



## THE BUSINESS BOARD

<b>BUSINESS BOARD</b>	<b>AGENDA ITEM No: 2.4</b>
<b>27 JULY 2020</b>	<b>PUBLIC REPORT</b>

### EASTERN AGRI-TECH GROWTH INITIATIVE FUNDING REVIEW

#### 1.0 PURPOSE

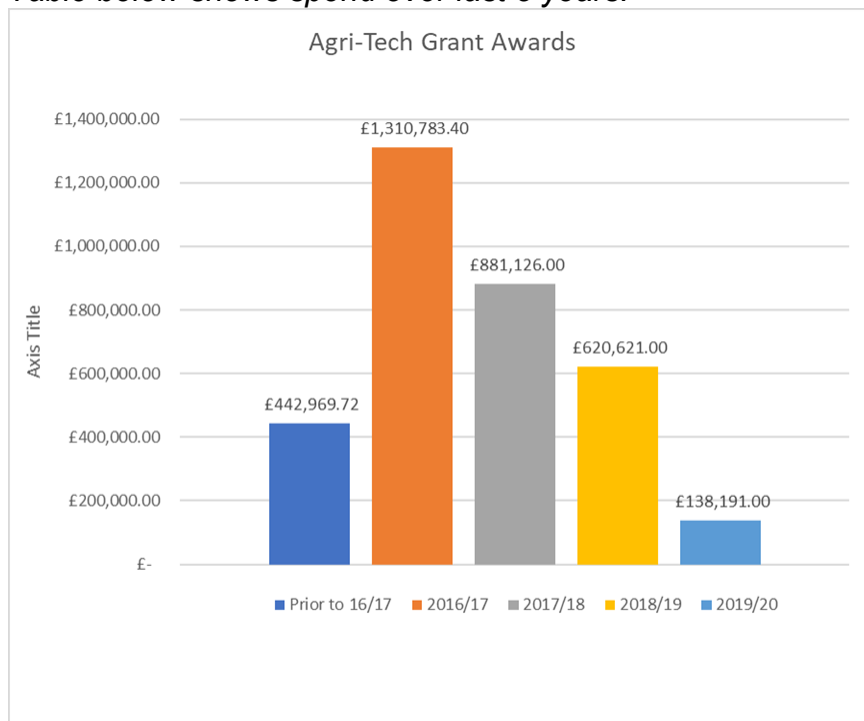
- 1.1. The Eastern Agri-Tech Growth Initiative has £1.695m left to award and spend period up to 31 March 2021.
- 1.2. The programme has been reviewed and to encourage take up of the grants in the remaining period the attractiveness and impact of the current grant offer to businesses requires change in criteria.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Chair Business Board</b>
<b>Lead Officer:</b>	<b>John T Hill, Director Business &amp; Skills</b>
<b>Forward Plan Ref:</b> <b>Not applicable</b>	<b>Key Decision: No</b>
<p>The Business Board is asked to:</p> <ol style="list-style-type: none"><li>(a) Recommend to Combined Authority Board to approve a change in the criteria for the Eastern Agri-Tech Growth Initiative scheme raising the grant intervention rate from 25% to 50% on the Growth Grant part of the scheme.</li><li>(b) Recommend to Combined Authority Board to delegate authority to the Director of Business and Skills to make any further changes in criteria or operation of the scheme to ensure all funds are awarded by end of March 2021.</li></ol>	

## 2.0 BACKGROUND

- 2.1 The Eastern Agri-Tech Growth Initiative supports small and medium enterprises (SME) in the Agri-Tech sector with growth projects or Research & Development projects. From the commencement of the Initiative in late 2013 to June 2020, a total of 100 Small and Medium-Sized Enterprises (SMEs) have been supported and the Innovation Hub created at Hasse Fen. The Combined Authority has awarded to date £5.596m through this programme. There are 18 live projects across Business Board /New Anglia Local Enterprise Partnership (NALEP) geography, which are on track to complete to their planned schedules.
- 2.2 NALEP has contributed another £1m to this last phase of the Initiative and the two tranches of £500,000 have been received by the Combined Authority.
- 2.3 The Board is also asked 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 requires considerations around grant attractiveness and offer to businesses to utilise the full £1.7m of current funding still to be committed. The table below sets out a breakdown of the last 5 years funding take-up. At its meeting on 25 November 2019 the Business Board approved a reduction in the Local Growth Fund allocated to the Initiative of £3.5m which left a new balance of £1.7m in the Initiative to deploy before end March 2021.

*Table below shows spend over last 5 years:*



### 3.0 EASTERN AGRI-TECH GROWTH INITIATIVE INTERVENTION RATE

3.1 The scheme has operated since 2013 firstly with Regional Growth Fund (RGF) then in 2015 the scheme was awarded funding from Growth Deal / Local Growth Fund. The criteria for the scheme has remained unchanged during that period and now is the time to review and enhance the intervention rate on the Growth Grants side of the scheme from 25% to 50% for businesses applying for two reasons:

- To 'level up' the two parts of the scheme so the Growth Grant offered equals the R&D grant, this requires raising the Growth grant intervention rate from 25% to 50% intervention rate so businesses require less match for particular projects;
- To make the growth grant in line with recent COVID Grant and MICRO Business schemes which makes the scheme more attractive to elicit new projects that may be wavering about going ahead and to drive more take up ensuring grant spend can be achieved by end of March 2021.

3.2 The Guidance notes for the scheme at **Appendix A** outline on page 6 the current criteria for the Growth fund part of the scheme states:

*Grants of between £10,000 and £150,000 are provided up to a maximum of 25% of the total cost of the project. Applicants must be able to clearly demonstrate that they are able to provide the remaining 75% of the project costs from other sources of private sector investment, such as the company's own resources, commercial loans or other types of investment. Applications can only be made if the applicant is either already in discussions with financial providers or has the minimum 75% of match funding available. No application can be approved until all the required match funding has been secured.*

3.3 Officers plan to run a promotional campaign across the LEP area to attract the pipeline of applicants to ensure rate of award over coming months accelerates to achieve the award and spend by the end of March 2021.

### 4.0 SIGNIFICANT IMPLICATIONS

4.1. None

### 5.0 FINANCIAL IMPLICATIONS

5.1 The higher intervention rate could result in newly awarded Growth Grant projects achieving a lower outcome per pound invested compared to the earlier element of the scheme and will certainly result in a lower leverage of private sector funds. However, value for money considerations should take into account effectiveness, and achieving fewer projects at a higher

intervention rate is better value than achieving nothing due to lack of demand for the grant scheme.

- 5.2 As this proposal would change the intervention rate, not the overall amount available within the Eastern Agri-Tech Growth Initiative programme there is no impact on the LGF more widely.

## **6.0 LEGAL IMPLICATIONS**

- 6.1 The Combined Authority has authority under section 1 Localism Act 2011 to exercise a general power of competence. The Combined Authority can exercise this power by virtue of the Cambridgeshire and Peterborough Combined Authority Order 2017. This power permits the Combined Authority to make grants to providers in order to deliver the terms of the devolution deal signed with Government.
- 6.2 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.

## **7.0 IMPLICATIONS FOR NATURE**

- 7.1 None

## **8.0 OTHER SIGNIFICANT IMPLICATIONS**

- 8.1 None

## **9.0 APPENDICES**

- 9.1 **Appendix A** – Eastern Agri-Tech Growth Initiative Guidance notes

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
i. Eastern Agri-tech Growth initiative guidance and application forms	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/</a>
ii. List of funded projects and MHCLG monitoring returns	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/</a>