



<b>BUSINESS BOARD</b>	<b>AGENDA ITEM No: 2.1</b>
<b>DATE: 23 MARCH 2020</b>	<b>PUBLIC REPORT</b>

**LOCAL GROWTH FUND PROGRAMME MANAGEMENT REVIEW AND  
RECYCLED FUND POSITION – 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 29 February 2020 based on the following items:

- (a) Financial update on programme spend
- (b) Q3 2019/20 Quarterly Growth Deal return to MCHLG
- (c) Pipeline of projects currently in delivery including pre-contract
- (d) Allocation of remaining LGF to key projects
- (e) Update on the Small Business Capital Grant scheme
- (f) Eastern Agri-Tech Growth Initiative update
- (g) Recycled funds financial update

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Interim Chair Business Board</b>
<b>Lead Officer:</b>	<b>John T Hill, Director Business &amp; Skills</b>
<b>Forward Plan Ref: Standing item on FP</b>	<b>Key Decision: No</b>
The Business Board is invited to: <ul style="list-style-type: none"><li>(a) Note the submission of the Growth Deal monitoring report to Government to end Q3 2019/20</li></ul>	

- (b) Note the availability of returned Local Growth Funds for allocation.
- (c) Note the current and projected recycled funds available to the Business Board

## 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, this pot has no spend deadline.

## 2.0 LOCAL GROWTH FUND PROGRAMME POSITION

- 2.1. On 29 February 2020, the Combined Authority's Local Growth Fund programme had 10 projects including the new SME capital grant scheme in delivery, listed in table below:

LGF Project Name	Start date	End date	Completed / In Delivery / Pre-Contract
Medtech Accelerator - Health Enterprise East	30/12/2016	31/03/2021	In Delivery
Whittlesey Access Phase 1 King's Dyke Crossing	01/07/2016	30/06/2018	In Delivery
Wisbech Access Strategy	01/05/2015	31/03/2021	In Delivery
M11 J8 - Essex County Council	02/04/2019	31/03/2021	In Delivery
Haverhill Epicentre - Jaynic	01/07/2019	31/03/2021	In Delivery
Agri-Tech Growth Initiative - CPCA	01/08/2015	31/03/2018	In Delivery
Hauxton House Incubator Development	15/07/2019	31/03/2020	In Delivery
NIAB - AgriTech Start Up Incubator	02/02/2020	31/03/2021	In Delivery
Lancaster way Phase 2 Grant	30/12/2017	31/03/2021	In Delivery
Capital Growth Grant Scheme	14/10/2019	31/03/2021	In Delivery

- 2.2. The Wisbech Access Strategy project has now returned a signed Grant Funding Agreement. There is a formal proposal letter from Combined Authority to Cambridgeshire County Council on how much of the package of £10.5million road/junction improvements can be spent before the end of March 2021. This could be £6.6million which is the figure that will be allocated from within the Local Growth Fund, the balance could be £3.9million of Local Growth Funding that cannot be spent by end of March 2021. We will bring a formal project change proposal and an update on that spend position to the May Business Board to be allocated to new projects that can achieve spending by end of March 2021.

- 2.3. At 29 February 2020 there were 20 projects approved for funding by the Business Board which are in contract/funding agreement negotiation pre-commencement of delivery with a total value of £54million (see table below) This means that the Business Board had allocated a total of £146.5million of the £146.7million available.

