



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Market Towns Programme phase 2 – Full Business Case

March 2023

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EXECUTIVE SUMMARY

INTRODUCTION

The Market Towns Programme phase 2 has emerged from a long-running concern about the performance of market towns and rural areas within Cambridgeshire and Peterborough (C&P). In July 2020, the Cambridgeshire and Peterborough Combined Authority (CPCA) allocated £13.1m capital investment to mobilise eleven market town masterplans to support interventions in each of CPCA's main market towns and to act as a funding catalyst to securing additional investment. This fund is a continuation of that effort to tackle the long-standing challenges surrounding market towns, with a particular focus on strengthening local communities and supporting the Social Enterprise ecosystem.

This market towns programme phase 2 looks to build on the first Market towns funding but with a particular focus on targeting this capital spending on people-based initiatives – including community owned businesses, social enterprises, and educational support.

Following PID development, **CPCA approved £2.5m gainshare capital fund to be delivered via the Market Town Fund Programme phase 2. This full business case has been developed in compliance with the HM Treasury Green Book for final approval by CPCA board.** A summary of each case is presented below.

It is recommended that CPCA will release £2.5m Gainshare capital funding on approval of this FBC by the CPCA board.

STRATEGIC CASE

Challenges and Opportunities:

Despite up to a quarter of the CPCA population living in market towns (and nearly the same again in surrounding hinterland)¹, there has been a distinct and long-standing lack of strategic focus and investment targeted towards market towns, with an associated economic disparity seen between rural and urban areas.

CPCA market towns and surrounding rural economies have been characterised in recent years as having relatively low productivity, low wages, and associated pockets of income deprivation. There also exists educational disparity between market towns and the rest of the CPCA. Employment in market towns skews towards lower occupational skill levels compared to urban areas, particularly in The Fens and Peterborough, where long standing patterns are linked to the nature of employment driving industries operating in the area, particularly agriculture.²

The above challenges felt in market towns and surrounding rural economies have combined over recent years, contributing to both wage, and access to job challenges for the local communities. As identified in the Cambridgeshire and Peterborough Independent Economic Review, income levels and associated pockets of poverty is reducing levels of spending in local market town economies, which in turn is leading to a **reduction in retail, entertainment, and general service offer in towns** as businesses find it harder and harder to operate sustainably. This is in turn leading to a reduction in employment and access to jobs for local residents, which feeds back into, and exacerbates, all the above challenges.

Overall, market town services, businesses, and communities continue to face compounding challenges, that risk negatively impacting their future vibrancy, economic potential, and social vitality.

¹ CPIER (2018)

² ONS: Annual Population Survey 2022

Objectives:

To safeguard and enhance social capital, employment opportunities, and skills in market towns throughout Cambridgeshire and Peterborough by:

- Boosting the local **Social Enterprise ecosystem** through the implementation of Social Enterprise Hub space
- Support **Community ownership** of local assets
- Boosting young people's engagement with **STEM**

Proposed fund:

- **Funding stream 1 - Community ownership of local businesses (£0.92m)** - Through this funding stream, the CA is looking to establish a dedicated support programme, community "support package" and bursary funding for community groups in Cambridgeshire & Peterborough, with a focus of revitalising assets in market towns and rural hinterlands.
- **Funding stream 2 - Social enterprise hubs (£1.25m)** - Through this funding stream, funding will be provided for the creation of one or more social enterprise hubs in Cambridgeshire & Peterborough. The hubs will support the growth of social entrepreneurship and the social economy ecosystem across market towns and rural areas, providing co-working / business startup space for social enterprises alongside community space and a retail offer for residents and communities.
- **Funding stream 3 - STEM exhibition programme (£0.2m)** - Under this third funding stream, a grant will be disbursed to support the capital element of an educational programme, to be delivered via pop-up science centres, located in publicly owned buildings, community or educational facilities in the Cambridgeshire & Peterborough market towns and rural areas. The pop-up centres will be accessed by children, families, schools, and adult groups and aim to raise awareness and aspirations for STEM related study and careers.

Strategic alignment:

Nationally, the proposed programme is aligned with missions within the **Levelling Up** white paper including to 'spread opportunities and improve public services, especially in those places where they are lacking' as well as the mission to 'restore a sense of community, local pride, and belonging, especially in those places where they have been lost'. As a subsection of the Levelling Up agenda, the government set up a community-ownership fund since they have identified community-owned businesses as a valuable way to 'empower communities in left behind places to level up'. As such, the community-owned business aspect of the proposed programme is also well aligned with current government policy.

The programme delivers against the Six Keys as described within the **CPCA Sustainable Growth Ambition**, particularly Key to 'Reduce Inequality'. The programme targets long standing disparities seen between market towns and other areas within the CPCA. There is also strong alignment with the **Cambridgeshire and Peterborough Independent Economic Review [CPIER]** (2018), which identified a lack of strategic focus on market towns, and an associated underperformance compared to more urban areas.

The educational disparities across the CPCA are clearly highlighted within the **Cambridgeshire and Peterborough Local Skills Report**. The STEM exhibition programme seeks to intentionally target areas of lower aspiration, lower engagement, and lower outcomes as a way of improving young people's awareness of STEM and the opportunities and routes available to them.

Locally, the programme continues to seek to address challenges as set out in many of the local **Market Town Masterplans**, which identify many of the same challenges described above.

Benefits / Expected outcomes: Benefits sought from the programme include:

- Jobs created and safeguarded in the third sector, social enterprise ecosystem, and community interest groups.
- Revitalisation of market towns by bringing back vacant assets into use through community ownership
- Driving footfall in market towns by restoring the service offer and increasing local amenity
- Increasing the local sense of pride in place
- Increased educational aspirations of local school children in market towns and improved long term outcomes
- Creation of community space for use by local people, increasing social vitality and reducing social isolation

ECONOMIC CASE

Shortlist of options and preferred way forward:

The assessment of the long list of options produced the following shortlist:

Option 1 - Do Nothing: Growth Works existing provision

Option 2 - Do Minimum: £2.5m extension to business advice provision at Growth Works

Option 3 - Programme of interventions: funding for SE Hub(s) and Community Ownership, and a STEM pop-up exhibit programme

Option 4 – Do Maximum: Option 3 plus aim to establish SE hubs in every market town

Analysis of the shortlist options against the Critical Success Factors identified option 3 as the preferred way forward.

Cost Benefit analysis:

Analysis of the costs and benefits, in line with HMT Green Book and DHLUC guidance, over a 10-year appraisal period, result in the BCR shown in the table below.

	Preferred option
NPV Benefits	£6,528,940
NPV Public Costs	£2,625,737
Total NPV costs	£3,903,203
BCR	2.49

The preferred way forward delivers a Benefit Cost Ratio of **2.49**. This represents a high return on investment according to government guidance and benchmarks which defines the value for money (VfM) category as:

BCR	Value for Money
Less than 1.0	Poor
Between 1.0 and 1.5	Low
Between 1.5 and 2.0	Medium
Between 2.0 and 4.0	High
Greater than 4.0	Very High

COMMERCIAL CASE

Commercial Routes: The commercial case presents all the commercial options explored for the delivery of the three fund streams, with advantages and disadvantages against each. The preferred routes for each funding stream are:

- **Funding stream 1** - The preferred model is that a dedicated third sector fund manager would be awarded £120k over two years to manage the allocation of the grants to community groups on behalf of CPCA (as the Accountable Body). It is recommended that CPCA will launch a funding call to identify the right third sector fund partner to manage the grant. In the case that, following the launch of an Expression of Interest (EOI), CPCA would receive only one response, CPCA will be able to give direct award to the only fund manager that responded to the EOI, without having to go through a full funding call, subject to the applicant meeting the objectives and criteria set out by the CA. Detailed design of the 'Community ownership of local businesses' fund itself will be done with the fund manager once appointed. At this stage, it is envisaged that the fund will be administered through a bidding process, led and managed by the fund manager partner.
- **Funding stream 2** - The preferred option is that either CPCA or the Social Enterprise East of England (SEEE), following direct award, will manage the grant allocation to third sector organisations via a fund call. Grant allocation in the range of £200-600k will be given to one, a consortium of, or multiple individual third sector organisations via a funding call process, based on meeting the fund eligibility requirements and value for money. CPCA or SEEE will be directly responsible for the grant disbursement.
- **Funding stream 3** - The preferred model is that CPCA will launch an EOI followed by direct award in the case only one response is received. In case of more than one response to the EOI is received, CPCA will launch a funding call and identify a suitable provider as part of the fund bidding process and assessment.

Potential providers and delivery partners: During soft market testing activity, CPCA has identified specialist supplier/potential partners that matched CPCA delivery requirements. Initial engagement with these organisations has helped CPCA to shape a sound and viable business case. These include:

- **Funding stream 1** - the **Plunkett Foundation**, a third sector organisation with specific experience and track record of managing similar grants to support local community groups to take ownership of local pubs and public assets across the UK.
- **Funding stream 2** - Initial engagement with Social Enterprise East of England (SEEE), as part of a soft market testing activity, has shown the potential to support more than one organisation under this funding stream with benefits of having multiple hub locations in different market towns rather than one single hub. SEEE has reached out to a number of organisations and contacts within the Cambridgeshire and Peterborough areas to scope potential projects and location for the social Enterprise Hub while also reviewing suitable properties coming up for sale. Beyond SEEE, other organisations engaged include: **Allia, The Ferry Project, Shift Momentum and Together Culture**.
- **Funding stream 3** - the **Cambridge Science Centre**, a local educational charity running pop-up exhibits and interactive science shows for young people (mostly aged 7-13 years old).

It is CPCA's intention to ensure that all suitable delivery partners are identified and an EOI will be launched, and responses assessed, in accordance to value for money and fund criteria, prior any direct award. The supplier and delivery partners awarded will have the expertise and competence to deliver the requirements of the project. The awarding process will be undertaken in accordance with the proposed timeframe to meet political and board level expectations, and to make a positive impact on local groups.

Delivery track record and commercial assurance: Delivery track record and commercial assurance of the above organisations and their proposals is provided in the commercial case. CPCA intends to obtain further details on the proposals as well as other project proposals from other organisations not yet reached out during the soft market testing as part funding bidding process. Nonetheless, the above proposals provide an illustration of what can be achieved using this fund.

Subsidy control: The fund does not appear to involve a Prohibited or Conditional Subsidy, nor fall

within the regime which requires notification to and clearance from the Competition and Markets Authority pre-grant. It must nevertheless comply with the seven principles set out in the Subsidy Control Act 2022. Legal advice will be provided by the CPCA legal team if necessary.

FINANCIAL CASE

The CPCA Board has approved a total of **£2.5m Gainshare Capital Fund** to be delivered via the Market Town Fund Programme phase 2 described in this business case. CPCA has identified three funding streams to be delivered under the programme with the following allocation (shown below).

Cost type	Description	Total	FY 1 (2023 /2024)	FY 2 (2024 /2025)	Funding source	FY 1	FY 2
Fund stream 1 - Community ownership of local businesses							
A&A	Third party Fund management / PM costs @ 15% of Funding Stream 1	£120,000	£70,000	£50,000	Gainshare Capital Fund	58%	42%
A&A	Small Grants (Enabling costs)	£125,000	£125,000		Gainshare Capital Fund	100%	0%
Capital	Large Grants (Capital costs)	£675,000	£125,000	£550,000	Gainshare Capital Fund	20%	80%
	Sub total	£920,000	£320,000	£600,000			
Fund stream 2 - Social enterprise hubs							
Capital	Grants (Capital costs)	£1,250,000	£1,125,000	£125,000	Gainshare Capital Fund	90%	10%
Fund stream 3 - STEM exhibition programme							
Capital	Grants (Capital costs)	£200,000	£120,000	£80,000	Gainshare Capital Fund	60%	40%
CPCA Fund PM / contingency budget							
A&A	CPCA Fund management / PM costs (0.2 FTE) / specialist procurement / legal advice	£25,000	£12,500	£12,500	Gainshare Capital Fund	50%	50%
Capital	Contingency budget @ 4% of total costs (inflation, raising capital costs, etc.)	£105,000	£47,500	£57,500	Gainshare Capital Fund	45%	55%
	Sub total	£130,000	£60,000	£70,000			
Total A&A (Management and enabling costs) @11%		£270,000	£207,500	£62,500			
Total Capital (Grants) @89%		£2,230,000	£1,417,500	£812,500			
Total		£2,500,000	£1,625,000	£875,000			
						65%	35%

Ongoing administrative, delivery and ancillary works costs to support delivery of the programme and enable the funding to be capitalised has been noted as Administrative and Ancillary Costs (A&A). The overall A&A amounts to 11% of the total funding and complies with the 15% A&A limit.

Detailed project cost breakdown will be explored at bid assessment stage. Activities and associated funding allocation will be flexible and will be finalised with potential delivery partners during proposals

assessment and prior to grant award. Suggested funding breakdown and costs description is provided in the financial case.

Affordability assessment: Providing funding for third sector enterprises has been recognised as a strategic and political priority of the CPCA for a significant period of time, and as such this project is supported at a senior level to continue over the desired lifecycle. As per above, a set amount of gainshare funding has been agreed to fund this project. The fund will be disbursed within two years. There is no assumption of financial return over the course of this fund. Affordability is therefore dependent on the ability to accommodate this spending with CPCA budgets without compromising other aims. Given the strong strategic fit with CPCA objectives we don't view this to be a major concern. There is also no element of borrowing to fund this scheme – so concerns about interest rates are not relevant.

Financial arrangements and assurance: The financial arrangements and assurance measures described in the financial case provide overall financial affordability and assurance of the fund.

MANAGEMENT CASE

Project timeframe: Detailed timeframe will be provided by delivery organisations as part of Eol/funding call stage and finalised with CPCA before grant award. A summary of the key milestones and high level delivery timeframe against each funding stream is shown below and provided in more detail in the management case.

Milestones	Start date	End Date
Business Case Development		
FBC Development and approval process	Dec-22	Mar-23
Mobilisation and Operation / Delivery		
Governance and Management set up	Mar-23	Mar-23
Appointment of Delivery Partners via grant award following Eol/Funding Call	Mar-23	Apr-23 / Jun-23
<i>Funding stream 1</i>		
Mobilisation	May-23	Jun-23
Small enabling grants disbursement to community interest groups	July-23	July-23
Larger follow up grants disbursement to community interest groups	Dec-23	Mar-25
<i>Funding stream 2</i>		
Mobilisation	May-23	Jun-23
Grant disbursement / Hubs enabling and development works	Jun-23	Jun-24
<i>Funding stream 3</i>		
Mobilisation	May-23	Jul-23
Grant disbursement / Pop-up exhibits run	Jul-23	Mar-25
Project completion		
Grants disbursement and projects completion		Mar-25
Review / Monitoring and Evaluation		
Project Progress and Monitoring Reports	quarterly	
Evaluation	Apr-25	Jun-25
Project closure		
Grant agreements terminate		Jun-25

Project Governance And Management Structure: CPCA has the project management structure, skills and track record in place to be able to successfully deliver these funding streams. The governance arrangements set out in the diagram in the management case provide strategic leadership and ensure collective governance to inform the coordinated delivery and management and of the three funding streams under this fund.

Risk management: CPCA will establish a risk management approach that addresses risk, through its governance processes for fund (including the reporting and monitoring via relevant governance functions and individual investment risk, through the fund partners.

A risk register is provided in the management case, listing initial risks and mitigations. Throughout the life of this project, the Market Towns Programme phase 2 manager will be responsible to regularly update the risk register and report any major risk to the Director and Advisory Board.

Project assurance and management arrangements: Funding award compliance, Legal compliance, Finance compliance and project management arrangements are described in the management case.

Monitoring and evaluation: The evaluation will be in accordance and aligned with CPCA Monitoring and Evaluation Framework. The logic model will be refined with the partners following grant awards. Quarterly reporting is to be completed by the outsourced delivery partners for each Funding Stream and reported to the Market Towns Programme phase 2 Manager. Suggested monitoring KPIs are described in the management case.

INTRODUCTION

Market towns programme phase 2 looks to build on the first Market towns fund but with a particular focus on strengthening local communities, including community owned businesses. While it is a capital fund, we are targeting this capital spending on people-based initiatives – including community owned businesses, social enterprises, and educational support. The programme will be broken into three funding streams, each targeting a key aspect of the strategic case:

Funding stream 1 - Community ownership of local businesses (£0.92m)

Through this funding stream, the CA is looking to establish a dedicated support programme, community “support package” and bursary funding for community groups in Cambridgeshire & Peterborough, with a focus of revitalising assets in market towns and rural hinterlands.

Funding stream 2 - Social enterprise hubs (£1.25m)

Through this funding stream, funding will be provided for the creation of one or more social enterprise hubs in Cambridgeshire & Peterborough, with a focus of supporting social entrepreneurship in market towns and rural areas.

Funding stream 3 - STEM exhibition programme (£0.2m)

Under this third funding stream, a grant will be disbursed to support the capital element of an educational programme, to be delivered via pop-up science centres, located in community asset buildings in the Cambridgeshire & Peterborough market towns. The pop-up centres will be accessed by children, families, schools, and adult groups and aim to raise awareness and aspirations for STEM related study and careers.

PROJECT BACKGROUND

Market towns programme phase 2 has emerged from a long-running concern about the performance of market towns and rural areas within C&P. The CPIER (2018) established that market towns were a significant part of the CPCA economy but had much less strategic focus than the cities of Cambridge and Peterborough. As a result, In July 2020, the CPCA allocated £13.1m capital investment to mobilise eleven market town masterplans to support interventions in each of CPCA's main market towns and to act as a funding catalyst to securing additional investment. This fund is a continuation of that effort to tackle the long-standing challenges surrounding market towns, with a particular focus on strengthening local communities and supporting the Social Enterprise ecosystem.

Furthermore, the Mayor has adopted a focus for CPCA of compassion, co-operation, and community. This means that everything we do has to support residents and strengthen our community groups. This will not happen simply through the encouragement of market processes – instead, we need to make those processes work to recycle benefit into the community.

As a result, we have been exploring different ways of using funding compared to more traditional approaches – which have tended to focus largely on buildings or transport investments. This led us to exploring how community ownership and the encouragement of social enterprises could develop the kind of business ecosystem in towns where communities benefit. It has also encouraged us to think about how we could more effectively partner to deliver funding with the third sector – where we have identified three strong partners to work with on the delivery of the funding. In each case, we propose CPCA delivers the necessary capital funding, with a third sector partner providing the people input needed.

Our process to get here was first to develop a Project Initiation Document (PID), covering the broad aims of the programme. Since then, some of the ideas initially identified have been developed further, in conversation with partners. We have continued to consult with them, and with district colleagues, to understand where the opportunities in their areas are. This has led to the final fund design.

STRATEGIC CASE

INTRODUCTION

The purpose of the strategic case is to assess the fit of the programme with Combined authority strategies, local strategies, and UK Government priorities. We find a good alignment across all areas.

STRATEGIC PRIORITY

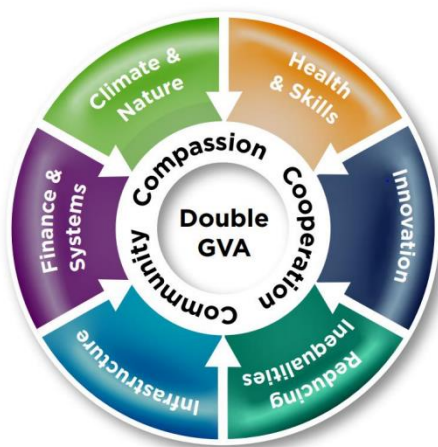
The 2022 CPCA Economic Growth Strategy (EGS) is clear that accelerating business growth is key to achieving sustained economic renewal and success across Cambridgeshire and Peterborough. The CPIER has established that although market towns were a significant part of the CPCA economy, they have received much less strategic focus than the cities of Cambridge and Peterborough leading to inequality in growth.

