

Strategic Funds Management Review - January 2023

To:	Business Board
Meeting Date:	9 January 2023
Public report:	Yes
Lead Member:	Chair of the Business Board, Alex Plant
From:	Interim Associate Director Business, Steve Clarke
Key decision:	No
Recommendations:	The Business Board is invited to note all programme updates outlined in this paper

1 Purpose

- 1.1 This report provides the Business Board with a regular update on the strategic funding programmes that it is responsible for, and covers progress to 9 December 2022. This includes the following:
- Spend performance of strategic funds
 - Performance and monitoring of strategic funds and projects
 - Strategic funds update

2 Background

- 2.1 The Local Growth Fund (LGF) £146.7m programme was closed and all spent by 31 March 2021, but programme outcomes from its invested projects are still being delivered until 2030. Also Recycled LGF is being returned from projects over the medium term for a variety of reasons, and the Business Board has awarded £4.7m of those recycled Local Growth Funds this year. The recycled funds were re-awarded using the same criteria as original LGF and in the form of Grants, Loans or other forms of funding such as Equity Capital Investment.
- 2.2 The £14.6m Getting Building Funding (GBF) was awarded to the Cambridgeshire and Peterborough Combined Authority in July 2020 and the Business Board awarded the £14.6m GBF to the Net Zero Manufacturing Research and Development Innovation Centre, University phase 2 project.
- 2.3 The UK Community Renewal Fund (CRF) awarded a grant of £3,393,851 to the Combined Authority in November to deliver two projects by 31 December 2022. Both projects are being delivered through the existing Growth Works contractor.
- 2.4 In the Levelling Up Fund (LUF) round 1, Peterborough City Council were awarded £20m of capital grant for the ARU Peterborough Living Lab and University Cultural Quarter project. Fenland District Council, East Cambridgeshire District Council, and the Combined Authority Transport team submitted applications for round 2 in July.
- 2.5 Approval of the Combined Authority UK Shared Prosperity Fund (SPF) Local Investment Plan has been confirmed by Department for Levelling Up, Homes and Communities (DLUHC).
- 2.6 The Create Growth Programme which the Combined Authority have partnered together with the New Anglia LEP and University partners to secure allocation of £1.275million which is currently planning to commence delivery.

3 Programme Spend

- 3.1 The £146.7m LGF programme closed on 31 March 2021, with all funding awarded to a portfolio of 51 projects, including the grant schemes and the allocated Combined Authority fund management costs. The project expenditure of the original LGF programme to date was £142.5m as of 14 December 2022.
- 3.2 The £14.6m GBF awarded was invested before March 2022 and delivery is well advanced on the Manufacturing & Materials Research and Development Centre and infrastructure, with building completion early January 2023, with fit-out and occupation starting in spring 2023.

- 3.3 The Peterborough University phase 3 second teaching building continues to gear up its delivery team and should be obtaining planning determination in early 2023. The funding package includes £2m from Business Board recycled fund alongside £24m from Peterborough City Council (£20m LUF award) and Anglia Ruskin University (£4m).
- 3.4 The Community Renewal Fund £3,393,851, plus the £800,000 Additional Restrictions Grant (ARG) match funding from Council Partners, is at final delivery and defrayal of grants, and services will be spent in the two programmes Turning Point and Start and Grow by 31 December 2022.
- 3.5 The spend on recently awarded projects with Recycled Local Growth Funds to end of November 2022 is shown in the table below:

Project Title	Project Description	Strategic Growth Ambition Fit	Grant Funding Amount	Spend to Date	Leverage Funding	End of Project Monitoring
Illumina Genomics Accelerator	Investment in start-up life science companies	Economic & Growth	£2,000,000	£900,000	£29,000,000	2030
Start Codon Life Science Accelerator	Provides support and seed-funding to High Potential Companies	Reducing Inequality	£3,342,250	£1,820,090	£12,000,000	2030
South Fenland Enterprise Park	Flexible grow-on or 'scale-up' business space at Chatteris in Fenland	Economic & Growth	£0	£55,983	£0	2024
Business Growth Service - Inward Investment expansion	Investment in the inward investment element of the Growth Works programme	Economic & Growth	£400,000	£27,850	£0	2030
Barn4 specialist growing facilities	Containerised growing systems on NIAB's Park Farm	Innovation	£400,000	£192,864	£332,785	2025
Fenland Hi-Tech Futures	An investment in equipment for the North Cambs Training Centre	Economic & Growth	£400,000	£0	£237,000	2025
COWA Net Zero Project	Develop a centre for green skills specialisms and coordinate skills across Fenland	Health and Skills	£2,000,000	£0	£8,262,471	2030
Ramsey Produce Hub	project will deliver improvements to the Great Whyte, commercial heart of Ramsey	Infrastructure	£1,158,525	£0	£295,000	2027
Centre for Green Technology	Building design at Peterborough College	Infrastructure	£397,093	£291,777	£39,709	2027
University of Peterborough Phase 3	Phase 3 teaching building on ARU Peterborough site	Infrastructure	£2,000,000	£0	£24,000,00	2032
Total Funding			£12,097,868	£3,288,474	£74,166,965	

