

Strategic Funding Management Review – May 2021

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Director of Business and Skills, John T Hill
Key decision:	No
Recommendations:	<p>The Business Board is asked to</p> <ul style="list-style-type: none">(a) Note the update on the UK Community Renewal Fund (CRF) Programme; and(b) Note and recommend all the programme updates outlined in this paper to the Combined Authority Board.

1. Purpose

- 1.1 This report provides the Board with an update on the strategic funding programmes and the performance with operational updates on progress to 21st April 2021. This includes the following:
- (a) Local Growth Fund (LGF) Financial programme spend
 - (b) LGF Performance
 - (c) COVID Business Capital Grant update
 - (d) Business Growth Service Capital Growth Grants update
 - (e) Eastern Agri-Tech Growth Initiative update
 - (f) Q4 2020/21 Quarterly Growth Deal return to Cities and Local Growth Unit
 - (g) LGF Monitoring and Evaluation update
 - (h) Getting Building Fund (GBF) update
 - (i) UK Community Renewal Fund (CRF) update

2. Background

- 2.1 The Local Growth Fund £146.7million programme was closed and all spent by 31 March 2021 but programme outcomes are still being delivered beyond 2021. Local Growth Funds provided Grants, Loans or other forms of funding such as Equity Capital Investment.
- 2.2 The £14.6million Getting Building Funding was awarded to the Cambridgeshire and Peterborough Combined Authority in July 2020 to be spent by end of March 2022 and projects delivered to completion during 2022.
- 2.3 The UK Community Renewal Fund is a new funding programme announced in March 2021 with the Combined Authority as the Lead Authority for the Cambridgeshire and Peterborough area.

3. Local Growth Fund Programme Spend

- 3.1 The £146.7 million Local Growth Fund programme is fully awarded to a portfolio of 51 projects including the grant schemes.
- 3.2 The total programme spend to 31st March 2021, including completed projects but not the top-slice figure, was £134,433,732. This is the draft outturn position as year-end accounts are being reconciled for the final programme spend which will be reported at the July Board meeting. The balance remaining, after the programme management costs, will be capital swapped into other capital programmes within the Combined Authority meaning the whole grant is spent at programme closure.
- 3.3 The final completed and forecast profile for the whole programme of projects is shown at Appendix 1. The programme had 8 projects plus 4 awardees in the Covid Capital and Agri-tech grant schemes which are spending beyond the 31 March 2021 deadline, facilitated by the Combined Authority using its funding flexibilities via capital swap of the funds to other capital programmes within the Combined Authority. These projects and grants total £8,536,636.

4. Local Growth Fund Programme Delivery

- 4.1 On 21st April 2021, although the programme is closed the Combined Authority's Local Growth Fund programme had 9 projects not including capital grant schemes still in delivery phases and being monitored. Please see the Local Growth Fund page on the Combined Authority website where the new live performance dashboard in relation to Local Growth Fund programme delivery is being hosted: [Local Growth Fund](#).
- 4.2 In November 2020, the Combined Authority approved the Business Board's recommendation to proceed with selling the iMET building asset through enacting the use of an assignment agreement with Cambridge Regional College and Urban & Civic. The Business Board is asked to note the points below in relation to update on progress.
 - Interest from an educational provider in taking on iMET to continue with providing education delivery came forward at the beginning of the year.

- Unfortunately, the interest from the educational provider withdrew during March citing that they may have had financial viability challenge in making it work.
- Officers have continued with developing the assignment agreement with Cambridge Regional College for assignment upon achieving a willing buyer.
- A red book valuation has been carried out and from that Officers formalising the heads of terms with Urban & Civic and Savills for marketing the property on the commercial market.

4.3 Once an interested party has agreed a deal, this will be brought back to the Business Board for approval and recommendation to the Combined Authority to sign off.

4.4 Since the last Business Board meeting the Wisbech Access Strategy, led by Cambridgeshire County Council, has reported to CPCA Officers further risks and uncertainties around the project programme and its budget. This is the second time in less than a year, that this project has been paused for financial review and re-planning, having run into unexpected problems. The Business Board is asked to note the points reported below regarding the latest problems and that a revised programme and budget will be brought to the business board for approval at the next meeting.

- Key risks previously identified in the risk register have crystallised on the Wisbech Access Strategy relating to the land acquisition and utility diversion which are leading to delays and implications for significant cost increases.
- Work to resolve the key risks is progressing, notably with the utility diversion where a lower cost solution has been identified.
- As the work to mitigate the key risks progresses it informs the programme and forecast budget. A revised budget estimate is expected by the end of May with a view that by the end of June next steps might be clearer.
- To drive this project forward Cambridgeshire County Council has appointed a project director and a commercial manager to provide expertise to review the project, lead on risk resolution and produce a new financial forecast.

