

Strategic Funds Management Review May 2022

To: Business Board

Meeting Date: 9 May 2022

Public report: Yes

Lead Member: Chair of the Business Board, Austen Adams

From: Deputy Director Business and Skills, Alan Downton

Key decision: No

Recommendations: The Business Board is invited to:

Note all programme updates outlined in the report.

1. Purpose

- 1.1 This report provides the Business Board with an update on the strategic funding programmes that it is responsible for, and covers progress to 1st April 2022. This includes the following:
- (a) Spend performance of allocated funds
 - (b) Monitoring and spending performance of allocated funds
 - (c) Recycled Local Growth Funds update
 - (d) Community Renewal Fund update
 - (e) Levelling Up Fund update
 - (f) Shared Prosperity Fund update

2. Background

- 2.1 The Local Growth Fund's (LGF) £146.7m programme was closed and all spent by 31 March 2021, but programme outcomes from its invested projects are still being delivered well beyond the 2021 end date. £7m of LGF is also being returned for a variety of reasons, and the Business Board is still reinvesting those funds as recycled LGF. The funds follow the same criteria as the original LGF to provide grants, loans or other forms of funding, such as equity capital investment.
- 2.2 The £14.6m Getting Building Funding (GBF) was awarded to the Cambridgeshire and Peterborough Combined Authority in July 2020, to be spent by the end of March 2022, and projects delivered to completion during 2022. The Business Board awarded the £14.6m GBF to the Net Zero Manufacturing Research and Development Innovation Centre, University Phase 2 project.
- 2.3 The UK Community Renewal Fund (CRF) awarded a grant of £3,393,851 to the Combined Authority in November to deliver two projects by 30 June 2022. The projects are Turning Point, which is a skills and employment support programme, and Start and Grow, which is an enterprise pre-start and start-up support programme. Both projects went live in February 2022, being delivered through the existing Growth Works contractor.
- 2.4 In round 1 of the Levelling Up Fund (LUF), Peterborough City Council was awarded £20m of capital grant for the ARU Peterborough Living Lab and University Cultural Quarter project. Fenland District Council and East Cambridgeshire District Council are currently developing potential LUF applications for round 2 submission, with support from the Combined Authority.
- 2.5 On 2 February 2022, the Government released Shared Prosperity Fund (SPF) pre-launch guidance, with the official launch expected in April or May 2022.

3. Programme Spend

- 3.1 The £146.7m Local Growth Fund programme closed on 31 March 2021, with all funding awarded to a portfolio of 51 projects, including the grant schemes and the allocated Combined Authority fund management costs. The project expenditure of the LGF programme totalled £142,657,839 as of 31 January 2022. This figure will be updated after the completion of the year-end closedown, and the final 2021-22 figure will be reported to the Business Board at its meeting in July 2022.

- 3.2 The £14.6m GBF is fully awarded, and delivery is well advanced on the Manufacturing & Materials Research and Development Centre and infrastructure.
- 3.3 The Shareholder Agreement for the Peterborough University Phase 3 project has been amended and signed between the partners to facilitate the investment by partners into the Peterborough HE Ltd (Propco 1). This includes £2m from Business Board recycled funds alongside £24m from Peterborough City Council and Anglia Ruskin University.
- 3.4 The CRF's first tranche payment of £2.06m from the Combined Authority, plus the £800k Additional Restrictions Grant (ARG) match funding from Peterborough City Council, Fenland District Council and Huntingdonshire District Council, was paid to the Growth Works contractor in March 2022, via the Cambridgeshire and Peterborough Growth Company.

4. Programme Monitoring

- 4.1 The Monitoring of all projects in delivery is conducted by the Strategic Funds team on a monthly and quarterly basis. The latest updated monitoring report of all outputs at Appendix 1, for all projects both completed and live.
- 4.2 The current monitoring update shows that there have been a total of 6,234 jobs and 790 apprenticeships created and reported from all projects by April 2022. The additional graphs in Appendix 1 show the whole LGF programme jobs created cumulative to date, and also the current year relative performance each month against forecasts.
- 4.3 The LGF dashboard, with quarterly updated project outputs and outcomes, can be found on the Combined Authority's website:
[Local Growth Fund | Cambridgeshire & Peterborough Combined Authority \(cambridgeshirepeterborough-ca.gov.uk\)](https://cambridgeshirepeterborough-ca.gov.uk)

