



THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM No: 2.1
22 July 2019	PUBLIC REPORT

LOCAL GROWTH FUND PROGRAMME UPDATE

1. 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 paper provides an update on the programme's performance since April 2015 and a draft summary of the programme monitoring report to Government to end June 2019 for the Local Growth Fund (LGF).
- 1.2. To provide a progress update on spend and available funds to 30 June 2019 shows;
 - £85.3 million in Growth Deal payments made to date.
 - An additional two Projects approved by the Business Board in May totalling £4.05 million.
 - A428 road improvements project will not be going ahead so £9m is being removed from forecast spend and returned to available funds
 - The forecast total contracted spend is £97.7 million (includes A428 removed)
 - The remaining funds available are **£49 million**
- 1.3. To provide an operational update on the following:
 - 1.3.1. The content of the Q1 2019/20 Quarterly Growth Deal return to MCHLG
 - 1.3.2. The current visible pipeline of projects and forecast spend
 - 1.3.3. The launch of the call for Investment projects based on LIS
 - 1.3.4. The proposed Capital Growth Grant scheme for small businesses
 - 1.3.5. The Eastern Agri-Tech Growth Initiative spend and pipeline
 - 1.3.6. The Small Grant Scheme spend
 - 1.3.7. The creation of Entrepreneur Assessment Panel (EAP) for project appraisal

<u>DECISION REQUIRED</u>	
Lead Member:	Chair of Business Board
Lead Officer:	John T Hill, Director, Business and Skills
Forward Plan Ref: N/A	Key Decision: Yes
<p>The Business Board is recommended to:</p> <ul style="list-style-type: none"> a) Note and recommend the Combined Authority Board agree the submission of the Growth Deal monitoring report to Government to end Q1 2019/20; b) Note the revised categorisation of projects in the pipeline and forecast spend beyond July 2019; c) Note and recommend to the Combined Authority Board the proposed creation of a Capital Growth Grant scheme for small businesses using LGF and recommend to the Combined Authority Board for approval of a £3m pilot programme and for Officers to run a procurement for a provider to deliver the pilot programme; d) Note the launch of Investment Prospectus in July to call for investment projects; e) Approve the remit and Terms of Reference for the proposed Entrepreneur Assessment Panel (EAP) being created in the LGF application process and request Board members to volunteer to sit on this panel; f) Note the Eastern Agri-Tech Growth Initiative update; and g) Note the Progress of the existing Small Grant Scheme. 	

2. BACKGROUND

- 2.1. The Growth Deal funds must be spent as capital by 31 March 2021 but programme outcomes can be delivered beyond 2021.
- 2.2. In addition to Growth Deal, the Growing Places Funds must be spent as capital but do not have a deadline for being spent.

3. GROWTH DEAL PROGRAMME POSITION

- 3.1. At 30 June 2019, CPCA's Growth Deal programme has nine projects in delivery in 2019/20 their contracted forecast spend total is £97.7 million.
- 3.2. The previously approved and allocated A428 road improvements project will now not be going ahead so the £9m allocated in the forecast for this project has been

removed from forecast spend figures above and been added to the funds available in the current call.

- 3.3. The accumulative programme expenditure to the 30th June 2019 including completed projects is £85.3 million.

4. GROWTH DEAL MONITORING RETURN Q1 2019/20

- 4.1. 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 Q1 2019/20 will be submitted by the 23rd August 2019.
- 4.2. The **Appendix A** Table imbedded below shows the Financial Progress extracted from the programme dashboard which shows an accumulative total spend of £85.3 million as at the end of June 2019.



Appendix A Q1 1920
Dashboard.pdf

- 4.3. Projects shown in Amber are delayed in delivery but are planned to complete by the LGF scheme end date. The project shown in Red is subject to further investigation to determine if it can still proceed to completion within the LGF spend deadline.
- 4.4. A summary of the Q1 2019/20 return as shown in **Appendix A** to this paper. The full return will be approved by the S151 Officer and the Board is asked to agree that it can be submitted to the Local Growth Fund monitoring team within the Ministry of Housing, Communities and Local Government.
- 4.5. **Appendix B** imbedded shows Growth Deal and Growing Places Fund Programme Position to 30 June 2019 in more detail.



