

## Local Growth Fund Programme Management Review - January 2021

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|-------------------|---|
| To:               | Business Board  |
| Meeting Date:     | 12 January 2021   |
| Public report:    | Yes   |
| Lead Member:      | Austen Adams, Chair of the Business Board   |
| From:             | John T Hill, Director Business and Skills   |
| Key decision:     | Key Decision for Combined Authority Board on 27 <sup>th</sup> January 2021  |
| Forward Plan ref: | 2020/077  |
| Recommendations:  | <p>The Business Board is asked to</p> <ul style="list-style-type: none"><li>a) Note the funding position and forecast for Local Growth Fund Programme including the projects completed and in delivery;</li><li>b) Recommend that the Combined Authority Board approve the project change request for Cambridge Medipark Ltd Biomedical Multi-occupancy building project; and</li><li>c) Recommend that the Combined Authority Board note all the programme updates outlined in this paper.</li></ul> |

## 1. Purpose

- 1.1 The Greater Cambridge and Greater Peterborough Local Enterprise Partnership (GCGP LEP) negotiated three successive Growth Deals with Government between 2014 and 2017, securing £146.7m to deliver new homes, jobs and skills across the LEP area. This report provides an update on the programme's performance since April 2015 for the Local Growth Fund (LGF).
- 1.2 This paper provides the Board with operational updates on the LGF progress to 1<sup>st</sup> December 2020 based on the following items:
  - (a) Financial update on programme spend and project spend forecast
  - (b) Projects currently in delivery including pre-contract plus completed projects
  - (c) Q2 2020/21 Quarterly Growth Deal return to MCHLG
  - (d) COVID Business Capital Grant
  - (e) Eastern Agri-Tech Growth Initiative update
  - (f) LGF Monitoring and Evaluation update
  - (g) LGF Projects and Recycled funds financial update
  - (h) Getting Building Fund (GBF) update

## 2. Background

- 2.1 The Local Growth Funds must be spent by 31 March 2021 but programme outcomes can be delivered beyond 2021. Local Growth Funds can provide Grants, Loans or other forms of funding such as Equity Capital Investment.
- 2.2 In addition to the Local Growth Funding there is recycled funding as a result of the Growing Places Loan Fund successfully lent and repaid during the programme which has established a recyclable pot of grants and loans for projects delivering economic benefit across the region, this pot has no spend deadline.

## 3. Local Growth Fund Programme Spend Position

- 3.1 After Approval of Cambridge Visitor Welcome project and the allocation of funding to the Business Growth Capital Grants Scheme at Board meeting in November, the £146.7 million of LGF is currently fully allocated.
- 3.2 The total programme expenditure to the 1st December 2020 including completed projects is £93,077,664. This is the total actually paid out to projects and runs well behind the combined project approval/allocation figure.
- 3.3 The current forecast for planned spend for all individual projects is shown in Appendix 1 profiled as of 1<sup>st</sup> December 2020.

## 4. Local Growth Fund Programme Delivery

- 4.1 On 1<sup>st</sup> December 2020, the Combined Authority's Local Growth Fund programme had 24

projects in delivery, listed in the table below:

| Local Growth Fund Projects in Delivery                  |            |                    |                     |
|---|------------|--------------------|---------------------|
| Project Name  | Start Date | Financial End Date | Monitoring End Date |
| Whittlesey Access Phase 1 King's Dyke Crossing          | 01/07/2016 | 30/04/2020         | 30/06/2021          |
| Wisbech Access Strategy                                 | 01/05/2015 | 30/08/2020         | 31/03/2026          |
| Lancaster Way Phase 2 Grant                             | 30/12/2017 | 31/07/2020         | 31/03/2025          |
| NIAB - AgriTech Start Up                                | 02/02/2020 | 31/01/2021         | 31/03/2030          |
| NIAB - Hasse Fen Extension                              | 01/03/2020 | 31/03/2021         | 02/03/2025          |
| TWI - Innovation Network Ecosystem                      | 14/05/2020 | 31/03/2021         | 30/06/2023          |
| Illumina Accelerator Global Expansion                   | 14/05/2020 | 31/03/2021         | 31/12/2025          |
| 3D Centre of Excellence                                 | 10/03/2020 | 30/06/2021         | 30/04/2024          |
| Start Codon - Healthcare & Life Science Accelerator     | 06/07/2020 | 31/03/2021         | 31/03/2029          |
| West Cambridge Innovation Park                          | 03/07/2020 | TBC                | 31/12/2022          |
| Agri-Tech Growth Initiative                             | 01/08/2015 | 30/04/2021         | 31/03/2025          |
| COVID-19 Capital Growth Grant Scheme                    | 14/10/2019 | 30/04/2021         | 31/03/2024          |
| AEB Innovation Scheme                                   | 01/07/2020 | 31/07/2021         | 31/03/2023          |
| Skills & Training Space Expansion                       | 12/06/2020 | 30/04/2021         | 31/03/2022          |
| Medtech Accelerator                                     | 30/10/2016 | 30/09/2017         | 31/03/2026          |
| TTP Life Science Incubator                              | 06/08/2020 | 30/04/2021         | 31/03/2025          |
| Advanced Manufacturing Innovation Launchpad - Chatteris | 13/08/2020 | 31/07/2021         | 31/10/2030          |
| Ascendal New Technology Accelerator                     | 14/10/2020 | 31/01/2021         | 31/03/2024          |
| CRC Construction Hub                                    | 15/09/2020 | 30/04/2021         | 01/04/2023          |
| Cambridge Biomedical Campus - Multi Occupancy Building  | 04/08/2020 | TBC                | 31/03/2023          |
| South Fens Enterprise Park Phase 3                      | 08/12/2020 | 31/01/2021         | 31/12/2027          |
| Cambridge Visitor Welcome Project                       | 07/12/2020 | 30/06/2021         | 31/03/2023          |
| Peterborough City Centre - Regeneration                 | 04/12/2020 | 31/10/2021         | 31/10/2023          |
| Smart Manufacturing Association                         | 07/12/2020 | 31/01/2021         | 31/03/2025          |

- 4.2 The LGF team have received a project change request from Cambridge Medipark Ltd, which has been reviewed by the Director of Business & Skills and the Business Board's Section 73 Officer. The project is the construction of a Biomedical Multi-Occupancy Building and they have requested an extension to their funding period from March 2021 to June 2021 due to the meeting of the planning authority being delayed from December 2020 to January 2021.

While this request will extend the final project spend beyond the March 2021 LGF endpoint, the alternative is to defund an in-progress project due to a project delay outside their control and with little to no chance of the funding being re-allocated and spent before the LGF endpoint which would not be proportionate nor value for money. As such, per advice from BEIS, the CPCA will use its funding flexibilities to ensure there is no impact on the wider LGF programme while granting this extension.

The Business Board is asked to recommend that the Combined Authority Board approve the project change request for Cambridge Medipark Ltd. The project change request form is attached at Appendix 2.

- 4.3 There were 3 projects approved for funding by the Business Board which are in contract/funding agreement negotiation pre-commencement of delivery with a total value of £18.9million (see table below).

| Local Growth Fund Projects to Contract    |            |                    |                     |
|---|------------|--------------------|---------------------|
| Project Name                              | Start Date | Financial End Date | Monitoring End Date |
| University of Peterborough                | TBC        | 31/03/2021         | 31/03/2027          |
| Business Growth Service                   | TBC        | 31/03/2021         | 31/03/2030          |
| Cambridge Automated Metro Innovation Body | TBC        | 31/03/2021         | 31/03/2024          |

- 4.3 After the approvals at last Combined Authority Board there was no LGF remaining to be allocated.
- 4.4 There are 22 completed Local Growth Fund projects (see table below) subject to evaluation over the coming months as part of the Local Growth Funding Monitoring & Evaluation plan which will be reported to Business Board.

