



Strategic Funds Management Review January 2022

- To: Business Board
- Meeting Date: 10 January 2022
- Public report: Yes
- Lead Member: Chair of the Business Board, Austen Adams,
- From: Director Business and Skills, John T Hill
- Key decision: No
- Recommendations: The Business Board is invited to:
- a) Recommend to the Combined Authority Board the revised strategic approach for targeting Category 1 of the Business Board recycled funds;
 - b) Recommend the Combined Authority Board approve the criteria for the project scoring assessment of applications to the Business Board recycled funds;
 - c) Recommend the Combined Authority Board approves the process for investing Business Board recycled funds as stated at Category 1 and 2; and
 - d) Note all programme updates outlined in this paper.

1. Purpose

- 1.1 This report provides the Board with an update on the strategic funding programmes that it is responsible for, this report covers progress to 1 December 2021. This includes the following:
- (a) Spend performance of allocated funds
 - (b) Monitoring and spending performance of allocated funds
 - (c) Community Renewal Fund mobilisation Update
 - (d) Process for investing the Business Board recycled Funds
 - (e) Future Funds update

2. Background

- 2.1 The Local Growth Fund (LGF) £146.7m 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 (GBF) 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. 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 2021 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 will be delivered through the existing Growth Works contractor.
- 2.4 In the Levelling Up Fund (LUF) round 1, Peterborough City Council were awarded £20m of capital grant for the ARU Peterborough Living Lab and University Cultural Quarter project. Fenland District Council are currently developing an LUF application ready for round 2 submission with support from the Combined Authority.

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 included the allocated Combined Authority fund management costs. The project expenditure of the LGF programme totalled £141.4m at 1 December 2021.
- 3.2 The £14.6m GBF is fully awarded including the £827,000 grant to Peterborough City Council (PCC) for provision of a car park infrastructure to support this project. The grant funding agreement with PCC is ready to be signed off.
- 3.3 The Business Board awarded £2m from its future recycled fund in June 2021 to the University Phase 3 project. PCC have secured the balance of full funding package from the LUF of £20m and £4m from Anglia Ruskin University-

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 Business Board is asked to note 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 in total 4,865 actual jobs created reported from all projects by December 2021. The added graphs in Appendix 1 show the whole LGF programme jobs created cumulative to date, and also the current year relative performance each month against the forecast.
- 4.3 The Local Growth Fund dashboard with quarterly updated project outputs and outcomes can be viewed on the Combined Authority's website:
[Local Growth Fund | Cambridgeshire & Peterborough Combined Authority \(cambridgeshirepeterborough-ca.gov.uk\)](https://www.cambridgeshirepeterborough-ca.gov.uk)
- 4.4 The Business Board is also asked to note at Appendix 2 the six-monthly monitoring report on the LGF programme submitted in November 2021 to the Cities and Local Growth Unit (CLGU). This report is a draft at the time of writing this report, as CLGU had yet to confirm if they had any queries related to it.

5. Community Renewal Fund Update

- 5.1 The Combined Authority is the Lead Authority for the CRF and is therefore responsible for coordinating the bidding process, administering award and monitoring of funds once allocated from the Government.
- 5.2 The Grant funding Agreement from the Department for Levelling Up, Housing and Communities (DLUHC) has been received and grant agreement prepared for flow-down of the grant to the Cambridgeshire and Peterborough Business Growth Company (Growth Co) to enable Contract Change to be concluded with the Growth Works contractor.
- 5.3 Agreements have been prepared for each of the local authorities providing match funding into the Start and Grow CRF project, in order to transfer those funds into the Growth Co as part of the flow-down grant funding agreement.
- 5.4 The Mobilisation of the two projects being funded by the CRF has started before Christmas by the Growth Works contractor, as the window for delivery is very tight, with partnership meetings with key stakeholders, marketing preparations and recruitment of delivery team.