LGF Project Name	Start date	End date	Completed / In Delivery / Pre-Contract
The Growth Service - CPCA	TBC	31/03/2021	Pre Contract
Cambridge Global Genomics Accelerator	TBC	31/03/2021	Pre Contract
Cambridge Healthcare & Life Science Start-up Accelerator	TBC	31/03/2021	Pre Contract
Manufacturing Ecosystem Innovation centre - Granta Park	TBC	31/03/2021	Pre Contract
Sci-Tech village - Cambridge	TBC	31/03/2021	Pre Contract
Cambridge Biomedical Campus Multi Occupancy Building	TBC	31/03/2021	Pre Contract
Life Sciences Incubator	TBC	31/03/2021	Pre Contract
New Technology Accelerator	TBC	31/03/2021	Pre Contract
Agri-Gate Hasse Fen extension	TBC	31/03/2021	Pre Contract
University of Peterborough phase 1	TBC	31/03/2021	Pre Contract
3D Centre of Excellence Relocation	TBC	31/03/2021	Pre Contract
South Fen Enterprise Park	TBC	31/03/2021	Pre Contract
Logistics Launchpad - Brampton	TBC	31/03/2021	Pre Contract
Advanced Manufacturing Launchpad	TBC	31/03/2021	Pre Contract
Composites Repair centre of excellence	TBC	31/03/2021	Pre Contract
Construction Skills centre - Wisbech	TBC	31/03/2021	Pre Contract
Living Cell - Manufacturing facility	TBC	31/03/2021	Pre Contract
March Adult Edu Centre Expansion	TBC	31/03/2021	Pre Contract
West Cambridgeshire Innovation Park	TBC	31/03/2021	Pre Contract
Smart Manufacturing Association	TBC	31/03/2021	Pre Contract

- 2.4. There are three projects in delivery which are likely now not to be taking their full allocation of funds which results in £8.9million still to be allocated and spent before end of March 2021. This remaining funding will likely need to be allocated to additional proposals that can deliver spend of Local Growth Funds by end of March 2021.
- 2.5. The total programme expenditure to the 29 February 2020 including completed projects is £78.2million. This is total funds that have actually been paid out to projects and runs well behind the combined project approval/allocation figure.
- 2.6. There are 18 completed Local Growth Fund projects (see table below) subject to evaluation over the coming months as part of the Local Growth Funding Monitoring & Evaluation plan agreed at the last Business Board meeting. The two projects struck-through are related to West Anglia Training Association which went into liquidation and the Local Growth Fund has repatriated £323,700 from the liquidator to add into the fund pot to be allocated.

LGF Project Name	Start date	End date	Completed / In Delivery / Pre-Contract
Bourges Boulevard Phase 1	04/01/2014	31/07/2015	Completed
Bourges Boulevard Phase 2	01/03/2016	31/03/2019	Completed
A47/A15 Junction 20	01/03/2016	31/03/2017	Completed
TWI (The Welding Institute) Expansion	01/09/2015	31/03/2018	Completed
Cambridge Biomedical Innovation Centre - CUHP	01/12/2015	31/10/2016	Completed
Highways Academy - West Anglia Training Assoc	01/03/2015	31/05/2016	Completed
<b>EZ Plant Centre Alconbury</b>	<b>01/01/2016</b>	<b>31/03/2016</b>	<b>Completed</b>
Ely Southern Bypass	01/10/2016	01/06/2018	Completed
iMET - Technical and Vocational Centre, Alconbury Weald	01/05/2015	31/03/2018	Completed
Peterborough Regional College Food Mfg Centre	07/01/2015	31/07/2016	Completed
CITB Construction Academy	10/01/2016	29/12/2017	Completed
Growing Places Fund Extension	07/08/2015	31/03/2021	Completed
Lancaster Way Phase 1 Loan	01/12/2016	31/03/2021	Completed
Lancaster way Phase 2 Loan	31/01/2017	31/03/2021	Completed
Manea & Whittlesea Stations	31/01/2017	31/03/2021	Completed
Terraview Loan - Terraview	01/12/2018	30/04/2019	Completed
Soham Station	04/07/2019	31/03/2021	Completed
Signpost to Grant - CPCA Growth Hub	01/02/2016	31/03/2021	Completed

### 3.0 GROWTH DEAL MONITORING RETURN Q3 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 Q3 2019/20 should be noted at Appendix A and was submitted in February 2020 to the Ministry of Housing, Communities and Local Government [MHCLG.]
- 3.2. Projects shown in amber are slightly delayed in delivery but with resolutions agreed with delivery partners to complete the schemes by delivery end date. There has been improvement in the RAG rating of projects for both Kings Dyke A605 road/rail crossing improvements project and Wisbech Access Strategy project both changing to Amber. There are currently no projects red-flagged.

