

BUSINESS BOARD	AGENDA ITEM NO: 2.3
27 JULY 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 – JULY 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, Chairman of Business Board
Lead Officer:	John T Hill, Director, Business and Skills
Forward Plan Ref: Not applicable	Key Decision: No
The Business Board is asked to: <ol style="list-style-type: none"> (a) Recommend that the Combined Authority Board approve funding for the project numbered 1, in table 2.11 below based on the project achieving the highest scoring criteria and external evaluation recommendation. (b) Recommend that the Combined Authority Board approve a revised grant funding offer of £2,500,000, for the project numbered 2 in table 2.11 below based on the project achieving the second highest scoring criteria and external evaluation recommendation (c) Recommend that the Combined Authority decline project numbered 3 in table 2.11 below based on the scoring criteria and this being the lowest scoring project 	

2.0 BACKGROUND

- 2.1. Growth Deal funding (Local Growth Fund LGF) 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 £4.348million remaining to allocate.
- 2.2. The Business Board approved the Growth Prospectus in July 2019 as the 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.
- 2.3. Following an initial internal assessment for suitability of the Expression of Interests received, there are 3 that were invited to submit Full Application Forms, have now completed the independent external assessment, and are being brought to this Business Board for consideration.
- 2.4. ENTREPRENEUR ADVISORY PANEL (EAP) - The EAP ran virtually on the 23rd and 24th June and 6th July 2020, to review presentations made by the project applicants and question the projects on rationale, strategic fit, and clearly defined, measurable outputs. The final evaluation scoring is included in the table at 2.11 below. The Business Board is asked to note that the project ranked third had the following concerns recorded from the panel about that project:
 - (a) Brexit/COVID-19 impact consideration – likely recession presents high level of risk
 - (b) Strategic Fit weaker as not strong evidence about market failure
 - (c) Value for money was considered questionable in respect of likely commercial space created and job numbers
 - (d) Deliverability of commercial space with timeframe for occupation was concern with suggestion around targeting advising maybe scale ups as well as start-ups could be focus
 - (e) Risk assessment feedback: *very risky project - need more to mitigate risks – reputation risk very possible; no mitigations of risk; reputational risk because of demand not coming back in market for a very long time; financial risk issues will be around commercial renting values*
- 2.5. Projects are also independently evaluated by our external appraisers and this results in a recommendation decision which is considered in parallel with the assessment scoring process.
- 2.6. Further details of the individual projects, including the external appraisal report and further supporting documents can be found in confidential **Appendices A, B, and C**. The scoring assessments have been completed for all projects including our external evaluators' matrix scores section.
- 2.7. The level of funds left to award means the Business Board cannot recommend all three projects to the Combined Authority for funding. This means the Business Board need to decide which of the projects from the three can be funded from the remaining funds. The scoring criteria and ranking is provided to assist in the decision making for the Business Board.

- 2.8 Officers' recommendation is for the Business Board to recommend that the Combined Authority Board approve funding for the highest scoring project listed 1 in the table at 2.11. That approval would be subject to any conditions proposed by external Appraisal report.
- 2.9 Officers' recommendation is for the Business Board to recommend that the Combined Authority Board approve funding for the second highest scoring project listed 2 in the table at 2.11, but with a revised grant funding offer of £2,500,000. The project has conditions proposed by the external Appraiser around what is practically possible to fund in this project in the timeframe to end of March 2021. Officer recommendation is to make this project applicant an offer of £2,500,000 Grant funding, instead of their original application of £2,997,360. That approval would be subject to any other conditions also proposed by the external Appraisal report.
- 2.10 Officers' recommendation is for the Business Board to decline the project ranked 3 in the table at 2.11 below based on its lower ranking based on the final average assessment score.

2.11 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								
CAM Promoter Body	86.5%	85.4%	88.0%	86.6%	Recommended	£ 995,000.00	£ 995,000.00	1
CRC Construction & Digital Refurbishment	84.3%	74.5%	80.00%	79.6%	Recommended	£ 2,997,360.00	£ 2,500,000.00	2
Northstowe Development	94.4%	65.00%	76.00%	78.5%	Recommended	£ 3,000,000.00		3

3 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 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 SIGNIFICANT IMPLICATIONS

- 5.1 None.

6 IMPLICATIONS FOR NATURE

- 6.1 None.

7 OTHER SIGNIFICANT IMPLICATIONS

- 7.1 None.

8 APPENDICES –

- **Appendix A - Not for Publication** Application Project Info and external appraisal reports
- **Appendix B –Not for Publication** Application Project Info and external appraisal reports
- **Appendix C –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