

## Economic Growth Scrutiny Committee

Meeting date :- Wed 17<sup>th</sup> Nov 2021

Paper - Gloucestershire Infrastructure Investment Fund

Provided by :- N.Hopwood, GFirst LEP

### Overview

The Gloucestershire Infrastructure Investment Fund (GIIF) is Gloucestershire’s way of utilising the awarded capital grant of £8.4m, secured through a competitive bidding process in 2012 to the “Growing Places Fund” promoted by DCLG (as it was at the time).

It is managed as a revolving loan fund, with loans generally made on an interest free basis (although subject to an administration fee) on a relatively short-term timescale (ie 2-3 years maximum). Generally the fund allows construction to proceed until an asset has been created at which point the project promoter can usually re-finance the project through more conventional sources and hence repay the GIIF loan.

It continues to be highly successful, with funding having been recycled several times (8 projects) Currently the £8million of funds (£400k is maintained as a reserve) are fully committed, with a current loan profile that sees £4.5m of repayments due in Q3 22/23. The team regularly review the fund utilisation and a pipeline of potential projects.

This fund is designed to stimulate local economic growth by targeting investment to deliver the infrastructure needed to unlock constrained and stalled development sites, and help to realise potential development value, new jobs, housing and regeneration. Typically it is used where access to other sources of finance are difficult to secure or require excessive collateral, but where there is a strong business case for the project.

**Fig.1 GIIF Funded Projects to date**

Project title	Category	GIIF Investment	Private Sector Investment	Jobs created/protected
Honeybourne Gate Extra Care Home	Housing	£2.75m	£13.4m	21
Park View (Southgate St) Extra Care Home	Housing	£1.3m	£5.8m	21
Gloucester M5 Services (Southbound)	Infrastructure	£3.0m	£20.34m	400+
Dudbridge Estates (Stroud Metal new factory)	Business Support	£3.5m	£6.025m	101
Shield House Secure Data Centre	Infrastructure	£3.0m	£12.66m	12
Merrywalks Shopping Centre re-development (Stroud)	Business Support	£1.0m	£29m*	190

Bakers Quay (Phase 2) re-generation	Housing	£2.5m	£39m	70 (tbc)
270 Climbing Centre	Sport/Leisure	£1.85m	£8m	30 (tbc)
Totals		£18.9m	£122m	845+

The GIIF fund has been extremely successful in un-locking major private sector investment with a ratio in excess of 6 to 1 to date.

It continues to operate and is promoted through the LEP and local economic development teams when funds become available.

**Governance and Administration.**

The fund is governed jointly by GFirst LEP and Gloucestershire County Council. An independent investment panel is maintained to provide objective evaluation of the projects coming forward and all projects are subject to an independent due diligence assessment.

The Gloucestershire LEP Investment Panel usually meets quarterly and acts in an advisory capacity to make investment recommendations to the LEP Board. The Panel also reviews and monitors the programme and investment portfolio for the Infrastructure Investment Fund. The LEP Board has responsibility for making the final decisions on investment funding for this scheme.

Full membership of the Investment Panel can be seen here:- [Investment Panel](#)

Gloucestershire County Council perform the Accountable Body function for the fund, hold the cash balance and provide the administration support.

Awards are subject to a legally binding funding agreement.

**Project Highlights**

**Gloucester Services**

Gloucestershire Infrastructure Investment Fund (GIIF) was the catalyst for the completion of Gloucester Services. GIIF awarded £3 million loan to Gloucestershire Gateway Ltd. for this project. The GIIF loan supported the development of the M5 southbound motorway services at Gloucester, completing both arms of the motorway services in 2015.

A £40 million project which currently employs 400 people mainly from the local area, it will redistribute an estimated £10 million over 20 years back to local charitable community projects through the Gloucester Gateway Trust. Gloucester Services is providing local stakeholders with significant benefit that will extend to 2026 and beyond.

The services are regularly voted Britain’s best services and have to some extent become a destination in their own right and are an excellent showcase for all that is good about Gloucestershire. They have also supported significant growth in numerous local food and produce businesses as a consequence of their sourcing policies.



### **Stroud Metal Company**

The Stroud Metal Company was awarded £3.5 million to facilitate the relocation of both factory and office space and the integration of Cotswold Plastics in a new purpose built factory unit at Brunel Way in nearby Stonehouse.

The loan enabled the organisation to bridge the gap in between the construction of the new premises and the relocation of the business. The two phase project, which will sustain 100+ local jobs and once fully operational at the new site, the company intend to offer three apprenticeships per annum.

The relocation of the factory to a new modern fit for purpose unit to enable the company to grow, has also provided a key brownfield regeneration development site in a highly sustainable location in Stroud for housing and local retail.



### **Park View Care Home**

Park View offers a range of care services for older people. Park View is a high quality 97 bed care home situated in Gloucester with specialist dementia and nursing facilities, residential care, Close Care Plus apartments and respite care. The development was opened in September 2016, transforming a brownfield site at a key 'gateway' into Gloucester adjacent to the Gloucester Quays development and Gloucester Park.



### **Shield House Data Centre**

This project was the refurbishment and extension of disused warehouse premises in Barnwood, Gloucester to create a state of the art co-location data centre, particularly for users that require high security and resilience.

A unique feature of the centre is the multi-carrier network access and multiple redundancy/back up options to ensure availability at all times.

This investment has created a significant piece of digital infrastructure for Gloucestershire that can support the planned growth in the digital and Cyber sectors in the coming years.



### **More Recent Activity**

In 2019, the LEP Investment Panel and LEP Board approved the award of £2.5million to Bakers Quay in Gloucester, to enable the second phase re-development for residential and retail/commercial uses, and completion of this important regeneration scheme in Gloucester Docks. The Coronavirus pandemic stalled activity for some time (and has subsequently shifted the funding profile) but work has now commenced with the site preparation and scaffolding of one of the historic buildings and full construction is expected to start in early 2022 subject to planning conditions being met.

In June 2021, funding of £1.85million was approved by the Investment Panel and LEP Board to support the development of the 270 Climbing Centre, an international standard indoor and outdoor climbing centre at Bentham which will be a fantastic addition to the sports and leisure facilities available in Gloucestershire.



### **Summary**

The innovative use of the £8.4m Growing Places Fund award has been exceptionally successful at bringing forward significant developments in Gloucestershire that would in most cases not otherwise have happened or would have been stalled for several years. It is also highly regarded as an exemplar by Government, for the use of the Growing Place Fund initiative.

It has facilitated the delivery of a number of strategic economic assets for the county which will subsequently act as catalysts for attracting further investment and support jobs and economic growth.

Activity for 2021-22 will be to continue to manage the fund, managing repayments and loan awards in accordance with our governance arrangements and developing the pipeline of potential projects for future funding.

N.Hopwood

Projects and Infrastructure Manager, 5/11/21