4.5 The Business Board is asked to note that Officers are expecting to receive a revised programme plan and budget estimate from Cambridgeshire County Council by the end of May. Once received, the Business Board will be asked to review proposed options on the way forward by the end of June.

4.6 Under the terms of the Local Assurance Framework relating to the administration of the Local Growth Fund, the Business Board is required to be satisfied that the project is still financially viable and can still deliver its outputs as per the project change request agreed in July 2020. In doing so, the Board may wish to consider some flexibility around project delivery end date due to the delays. The Business Board does not currently have access to any new capital funding, so the current envelope of agreed LGF cannot be increased to fulfil any shortfall in funding should this be requested or arise. Ultimately the Business Board will explore all options to enable delivery of the project but does reserve the last resort position to propose clawback of the remaining LGF from within the project, should it not be satisfied that completion within available budgets is likely.

- 4.7 The Business Board and Combined Authority, beyond agreeing any further conditions in respect of the funding to this project, will be awaiting the Cambridgeshire County Council team to determine how the project now progresses and how they decide to comply with existing and any new conditions being imposed. The Business Board and Combined Authority will then decide how best to react based on the Cambridgeshire County Council Team complying with, or mitigating, the agreed new conditions.

5. Growth Deal Monitoring Return Q4 2020/21

- 5.1 The Business Board is required to submit formal monitoring returns to Government on Growth Deal performance and forecasts on a quarterly basis.
- 5.2 The return for Q4 2020/21 has been prepared by Strategic Funds Officers and will be submitted on time to the Cities and Local Growth Unit. The fourth Quarter spend was up to and including 31st March 2021. This dashboard page from the completed return is attached at Appendix 2.
- 5.3 There is currently only the Wisbech Access Strategy project flagged as amber-red at the end of Q4 on 31st March 2021.

6. COVID Business Capital Grants Programme

- 6.1 The COVID Capital Grant scheme of £5.35million was awarded to 132 businesses and the final position, as at 31 March 2021, was as follows:
- The number of fully claimed grants and completed projects was 131
 - Grant awarded companies still claiming was 1
 - Grant value paid out was £5,343.744
 - Grant value still to be paid out was £7,353
- 6.2 Only one organisation has not drawn down its grant and has £7,353 left to claim during April and May. The balance of £7,353 will be included in the capital swap amount as at 31 March to complete expenditure of LGF programme which will be in line with the flexibilities the Combined Authority has to manage the funds.

7. Capital Growth Grants via Growth Works Programme

- 7.1 During March 2021, the allocation of the £2,043,178 into the Capital Growth Grants strand of the new Growth Works Service (formally known as the Business Growth Service) was awarded out to growth businesses who are participating in the new service.
- 7.2 The number of grant awards made to businesses was 32 and the value was £2,025,000 million, which is forecast to create 321 new jobs. This leaves £18,178 to be awarded, which the Growth Works team will roll into the remaining capital grants funding in their main

contract to continue to award capital grants to their pipeline of growth businesses in the service until all funds awarded or service ends in 2023.

- 7.3 The list of these Capital Growth Grants awarded by the Growth Works Service is contained in a separate paper on the Business Board's agenda on Growth Works contract performance.

8. Eastern Agri-Tech Growth Initiative Update

- 8.1 The Eastern Agri-Tech Growth Initiative ended on 31st March 2021 and all grant claims received by that date, bar three, were processed for payment. This means the position at 31 March 2021 was as follows:

- The number of fully claimed grants and completed projects was 89
- Grant awarded companies still claiming was 3
- Grants value paid out was £3,381,596
- Grant value still to be paid out was £102,138

- 8.2 There are three projects that had not been completed by the end of March, all of which have been issued with a variation letter. One is due to complete by the end of April, with the other two completing in May. The three projects were awarded a total of £224,472, have claimed £122,334 and the balance of £102,138 will be included in the capital swap amount as at 31 March to complete expenditure of LGF programme which will be in line with the flexibilities the Combined Authority has to manage the funds.

