



## **THE BUSINESS BOARD**

<b>BUSINESS BOARD</b>	<b>AGENDA ITEM No: 2.2</b>
<b>27 July 2020</b>	<b>PUBLIC REPORT</b>

### **LOCAL GROWTH FUND PROGRAMME MANAGEMENT REVIEW – JULY 2020**

#### **1.0 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. To provide the Board with operational updates on the LGF progress to 30 June 2020 based on the following items:
  - (a) 2021/22 Accelerated LGF allocation
  - (b) 2020/21 LGF annual grant payment
  - (c) Financial update on programme spend
  - (d) Q1 2020/21 Quarterly Growth Deal return to Ministry of Housing, Communities & Local Government (MCHLG)
  - (e) Projects currently in delivery including pre-contract plus completed projects
  - (f) Change Request for Wisbech Access Strategy project
  - (g) COVID-19 Business Capital Grant and Micro Business Grant schemes
  - (h) Eastern Agri-Tech Growth Initiative update
  - (i) LGF Monitoring and Evaluation update
  - (j) Summary of LGF and Recycled Funds

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Chairman Business Board</b>
<b>Lead Officer:</b>	<b>John T Hill, Director Business &amp; Skills</b>
<b>Forward Plan Ref: Not applicable</b>	<b>Key Decision: No</b>
<p>The Business Board is invited to:</p> <ul style="list-style-type: none"> <li>(a) Recommend that the Combined Authority Board note all the programme updates outlined in this paper.</li> <li>(b) Recommend the Combined Authority Board approve the change request for the Wisbech Access Strategy project.</li> <li>(c) Note the funding position and forecast for Local Growth Fund Projects in delivery.</li> <li>(d) Note the summary of funding streams under management of the Board.</li> </ul>	

## **2.0 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 borrowed and repaid during the programme which has established a recyclable pot of grants and loans for projects delivering economic benefit across the region and this pot has no spend deadline.

## **3.0 2021/22 GETTING BUILDING FUND**

- 3.1 The Business Board approved accepting the allocation of £14.6million from MHCLG at its Extraordinary meeting on the 9th July 2020 and developing the highest ranked project as the basis for this allocation.
- 3.2 Leaders Strategy Meeting on 15th July 2020 will discuss the decision to accept the offer of £14.6million from MHCLG.
- 3.3 A formal acceptance letter and final template of the project delivery details has been prepared for submission on the 17th July 2020 to Secretary of State and team at MHCLG.

#### **4.0 2020/21 LOCAL GROWTH FUND ANNUAL GRANT PAYMENT**

- 4.1 Officers returned the completed submission to Cities and Local Growth Unit on the 17 June 2020 for the Local Growth Fund Annual Grant Payment.
- 4.2 The Cities and Local Growth Unit local team have confirmed they will be reviewing this submission across the summer with release of staggered payments to the Combined Authority based on projects under contract with confirmed spend by end of March 2021.
- 4.3 The Cities and Local Growth Unit paid the Combined Authority two-thirds of the £35million payment for final year 2020/21 in May 2020.
- 4.4 The remaining third of 2020-21 LGF grant will be paid in stages to the Combined Authority subject to review in August 2020 and then again in October 2020 and beyond into early 2021 as required, but each payment will only be paid against projects which are confirmed as under contract with a spend profile that can be achieved by end of March 2021.

#### **5.0 LOCAL GROWTH FUND PROGRAMME POSITION**

- 5.1. On 6th July 2020, the Combined Authority's Local Growth Fund programme had 16 projects including the new COVID-19 capital grant scheme in delivery, listed in table below:

<b>Local Growth Fund Projects in Delivery</b>		
<b>Project Name</b>	<b>Start Date</b>	<b>End Date</b>
Whittlesey Access Phase 1 King's Dyke Crossing	01/07/2016	30/06/2018
Wisbech Access Strategy	01/05/2015	31/03/2021
Lancaster Way Phase 2 Grant	30/12/2017	31/03/2021
Hauxton House Incubator Development	15/07/2019	30/06/2020
NIAB - AgriTech Start Up	02/02/2020	31/03/2021
NIAB - Hasse Fen Extension	01/03/2020	31/03/2021
TWI - Innovation Network Ecosystem	14/05/2020	31/03/2021
Illumina Accelerator Global Expansion	10/06/2020	31/03/2021
3D Centre of Excellence	10/03/2020	31/03/2021
Start Codon - Healthcare & Life Science Accelerator	06/07/2020	31/03/2021
West Cambridge Innovation Park	03/07/2020	31/03/2021
Agri-Tech Growth Initiative	01/08/2015	31/03/2018
COVID-19-19 Capital Growth Grant Scheme	14/10/2019	31/03/2021
AEB Innovation Scheme	01/07/2020	31/03/2021
Skills & Training Space Expansion	12/06/2020	31/03/2021
Medtech Accelerator	30/12/2016	31/03/2021

- 5.2. As of the 6th July 2020, there were 8 projects approved for funding by the Business Board which are in contract/funding agreement negotiation, pre-commencement of delivery, with a total value of £28.5million (see table below). This means that the Business Board had allocated a total of £142.36million of the £146.7million available.

