



WARWICKSHIRE RECOVERY AND INVESTMENT FUND

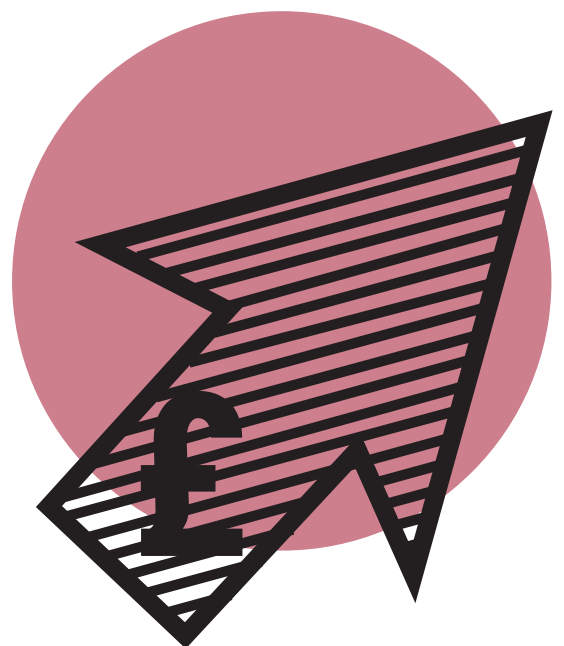
PROSPECTUS

WHAT IS THE WARWICKSHIRE RECOVERY AND INVESTMENT FUND?

The Warwickshire Recovery and Investment Fund (WRIF) is a significant new access to finance initiative that Warwickshire County Council has launched to support the economic recovery and future growth of Warwickshire. Over the five-year period 2021/22-2025/26, the council is planning to invest £140m into three funding streams to provide new and additional finance options for businesses looking to invest and grow in the county. The council wishes to use this investment fund to drive the future growth of Warwickshire, with a particular interest in businesses that will help support our journey to a net-zero carbon emission economy, and investments that will deliver wider social value along with economic growth.

Warwickshire County Council is looking for a full return on the totality of its investment and will therefore be predominantly looking at debt finance for suitable businesses and investment opportunities. While other options may be available, such as equity or mezzanine finance, this will be considered on a case by case basis and the expectation is that most investments will be through secured loans.

The administration of the funds is through a mixture of direct delivery by the council and commissioned third-party providers.



WHY ARE WE DOING THIS?

The pandemic has, and will continue to have, a significant impact on the national and local economy. Our economic forecasts show that, due to the structure and make-up of Warwickshire's business base, the county is expected to experience a larger than average decline in economic output (GVA), and a higher than average increase in unemployment. We recognise that many businesses will have had to invest significantly to adapt and survive through this period and may struggle to access the finance they need to fully recover and prosper in the post-pandemic economy. Banks are likely to be more risk averse in the near term, further restricting the availability of finance which our research has shown was already constrained within the local economy. The WRIF will therefore look to fill an identified gap in provision of finance to businesses looking to invest in the county.

However, in the decade to 2020, Warwickshire had one of the fastest growing economies in the UK. The economic fundamentals that underpinned this growth (including our very strong knowledge and innovation base; sectoral strengths and industrial clusters that exist locally; highly skilled population; strong business start-up rates, high quality environment and transport accessibility) all remain in place.

A key priority for Warwickshire County Council is to support Warwickshire's economy to ensure it remains vibrant and is supported by the right jobs, training, skills and infrastructure. We are therefore looking to use the council's strong financial position to create the WRIF to help deliver the Council's policy objectives, to facilitate and support our economic recovery and future growth, safeguarding and creating new jobs within the county, drive productivity growth in the economy, and ensuring that Warwickshire is best placed to exploit the new opportunities that will undoubtedly exist as we move forward. As a local authority, we have a wider interest than just economic growth, and are therefore keen to utilise the WRIF as an opportunity to promote and lever wider social value from our investments, which could include, for example, provision of apprenticeship opportunities, helping tackle inequality and poverty, supporting vulnerable groups, or enabling environmental improvements.

Warwickshire County Council has also declared a climate change emergency, and we regard it as vital that our future is based on a low carbon economy, helping us move to our collective net zero ambition. We therefore will seek to use this fund to help encourage and support this shift to a more sustainable, net zero carbon economy.

WHAT ARE WE LOOKING TO INVEST IN?

The WRIF is comprised of three component parts, which have different objectives and areas of focus.