Appendix B Q1
Summary Draft.pdf

5. GROWTH DEAL PIPELINE UPDATE

- 5.1 The pipeline has been reassessed and prioritised into categories based around LIS intervention and CPCA priorities, broken down into the following categories:

- Capital Growth Grants scheme for small businesses:
A new approach that provides for a range of smaller capital grants to SME's for capital equipment and premises expansions that enable growth leading to additional or higher value jobs
- CPCA Business Plan 2019-21 priorities:
Key projects within the CPCA business plan such as the new University for Peterborough.
- LIS interventions (with shorter-term outcomes):
Projects that allow implementation of the LIS, are more developed and can produce tangible outcomes in a 24 month horizon

- LIS interventions (with Longer-term outcomes)
- Projects that allow implementation of the LIS, but are less developed and will produce tangible outcomes in a 48-50 month horizon
- Market responses to Investment Prospectus launch
Projects which CPCA currently have no sight or knowledge of, which come forward as a result of the Investment Prospectus launch.

Market responses to previous call outside of the CPCA boundary Projects which are proposed in the wider Business Board area, outside the CPCA geography, but still eligible for LGF funding..

- 5.2 The Business Board is asked to note at **Appendix C** the current Officer assessment of the potential LGF pipeline based on the categories listed above.

6. LOCAL GROWTH FUND INVESTMENT PROSPECTUS PROJECT CALL

- 6.1 The Investment Prospectus call for projects has launched today 22 July 2019 and this is to coincide with the launch of the Local Industrial Strategy (LIS) which was published on Friday 19th July and this call is being promoted as an open ended call until the end of programme in 2021 or until the funding is all allocated.
- 6.2 The new investment prospectus for this call is attached as **Appendix D**.

PROPOSED NEW CAPITAL GROWTH GRANTS FOR SMALL BUSINESSES

7. PROGRAMME

- 7.1 The Business Board is asked to consider plans for allocating £3m for a pilot capital growth grant , with potentially more funding to follow this pilot up to a potential total of £15m of the LGF
- 7.2 This proposed programme supporting smaller firms will effectively expand and replace the existing Small Grant scheme managed within the CPCA Growth Hub.
- 7.3 The parameters of this pilot for the new capital growth grant are proposed at £10k to £100k range as a 50% grant intervention. CPCA Officers are planning the design and delivery of the scheme.
- 7.4 The level of potential funding has been proposed at £15m and this needs to be carefully mapped to understand the practicalities of managing assessment and award of anywhere between 150 and 1500 grants. Whilst this pilot for £3m will use LGF, the potential follow-on £12m will use a combination of LGF and Growing Places funding to allow this grant scheme to run alongside the separately proposed Growth Coaching and Inward Investment services due to run for 3 years from April 2020. It is expected that the provision of capital growth grants to firms engaged in growth coaching and as potential inward investors to Cambridgeshire & Peterborough, will create synergies between all three programmes that increase impacts.

- 7.5 The Officer resources to run this programme in house are not in place and for that reason to expedite starting this programme immediately, external programme support is required. The Business Board is asked to recommend approval to the Combined Authority Board for Officers to run a procurement process to appoint a best value provider to manage / administer this high volume/low value grant scheme.

8. EASTERN AGRI-TECH GROWTH INITIATIVE UPDATE

- 8.1 This on-going programme supporting SME businesses in the Agri-Tech sector. Since the Agri-Tech programme began in late 2013 to June 2019, a total of 99 SMEs supported plus Innovation Hub created. Total of 18 live projects across BB/New Anglia (NALEP) geography, which are on track to complete to their planned schedules.
- 8.2 Following approval at November's Combined Authority Board meeting, an additional £4million funding was awarded to this scheme over two years from the Local Growth Fund, (total allocation since scheme began is now £8,096,000). Match funding leverage since the scheme began to April 2019 is £15m.
- 8.3 NALEP has agreed to contribute another £1m to the programme and legal agreement currently with NALEP and Suffolk County Council.
- 8.4 Details of the projects approved by the Eastern Agri-Tech Programme Board since 1 January 2019 are contained in **Appendix E** to this report.