| Local Growth Fund Projects Completed             |                   |                   |
|--|-------------------|-------------------|
| Project Name                                     | Start Date        | End Date          |
| Ely Southern Bypass                              | 01/10/2016        | 01/06/2018        |
| Bourges Boulevard Phase 1                        | 04/01/2014        | 31/07/2015        |
| Bourges Boulevard Phase 2                        | 01/03/2016        | 31/03/2019        |
| A47/A15 Junction 20                              | 01/03/2016        | 31/03/2017        |
| TWI (The Welding Institute) Expansion            | 01/09/2015        | 31/10/2016        |
| Technical and Vocational Centre, Alconbury Weald | 01/05/2015        | 31/03/2018        |
| Cambridge Biomedical Innovation Centre           | 01/12/2015        | 31/10/2016        |
| Peterborough Regional College Food Mfg Centre    | 07/01/2015        | 31/07/2016        |
| Growing Places Fund Extension                    | 07/08/2015        | 31/03/2019        |
| <i>Highways Academy</i>                          | <i>01/03/2015</i> | <i>31/05/2016</i> |
| CITB Construction Academy                        | 10/01/2016        | 29/10/2017        |
| EZ Plant Centre Alconbury                        | 01/01/2016        | 31/03/2016        |
| Signpost to Grant                                | 01/02/2016        | 31/03/2019        |
| Lancaster Way Phase 1 Loan                       | 01/12/2016        | 31/03/2021        |
| Lancaster way Phase 2 Loan                       | 31/01/2017        | 31/03/2021        |
| Manea & Whittlesea Stations                      | 31/01/2017        | 31/03/2021        |
| Terraview Loan                                   | 01/12/2018        | 30/04/2019        |
| Soham Station                                    | 04/07/2019        | 01/07/2020        |
| Haverhill Epicentre                              | 01/07/2019        | 01/07/2020        |
| Advanced Manufacturing Facility - Living Cell    | 26/03/2020        | 31/05/2020        |
| Aerotron CAPEX Relocation Project                | 01/04/2020        | 01/06/2020        |
| Hauxton House Incubator Development              | 15/07/2019        | 30/06/2020        |

## 5. Growth Deal Monitoring Return Q3 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 Q3 2020/21 is being prepared by LGF Officers ready for submission and was not completed in time for this Business Board meeting as the Quarter spend was up to and

including 31<sup>st</sup> December 2020 which is after publication of this paper. This completed return will be added to LGF review paper in March 2021. Attached at Appendix 3 is the return for Q2 2020/21.

- 5.3. The LGF team has however been compiling and updating an Issue Log for all projects live in delivery or in pre-contract negotiation. This is being shared regularly with MHCLG and BEIS colleagues to appraise the situation regarding COVID upon LGF delivery. Please note at Appendix 4 the LGF Project Delivery Issue Log with most recent update added.
- 5.4. The Project shown in amber has some minor delay in delivery but through the monthly monitoring and management of the actions this project should achieve delivery of the LGF element by end date. There are currently no projects red-flagged as at end of Qtr 2 30 September 2020.

| Project RAG Ratings                              |                     |                     |  |                     |                     |
|--|---------------------|---------------------|--|---------------------|---------------------|
| Project Name                                     | Prev Qtr<br>Q2_2021 | This Qtr<br>Q3_2021 | Project Name   | Prev Qtr<br>Q2_2021 | This Qtr<br>Q3_2021 |
| Whittlesey Access Phase 1 King's Dyke Crossing   | G                   | G                   | The Growth Service                                       | -                   | -                   |
| Ely Southern Bypass                              | G                   | G                   | NIAB - Hasse Fen Extension                               | G                   | G                   |
| Bourges Boulevard Phase 1                        | G                   | G                   | TWI - Innovation Network Ecosystem                       | G                   | G                   |
| Bourges Boulevard Phase 2                        | G                   | G                   | Illumina Accelerator Global Expansion                    | G                   | G                   |
| A47/A15 Junction 20                              | G                   | G                   | Advanced Manufacturing Facility - Living Cell            | G                   | G                   |
| Wisbech Access Strategy                          | AG                  | AG                  | Cambridge Northern Fringe - Sci Tech Container Village   | N/A                 | N/A                 |
| TWI (The Welding Institute) Expansion            | G                   | G                   | LGF Topslice   | G                   | G                   |
| Technical and Vocational Centre, Alconbury Weald | G                   | G                   | Ascendal New Technology Accelerator                      | G                   | G                   |
| Agri-Tech Growth Initiative                      | G                   | G                   | 3D Centre of Excellence                                  | G                   | G                   |
| Cambridge Biomedical Innovation Centre           | G                   | G                   | Aerotron CAPEX Relocation Project                        | G                   | G                   |
| Haverhill Innovation Centre                      | N/A                 | N/A                 | Start Codon - Healthcare & Life Science Accelerator      | G                   | G                   |
| Peterborough Regional College Food Mfg Centre    | G                   | G                   | Advanced Manufacturing Innovation Launchpad - Chatterton | G                   | G                   |
| Growing Places Fund Extension                    | G                   | G                   | Smart Manufacturing Association                          | G                   | G                   |
| Highways Academy                                 | G                   | G                   | Cambridge Biomedical Campus - Multi Occupancy Building   | G                   | G                   |
| CITB Construction Academy                        | G                   | G                   | TTP Life Science Incubator                               | G                   | G                   |
| EZ Plant Centre Alconbury                        | G                   | G                   | Wisbech Construction Careers Hub                         | N/A                 | N/A                 |
| Signpost to Grant                                | G                   | G                   | University of Peterborough                               | G                   | G                   |
| Medtech Accelerator                              | G                   | G                   | South Fens Enterprise Park Phase 3                       | G                   | G                   |
| Lancaster Way Phase 1 Loan                       | G                   | G                   | Skills & Training Space Expansion                        | G                   | G                   |
| Lancaster way Phase 2 Loan                       | G                   | G                   | Brampton Hub - Mobility, Fuels & Logistics Launchpad     | G                   | N/A                 |
| Lancaster way Phase 2 Grant                      | G                   | G                   | West Cambridge Innovation Park                           | G                   | G                   |
| Manea & Whittlesea Stations                      | G                   | G                   | AEB Innovation Scheme                                    | G                   | G                   |
| M11 J8   | N/A                 | N/A                 | CAM Promoter Body  | G                   | G                   |
| Terraview Loan                                   | G                   | G                   | CRC Construction Hub                                     | G                   | G                   |
| Soham Station                                    | G                   | G                   | Peterborough City Centre - COVID Recovery                | G                   | G                   |
| Haverhill Epicentre                              | G                   | G                   | Cambridge Visitor Welcome 2021                           | G                   | G                   |
| Forecast   | N/A                 | N/A                 | -  | -                   | -                   |
| COVID-19 Capital Growth Grant Scheme             | G                   | G                   | -  | -                   | -                   |
| Hauxton House Incubator Development              | G                   | G                   | -  | -                   | -                   |
| NIAB - AgriTech Start Up                         | G                   | G                   | -  | -                   | -                   |