1. BUSINESS INVESTMENT AND GROWTH



This strand is looking to support existing businesses in Warwickshire, or those who are wishing to locate within the county, who are looking at growth or new market opportunities. By exception, we will consider investments in businesses located just outside the county if there are clear and tangible benefits to Warwickshire by doing so. We are particularly interested in businesses and sectors that will help drive the future of Warwickshire's economy, and those business activities that will help support our commitment towards a net-zero carbon economy. Priority sectors of interest to the County Council under this fund are:

Future growth sectors:

- Automotive Technology
- Digital creative and digital technologies
- Future of mobility

Other key priority sectors:

- Advanced manufacturing
- Culture, tourism and hospitality
- Modern methods of construction
- Health and wellbeing
- Agri-tech and rural based businesses
- Businesses in the supply chain that support delivery of the council's priority outcomes for people, for example public health, social care and education.

Investment proposals from businesses outside these sectors will be considered on a case by case basis, but must focus on innovation and future growth opportunities and will need to demonstrate a clear commitment to low carbon activities.

This fund will be looking to make a limited number of higher value investments over the five-year period. Investments will be predominantly debt finance, with loans expected to range up to a maximum of £10m. We are therefore expecting to invest in medium-sized businesses (50-250 employees, although we will consider larger or smaller businesses) that are at least three years old (or can demonstrate a track record of operations that demonstrate growth potential),

can clearly demonstrate the growth potential of the business proposal, and can offer a good level of security over the investment. Alternative forms of investment, such as equity or mezzanine finance, may be considered on an exceptional basis.

Key objectives for this fund are:

- Creating new jobs within the county or for residents of Warwickshire
- Increasing economic output
- Levering additional investment into the county
- Increasing level of business rates
- Supporting transition to a low carbon economy

Process for applying

Businesses who feel they meet the aims and ambitions of this fund are encouraged to complete the Expression of Interest form on our website:

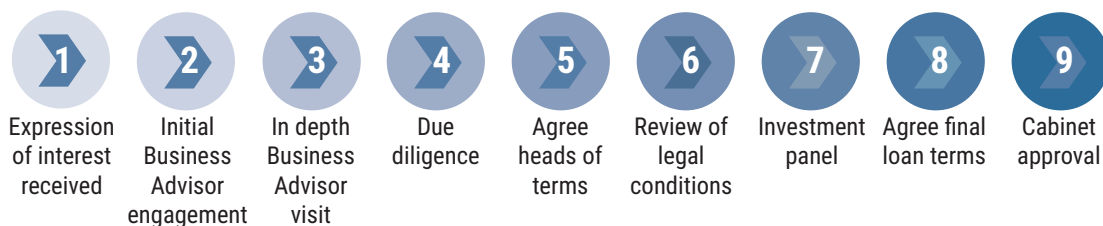
www.warwickshire.gov.uk/wrif

The Business Growth team at Warwickshire County Council will then make contact to discuss further and provide an initial view on the suitability of the fund. Subject to a basic eligibility test, a specialist advisor will then be appointed to work with you to review the investment proposal, assess the business plan, provide guidance if needed and set out the information needed to undertake due diligence. Following due diligence, a draft Heads of Terms document will be developed, which will set out the loan offer, rate of interest and any key conditions.

If these terms are acceptable, the investment proposal will then be taken to an Investment Panel for consideration. The Investment Panel will be comprised of Warwickshire County Council officers and external advisors who will make a recommendation to the County Council's Cabinet for approval of the investment.

Our aim is for this process to be as streamlined and as quick as possible. The length of the process from start to finish will obviously depend on the complexity of the investment proposal and the time needed for the business to pull together all the necessary information. An overview to the process and key stage gates is presented below.

Stage gates for successful application to the WRIF



Should an application not proceed through any stage gate, a further consultation with a Warwickshire County Council appointed Business Advisor will be available and, where possible, the Advisor will look to recommend other potential sources of finance or funding the the applicant to explore.

Key information:

The predominant form of finance through this fund will be via commercial loan, repayable over a maximum period of 10 years. The interest rate that will be charged will be determined through both a detailed assessment of the creditworthiness of the applicant, and the level of security that can be provided. Initial discussions with our specialist advisors will enable a indicative rate to be provided for consideration, but for secured loans over a 10 year period the rate currently ranges from 4% to 18% depending on the credit rating of the business applying.



2. LOCAL COMMUNITIES AND ENTERPRISE



Overview

This element is aimed at smaller businesses, new business start-ups, early phase businesses, and social enterprises. Our focus is on micro (less than 10 employees) and small businesses (less than 50 employees) but will consider applications from medium-sized enterprises up to 250 employees on a case by case basis. Applications from businesses larger than this are not eligible for this fund.