Although economic growth is a key priority for the CPCA, the Economic Growth Strategy, amongst other CPCA strategies, are also clear that economic growth alone is not the objective; reducing inequality and delivering improvements across all six forms of capital must be core to how and where economic growth is delivered and achieved. The purpose of investing in business growth in market towns is to support those wider objectives, delivering inclusive growth and reducing inequality, aligned with the overall vision:

*“Cambridgeshire and Peterborough is the place where unique business, natural and research assets tackle world problems whilst creating **good jobs and healthy lives for all our residents in all our places**. We are globally leading and competitive, and more equal and sustainable.”*

Furthermore, the new CPCA Sustainable Growth Ambition establishes Six Keys to unlock this ambition which is rooted in the Mayoral values of Compassion, Cooperation and Community. The proposed programme of interventions discussed in this full business case focuses primarily on delivering against the Key to reduce inequalities.

Figure 1. CPCA Sustainable Growth Ambition - Six Keys

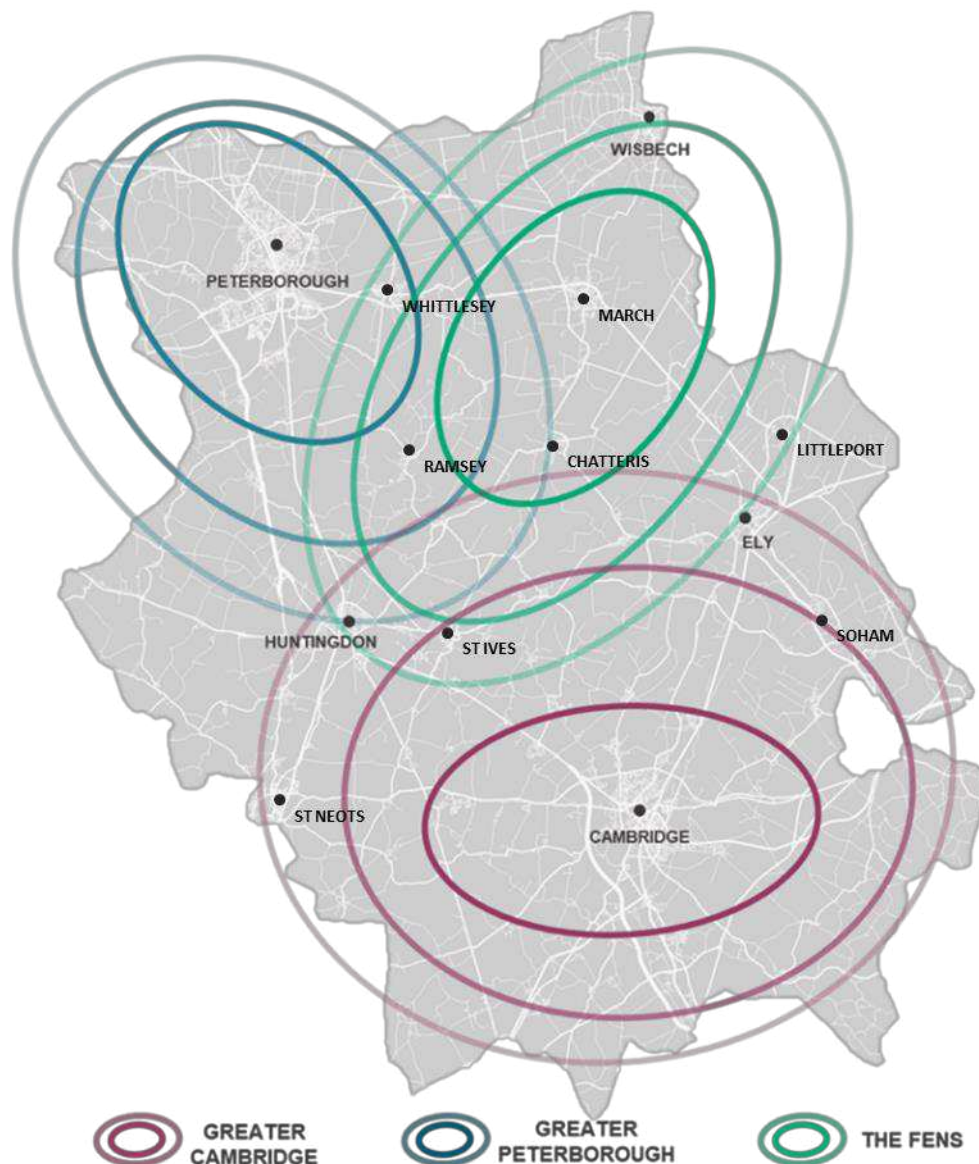


CASE FOR CHANGE

The CPIER & EGS identify three distinct economies within CPCA, with their own challenges and opportunities (shown below). Market towns are spread throughout the CPCA, but are located primarily

within the Fens, and the outskirts of Greater Cambridge and Greater Peterborough - rural areas identified as having persistent performance challenges, particularly compared to their urban counterparts in the region. Four of the Market Towns are situated in Fenland, four in Huntingdonshire, and three in East Cambridgeshire.

Figure 2. CPCA Sub-Economies and Market Towns



Source: CPCA Economic Growth Strategy (2022), with market towns overlaid.

The CPIER identified that, despite up to a quarter of the CPCA population living in market towns (and nearly the same again in surrounding hinterland), there has been a distinct and long-standing lack of strategic focus and investment targeted towards market towns, with an associated economic disparity seen between rural and urban areas.

CPCA market towns and surrounding rural economies have been characterised in recent years as having relatively low productivity, low wages, and associated pockets of income deprivation. This challenge is particularly acute in the more northern market towns in Fenland and Peterborough, where gross weekly pay is nearly 10% lower than the regional average³ and gross disposable household

³ ONS: Annual Survey for Hours and Earnings (2022), average for Fenland and Peterborough

income is 16% lower than the regional average.⁴ Employment in market towns skews towards lower occupational skill levels compared to urban areas, particularly in The Fens and Peterborough, where long standing patterns are linked to the nature of employment driving industries operating in the area, particularly agriculture.⁵

There also exists educational disparity between market towns and the rest of the CPCA. The difference in the percentage of young people achieving GCSEs in Maths and English by age 19 between Cambridge & South Cambridgeshire and the average for the rest of the CPCA is 14 percentage points.⁶ This is most severely felt in Fenland and Peterborough where the average is 62%, 10 percentage points below the national average of 72%, and 20 percentage points below the level seen in Cambridge and South Cambridgeshire.

The above challenges felt in market towns and surrounding rural economies combine and contribute to wage and access to job challenges for the local communities. As identified in the CPIER, income levels and associated pockets of poverty is reducing levels of spending in local market town economies, which in turn is leading to a **reduction in retail, entertainment, and general service offer in towns** as businesses find it harder and harder to operate sustainably. This is in turn leading to a reduction in employment and access to jobs for local residents, which feeds back into, and exacerbates, all the above challenges.

There is a clear need to need to:

- reinvigorate market towns
- create inclusive jobs
- protect local services and assets
- tackle educational deprivation

Not responding to these challenges risks continued reduction in access to services, community space, employment opportunities, and retail offering. Market towns have historically existed to provide services to local communities and residents, and although this identity is shifting slightly in the modern age, it remains important to protect to safeguard the vitality of town centres, protecting the employment offer to the local community, and reducing the economic disparity between market towns and urban areas. By tackling these challenges we can create stronger, more vibrant, more closely connected places, increasing access to jobs and employment, boosting income, amenity, and community vitality.

If protecting and emboldening market town local communities is the goal, then supporting businesses that also seek to support their local community should be a priority. **Social Enterprises** are businesses that have social, community, and environmental issues at their core; solutions are often sustainable, based on trade and cooperation, not on philanthropy. They generate income, which is redeployed to create jobs, invest in community projects, and green technology. The benefits are shared with everyone, not just a few that own or run the business; helping build community wealth by investing back into the community it serves. Additionally, a growing trend amongst consumers is a desire for businesses to offer more in terms of social responsibilities. For this reason the market towns programme phase 2 seeks to support and grow the Social Enterprise and community interest group ecosystem, supporting businesses and groups that will directly feed benefits back into their local communities.

Beyond the social benefits that social enterprises offer, is the economic contribution. **Social enterprises were worth £60bn to the UK economy in 2018.**⁷ The economic contribution to the local area will help address the economic disparity highlighted above.

Social enterprises operating in rural areas also often have a comparatively stronger focus on solving local challenges, whilst harnessing and bolstering local communities. They offer attractive employment to

⁴ ONS: Regional gross disposable household income, UK (2022)

⁵ ONS: Annual Population Survey 2022

⁶ DfE: Level 2 and 3 attainment age 16 to 25 (2022)

⁷ Social Enterprises UK report: 'The Hidden Revolution' (2018)

young people and support stronger community relationships. The co-working hub space model, promoting working with like-minded organisations in the community, helps develop both the business's sustainability and individual's resilience.⁸ Moreover, Social Enterprises have an important role to play in providing / retaining community assets within rural localities. These services contribute to the social and economic development of local communities, reducing social isolation, enhancing employment, and boosting local spending.⁹ This reinforces the case for supporting social enterprises to help tackle the challenges identified above.

Improving the local employment and service offer in market towns is also important to when considered alongside educational outcome and local skill improvement aims of the STEM activities. The CPIER notes that addressing skill issues without providing a greater mix of work opportunities is likely to lead to a disparity between the workforce and the local employment opportunities, with increased outmigration a potential consequence.

Community assets and services reduction examples

It is becoming increasingly clear that there is a market failure in many market towns in Cambridgeshire. **Access to services is in decline**, as noted in many market towns masterplans, and with many examples of closures of services including banks, pubs, and department stores. Key to the historic identity of market towns, indeed once their primary purpose, is the provision of goods and services to the surrounding population; protecting and revitalising these services is of vital importance, particularly given the vast population living in and around market towns.

Recent examples of bank closures in St Neots¹⁰, Whittlesey, and Chatteris¹¹ illustrate the reduction in in-person provision. Many of our main high streets now have large vacant spaces in them – especially, in many cases, where department stores previously stood (such as the old Beales unit in Wisbech). It can be challenging, verging on impossible, for local authorities to find the interest to revive some of these properties, with long-running negative impacts on a sense of pride in place with residents, and reputational damage elsewhere. This has been a long-running problem, though the pandemic has in some towns accelerated it with footfall at retail premises remaining below the pre-Covid level. There is a particular problem affecting pubs, where nationwide, from 2000 to 2019, pub numbers have declined by 13,600, or 22%. More recent figures, from the BBC, show that in the first six months of 2022, 24 pubs closed in the East of England, and nationwide the number of pubs is at its lowest ever level¹².

The concern, however, is not simply a lack of access to in-person retail, which, to at least some degree, is substituted for by online shopping (though of course, this works better for some than it does for others). The more significant problem is the loss of community space. Social capital is in general decline across Western societies, and the absence of places to meet or bump into each other is reducing human connections, with the potential to increase social isolation. This has consequent impacts on quality of life and ability to resolve disagreements in society peacefully.

CPCA already sees high levels of “barriers to housing and services deprivation” – a measure which includes road distance to amenities such as post offices, supermarkets, and GP practices. The below map highlights that currently CPCA has among the worst of this type of deprivation in the country – with many areas in the bottom decile nationally.

⁸ Olmedo, L., O'Shaughnessy, M. A Substantive View of Social Enterprises as Neo-endogenous Rural Development Actors. *Voluntas* (2022)

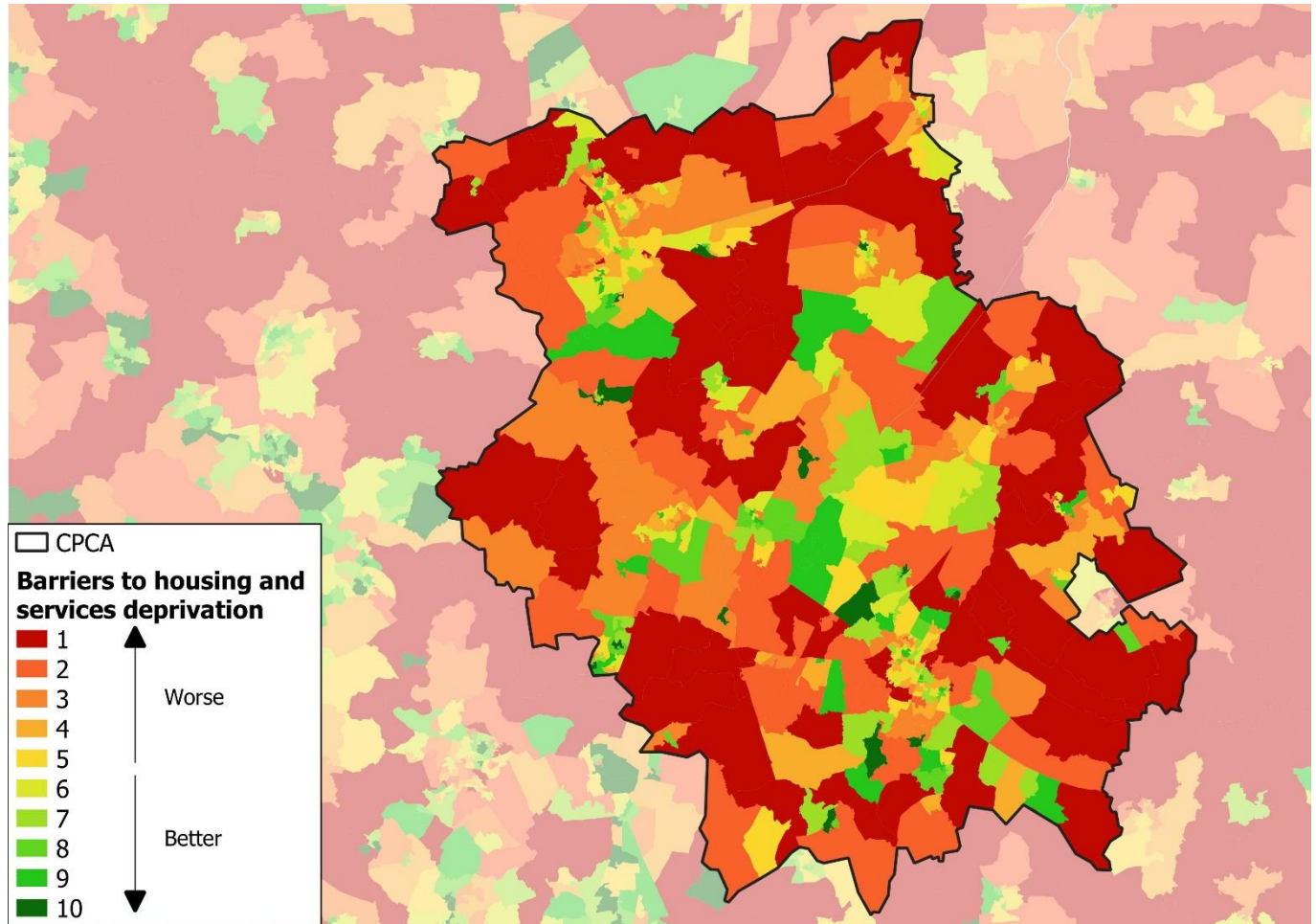
⁹ Steiner, A., & Teasdale, S. (2019). Unlocking the potential of rural social enterprise

¹⁰ <https://www.cambridge-news.co.uk/news/local-news/natwest-st-neots-branch-closing-25253755>

¹¹ <https://www.peterboroughtoday.co.uk/business/barclays-close-branches-whittlesey-and-chatteris-137088#:~:text=Barclays%20is%20to%20close%20its%20branches%20in%20Whittlesey%20and%20Chatteris.&text=The%20Whittlesey%20branch%20in%20Market,closes%20on%20Friday%2C%20May%2010.>

¹² <https://www.bbc.co.uk/news/business-62031833>

Figure 3. CPCA barriers to housing and services deprivation (IMD 2019)



Source: MHCLG

CASE FOR INTERVENTION

Overall, market town services, businesses, and communities continue to face compounding challenges, that risk negatively impacting their future vibrancy, economic potential, and social vitality.

In order to address the key challenges identified above, there is a case for investing in communities and businesses to support: community ownership of local assets, protecting key town centre and high street assets.

Given the underpinning cost of living challenges and local place-making priorities set out in the Economic Growth Strategy, there is also a case for supporting businesses with a strong social purpose and inclusive governance and employment approaches to develop hub spaces to support the growth of the Social Enterprise ecosystem. The impact of not intervening will be a continued lack of vital funding for businesses that could make an important social as well as economic contribution to their local community.

Boosting the local **Social Enterprise ecosystem** through the implementation of Social Enterprise Hub space will enable the SE sector to trade with the local public and private sectors, shaping the local markets and organisational behaviour to increase social value throughout the local economy. Additionally the hub(s) project will contribute to the key enablers in strengthening the local entrepreneurial ecosystem and growing the social economy in the region by (directly, or connecting to networks which):

- Provide business support and advice - supporting businesses at all stages of their development to start, sustain, grow, and innovate, including through local networks.
- Building on local assets and networks.
- Raising awareness of the enterprises, assets and allies those organisations can work with to add value to individual effort.
- Community outreach- including targeting and inspiring potential social entrepreneurs from disadvantaged backgrounds so that they can use their lived experience for the benefit of their communities.

Soft market testing has shown that there is demand for the type of co-working space proposed to be offered in the hub(s); engagement with providers in the sector point towards a pipeline of demand for users but a lack of ability to expand/create more space without assistance. Some providers offering space do so at a discounted rate for social enterprises and third sector organisations, a possible option to be explored during design of the grant criteria. The additional community space and retail offer potentially provided by the hub(s) is aligned to the challenges identified in many market towns masterplans, in which such space is noted to be reducing.

The case for intervention is strong and their benefits are likely not to be accrued without CPCA intervention as hub(s) are unlikely to come forward in market towns without the funding. The associated benefit of the new hub spaces is not about transferring jobs from elsewhere into the towns, but about supporting and leveraging local social enterprises and business ecosystems linked to the community to establish and grow, whilst making use of vacant and underused sites.

Intervening to support **Community ownership** of local assets can achieve several goals in one go. Firstly, it can improve social capital and social infrastructure in a town or village, by bringing people together around a shared project. There are various stages of work – putting together a proposal, renovating a building, developing a business model – which all require active participation across the community. Additionally, the model for ownership should involve the opportunity for any in the community who want to, to buy shares in the venture, giving them a stake in its success and a role in its management. This links to another benefit – that capital can be accessed, from private individuals with a personal concern for their place, generating funds for regeneration projects. Thirdly, community ownership allows the community to use the asset in the way that best meets the community's needs. For example, a community might take ownership of a pub, but then use it to provide additional services such as a post office, or a library, which wouldn't be provided if the venture was being run solely for commercial reasons. And finally, the net result is of place improvement, with more vibrant high streets and a greater provision of amenities.

Finally, there is a clear case for investing in youth education and extracurricular activities to address the educational disparities across the CPCA.

Due to the mix of businesses, organisations, and outcomes being targeted through this programme, there is a requirement to make available a variety of financial products from the overall £2.5m budget. Based on soft market testing / scoping carried out during the development of this full business case this should include three Funding Streams:

- **Funding Stream 1:** grant funding to community interest groups (alongside business advice) to support communities to establish community owned businesses, taking local assets into community ownership
- **Funding Stream 2:** grant funding to support establishment of Social Enterprises hub(s) in market towns for the provision of new community space, business start-up, growth, and co-working space promoting knowledge sharing
- **Funding Stream 3:** grant funding to run a series of STEM exhibit events throughout CPCA market towns, boosting young people's engagement with STEM.

