



BUSINESS BOARD	AGENDA ITEM No: 2.2
15 SEPTEMBER 2020	PUBLIC REPORT

LOCAL GROWTH FUND PROGRAMME MANAGEMENT REVIEW – SEPTEMBER 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. This paper provides the Board with operational updates on the LGF progress to 14 August 2020 based on the following items:
- (a) Getting Building Fund (GBF) update and lessons learned
 - (b) 2020/21 LGF annual grant payment
 - (c) Financial update on programme spend
 - (d) Q1 2020/21 Quarterly Growth Deal return to MCHLG
 - (e) Projects currently in delivery including pre-contract plus completed projects
 - (f) Change request for Photocentric LGF project
 - (g) COVID Business Capital Grant
 - (h) Eastern Agri-Tech Growth Initiative update
 - (i) LGF Monitoring and Evaluation update
 - (j) Audit & Governance Annual Internal Audit Opinion 2019 / 2020
 - (k) Review of LGF application steps, scoring matrices and evaluation processes

<u>DECISION REQUIRED</u>	
Lead Member:	Austen Adams, Interim Chair Business Board
Lead Officer:	John T Hill, Director Business & Skills
Forward Plan Ref: N/A	Key Decision: No
<p>The Business Board is invited to:</p> <ul style="list-style-type: none"> a) Recommend to the Combined Authority approval of the project Change Request for the Photocentric LGF project; b) Recommend all the programme updates outlined in this paper to the Combined Authority Board; and c) Note the funding position and forecast for Local Growth Fund Projects in delivery. 	

1.0 BACKGROUND

- 1.1 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.
- 1.2 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.

2.0 GETTING BUILDING FUND LESSONS LEARNED FROM THE PROJECT CALL AND UPDATE

- 2.1 On the 10 June MHCLG issued a letter to all Local Authorities calling for 'Shovel Ready Projects' to be submitted across the country with a deadline of 18 June 2020. The criteria for submitting the projects was clearly indicated as capital Local Growth Fund with the ability to deliver spend within 18 months an outcomes related to jobs, growth and green recovery. All projects approved would have to go through the Authorities current Local Assurance Frameworks.
- 2.2 MHCLG in writing to all Local Authorities did not make it clear that they required a co-ordinated approach to the submission of projects and as such they received projects from all the component Local Authorities in the CPCA. Subsequently the CPCA were asked by MHCLG to co-ordinate the process and to submit the final list of projects for consideration. It remained the fact that the Local Authorities maintained ownership of the projects they had submitted and the CPCA merely acted as a conduit for processing the information.

- 2.3 Local Authorities were offered support to develop the projects in line with the LGF evaluation criteria to meet the Local Assurance Framework approval process, they were encouraged to look carefully at the:
- Criteria set out in the letter
 - LGF eligibility criteria
 - LGF evaluation criteria.
- 2.4 MHCLG requested the CPCA collate the projects they had received from individual Local Authorities and rank them as per the criteria outlined and the following methodology:
- How many of the template priorities were met, and the strength of evidence provided in justifying those claims.
 - How well developed the idea was as an LGF eligible project.
 - How well it matched the Business Board Growth Investment Prospectus criteria and hence the likelihood of it being recommended for funding to the Business Board – irrespective of whether Central Government allocates funding for it or not.
 - How in particular: It aligns to the LIS, it was a LIS defined strategic priority project already; it met or got close to the benchmark cost of £5000 per job.
- 2.5 The very short timeframe with which MHCLG requested information be gathered and submitted to them created issues and has resulted in several lessons learned being accelerated and moved forwards (**Appendix A**). These include:
- An online form for all organisations to register projects that they feel meet the criteria of the Local Growth Fund and subsequent funding opportunities – widening the base for gathering the pipeline projects
 - A review of the Local Growth Fund evaluation process to focus on the quality of applications that have been drawn from a wide base of organisations

Other opportunities to better work with partners will be developed over the next few months including:

