

BUSINESS BOARD	AGENDA ITEM No: 2.1
DATE: 27 JANUARY 2020	PUBLIC REPORT

LOCAL GROWTH FUND PROGRAMME MANAGEMENT REVIEW – JANUARY 2020

1.0 PURPOSE

1.1. The Greater Cambridge and Greater Peterborough Local Enterprise Partnership (GCGP LEP) negotiated three successive Growth Deals with Government between 2014 and 2017, securing £146.7m to deliver new homes, jobs and skills across the LEP area. This report provides an update on the programme's performance since April 2015 for the Local Growth Fund (LGF).

1.2. To provide the Board with operational updates on the LGF progress to 31 December 2019 based on the following items:

- (a) Financial update on programme spend
- (b) Q2 2019/20 Quarterly Growth Deal return to MCHLG
- (c) Pipeline of projects currently in delivery
- (d) Update on the applications from Investment projects since call
- (e) Update on the Small Business Capital Grant scheme
- (f) Eastern Agri-Tech Growth Initiative update

<u>DECISION REQUIRED</u>	
Lead Member:	Austen Adams, Interim Chair Business Board
Lead Officer:	John T Hill, Director Business & Skills
Forward Plan Ref: Standing item on FP	Key Decision: No
<p>The Business Board is invited to:</p> <ul style="list-style-type: none"> (a) Recommend all the programme updates outlined in this paper to the Combined Authority Board. 	

(b) Note the submission of the Growth Deal monitoring report to Government to end Q2 2019/20
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1.0 BACKGROUND

- 1.1 The Local Growth Funds must be spent by 31 March 2021 but programme outcomes can be delivered beyond 2021.
- 1.2 Local Growth Funds can provide Grants, Loans or other forms of funding such as Equity Capital Investment.
- 1.3 In addition to the Local Growth Funding there is recycled funding as a result of the Growing Places Loan Fund successfully run during the programme and has established a recyclable pot of grants and loans for projects delivering economic benefit across the region.

2.0 LOCAL GROWTH FUND PROGRAMME POSITION

- 2.1. On 31st December 2019, the Combined Authority's Local Growth Fund programme had 9 projects plus the new SME capital grant scheme in delivery, listed below:
 - Kings Dyke level crossing
 - Eastern Agri-Tech Growth Initiative
 - Lancaster Way Phase 2
 - Manea and Whittlesea Station
 - Upgrade M11 Junction 8 with A120
 - Terraview facility fit out
 - Wisbech Access Strategy delivery
 - Soham Station
 - Haverhill Innovation Centre
- 2.2. Currently as at 31 December 2019 there are 9 projects approved for funding by the Business Board which are in contract/funding agreement negotiation pre-commencement of delivery with a total value of £15.97million This means that the Combined Authority Board has allocated a total of £108.4million of the £146.7million available.
- 2.3. The total programme expenditure to the 31st December 2019 including completed projects is £77.7million. This is the amount which has actually been paid out to the projects and runs well behind approval/allocation of the funds and is therefore much lower than the awarded figures.
- 2.4. The remaining funding to be allocated to new proposals is £38.3million of Local Growth Funds.
- 2.5. The Kings Dyke A605 road/rail crossing improvements project is still red-flagged as per last Board update. The project currently has £775,729 left to spend of the original £8m allocation. The Combined Authority's Transport and Growth fund teams have met with Cambridgeshire County Council and have

agreed a change request and spend/timetable re-profile as per the terms of the original Grant Funding agreement for the last tranche of funding to be drawn down.