Option appraisal carried out as part of the development of this full business case identifies a preferred delivery method for Funding Streams 1 & 2 of delivering grants through an external organisation that will

act as fund manager, with responsibility for scoping opportunities and reviewing applications (with input from a newly established Advice Board made of key CPCA stakeholders). Detailed options are discussed in the Economic, Commercial, and Financial case of this FBC.

POLICY ALIGNMENT

Additional to the alignment with wider CPCA priorities outlined at the start of this strategic case, there is clear alignment between the proposed interventions and local and national policy.

Local Strategic Fit

Market Town Masterplans

The proposed interventions are clearly aligned with aims and priorities set out in many of the market towns masterplans. Some examples include:

- Two of the key asks in Wisbech: Market Town Masterplan are to “Support cohesion and community shared space” and a “Town Centre Improvement Initiative”, both of which are clearly impacted positively by the proposed interventions.
- Littleport Masterplan identifies that the town centre is facing a number of challenges including “Town centre uses such as community and leisure are declining”, and “Businesses and other activities are relocating out of the town centre”.
- Chatteris masterplan includes proposals that the “community needs to take ownership of the town to drive improvements”.
- Whittlesey masterplan outlines that there exists a local “well-educated population – but not enough jobs in the town”, and that “there are not enough shops in and around the town centre, and the overall retail offer is not diverse or distinctive enough to compete with the wider range of shops available elsewhere”.

CPIER

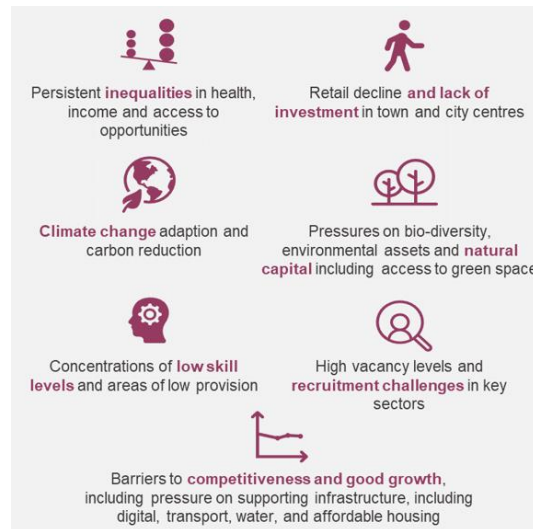
As stated earlier, The CPIER (2018) established that market towns were a significant part of the CPCA economy but had much less strategic focus than the cities of Cambridge and Peterborough. There has since been a priority to address the disparity seen between the urban centres of Cambridge and Peterborough, and the rest of the CPCA including market towns.

Cambridgeshire and Peterborough Economic Growth Strategy (2022)

Supporting community owned and social enterprise businesses, enabling the community to take control of an asset of importance to the community – which could be a cultural venue like a theatre, a sports ground, pub, shop, or other asset, is well aligned with the Economic Growth Strategy as well as the below Sustainable Growth Ambitions, enabling inclusive growth and reducing economic inequality between market towns and other areas, whilst bolstering community infrastructure.

The EGS highlights persistent inequalities in income and access to opportunities, as well as retail decline and lack of investment in towns as two key challenges/threats to good growth, both of which are directly targeted by the proposed interventions.

Figure 4. Summary of challenges and threats (Economic Growth Strategy)



CPCA Sustainable Growth Ambition

The proposed programme of interventions discussed in this full business case focuses primarily on delivering against the Key to reduce inequalities. However, this intervention has is aligned to, and addresses all the Six Keys in the Sustainable Growth Ambition in different ways:

- **Health and Skills** – some market towns, particularly further north, face challenges around health and education deprivation. Although this programme will not directly tackle these issues, by strengthening community infrastructure it will create a better framework for residents to live healthier lives – having more social contact, one of the key variables associated with higher life expectancy and life satisfaction. Additionally a STEM programme will help boost engagement of young people with science, giving them the inspiration and information they need pursue a career in STEM.
- **Climate and Nature** – many of our market towns are on the front line of climate change, particularly those in the fens. Rising sea levels and flooding will be challenges facing these low-lying towns surrounded by water. The scope of third sector and community groups supported by this programme will include those dedicated to improving local environments and responding to the climate adaptation challenge.
- **Infrastructure** – community infrastructure includes all the places which are valued by the community, such as shops, pubs, cultural facilities, and health and education provision. Recent, well publicised challenges on the high street, following the pandemic and growth in online shopping, have damaged this community infrastructure in many of CPCA’s market towns. This programme is designed to protect existing, and create new, community infrastructure by allowing communities to take ownership of the things that matter to them.
- **Innovation** – there are great examples of innovative businesses in CPCA’s market towns, such as Stainless Metalcraft in Chatteris and the NIAB AgriTech Centre in Soham. However, much innovation remains untapped because people lack the support or facilities to begin a new business. This programme of creating space and financial support for small businesses with a social focus will nurture “inclusive innovation” – innovation where the benefits do not just accrue to the business owner but are spread amongst the community.
- **Reducing Inequalities** – within CPCA’s market towns are both desirable and deprived areas. While some of this deprivation is visible, much rural deprivation is hidden, by being spread within a community rather than concentrated in a particular neighbourhood, as is more common in cities. By

providing support for social enterprises this programme will empower those within communities who are keen to make a difference, by enabling their ideas to bear fruit for the people in their places.

- **Finance & Systems** – cities naturally attract more financial capital, due to the strong networks connecting business and investors. Cambridge is the UK capital of venture capital investment outside of London. This initiative therefore seeks to direct business support to places where less of it accrues naturally.

Targeted support of **Social Enterprise** is one of the best ways to effect positive economic, social, and environmental change; it's a way to shape Cambridgeshire and Peterborough for the better for the benefit of the whole of the region's society. The sector, therefore, is a key component of the Combined Authority's vision for growth through compassion, cooperation, and compassion and has a central role in delivering against the six keys to growth, with solutions for improving lives, reducing the health and economic inequalities outlined in the sections above.

Additionally, central to the **strategic priority to reduced inequality** is the need to build social capital, defined as the 'network of relationships between people in a particular society, enabling that society to function effectively'. In essence, a group of people becomes a community if and when it has social capital. The CPCA has a strategic priority to build social capital to complement improved skills and help to reduce the inequality in life expectancy. The community owned businesses will help to deliver this strategic priority because the process of setting them up will be collaborative one, involving members from across the community. Many of the businesses will offer a social venue, such as a pub or café, which will drive further interaction, and hence building of social capital.

Cambridgeshire and Peterborough Local Skills Report (Jan 22)

The educational disparities across the CPCA are clearly highlighted within this report (quote below). The STEM exhibition programme seeks to intentionally target areas of lower aspiration, lower engagement, and lower outcomes as a way of improving young people's awareness of STEM and the opportunities and routes available to them.

"Within the Indices of Multiple Deprivation, Fenland is ranked third of all 316 local authorities nationally for Education, Skills and Training need, where 1 is most deprived. Peterborough is ranked 31st, which is the second lowest rank across the Combined Authority. These two areas show much higher levels of deprivation compared to other districts in the area. This directly translates to lower educational attainment. East Cambridgeshire also shows higher levels of relative deprivation for Education, Skills, and Training relative to its overall deprivation rank."

Fenland and East Cambridgeshire Priority Area

The STEM exhibition programme will help to deliver on the Fenland and East Cambridgeshire Priority Area, which aims to help all young people in the area to reach their full potential. In particular, the priority area seeks to address "entrenched underperformance, including in literacy and numeracy". The STEM exhibitions will help inspire children to learn more about science, to see the value of the skills that they obtain at school, tackling challenges with educational deprivation and disparities throughout CPCA.

National Strategic Fit

Levelling Up White Paper

The Levelling Up White Paper outlines a number of strategic missions that the government aims to achieve by 2030, that aim to improve the socio-economic outcomes across the UK:

The first is to 'spread opportunities and improve public services, especially in those places where they are lacking'.

- The STEM exhibition programme helps to deliver the skills aspect of this mission, by help young people to interact with science in an enjoyable way, and hence provide them with the inspiration that is needed to turn a general aspiration into a specific ambition. In the long run, this means that more will pursue the high-quality skills training that is identified as desirable in the white paper.
- The community ownership of local assets helps to deliver the amenity aspect of this mission, because the community selects which asset to save, and what amenity it provides. Hence, the assets will be set up and provide the amenity that the community believes would deliver the most value.

The second is to 'restore a sense of community, local pride, and belonging, especially in those places where they have been lost'.

- The social enterprise hub will help to deliver this by providing business support to a region of the country that has historically received less investment, and by facilitating the establishment of businesses that have a strong positive impact on the places in which they work.
- Community ownership of local businesses will help to deliver this mission by providing an asset for which the community has strong sense of ownership. Members of the community will be involved in selecting the asset and deciding how it will be managed. from the close involvement in saving and managing the asset.

As a subsection of the Levelling Up agenda, the government has set up a community-ownership fund since they have identified community-owned businesses as a valuable way to 'empower communities in left behind places to level up'. As such, the community-owned business project is well aligned with current government policy.

CLIMATE CONSIDERATIONS

This programme is anticipated to have limited impact on nature and the environment, though what impact it does have will likely be positive. By providing community services closer to where people live through community owned services, car travel should be reduced, with more people choosing healthier and greener options for local travel.

Assessments of carbon biodiversity impact have been deemed not applicable, as we are not proposing any new development as part of this business case.

AVAILABLE PRODUCTS - SPECIFIC DELIVERABLES/OUTPUTS

Detailed commercial options and delivery models are available in the Commercial case. Below is a summary of the projects within the Market Towns Programme phase 2, and how they are proposed to work.

Funding stream 1 - Community ownership of local businesses

Through this funding stream, the CA is looking to establish a dedicated support programme, community "support package" and bursary funding for community groups in Cambridgeshire & Peterborough, with a focus of revitalising assets in market towns and rural hinterlands. CPCA is looking to allocate a total of £800k grant funding to community interest groups and third sector organisations up to a maximum of £50k each to take up the ownership and operation of local pubs and assets that are **vacant or at risk to closure**, revitalising assets whilst protecting and providing key local amenities that will benefit the community. Soft market testing has already shown a pipeline of potential opportunities in market towns.

The preferred delivery model is that a **dedicated third sector fund manager** would be awarded £120k over two years to manage the allocation of £800k grant funding to community groups on behalf of CPCA (as the Accountable Body) as well as providing support to businesses in the application and set up process.

The grant given to the community interest groups will cover early-stage costs of establishing a community business / setting up a community pub, such as registering as a Community Benefit Society, property valuations and surveys, legal fees, architects fees, etc (grants in the range of £2,000-£10,000 to c.a. 25 organisations). The grant will leverage the community investment and provide an incentive to communities to think about the potential of taking an asset into community ownership. Follow up larger grants (in the range of £40,000-£48,000) will be given to c.a.15 organisations which demonstrate strong viable proposals, high impact and capability to raise communal investment from the community partners and other funding bodies. The follow up grant will be used to cover capital development costs of the pub/public asset. The suggested number of grant recipients is based on statistics provide by Plunkett Foundation, engaged as part of soft market testing, and a market leader in delivering this type of programme.

Advice is to be provided by the third sector fund manager during the set-up process but once the community businesses have been fully established, the community groups will have full ownership and responsibility for the running and operation of the assets.

Funding stream 2 - Social enterprise hubs

Through this funding stream, CPCA is looking to allocate a total of £1.25m grant funding for the creation of one or more social enterprise hubs in Cambridgeshire & Peterborough, with a focus of supporting social entrepreneurship in market towns and rural areas, providing co-working / business startup space for social enterprises alongside community space and a retail offer.

The preferred option for this funding stream is that the fund will be directly allocated to the Social Enterprise East of England (SEEE) as **primary social enterprise operator in the region**. SEEE will act as fund manager and be responsible for the allocation and management of the grant to third sector organisations that deliver accordingly to the purpose and criteria of the grant fund. A panel made of CPCA's economic development and Growth Works, regeneration, and community team senior officers and SEEE representatives will set out the criteria and assess the bids. SEEE will then enter into grant agreement with the awarded organisations. CA members of the panel would also be expected to help connect/refer third sector organisations with the support available.

Once the criteria has been set out and grants have disbursed via a **competitive bidding process** to third sector organisations, the third sector organisations will use the grant to establish the hub(s), covering cost of acquiring the building and fitting out in line with criteria set out. The third sector organisation will be responsible for ownership and operation of the hub(s).

Funding stream 3 - STEM exhibition programme

Under this third funding stream, CPCA intend to disburse a £200k grant to support the capital element of an educational programme, to be delivered via pop-up science centres, located in community asset buildings in the Cambridgeshire & Peterborough market towns. The pop-up centres will be accessed by children, families, schools and adult groups and aim to raise awareness and aspirations for STEM related study and careers.

SMART OBJECTIVES

We have established a set of SMART objectives, aligning to different strands of the work programme. These are all for the two-year time period.

Community Ownership Fund

- To provide a credible source of funding (up to £50,000) to support 15 local community interest organisations in taking a local asset into community ownership.

Social enterprise hub(s)

- To provide funding for Social Enterprise hub(s) to be established in CPCA market towns, with c.1,000m2 of space to support the establishment and growth of local social enterprises, charities, and the wider SE ecosystem.

STEM exhibits

- Engage 9,200 pupils schoolchildren with the STEM exhibits through a two-year programme of science exhibits across CPCA market towns

PROJECT OUTCOMES/IMPACTS

Our success outcomes and metrics align to five of the CPCA's Performance Management metrics.

4. All Business (Main theme: Economic Growth)

By supporting 15 community business we will be increasing the business birth rate, as well as reducing the business death rate through preventing businesses from closing, and instead supporting them into community ownership. Our social enterprise hub will also support new businesses to come into being, and to scale up. We will measure both births and deaths prevented rates through the programme, as well as the number of businesses who have scaled up, using evidence such as increased employment.

5. Productivity (GVA per job) (Main theme: Economic Growth)

Community ownership can add value to work by bringing in the community voice to decision making, thus allowing businesses to better provide the services the community needs. By integrating more community services – for example a pub incorporating post office and banking services – we will increase the added value of the businesses to the community.

We will use amount of employment – through both the community ownership programme and the social enterprise hub – to monitor how much business level productivity has improved. This is not directly comparable to GVA per job, but provides a good proxy.

Longer term, we expect that engagement with STEM exhibits will encourage young people into higher value occupations in STEM areas – though measuring this is beyond the scope of this programme.

6: Number of small areas (LSOA) in the CPCA within the top 10% most deprived nationally according to the IMD (Main theme: Reducing Inequality)

As noted above, many areas in the CPCA are in the worst decile for barriers to services and housing. By reducing road travel times to shops and post offices (integrating these services into community owned businesses) we can improve the performance of LSOAs on this domain. Currently 60 LSOAs are in the bottom decile which is 12.3% of all LSOAs. This compares to 10% for England. In the next review to take place of the Indices of Multiple Deprivation after the end of the programme, we would expect this to fall to being in line with the national average – which would mean eleven fewer LSOAs in the bottom decile.

It should be noted that the Barriers to Services and Housing domain constitutes only 9.3% of the overall IMD score, so the effect on total IMD will be more muted¹³.

Longer term, we might expect levels of education, skills, and training deprivation to improve due to better KS2 and KS4 attainment – though monitoring this is outside the scope of this programme.

Across these metrics, we anticipate particular benefits to disadvantaged individuals and groups. As the CPIER highlights: “Undoubtedly, there are economic trends which are not kind to small towns: decline of traditional industries and the rise of ‘footloose’ technological industries; the rising importance of the knowledge economy, with its emphasis on proximity to, and collaboration with, other workers from a wide spectrum of disciplines; an increasing preference among the young to live in urban environments; online

¹³ See

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/833951/loD2019_Technical_Report.pdf for more details

shopping replacing the traditional high street; and a declining importance in arable land ownership for economic power since the industrial revolution.”¹⁴ By supporting businesses in these areas, we are making a conscious choice to tackle this economic issue and those it affects. Similarly, as noted above, many children in rural areas of Cambridgeshire are performing less well at school. By providing exhibits in these areas, we are consciously targeting those in need of most help.

CONSTRAINTS

There are two primary external constraints that have been placed on this project:

1. The overall funding envelope is £2.5m. This means that careful financial management is required to ensure all the outputs are delivered without overspend.
2. The funding that has been allocated can only be spent on capital. This means that only durable assets can be acquired, along with supporting activity needed to acquire the assets.

DEPENDENCIES

As specified above, the project is required to only spend money on capital investment, and so it is entirely dependent on external partners to provide money that is needed to use the assets. This means that the project is dependent on the external partners having both the inclination and the capacity to deliver this.

¹⁴ <https://www.cpier.org.uk/media/1671/cpier-report-151118-download.pdf>

ECONOMIC CASE

INTRODUCTION

The purpose of this economic case is to give reassurance that this programme will provide value for money. The business case is asking for significant investment from CPCA, which needs to be invested wisely.

The Economic Case below has been conducted in line with HMT Green Book guidance and:

- identifies a **long-list and shortlist of options** based on factors identified in the Strategic Case
- assesses these options against the critical success factors
- sets out the **costs associated with the shortlisted options**
- describes the approach taken to **identify and quantify the potential benefits** of the shortlisted options
- based on the above, sets out the **benefit cost ratio** (BCR) of the shortlisted options.

APPROACH TO ECONOMIC CASE

Based on the challenges and opportunities set out in the strategic case, a series of interventions in CPCA market towns to boost local business and skills in local communities, has been identified as a proposed solution to address local challenges in access to services (including extracurricular education activities).

The objectives of the interventions (Market Towns Programme phase 2) will be to:

- Boost performance of CPCA market towns
- Boost social capital by promoting growth in Social Enterprise and Community Ownership, thereby building a much stronger bond between individuals, community, and place
- Increase local access to services (particularly retail and hospitality)
- Create and safeguard jobs in SE and Third Sector, enabling wider social benefits
- Boost aspirations of young people through engagement with high quality STEM extracurricular activities

CRITICAL SUCCESS FACTORS

The potential options for delivery of the Programme must address the rationale for intervention and meet intended objectives and outcomes as stated in the Strategic Case, as well as aligning with local and regional strategies. They must also represent value for money, be deliverable, affordable and commercially viable.

The following critical success factors (CSFs) are used to assess each delivery option:

Strategic fit: How well the option meets needs and service requirements, and the CPCA's spend objectives. The options must: boost social capital including sense of community, local pride, and belonging; boost skills and promote high quality jobs; address sustainable growth and recovery goals,

Value for money: Options must be additional and complementary to wider activity, have the potential to offer public value and represent good use of CPCA investment.

Supplier capacity and capability: Options must be deliverable by potential suppliers. For example, options are likely to be limited if there is a lack of experts to deliver tailored business advice.

Affordability: Options must be aligned with resourcing constraints and be commercially viable e.g., demonstrate robust cashflow projections and match funding availability.

Deliverability: Options must be deliverable within the parameters of the 2-year initial investment timeframe, and there must be sufficient organisational capacity and capability to support this.

OPTIONS ASSESSMENT

An options appraisal was carried out in the preparation of this Full Business Case. A summary of the long-listed options considered are shown in the table below.

