

## Local Growth Fund Programme Management Review – March 2021

To:	Business Board
Meeting Date:	16 March 2021
Public report:	Yes
Lead Member:	Austen Adams, Chair of the Business Board
From:	Director of Business and Skills, John T Hill
Key decision:	No
Recommendations:	The Business Board is asked to <ul style="list-style-type: none"><li>a) Note the funding position and forecast for Local Growth Fund Programme including the projects completed and in delivery; and</li><li>b) Recommend all the programme updates outlined in this paper to the Combined Authority Board.</li></ul>

### 1. Purpose

1.1 This report provides the Board with an update on the programme's performance since April 2015 for the Local Growth Fund (LGF) and outlines operational updates on the LGF progress to 15<sup>th</sup> February 2021 based on the following items:

- (a) Financial update on programme spend and project forecast spend
- (b) Projects delivery update including any still in pre-contract
- (c) Q3 2020/21 Quarterly Growth Deal return to MCHLG
- (d) COVID Business Capital Grant update
- (e) Business Growth Service Capital Growth Grants
- (f) Eastern Agri-Tech Growth Initiative update
- (g) LGF Monitoring and Evaluation update
- (h) Getting Building Fund (GBF) update

### 2. Background

2.1 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. The Business Board took over responsibility for delivery of the strategic funds in 2019 from the previously dissolved GCGP LEP.

- 2.2 The Local Growth Funds must be spent by 31 March 2021 but programme outcomes can be delivered beyond 2021. Local Growth Funds can provide Grants, Loans or other forms of funding such as Equity Capital Investment.

### 3. Local Growth Fund Programme Spend Position

- 3.1 The £146.7 million Local Growth Fund programme is fully awarded to a portfolio of 51 projects including the grant schemes.
- 3.2 The total programme spend to the 15<sup>th</sup> February 2021 including completed projects, is £114,259,145. This is the total actually paid out to projects and runs well behind the combined project approval/allocation figure.
- 3.3 The completed and forecast spend for the whole programme of projects is shown at Appendix 1, excellent progress has been made on overall programme spend but there are 8 projects which are projected to spend beyond the 31 March 2021 deadline, these projects total £6,490,087.
- 3.4 This final balance figure shown in Appendix 1 is based on a projected forecast spend gathered at 15<sup>th</sup> February from the project lead organisations who have provided information on their forecast spend, verified by the LGF team. This does vary from the confirmed payments total figure and the remaining balance forecast in the financial budget report to this meeting, as that report is tracking the actual payments of claims paid rather than project delivery leads in retrospect and balance left. These projects have an extended spend profile beyond 31 March 2021 which is being facilitated by the Combined Authority using its funding flexibilities in line with guidance from the Cities and Local Growth Unit in its LGF 2020-21 determination letter.
- 3.4 By utilising these flexibilities, the Combined Authority will ensure that the entirety of the Local Growth Fund awarded will have been spent by 31 March 2021 as per the requirements of the Government allocation to the Business Board.

### 4. Local Growth Fund Programme Delivery

- 4.1 On 15<sup>th</sup> February 2021, the Combined Authority's Local Growth Fund programme had 23 projects including the new capital grant schemes in delivery.
- 4.2 The shareholders of the Cambridge Autonomous Metro project signed the One CAM Ltd joint venture company shareholder agreement in February, triggering the £1,995k equity investment to purchase shares in One CAM Ltd, this includes the £995k LGF awarded from the Business Board. This will bring all projects in the LGF programme under contract.
- 4.3 The current list of all projects both completed and those still in delivery with a forecast for planned spend is shown in Appendix 1, profiled as at 15<sup>th</sup> February 2021.

## 5. Growth Deal Monitoring Return Q3 2020/21

- 5.1 The Business Board is required to submit formal monitoring returns to Government on Growth Deal performance and forecasts on a quarterly basis.
- 5.2. The return for Q3 2020/21 was prepared by LGF Officers and submitted on time to the Cities and Local Growth Unit. The third Quarter spend was up to and including 31<sup>st</sup> December 2020. This dashboard page from the completed return is attached at Appendix 2
- 5.3. The LGF team has been compiling and updating an Issue Log for all projects in delivery or in pre-contract negotiation. This is shared with Cities and Local Growth Unit colleagues to appraise regarding COVID impacts upon LGF delivery. Please note Appendix 3 LGF Project Delivery Issue Log.
- 5.4. There are currently no projects red-flagged as at end of Qtr 3 31 December 2020.
- 5.5 Attached at Appendix 4 is a proposed new LGF dashboard for Business Board members consideration. This is a static version for information and the live interactive version will be launched on the Combined Authority website during March 2021.

