

BUSINESS BOARD	AGENDA ITEM NO: 2.2
27 JANUARY 2020	PUBLIC REPORT <i>This report contains Appendices which are exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the Appendices.</i>

LOCAL GROWTH FUND PROJECT PROPOSALS – JANUARY 2020

1.0 PURPOSE

- 1.1. The Business Board is responsible for allocating the Local Growth Fund subject to approval by the Combined Authority Board with the objective of creating new jobs and boosting productivity.
- 1.2. The Business Board is asked in this report to consider and make recommendations to the Combined Authority Board against applications that have been submitted for these funds and the pipeline of projects based upon the independent external assessment undertaken.

<u>DECISION REQUIRED</u>	
Lead Member:	Austen Adams, Interim Chair of Business Board
Lead Officer:	John T Hill, Director, Business and Skills
Forward Plan Ref: 2020/005 Key Decision: Yes	
The Business Board is asked to: (a) Recommend that the Combined Authority Board approve funding for the projects ranked 1, 2, 4, 5, 6, 7, 8, 9, 10, 12 and 14 in the table at paragraph 2.8 below based on achieving highest scoring criteria and external evaluation recommendation. (b) Recommend that the Combined Authority Board approve a revised grant funding offer for the project ranked 11 in the table at paragraph 2.8 below of £2,400,000.	

- (c) Recommend that the Combined Authority Board approve a revised grant funding offer for the project ranked 13 in the table at paragraph 2.8 below of £1,400,000.
- (d) Recommend that the Combined Authority defer project ranked 15 in the table at paragraph 2.8 below based on the scoring criteria, until the next round call of Local Growth funding or alternative funding becomes available
- (e) Recommend that the Combined Authority decline projects ranked 3 and 16 in the table at paragraph 2.8 below based on the scoring criteria for project 16 as this is the lowest scored project and the external evaluation recommendation on project 3.

2.0 BACKGROUND

- 2.1. Growth Deal and Growing Places funding is provided by Government to local areas to invest in projects that will create new jobs, increase productivity, and stimulate economic growth. A total of £146.7million has been provided to this area, with £38.3million remaining to allocate. The £39.9million includes £3.5million to be reclaimed from the Eastern Agri-Tech project which is the subject of a separate report to this meeting.
- 2.2. The Business Board approved the Growth Prospectus in July 2019 as a call for new project proposals against this remaining funding; Growth Prospectus 2019-21 Expressions of interest have been submitted to the Combined Authority and feedback provided to inform full applications. This prospectus made clear that the new opportunity for this round of bids to the Business Board aligned with the Combined Authority Local Industrial Strategy; Local Industrial Strategy
- 2.3. Following initial internal assessment for suitability of the Expression of Interests received, so far 24 have been invited to submit Full Application Forms. 24 Full Applications have been received and 22 subsequently completed appraisal by the independent external appraisal team. See confidential Appendix A for pipeline breakdown.
- 2.4. 16 of the project proposals that have completed the independent external assessment are being brought to this Business Board for consideration and, applicable proposals will be recommended to the Combined Authority Board for approval.
- 2.5. ENTREPRENEUR ADVISORY PANEL - The Business Board agreed the creation of an Entrepreneur Assessment Panel (EAP) as a working group of the Business Board at its September 2019 meeting. The EAP sat on the 10th January and 14th January 2020 to review presentations made by project applicants and question the projects on rationale, strategic fit, and clearly defined, measurable outputs. The EAP evaluation scoring report is included in the project ranking assessment at confidential Appendix B Further EAP meetings will be scheduled as required should the pipeline of funding not yet be allocated by this Business Board.
- 2.6. The Board is asked to consider the ranking scores of each of the projects to aid the decision making as agreed at Business Board meeting in September 2019 – with projects being compared against all the pipeline projects that are being presented to this Business Board. The scores across all assessment stages for projects achieved thus far can be viewed in Appendix B. Projects are also independently evaluated by our external appraisers and this results in a recommendation decision which is considered in parallel

with the ranking scored process. Proposals that are 'not recommended' by external appraisers should not be recommended.

- 2.7. A summary of scoring assessments for each of the projects applying for funding having completed all required steps in application process is below at 2.8, further details of the individual projects, including the external appraisal report and further supporting documents can be found in confidential **Appendices C and D**. The scoring assessments have been completed for all projects including our external evaluators matrix scores section but some of the write up of appraisal reports is still to be completed and confidential Appendix D will be slightly delayed and will follow during w/c 20th January 2020 to Business Board members.
- 2.8. Officers' recommendation is for the Business Board to recommend that the Combined Authority Board approve funding for the projects ranked 4, 6 and 7 in the table below, which are all applying for less than £1million and have scored above 74%, and to also recommend that the Combined Authority Board approve funding for the projects ranked 1, 2, 5, 8 and 9 in the table below which are applying for over £1million and which have a final assessment score of over **74%** all subject to any conditions proposed from external Appraisal.