Option	Description	Shortlisted?
Do nothing	No additional intervention beyond existing Growth Works business advice and support activities	Yes. The do nothing approach provides the obvious benefit of saving public money but misses the opportunity to address any of the challenges set out in the strategic case. Under the do nothing it is expected that a low level of community ownership may occur naturally.
Do minimum	£2.5m Budget used to bolster current Growth Works business advice provision	Yes. The do minimum provides the option against which the preferred way forward will be tested. It considers an option in which the allocated budget for this programme of work is instead allocated to bolstering the existing business advice delivered within the CPCA by growth works. Under this option general business growth will continue to be supported across CPCA but the specific local aims of supporting social capital and community sense of pride will not be addressed. It also doesn't tackle the educational deprivation challenges as set out in the strategic case.
Intermediate option 1	Run a STEM engagement programme only	No. Although this option would save a significant amount of the budget, it is limited in the outcomes it can achieve – it doesn't address the strategic priority of supporting the development of local communities and social capital, nor does it support businesses growth in market towns.
Intermediate option 2	Establish a single SE hub in one of CPCA market towns	No. Under this option a single site would be identified for the establishment of a social enterprise hub in one of the market towns. Although this provides the potential to save some of the budget and is well aligned to the strategic goals of the Market Towns Programme phase 2 programme, it lacks the holistic approach to developing the wider ecosystem of SE and community interest groups / community ownership groups in the region. Establishing a single site as the only intervention within the Market Towns Programme phase 2 also leaves the programme more vulnerable to risk in terms of achieving the desired benefits.

Intermediate option 3	Multiple SE hubs established across market towns	<p>No.</p> <p>Potentially a better approach than establishing a single site – if multiple sites were supported through an umbrella organisation there is the opportunity for much wider knowledge and benefit sharing, and SE ecosystem development. This option also offers the benefits of the hubs to a larger population group by establishing in multiple towns rather than a single location. However, use of the full allocated budget for SE hubs has the potential to reduce the scale and range of potential benefits of the programme, and misses the opportunity for addressing community ownership goals and educational deprivation challenges identified in the strategic case</p>
Intermediate option 4	Full budget used for supporting Community Ownership businesses	<p>No.</p> <p>To ensure the best ongoing results for community groups supported through a community ownership grant scheme it is important to ensure the best opportunities are targeted with a clear and robust level of planning shown by each community group applying.</p> <p>The aim of community ownership grants is to establish truly community owned assets, increasing the scale of investment beyond a certain level runs the risk of moving from grants to support community ownership to an investment fund, inhibit true community ownership.</p> <p>This option also doesn't target the skills challenges identified in the strategic case.</p>
Intermediate option 5 (Preferred option)	Programme of interventions: funding for SE Hub(s) and Community Ownership, and a STEM pop-up exhibit programme	<p>Yes.</p> <p>Within budget and deliverable with the right partners.</p> <p>Delivering a package of interventions across a range of complementary areas provides the opportunity for array of benefits to be realised, whilst reducing risk that any one component under delivers on the desired benefits. Complimentary interventions aimed at the strategic targets gives different avenues to success whilst bolstering each other through development of the SE and community interest group ecosystem.</p>
Do maximum 1	As the Intermediate Option 5 above but with increased funding per community ownership business	<p>No.</p> <p>The funds being provided by the Combined Authority are designed to support, but not replace community funding when looking to take a local business into community ownership, increasing per business funding risks inhibiting genuine community ownership.</p> <p>Given a fixed budget, allocating a larger share of the budget to the community ownership stream in order to increase the grant amount per business also presents the challenge of making the SE hub(s) and STEM engagement programme less deliverable within budget.</p>
Do maximum 2	As the Intermediate Option 5 above but with an aim to establish an SE hub in every market	<p>Yes.</p> <p>This option is shortlisted as the 'do maximum' option which would deliver the benefits most aligned to the rationale set out in the strategic case. However, it presents obvious funding challenges.</p> <p>To deliver this option either:</p> <ul style="list-style-type: none"> the scale of the hubs in each location would have to be greatly reduced.

		<ul style="list-style-type: none"> a high level of match funding would need to be available from partner organisations. or a larger budget than is available for this programme would have to be utilised.
Do maximum 3	As the Intermediate Option 5 above but with the aim to establish permanent STEM exhibits in every market town	<p>No.</p> <p>A key benefit of delivery of the STEM engagement as pop-up exhibits is the ability to reach multiple market towns within a low budget due to the ability to flexibly utilise public asset space for a short period when available (such as space in a local library) at a low or negligible rental cost. Establishing a permanent site in each town would sky rocket the running cost of the programme, due to rental costs, making it unachievable.</p>

OPTIONS SHORTLIST

The assessment of the long list of options produced the following shortlist:

Option 1 - Do Nothing: Growth Works existing provision

Option 2 - Do Minimum: £2.5m extension to business advice provision at Growth Works

Option 3 - (Preferred option): Programme of interventions: funding for SE Hub(s) and Community Ownership, and a STEM pop-up exhibit programme

Option 4 – Do Maximum: Option 3 plus aim to establish SE hubs in every market town

Option 1 - Do Nothing: Growth Works existing provision

The do-nothing option would not require any expenditure and would be the easiest course of action given it is a continuation of current provision. It doesn't directly address the needs identified in the strategic case however has been taken forward to shortlist stage as there is no specific requirement on CPCA to provide an additional intervention beyond the baseline so the 'do nothing' approach is a viable option.

Under this option there is no benefit beyond the ability to redeploy the proposed £2.5m funding elsewhere.

The consequences of the do-nothing approach is set out below:

- No option to expand support to specifically target community vitality, social enterprises, and community ownership.
- Educational deprivation continues to be a challenge in some market towns
- In the long term this option will lead to a continued inequality between urban centres such as Cambridge and the market towns as discussed in the strategic case.

Overall appraisal score against CSFs: **11**

Option 2 - Do Minimum: £2.5m extension to business advice provision at Growth Works

This option would involve providing advice to social enterprises looking to establish/grow and community businesses looking to take public assets into community ownership, supporting them to seek investment, find locations to set up, or implement new ways of working / connect with local networks to aid in growth of their businesses.

One key benefit of this approach is that CPCA currently commissions Growth Works to provide business advice as part of the package of measures aimed at encouraging business growth in the area. As such,

there is an existing delivery model that could be used to provide further and increased growth advice to local businesses in the target areas.

However, **challenges** of this option include:

- Advice alone likely not sufficient for many social enterprises which need space to set up in and space to grow while connecting into a wider SE ecosystem.
- Advice alone likely not sufficient for community groups looking to take assets into community ownership – which grant funding of the scale suggested under option 3 unlocks
- Given the unique market area involved in community ownership, an experienced partner may be better placed to provide guidance and business support to groups looking to develop.
- Doesn't target the skills challenges set out in the strategic case.

Overall appraisal score against CSFs: **10**

Option 3 – (Preferred option): Programme of interventions: funding for establishment of SE Hub(s) and Community Ownership, and a STEM pop-up exhibit programme

Based on the options appraisal scores, this option has been taken as the preferred option as it addresses all the critical success factors and addresses all the relevant challenges set out in the Strategic Case.

Social Enterprises are in need of space to set up, develop, operate, and grow, particularly in CPCA market towns. Hub(s) provide the opportunity for SE organisations to co-locate and develop an ecosystem alongside one another, whilst supporting the local business base and community. They hubs will also provide vital space for communities to come together, increasing access to amenities in the area and bolstering social capital in CPCA market towns. Additionally, it is expected that part of operation of the hub(s) will involve inclusive employment and skills training, supporting skills growth in the adult population.

Similarly, a funding stream to support community ownership businesses will help to increase access to community benefitting amenities and services in market towns, whilst promoting a greater sense of pride and belonging for local people.

Whilst there will be skills development benefits for adults involved in the SE hub(s) project, the pop-up STEM exhibits will engage and inspire young people, increasing aspirations, and reducing educational opportunity disparity across the CPCA.

By offering a mix of interventions this option would meet all the requirements of the strategic case.

Delivery options for each of the proposed interventions above are set out in the Commercial Case.

A full breakdown of indicative costs is set out in the Financial Case.

Challenges of this option include:

- Delivery of this option is more complicated as there are multiple types of funding stream to manage and methods of implementation including internal or external fund management.
- There are multiple procurement options (as discussed in full in the Commercial Case)

Overall appraisal score against CSFs: **15**

Option 4 - Do Maximum: Option 3 with aim to establish SE hubs in each market town

This option is the same as option 3 except that it also includes the goal of establishing a SE hub in each market town. It offers the same range of benefits, well aligned to the strategic case however is considered to be less deliverable within the allocated budget.

Challenges of this option are that in order to deliver either:

- the scale of the hubs in each location would have to be greatly reduced, reducing overall benefits to the community and SE businesses as the resources and assets available at the hub would likely have to be reduced to a level as to no longer be fit for purpose;
- a high level of match funding would need to be sought from partner organisations reducing the likelihood that the hub(s) could be delivered;
- a larger budget than is available for this programme would have to be utilised which is not currently seen as an option.

Overall appraisal score against CSFs: **12**

Shortlist options appraisal scores against critical success factors (scored 0 to 3)

	Meets spending objectives	Strategic fit	Offers VfM	Supplier capacity and capability	Deliverability	Affordability	Total
Option 1 - Do Nothing: Growth Works existing provision	1	0	3	1	3	3	11
Option 2 - Do Minimum: £2.5m extension to business advice provision at Growth Works	1	1	2	2	2	2	10
Option 3 - (Preferred option): Programme of interventions: funding for SE Hub(s) and Community Ownership, and a STEM pop-up exhibit programme	3	3	3	2	2	2	15
Option 4 - Do Maximum: Option 3 with aim to establish SE hubs in each market town	3	3	2	2	1	1	12

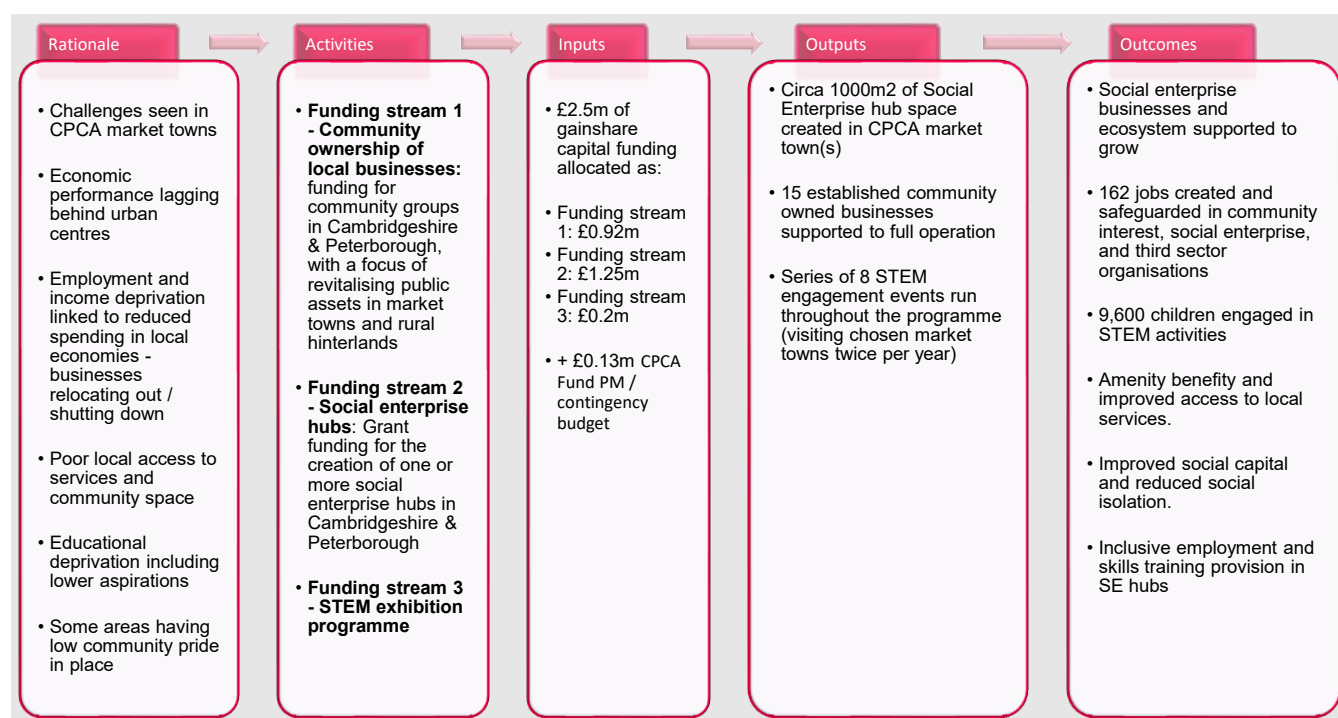
APPRAISAL SUMMARY TABLE

The Outcome Profile Tool has been used to further assess the business case. The use of the Appraisal Summary Table will be considered for the individual funding streams as the programme progresses.

OUTCOME PROFILE TOOL

Sustainable Growth Outcomes	Economic Growth	Health and Skills
Project outcomes	Social Enterprise hub(s) in CPCA market towns, supporting wider SE ecosystem development. Investment which supports third sector organisations Increase in social capital Key community assets saved from closure / restored through community ownership Increase in sense of community pride and belonging	Raised aspirations of young children Reduced educational deprivation Increased engagement with STEM and future potential.
Project outputs	Social Enterprise hub(s) in CPCA market towns, supporting wider SE ecosystem development. Investment which supports third sector organisations 160 jobs created/safeguarded in Social Enterprises, Third 7 jobs per year supported in business scale up 7 net indirect and induced jobs created in business supply	9600 people engaged in STEM extracurricular activities at pop-up exhibits Pop up exhibits ran twice per year in chosen market towns
Project measures	Employee jobs by district and by industrial code Employment in sector by district	Number of visitors to pop-up events
Limitations	The project measures listed above can be considered alongside monitoring data for each of the funding streams.	Despite the likelihood of occurring it is hard to ascertain future changes to educational results of children visiting the exhibits compared to current levels, or the proportion of which will go on to study STEM that wouldn't have otherwise, as such this has not been included in economic calculations.

LOGIC MODEL



ECONOMIC ASSESSMENT

The assessment of economic benefits vs costs has been undertaken in line with the best practice principles set out in HM Treasury Green Book and DLUHC Appraisal Guidance.

Assumptions

- Allocation of £2.5m gainshare capital funding

- All benefits have been adjusted to reflect current prices based on the discount rate of 3.5% in line with standard HMT Green Book guidance
- An appraisal period of 10 years has been used, starting in 2023/24.
- Under all options, spending is assumed to occur over the initial 2 years of the appraisal period.
- Employment benefits assumed to accrue over the second and third year of the appraisal period, with business scale-up benefits occurring over the remaining years. This benefit has been monetised using sector mean wages for the relevant industries.
- Persistence of 5 years has been applied to direct employment related benefits, one year persistency has been applied to induced and indirect employment created in the wider economy.
- Additionality (deadweight, displacement, and leakage) have been considered and applied in line with BEIS additionality guidance.
- Optimism bias of 10% has been applied, in line with the mid point of Green Book supplementary guidance on optimism bias for Standard Buildings. This is considered to be robust considering that it is on top of existing in built contingency cost.

ECONOMIC COSTS OF SHORTLIST OPTIONS

The economic appraisal undertaken in this Economic Case is based on an earmarked budget of £2.5m gainshare capital funding (details set out in the Commercial Case).

Option 1 Costs: Do Nothing: Growth Works existing provision

Under this option there are no associated additional costs beyond the do-nothing scenario.

Option 2 Costs:

Under this option, £2.5m would be used by Growth Works to bolster their current business advice provision.

Option 3 (Preferred option) Costs:

Full details of the capital costings of this option are provided in the Financial Case. A summary is shown below.

Fund Category	Total	FY 1 (2023 /2024)	FY 2 (2024 /2025)
Funding stream 1- Community ownership of local businesses	£920,000	£320,000	£600,000
Funding stream 2 - Social enterprise hubs	£1,250,000	£1,125,000	£125,000
Funding stream 3 - STEM exhibition programme	£200,000	£120,000	£80,000
CPCA Fund PM / contingency budget	£130,000	£60,000	£70,000

Option 4 Costs

Given current soft market testing, to deliver a larger system of SE hubs of the correct size and scale of across all market towns may conservatively require additional funding up to double that currently allocated to the SE hub funding stream.

ECONOMIC BENEFITS (INCLUDING ASSESSMENT OF DEADWEIGHT, DISPLACEMENT, AND LEAKAGE)

The benefits included in this section are:

- Social Enterprise and Third sector jobs created/safeguarded through creation of business start-up space, co-location space, retail space, and co-working space in the Social Enterprise hubs
- Jobs created/safeguarded through community ownership of assets.
- Indirect and induced jobs created in supply chains and wider economy as a result of establishment of hubs, community owned businesses, and associated growth.
- Spending generated in the local economy.
- Amenity benefit through development of vacant sites

SUMMARY BENEFITS TABLE

A summary of the monetised value of the benefits of each option (totalled over the appraisal period) is shown in the table below. The final row shows the discounted total benefits in today's prices (Net Present Value – NPV).

Benefit	Preferred option
Social Enterprise and Third sector jobs created/safeguarded through creation of business start-up space, co-location space, retail space, and co-working space in the Social Enterprise hubs	£2,138,873
Jobs created/safeguarded through business scale-up	£2,401,472

Jobs created/safeguarded through community ownership of assets	£1,168,311
Indirect and induced jobs created in supply chains and wider economy	£283,808
Visits to towns based on STEM exhibits	£42,778
Total benefits (NPV)	£6,528,940

Benefit 1: Direct jobs created

Creation / safeguarding of jobs through the regeneration of community assets under the community ownership scheme - restoring closed down pubs and other community assets to operation. On average, a pub or bar in the UK employs 11 people.¹⁵ Given that the pubs brought into community ownership under this scheme will be in early stages of operation, and potentially smaller than average, we have conservatively assumed they will each employ 6 people in the first years of operation. Based on 15 community owned pubs establishing during the programme, this equates to **90 jobs**.

Employment density guidance¹⁶ has been used to estimate the number of jobs that will be supported by the Social Enterprise Hubs based on the soft market testing carried out during this full business case, and the likely scale of space created for businesses to establish, people to co-work, and retail units to set up. The result of this modelling shows a potential for **70 jobs to be created/safeguarded** throughout the SE hub spaces.

Where the SE hub(s) are likely to have individual units for businesses to establish in, further business employment scale-up has been applied at a rate of 1 additional employee per unit per year. This results in **7 jobs created through scale-up per year**.

Jobs were monetised based on the median weekly earnings in the East of England for the relevant industries using the median of all workers, which is inclusive of part time employees (food and beverage, services).¹⁷

Additionality assumptions:

High Displacement of 75% (50% for scale up jobs) has been applied to the direct job benefits shown above, to account for that, in some cases, assets taken into community ownership may involve employment of staff previously working at the asset and so new jobs have not necessarily been created. This level of displacement also accounts for jobs created that are filled by volunteers at the social enterprise hubs, jobs that will not create the same productivity through wage benefit.

Low leakage of 10% has been applied. It is felt that this is reasonable given the aim to employ people from the local community.

This results in **37 additional jobs** over the first two years of operation of the programme + **3 net additional jobs per year** created through scale up

Benefit 2: Indirect and induced jobs in the supply chain and wider economy

¹⁵ ONS: Economies of ale report

¹⁶ [Employment Densities Guide \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

¹⁷ ASHE table 5.1a Weekly pay - Gross (£) - For all employee jobs: United Kingdom (2022) - broken down by region

Based on the jobs calculated from the above benefit, indirect and induced jobs in the supply chain and wider economy have been estimated using the appropriate sector multipliers.¹⁸

Additionality assumptions

No additionality has been applied directly to this benefit as it has been calculated based on the job numbers from Benefit 1 after additionality has already been applied.

