has already identified a number of areas where it can best provide added value to current regional ESF and mainstream provision. Its programme includes:

- Projects which aim to assist specific groups who are disadvantaged in the labour market and who are not already supported by other programmes, or where there is a clear need for additional provision for these groups
- Projects piloting innovative approaches to engagement of participants and/or delivery with the aim of improving outcomes for participants
- Projects which leverage the GLA's and the Mayor's strategic stakeholder links to improve programme impact and increase employer engagement.

The GLA ESF Co-Financing team has also made some of the GLA's ESF allocation available to support projects submitted through the Good Growth Fund application process. We are seeking to explore ways to meet local needs, encourage projects that link to physical regeneration and business support activities in order to benefit from resulting employment opportunities, enable innovation, and stimulate organisations which would not normally think of ESF to come forward. The ESF projects that the GLA choose to support through the Good Growth Fund will need to focus on delivery of activities which add value to and complement mainstream employability and skills programmes, rather than replicating current provision, and should demonstrably support Mayoral priorities for London. We are piloting this approach of incorporating access to ESF within the Good Growth Fund and if successful there is a likelihood of further ESF funding being made available.

The GLA's ESF Co-Financing agreement with Government places a number of restrictions on how we award, match fund, and manage our ESF grants. It also stipulates what types of activities we can deliver, the outputs and outcomes we need to evidence, and how we evidence our outputs and expenditure. Further information on national ESF priorities can be found in the European Social Fund 2014-2020 Operational Programme and Programme Guidance, but please note that this national guidance is also supplemented by London regional requirements. ESF is not a straightforward funding option, but as explained below, if your Expression of Interest is approved to go to Stage 2, the GLA will work with you to help you meet the programme requirements.

Co-Commissioning

Under the terms of our Co-Financing Agreement, we cannot award ESF funding directly to an organisation that comes forward with a delivery idea at Expression of Interest stage. Good Growth ESF projects will therefore be co-commissioned, by which we mean that we will work with you to procure and then manage an organisation to deliver your project.

The Co-Commissioning process is an end-to-end process. We will work closely with you to assist you in developing a project specification which delivers your aims and objectives and which also meets ESF and GLA requirements. The GLA will lead the application, scoring and grant award process, but we anticipate that you will also be directly involved in all stages of this process. As the Co-Financing Organisation, the GLA will enter into a Grant Agreement with the selected delivery organisation and will be responsible for performance management of the delivery partner and for ESF compliance and reporting. However, we anticipate that you would want to continue your involvement during the delivery period and there are many options for how this might happen which can be discussed and agreed during the project development phase.

You will need to provide 50% of the funding in order that the GLA, as a Co-Financing Organisation, can match the funding with 50% ESF. You will also need to commit to providing the match funding for the project before the GLA begins the procurement process and the match funding will have to be paid to the GLA for the GLA to pay project claims. Depending on your legal status, the match funding may have to be provided to the GLA in advance or at regular claim points during the year

Note that no ESF funding can be made available to cover your involvement in the process of developing, procuring or project managing the ESF project. However, the GLA will not be seeking match funding from you to meet its own ESF Co-Financing development, procurement and project management costs.

The EoI and co-commissioning process is provided on page 66.

Outputs and Outcomes

All projects will be funded using a 'Payments by Results' methodology, and payments may be made for a variety of outputs and outcomes including, but not limited to:

- Participants enrolled onto projects
- Qualifications gained (including sustained training)
- Progression into education or employment
- Sustained employment (minimum 26 weeks)
- Increasing SME employer engagement
- Activities delivered with SMEs
- Training and support for entrepreneurship

Although we do have to agree on some outputs which contribute to our overall ESF programme targets, we can agree on other outputs and outcomes as appropriate for your project.

Similarly, ESF regulations stipulate some types of monitoring information and required supporting evidence for outputs and outcomes, but we can agree on appropriate requirements for other outputs and outcomes with you during the specification development stage. An example of the types of evidence that we currently require to support payments to delivery partners can be found in the GLA's ESF Evidence Handbook published for our current ESF funding rounds, alongside examples of the other key ESF documentation, such as the Grant Agreement and Delivery Handbook. Please note that documentation may be updated from time to time and version specific to a particular project specification will be published with the application form applicable to the grant funding opportunity.

Delivery timetable and Brexit implications

ESF projects funded through the Good Growth Fund will need to have finished delivery and been paid for their final claims by September 2021. Depending on the complexity of the project you should expect the development and grant award process to take between 6 and 9 months, so delivery is unlikely to commence before Quarter 4 of 2017-18.