- 2.6. The Wisbech Access Strategy project has been red-flagged (since it was amber in Qtr 2 return below) as the project team at Cambridgeshire County Council have now confirmed they are unlikely to be able to deliver the whole package of £10.5million road/junction improvements spend before end of March 2021. The Combined Authority's Transport and Growth fund teams have met with Cambridgeshire County Council who are the project lead and are progressing with detailed design, land acquisition and Statutory Undertaker Diversion identifications, to establish future programme deliverability and they have agreed to submit a revised proposal prioritising which elements of the package can be delivered with spend before the end of March 2021. Combined Authority Officers will review once received.
- 2.7. A10/A142 Lancaster Way/BP roundabouts is still amber flagged as work is progressing in the preparation of designs and S106 agreements and extensions of trigger points. Cost estimates are being developed and additional contribution will be sought from alternative sources in early 2020 for the additional Lancaster Way proposed works, to enhance the BP roundabout activity. All parties are still committed to the delivery of this proposed enhancement and the growth funds allocated will still be required and spent within the required timescales.

3.0 GROWTH DEAL MONITORING RETURN Q2 2019/20

- 3.1. The Business Board is required to submit formal monitoring returns to Government regarding Growth Deal performance and forecasts on a quarterly basis. The return for Q2 2019/20 should be noted at Appendix A and was submitted at the end of November 2019 to the Ministry of Housing, Communities and Local Government [MHCLG.]
- 3.2. Projects shown in amber and red are delayed in delivery but after consulting with project leads resolutions have been agreed with delivery partners to complete the schemes by end date subject to conditions and agreements as noted above at 2.5, 2.6 and 2.7 to enable to completion.

Project RAG Ratings		
Project Name	Q1_1920	Q2_1920
Whittlesey Access Phase 1 King's Dyke Crossing	R	R
Ely Southern Bypass	G	G
Bourges Boulevard Phase 1	G	G
Bourges Boulevard Phase 2	G	G
A47/A15 Junction 20	G	G

Wisbech Access Strategy	A	A
TWI (The Welding Institute) Expansion	G	G
Technical and Vocational Centre, Alconbury Weald	G	G
Agri-Tech Growth Initiative	G	G
Cambridge Biomedical Innovation Centre	G	G
Haverhill Innovation Centre	G	G
Peterborough Regional College Food Mfg Centre	G	G
Small Grants Scheme	G	G
Highways Academy	G	G
CITB Construction Academy	G	G
EZ Plant Centre Alconbury	G	G
Signpost 2 Grant	G	G
Medtech Accelerator	G	G
Lancaster Way Phase 1 Loan	G	G
Lancaster Way Phase 2 Loan	G	G
Lancaster Way Phase 2 Grant	G	A
Manea and Whittelsea Stations	G	G
M11 J8	G	G
Terraview Loan	G	G
Soham Station	N/A	G
Haverhill Epicentre	N/A	G
Capital Growth Grant Scheme	N/A	G

4.0 LOCAL GROWTH FUND PIPELINE UPDATE

- 4.1 The Business Board is asked to note at Appendix B the current Officer assessment of the potential LGF pipeline based on the existing Expressions of Interest received and projects which have indicated they are going to submit an Expression of Interest [EOI]. The value of the received EOIs and live enquiries pipeline is £52million.

5.0 LOCAL GROWTH FUND INVESTMENT PROSPECTUS PROJECT CALL

- 5.1 The Investment Prospectus call for projects launched on 22 July 2019 and as of 31st December 2019 the number of Expressions of Interest received was 35 with 18 still left in active pipeline with a total grant/loan/equity application value of £52million this funding is all allocated to projects to spend before March 2021.

- 5.2 The number of projects at Full Application Form appraisal stage is 17 and 11 of those projects were presented at the Entrepreneurs Assessment Panels on 10th and 14th January.
- 5.3 The Board agreed at its September 2019 meeting to the ranking of project proposals based on total scoring criteria across all application stages which has been applied to the project proposals being considered for approval at this meeting in a separate report.

6.0 NEW SMALL BUSINESS CAPITAL GROWTH GRANTS PROGRAMME

- 6.1 The Business Board and Combined Authority Board previously approved the allocation of £3million for a pilot for a new Small Business Capital Growth Grant Programme with more funding to follow this pilot up to a total of £12million of the Local Growth Fund/Growing Places Fund.
- 6.2 A provider has been contracted to manage / administer the £3m pilot scheme following a procurement exercise and they have commenced delivery.
- 6.4 The scheme has already received **7** applications from SMEs to a total value of **£293,494** and 3 have been approved/offered to a value of **£90,000**.