Project RAG Ratings					
Project Name	Previous Quarter	This Quarter	Project Name	Previous Quarter	This Quarter
	Q2_1920	Q3_1920		Q2_1920	Q3_1920
Whittlesey Access Phase 1 King's Dyke Crossing	R	A	The Growth Service	-	-
Ely Southern Bypass	G	G	NIAB - Hasse Fen Extension	-	G
Bourges Boulevard Phase 1	G	G	TWI - Innovation Network Ecosystem	-	G
Bourges Boulevard Phase 2	G	G	Illumina Accelerator Global Expansion	-	G
A47/A15 Junction 20	G	G	Advanced Manufacturing Facility - Living Cell	-	G
Wisbech Access Strategy	R	A	Cambridge Northern Fringe - Sci Tech Container Village	-	G
TWI (The Welding Institute) Expansion	G	G	Ascendal New Technology Accelerator	-	G
Technical and Vocational Centre, Alconbury Weald	G	G	LGF Topslice	-	G
Agri-Tech Growth Initiative	G	G	-	-	-
Cambridge Biomedical Innovation Centre	G	G	-	-	-
Haverhill Innovation Centre	N/A	N/A	-	-	-
Peterborough Regional College Food Mfg Centre	G	G	-	-	-
Growing Places Fund Extension	G	G	-	-	-
Highways Academy	G	G	-	-	-
CITB Construction Academy	G	G	-	-	-
EZ Plant Centre Alconbury	G	G	-	-	-
Signpost to 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	AG	AG	-	-	-
Manea & Whittlesea Stations	G	G	-	-	-
M11 J8	AG	AG	-	-	-
Terraview Loan	AG	G	-	-	-
Soham Station	AG	AG	-	-	-
Haverhill Epicentre	AG	G	-	-	-
Forecast	N/A	G	-	-	-
Capital Growth Grant Scheme	G	G	-	-	-
Hauxton House Incubator Development	-	G	-	-	-
NIAB - AgriTech Start Up	-	G	-	-	-

## **4.0 LOCAL GROWTH FUND REMAINING FUNDS ALLOCATION**

- 4.1 The allocation of funds to projects from the previous Investment Prospectus calls had notionally allocated all the available funds at the January Business Board but there are projects ongoing re-profiling or returning some of their allocated funds, these are:
- The Genomics Global Accelerator Programme will now run past March 2021 and is therefore releasing £2million from the Local Growth Funding awarded.
  - The West Anglia Training Association was liquidated and has returned grant funding of £300,000.
  - The final details of the third project and amount returning will be reported to Board in May once confirmed
- 4.2 This is likely to equate to £8.9million to allocate to projects still in the pipeline from the call in July 2019. The nature of these projects is equity investment which can spend the funds by end March 2021 and have the potential to create large impacts, especially in terms of higher value jobs. All have been in gestation for around nine months since the call and are sufficiently complex meaning were not developed quickly enough for the January Board meeting deadline.
- 4.3 Officers propose that a new investment prospectus call for a new pipeline of projects be developed by the Business Board and issued later in the year when future funding levels are clearer. This could potentially be a mini-growth deal across all the LEPs for a tranche of LGF to fill the funding gap between the full allocation of existing funds at March 2020 and the potential allocation to LEPs of the Shared Prosperity Fund in 2023/24.

## **5.0 NEW SMALL BUSINESS CAPITAL GROWTH GRANTS PROGRAMME**

- 5.1 The new provider V4 Services has been contracted to manage / administer the £3m Capital Growth Grants pilot scheme and have commenced delivery.
- 5.2 The scheme has received **9** applications from SMEs to a total value of **£412,411** and 7 have been approved/offered to a value of **£296,126** (see table below).

