



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Agenda Item No: 5.4

Market Towns Programme: Supporting Community-Owned Businesses and Social Enterprises in Rural Hinterlands – Full Business Case

To:	Cambridgeshire and Peterborough Combined Authority Board
Meeting Date:	22 March 2023
Public report:	Yes
Lead Member:	Mayor Dr Nik Johnson
From:	Domenico Cirillo, Business Programmes and Business Board Manager
Key Decision:	Yes
Forward Plan ref:	KD2023/050
Recommendations:	<p>The Combined Authority Board is recommended to:</p> <p>Approve the full business case for Phase 2 of the CPCA Market Towns Programme requesting £2,500,000 of CPCA gainshare funding to support Social Enterprise in market town areas.</p>
Voting arrangements:	<p>A simple majority of all Members present and voting.</p> <p>To be carried, the vote must include the vote of the Mayor, or the Deputy Mayor when acting in place of the Mayor.</p>

1. Purpose

- 1.1 To seek Combined Authority Board approval of the full business case in continuation of the Market Towns Programme to secure CPCA gainshare funding of £2,500,000 for Phase 2 to support Social Enterprises in the regions market towns and rural hinterlands.

2. Background

- 2.1 Firstly, this project has emerged from a long-running concern in CPCA about the performance of market towns and rural areas. 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. 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. Secondly, the Mayor has adopted a focus for CPCA of compassion, co-operation, and community. This means that everything we do has to support local 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.
- 2.2 As a result, we have been exploring different ways of using funding from more traditional approaches – which have tended to focus largely on buildings or transport investments. This led 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.

3. Full Business Case – Market Towns Programme Phase 2

- 3.1 Overall, the businesses, services, and communities in market towns continue to face compounding challenges, that risk negatively impacting their future economic growth 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 centres and high street community assets.
- 3.2 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.
- 3.3 The impact of not intervening will be a continued lack of vital funding for businesses that could make an important economic, social and environmental contribution to the local and national economy. Finally, there is a clear case for investing in youth education and extracurricular activities to address the educational disparities across the CPCA.

- 3.4 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, nurturing the natural environment, and reducing the effects of climate change.
- 3.5 Therefore, a stronger local Social Enterprise sector will enable it 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, 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'. This provision of social capital through the social enterprise hubs is also important for addressing the strategic priority of reduced rural isolation. The social enterprises that are being created and supported will be a collaborative project throughout their delivery and operation, and so they will help to bring people together.
- 3.6 Furthermore, supporting community owned and social enterprise businesses, and 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 and Sustainable Growth Ambitions, enabling inclusive growth and reducing economic inequality between market towns and other areas, whilst bolstering community infrastructure.
- 3.7 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 the Full Business Case attached as Appendix 1 to this report. The proposed project interventions and three key Programme 'Streams' are as follows:
- **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.
 - **Stream 2 - Social Enterprise Hubs**
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.
 - **Stream 3 - STEM exhibition programme**
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.

- 3.8 The project deliverables are categorised by those that relate to each of the proposed funding against each of Programme streams:
- **Stream 1 Funding (£0.92m):** to a delivery partner to manage the administration of small-scale grants to support local communities to establish community owned businesses and taking local assets into community ownership.
 - **Stream 2 Funding (£1.25m):** to a delivery partner to manage delivery of grants to Social Enterprises to support establishment of hub(s) in market towns for the provision of new community space, business start-up, growth, and co-working space promoting knowledge sharing.
 - **Stream 3 Funding (£0.2m):** to a local organisation to support delivery of a pop-up STEM exhibition scheme across several CPCA market towns and boosting young people's engagement with STEM.
 - **Programme Contingency (£0.13m):** to cover any Administrative and Ancillary costs to the CPCA, including any dedicated project management resource (0.2 FTE fund manager, legal and procurement advice for grant agreements, etc.) and contingency to be used at discretion of the CPCA to cover for any unanticipated costs of inflation, raising capital/development costs etc.
- 3.9 Based on the challenges and opportunities set out in the business case, the identified funding streams offers 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). Overall, this project delivers significant economic and social value through job creation and safeguarding in social enterprises, community owned businesses, and the third sector. The objectives of the project 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.
 - Reduce rural isolation by creating and retaining places for people to meet.
 - 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.
- 3.10 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.
- 3.11 The set amount of gainshare required to fund this project is £2.5m and will be disbursed within two years. 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 and covers:

- Resources: specialist fund management to deliver Stream 1 (outsourced to a third sector fund manager), including specialist advice, PM and advertising/comms costs; internal CPCA programme management resources to manage the overall fund delivery.
- Enabling grants: to cover specialist advice, surveys and design costs required pre-development.

Significant Implications

4. Financial Implications

- 4.1 Financial approval is requested for £2.5m gainshare funds over 2-year period to 31st March 2025. The £2.5m is currently earmarked in the MTFP as 'subject to approval' (profiled as £1.25m in 2022/23 and £1.25m in 2023/24). If approved, the new budget profile for the Programme funds will be £1,625,000 in 2023/24 and £875,000 in 2024/25.
- 4.2 The overall Administrative and Ancillary Costs for the Programme amounts to 11% of the total funding and complies within the 15% limit.
- 4.3 Programme payments will be subject to the conditions as set out in the full business case and with a signed funding agreement in place.

5. Legal Implications

- 5.1 The overall fund will be delivered via direct grant awards or via funding calls. Procurement is not required for any of the fund streams. The Combined Authority will maintain the legal agreements with project delivery bodies.

6. Environmental & Health Implications

- 6.1 None.

7. Other Significant Implications

- 7.1 The Market Towns Programme is a substantial commitment being made between the Combined Authority with significant scope to positively impact on the growth of the local sub-economies. Successful delivery will have positive benefits to residents, community groups, and businesses and workers from across Cambridgeshire and Peterborough. The CPCA has the project management structure, skills and track record in place to be able to successfully deliver this project and the associated funding streams.

8. Appendices

- 8.1 Appendix 1 – Full Business Case (Market Towns Programme Phase 2 – Supporting Social Enterprise in Market Towns & Rural Hinterlands).

9. Background Papers

9.1 None.