6. Recycled Funding Investment Process

- 6.1 At its meeting on 24 November 2021, the Combined Authority Board approved the Business Board's proposed strategy in relation to the award of its recycled Local Growth Funding. The strategy was a two-part approach with Category 1: 15% of the funds (£1million) for short-term, high impact adaptations or extensions to existing projects and services already funded by LGF and currently in delivery, and Category 2: 85% of recycled funds (up to £6million) targeted to support large scale LUF and SPF bids that have strong leverage and high impact outcomes.

The strategy agreed for Category 1 above has been tightened since last the last Business Board approval in respect of fairness and the required approach in the National Assurance Framework to run an open call so that a wider pool of projects have access to apply for the funding.

The Business Board is asked to note the change in strategy from its meeting for this particular Category and to recommend this revised approach for Category 1 to the Combined Authority Board.

6.2 Proposed Process and Criteria for Category 1

For Category 1: Short term extensions to Projects & Programmes or new projects ready to start immediately capable of satisfying significant needs that remain unfulfilled and generating greatly enhanced outcomes.

1. Host an open call on the Combined Authority website for projects to apply to the £1m being made available for project extensions with grant awards in the region of £400k for and possibly higher for exceptional projects.
2. Manage the front end of the process online, using web portal hosted project outline screening questions.
3. Assess candidate Project Outlines on the following criteria which will be communicated to project owners, within the invitation to apply:
 - a) Able to mobilise within 4 weeks and complete by December 2022 in order to contribute to the re-growth phase of post-pandemic recovery – similar to the recent CRF call logic.
 - b) Able to demonstrate significantly greater market demand than anticipated compared to the current project proposal, resulting in quantifiable and additional, new current high value job creation.
 - c) Able to generate higher value jobs targeting up to a 50% increase in the number and value for money (£k per job) of the outcomes being generated in their current project.
 - d) All applications must comply with new UK subsidy rules.
4. Invite candidates that pass assessment criteria for the EoI to complete a Full Application using revised application form based on previous LGF and CRF application forms.
5. Evaluate the Full applications using external independent appraiser and then bring the Officer internal assessment score of the full application and external appraisal report for projects to the Business Board for the final decision to recommend that the Combined Authority Board award the funding.
6. Officers will issue funding agreements to all successful projects prior to issuing any funds via satisfactory grant claims and then undertake monitoring and evaluation on each project as per the Combined Authority Monitoring and Evaluation Framework.

7. Projects will be encouraged to provide pilot data from their post project evaluation to inform the development of bids in the longer term for potential SPF (subject to grant award) applications.

The Business Board is asked to consider and recommend to the Combined Authority Board the further detail on the process and criteria in the Appendix 3 to this report, which also contains the Online EoI screening questions, full application form and project assessment plus scoring criteria details.

6.3 Proposed process and criteria for category 2

For Category 2: To provide leverage funding to Levelling Up (LUF) round 2 and Shared Prosperity Fund (SPF) applications subject to Government launching those calls OR High Value For Money projects linked to delivering the new Economic Growth & Skills Strategy (EG&SS).

1. Host an open call for project applications on the Combined Authority Website coinciding with the launch call of SPF and LUF Round 2, subject to obtaining the SPF criteria and guidance, offering grants in the region of £1million per project and possibly higher for exceptional projects to a maximum of £2million (capital only)
2. The process will be run as per the current Local Assurance for the LGF and the applicants will first be required to complete an Expression of Interest.
3. Assess candidate Expression of Interests (EoI) on the following criteria and communicate – making these clear to the project owners within the invitation to apply:
 - a) Must be used as leverage match funding for SPF or LUF or any other Government Funding applications being made in 2022/23, and therefore meet all criteria set out by government in those particular schemes or
 - b) Deliver priorities identified in the EG&SS and/or Sector Strategies
 - c) Projects must Score within the upper quartile for Value For Money against existing Growth output measures, deliverability & strategic fit when compared across all the project submissions received
 - d) All applications must comply with new UK subsidy rules
4. Mirroring the current LGF process, the initial Expression of Interest (EOI) will be evaluated by officers and candidates that pass assessment criteria will be invited to complete a Full Application using revised application form based on previous LGF and CRF application forms.
5. Evaluate the Full applications using an external independent appraiser to provide independent assessment reports including any recommended conditions that should be considered.
6. For any projects applying for more than £500,000 of recycled funds a requirement to give a presentation to the Entrepreneur Assessment Panel (EAP) who will assess and score the project.