## 6. COVID Business Capital Grants Programme

- 6.1 The COVID Capital Grant scheme run during summer 2020 was closed to new applications in June and the £5.5million awarded through grant offers has been and is still being drawn down by invoice evidence claims from the businesses.
- 6.2 The claims value paid out so far equals: £3,441,375 and 79 companies have completed their projects and claimed their grant.

6.3 The Business Board gave due consideration at its November Board meeting to a restart continuation of the COVID scheme and it was recommended to and approved by the Combined Authority, that a further allocation of £2,043,178 be made into the Growth Capital Grants strand of the new Business Growth Service as a successor to the previous scheme but through the Business Growth Service criteria. The additional funding and outputs have been negotiated with the Business Growth Service Contractor and they will be commencing mobilisation of the delivery of the revised total of £5 million funding for Capital Growth Grants when the contract is signed. Progress on delivery of these grants will be reported to the Business Board through the Business Growth Service updates.

## 7. Eastern Agri-Tech Growth Initiative Update

7.1 The Eastern Agri-Tech Growth Initiative has funded a total of 88 projects since the Growth Deal/Local Growth Fund invested through this programme. Since the last update for the BB, the Eastern Agri-Tech Programme Board has met 3 times (via the Zoom platform) and at these meetings considered 9 applications for grant support. 7 were approved and 2 rejected.

7.2 In addition the Programme Board deferred a decision on another R&D proposal, pending further information and clarification from the applicant about the project.

7.3 Of the 7 successful applicants, 2 were R&D projects and 5 were Growth/CAPEX projects. A total of £561,081 has been awarded to the 7 businesses. The 2 unsuccessful applications were R&D proposals. There are 5 applications currently being appraised with a total grant value of £296,050; 3 are R&D project proposals and 2 are Growth/CAPEX. If they pass their appraisal, they will be considered by the Agri-Tech Programme Board.

7.4 Martin Lutman, Programme Manager, has arranged the expected final two (Zoom) meetings of the Agri-Tech Programme Board to take place in December to consider the final batch of applications and take decisions about whether to support the projects. If all are successful, the budget for the Eastern Agri-Tech Growth Initiative would have been committed.

7.5 Martin is not expecting any further applications and the focus will then be to ensure that all of the successful applicants deliver their projects and claim/receive their grant funding by 31 March 2021.