6.5

Client	Project Value	Grant Amount	Match Amount	Jobs Created	Status
Applicant 1	£147,600	£70,000	£77,600	7	Offered
Applicant 2	£45,000	£10,000	£35,000	1	Offered
Applicant 3	£43,000	£21,500	£21,500	2	In Appraisal
Applicant 4	£36,300	£18,150	£18,150	4	In Appraisal
Applicant 5	£27,688	£13,844	£13,844	3	In Appraisal
Applicant 6	£42,000	£10,000	£32,000	1	Approved
Applicant 7	£361,000	£150,000	£211,000	16	In Appraisal
Sub Total	£702,588	£293,494	£409,094	34	

7.0 EASTERN AGRI-TECH GROWTH INITIATIVE UPDATE

- 7.1 The Eastern Agri-Tech Growth Initiative supports SME businesses in the Agri-Tech sector with growth projects or Research & Development projects. From the commencement of the Initiative in late 2013 to December 2019, a total of 99 SMEs have been supported and the Innovation Hub created. Since Growth Deal/Local Growth Fund was allocated into the scheme, 69 of the 99 projects have been approved are attributed to Local Growth Funding. The whole programme budget since inception to date is just under £9.1million; with £3,777,295 having been awarded/paid

It has been recognised that the programme is unlikely to spend its full LGF allocation and therefore a paper has been submitted to the CA Board for approval in January to reduce the overall budget by £3.5million and return to LGF Funds. If approved, the total remaining programme budget will be £1.677million.

Currently 5 live applications for grant support have been received and are being appraised, with a total grant value of just over £380,000; 3 are R&D project proposals and 2 are Growth Capital Expenditure.

There is currently a total of 9 live projects across Business Board /New Anglia (NALEP) geography, which are on track to complete to their planned schedules.

- 7.2 NALEP has contributed another £1million to the Initiative and the first tranche of £500,000 has been allocated and the second and final tranche of £500,000 is about to be received by the Combined Authority to be allocated by 31 March 2021
- 7.4 The Board was also asked at the last meeting to note that whilst there is a pipeline of interested projects for this Initiative the projected spend and delivery by the end of March 2021 is highly unlikely to utilise the full £5.17million of current funding still to be committed. At its meeting on 25 November 2019 the Business Board recommended to the Combined Authority Board a reduction in the Local Growth Fund allocated to the Initiative of £3.5million which would leave a new balance of £1.67million in this Initiative to deploy before end March 2021.

8.0 SIGNIFICANT IMPLICATIONS

- 8.1 None

9.0 FINANCIAL IMPLICATIONS

9.1 There are no direct financial implications.

10 LEGAL IMPLICATIONS

10.1 The Cambridgeshire and Peterborough Combined Authority Order 2017 granted the Combined Authority a general power of competence. This power permits the Combined Authority to make grants to providers in order to deliver the terms of the devolution deal signed with Government

10.1 The Business Board is responsible for programme direction of the Growth Funds. The Combined Authority, as the Accountable Body, maintains the legal agreements with project delivery bodies.

11.0 IMPLICATIONS FOR NATURE

1211.1None

12.0 OTHER SIGNIFICANT IMPLICATIONS

12.1 None

13.0 APPENDICES

13.1 Appendix A – Local Growth Fund Q2 2019-20 MHCLG return

13.2 Appendix B – CPCA Officer Local Growth Fund pipeline assessment

<u>Background Papers</u>	<u>Location</u>
i. Local Growth Fund Documents, Investment Prospectus, guidance and application forms	https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/
ii. Eastern Agri-tech Growth initiative guidance and application forms	https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/
iii. List of funded projects and MHCLG monitoring returns	https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/
iv. Local Industrial Strategy and associated sector strategies	https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/