Local Growth Fund Projects to Contract		
Project Name	Start Date	End Date
Brampton Hub - Mobility, Fuels & Logistics Launchpad	TBC	31/03/2021
South Fens Enterprise Park Phase 3	TBC	31/03/2021
University of Peterborough	TBC	31/03/2021
TTP Life Science Incubator	TBC	31/03/2021
Smart Manufacturing Association	TBC	31/03/2021
Advanced Manufacturing Innovation Launchpad - Chatteris	TBC	31/03/2021
Ascendal New Technology Accelerator	TBC	31/03/2021
Cambridge Biomedical Campus - Multi Occupancy Building	TBC	31/03/2021

- 5.3. However there are two contracted projects, Wisbech Access Strategy and M11 Junction 8 improvements that will not now not be using some or all of their original allocation of LGF, and two approved pre-contract projects which will not now commence. This will return £3.7million to the LGF budget meaning, after other adjustments and approvals since the last update, the Fund has a total of £4.348million still required to be allocated to projects with spend before the end of March 2021. This remaining funding is to be considered for allocation to the 3 project proposals being presented to this Business Board meeting in a separate paper which can deliver spend of Local Growth Funds by end of March 2021.
- 5.4. The Wisbech Access Strategy project was presented to the Cambridgeshire County Council Highways and Transport Committee on 7 July 2020, where it was proposed and agreed that subject to the Business Board and CPCA Board approval three of the five schemes: Broad End Road (BER2); Elm High Road roundabout (EH1); and Elm High Road (EH7B) be progressed into construction with the remaining two schemes paused pending decisions relating to the proposed energy plant and Wisbech Rail progression. Therefore the LGF commitment would reduce to £6million returning £4.5million LGF funding for use on other projects. The remaining funds of £3.9million to complete these three schemes in phase 1 beyond March 2021, to be approved for release from the subject to approval lines in the Combined Authority's Medium Term Financial Plan (MTFP).

## CHANGE REQUEST

- 5.5. Wisbech Access Strategy Project has formally issued a change request to the LGF fund and this has been considered by Officers as a reasonable request to adjust the overall awarded LGF from £10.5million to £6million for the scheme in terms of what can be delivered within the possible spending timeframe deadlines meaning that £4.5million is returned to the overall fund for reallocation. The Business Board is asked to recommend the Combined Authority approve the change request as per **Appendix A**.

Local Growth Fund Projects Withdrawn		
Project Name	Start Date	Withdrawn Date
M11 J8	02/04/2019	01/06/2020
Cambridge Northern Fringe - Sci Tech Container Village	TBC	12/05/2020
Wisbech Construction Careers Hub	TBC	15/06/2020

- 5.6. The total programme expenditure to the 6th July 2020 including completed projects is £76.142million. This is the total actually paid out to projects and runs well behind the combined project approval/allocation figure.
- 5.7. There are 21 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 agreed at the last Business Board meeting. The project in italics is the West Anglia Training Association which went into liquidation and the Local Growth Fund has repatriated £323,700 from the liquidator to add into the fund pot to be allocated.

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
<i>EZ Plant Centre Alconbury</i>	<i>01/01/2016</i>	<i>31/03/2016</i>
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

## 6.0 GROWTH DEAL MONITORING RETURN Q4 2019/20

- 6.1. The Business Board is required to submit formal monitoring returns to Government on Growth Deal performance and forecasts on a quarterly basis.
- 6.2. The return for Q4 2019/20 had its submission postponed to September 2020 by MHCLG due to COVID-19 but Officers have since submitted this return in June 2020.

- 6.3. The return for Q1 2020/21 has been prepared by Officers ready for submission and the dashboard is attached at **Appendix B** for Business Board members to note prior to be submitted to MHCLG.
- 6.4. The LGF team has been compiling and updating an Issue Log for all projects live in delivery or in pre-contract negotiation. This is being shared with MHCLG and Business, Energy & Industrial Strategy (BEIS) colleagues to appraise the situation regarding COVID-19 upon LGF delivery. Please note **Appendix C** LGF Project Delivery Issue Log.
- 6.5. Projects shown in amber have slightly delayed delivery but with resolutions agreed with delivery partners to complete schemes by delivery end date. The RAG rating of all transport projects remains Amber or Amber/Green. There are currently no projects red-flagged as at end of Quarter 1 30 June 2020.

