

Future Funding Strategy

To: Business Board

Meeting Date: 12 May 2021

Public report: Yes

Lead Member: Chair of the Business Board, Austen Adams

From: Director of Business & Skills, John T Hill

Key decision: No

Recommendations: The Business Board is recommended to:

- a) Recommend to the Mayor the approval (by Mayoral Decision Notice) of:
 - (i) The process for selecting the candidate bids to be submitted to the Government for the CRF, based on the Combined Authority's mandate to do so as Lead Authority for bids to the Community Renewal Fund;
 - (ii) The process for selecting the candidate regeneration bids to be submitted to the Government for the LUF, on the basis of the voluntary arrangement agreed between the Combined Authority, Peterborough City Council and Fenland District Council; and
- b) Note the intent of the Combined Authority to pursue Lead Authority status for the LUF regeneration bids and its existing status as Lead Authority for transport bids.

1. Purpose

- 1.1 To gain approval for the processes being co-ordinated by the Combined Authority for the selection of bids to the Levelling-Up Fund (LUF) and the Communities Renewal Fund (CRF) from constituent Local Authorities to the Government on 18th June 2021.
- 1.2 To provide the opportunity for bids to be put forward to the Government by that deadline and in advance of the Combined Authority Board meeting on 30th June 2021, through a

Mayoral Decision Notice to be sought, subsequent to the Business Board meeting on 12th May 2021.

- 1.3 To provide the opportunity for the Business Board to participate in those processes, providing the “voice of business” into them, leading to selection of bids for submission, by a Panel from each Local Authority, led by the Leader of the Local Authority and MP for each place, but with participation of the Mayor of Cambridgeshire and Peterborough and the Chair of the Business Board.

2. The Levelling Up Fund

- 2.1 The Government, through the publication of the LUF Prospectus (see summarised version as Appendix 1), has now provided details on the operation of the LUF. The main aspects of which are that:
- 2.2 Any District or Unitary Authority in England can bid into LUF for regeneration projects of up to £20m in size.
- 2.3 Local Transport Authorities, including the Combined Authority, can additionally submit bids to LUF, for transport related projects up to £50m in size.
- 2.4 The Ministry of Housing, Communities and Local Government (MHCLG) has published a list of priority places as assessed by Government. LUF bids from Peterborough and Fenland will be prioritised. As bids are assessed in competition, evaluation will be weighted in favour of bids from these places. Only exceptional bids are likely to be approved from elsewhere.
- 2.5 Regeneration bids must improve those places in a way that helps level-up their economies in the longer term. Bids to the first round are to be submitted on 18th June, with evidence of physical build commencement by 31st March 2022 and completion by 31st March 2024.
- 2.6 Only one regeneration bid may be approved for the whole of the LUF programme to 2024 per place, per MP. Hence consideration will be given to whether a bid to the first round should be foregone on the basis that better project ideas might come forward or be developed given more time.
- 2.7 The Government has delegated individual Unitary and District Authorities the role of promoting the fund, collecting project ideas, and selecting them for bidding, locally. The Combined Authority has no formal role in the selection process of projects to be bid.
- 2.8 However, a process for selecting candidate LUF regeneration bids has been co-developed, based on a voluntary arrangement agreed between the Combined Authority, Peterborough City Council (PCC) and Fenland District Council (FDC).
- 2.9 This voluntary arrangement between the three authorities provides a clear and transparent bid candidate collection and evaluation process, within which a quality scoring matrix is employed and is provided as Appendix 3. This process has been co-designed with the Combined Authority’s transport directorate to ensure consistency between the process of selection of bids for both LUF regeneration and transport projects.