5. Recycled Local Growth Funds

- 5.1 In January 2022, the Business Board approved a strategy to award the remaining recycled LGF. This has included running two open calls for projects to bid for the recycled funds.
- 5.2 The Category 1 call for projects was opened in February 2022 and received 6 applications, which have been through the process of scoring against criteria and external independent appraisal. This resulted in the shortlisted projects being recommended for approval to the Business Board at its meeting on 9 May 2022 (Agenda Item 2.2 – Recycled Local Growth Fund Project Proposals).
- 5.3 The Category 2 call for projects was open between 31 March 2022 and 29 April 2022 for Expressions of Interest. Those that were received and which passed the gateway stage have been invited to complete a full application and to attend an Entrepreneurs Panel Assessment, and will be presented to the Business Board at its meeting in July 2022 for recommendation on funding after external independent appraisal.

6. Community Renewal Fund Update

- 6.1 All agreements have been signed off for flow-down of the grant to the Cambridgeshire and Peterborough Business Growth Company (Growth Co) and Contract Change Notices have been signed with the Growth Works contractor. Payment of the first tranche of CRF was made in March 2022.
- 6.2 Agreements were signed with each of the three local authorities and match funding paid over into the Growth Co, then flowed down to Growth Works for the Start and Grow CRF project.
- 6.3 The Mobilisation of the two projects being funded by the CRF was started by the Growth Works contractor during the last quarter, with soft marketing being undertaken along with the recruitment of additional delivery team members. This has now accelerated at pace during February and March 2022.
- 6.4 The current pipeline of beneficiaries in delivery for both projects, as well as the first 3 months of outputs, is shown below for each project and more detailed information is included in Appendices 2 and 3.
- 6.5 The profile of activity and outputs for the Turning Point project, as of the end of March, shows good progress in Peterborough on all measures, but conversely a slower take up in Fenland, although this only reflects one month of full activity. Focussed lead generation is being undertaken across both districts, but with emphasis on Fenland. Performance in table below:

Turning Point	Fenland								Peterborough							
	Expression of Interest		No of Companies - approved		No of Interns - approved		Pipeline		Expression of Interest		No of Companies - approved		No of Interns - approved		Pipeline	
Internships	170	17	170	16	34	28	170	81	330	44	330	40	66	62	330	68
	Expression of Interest		Approved		Pipeline				Expression of Interest		Approved		Pipeline			
Training Vouchers	27	1	27	0	27	1			53	38	53	12	53	40		
Target - annual																
Current																

- 6.6 The profile of activity and outputs for the Start & Grow project, as of the end of March, shows excellent progress in Huntingdonshire and good progress in Peterborough, but conversely a slower start in Fenland, although this only reflects one month of full activity. Focussed lead generation is being undertaken across Peterborough and Fenland districts. There is a lag time from when beneficiaries attend the workshops, receive one-to-one coaching/mentoring to then complete grant applications, be approved and paid their grants. Performance in table below:

Start & Grow	Fenland						Peterborough					
	Eligible		Workshops				Eligible		Workshops			
Business Support programme - Start Up	26	39	57	57			108	57	144	76		
Business Support programme - Micro	26	36					108	31				
	Workshops		Applications		Value - Pipeline		Workshops		Applications		Value - Pipeline	
Grants	75	27	75	27	£729,045	£44,177	129	55	129	55	£1,400,910	£135,629

Start & Grow	Huntingdonshire					
	Eligible		Workshops			
Business Support programme - Start Up	26	102	57	136		
Business Support programme - Micro	26	49				
	Workshops		Applications		Value - Pipeline	
Grants	75	93	75	93	£729,045	£265,709

Target - annual
Current

- 6.7 On 25 March 2022, the central CRF team in the Department for Levelling Up, Housing and Communities (DLUHC) wrote to all CRF Lead Authorities offering a blanket extension nationally to all until 31 December 2022. This is in case any projects had been delayed or were slow in starting delivery because of Covid-19 constraints and now required extra time to deliver outputs and spend. Officers have written to the DLUHC accepting the extension until 31 December 2022, but will only utilise additional time until projects are completed, which may be before 31 December 2022.