- CPCA to take a much more proactive role in working with partner authorities and to act as a co-ordinator where necessary
 - Improvements to the LGF elements on the CPCA website and general information relating to funding criteria
 - Communication across the CPCA partners when Central Government requests are made or when funding becomes available
 - Regular updates to partners on current project pipeline opportunities
 - Automated application process for projects
- 2.6 Government announced on the 4th August 2020 the confirmed allocations to all Local Enterprise Partnerships and Combined Authorities in England, Cambridgeshire & Peterborough Combined Authority (CPCA) was confirmed at £14.6million and the details of allocation for the selected project can be viewed on the .GOV website: [GBF Cambridgeshire and Peterborough.pdf](#)

The first tranche of this new funding is anticipated to be paid to the Combined Authority during September 2020.

2.7 The next steps for the selected project in respect of the £14.6million allocation is the Local Assurance Process with the formal application currently being written by the applicant partners with an anticipated submission date of October 2020 to the Business Board and Combined Authority.

3.0 2020/21 LOCAL GROWTH FUND ANNUAL GRANT PAYMENT

3.1 Officers returned a Review document to MHCLG on the 14 August 2020 which outlined the projects under contract and those that remained to be contracted, see 4.2.

3.2 The Cities and Local Growth Unit local team have confirmed they will be reviewing this submission with release of staggered payments to Combined Authority based on projects under contract with confirmed spend by end of March 2021.

3.3 The Cities and Local Growth Unit has in May paid the Combined Authority two-thirds of the total annual £35million allocated for 2020/21 Local Growth Fund grant payment for this financial year

3.4 The remaining one third will be paid in subsequent payments to the Combined Authority in October 2020, January 2021 and beyond but only if The Cities and Local Growth Unit are confident that there is evidence of projects under contract and spend can be achieved in the timeframe until end of March 2021.

4.0 LOCAL GROWTH FUND PROGRAMME POSITION

4.1. On 14 August 2020, the Combined Authority's Local Growth Fund programme had 16 projects including the new COVID capital grant scheme in delivery, listed in table below:

Local Growth Fund Projects in Delivery		
Project Name	Start Date	End Date
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
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 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
Brampton Hub - Mobility, Fuels & Logistics Launchpad	07/08/2020	31/03/2021
TTP Life Science Incubator	14/08/2020	31/03/2021
Advanced Manufacturing Innovation Launchpad - Chatteris	13/08/2020	31/03/2021
Cambridge Biomedical Campus - Multi Occupancy Building	13/08/2020	31/03/2021

- 4.2. There were 7 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 £145.85million of the £146.7million available.

Local Growth Fund Projects to Contract		
Project Name	Start Date	End Date
South Fens Enterprise Park Phase 3	TBC	31/03/2021
University of Peterborough	TBC	31/03/2021
Smart Manufacturing Association	TBC	31/03/2021
The Growth Company	TBC	31/03/2021
Ascendal New Technology Accelerator	TBC	31/03/2021
CAM Promoter Body	TBC	31/03/2021
CRC Construction Hub Refurbishment	TBC	31/03/2021

- 4.3. After the two new projects approved at last Combined Authority Board there was £853,178 LGF remaining to be allocated. There has also been notification on the 11th August 2020 from the Illumina project which is live and in delivery that they will underspend their allocation this financial year by at least £300,000 before the end of March 2021. As their programme is in 6 month cohort drawdowns for the Seed equity funding it will not be possible to hold over this £300,000 to the next cohort of their Accelerator participants into Quarter 2 2021/22. This results in a new balance of £1.153million left in the remaining Local Growth Fund pot to be allocated to projects coming through the Local Assurance process for approval.
- 4.4. A project change request has been submitted for consideration to the Business Board by Photocentric, this follows an unprecedented level of growth within the

business due to COVID-19 and several new contracts being placed with them. As part of this growth the company have reassessed their business space requirements and have identified a need for manufacturing space which is a change from the original project but is still in line with the outputs on jobs and skills created. Photocentric have identified a site and are ready to purchase the building for build out within the next 2 months. Confidential **Appendix B** outlines the change request in detail.