Project RAG Ratings					
Project Name	Prev Qtr Q4_1920	This Qtr Q1_2021	Project Name	Prev Qtr Q4_1920	This Qtr Q1_2021
Whittlesey Access Phase 1 King's Dyke Crossing	A	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	A	AG	Cambridge Northern Fringe - Sci Tech Container Village	G	N/A
TWI (The Welding Institute) Expansion	G	G	LGF Topslice	-	G
Technical and Vocational Centre, Alconbury Weald	G	G	Ascendal New Technology Accelerator	G	AG
Agri-Tech Growth Initiative	G	G	3D Centre of Excellence	AG	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	AG
Peterborough Regional College Food Mfg Centre	G	G	Advanced Manufacturing Innovation Launchpad - Chatter	G	G
Growing Places Fund Extension	G	G	Smart Manufacturing Association	G	AG
Highways Academy	G	G	Cambridge Biomedical Campus - Multi Occupancy Building	G	AG
CITB Construction Academy	G	G	TTP Life Science Incubator	G	AG
EZ Plant Centre Alconbury	G	G	Wisbech Construction Careers Hub	AG	N/A
Signpost to Grant	G	G	University of Peterborough	G	G
Medtech Accelerator	G	G	South Fens Enterprise Park Phase 3	G	AG
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	AG
Lancaster way Phase 2 Grant	A	AG	West Cambridge Innovation Park	G	AG
Manea & Whittlesea Stations	G	G	AEB Innovation Scheme	N/A	G
M11 J8	AG	N/A	-	-	-
Terraviva Loan	G	G	-	-	-
Soham Station	AG	G	-	-	-
Haverhill Epicentre	G	G	-	-	-
Forecast	G	N/A	-	-	-
COVID-19 Capital Growth Grant Scheme	G	G	-	-	-
Hauxton House Incubator Development	G	G	-	-	-
NIAB - AgriTech Start Up	G	G	-	-	-

## 7.0 COVID-19 BUSINESS CAPITAL GRANTS PROGRAMME AND MICRO BUSINESS CAPITAL GRANT SCHEME

- 7.1 The COVID-19 Capital Grant scheme and Micro Business Scheme are now closed due to unprecedented demand and all funds being awarded out to businesses.
- 7.2 The Micro Business Grant was funded out of Combined Authority Capital Gainshare funds and is being reported to the Business Board for information.
- 7.3 **Appendix D** provides further data on the breakdown of the grants awarded across the area and sectors.

#### 7.4 The pipeline and outputs as of 30 June 2020 were:

	£m	Number
Budget Approved	£5,500.000	
Grant Awarded	£5,496,908.63	
Grant Declined	£10,738,759.77	
Grants Awarded		132
Grants Declined		244
New Jobs Created		287.5
Jobs Safeguarded		522

Region	Total Grants	Total Awarded	Jobs Created	Jobs Safeguarded
Huntingdonshire	47	£1,681,351.42	108.5	193
Cambridge City	18	£862,772.55	37.5	64.5
Kings Lynn & West Norfolk	12	£653,415.39	25	37
Peterborough City	19	£604,365.80	36.5	89
South Cambridgeshire	13	£569,125.28	29.5	49.5
Fenland	8	£539,463.69	20	25
East Cambridgeshire	9	£329,997.03	11	27.5
West Suffolk	3	£212,692.00	1.5	26.5
South Holland	2	£39,107.87	18	8
Uttlesford	1	£4,617.60	0	2

#### 7.5 Micro Business Capital Grant Scheme

	£'000	Number
Budget Approved	£500,000.00	
Grant Awarded	£499,923.20	
Grant Declined	£623,095.88	
Grants Awarded		128
Grants Declined		119
Jobs Safeguarded		278.5

Region	Total Grants	Total Awarded	Jobs Safeguarded
Huntingdonshire	42	£166,720.51	102.5
Peterborough City	29	£108,252.56	61
South Cambridgeshire	16	£70,177.59	32
East Cambridgeshire	19	£69,924.67	36
Fenland	15	£56,022.94	34
Cambridge City	7	£28,824.93	13

### 8.0 EASTERN AGRI-TECH GROWTH INITIATIVE UPDATE

- 8.1 The Eastern Agri-Tech Growth Initiative currently has a total of 9 live projects across Business Board /New Anglia (NALEP) geography, which are on track to complete to their planned schedules. The Eastern Agri-Tech programme board meeting on 31 March 2020 did not go ahead because of COVID-19, and the decisions are now being considered by email procedures. The Programme Board has approved by email procedures an R&D project and awarded grant funding of



£50,500. The successful applicant is based in the South Kesteven District Council.