- 2.10 The Business Board has provisioned £60,000 from the 2020/21 Medium Term Financial Plan (MTFP) to support the production of first round regeneration bids to LUF and their associated business cases. Bid candidates scoring above a specified quality threshold within the bid candidate evaluation process will gain access to this fund to maximise subsequent chances of success in the Government's evaluation of the actual bid. In addition to this, MHCLG is providing £125k of capacity funding to both PCC and FDC to support their costs of bid development.
- 2.11 The CPCA, in collaboration with PCC, is promoting the LUF as an opportunity to bid for regeneration projects, and has organised a "call for proposals" for bid candidate projects to feed into the evaluation process. The call for proposals has been promoted to the business community, colleges and community/third sector organisations. PCC has elected to bid into the first round recognising that subsequent rounds will be run, but as a priority one place there is good chance of securing funds in the first round and this maximises the window of delivering the project once allocated.
- 2.12 FDC have elected to feed in bid candidate projects through an internal process involving officers and elected representatives. However, they will be using the same bid candidate evaluation matrix as PCC. Officers from FDC and the Combined Authority will evaluate candidate bids and agree a consensus score for each.
- 2.13 The evaluation scores will be presented to a "Voice of Business Workshop", organised for Business Board members to input into the process, with a summary of comments being submitted, along with the consensus evaluation scores, to a "Decision-Making Panel" for each Local Authority area. The Business Board Workshop is expected to take place in early May 2021 and the Decision-Making Panel later in May, after the local elections.
- 2.14 At the time of publication of this paper, the bid candidate projects received and being fed into the evaluation process included:
- Phase 3 of the Peterborough University, in the form of a second teaching building, with a curriculum focused on sports science, art and design, creative, digital and architecture. This includes the provision a number on new public culture and sports facilities, integrating with improvements to the embankment athletics track and links between the new university and the city's museum, library and theatre, with the intent of creating a university quarter able to integrate and enhance public access to sports and cultural facilities. Funding now, for Phase 3 is essential to sustain momentum in student number growth, so as to reach a total of 5,500 students by 2027, and with it, a commercially sustainable business model. The first building will be at full capacity in 2024 and will require a second facility to meet the forecast student numbers in 2025.
 - Regeneration of the Horsefair Shopping Centre in Wisbech, which as one of the key projects in the Growing Fenland strategy for Wisbech requires regenerating of the centre with new investment to repurpose the layout, utilisation, and general public realm improvements to see revitalised footfall, mixed retail and non-retail and leisure uses, improvements to the use and offer of the central area of Wisbech. The works would provide for a mix of smaller retail units more fit for requirement in the current market plus new public, learning and leisure use facilities, and possibly new cultural elements. The project would create new job opportunities from new retailers, new businesses, learners and increased visitor footfall.

- Redevelopment of the former Phoenix Hotel Site in Wisbech, to provide a mixed-use space comprising of commercial, housing and community facilities. The site is on the historic North Brink on the site of the former Phoenix Hotel (derelict since a catastrophic fire in 2010). This would generate outputs on jobs, housing and new business creation as well as community and cultural uses. Speculative development of commercial property like this is generally not commercially viable in Fenland i.e. the private sector will not deliver vacant employment space to let. This issue is particularly acute in Wisbech where values are lower than in other parts of the District. Public sector intervention also presents opportunity for housing development in central Wisbech location. The regeneration of this high-profile site has long been an aspiration for FDC and has attracted support from Historic England, the MP for North West Cambridgeshire, and a range of other stakeholders.
- Development of a Wisbech Business Park, through the purchase of land and provision of enabling infrastructure to allow a commercial business park to come forward for development, to provide options for expanding local companies and to help attract new companies to Wisbech. The site would be relatively quick to get started once land ownership established. However, the timeline for first investing companies to create jobs will depend on market conditions and the development of a pipeline of companies seeking new sites.

2.15 The members of the Decision-Making Panels for Peterborough and Fenland are contained within Appendix 3. Each panel includes the local MP(s), the Local Authority Leader (support from whom is mandatory for the selected bid), the Chair of the Business Board, the Mayor of Cambridgeshire and Peterborough, and a selection of Local Authority area representatives.