9. LGF Monitoring and Evaluation Update

- 9.1 The Monitoring of all live projects in delivery is conducted by the Strategic Funds Team on a monthly and quarterly basis. The Business Board is asked to note the latest updated Monitoring information for all projects, both completed and live, at Appendix 3, but also to note the information now reported on the new LGF performance dashboard on the Local Growth Fund page of the Combined Authority website: [Local Growth Fund](#).
- 9.2 There are currently 14 totally completed Local Growth Fund projects and a further 28 projects are either subject to evaluation or continue with the project work utilising leverage funding from other sources and will be evaluated later as part of the Local Growth Funding Monitoring & Evaluation plan.
- 9.3 The evaluation report for the first tranche of 10 completed projects has been completed and following a presentation to Business Board members from the evaluation contractors on the early findings, an additional programme level section has been completed. The completed report is attached at Appendix 4.

10. Getting Building Funding Update

- 10.1 The Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre project continues with delivery.

- 10.2 The Joint venture property company has been incorporated and the Shareholder Agreement with the investment partner was delayed because of changes being proposed in the business plan as noted in a separate change request paper on the Business Board agenda.
- 10.3 The delay in signing the shareholder agreement beyond 31st March 2021 means that the £7.3million first tranche of Getting Building Funding paid to the Combined Authority under condition to be spend in the financial year 2020-21 has had to be capital swapped using the Combined Authority freedoms and flexibilities between capital programmes to satisfy the spend condition with Cities and Local Growth Unit. This means the full funding is still available to the project to be spent during the 2021-22 financial year.
- 10.3 The project has a Project Change Request in a separate paper on the Business Board agenda, which sets out details of the current progress on delivery of the project.
- 10.4 The Combined Authority is preparing to issue Peterborough City Council with the Getting Building Fund Grant Funding Agreement that covers the £827,000 grant awarded to Peterborough City Council as part of the approved allocation to match their contribution of £1.9million into the project for Car parking infrastructure.

11. UK Community Renewal Fund (CRF) update

- 11.1 The Community Renewal Fund was announced by the Government in the March 2021 Budget and subsequently the prospectus, application form and guidance have been published.
- 11.2 The Combined Authority is the Lead Authority for the CRF and is therefore responsible for coordinating the bidding process, administering the award and monitoring the funds, once allocated from the Government.
- 11.3 The Combined Authority launched an open call on its website on 31st March 2021 for CRF applications from local organisations, which closes on 7th May:
<https://cambridgeshirepeterborough-ca.gov.uk/what-we-deliver/business/local-growth-fund/community-renewal-fund/>.
- 11.4 The final shortlist of projects for the Combined Authority area will be submitted to the Government by 18th June 2021. The Government is expected to announce successful allocations to each lead authority against those bid shortlists in July 2021.
- 11.5 The maximum amount of funds that can be applied for is a total combined bids value of £3m per City or District Council area.
- 11.6 The Government has ranked unitary and lower tier Local Authority areas for prioritisation within this funding programme, with places ranked 1 given highest weighting, followed by places ranked 2 with lesser weighting and places ranked 3 with no weighting – within the Combined Authority area Peterborough is ranked as a priority 1 place and Fenland is ranked as priority 2 place, while the rest of the authorities ranked priority 3 places.

- 11.4 The process by which the application bids are to be shortlisted is noted in a separate Future Funding Strategy paper on the Business Board agenda.

Significant Implications

12. Financial Implications

- 12.1 There are no direct financial implications arising from this report.

13. Legal Implications

- 13.1 The Business Board is responsible for programme direction of Growth Funds, which includes the Getting Building Fund. The Combined Authority has been designated by the Government as the Lead Authority on both the Community Renewal Fund and the Levelling Up Fund, but for the latter the lead authority role is for transport bids only. The Combined Authority, as the Accountable Body, maintains all the legal agreements with project delivery bodies.

14. Other Significant Implications

- 14.1 None.

15. Appendices

- 15.1 Appendix 1 – LGF Projects Completed and Final Spend Position
- 15.2 Appendix 2 – LGF Cities and Local Government (MHCLG/BEIS) Quarter 4 Return
- 15.3 Appendix 3 – LGF Programme Jobs Output Monitoring Report
- 15.4 Appendix 4 – LGF Evaluation Report on First Tranche of Completed Projects

16. Background Papers

- 16.1 Local Growth Fund Documents, Investment Prospectus, guidance and application forms:
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/>
- 16.2 Eastern Agri-tech Growth initiative guidance and application forms:
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/>
- 16.3 List of funded projects and MHCLG monitoring returns:
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/>

- 16.4 Local Industrial Strategy and associated sector strategies:
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/>
- 15.5 COVID Business Capital Grant Scheme:
<https://capitalgrantscheme.co.uk/>