4 Programme Delivery and Monitoring

4.1 Current live projects approved by the Business Board which are in delivery phase are listed below, with indication of their output progress:

[illegible]

- 4.2 The Monitoring of all projects is now being conducted and gathered on a quarterly basis. Officers presented example formats and worked through analysis with Business Board members to determine the preferred option to share the data analysis. The revised monitoring data analysis and proposed presentation of data is attached at Appendix 1.
- 4.3 The total number of jobs and apprenticeships recorded through monitoring was 8,791.5, as of 9 December 2022.
- 4.4 The South Fenland Enterprise Park project change request, which was considered at the last Business Board meeting and recommended to the Combined Authority Board to be declined, was indeed formally declined at the Combined Authority Board meeting on 30 November 2022. Fenland District Council (FDC) were notified on 14 December in writing of the decision and have been formally requested to complete a final account for the project by end of January 2023 and return to Officers, which once final unspent figure is agreed by officers, the unspent grant funding, which equates to approximately £941,048 from the original award of £997,032, is required to be repaid within 30 days.
- 4.5 Following the Combined Authority Board also approving at its meeting on 30 November the recommendations that the Business Board endorsed from the review of the Growth Works Programme, officers have commenced implementation activity with the contractor.
- 4.6 Evaluation work has been commissioned and commenced on the next tranche of LGF projects which were awarded funding in 2020 and have now completed their delivery and are in a monitoring stage. The list of projects is below:

Project Title	Project Description	Grant Funding Amount	Funding Type
Medtech Accelerator	Share Investment into the Medtech Accelerator, set up to facilitate the early stage development of innovations in the broad area of medical technology (devices, diagnostics, software and eHealth) that meet unmet clinical needs within the NHS.	£500,000	Equity
Teraview Company Expansion	Loan to support the fit out costs of a new research facility on the Cambridge Research Park Enterprise Zone.	£120,000	Loan
Aerotron Company Expansion	Support to develop phase 2 of the relocation to Chatteris and the development of the composite repair training facility.	£1,400,000	Grant
Hauxton House Incubation Centre	Refit and refurbishment of a grade 2 listed mill to support the development of incubator/clean lab space at Hauxton House.	£438,000	Grant/Loan
NIAB - Agri-Gate Hasse Fen extension	Further development of the incubator space focussing on AgriTech companies, linked to the heat regeneration and green energy opportunities in the farming industry.	£599,850	Grant

Haverhill Epicentre - Jaynic	Development of a building to house incubator/start-ups focused on life science on the outskirts of Haverhill.	£2,700,000	Grant
TWI Ecosystem Innovation Centre	Refurbishment of office space for startup companies, offering support and access to facilities.	£1,230,000	Grant
Aracaris Capital Living Cell Centre	Development of state of the art clean labs, office space focused on the living cell medical breakthrough for treatment of cancer and other genetically influenced diseases.	£1,350,000	Loan
AEB Innovation Grant	Grants supporting colleges and training providers in developing innovative ways to engage and support adult learners.	£323,700	Grant

- 4.7 A progress report from this evaluation work has been produced, which provides some analysis and commentary on this tranche of projects, and also more general issues and impact of the LGF programme since the last evaluation report completed in 2021. The progress report is attached at Appendix 2.
- 4.8 The Business Growth Service is another programme which the Business Board has recently proposed should be independently evaluated in the next few months. This programme is currently scheduled to be evaluated when it completes its three-year contract, at the end of December 2023. Officers are identifying a suitable external contractor to be able to commence and deliver an earlier evaluation on the Growth Works programme covering the impact, outputs/outcomes, value for money and learning from the delivery model.

5 Recycled Local Growth Fund

- 5.1 The Business Board has awarded a total of £4,755,618 this year to six projects, and this leaves circa £4m in the combined revenue/capital recycled LGF budget in the medium term, as expenditure winds down to zero and nominal income is forecast to be received.
- 5.2 The Economic Growth Strategy Implementation plan will now be presented to the Business Board at its meeting in March 2023, and it is proposed that any further decision on an investment strategy for the deployment of the remaining recycled LGF should wait and align to the delivery of aspects of the Economic Growth Strategy Implementation plan. It is proposed that this be discussed at the Business Board Activity update meeting in February and brought back as a formal recommendation at the Business Board meeting in March.