The current £5m of ESF funding for the Good Growth pilot is secure regardless of the date that Article 50 is triggered or the date that the UK exits the EU. If the GLA requests additional funding we may have to have agreement from EPMU or central government before March 2018. Therefore, it may not be possible to progress EoIs requesting ESF which are submitted after the second rounds of the Good Growth Fund. We will update this Prospectus as the situation become clearer.

Key benefits to you of ESF co-commissioning with the GLA

- Access to ESF doubles the funds available to support activities aligning your organisation's corporate objectives
- As the grant-awarding organisation., the GLA carries the main performance, reputational and financial risks related to ESF compliance and audit requirements
- You benefit from the GLA's project development, procurement, and management resource and expertise while being ensured a strategic role in development and delivery
- The GLA forward-funds the ESF funding, enabling delivery organisations to be paid promptly, the GLA then claims reimbursement of the ESF from DWP in arrears
- You can choose to be 'hands on' or hands-off' during the commissioning and project management phases as suits your resources.

EOI and Co-commissioning Process

Stage 1: EOI

- "Sponsor Organisation" submits Good Growth Fund EOI form, confirms ability to provide 50% of project costs, and requests 50% ESF funding or indicates interest in employability and skills delivery

Assessment

- May include meeting/discussion with sponsor organisation
- Review covers eligibility of activities and clients, need/demand for the project, fit with GLA & ESF aims, match funding commitment, delivery timetable and takes into account other existing activities and balance of proposed activities across London
- Depending on sponsor organisation's legal status, due diligence may be required at this stage

2

Stage 2: Co-commissioning Process

- Sponsor organisations that are successful at EOI stage are invited to work with GLA to co-commission their project
- Sponsor organisation works with GLA to develop a Specification which is ESF and GLA compliant and delivers the aims of both the GLA and the sponsor organisation
- With GLA support, sponsor helps to design application questions, scoring process, and input to any the additional documentation such as project Prospectus, Evidence and Delivery Handbooks etc.
- Sponsor confirms commitment to provide match funding for delivery
- Sponsor and GLA agree levels of involvement of the sponsor in all stages of the project

1

3

Stage 3: Tendering Process

- GLA undertakes open and competitive grant selection process, ensuring compliance with EU procurement regulations.
- Sponsor organisation can be involved in, or lead, the scoring and interview process. GLA (as grant-awarding body) has final sign off.

4

Stage 4: Project Management

- GLA issues grant agreement and is responsible for project management and monitoring, verification, processing and paying claims to preferred suppliers, claims to ESF, audit - as such GLA carries performance and audit risk
- Sponsor organisation's involvement will vary depending on sponsor and project needs - e.g. chairing a steering group, strategic coordinating local partners/stakeholders, shadowing the GLA monitoring officer, speaking at events, marketing the project.

Appendix 3: State Aid legislation

EU State Aid rules regulate the use of a public resource by member states which is considered to potentially distort competition and trade between member states. The law regarding State Aid is complicated and therefore if you are unfamiliar with the State Aid rules you might find it helpful to look at the guidance available at www.gov.uk/guidance/state-aid. Please note, the information provided on the UK Government website is not a substitute for the official documentation available through the EU Commission's website or taking specialist legal advice.

LEAP has an obligation to ensure that all financial arrangements under the Good Growth Fund comply with State Aid requirements. Therefore:

- All applicants need to take steps to satisfy themselves that any funding to them or their use of LEAP funding will not amount to unlawful State Aid. Confirmation of this will be required at the application stage.
- We will seek expert advice on State Aid. This will be to ensure that individual proposals can be specifically assessed to ensure compliance with State Aid rules, that our funding does not constitute unlawful State Aid and may be considered compatible State Aid as it falls within one of the General Block Exemptions or below the De Minimis aid threshold in compliance with the De Minimis Regulations.

- Please note that, if your project is awarded funds from LEAP and it is determined subsequently that any funding to you or your use of LEAP funding constitutes unlawful State Aid you will be required to repay such sums and may also be required to pay interest on such sums.

Appendix 4: Repayable Grant funding

The type of funding offered to a project applying to the Good Growth Fund will reflect LEAP's assessment of the merits of a project, and its ability to offer a repayment mechanism. LEAP's financial assessment will, therefore, identify if funding sources exist in a project which might enable it to repay. Such sources could include but are not restricted to; membership, rental income from a workspace, income from a service delivered or developer contributions through s106 agreements. Following the financial assessment at both Expression of Interest and Full Application stages, it is up to the discretion of LEAP to decide the balance between grant and repayable grant offered to a project. All decisions by LEAP are final.