This results in in **7 additional jobs** over the first two years of operation of the programme.

Benefit 3: Additional visits to towns due to STEM exhibits

Public walk ins from families, and associated visits to libraries and other public spaces in which the exhibits will look to be held, has been monetised based on the additional spend in the local economy (cafés, shops, etc), with an average spend of £11.14 applied based on a libraries survey carried out across Scotland, Wales, and NI.¹⁹

An estimated split between school visits and public walk ins of 60%/40% respectively has been applied to the estimated attendance of the STEM exhibits, based on soft market testing engagement.

School visits and associated medium and long term educational/employment benefits are considered too difficult to directly measure and monetise so have been included under wider non-monetised benefits below.

Additionality assumptions

High deadweight of 50% has been applied to account for the likelihood that many of these visits to the local area would have occurred anyway, with the visit to the STEM exhibit included as part of a wider day out.

This results in a net additional spend in the local economy of **£21,389 p.a.**

BENEFIT COST RATIO

Analysis of the costs and benefits as described above, and in line with HMT Green Book and DHLUC guidance over a 10-year appraisal period, result in the BCRs shown in the table below.

	Preferred Option
NPV Benefits	£6,528,940
NPV Public Costs	£2,625,737
Total NPV costs	£3,903,203
BCR	2.49

The preferred option delivers a Benefit Cost Ratio of **2.49**. This represents a high return on investment according to government guidance and benchmarks which defines the value for money (VfM) category as:

BCR	Value for Money
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¹⁸ > Multipliers - Supply, Use and Input-Output Tables - gov.scot (www.gov.scot)

¹⁹ alma-uk-report-2014-economic-value.pdf (scottishlibraries.org) £7.78 average spend in 2014, adjusted for inflation.

Less than 1.0	Poor
Between 1.0 and 1.5	Low
Between 1.5 and 2.0	Medium
Between 2.0 and 4.0	High
Greater than 4.0	Very High

SENSITIVITY ANALYSIS:

Sensitivity tests were carried out to test how sensitive the BCR of the preferred option is to reduced benefits from the expected level of the funding streams. Based on the fixed budget for the programme, and the contingency cost built into the financial case, an increase in cost has not been tested for, instead focussing on changes in benefits.

- Sensitivity test 1: 25% fewer community ownership pubs/assets fully established
- Sensitivity test 2: 25% reduction in SE hub space created
- Sensitivity test 3: Both of the above

The results of these tests are shown in the table below:

Sensitivity analysis	Core scenario	Sensitivity test 1	Sensitivity test 2	Sensitivity test 3
BCR	2.49	2.39	2.14	2.04

In fact, a BCR above 1.5 is sustained until benefits are reduced by 54%. The results of sensitivity analysis combined with the options appraisal show that, even allowing for significant downside risks, a positive net present value and BCR is sustained for the project even if the benefits of the project were to be significantly reduced. Even under such a scenario there remains a strong economic case for completing investment in the project in line with the preferred option.

NON-QUANTIFIABLE BENEFITS

Overall, this project delivers significant economic and social value through job creation and safeguarding in social enterprises, community owned businesses, and the third sector. There are however wider non-monetisable benefits of this project which are crucial to consider when looking at the true value of this programme of work. The value of increasing the social capital and community pride in place across CPCA market towns will have a much more profound impact that it is possible to capture strictly within the monetised benefits highlighted in the section above.

Wider non-monetisable benefits of the programme include:

- Boosting community pride in place through an increased sense of ownership developed through community ownership and management of local businesses.
- Boosting the economic and social vitality in the region's market towns (and reduced social isolation) both through the creation and safeguarding of vital community space as part of the Social Enterprise hub project, and the protection and regeneration of public assets and services through the community ownership project.
- Increased aspirations of local school children in market towns, leading to increased engagement with the education system and an increase in those pursuing further education, in particular in STEM fields, reducing educational deprivation across CPCA.
- Regeneration of vacant assets in town centres and high streets leading to increased access to amenities and contributing to town centre footfall.

COMMERCIAL CASE

INTRODUCTION

The purpose of this commercial case is to set out the commercial options and commercial assurance for the delivery of the three elements of the Market Town Programme phase 2 fund described in this business case – to ensure that best value is secured, and that positive relationships are in place to negotiate challenges in the course of the programme.

COMMERCIAL OPTIONS

Funding stream 1 - Community ownership of local businesses

Through this funding stream, the CA is looking to establish a dedicated support programme, community “support package” and bursary funding for community groups in Cambridgeshire & Peterborough, with a focus of revitalising public assets in market towns and rural hinterlands. CPCA is looking to allocate a total of £800k grant funding to a 15 community interest groups and third sector organisations up to a maximum of £50k each to take up the ownership and operation of local pubs and assets at risk to closure or already closed down. CPCA scoped the following options for delivering the grant:

#	Option	Response
1	Fund managed in house via funding call to community organisations	<p>Under this option, CPCA will manage the grant fund in-house and directly award the grant to community interest groups and third sector organisations via a competitive fund bidding process.</p> <p>This option would include the following broad stages:</p> <ul style="list-style-type: none"> - Funding engagement event / Eol launch - Funding launch - Applications assessment - Award - Grant agreement. <p>The applicant organisations will be asked to evidence the financial sustainability of their proposed commercial model as part of their bidding application and provide evidence of their capability and capacity to deliver, including their match funding. It is expected that applicant organisations will require specific support at bidding stage and prior to acquire any asset to develop viable and sustainable commercial model propositions. The funding award process will also need to be guided by panellists with the right expertise to validate the credibility and viability of the commercial delivery models proposed by the applicants and award the best solutions, limiting the risk of failure.</p> <p>This option is not recommended as CPCA does not have the capacity, capability, and expertise to deliver and manage such fund and support programme in-house.</p>
2	Award a third sector fund manager via a fund call to manage the fund launch, grant allocation and monitoring	<p>This option would consist in the selection of a third sector fund manager via a funding call. The awarded fund manager will have the expertise and capacity to manage the fund and grant allocation to third sector organisations, as well as provide a dedicated support package to such organisations.</p> <p>This option would include the following broad stages:</p> <ul style="list-style-type: none"> - Funding engagement event / Eol opens

		<ul style="list-style-type: none"> - Funding launch - Award of fund manager - Grant agreement <p>Under this option, CPCA will launch an EoI followed by a fund call to award a third sector fund manager that will responsible for the grant management, allocation process and reporting to CPCA. The selected fund manager will be a leader in the market for delivering such schemes and will need to prove the expertise and track record for delivering capacity building programmes and wider business support to community organisations taking ownership of public assets.</p> <p>Under this option, it is recommended that a panel made of CPCA's appointees and advisory experts from the selected fund manager will set out the criteria for allocation of the community business grants and approve final awards. The fund manager will then enter into grant agreements with the awarded organisations.</p> <p>This option is recommended due to high level of expertise and track record required to delivered such funding scheme and supporting programme. Management risks will be transferred to the awarded fund manager.</p>
3	Direct award to a third sector fund manager to manage the fund launch, grant allocation and monitoring	<p>This option would be possible if, following the Expression of Interest (EoI) as per above, CPCA received a single response only.</p> <p>If this is the case, CPCA will be able to give direct award to the only third sector fund manager that responded to the EoI, without having to go through a full funding call process - subject to the applicant meeting the objectives and criteria set out by the CA.</p> <p>In this situation, this option is the preferred one, as it will reduce delivery timeframe.</p>

Funding stream 2 - Social enterprise hubs

Through this funding stream, CPCA is looking to allocate a total of £1.25m grant funding for the creation of one or more social enterprise hubs in Cambridgeshire & Peterborough, with a focus of supporting social entrepreneurship in market towns and rural areas. As part of a soft market testing exercise undertaken throughout January and February 2023, the CA has been working with the Social Enterprise East of England (SEEE), the primary operator in the sector in the region, to identify possible site(s) to host the hub(s) and discuss requirements from third sector organisations for operating such sites. The CA scoped the following options for delivering the grant:

#	Option	Response
1	Open tender procurement of a third sector hub operator(s) followed by a concession agreement	<p>This path is the most suitable if CPCA intend to: lease out a CPCA owned space to a potential hub operator; buy/rent a space themselves to then lease out to a potential hub operator. CPCA will spend the grant for purchasing/refurbishing such space and then will enter into a concession agreement with the awarded operator via open tender process.</p> <p>This option would include the following broad stages:</p>

		<ul style="list-style-type: none"> - Market engagement - Open tender - Award - Concession agreement <p>This option is not recommended due to the non-availability of a suitable CPCA owned space. Purchasing or letting a space will generate higher risks to CPCA. It will also involve a longer timeframe due to the steps needed to identify such space, enter into a rental/purchase agreement, run the open tender, and ultimately award an operator(s).</p>
2	Funding launch followed by a grant agreement (Fund managed in house)	<p>This path is the most suitable if CPCA does not have – or does not intend to purchase/rent - a space. CPCA will select a single operator, a consortium of operators, or multiple individual operators as part of the fund bidding process and assessment.</p> <p>This option would include the following broad stages:</p> <ul style="list-style-type: none"> - Funding engagement event / EoI opens - Funding launch - Award - Grant agreement <p>The awarded organisation(s) will enter into a grant agreement with CPCA and will be required to spend the grant to purchase/lease/refurbish a suitable space that they have identified for the delivery of social enterprise hub. The selected organisation will be responsible for resourcing the operation, management, and maintenance of the hub. The applicant operator(s) will be asked to describe their financial sustainable commercial model at bidding submission.</p> <p>Under this option, the CPCA will manage the grant fund in-house. It is recommended that a panel made of CPCA's appointees will set out the criteria for allocation of the grant and approve final awards will set out the criteria for allocation of the grant and approve final awards.</p> <p>The management case provides the delivery track record and assurance that CPCA have the capacity and capability to manage this type of fund in-house, based on similar grant programmes been delivered in recent years.</p> <p>This option is recommended.</p>
3	Selection of a third sector fund manager via direct award to manage the fund launch, grant allocation and monitoring	<p>Under this option, the fund will be directly allocated to the Social Enterprise East of England (SEEE) as primary social enterprise operator in the region. The SEEE will act as fund manager and be responsible for the allocation and management of the grant to third sector organisations that deliver accordingly to the purpose and criteria of the grant fund.</p> <p>Under this option, it is recommended that a panel made of CPCA's economic development and Growth Works, regeneration, and community team senior officers and SEEE representatives will set out the criteria and assess the bids. SEEE will then enter into grant agreement with the awarded organisations. CA members of the panel</p>

		<p>would also be expected to help connect/refer third sector organisations with the support available.</p> <p>This option is preferred. The SEEE already engages with social enterprises, and it is expected that partnering with this regional operator to deliver the fund, will drive strong community benefit. Management risks and monitoring responsibilities will be transferred to SEEE.</p>
5	Selection of a third sector fund manager via funding call / open procurement process to manage the fund launch, grant allocation and monitoring	<p>This option will involve the selection of third-party fund manager via open funding call / open procurement process to manage the fund and grant allocation to third sector organisations.</p> <p>As above, under this option it will be the awarded fund manager to enter into a grant agreement with the organisations selected to deliver the hubs and be responsible for the management and reporting to CPCA.</p> <p>This option is not recommended due to the associated additional cost that this would incur and much longer timeframe that it would involve.</p>

Funding stream 3 - STEM exhibition programme

Under this third funding stream, CPCA intend to disburse a £200k grant to support the capital element of an educational programme, to be delivered via pop-up science centres, located in community asset buildings in the Cambridgeshire & Peterborough market towns. The pop-up centres will be accessed by children, families, schools, and adult groups and aim to raise awareness and aspirations for STEM related study and careers.

#	Option	Response
1	Delivered in house via Growth works	<p>Under this option Growth works will deliver the educational programme.</p> <p>This option would be more appropriate for a one-off event rather than a two-year programme. Growth works does not have the capacity and capability to deliver such programme over the period identified.</p> <p>This option is not recommended.</p>
2	Funding launch followed by a grant agreement to awarded third sector education provider	<p>This option would include the following broad stages:</p> <ul style="list-style-type: none"> - Funding engagement event / EoI - Funding launch - Award - Grant agreement <p>This path is the most suitable if there are more than one third sector educational providers, locally based, with the right skills and expertise to deliver such programme. Under this option, CPCA will disburse the grant to the selected provider as part of the fund bidding process and assessment.</p> <p>During soft market testing only one organisation has been identified eligible for delivery of this programme. This option is viable but not recommended as it will involve longer delivery timeframe and higher associated costs.</p>

3	Selection of a third sector education via direct grant award following a single response to Eol	<p>This option would involve the launch of an Expression of Interest (Eol) before direct award. If only one response is received, CPCA will be able to give direct grant award to the only third sector provider that responded to the Eol, without having to go through a fund launch application as per option 3.</p> <p>Under this option the grant will be directly awarded to the identified organisation. The awarded organisation will enter into a grant agreement with the CA and will be required to spend the grant to cover the capital costs to deliver the programme (e.g. equipment, space rentals, etc.), and within the conditions set out in the grant agreement. It is expected that the awarded organisation will have the financial resources (or will be able to raise the financial resources) needed to run the programme over two years as per grant agreement.</p> <p>During soft market testing, CPCA has identified only one suitable third sector organisation locally based with the skills, expertise and resources to deliver such programme.</p> <p>This option is preferred.</p>
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PROCUREMENT STRATEGY

The overall fund will be delivered via direct grant awards or via funding calls. Procurement is not required for any of the funding streams.

DELIVERY MODEL AND COMMERCIAL ARRANGEMENTS

Funding stream 1 - Community ownership of local businesses

The preferred model is that a **dedicated third sector fund manager** would be awarded £120k over two years to manage the allocation of £800k grant funding to community groups on behalf of CPCA (as the Accountable Body).

It is recommended that CPCA will launch a funding call to identify the right third sector fund partner to manage the grant. In the case that following the launch of an Expression of Interest (Eol), CPCA would receive only one response from one applicant, CPCA will be able to give direct award to the only fund manager that responded to the Eol, without having to go through a full funding call, subject to the applicant meeting the objectives and criteria set out by the CA. If this is the case, appointment of the fund manager partner will be expected in April 23.

High-level grant agreement specification between CPCA and the fund manager

CPCA will enter into a **grant agreement** with the selected third fund manager. The fund manager will have a direct operational relationship with CPCA Economic Development team. At a high level, the fund manager will be responsible for:

- Sourcing opportunities / Promoting community pubs and the benefits of community ownership
- Supporting community in developing viable business propositions
- Programme and fund management
- Investment decision making, grant assessment and allocation
- Performance and output monitoring

The initial term of the contract will be for 2.5 years (with capital grant to be disbursed/spent to third sector organisations within the first 2 years and the final 6 months for monitoring and reporting). The fund manager will ensure FCA compliance as necessary.

Fund decision making process

Detailed design of the 'Community ownership of local businesses' fund itself will be done with the fund manager once appointed. At this stage, it is envisaged that the fund will be administered through a bidding process, led and managed by the fund manager partner.

It is recommended that an advisory panel made of CPCA's economic development and Growth Works, regeneration and community team senior officers and the fund manager advisors will agree the eligibility criteria for allocation of the grant and authorise final awards. The fund manager will then enter into **grant agreement** with the awarded organisations. CPCA representatives would also be expected to assist with promotion of the dedicated support and help to connect/refer interested community groups with the support available.

High level fund award criteria will be based on:

- Meeting the fund objectives
- Meeting the eligibility criteria (e.g. third sector organisations, capital spend and timeframe requirements)
- Match funding contributions and likelihood to raise additional finance
- Financial sustainability of the proposed models
- Outputs and impact expected to be generated

The market for this type of fund management is very specific. During an initial soft market testing activity, CPCA has identified a preferred specialist supplier that matched CPCA delivery requirements, the **Plunkett Foundation**. The Plunkett Foundation operates at national scale, with specific experience and track record of managing similar grants to support local community groups to take ownership of local pubs and public assets across the UK.

The CPCA intention is however to ensure that all suitable suppliers are identified, and the supplier appointed has the expertise and competence to deliver the requirements of the project. It is also necessary to ensure that the awarding process is undertaken in accordance with the proposed timeframe to meet political and board level expectations, and to make a positive impact on local groups.

To this effect, the opportunity will be advertised via the **CPCA website**, initially via an Expression of Interest form. Any existing suitable organisations identified will also be informed of the opportunity to bid to maximise the likelihood of a successful outcome.

As stated above, given the specific skillset and expertise required, if, following the launch of an Expression of Interest (EoI), only one response is received, CPCA will reserve the right to directly grant award such provider, subjected to meeting the requirements set out in the EoI, without going through full procurement.

Pipeline and commercial assurance

Initial engagement with Plunkett foundation, as part of the soft market testing exercise, has highlighted the potential to support both new and existing community businesses in the CPCA area via this funding stream to achieve CPCA objectives and outcomes described in the economic case.

According to Plunkett [2021 Impact Report](#) the chances of community pub groups successfully reaching trading status when supported through an adviser or a bursary, increased from 1 in 10 to 1 in 3.

There are currently four existing community-owned pubs in the Cambridgeshire area. These successful examples of community ownership can be used to facilitate peer learning and mentoring, to share case studies at regional networking events and inspire other communities in the area to consider the community ownership model.

According to Plunkett foundation's²⁰ there are currently 49 pubs in the Cambridgeshire area listed as Assets of Community Value.

The programme could be more impactful if eligibility is widened to other asset types. Plunkett is aware of 12 open and trading community businesses in the Cambridgeshire area and a total of 15 rural pipeline groups – including pubs, shops, sports clubs, and community-led housing projects. A wide-reaching communications campaign, including outreach work with regional media, will raise awareness of the community business model and increase interest in community ownership and the support delivered through the programme.

Funding stream 2 - Social enterprise hubs

The preferred model is that either CPCA or the Social Enterprise East of England (SEEE), following direct award, will manage the grant allocation to third sector organisations via a fund call. Grant allocation in the range of £200-600k will be given to **one, a consortium of, or multiple individual third sector organisations** via a funding call process, based on meeting the fund eligibility requirements and value for money.

High-level grant agreement specification

The grant agreement with the awarded organisations will be for 2.5 years (with capital grant to be spent within the first 2 years and the final 6 months for monitoring and reporting).

High level fund award criteria will be based on:

- Meeting the fund objectives
- Meeting the eligibility criteria (e.g. third sector organisations, capital spend and timeframe requirements)
- Proved track record
- Match funding contributions and likelihood to raise additional finance
- Financial sustainability of the proposed models
- Outputs and impact expected to be generated

Fund decision making process

CPCA or SEEE will be directly responsible for the grant disbursement through a funding process.

In both cases, it is recommended that an advisory panel made of the CA's economic development and Growth Works, regeneration and community team senior officers will agree the eligibility criteria for allocation of the grant and authorise final awards to third sector organisations. CPCA or SEEE will then enter into grant agreements with the awarded organisations.

Initial engagement with Social Enterprise East England (SEEE), as part of a soft market testing activity, has shown the potential to support more than one organisation under this funding stream with benefits of having multiple hub locations in different market towns rather than one single hub.

It is however CPCA's objective that such hubs, despite being unique, are designed and developed collaboratively under a partnership approach between hub operators, so that they will be serviced and managed on the same principles of collective action and sustainable change. The hubs will support the growth of social entrepreneurship and the social economy ecosystem across market towns and rural areas, providing co-working / business startup space for social enterprises alongside community space and a retail offer for residents and communities.