7. Levelling Up Fund Update

- 7.1 The Government launched the LUF round 2 prospectus on 23 March 2022, which invites applications to be submitted by 6 July 2022 from Tier 2 local authorities for regeneration projects up to £20m, and Combined Authorities with transport powers up to £50m for transport projects.
- 7.2 Combined Authority officers continue to support preparation work on applications for LUF round 2 regeneration projects, with potential submissions from Fenland District Council, East Cambridgeshire District Council or Peterborough City Council.
- 7.3 The Combined Authority transport team is shortlisting the transport schemes from within the priority places of Peterborough, Fenland and East Cambridgeshire for the Combined Authority Board Leaders to consider which scheme should be put forward as the confirmed final Combined Authority transport bid on the July 6 deadline.

8. Shared Prosperity Fund Update

8.1 The UK SPF prospectus and launch guidance was published on 13 April 2022, along with indicative allocations for all Lead Authorities: <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus>

8.2 The Combined Authority is the Lead Authority on SPF for Cambridgeshire and Peterborough, with the indicative allocation shown below that requires a Local Investment Plan to be submitted during July 2022 and approved by the Government to confirm the actual final allocation of funding awarded to the Combined Authority.

Combined Authority	UKSPF Core	Multiply	Total
Cambridgeshire and Peterborough	£9,872,624	£3,999,186	£13,871,811

8.3 The SPF is to be a mixture of revenue (89%) and capital (11%) and it can be used to complement devolved funds, Towns fund and LUF, but will require an evidence-based strategy to be used in this way.

8.4 The Multiply element is exclusively for support to improving adult numeracy, and is being managed separately by the Department for Education. It requires its own investment plan to be written and submitted for approval in the same way as the core SPF. It is currently forming part of the commissioning call for the Adult Education Budget.

8.4 On the core SPF, officers have engaged first through the Strategic Growth Ambition Board on 4 March 2022, and then subsequently through the Cambridgeshire Public Service Board on 30 March 2022, to engage the key group of stakeholders, especially the local authorities, to collaboratively and collectively support the strategic development of the Local Investment Plan across the three main priorities for the new fund which are:

- Communities and place
- Local business
- People and skills (but only from 2024 onwards)

8.5 The Cambridgeshire Public Service Board has been invited to be the group of key stakeholders to form the SPF Board, which will have the general operational input and oversight. However, the delivery of the SPF beyond creation of the approved Local Investment Plan will likely comprise a hybrid model of delivery between the Combined Authority and its constituent authorities.

8.6 The Business Advisory Panel has also been proposed to support the development of the Local Investment Plan, with the Business Board and Skills Committee to also provide input and recommendation to the Combined Authority for final governance approval of the Investment Plan prior to submission to the Government.

8.7 The Economic Growth Strategy and the Employment and Skills Strategy will also support the development of many of the key objectives, priorities, interventions which will help to underpin the Cambridgeshire and Peterborough SPF Local Investment Plan.

Significant Implications

9. Financial Implications

- 9.1 There are no significant financial implications.

10. Legal Implications

- 10.1 There are no significant legal implications.

11. Public Health implications

- 11.1 Within the broad portfolio of funded projects, many have a positive impact on public health in regard to the creation of key employment or skills outcome improvements across the Combined Authority area. Good work and personal skills development are key determinants of positive health outcomes.

12. Environmental and Climate Change Implications

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

13 Other Significant Implications

- 13.1 None.

14. Appendices

- 14.1 Appendix 1 – Business Board LGF Investment Monitoring Report (May 2022)
- 14.2 Appendix 2 – CRF Turning Point Programme Delivery Project Update
- 14.3 Appendix 3 – CRF Start and Grow Programme Delivery Project Update

15. Background Papers

- 15.1 Community Renewal Fund Award Approval
[Combined Authority Board 24 Nov 2021 Agenda item 3.6](#)
- 15.2 Strategic Funds Management Review March 2022
[Business Board 14 March 2022 agenda item 2.3](#)

- 15.3 Local Growth Fund Documents, Investment Prospectus, guidance and application forms,
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/>
- 15.4 List of funded projects and MHCLG monitoring returns,
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/>
- 15.5 Local Industrial Strategy and associated sector strategies,
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/>