The Business Board should note projects ranked 10 to 14 in the table below which are applying for over £1million but which have scored below **74%** that are all possible to fund with the remaining funding subject to suggested reduced offers from Business Board to the applicants on the following projects:

The projects ranked 11 and 13 in the table below are considered good projects but have conditions proposed from the external Appraisers which are around what is practically possible to fund in these projects in the timeframe to end of March 2021. Specifically, Project ranked 11 is proposed in four phases with first two phases of infrastructure deliverable in timeframe for Local Growth Funding totalling £2,400,000. Officer recommendation is to make this applicant an offer of £2,400,00 Grant instead of their original application of £3,966,456.

Specifically, project ranked 13 is proposed in 2 phases and the delivery of phase 1 is already well underway so the Business Board should focus on phase 2 which with state aid rules on this size of company means funding is limited to 20% of phase 2 totalling £1,400,000 subject to ensuring phase 2 commences in the timeframe up to end March 2021. Officer recommendation is to make this applicant an offer of £1,400,000 Grant instead of their original application of £2,000,000

Officers have liaised with the applicants on projects ranked 11 and 13 to confirm the position regards reduced offers of funding from the Business Board on their Grant applications and both applicants are aware of the possibility of reduced funding.

Application Assessment Summary Table

Projects	Eol %	FAF %	EAP %	Final averaged % assessment score	External Appraisal Recommendation	LGF Funding Request	LGF Funding Offer	RANK
Remaining LGF Budget						£ 38,300,000.00		
University of Peterborough	95.4%	75.6%	88.0%	86.3%	Recommended	£ 12,500,000.00	£ 12,500,000.00	1
Relocation - 3D centre of Excellence	81.6%	83.6%	80.0%	81.8%	Recommended	£ 1,875,000.00	£ 1,875,000.00	2
Skills facilities - March, Fenland	84.6%	77.0%	N/A	80.8%	Recommended	£ 400,000.00	£ 400,000.00	4
West Cambridgeshire Innovation District	83.6%	70.7%	88.0%	80.8%	Recommended	£ 3,000,000.00	£ 3,000,000.00	5
Business Space - Fenland	86.0%	73.3%	N/A	79.7%	Recommended	£ 997,032.00	£ 997,032.00	6
Smart Manufacturing Association	86.0%	72.7%	N/A	79.4%	Recommended	£ 715,000.00	£ 715,000.00	7
Cambridge Biomedical Growth space	80.6%	68.3%	84.0%	77.6%	Recommended	£ 3,000,000.00	£ 3,000,000.00	8
Life Sciences Incubator	78.7%	73.3%	80.0%	77.3%	Recommended	£ 2,300,000.00	£ 2,300,000.00	9
Cambridge Healthcare & Life Science Start-up Accelerator	71.3%	80.5%	68.0%	74.7%	Recommended	£ 3,342,250.00	£ 3,342,250.00	10
Logistics Launchpad	81.5%	75.1%	64.0%	73.5%	Recommended	£ 3,966,456.00	£ 2,400,000.00	11
Manufacturing Launchpad - Chatteris	73.1%	54.6%	88.0%	71.9%	Recommended	£ 3,160,000.00	£ 3,160,000.00	12
Aero composite centre of excellence Relocation	72.8%	67.9%	72.0%	70.9%	Recommended	£ 2,000,000.00	£ 1,400,000.00	13
Construction training/incubator Wisbech	70.4%	57.1%	84.0%	70.5%	Recommended	£ 3,000,000.00	£ 3,000,000.00	14
LGF funds insufficient to fund projects below this line								
A428 Transport Project	65.7%	63.9%	72.0%	67.2%	Recommended	£ 4,000,000.00	£ 4,000,000.00	15
Innov Park - Clean Growth Co	84.3%	64.4%	48.0%	65.5%	Not Recommended	£ 3,000,000.00		16
Business Space - Wyton	75.0%	85.5%	84.0%	81.5%	Not Recommended	£ 2,020,000.00		3

3.0 FINANCIAL IMPLICATIONS

- 3.1. The financial implications (loan, investment, and grant amounts sought) are detailed in the appendices. There are sufficient uncommitted Local Growth Funds to meet the up-front funding requests in this report without impacting other CPCA funding sources. Detailed financial impacts of loan and investment arrangements will be negotiated with approved applicants based on recommendations from the appraisers and the Business Board.

4.0 LEGAL IMPLICATIONS

- 4.1. There are no direct legal implications but the assessment of applications for Local Growth Funding must be done in accordance with the process agreed by the Business Board at its meeting in September 2019.

5.0 SIGNIFICANT IMPLICATIONS

- 5.1. None.

6.0 IMPLICATIONS FOR NATURE

- 6.1 None.

7.0 OTHER SIGNIFICANT IMPLICATIONS

- 7.1 None.

8.0 APPENDICES –

- **Appendix A –Not for Publication** Pipeline summary of all projects
- **Appendix B - Not for Publication** All Projects Assessment % scoring summary
- **Appendix C –Not for Publication** Application Project Info and external appraisal reports
- **Appendix D –Not for Publication** Application Project Info and external appraisal reports

<u>Source Documents</u>	<u>Location</u>
Local Growth Fund Documents, Investment Prospectus, guidance and application forms	https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/ Growth Prospectus 2019-21 Local Industrial Strategy