2.2 Appendix E -
Eastern Agri-Tech Gro

9. EXISTING SMALL GRANT SCHEME UPDATE

- 9.1 Following approval at the November Combined Authority Board meeting, a sum of £300,000 was awarded to this Scheme to run until 31st March 2021.
- 9.2 Since then 8 applications to this scheme have been approved under delegated authority totalling £66,099, generating match funding of £366,400 and creating 13 new jobs.
- 9.3 This existing Small Grant Scheme will be ended and merged into the new Capital Growth Grant pilot once that is approved and contractor procured to deliver it.

10. CREATION OF ENTREPRENEUR ADVISORY PANEL (EAP)

- 10.1 The Business Board is recommend Combined Authority approval for the following proposal to create an Entrepreneur Assessment Panel (EAP) as a working group of the Business Board with delegated authority to make recommendations for funding to the Business board and then the Combined Authority Board, which makes the final decisions on funding as the Accountable Body for funding allocated to the Business Board (which is non-statutory)
- 10.2 The EAP will have responsibility to provide a business focused appraised assessment and a recommendation for funding (or not) to the Combined

Authority Board via a presentation made by the applicants. Applicants will be invited to make presentations to the EAP, only in the event that their written application has been recommended for funding by an independent evaluator as part of the formal appraisal process.

- 10.3 The Panel aims to ensure the projects have clearly defined rationale, strategic fit, and clearly defined, measurable outputs. A report based on the Panel evaluation will be included in the final recommendation reports presented to the Combined Authority Board, by the Chair of the Business Board for ratification.
- 10.4 Members of the EAP will be nominated and elected by the Business Board. Their responsibilities will be to;
- Attend bid presentation meetings – these will be presentations from projects totalling over £500k
 - Produce feedback based on a pre-agreed evaluation matrix – the matrix will be provided for each project and members will be required to complete the scoring inserting comments against each score.
 - Contribute to a formal report produced by the Business Board for the Combined Authority Board for ratification
- 10.5 The EAP will meet as a minimum bi-monthly, the frequency may increase depending on the number of bids submitted in the current funding cycle.
- 10.6 The proposed membership structure of the EAP is:
- Mayor (Chair)
 - Up to 3 other members of the Business Board
 - CPCA officer advisor (non voting rights)
- 10.7 Decisions required of the EAP:
- Applications will have been independently appraised prior to being invited to present to the EAP.
 - Only applications over £500k will be required to present to the EAP.
 - Each member of the EAP will be required to evaluate and score the bid.
- 10.8 Up to three of the Business Board members are asked to join the EAP to help strengthen the project appraisal process.
- 10.9 Business Board members are asked to approve the remit of the EAP as set out above and to approve the proposed Terms of Reference of the EAP report at

Appendix F

11. FINANCIAL IMPLICATIONS

BEIS have released the 2019-20 Local Growth Fund allocation to CPCA and have recognised the Business Board as the region's LEP as such the future funding allocation are expected to be received. This funding is ringfenced for the projects approved by the LEP historically and the Business Board going forward thus there is no call on wider CPCA resources.

12. LEGAL IMPLICATIONS

- 12.1. The Combined Authority has authority under section 1 Localism Act 2011 to exercise a general power of competence. The Combined Authority can exercise this power by virtue of the Cambridgeshire and Peterborough Combined Authority Order 2017. This power permits the Combined Authority to make grants to providers in order to deliver the terms of the devolution deal signed with Government
- 12.2. 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.
- 12.3. The Legal Team shall be responsible for placing any required contractual arrangements,

13. SIGNIFICANT IMPLICATIONS

The Growth Deal is a substantial funding agreement between the local area and Government, with scope for significant impacts on the growth of the local economy. Successful delivery has positive benefits to residents, businesses and workers within the Business Board area.

14. APPENDICES

- 14.1. **Appendix A** - Summary of GD Return Q1 2019/20
- 14.2. **Appendix B** – Detail of GD Return Q1 1 2019/20
- 14.3. **Appendix C** – Summary of current LGF pipeline July 2019
- 14.4. **Appendix D** – Investment Prospectus project call for projects July 2019
- 14.5. **Appendix E** - Successful Agri-Tech Applicants 1 January 2019 to 30 June 2019
- 14.6. **Appendix F** – Draft Terms of Reference for Entrepreneur Assessment Panel (EAP)

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