Who can be allocated repayable grant funding?

Both public sector and private sector organisations can be awarded repayable grants. The approaches to repayable grants set out below, has been established to ensure compliance with State Aid and to reflect the GLA's risk.

Public sector: Local authorities will be required to underwrite repayable grants awarded to them; these will be provided at an interest rate of zero percent reflecting the high level of security offered by Local authorities. Other public sector organisations, such as higher education institutions and research institutions, will also be responsible for underwriting loan repayments, but may be charged an interest rate.

Private or third sector: These organisations include business-led organisations, investment organisations, SMEs and local business groups, as well as social enterprises, charities, and community organisations. Where compliance with De Minimis regulations or General Block Exemptions is demonstrated to constitute lawful/permissible State Aid, the GLA's minimum loan standards will be applied. Where this is not the case, repayable grants to private sector organisations will be awarded in line with guidance from the European Commission (EC), and combined with a margin to reflect the GLA's risk to ensure compliance with State Aid regulations.

Minimal standards for De Minimis or General Block Exemptions funding

The minimal standards for calculating a interest rates will be applied by LEAP where a project's use of funding may be considered **compatible State Aid** as it will either fall within one of the General Block Exemptions (GBER) or is below the De Minimis aid threshold (including 'wash-through De Minimis' principles).

In these cases, LEAP will calculate interest rates by identifying what the Greater London Authority itself could borrow at for a given borrowing period, against which a 0.5% margin will be applied. The actual rate will be determined by the equivalent rate(s) at drawdown. An assessment of the organisation's creditworthiness will be undertaken as part of the financial due diligence process; please see below.

Repayable grants awarded to projects outside of General Block Exemptions or organisations exceeding the De Minimis threshold

Where a repayable grant is awarded to a private sector project not complying with General Block Exemption Regulations or to organisations exceeding the De Minimis threshold, the LEAP will set an interest rate and require security. The factors LEAP will take into account when setting interest rates are set out below to encourage applicants to provide the fullest information possible during the application stages.

The **interest rates** offered are calculated on the basis of guidance from the European Commission (EC) combined with a margin to reflect the GLA’s risk. This helps ensure funding is in line with State Aid regulations by charging them at a competitive market rate.

The financial standing of applicants will be reviewed as part of the due diligence process which will include:

- An assessment of **creditworthiness**. Where an applicant has a recognised credit rating this will be used to assess their creditworthiness. Where an applicant does not have a rating, LEAP will assess their creditworthiness in a manner consistent with the ratings issued by such agencies.
- The most appropriate form of security (**collateralisation**) provided. LEAP will aim for a first charge over the assets offered as security but accepts that the type of project or involvement of other lenders will necessitate other arrangements. Where a first charge over assets cannot be provided as collateral, other forms of security may include: a combination of first and second charge over an asset;

a parent company guarantee from a financially stronger organisation; security in the form of intellectual property rights against a patent-registered technology / model; the use of an escrow account; or the use of a convertible note.

LEAP reserves the right to request additional financial information from any applicant, to take into account the level of project risk and to take account an applicant’s track record on investment recovery when setting the interest rate for a project. The table below summarises the **interest rates** offered

Projects within the GBER and/or the De Minimis threshold			
Private and third sector organisations	LEAP will calculate interest rates against on the loan by identifying what the Greater London Authority itself could borrow at for the a given borrowing period, against which a 0.5% margin will be applied. The actual rate will be determined by the equivalent rate(s) at drawdown.		
Projects outside of GBER and the De Minimis threshold			
Creditworthiness	Collateralisation		
	High	Normal	Low
Strong (AAA - A)	1.64%	1.79%	2.04%
Good (BBB)	1.79%	2.04%	3.24%
Satisfactory (BB)	2.04%	3.24%	5.04%
Weak (B)	3.24%	5.04%	7.54%
Very Weak (CCC)	4.14%	6.29%	9.29%
Unsatisfactory (Below CCC)	5.04%	7.54%	11.04%

Final offered rates may be in excess of those illustrated in the above table dependent on individual circumstances. LEAP reserves the right to review its interest rate mechanism at any time. A premium may be applied by the LEAP to the above rates, for example to reflect increased levels of risk. Interest rates are determined with respect to the terms of the loan to be offered and are, therefore, set on a project-specific basis. Decisions of LEAP are final.

FOR MORE INFORMATION

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www.london.gov.uk/good-growth-fund

For a large print, Braille, disc, sign language video or audio-tape version of this document, please contact us at the address below:

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