

## Recycled Local Growth Fund Project Proposals

To: Business Board

Meeting Date: 9 May 2022

Public report: This report contains appendices which are exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, in that it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendices.

Lead Member: Chair of the Business Board, Austen Adams

From: Interim Director Business and Skills, Alan Downton

Key decision: Key Decision for the Combined Authority Board on 8th June 2022

Forward Plan ref: 2022/011

Recommendations: The Business Board is asked to:

a) Recommend that the Combined Authority Board either:

- i) Approves full grant funding for the projects ranked 1 and 2 in the table at paragraph 2.8 of the report, based on achieving highest scoring criteria and external evaluation recommendation plus a reduced grant offer to project 3; or
- ii) Approves a revised grant funding offer for the projects ranked 1, 2 and 3 in the table at paragraph 2.9 of the report; and

b) Recommend that the Combined Authority declines projects ranked 4 and below, based on the funding not being available for all remaining projects.

# 1. Purpose

- 1.1 This report sets out the process and decision options for the Business Board to make regarding funding projects through the Recycled Local Growth Fund (LGF) first category call.
- 1.2 Two options have been put forward for consideration. Both result in the same total overall funding being allocated, but each option potentially delivers different outcome levels from the individual funding to the recommended projects.

# 2. Background

- 2.1 Growth Deal and Growing Places funding was provided by the Government to local areas to invest in projects to create new jobs, increase productivity and stimulate economic growth. A total of £146.7m was provided to this area. In previous funding rounds, loans were allocated to organisations and repaid over the last two years, while funds have also been returned from projects that were halted for various reasons totalling c. £7m.
- 2.2 The Business Board approved two categories of Recycled LGF project calls for linked projects or high value new projects in January 2022. A new call for project proposals in the first category against this recycled funding was launched in February 2022. The call requested projects of approximately £400k and the Business Board required the projects to either align directly with pre-existing LGF projects or be able to produce high value outputs and outcomes in a very quick timeframe during the rest of 2022.
- 2.3 The call was carried out using the HubSpot online platform, which sorted projects to those that met the criteria and those that did not. Following initial criteria, applicants were sent an application form. Six applications were received which were evaluated internally by Combined Authority officers and externally by independent due diligence experts. The exempt Appendix 1 provides application breakdown and external appraisal reports.
- 2.4 The six project proposals that have completed the independent external assessment are presented to the Business Board for consideration, and applicable approved proposals will be recommended to the Combined Authority Board for final approval.
- 2.5 The Business Board is asked to consider the ranking scores of each of the projects to aid the decision making with project. The scores across all assessment stages for projects achieved thus far are detailed in the exempt Appendix 2. Projects were also independently evaluated by our external appraisers, and this results in a recommendation decision which has been considered in parallel with the ranking scored process. Proposals that are 'not recommended' by external appraisers should not be recommended.
- 2.6 A summary of scoring assessments for each of the projects applying for funding having completed all required steps in the application process is include in paragraph 2.8 of this report, while further details of the individual projects, including the external appraisal report and further supporting documents, are included in the exempt Appendix 1. The scoring assessments have been completed for all projects, including our external evaluators matrix scores section.
- 2.7 The Business Board is asked to consider the two options below for splitting the available funding in this Category 1 call to the projects.

2.8 Option 1: recommend that the Combined Authority Board approve funding for the projects ranked 1 and 2 in the table below, which are applying for over £400k and to also recommend that the Combined Authority Board approve reduced funding for the project ranked 3, subject to any conditions proposed from external Appraisal.