## 8. LGF Monitoring and Evaluation Update

8.1 The Monitoring of all live projects in delivery is conducted by the Local Growth Fund team on a monthly and quarterly basis. The Business Board is asked to note the latest updated Monitoring report at Appendix 5 for all projects both completed and live.

8.2 Metro Dynamics and their specialists Ekosgen are contracted to support the evaluation of the completed LGF projects. The initial evaluation paper produced by Ekosgen on the closed projects awarded historically under the Greater Cambridge Greater Peterborough Local Enterprise Partnership tenure has been submitted to the LGF Team, upon review it was decided further work is still required and the contractors are continuing that work.

- 8.3 The draft summary report will be provided to Business Board members once final redrafting work has been completed, this will be done by email circulation and, if required, a presentation will be given by the contractors to the Business Board on the findings. A copy of the final report will be included with the LGF update paper at the Business Board meeting in March, and will also be put onto the Growth Funds page of the Combined Authority website.

## 9. Recycled Growth Funds and Future Funds Update

- 9.1 The tables in Appendix 6 summarise the current income and committed expenditure so far against the funds which have previously been awarded out as loans through the historic Growing Places Fund or, more recently, the Local Growth Fund. In the short term the recycled funds have already been committed to projects by the Business Board, predominantly the Business Growth Service including the Capital Growth Grants, Relocation Grants and Equity Investment pot. From 2023-24 both capital and revenue funding begins to accrue with a total of c. £4m capital and £1.3m revenue over the next 15-20 years.
- 9.2 This is a step-change in the funds available to the Business Board when compared with the Local Growth Funding which is coming to an end in March 2021. The Government have announced the UK Shared Prosperity Fund to replace EU funds with a prospectus due in spring 2021 however it is not currently confirmed whether these funds will be devolved to LEPs, or Combined Authorities, or whether it will be centralised in Whitehall and awarded on a project-by-project basis.
- 9.3 The Government have also announced a Levelling-up fund for 2021-22 with a prospectus due in January. This fund is expected to have a cap of £20m grant support per project, to be centrally allocated on a project-by-project basis and awarded based to applications against the prospectus.

## 10. Getting Building Funding Update

- 10.1 The Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre project has been mobilised since approval and the Project team have been working to complete the business case for the joint venture property company in order to meet the funding conditions set out in the Mayoral Decision Notice dated 5<sup>th</sup> November 2020.
- 10.2 The Joint venture property company incorporation is done and the subsequent Shareholder Agreement is being prepared as noted in a separate paper to this Board.
- 10.3 The project has commenced detailed design works, preparations for planning, procurement of building contractor and drawing up the specification to prepare for the commencement of procurement for the centre management operator.
- 10.4 The project also includes the delivery of supporting car parking infrastructure led by Peterborough City Council and the project plan for that Car Parking infrastructure is currently being finalised so that Peterborough City Council can then be issued with a Grant Funding Agreement.

## Significant Implications

### 11. Financial Implications

11.1 There are no financial implications beyond those identified in the report.

### 12. Legal Implications

12.1 The Business Board is responsible for programme direction of Growth Funds. The Combined Authority, as the Accountable Body, maintains the legal agreements with project delivery bodies. Project change requests, of this nature must be approved by the CPCA.

### 13. Other Significant Implications

13.1 None.

### 14. Appendices

14.1 Appendix 1 – LGF Projects Forecast Spend (December 2020)

14.2 Appendix 2 – Project Change Request Forms (Cambridge Medipark Ltd)

14.3 Appendix 3 – Return for Quarter 2 2020/2021

14.4 Appendix 4 – LGF Project Delivery Issue Log

14.5 Appendix 5 – LGF Projects Monitoring Report (November 2020)

14.6 Appendix 6 – Recycled Funds Profile and Budget Update (December 2020)

### 15. Background Papers

It is a legal requirement to list details of any supporting or background documents which have been relied upon to a material extent when preparing the report which are not confidential and where these can be viewed. Democratic Services can help if you are unsure of what to include. Source documents are open for inspection by the public and must be retained for a period of 4 years (by the report author's records section) from the date of the meeting. Where the document is held electronically, please provide a web link(s) if appropriate.

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

15.2 Eastern Agri-tech Growth initiative guidance and application forms, <https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/>

- 15.3 List of funded projects and MHCLG monitoring returns,  
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/>
- 15.4 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/>