SEEE has reached out to a number of organisations and contacts within the Cambridgeshire and Peterborough areas to scope potential projects and location for the social Enterprise Hub while also reviewing suitable properties coming up for sale. Beyond **SEEE**, other organisations engaged include: **Allia, The Ferry Project, Shift Momentum and Together Culture.**

²⁰ [Map \(site.com\)](#)

Grant funding will be disbursed through a **competitive bidding process**. CPCA's intention is to ensure that all suitable organisations and location are identified, and the operators appointed have the expertise and competence to deliver the requirements of the project. It is also necessary to ensure that the funding process is undertaken in accordance with the proposed timeframe to meet political and board level expectations, and to make a positive impact on local third sector organisations and communities.

To this effect, the fund will be advertised and launched via the **CPCA website**. Any existing suitable organisations identified will also be informed of the opportunity to apply to maximise the likelihood of a successful outcome.

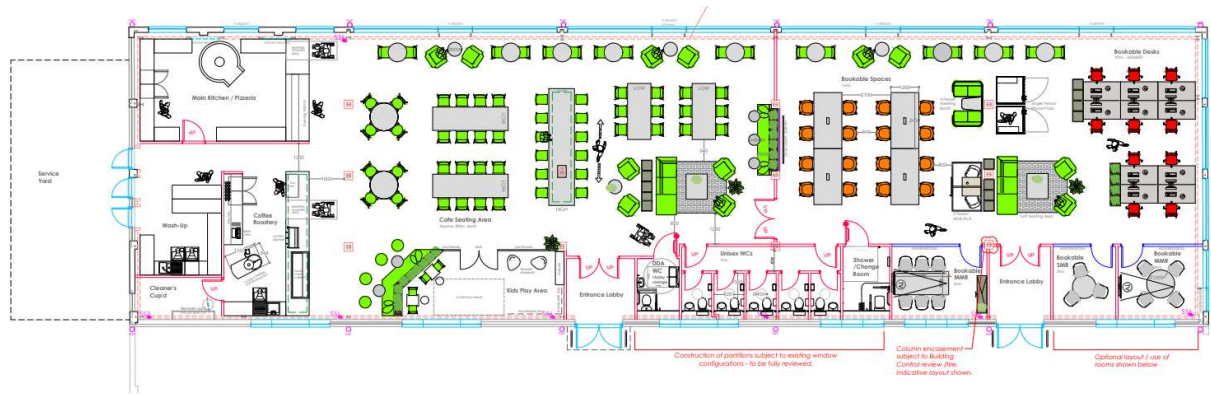
Pipeline and commercial assurance

As part of SEEE early engagement with local social enterprises, three potential suitable hub spaces have been identified:

1. **Papworth Everard** – a refurbished historic building shell (Papworth Printworks) recently acquired by **Allia**, a charity organisation that support the growth of local business communities. The 1929 building formed part of the early work of Papworth Trust providing therapeutic employment to recovering TB patients. It is approx. 5,700 sq. ft. open plan space, with potential to be fitted out in a variety of attractive internal layouts. The building is next door to a county council office and opposite the old Papworth Hospital site which will be subject to future development, as well as all the existing and recently built housing. The building has been recently completed to shell finish and handed to Allia under the planning agreement. Allia has already identified a local social enterprise that could provide the anchor operation and deliver:
 - Food and beverage offering based on pizzeria and craft beer;
 - Coffee roastery business;
 - Mission to train and employ young people and people with disabilities (in keeping with the history of Papworth especially the Papworth Trust) with skills training in the core business areas of pizza, coffee and customer service.

In addition the space would enable a blend of co-working and co-creating space to create flexible and empowering environments where social entrepreneurs can connect, learn and grow together. Potentially, subject to community engagement, there will be access to a suite of facilities and media assets, including a podcast room, video editing suite, creative space, and co-working space, such that local people will have the facilities and support they need to turn their ideas and talents into social enterprises; ensuring that no good idea, talented individual, or inspired group is wasted. Social enterprise project and tenant ideas including repair café, refill shop, wholefoods and other circular economy opportunities.





2. **Wisbech - SEEE, Allia and the Ferry Project** are currently exploring together the development of a modular hub (7 units for a total of ca. 3,000 sq.ft.) to be installed in an underused courtyard beside the Queen Mary Centre, a community space located in Wisbech. The modular development will provide flexibility in the development of the facilities to respond to what is needed locally. It is likely to include a community food project linked to the Queen Mary Centre and workshop spaces for a Men's Shed type venture and other repair/circular economy enterprises, as well as potential for media facilities for podcasts and video editing, and co-working spaces.



3. **St Neots - Shift Momentum and Together Culture** are local charity organisations, currently exploring with local communities the fit out of a property in St Neots to be developed as a **Citizen Studio**. The studio will support and grow local enterprises and new cooperative initiatives via a 'coGrow' and 'coRetail' facilities model. These facilities will offer cost-effective shared resources to small and micro businesses, allowing them to reach customers and test products while providing unique, locally produced offerings to the local community.

Delivery track record of the above organisations are provided in later sections. **CPCA or SEEE intend to obtain further details on these proposals as well as other project proposals from organisations**

not yet reached out during the soft market testing as part funding bidding process. Nonetheless, the above proposals provide an illustration of what can be achieved using this fund.

Funding stream 3 - STEM exhibition programme

The preferred model is that CPCA will launch an EOI followed by direct award in the case only one response is received.

High-level grant agreement specification

Grant disbursement will be delivered via a 2.5 year grant agreement (with capital grant to be spent within the first 2 years and the final 6 months for monitoring and reporting) and subject to Cambridge Science Centre providing evidence of:

- Meeting the fund objectives
- Meeting the eligibility criteria (e.g. third sector organisations, capital spend and timeframe requirements)
- Proved track record
- Match funding contributions and likelihood to raise additional finance
- Outputs and impact expected to be generated

Fund decision making process

During soft market testing activity, CPCA has identified a local specialist supplier that matched CPCA delivery requirements, the **Cambridge Science Centre**, a local educational charity running pop-up exhibits and interactive science shows for young people (mostly aged 7-13 years old).

It is however CPCA's intention to ensure that all suitable delivery partners are identified and an EOI will be launched, and responses assessed, in accordance to value for money and fund criteria, prior any direct award.

Pipeline and commercial assurance

Initial engagement with the Cambridge science centre has identified potential locations for the pop-up exhibits in **Wisbech** (Wisbech museum) and **Chatteris** (training centre at Stainless Metalcraft) and is in discussion for two other potential locations in **Ramsey** and **March**. CPCA is also in conversation with the library services team to identify possible suitable library locations to host the exhibits. The preference will be to take up council/public sector and educational facilities. Where not possible, a commercial short term agreement for private spaces will be considered. The use of the building space should be maximised so that during the 2 months of opening per location the exhibit will be opened for 7 days a week, with after school opening times to allow access to residents, families and wider community.

POTENTIAL PROVIDERS AND DELIVERY PARTNERS' TRACK RECORD

The following potential partners have been identified during a soft market testing exercise undertaken throughout September- January 2023.

An EOI prospectus followed by a funding prospectus (as needed, dependant on EOI responses) will be produced to set out funding criteria and will be advertised on CPCA website and shared with a wide range of stakeholders, including delivery partners, constituent local authorities and public sector partners, local community interest & business groups and expert agencies. Communications and PR activity on the Programme will be coordinated by CPCA staff and will be involved as appropriate for project funders. Suggested delivery partners include:

Funding stream 1 - Community ownership of local businesses

#	Potential Provider	Track Record
1	The Plunkett Foundation	Established in 1919, the Plunkett Foundation is a national charity which helps predominantly rural communities UK-wide to tackle the issues they face by promoting and supporting community business. Community businesses are

	<p>enterprises that are owned and run democratically by members of the community and on behalf of the community.</p> <p>In the last 15 years alone, Plunkett has provided practical support to help over 700 rural community businesses to establish, including shops, pubs, woodlands and many things in-between. In addition to practical support, Plunkett also seeks to represent the interests of community businesses through its communications, policy and advocacy work. They are members of a number of national partnerships such as the Rural Coalition and Communities Partnership Board; they work closely with government departments such as MHCLG and DEFRA and have strategic partnerships with funders and infrastructure bodies throughout the UK, including ACRE, Locality, Co-operatives UK, and Power to Change. Plunkett has adopted and promotes the Power to Change definition of a community business, in that the businesses they work with will be locally rooted, trading for the benefit of the local area, be accountable to the community and have broad community impact.</p> <p>Plunkett support projects, groups and businesses using multiple legal forms, as long as they uphold these principles. Plunkett has a set of model rules for Community Benefit Societies, approved by the FCA, which speeds up the registration process for new groups. This legal form is often adopted by the groups they work with.</p> <p>Evidence from their latest 2021 Impact report found that when supported by Plunkett through an adviser or a bursary, the chances of community pub groups successfully reaching trading status increased from 1 in 10 to 1 in 3.</p>
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Funding stream 2 - Social enterprise hubs

#	Potential Provider	Track Record
1	SEEE	<p>Established in 2005 as a regional network and support organisation for social enterprises. SEEE are a partner organisation with Social Enterprise UK, have a membership of 250 social enterprises, with a wider community of approximately 2,000 social enterprises and stakeholders. SEEE's purpose is to promote, empower, connect, and grow the social enterprise sector by:</p> <ul style="list-style-type: none"> • Promoting and facilitating a thriving social enterprise network to help individual enterprises be collectively more impactful. • Delivering projects and services to inform, inspire, upskill, and grow the sector. • Linking our members with decision makers and funding opportunities to give them a voice and a chance to influence and prosper. • SEEE Board has a wealth of experience in the social enterprise sector, and experienced consultants who deliver our research, training, events and other activities. <p>Being partner organisation with Social Enterprise UK means that SEEE have access to the latest research and policy development relating to social enterprises and the markets in which they operate, and understand local challenges. SEEE has extensive experience of providing support and consultancy at all levels. For individual businesses, advice is provided on measuring impact, planning for growth, social investment, public sector</p>

		<p>commissioning and procurement, etc. Whilst work with large organisations and policy makers covers consultancy and research on:</p> <ul style="list-style-type: none"> • Supporting new social enterprises • Helping existing social enterprises to develop and grow • Researching the social enterprise sector • Implementing advice for social enterprises following their own research – for example they carried out a research project in Essex around investment readiness • Developing social enterprise networking, including Social Enterprise Place • New thinking on commissioning and public procurement for social value • Building capacity within statutory organisations to work effectively with social enterprises.
2	Allia	<p>Founded in 1999, Allia is a charity that helps small businesses and charities to develop, grow and achieve their impact aims, through a range of ways:</p> <ul style="list-style-type: none"> • Future Business Centres that support local business communities; • support programmes that help entrepreneurs and ventures to grow their ideas and businesses; • advising and arranging responsible finance for charitable organisations. <p>Wider initiatives across the UK include housing, cleantech and social innovation. Allia has a strong track record in helping hundreds of start-ups, small businesses, and impact ventures to develop and scale, enabling significant regional employment opportunities, transforming communities, and creating positive impact for people, place and planet.</p> <p>Allia has currently purchased the Papworth Printworks building which could become one of the social enterprise hubs.</p>
3	Ferry Project	<p>Established in 1998, Ferry Project is an award-winning social enterprise and registered charity that helps homeless people in Fenland. Their aim is not simply to provide accommodation, but to give people the skills they need to enable them to live independently. These include life skills such as cooking and cleaning, education courses, vocational training, volunteering, and employment opportunities.</p> <p>Allia and the Ferry Project are long-standing partners with a track record of working together and with others successfully, including, most recently, completing a successful £450,000 scheme of 6 modular housing units in Wisbech to tackle homelessness.</p> <p>The Ferry Project is currently running and managing the Queen Mary Centre in partnership with Cambridgeshire County Council.</p>
4	Together Culture	<p>Together Culture was established to develop physical space for creative individuals to gather and work, where talents can be nurtured and where people with different backgrounds and from all communities can be heard, valued, and encouraged.</p> <p>Together Culture are experts in community building and design thinking, and they aim to inspire and activate communities to develop more creative solutions for more prosperous, inclusive and ecological economic outcomes</p>

		for all. Together Culture gathers a likeminded community of people who participate in the economic shift as advocates, funders, entrepreneurs, and early adopter customers. Their membership model works to root a multi-generational and socio-economic varied community in shared purpose and provide connections for wellbeing as well as pathways into social enterprise for people who might not have that aspiration, or access to the resources (equipment, colleagues, and seed capital) that would enable them to do so.
5	Shift Momentum	Established entrepreneurial consultancy dedicated to the development and growth of individuals, businesses, and communities. This is delivered by creating programmes to reduce young people at risk of NEET, supporting the growth of new and existing businesses within local communities, or working with organisations who want to stay ahead of change to find new and better ways of resolving critical social challenges.

Funding stream 3 - STEM exhibition programme

#	Potential Provider	Track Record
1	The Cambridge Science Centre	Cambridge Science Centre is a hands-on children's science centre based in central Cambridge – a fun and educational home to our hands-on exhibits and interactive science shows. Their professional science communicators deliver fun, memorable, educational experiences for young people (mostly aged 7-13 years old). All their science activities are hands-on and interactive. Young people learn best when they get the chance to explore and experiment for themselves in a more informal, playful environment. They have taken life-enhancing educational experiences to over 400,000 young people since 2013 through visits to over 300 schools and over 100 Street Science pop-up events.
2	STEM TEAM East	STEM TEAM East is an educational charity working with businesses and educational institutions to inspire and enthuse young people about Science, Technology, Engineering and Mathematics. They hold the STEMNET (www.stemnet.org) brokerage contract for Cambridgeshire providing information to all schools and colleges on the STEM enhancement and enrichment activities which are available to them. They are also the Science and Engineering Ambassador (SEA) contract holder for the management and coordination of SEAs in Cambridgeshire. The SEA's scheme takes working scientists, technologists, engineers, and mathematicians into schools to run activities and act as role models. This helps raise young people's awareness of careers in business and industry and enables them to make links between their school based learning and the world of work.
3	Imagineering Foundation	An education charity which aims to introduce young people of 8-16 years to the world of engineering, science and technology through fun, hands-on activities and personal involvement.

SUBSIDY CONTROL

Subsidy control compliance

- The grants will be provided to third sector organisations only. Third sector organisations are primarily voluntary and community, such as associations, charities, community interest groups, mutuals and cooperatives.
- No subsidy control concerns are expected to arise as part of this Market Towns Programme phase 2 investment. The subsidy will be given by the CPCA to third sector organisations, community interest

groups, locally-based community-owned businesses and social enterprises to support solutions that benefit local residents. By strengthening and improving the local third sector activity the grant will positively target the economic vitality, inclusion and renaissance of the sub-region's market towns and rural hinterland and their residents and is well-aligned to local and regional policy objectives.

- The subsidy is proportionate and limited to what is necessary to achieve CPCA objectives. The subsidy will not compensate for costs that third sector organisations would have funded in the absence of this Market Town Programme phase 2 investment and will be utilised only to deliver the project interventions as per grant agreement.
- The subsidy does not adversely affect trading conditions to an extent contrary to the common interest, instead supporting the resilience of the third sector within the Cambridgeshire and Peterborough's towns economy.

De minimis

- This subsidy element received by successful applicants is expected to fall within the de minimis threshold and safeguards will be put in place to ensure that community-owned businesses certify their ability to receive de minimis funding within the thresholds. There is a de minimis provision set out in the Subsidy Control Act 2022 pursuant to which subsidies which do not exceed £315,000 over three fiscal years will fall outside of the subsidy control law. However, this covers all the subsidies received by the recipient in the three year period.
- The Subsidy will be paid by CPCA to third sector organisation directly or via a fund manager (in the case of funding stream 1, which is also expected to be a third sector/charity organisation themselves), and the majority of beneficiaries (residents and organisation frequenting the hub, using the community owned pubs, etc) will not act as economic actors. However, to the extent that some users of the social hub / public assets to be developed will operate as economic actors (e.g. social café', etc), we have assumed that the amount of any aid received by such users will be far less than £315,000 and therefore de minimis.

Effect of a subsidy existing

The Project does not appear to involve a Prohibited or Conditional Subsidy, nor fall within the regime which requires notification to and clearance from the Competition and Markets Authority pre-grant. It must nevertheless comply with the seven principles set out in the Subsidy Control Act 2022. Legal advice will be provided by the CPCA legal team if necessary.

WIDER CONSIDERATIONS

None.

FINANCIAL CASE

INTRODUCTION

The purpose of the financial case is to demonstrate the affordability and funding of the preferred option.

APPROACH TO FINANCIAL CASE

Given this project does not involve complex financing mechanisms, but rather grant funding from central resources, and given the programme only runs over two years, this case is necessarily brief.

FUNDING BREAKDOWN BY FUND STREAM AND YEAR

The CPCA Board has approved a total of £2.5m gainshare capital fund to be delivered via the Market Town Fund Programme phase 2 described in this business case. CPCA has identified three funding streams to be delivered under the programme with the following allocation (shown below).

Cost type	Description	Total	FY 1 (2023 /2024)	FY 2 (2024 /2025)	Funding source	FY 1	FY 2
Fund stream 1 - Community ownership of local businesses							
A&A	Third party Fund management / PM costs @ 15% of Funding Stream 1	£120,000	£70,000	£50,000	Gainshare Capital Fund	58%	42%
A&A	Small Grants (Enabling costs)	£125,000	£125,000		Gainshare Capital Fund	100%	0%
Capital	Large Grants (Capital costs)	£675,000	£125,000	£550,000	Gainshare Capital Fund	20%	80%
	Sub total	£920,000	£320,000	£600,000			
Fund stream 2 - Social enterprise hubs							
Capital	Grants (Capital costs)	£1,250,000	£1,125,000	£125,000	Gainshare Capital Fund	90%	10%
Fund stream 3 - STEM exhibition programme							
Capital	Grants (Capital costs)	£200,000	£120,000	£80,000	Gainshare Capital Fund	60%	40%
CPCA Fund PM / contingency budget							
A&A	CPCA Fund management / PM costs (0.2 FTE) / specialist procurement / legal advice	£25,000	£12,500	£12,500	Gainshare Capital Fund	50%	50%
Capital	Contingency budget @ 4% of total costs (inflation, raising capital costs, etc.)	£105,000	£47,500	£57,500	Gainshare Capital Fund	45%	55%
	Sub total	£130,000	£60,000	£70,000			
Total A&A (Management and enabling costs) @11%		£270,000	£207,500	£62,500			
Total Capital (Grants) @89%		£2,230,000	£1,417,500	£812,500			
Total		£2,500,000	£1,625,000	£875,000			
						65%	35%

Ongoing administrative, delivery and ancillary works costs to support delivery of the programme and enable the funding to be capitalised has been noted as Administrative and Ancillary Costs (A&A). The overall A&A amounts to 11% of the total funding and complies with the 15% A&A limit. A&A fund covers:

- Resources / PM
 - specialist fund management to deliver Funding Stream 1 grants (outsourced to a specialist third sector fund manager), including specialist advice, PM and advertising/comms costs;
 - internal CPCA PM resources to manage the overall fund delivery;
- Specialist professional fees:
 - specialist CPCA procurement and legal advice required for assuring compliance of the funding call process and preparing grant agreements with third sector organisations.
 - Enabling grants as part of the funding stream 1 to cover early-stage costs of setting up a community pub, such as specialist business/commercial advice, registering as a Community Benefit Society, property valuations and surveys, legal fees, design fees, etc.

