



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Part 8: Recommendations from the Business Board - 14 November 2022

Agenda Item 8.1:	Strategic Funds Management Review November 2022
Recommendation(s):	<p>The Combined Authority Board is recommended to:</p> <p>Decline the Project Change Request for the South Fens Enterprise Park project, and for funding to be clawed back in line with the existing grant agreement.</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>
Purpose:	<p>The South Fenland Enterprise Park project being delivered by Fenland District Council (FDC) was awarded £997,032 of Local Growth Funds in 2020. The project has been delayed from the original plans due to it being combined with another remaining phase of development of the Business Park, leading to revised planning requirements only recently being approved and the scheme also recently tendered.</p> <p>FDC has now reported that the tendering process has thrown up a significant gap in the funding to deliver the project, with the quotes significantly higher than expected due to the current inflationary pressures on materials and delivery of construction projects. The quoted cost for the combined two-phase project is £5.5m, and the funding shortfall is £4.6m. FDC does not have this sum available in its budget which means it has been unable to proceed with completing the tender process and awarding a contract.</p> <p>A project change request from FDC is attached at Exempt Appendix 1. This includes details of options considered by FDC and its preferred option proposal to re-tender the scheme with additional information seeking quotes on two routes: one to complete whole scheme phase 1 and 2; or a phase 1 single block scheme and supporting infrastructure. But either of the routes being tendered will still leave a funding gap, and details of how this will be funded has not been shared with officers. It is anticipated that the project will now complete by April 2024.</p>

	<p>The project is now far behind its original delivery date, with outputs and outcomes looking increasingly undeliverable. Confidence is not high that a retendering exercise would substantially reduce costs in the current climate. Therefore, officers recommended to the Business Board that the project change request be rejected, and the grant funding be returned to the LGF Recycled budget via the non-delivery clawback clauses in the funding agreement.</p>
Strategic Objectives:	<p>The Local Growth Fund Programme awarded funding to this project in 2020 through calls for projects based on the 2019 Cambridgeshire and Peterborough Local Industrial Strategy. Whilst reviewing this project it does still align with the Economic Growth Strategy and 3 of the 6 keys within the Sustainable Growth Ambition Statement which are Reducing Inequalities, Health & Skills and Innovation. However, the objectives, outputs and outcomes agreed with the original funding award for this project have not been achieved to date and are looking very unlikely to be achieved. Retrieving and reassigning this funding to other projects will be directed by the Business Board on delivering projects that will have an impact against implementation of the Economic Growth Strategy.</p>
Exempt Appendix:	<p>Exempt Appendix 1: Project Change Request (South Fens Enterprise Park)</p> <p>This appendix is 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)).</p> <p>The public interest in maintaining the exemption is deemed to outweigh the public interest in publishing the appendix.</p>
Links:	<p>LGF Funding Award Project Approval - Business Board 27 January 2020 Agenda Item 2.2</p>