7. The combined, EAP collated score combined with the Full Application assessed score and external appraisal report for each project will be taken to the Business Board for the final decision to recommend that the Combined Authority award the funding.
8. Officers will standard funding agreements to all successful projects prior to issuing any funds via satisfactory grant claims and then undertake monitoring and evaluation on each project as per the Combined Authority Monitoring and Evaluation Framework.

The Business Board is asked to consider and recommend to the Combined Authority Board the further detail on the process, project call criteria and scoring criteria in the Appendix 4 to this report, which also contains the Expression of Interest form, full application form and project assessment details with the scoring criteria.

- 6.4 The process for Category 1 is to be immediately launched, subject to Combined Authority approval on 24th January 2022, but the process for Category 2 will not be launched until the Government announces the criteria and process for the Shared Prosperity Fund, likely to be alongside the spring budget in early March 2022.
- 6.5 The Business Board is asked to recommend that the Combined Authority Board approves the proposed process for investing Business Board recycled funds as set out in this paper and includes the change to the strategy that was agreed at the November Business Board meeting for the Category 1 to proceed with an open call .

7. Future Funding

- 7.1 Officers await full details and criteria for the UK Shared Prosperity Fund (SPF) which the Government is due to announce by Spring 2022. Officers have previously presented the pipeline of potential projects that could be developed further into applications to the new UKSPF when Government call for project shortlists to the new fund. The Business & Skills Directorate are developing the broader Economic Growth and Skills Strategy that will encompass the strategically important interventions and projects which the Business Board may wish to lead on when a call for projects for UKSPF is launched.
- 7.2 Combined Authority Officers continue to support the preparation work on an application for LUF round 2 regeneration projects planning to be submitted from Fenland District Council when the Government announces that LUF round 2 is open for bids.

Significant Implications

8. Financial Implications

- 8.1 The CRF award was noted by the CA Board in November and will be delivered through Growth Co. Below is a summary of the impact on the MTFP, subject to grant agreements being issued by DLUHC and accepted by the Combined Authority.

Financial change summary (£'000)			2021-22	2022-23	2023-24	2024-25
Change Requested	CRF – Start & Grow (new line)	Approved	1,400	1,400	-	-
		STA	-	-	-	-
	CRF – Turning Point (new line)	Approved	500	347-	-	-
		STA	-	-	-	-
Revised MTFP	CRF – Start & Grow	Approved	1,400	1,400	-	-
		STA	-	-	-	-
	CRF – Turning Point	Approved	500	347	-	-
		STA	-	-	-	-

8.2 Approval of project assessment criteria do not have financial implications in themselves rather they set out the framework which will, alongside the assurance framework, ensure that the projects the Business Board are presented for consideration will deliver value for money. Detailed financial implications will be presented and considered on a project by project basis when they are considered by the Business Board.

9. Legal Implications

9.1 None.

10. Other Significant Implications

10.1 None.

11. Appendices

11.1 Appendix 1 – Business Board LGF Investment Monitoring Report (January 2022)

11.2 Appendix 2 – LGF Six-Monthly Monitoring Report to CLGU

11.3 Appendix 3 – Proposed Process Criteria Recycled Funds Category 1

11.4 Appendix 4 – Proposed Process Criteria Recycled Funds Category 2

12. Background Papers

12.1 Community Renewal Fund Award Approval
[Combined Authority Board 24 Nov 2021 Agenda item 3.6](#)

12.2 Strategic Funds Management Review November 2021
[Business Board 8 Nov 2021 agenda item 2.2](#)

12.3 Local Growth Fund Documents, Investment Prospectus, guidance and application forms,
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/>

- 12.4 List of funded projects and MHCLG monitoring returns,
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/>
- 12.5 Local Industrial Strategy and associated sector strategies,
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/>