PROJECT COST BREAKDOWN

Detailed project cost breakdown will be explored at bid assessment stage. Suggested high level funding breakdown is reported below. Activities and associated funding allocation will be flexible and will be finalised with potential delivery partners during proposals assessment and prior to grant award.

Funding stream 1 - Community ownership of local businesses

Based on the preferred delivery model identified in the commercial case, under this funding stream CPCA is proposing to allocate:

- **£120k** Gainshare Capital Fund (A&A) to a third-sector fund manager to manage the delivery of the grant fund over two years
- **£800k** Gainshare Capital Fund to community interest groups and third sector organisations up to a maximum of **£50k each** to take up the ownership and operation of local pubs and assets at risk to closure or already closed down. The overall grant amount is made of:
 - **£125k** Gainshare Capital Fund (A&A) in the form of small grants to fund enabling costs;
 - **£675k** Gainshare Capital Fund in the form of larger grants to fund development costs.

The grant fund programme will be designed in detail once the external fund manager has been appointed. However, for the purpose of this business case, we made the following assumptions which will need to be revised and reassessed by the appointed third-party fund manager. Broadly, it is recommended that this funding stream should aim to support organisations with:

- Small grants in the range of £2,000 to £10,000 to c.a. 25 organisations to cover enabling costs and early-stage costs of establishing a community business / setting up a community pub. The small grants will help them develop sound commercial and delivery propositions and will cover costs such as registering as a Community Benefit Society, property valuations and surveys, legal fees, architects fees, etc;
- Follow up larger grants in the range of £40,000 – £48,000 to c.a. 15 organisations which demonstrate strong viable and impactful proposals, capability to raise communal investment from the community partners and other funding bodies and with the highest probability of reaching trading stage. The follow up grant can only be used to cover capital development costs of the pub/public asset. These costs include: **asset costs acquisition, construction/refurbishment costs, fit-out costs, and professional fees** (e.g. design, survey, legal, planning fees).
- Overall each organisation should receive a total maximum grant fund of £50,000. The suggested number of grant recipients is based on statistics provide by Plunkett Foundation, engaged as part of soft market testing, and a market leader in delivering this type of programme.

- £120,000 will be awarded to the third sector fund manager to cover costs associated with marketing and promotion of the fund, project management and fund management, including proposal assessments and monitoring.
- It is also expected that the fund manager will provide **match funding contribution** to activities, as part of their key business operation, which could include: business support and specialist advice support, training, networking events, study visits, etc. Given the fund manager will be a third sector organisation with the core business of supporting SEs, the expectation is that they will bring knowledge and experience to the table to ensure the project is a success.

Detailed proposals and cost breakdown will need to be submitted by the applicant organisation during the EOI/funding call timeframe. Suggested high level cost breakdown is reported below.

Funding stream 1 - Community ownership of local businesses				
Cost type	Description	Total	FY 1 (2023 /2024)	FY 2 (2024 /2025)
A&A	Marketing and Comms	£10,000	£5,000	£5,000
A&A	PM costs @4%	£30,000	£15,000	£15,000
A&A	Fund Management costs incl. business advice and support for project development @10%	£80,000	£50,000	£30,000
	Sub-total	£120,000	£70,000	£50,000

A&A	Small Grants in the range £2,000-£10,000 (for proposal development to 25 community groups including property valuations and surveys, legal fees, architects fees, etc)	£125,000	£125,000	
Capital	Larger Grants in the range of £40,000 – £48,000 (follow-up grants towards project capital delivery to 15 community groups)	£675,000	£125,000	£550,000
	Sub-total	£800,000	£250,000	£550,000

Total	£920,000	£320,000	£600,000
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Funding stream 2 - Social enterprise hubs

Under this funding stream, CPCA is proposing to allocate:

- a total of **£1.25m** Gainshare Capital Fund for the creation of one or more social enterprise hubs in Cambridgeshire & Peterborough, with a focus of supporting social entrepreneurship in market towns and rural areas.

As part of a soft market testing exercise undertaken throughout January and February 2023, the CA has been working with the Social Enterprise East of England (SEEE), the primary operator in the sector in the region, to identify possible site(s) to host the hub(s) and discuss requirements from third sector organisations for operating such sites.

No single new suitable building was found by SEEE during initial engagement that could be purchased and developed within the budget allocated to this funding stream. 'Meanwhile' rental space in empty properties is a possibility, however, this would not create a permanent hub and therefore will not be best use of this capital funding. Therefore, it is recommended to **make use / extend / refurbish and fit out existing social Enterprise properties/assets** in different market towns and leverage on

investment/finance already raised by local social enterprises to maximise outcomes while reducing development costs.

Based on this, CPCA would expect to:

- provide grant funding to more than one organisation in the range of **£100-600k each** depending on bidding asks and value of the proposals submitted.
- The grant could only be used to cover capital costs, these include: **asset acquisition, construction/refurbishment costs, fit-out costs, and professional fees** (e.g. design, survey, legal, planning fees).
- It is expected that the operators of the hubs will provide **match funding contribution** to activities that include the operation and management of the hubs, bring local community together through a calendar of entrepreneurial activities and learning opportunities, and foster networking and collaboration to support businesses to start, sustain, grow, and innovate, which will add value to individual effort.

Detailed proposals and cost breakdown will need to be submitted by the applicant organisation during the EOI/funding call timeframe. Suggested high level cost breakdown is reported below.

Funding stream 2 - Social enterprise hubs				
Cost type	Description	Total	FY 1 (2023 /2024)	FY 2 (2024 /2025)
Capital	Construction / Refurb costs @65%	£812,500	£731,250	£81,250
Capital	Fit-out costs @25%	£312,500	£281,250	£31,250
Capital	Professional fees @10%	£125,000	£112,500	£12,500
	Total	£1,250,000	£1,125,000	£125,000

Funding stream 3 - STEM exhibition programme

Under this third funding stream, CPCA is proposing to allocate:

- **£200k** Gainshare Capital Fund to support the capital element of an educational programme, to be delivered via pop-up science centres, located in community asset buildings in the Cambridgeshire & Peterborough market towns. The pop-up centres will be accessed by children, families, schools, and adult groups and aim to raise awareness and aspirations for STEM related study and careers.

Initial engagement with Cambridge Science Centre has showed that to properly build relationships and have chance to respond to emerging opportunities, pop-ups need to stay in situ for 8 weeks – and to build on this the pop-up needs to return at the same time the following year. This length of time will also allow the venue to accommodate multiple user groups such as families and schools. There needs to be a reset time of one month, during which time the next venue and relationships will be prepared.

Based on this, CPCA would expect to:

- Provide grant finding to a single organisation to deliver **4 pop-up Science Centres per year** – a total of **8 over the course of the funding period**.
- The grant could only be used to cover capital costs, these include: purchase of **equipment, activity kits and material, exhibits fit-out costs, rents/leases payment**, etc.
- to minimise costs, ideal locations should be in public spaces currently empty/in need of reactivation or publicly owned assets (e.g. libraries, community centres, etc.).
- It is expected that the selected provider will utilise its existing network of corporate contacts operating in and near the market towns to leverage additional match funding to the project. **Match funding contribution** will be used to fund cultural activities, training, lectures, overall exhibits set-up/delivery and safe guarding and wider programme events that aims to bring local young people into contact with major employers. It is expected that the appointed third sector provider will raise match funding

from a mix of funding sources including core funding from the charitable trust foundation, private donors and statutory government funding.

Detailed proposals and cost breakdown will need to be submitted by the applicant organisation during the EOI/funding call timeframe. Suggested high level cost breakdown is reported below.

Funding stream 3 - STEM exhibition programme				
Cost type	Description	Total	FY 1 (2023 /2024)	FY 2 (2024 /2025)
Capital	Electric Van or equivalent	£55,000	£55,000	
Capital	Display / Storage Equipment	£10,000	£10,000	
Capital	Branded Display Items – transforming look and feel of venues	£18,000	£9,000	£9,000
Capital	Educational activity 'kits' – props, visual materials, interactive practical equipment.	£26,000	£13,000	£13,000
Capital	8 Newly developed exhibits	£91,000	£33,000	£58,000
	Total	£200,000	£120,000	£80,000

CPCA Project Management costs and Contingency budget

To manage the overall fund scheme and monitoring, CPCA is proposing to allocate:

- £25k Administrative and Ancillary Costs (A&A) to cover CPCA project management costs (0.2 FTE Town fund manager, legal and procurement advice for grant agreements, etc.)
- £105k to be used as contingency budget at discretion of the CPCA board to cover for costs of inflation, raising capital/development costs etc.

CPCA Fund PM / Contingency budget				
Cost type	Description	Total	FY 1 (2023 /2024)	FY 2 (2024 /2025)
A&A	CPCA Fund management / PM costs (0.2 FTE) / specialist procurement / legal advice	£25,000	£12,500	£12,500
Capital	Contingency budget @ 4% of total costs (inflation, raising capital costs, etc.)	£105,000	£47,500	£57,500
	Total	£130,000	£60,000	£70,000

AFFORDABILITY ASSESSMENT

Providing funding for third sector enterprises has been recognised as a strategic and political priority of the CPCA for a significant period of time, and as such this project is supported at a senior level to continue over the desired lifecycle.

As stated above, a set amount of gainshare funding has been agreed to fund this project. The fund will be disbursed within two years. There is no assumption of financial return over the course of this fund. Affordability is therefore dependent on the ability to accommodate this spending with CPCA budgets without compromising other aims. Given the strong strategic fit with CPCA objectives we don't view this to be a major concern. There is also no element of borrowing to fund this scheme – so concerns about interest rates are not relevant.

Financial arrangements and assurance

It is expected the following financial arrangements and assurance measures will provide overall financial affordability and assurance of the fund:

- The overall fund allocation per year and funding stream should be administered **flexibly** and be revised at the end of year 1. In the case that inflation or other not anticipated causes will impact the overall fund delivery, CPCA should be able to flex the fund allocation among funding streams, with priority been given to the delivery of the social hubs. This is to minimise risks of delays and rising construction costs. For example, budget can be reduced for funding stream 1 (lower number of community groups receiving capital support) and increased, as part of the contingency plan, to funding stream 2.
- All awarded delivery partners should:
 - provide and deliver against profiles and outcomes that are realistic, achievable and sustainable throughout the delivery period.
 - demonstrate a financially viable proposition. All activities should be delivered within the funding envelope and the organisations' financial resources. Where these have not been identified, the organisation should provide assurance on how these will be leveraged and secured. Proposal should clearly include how inflation and contingency measures are built in and managed. Proposals with higher value for money and higher match funding contribution (revenue and capital) should secure higher scores.
 - demonstrate strong expertise and track record in delivering similar projects within the social enterprise ecosystem.
- A grant agreement between CPCA and these organisations will provide assurance in terms of spending requirements and outputs.
- In the case of fund 1 and 2, it is expected that the ultimate recipients of the grant (community interest groups taking ownership of a public asset and social enterprises developing social enterprise hubs) will provide a 3 to 5 years commercial and financial model for operating the hubs, pubs and local public assets. This should demonstrate the commercial viability of the projects through grant funding, partners funding and revenue streams contribution. It is expected that the financial modelling exercise will take into consideration any contributory factors such as:
 - the maximum budget available;
 - profiled costs, with a view to minimising these costs in order to ensure longevity and efficiency of fund received;
 - profiled income generated, demonstrating sustainability of the hub/pub delivery model;
 - any innovation that will enable to meet or exceed CPCA objectives and ensure the financial sustainability of the project.
- In the case of a fund manager (funding stream 1) or agency body (funding stream 2) appointed to allocate, manage and deliver the grant, these will be ultimately responsible for the successful delivery of the grants to local community interest groups and social enterprises and will be required to report to CPCA regularly.

CHARGING MECHANISM / CLAIM/INVOICE PROCESS

Funds will be provided to the delivery partner organisations from CPCA and will be issued following EOJ/funding call process and assessment. Details on claim and invoice process will be provided as part of the grant agreements between CPCA and these organisations.

MANAGEMENT CASE

INTRODUCTION

The purpose of the management case is to set out a high-level strategy, framework and plans for successful project delivery through a controlled, well managed and visible set of activities to achieve the desired results and benefits.

PROJECT TIMELINE

Detailed timeframe will be provided by delivery organisations as part of Eol/funding call stage and finalised with CPCA before grant award. A summary of the key milestones and high level delivery timeframe against each funding stream is shown below.

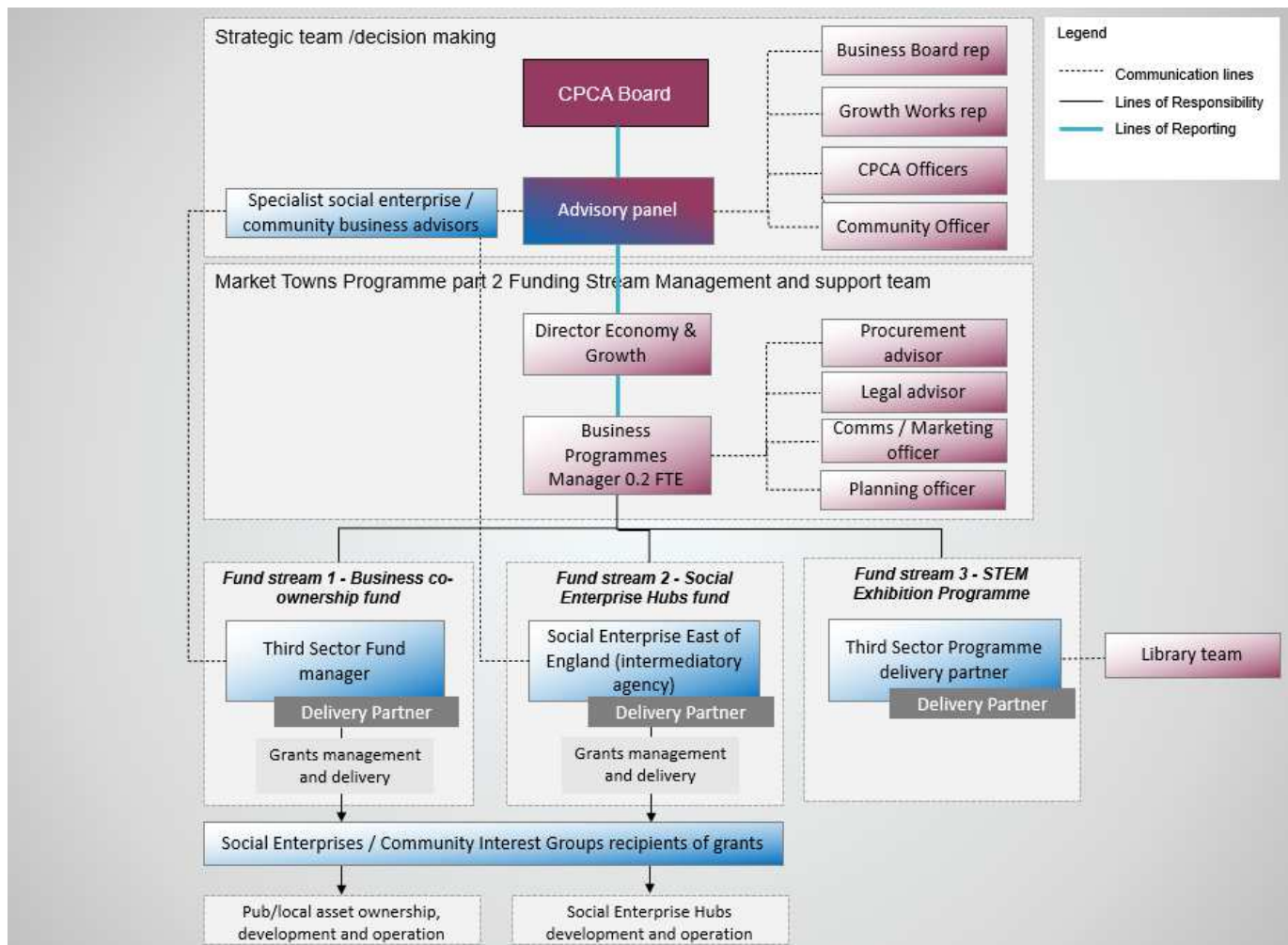
Milestones	Start date	End Date
Business Case Development		
PID Developed and submitted to PARC	Aug-22	Aug-22
FBC development	Dec-22	Feb-23
FBC approval process	Mar-23	Mar-23
FBC expected approval by CPCA board		Mar-23
Governance and Management set up		
Establish formal project steering group / advisory panel	Mar-23	Mar-23
Appoint CPCA PM (existing resource) to manage fund call	Mar-23	Mar-23
Appointment of Delivery Partners via grant award		
Soft market testing	Sept-22	Dec-22
Draft Eol prospectus and publish it on CPCA website	Mar-23	Apr-23
Eol launch (opens for responses 2-3 weeks)	Mar-23	Apr-23
Responses assessment	Apr-23	Apr-23
<i>If only 1 response to Eol: [expected to be the case for funding streams 1 and 3]</i> Appointment of delivery partners, subject to submitting satisfactory proposal at Eol stage		Apr-23
Grant agreement drafted and finalised		Apr-23
<i>If more than 1 response to Eol: [expected to be the case for funding stream 2]</i> Fund prospectus launch Fund call open period Response evaluation Appointment of delivery partners / Grant awarded via grant agreement	Apr-23 Apr-23 May-23	Apr-23 May-23 May-23 Jun-23
Mobilisation		
Funding stream 1		
Grants disbursed to third sector organisations	May-23	Mar-25
Appointed fund manager to run comms / marketing campaign for 'Community ownership of local businesses' fund	May-23	July-23
Appointed fund manager to design business support activities and finalise fund design with CPCA	May-23	Jun-23
Appointed fund manager to launch 'Community ownership of local businesses' fund	Jun-23	
Operation / Delivery		

Funding stream 1		
Small awards disbursed to community interest groups (via grant agreement between fund manager and grant recipients) for project proposal development*	July-23	July-23
Larger follow up grant awards disbursed to community interest group (via grant agreement between fund manager and grant recipients) for project development*	Dec-23	Mar-24
Funding stream 2		
Sites confirmation	May-23	Jun-23
Grants disbursed to third sector organisations (via grant agreement between CPCA and SEEE or direct agreement between CPCA and third sector organisations)*	Jun-23	Jun-24
Planning permission	Jun-23	Aug-23
Hub(s) design finalised**	Jun-23	Sep-23
Hub(s) construction / refurbishment**	Sep-23	Mar-24
Hub(s) fit out**	Mar-24	Jun-24
Hub(s) open**	Jun-24	
<i>** hubs delivery timeframe will vary depending on level of development/readiness of proposal submitted by third sector organisations</i>		
Funding stream 3		
Grant disbursed to third sector provider	May-23	Mar - 25
Final locations agreed	May-23	Jul-23
Comms campaign / partners engagement	Jun-23	Sep-23
Pop-up exhibits design	May-23	Jul-25
Pop-up exhibits run	Jul-23	Mar-25
Project completion		
Grants disbursement and projects completion		Mar-25
Review / Monitoring and Evaluation		
Project Progress and Monitoring Reports	quarterly	
Evaluation	Apr-25	Jun-25
Project closure		
Grant agreements terminate		Jun-25

*Grant disbursement timeframe to be agreed at grant agreement stage (e.g. quarterly in advance/in arrears, etc.)

PROJECT GOVERNANCE AND MANAGEMENT STRUCTURE

CPCA has the project management structure, skills and track record in place to be able to successfully deliver these funding streams. The governance arrangements set out in the diagram below provide strategic leadership and ensure collective governance to inform the coordinated delivery and management and of the three funding streams under this fund.