#### Option 1

Project Name	Scoring			Rank	Project Request	Offer	Recommendation
	Internal	External	Average				
Business Growth	62	58	60	1	£430,000.00	£430,000.00	Recommended - no issues raised
AgriTech Equipment	64	49	56.5	2	£498,617.00	£498,617.00	Recommended - no issues raised
Teaching Equipment	58.5	52	55.25	3	£428,000.00	£271,383.00	Recommended reduced rate - no issues raised
<b>£1,200,000 funding reached</b>							
Cell Therapy equipment	63	43	53	4	£401,000.00	£0.00	Subsidy Control issues - breach of limit of financial support
Diagnostic Equipment	49.5	55	52.25	5	£393,534.00	£0.00	Subsidy Control issues - breach of limit of financial support
Recreation Area	36	37	36.5	6	£160,000.00	£0.00	Not Recommended

2.9 Option 2: recommend that the Combined authority Board approve funding for projects ranked 1, 2 and 3 in the table below, at a rate of £400,000 each, this is reduced funding across all applications, and should be subject to any conditions proposed from external Appraisal.

#### Option 2

Project Name	Scoring			Rank	Project Request	Offer	Recommendation
	Internal	External	Average				
Business Growth	62	58	60	1	£430,000.00	£400,000.00	Recommended - no issues raised
AgriTech Equipment	64	49	56.5	2	£498,617.00	£400,000.00	Recommended - no issues raised
Teaching Equipment	58.5	52	55.25	3	£428,000.00	£400,000.00	Recommended - no issues raised
<b>£1,200,000 funding reached</b>							
Cell Therapy equipment	63	43	53	4	£401,000.00	£0.00	Subsidy Control issues - breach of limit of financial support
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Recreation Area	36	37	36.5	6	£160,000.00	£0.00	Not Recommended

2.10 The Business Board should note projects ranked 4 and below cannot be funded due to lack of funding, and project ranked 6 is not recommended for funding due to it not meeting the criteria as a high value project.

## Significant Implications

### 3. Financial Implications

- 3.1 The financial implications related to each application are detailed in the appendices. The Business Board agreed to award roughly 15% of the current unallocated recycled LGF budget to this first category project call, but based on that, there are insufficient funds available in this first category to fund all five recommended projects. In fact, there is only enough to fully fund the top two scored projects. However, the two options outlined above propose a route to providing funding to three of the projects by awarding £1.2million which is 17% of the c.£7m of unallocated LGF funding leaving 83% for the category two project call.
- 3.2 At its meeting in July 2022, the Business Board will be presented with the confirmed outturn position for 2021-22, including an updated cashflow forecast for the recycled funds, including the identified repayments from Wisbech Access Strategy, OneCAM Ltd, the sale of iMet and the funding for phase 3 of the University of Peterborough.

### 4. Legal Implications

- 4.1 There are no direct legal implications but the assessment of applications for Local Growth Funding has been carried out in accordance with the process agreed by the Business Board at its meeting in September 2019 and the Combined Authority Local Assurance Framework.
- 4.2 Successful projects will be assessed for compliance with the principles of the UK Subsidy Control regime.

### 5. Public Health implications

- 5.1 Within the proposed funded projects many will have a positive impact on public health regarding creation of key employment or skills outcome improvements across the Combined Authority. Good work and personal skills development are key determinant of positive health outcomes.

### 6. Environmental and Climate Change Implications

- 6.1 The projects applying for funding propose to deliver some impacts through the wider changes and innovations in sectors such as Agri-Tech / Agri-food, green engineering, life sciences and digital that are Cambridgeshire and Peterborough global strengths. Success in these sectors will contribute to the national and global response.

## 7. Other Significant Implications

7.1 None

## 8. Appendices

8.1 Appendix 1 (Exempt) – Project Applications and Due Diligence Appraisals

8.2 Appendix 2 (Exempt) – Project Assessment Scoring Completed Matrix

## 9. Background Papers

9.1 [Business Board Meeting 19th September 2019](#)

9.2 [Business Board Meeting 8th November 2021 Item 2.2 Strategic Funds Management Review](#)

9.3 [Business Board Meeting 10th January 2022 Item 2.2 Strategic Funds Management Review January 2022](#)