6 Strategic Funds Update

6.1 Community Renewal Fund

The spend delivery of the two projects being funded by the CRF has completed through the Growth Works contractor to ensure that both projects deliver their full spend and outputs

before the end of the delivery window of 31 December 2022. The CRF funding from DLUHC for both projects is paid in two tranches. The first tranche (62.5% of total funding) was paid in advance of work starting in December 2021 and the final payment (37.5%) is in arrears once the final monitoring and evidence of defrayal is provided with a final claim from the Combined Authority to DLUHC in January 2023. Officers are working on completing the final claim to DLUHC.

6.2 Levelling Up Fund

At the time of publication of this report, the government had not made any announcements regarding the Levelling Up Fund (LUF) round 2 project awards.

6.3 UK Shared Prosperity Fund

The Government made announcements regarding the approval of allocations on core UK Shared Prosperity Fund (UKSPF). The £9.8m Local Investment Plan submitted by the Combined Authority to DLUHC in July 2022 has now been formally confirmed as accepted, with letters of determination, plus a Memorandum of Understanding, issued from DLUHC to cover formal agreement on delivery assurance and requirements.

The Strategic Funds team has continued undertaking due diligence and subsidy control, as well as liaison on procurement requirements on all projects due to start in year one, in preparation for the grant agreements and contracts to be put in place quickly with local authorities and other delivery organisations.

Officers completed and submitted the addendum to the Local Investment Plan for Rural England Prosperity Fund on 30 November 2022. Feedback and confirmation from DLUHC of approval of the allocation of £3.2m to the Combined Authority is awaited.

6.4 Gainshare

The Combined Authority Board approved £10m of its Gainshare funds at its meeting on 30 November for the Business Growth Investment Fund. The fund is split as £9.5m capital and £500,000 revenue. The fund will target growth businesses mainly with a green agenda or low carbon adaptations, plus social and third sector organisations seeking funds for social impact investment. Officers are now in the final design stage of the fund and launching procurement for investment delivery contractor.

6.5 Getting Building Fund

The £14.6m GBF that was awarded to the Combined Authority was invested before March 2022 and delivery of the building shell is targeted for first week of January 2023.

Conversations continue regarding new partner investing into the joint venture company and taking lease space in the building. The advertising of the space available in the building continues, led by Savills and supported by partner organisations.

6.6 Create Growth Fund

New Anglia LEP and the Combined Authority are partnering with the University of East Anglia, Anglia Ruskin University, University of Suffolk, Norwich University of the Arts, Norfolk

County Council, and Suffolk County Council to start delivering the £1.275m Create Growth Programme.

The partners have met in December 2022 to organise the governance and commencement of delivery on the support programme across Norfolk, Suffolk and Cambridgeshire to prepare potential high growth organisations for seed funding.

6.7 UKRI Innovation Launchpad

Two Expressions of Interest (EOI) have been submitted to UK Research and Innovation (UKRI) in response to a call in England for Innovation Launchpads, which will be a £7.5m award to each launchpad selected in England to deliver smaller Research and Innovation grants, with support to SMEs in focused sector clusters or geographies. The Combined Authority has submitted as lead on one EOI, which focuses on Materials and Manufacturing covering the northern half of the Combined Authority area. It is also joint support partner with Greater Lincolnshire Local Enterprise Partnership on another EOI focusing on Agri-food Tech, with New Anglia as lead applicant. UKRI has delayed announcement until the New Year of those EOI's which are approved to move onto the next phase of bidding.

7 Significant Implications

7.1 Financial Implications

As contained within paragraph 4.4 of this report, there is £941k to be clawed back from Fenland District Council. The formal process to return the funding has commenced.

7.2 Legal Implications

None

7.3 Public Health Implications

Within the broad portfolio of funded projects, many have a positive impact on public health regarding creation of key employment or skills outcome improvements across the Combined Authority. Good work and personal skills development are key determinant of positive health outcomes.

7.4 Environment and Climate Change Implications

The programmes of funding contain various projects which will deliver impacts for environment and climate through the wider changes and innovations in sectors such as Agri-food, green engineering, and life sciences and digital that are Cambridgeshire and Peterborough global strengths. Success in these sectors will contribute to the global environmental and climate response.

7.5 Other Implications

None

8 Appendices

- 8.1 Appendix 1 – Quarterly Monitoring Data of Business Board Programmes
- 8.2 Appendix 2 – Local Growth Fund Second Tranche Evaluation Progress Report

9 Background Papers

- 9.1 Community Renewal Fund Award Approval
[Combined Authority Board 24 Nov 2021 Agenda item 3.6](#)
- 9.2 Getting Building Fund Award Approval
[Combined Authority Board 25 Nov 2020 Agenda Item 3.5](#)
- 9.3 Levelling up Project Approval
[Combined Authority Board 30 June 2021 Agenda Item 7.2](#)