The fund is open to all business sectors, but priority will be given to the following sectors that are particularly important and prevalent in our economy:

Building on our strengths:

- Advanced manufacturing and engineering
- Digital Creative and Digital Technologies
- Culture, Tourism and Hospitality
- Low carbon technologies

Other key priority sectors:

- Retail
- Community based enterprises
- Creative industries
- Health and wellbeing
- Social care or other supply markets to the council and/or Warwickshire public services

This element is focused on start-ups, micro and small businesses (less than 50 employees).

In addition, applications from under-represented groups - including female-led businesses, young people, and care leavers - are particularly welcomed and will be given additional weighting when proposals are being assessed.

We are looking to make a larger number of smaller investments through this fund, and this would be predominantly debt finance through loans. We would expect that investments would not exceed £100k per business, although larger investments might be possible subject to a compelling proposal.

Key objectives for the council for this fund are:

- New business starts
- Helping small businesses grow and scale
- Helping establishment of social enterprises and community-based businesses
- Creation of new jobs (particularly including apprenticeship opportunities)
- Safeguarding jobs
- Supporting transition to the low carbon economy
- Support climate change adaptation and mitigation
- Delivering wider social value in line with the council's objectives

Process for applying

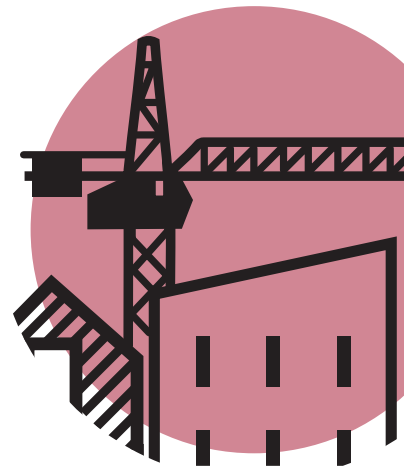
The council will be procuring a third-party provider(s) to manage and administer this fund on our behalf, with an estimated launch in Autumn 2021. You can register your interest at www.warwickshire.gov.uk/wrif to receive further updates on the Local Communities and Enterprise Fund as new information becomes available.

Key Information:

The predominant form of finance through this fund will be via commercial loans. The interest rate that be charged on such a loan will be determined through both a detailed assessment of the creditworthiness of the applicant, and the level of security that can be provided. Initial discussions with our specialist advisors will enable an indicative rate to be provided for consideration following the appointment of our third-party provider.



3. PROPERTY AND INFRASTRUCTURE



Overview

This is a flexible investment scheme that can be deployed to help the development of new employment land or commercial space to support the growth of Warwickshire's economy by facilitating the supply of premises options to business looking to grow within or relocate to Warwickshire. Our focus is on supporting new development that will help provide the land and premises needed to drive the future growth of our economy and will therefore be linked to supporting growth in our key priority sectors. In particular, we are interested in supporting schemes that will help grow and expand the provision of property for the following key priority sectors:

Creating space for future growth:

- Automotive technology
- Digital Creative and Digital Technologies
- Future of Mobility
- Low carbon technologies
- R&D and innovation facilities
- New start-up, incubator and accelerator space

Other key priority sectors:

- New/upgraded spaces within our town centres, incl. retail, hospitality, culture, leisure, health and wellbeing, community-based enterprises, co-working/ flexible work space
- Health and social care facilities

In general, investments will be to develop or bring forward new employment land/commercial space for businesses within these key sectors. We are therefore interested to hear from businesses who are looking for space within the county – these can be existing businesses, or businesses committed to locating within Warwickshire.

Key objectives for the council for this fund are:

- Creation of net new employment in the county
- Supporting new inward investment into the county
- Development of new employment land
- Development of new commercial space
- Supporting the transition to a low carbon economy

Process for applying:

The council will be procuring third-party support to administer this fund, with an estimated launch in Autumn 2021. You can register your interest at www.warwickshire.gov.uk/wrif to receive further updates on the Property and Infrastructure Fund as new information becomes available.

HOW TO GET IN CONTACT

Further details, information and news about the WRIF can be accessed through our website:

www.warwickshire.gov.uk/wrif

Anyone interested in discussing their investment proposals should use the **Expression of Interest Form** at **www.warwickshire.gov.uk/wrif**. We endeavour to respond to all enquires within 5 working days

Warwickshire Recovery and Investment Fund