## 6. COVID Business Capital Grants Programme

- 6.1 The COVID Capital Grant scheme of £5.5million has been awarded through grant offers to 132 businesses and the final tranche is now being drawn down by invoice evidenced claims from the businesses that were awarded the grants. As at 15 February 2021:
  - The number of fully claimed grants and completed projects was 97
  - Grant awarded companies still claiming was 35
  - Grant value paid out was £4,416,297
  - Grant value still to be paid out was £1,081,186
- 6.3 The current forecast is that all grants awarded in this programme, bar one, will be claimed and paid out to businesses within quarter 4 ending 31 March 2021
- 6.4 Only one organisation has indicated it will not have drawn down its grant by 31 March. The project was awarded £15,747 and has £7,353 left to claim but will not be able to progress the project because the business is shut due to the continuing COVID lockdown until 12 April when they will be able to recommence. This outstanding amount will be included in the capital swap amount at 31 March to complete expenditure of LGF programme which will be in line with the flexibilities the Combined Authority has to manage the funds.

## 7. Business Growth Service Capital Growth Grants

- 7.1 In November 2020 the Business Board awarded a further allocation of the £2,043,178 into the Growth Grants strand of the new Business Growth Service (BGS).
- 7.2 The Business Growth Service was contracted during February and the contractor has commenced on the delivery of this tranche of grant funding awarding out to growth

businesses who are participating in the service.

- 7.3 An update on the grant awards made will be reported in the strategic funds management review item at next Business Board meeting in May.

## 8. Eastern Agri-Tech Growth Initiative Update

- 8.1 All funding has been awarded to grant recipients and focus is now on ensuring all grant claims are received and processed for payment before 31 March 2021. As at 11 Feb 2021:
- The number of fully claimed grants and completed projects was 75
  - Grant awarded companies still claiming was 23
  - Grants value paid out was £3,381,596
  - Grant value still to be paid out was £996,433
- 8.3 There is only one project that will not be finished by 31 March 2021: the project was awarded £42,731. So far, they have claimed £11,167.30, leaving £31,563.70 to be claimed. The project will finish and claim by 30 April. This outstanding amount will be included in the capital swap amount at 31 March to complete expenditure of LGF programme which will be in line with the flexibilities the Combined Authority has to manage the funds.
- 8.4 Any further applications received into the Eastern Agri-tech Growth Initiative that are suitable will be referred to the Business Growth Service for consideration for a Capital Growth Grant if the applicant meets criteria of the BGS programme.

## 9. LGF Monitoring and Evaluation Update

- 9.1 The Monitoring of all live projects in delivery is conducted by the Local Growth Fund team on a monthly and quarterly basis. The Business Board is asked to note latest updated Monitoring report at Appendix 5 for all projects both completed and live.
- 9.2 There are currently 22 completed Local Growth Fund projects subject to evaluation as part of the Local Growth Funding Monitoring & Evaluation plan.
- 9.3 The evaluation report for the first tranche of 10 completed projects is in draft and a presentation from the evaluation contractors on the early findings was given to Business Board members at an update meeting on 11<sup>th</sup> February 2021.

## 10. Getting Building Funding Update

- 10.1 The Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre project has been mobilised after approval of the funding conditions having been met.
- 10.2 The Joint venture property company has been incorporated and Shareholder Agreement is being prepared based on increased funding as noted in separate paper to this Board.
- 10.3 The project submitted the planning application on 23<sup>rd</sup> February 2021, the procurement of

building contractor is being prepared for launch after planning approval and the notice of procurement for the Centre Operator has been issued which includes market engagement workshop to establish a viable commercial operating model prior to tender.

- 10.4 The project plan for Car Parking infrastructure that supports the University campus expansion, which is part of this project is being drawn up and agreed between the partners. This will then allow the Combined Authority to issue Peterborough City Council with the Getting Building Fund Grant Funding Agreement that covers the £827,000 grant awarded to Peterborough City Council as part of the approved allocation to match their contribution of £1.9million into the project.

## Significant Implications

### 11. Financial Implications

- 11.1 There are no direct financial implications arising from this report.

### 12. Legal Implications

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

### 13. Other Significant Implications

- 13.1 None.

### 14. Appendices

- 14.1 Appendix 1 – LGF Projects Completed and Forecast Spend
- 14.2 Appendix 2 – Growth Deal Dashboard (Quarter 3 – 2021)
- 14.3 Appendix 3 – LGF Project Delivery Issue Log
- 14.4 Appendix 4 – Proposed LGF Dashboard Design
- 14.4 Appendix 5 – LGF Job Monitoring Report

### 15. Background Papers

- 15.1 Local Growth Fund Documents, Investment Prospectus, guidance and application forms, <https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/>  
72 Market Street, Ely, Cambridgeshire CB7 4LS

- 15.2 Eastern Agri-tech Growth initiative guidance and application forms,  
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/>  
72 Market Street, Ely, Cambridgeshire CB7 4LS
- 15.3 List of funded projects and MHCLG monitoring returns,  
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/>  
72 Market Street, Ely, Cambridgeshire CB7 4LS
- 15.4 Local Industrial Strategy and associated sector strategies,  
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/>  
72 Market Street, Ely, Cambridgeshire CB7 4LS
- 15.5 COVID Business Capital Grant Scheme,  
<https://capitalgrantscheme.co.uk/>  
72 Market Street, Ely, Cambridgeshire CB7 4LS