Client Name	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	£36,300	£17,802	£18,498	4	Offered
Applicant 4	£27,688	£13,844	£13,844	3	Offered
Applicant 5	£42,000	£10,000	£32,000	1	Offered
Applicant 6	£361,000	£150,000	£211,000	16	Offered
Applicant 7	£48,962	£24,480	£24,482	4	Offered
<b>Sub Total</b>	<b>£708,550</b>	<b>£296,126</b>	<b>£412,424</b>	<b>36</b>	
Applicant 8	£43,000	£21,500	£21,500	2	Due Diligence
Applicant 9	£189,571	£94,785	£94,786	9	Due Diligence
<b>Sub Total</b>	<b>£232,571</b>	<b>£116,285</b>	<b>£116,286</b>	<b>11</b>	
<b>Total</b>	<b>£941,121</b>	<b>£412,411</b>	<b>£528,710</b>	<b>47</b>	

## 6.0 EASTERN AGRI-TECH GROWTH INITIATIVE UPDATE

- 6.1 The Eastern Agri-Tech Growth Initiative currently has 5 live applications for grant support which 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.
- 6.2 Eastern Agri-Tech Programme Boards are scheduled for 30 March and 27 April. For the March meeting, the Eastern Agri-Tech Programme Board will be considering at least 3 applications (2 from one applicant) seeking combined grant of £142k.
- 6.3 The current pipeline of potential project Agri-Tech grant applications is worth nearly £7.5m
- 6.4 There are currently 9 projects across Business Board /New Anglia (NALEP) geography, which are on track to complete to their planned schedules.
- 6.2 NALEP second and final tranche of £500,000 into the scheme is about to be received by the Combined Authority to be allocated by 31 March 2021

## 7.0 RECYCLED FUNDING UPDATE CURRENT AND FORECAST

- 7.1 Recycled funding has been, and is projected to be, received from loans issued from both the Local Growth Funding and Growing Places Funding pots. This recycled loan funding returns in two types:
- Capital repayments – which can only be issued as capital again
  - Interest repayments – which can be spent as revenue or capital
- 7.2 The tables in confidential Appendix B show £10.8million of recycled loan funds already repaid and received to date from both Local Growth Funding and Growing Places Funding loans, plus the repayments forecast to be received over the next 10 years+ from the loans which are still to repay. The project loans currently forecast to be repaid are:

<b>Capital loan Projects providing repayment income – capital and interest (Revenue)</b>	Peterborough City Council - Fletton Parkway
	Lancaster Way Enterprise Zone
	Tera View Expansion Loan
	Hauxton House - Lab space fit out loan
	Project Living Cell – Cell therapy manufacturing fit out loan
	Sci-Tech business park – modular business space
	Ashwell Business Park loan

- 7.3 Also, to be noted are the commitments already approved/allocated against the recycled capital and interest (revenue) funding. The current list of projects approved to be funded out of this recycled pot are:

<b>Capital Projects currently being Funded until 2023</b>	In Collusion programme £15,000
	Growth Service Grant/investment Scheme £9million
	Ely Area Capacity rail £2.3million
	Genomics Global Accelerator programme £2million

<b>Revenue projects proposed to fund from recycled interest</b>	Growth Service Innovation/Relocation grants £500,000
---	--

- 7.4 The forecast projection in the recycled funding pot after commitments above taken into consideration results in £4.9million remaining in the capital line and £1.1million remaining in the interest/revenue line by 2030.

## 8.0 SIGNIFICANT IMPLICATIONS

- 8.1 None

## 9.0 FINANCIAL IMPLICATIONS

- 9.1 There are no direct financial implications.

## 10.0 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
- 10.2 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.

## 11.0 IMPLICATIONS FOR NATURE

11.1 None

## 12.0 OTHER SIGNIFICANT IMPLICATIONS

12.1 None

## 13.0 APPENDICES

**13.1 Appendix A** – Local Growth Fund Q3 2019-20 MHCLG return

**13.2 Appendix B** – Recycled loan funding forecast summary - confidential

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
i. Local Growth Fund Documents, Investment Prospectus, guidance and application forms	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/</a>
ii. 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>
iii. 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>
iv. Local Industrial Strategy and associated sector strategies	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/</a>