3 The Communities Renewal Fund

- 3.1 The Government, through the publication of a CRF Prospectus (see summarised version as Appendix 2), has now also provided details on the operation of the CRF. The main aspects of which are that:
- CRF bids from Peterborough and Fenland will be prioritised. As bids are assessed in competition, evaluation will be weighted in favour of bids from these places. Only exceptional bids are likely to be approved from elsewhere.
 - A bid of up to £3m may be put forward to the CRF in 2021, from PCC and FDC respectively for mainly revenue projects to be delivered over a 6-month period to 31st March 2022, to support short term economic recovery.
- 3.2 The Government has decided to designate the Combined Authority as a “Lead Authority” for CRF in its area, including the role of promoting the fund, collecting candidate bids and selecting them for bidding.
- 3.3 On a mandated basis, the Combined Authority, through the Business Board, is coordinating the design and implementation of a clear and transparent bid candidate collection and evaluation process, for which the scoring matrix is provided as Appendix 3. Officers from PCC, FDC and the Combined Authority will evaluate candidate bids and agree a consensus score for each.

- 3.4 The Business Board has provisioned £60,000 from the 2020/21 MTFP to support the production of first round bids to CRF and their associated business cases. Bid candidates, scoring above a specified quality threshold within the bid candidate evaluation process, will gain access to this fund to maximise subsequent chances of success in Government evaluation of the actual bid. In addition to this, MHCLG is providing £125k of capacity funding to both PCC and FDC to support their costs of bid development. In addition to this MHCLG are providing the Combined Authority with £40k grant funding specifically to support the Authority's role in bid coordination and appraisal.
- 3.5 The Combined Authority, in collaboration with PCC and FDC, is promoting the CRF as an opportunity to bid for projects and has organising a "call for proposals" for bid candidate bids to feed into the evaluation process. The call for proposals has been promoted to the business community, colleges and community/third sector organisations. It is anticipated that further opportunities to bid to the CRF will be provided annually. Hence, there is no requirement to consider whether a bid to the first round should be foregone on the basis that better project ideas might come forward or be developed given more time.
- 3.6 The consensus evaluation scores will be presented to a "Voice of Business Workshop", organised for Business Board members to input into the process, with a summary of comments being submitted, along with the consensus evaluation scores, to a "Decision-Making Panel" for each Local Authority area. The Business Board Workshop is expected to take place in early May 2021 and the Decision-Making Panel later in May, after the local elections. To promote transparency and consistency, the decision-making panel will be constituted with the same members as for LUF regeneration projects.
- 3.7 At the time of publication of this paper, the bid candidate projects received and being fed into the evaluation process included:
- A six-month programme, across Peterborough and Fenland, to connect workers and young people displaced by the COVID impacts onto our economy, with jobs in growth firms and learning opportunities to re-skill or upskill, to aid transition into sectors with greater availability of jobs.
 - A six-month business start-up programme, across Peterborough and Fenland, that comprises a mix of grant support with coaching and mentoring for displaced workers unable to find employment and wishing to explore self-employment and starting their own firm. This programme would form a pilot to test both the market demand and the delivery processes for a longer-term programme.
- 3.8 The members of the Decision Making Panel are also contained within Appendix 3. Each panel includes the local MP(s), the Local Authority Leader (support from whom is mandatory for the selected bid), the Chair of the Business Board, the Mayor of Cambridgeshire and Peterborough, and a selection of Local Authority area representatives.

Significant Implications

4 Financial Implications

- 4.1 The £120k of funding to support development of business cases is from within already approved budgets in the medium-term financial plan. The Combined Authority has yet to allocate the £40k capacity funding to a specific workstream.
- 4.2 Should any of the bids being proposed for the Community Renewal Fund, or the CA's own bid for the Levelling Up Fund succeed, the Combined Authority will received funding ringfenced for the delivery of these projects.

5 Legal Implications

- 5.1 There are no direct legal implications.

6 Other Significant Implications

- 6.1 There are no other significant implications arising from the report.

7 Appendices

- 7.1 Appendix 1 – Levelling-Up Fund Prospectus Summary
- 7.2 Appendix 2 – Communities Renewal Fund Prospectus Summary
- 7.3 Appendix 3 - LUF and CRF Bid Candidate Scoring Evaluation Matrix & Decision Making Panel