- 8.2 In June, the scheme received 2 completed Pre-Qualification Questionnaires; one business is based in the Huntingdonshire District Council area and the other in the Broadland District Council area (Norfolk). The combined indicative grant sought is £149,000. One is an R&D project and the other is a CAPEX project.
- 8.3 So far in July, the scheme received 2 completed Pre-Qualification Questionnaires; both businesses are in the New Anglia LEP area; 1 is in Norfolk and the other in Suffolk. The combined indicative grant sought is £95,000. Both are CAPEX projects.
- 8.4 The Scheme also received 3 new full applications - all 3 are located in the New Anglia LEP area. The combined indicative grant sought is £161,000. Two are CAPEX projects and the other is an R&D project.
- 8.5 There are currently 2 applications being appraised. Both applicants are in the Combined Authority/BB area. The combined grant request is just over £100,000.
- 8.6 In order to enhance the scheme and level across the same criteria as the R&D element of the scheme, there is a separate paper to this Board meeting on changing the intervention rate offered.

## **9.0 LOCAL GROWTH FUND MONITORING AND EVALUATION UPDATE**

- 9.1 The LGF Monitoring and Evaluation plan was agreed by the Business Board at its meeting in January 2020.
- 9.2 The Monitoring of projects in delivery continues by the LGF team on a monthly and quarterly basis and COVID-19 has amplified the position of more regular engagement on most projects particularly those that have indicated issues and/or delays.
- 9.3 The LGF team will commence work on the phase one part of the Evaluation plan in the coming weeks as the procurement concludes to appoint a specialist contractor to provide data analysis support and impact reporting for each project. The phase one focuses on the historical awarded LEP projects which have been completed.
- 9.4 The new specialist contractor to support the evaluation work of the LGF team is being procured as part of the larger Business & Skills insight, data analysis and economic impact data research, plus strategy refresh work in light of COVID-19 through a framework procurement.

## **10.0 SUMMARY OF LGF FUNDING AND RECYCLED FUNDING**

- 10.1 In table one in **Appendix E**, the LGF summary shows the total award of funds in previous years and for the current year with Management/Admin top-slice shown, then returned and underspent funds added back in to the fund, finally the table



concludes the overall total awarded to date and the remaining balance to award to new projects.

- 10.2 In table two this shows all current live LGF projects with forecasted spend for this final year 2020-21. This table also includes the projects that have withdrawn this year. Wisbech Access Strategy project is shown in the table at the newly requested reduced amount of LGF.
- 10.3 Table three shows the to date and future summary of the recycled funding from LGF and Growing Places Fund (GPF) which has been loaned previously to projects and has been repaid or is being repaid over the future years as shown in the table.

## **11.0 SIGNIFICANT IMPLICATIONS**

- 11.1 None

## **12.0 FINANCIAL IMPLICATIONS**

- 12.1 There are no direct financial implications.

## **13.0 LEGAL IMPLICATIONS**

- 13.1 The Cambridgeshire and Peterborough Combined Authority Order 2017 granted the Combined Authority a general power of competence. This power permits the Combined Authority to make grants to providers in order to deliver the terms of the devolution deal signed with Government
- 13.2 The Business Board is responsible for programme direction of the Growth Funds. The Combined Authority, as the Accountable Body, maintains the legal agreements with project delivery bodies.

## **14.0 IMPLICATIONS FOR NATURE**

- 14.1 None

## **15.0 OTHER SIGNIFICANT IMPLICATIONS**

- 15.1 None

## 16.0 APPENDICES

**16.1 Appendix A** – Wisbech Access Strategy project change request

**16.2 Appendix B** - 2020-21Q1 LGF Return to CLGU Draft

**16.2 Appendix C** - LGF-Issue-Log 2020.07.07

**16.2 Appendix D** – COVID-19 Capital Grants and Micro Business Grants report

**16.5 Appendix E** – Summary of LGF And Recycled Funding

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
i. Local Growth Fund Documents, Investment Prospectus, guidance and application forms	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/</a>
ii. Eastern Agri-tech Growth initiative guidance and application forms	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/</a>
iii. List of funded projects and MHCLG monitoring returns	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/</a>
iv. Local Industrial Strategy and associated sector strategies	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/</a>
v. COVID-19 Business Capital Grant Scheme	<a href="https://capitalgrantscheme.co.uk/">https://capitalgrantscheme.co.uk/</a>