Key Project Roles and Responsibilities

Strategic team / decision making

The CPCA board will be responsible for strategic governance and oversight of the fund. The Board is chaired by the elected mayor of Cambridge and Peterborough and consists of the leaders of the seven constituent councils, the chair of the Business Board and co-opted members. Board meetings will occur once every two months. The Board will provide direction and be accountable for the delivery of the fund, being ultimately responsible for maintaining adequate governance and compliance, along with signing off the financial information/returns (compiled by the fund manager) to the external regulators, including Companies House and FCA.

The primary remit of the Board is to:

- Monitor progress on key milestones and that Funding Streams 1 and 2 funding and grants are delivered within the agreed timescales and allocated budget;
- Monitor the performance of the delivery management partners;
- Provide strategic direction to the advisory panel (details below) and ensure complementarity / Strategic Added Value is maximised with other ongoing investment programmes;
- Ensure investment decisions adhere to Council decision-making requirements;
- Monitor key Risk and Issues and provide mitigation guidance for risks and issues which exceed tolerances, and which would have a material impact on the delivery of the package;

It is recommended that an **advisory panel** made of CPCA's economic development and Growth Works, economic development, regeneration and community team senior officers and the fund manager business specialist advisors (Funding Stream 1 & 2) is formed with the key responsibility of:

- Assisting the board with providing strategic direction to the programme, in particular in relation to the delivery of grants under the funding streams 1 & 2 to community interest groups and third sector organisations;
- agreeing the eligibility and assessment criteria of the grants applicants with the delivery partners
- authorising final awards.

Market Towns Programme phase 2 Management and Supporting team

The management and supporting team will include the following roles:

- **Director of Business and Skills** (existing role – Steve Clarke, Interim Associate Director Business: Responsible for providing oversight on overall project delivery and project compliance and reporting to the Business Board, providing strategic direction, financial risk and mitigation controls, providing procurement sign-off.
- **Market Towns Programme phase 2 manager** (existing role - Domenico Cirillo, Business & Skills Directorate) responsible to co-ordinate the delivery of activities and outputs to time and budget. Key responsibilities are:
 - Drafting EoI and fund prospectus and managing the fund call process;
 - Managing the initial direct award/grant agreement process with delivery partners; liaising with internal legal and procurement advisors as necessary;
 - Recording, managing and monitoring risks and reporting them to the director and advisory panel;
 - Establishing communication and management protocols with the CA's Business Board and Advisory Panel, managing the integration and flow of information;
 - Managing stakeholders' engagement;
 - Providing regular performance updates to the CPCA Business Board.
- **Support team** - Specialist technical expertise (from existing internal resources) has also been allocated to support the Project Manager and include senior officers from CPCA Procurement, Finance, Legal and Comms team:
 - *Legal advisor*: The legal advisor will be an existing member of the CA's legal team and will ensure the project is compliant with all statutory and legal obligations and support the preparation of the grant agreements with the awarded organisation.
 - *Procurement advisor*: The procurement advisor will be an existing member of the CA's commissioning and procurement team and will oversee the compliance of the funding process and grant allocation.
 - *Comms and marketing officer*: to support the market towns manager with promotion and event activities e.g. advertise the launch of the EoI/funding call on the CPCA website, etc. The comms officer and market towns fund manager will also be expected to assist the fund manager under funding stream 1 with promotion of the dedicated support and help to connect/refer interested pubs groups up with the support available.
 - *Planning officer*: to advise the CPCA market towns fund manager and the fund manager regarding any planning compliance/restrictions in relation to the development of the community ownership pubs and social enterprise hubs.
 - *Library services*: a library services team member will be supporting the organisation delivering the STEM programme to identify potential suitable library locations to deliver the STEM exhibition programme and maximise impact with other ongoing activities.

RACI ASSESSMENT

Decisions/Activities	Organisational Role	CPCA board	Advisory Panel	Project Director	Project Manager	Fund Manager Partner (FS1: Community ownership)	Fund Delivery Partner (FS2: SE hub(s))	Fund Delivery Partner (FS3: STEM programme)
<i>Project initiation</i>		C		A	R			
<i>Business Case development</i>		I		A	R			
<i>Delivery of the project</i>		C	C	A	R	R	R	R
<i>Changes to cost and programme</i>		I	I	A	R	C	C	C
<i>Compliance and assurance of operational data</i>		I	I	A	R	R	R	R
<i>Assessment of application eligibility</i>		C	R		C	A	A	A
<i>Full due diligence of applications</i>		C	R		C	A	A	A
<i>Confirmation of investments</i>		C	R	I	C	A	A	A
<i>Technical assurance of the content and quality of data throughout the life of the project</i>		I		A	R	R	R	R
<i>Content and quality of information data on a day-to-day basis</i>				A	I	R	R	R
<i>Project closure</i>		C	C	A	R	R	R	R

RISK MANAGEMENT STRATEGY

CPCA will establish a risk management approach that addresses risk, through its governance processes for fund (including the reporting and monitoring via relevant governance functions and individual investment risk, through the fund partners.

A full risk register will be kept, monitored, updated, and reported upon. Risks will be;

- **Identified** – The risk must be described, and possible consequences outlined;
- **Assessed** – Each risk must be ranked in terms of its estimated impact and immediacy;
- **Controlled** – Appropriate responses to risks must be identified, owners assigned, and responses must be monitored over time.

Initial risks and mitigations are listed below.

Throughout the life of this project, the Market Towns Programme phase 2 manager will be responsible to regularly update the risk register and report any major risk to the Director and Advisory Board.

The fund manager will periodically review the risk register to ensure that the project remains on track and that any new arising risks are understood and appropriately mitigated. Any changes to the risk register will be reported to CPCA as part of the project reporting.

Risk Register

Project	Risk Type	Risk Description	Risk Level	Likelihood	Impact	Score	Mitigation	Risk Owner
Funding Stream 1	Delivery Risk	Poor third party fund manager quality / Poor performance from awarded fund manager to deliver against agreed targets	Low	1	4	4	An EoI/ funding prospectus will be produced to set out funding criteria and will be advertised on CPCA website and shared with a wide range of stakeholders, including delivery partners, constituent local authorities and public sector partners, local community interest & business groups and expert agencies. During soft market testing, CPCA has identified potential suitable third sector fund manager with a strong track record of grant and bursary management and that would be able to fulfil this role if required. The CPCA fund manager will be responsible to monitor External partner's delivery regularly against KPIs	CPCA / External delivery partner
Funding Stream 1	Delivery Risk	Lack of awareness and visibility of grants causing low take up	Low/Medium	2	4	8	The appointed fund manager will be required to dedicate part of the budget for communications campaign e.g. dedicated multi-channel comms campaign promoting the support available through the programme and the benefits of community ownership. CPCA to raise the profile of the Programme through mayoral advocacy and targeted PR activity.	CPCA / External delivery partner
Funding Stream 1	Delivery Risk	Not enough suitable pubs/community assets to be taken forward for community businesses; costs to acquire the properties/refurbish too high	Low/Medium	2	4	8	CPCA will work with the fund manager to widen the eligibility of this fund stream – for example to include all asset types, existing community pubs, and extend the window for support delivery. Early engagement with Plunkett as part of the soft market testing has shown that there are currently 49 pubs in the Cambridgeshire area listed as Assets of Community Value.	CPCA / External delivery partner
Funding Stream 1	Delivery Risk	Failure to support community groups effectively / proposal developed not good enough to move into next stage of funding and trading	Medium	3	4	12	Smaller grants in the range of £2,000 - £10,000 will be allocated to community groups to develop viable developments and operating models and cover early-stage costs of setting up a community pub, such as registering as a Community Benefit Society, property valuations and surveys, legal fees, architects' fees, etc. Larger follow up grant will be given to projects with the strongest viability and likelihood of success.	External delivery partner
Funding Stream 1	Delivery Risk	Failure to support community groups effectively / proposal developed not good enough to move into next stage of funding and trading	Low/Medium	2	4	8	The appointed fund manager will be required to provide business support service and training to c.a. 25 community pub groups in the CPCA area, consisting of 3 – 5-day packages of support. This support would be targeted at new start, developing and early-stage groups, but existing groups would also be eligible. Based on Plunkett 2021 Impact Report, the chances that community pub groups supported by Plunkett through an adviser or a bursary successfully reaching trading status increased from 1 in 10 to 1 in 3. Using this as benchmark, we can reasonably expect one third of groups supported under this fund programme will reach trading stage.	External delivery partner
Funding Stream 1	Delivery Risk	Community businesses failing in resourcing additional financial resources resulting in delays or lower groups reaching trading stage	Medium	3	4	12	The awarded fund manager will be expected to support community groups in raising additional finance. For example working closely with the Community Ownership Fund and signposting and supporting groups from CPCA area to apply for the Community Ownership Fund, and raise the required match funding through a combination of community shares, social investment and traditional fundraising.	External delivery partner

Funding Stream 1,2	Delivery Risk	Cost increases to delivery of pubs and hubs	Medium	3	4	12	Design and building survey will be procured by the third sectors organisations to provide detailed costs within the funding ask. Experienced PM will be appointed by the third sector organisations and be on site daily to ensure project is delivered within budget. Any new spend must be offset by further savings or by raising financial resources. The third sector organisations will be required to develop a detailed construction workplan once detailed design will be finalised.	External delivery partner
Funding Stream 2	Delivery Risk	Funding not enough to cover the refurb costs. Site identified not suitable or cost of refurbishment prohibitive.	Medium	3	4	12	Detailed design, surveys and costs assessments will be procured by the third sector organisation to prove viability of the identified sites within the funding envelope. CPCA has allocated contingency budget to cover additional unexpected costs. The overall fund allocation per year and funding stream should be administered flexibly by CPCA and be revised at the end of year 1. For example, budget can be reduced for funding stream 1 (lower number of community groups receiving capital support) and increased, as part of the contingency plan, to funding stream 2.	CPCA / External delivery partner
Funding Stream 2	Delivery Risk	Third sector organisation failing in operating the hub successfully once developed resulting in closure / Not meeting the forecasted demand/ space not fully occupied by third sector enterprises / not achieving financial sustainability	Medium	3	4	12	Market town locations might be harder to get occupied compared to city locations. Delivery organisations will need to demonstrate ability to fulfil the space. Partnership work with SEEE and other hubs delivery partners will be essential. Each organisation will be required to provide case studies of having delivered similar projects and at least 3-5 years projected operating cashflow to prove financial sustainability of the project.	External delivery partner
Funding Stream 3	Delivery Risk	Awarded delivery partner failing in delivering the STEM programme	Low/Medium	2	3	6	Delivery partner to provide strong track record in delivery similar activities as well as availability of financial and human resources to run the programme over two years.	External delivery partner
Funding Stream 3	Delivery Risk	Not enough up take from residents, families, and schools	Medium	3	4	12	Appointed programme delivery partner to work with CA stakeholders in education, colleges, schools and universities and library services. Build on Cambridge County council's existing contacts. CPCA to raise the profile of the Programme through mayoral advocacy and targeted PR activity.	CPCA / External delivery partner
Funding Stream 3	Delivery Risk	Locations not identified or not suitable / rent too high etc.	Low/Medium	3	3	9	Delivery partner to explore with CPCA potential for using public spaces owned by the CA and district councils. Priority will be given to underused spaces. Working closely with library services.	CPCA / External delivery partner
General to all	Policy risk	At corporate level, opportunity cost of funding the project greater than ROI	Low	1	3	3	Robust PID and business case are developed to demonstrate value for money. Providing funding for third sector enterprises has been recognised as a strategic and political priority of the CPCA for a significant period of time, and as such this project is supported at a senior level to continue over the desired lifecycle.	CPCA
General to all	Delivery Risk	Lack of CA capacity to project manage/ administer fund resulting in outputs not met	Low	1	4	4	CPCA has allocated 5% of overall fund to cover PM and contingency costs. The CA has a strong track record of delivering such schemes and will appoint an experienced third sector fund manager to deliver fund 1 and manage the grant allocation process to community interest groups. CA will also set up an advisory panel with the role of providing strategic advice on grant decisions.	CPCA

General to all	Delivery Risk	Timescale - ability to award all capital grant committed within the two years timeframe.	Low/Medium	2	4	8	Timescale and funding modelling undertaken during business case development has been informed by soft market testing and initial engagement with potential partners. It will also need to be tested and revised by the delivery partners during bidding process. CPCA Fund Manager to liaise with LAs, growth hubs, FSBs, CoC to promote the funds to local organisations.	CPCA
General to all	Reputational Risk	Reputational and financial risk if the fund underperforms.	Low/Medium	2	4	8	Rigorous due diligence and selection of the fund partner to support the best investment decisions. Robust internal review and governance.	CPCA
General to all	Reputational Risk	Reputational damage to CPCA if the fund is managed inappropriately.	Low/Medium	2	4	8	Rigorous due diligence and selection of the delivery partners and fund beneficiaries. Robust internal review and governance. The CPCA fund manager will be responsible to update and monitor risks and escalate to the Business and skills director and business board for mitigation actions. Grant agreement and service level agreements will be in place with each organisation.	CPCA

PROJECT ASSURANCE AND MANAGEMENT ARRANGEMENTS

Funding award compliance

The CPCA Market Towns Programme phase 2 Manager is responsible for ensuring that the award of the fund delivery partners is in line with CPCA requirements for best value. He will be supported by CPCA's Procurement team. All proposals will be independently assessed against a set of appraisal metrics and scored and ranked based on the scheme objectives and criteria. The Fund Manager will be responsible to retain relevant documentation including:

- Copy of EOI/Funding Prospectus;
- Copy of EOI responses/bids received;
- Copy of grant decision justification and relevant correspondence.

Legal compliance

The Market Towns Programme phase 2 Manager will consult with CPCA's legal team to ensure legal compliance of the grant agreement with the delivery partners.

Finance compliance

CPCA is its own Accountable Body for all funds received by Government including Gainshare funds and is the Accountable Body for the Business Board.

The CPCA Market Towns Programme phase 2 Manager will be responsible for ensuring that the overall fund is delivered on time and according to budget. The appointed third-party fund manager for funding stream 1 will be responsible for the delivery on time and budget of the Community owned businesses.

Managing Delivery

The Funding Stream 1 & 2 delivery partners will use robust project management system to ensure that the funds deliver according to time and budget. An appropriate assurance process will be agreed with CPCA and the selected fund partners as part of the grant agreement.

The Market towns manager will be responsible for the internal management of the programme and for ensuring that the external partners deliver as per grant agreements. The market towns manager will manage the risks for the project following best-practice guidelines: this will be an iterative process where risks are proactively monitored and managed throughout the delivery of the project using a five-stage process of identification, analysis, evaluation, action, and monitoring. This will be recorded in a working risk register, for which the market towns manager will have day to day responsibility.

Any project level risks which implicate time delay and cost increase will be reported to the Business and Skills Director who, if necessary, will escalate to the CPCA Business Board officer for mitigating action decisions.

Measuring performance

It is proposed that this fund scheme will have a steering group/advisory panel in place to oversee the performance of each of the three elements against the agreed outputs and outcomes. This will require quarterly reporting against agreed KPIs and associated metrics, for review by the Combined Authority Board. In compliance with the Combined Authority's Monitoring and Evaluation Framework, all grant disbursement will be managed, monitored, and evaluated and agreed delivery outputs and outcomes will be tracked as part of this process.

DELIVERY TRACK RECORD

CPCA Capacity and Capability

CPCA has all the expertise to be able to project manage the overall delivery of the fund, which includes the launch of the EOI/Funding call and process for managing application, grant allocation and monitoring. Example of proven delivery of similar schemes is reported below:

Name of Scheme	Delivery dates	Value	Description
Covid 19 - micro grants	2020	£500,000	Capital grant funding to support businesses during covid to adapt business delivery models
Covid 19 - capital grants	2020-21	£3,000,000	Capital grant funding to support investment in businesses to continue growth during the covid outbreak
Restart & Recovery	2020-21	£220,000	Specific capital investment in business post covid
Visitor Economy Grants	2020-21	£145,000	Specific capital investment in visitor economy post covid
Market Towns Fund I	2021-22	£13,100,000	Capital investment to mobilise market town masterplans
Business Growth Fund	In progress	£10,000,000	A mix of equity investment, loans, and grants to support high growth potential businesses and third sector businesses that do not have access to funding from other sources.

Delivery Partners Capacity and Capability

Delivery Partners Capacity and Capability will be verified as part of the EOJ/funding call process. The commercial case provides delivery track record for the organisations identified at soft market testing. At high level, it is expected that the appointed delivery partners under each funding stream will be experienced organisations with a proven track record of delivering the relevant schemes as set out below:

- Funding Stream 1: The delivery partner will need to demonstrate expertise in managing grant funding delivery and expertise in supporting business into co-ownership. They will also need to demonstrate capacity and capability to deliver against the Funding Stream 1 objectives and requirements including undertaking marketing, dealing with business enquiries, participating in Advisory Board meetings. The delivery partner will also need to provide support to businesses, or signpost businesses, where required, to develop their business plans, ahead of grant funding, and any support required thereafter to encourage successful growth
- Funding Stream 2: The delivery partner will need experience in managing grant funding and supporting the running of Social Enterprise hub(s). They will also need to demonstrate capacity and capability to deliver against the Funding Stream 2 objectives and requirements including experience in deliver similar size capital projects, dealing with contractors, and successfully running the operation of similar social enterprises facilities.
- Funding Stream 3: The delivery partner will need to demonstrate capacity and capability to deliver against the Funding Stream 3, including a track record of delivering similar scale STEM engagement events.

EXIT STRATEGY

CPCA will enter into a Grant Agreement with each of the delivery partners under each funding stream. Following grant disbursement, the grant recipients of funding stream 1 and 2 will be expected to self fund the operation of the community pubs and social enterprise hubs for which they received fund support.

No other activities are expected from the STEM delivery partner after termination of funding stream 3.

As part of the grant agreement, the recipient organisations will be required to report to the CA up to six months after project completion (expected in March 2025).

CHANGE MANAGEMENT

This Fund scheme has the same change management process and tolerances set out in the 10-point guide and Risk Management Strategy. All change requests will be managed through funding agreement obligations and would be subject to Combined Authority Board approval.

STAKEHOLDER PLAN

Potential delivery partners have been identified during soft market testing undertaken through September-January 2023. Grant funding will be disbursed through a competitive bidding process, and it is CPCA intention to ensure that all suitable organisations and location are identified.

An EOI/Funding prospectus will be produced to set out funding criteria and will be shared with a wide range of stakeholders, including delivery partners, constituent local authorities and public sector partners, local community interest & business groups and expert agencies. Communications and PR activity on the Programme will be coordinated by CPCA staff and will be involved as appropriate for project funders.

MONITORING AND EVALUATION

The evaluation will be in accordance and aligned with CPCA Monitoring and Evaluation Framework. The logic model will be refined with the partners following grant awards. Quarterly reporting is to be completed by the outsourced delivery partners for each Funding Stream and reported to the Market Towns Programme phase 2 Manager. Monitoring will be in accordance with the Analysis and Evaluation Manager for the Combined Authority.

The CPCA Market Towns Programme phase 2 Manager will explore the possibility of combining the evaluation of this project with other evaluation activity to take a portfolio approach under each Programme element. This has been done successfully with Local Growth Fund evaluation, whereby a consultancy was engaged to review the impact of a group of projects.

Suggested monitoring metrics include:

Funding Streams	Metrics
Funding Stream 1	Number of co-ownership enquiries Number of co-ownership loans (small) Number of co-ownership loans (large) Number of jobs retained / created Location of places supported
Funding Stream 2	Number of SE enterprises supported in the new hub space Jobs supported in hub space New jobs created Usage (public visits)
Funding Stream 3	Number of pop-up sessions run Number of students engaged