- 4.5. The total programme expenditure to the 14 August 2020 including completed projects is £89,229,232. This is the total actually paid out to projects and runs well behind the combined project approval/allocation figure.
- 4.6. 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 agreed and updated at previous Business Board meetings.

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

5.0 GROWTH DEAL MONITORING RETURN Q1 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 Q1 2020/21 has been submitted by Officers on 21 August 2020 and the dashboard is attached at **Appendix C** for Business Board members to note.
- 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 with MHCLG and BEIS colleagues to appraise the situation regarding COVID upon LGF delivery. Please note **Appendix D** LGF Project Delivery Issue Log.

5.4. 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 remain Amber or Amber/Green. There are currently no projects red-flagged as at end of Qtr 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	-	-	-
Terraview 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	-	-	-

5.0 COVID BUSINESS CAPITAL GRANTS PROGRAMME

5.1 The COVID Capital Grant scheme is now closed and the £5.5million all awarded through grant offers is now being drawn down by invoice evidence claims from the businesses.

5.2 The claims value paid out so far equal: £1,813,542.61

6.0 EASTERN AGRI-TECH GROWTH INITIATIVE UPDATE

6.1 Currently there are 70 Agritech projects that have been approved and are in delivery, 3 further applications for grant support have been received and this is in addition to the 8 previously reported to the Business Board on the 27 July 2020. Of the current applications:

- 6 have been appraised, with a total grant value of just over £281k
 - 5 are R&D project proposals and 1 is Growth/CAPEX.
- The remaining 5 applications are being appraised, total grant value of these 5 proposals is £ 245,475.
 - 3 are Growth/CAPEX projects and 2 are R&D.
- All new applicants have been informed of the change agreed at the Business Board on the 27th July in intervention rate for grants from 25% to 50% of total project costs and a formal campaign is being developed, with

support from the Communications Team in the Mayor's Office, for later this year.

Martin Lutman, Programme Manager, is arranging dates for the Agri-Tech Programme Board to consider the applications and take decisions about whether to support the applications.

7.0 LOCAL GROWTH FUND MONITORING AND EVALUATION UPDATE

7.1 The LGF Monitoring and Evaluation plan was agreed by the Business Board at its meeting in January 2020.

7.2 The Monitoring of all live projects in delivery is conducted by the Local Growth Fund team on a monthly and quarterly basis.

7.3 Metro Dynamics have been appointed to carry out the Evaluation and Insights work for the CPCA and Metro Dynamics have sub-contracted specialists Ekosgen to support the evaluation of the Phase One completed LGF projects. The scope of the evaluation has been agreed and a timeframe for delivery agreed.

7.4 Progress:

- The Local Growth Fund Team met with appointed contractors Metro Dynamics and Ekosgen to go through the requirements of the Evaluation plan for LGF, and a project plan in place to deliver the evaluation report before November Board meeting and a presentation to the Board.
- SharePoint site created to serve as repository for the evaluation work created
- SharePoint site uploaded with required documents relevant to each project to help with the delivery of the evaluation work
- Project leads/contacts sent to Ekosgen
- The Local Growth Fund Team met with Ekosgen team for update, and weekly meetings to be set up going forward

7.5 No major issues raised yet but contacting completed project leads who have left the organisation may make getting required information a challenge. Update meetings with the Eksogen team are scheduled weekly.

7.6 Reporting:

Please note **Appendix E** sets out a proposed monitoring report format to provide to the Board going forwards with RAG status for spending of the LGF project awards in relation to two key milestones: progress on spend to the deadline of 31 March 2021 plus a RAG status for actual jobs created being reported against forecast agreed at LGF award.

In addition as Eksogen and Metro Dynamics produce their evaluation reports, summaries of those will be shared with the Business Board in the LGF management updates in addition to the above. When Eksogen complete the first tranche of evaluation on all the historically awarded projects there will be a LGF whole programme phase 1 exec summary report produced and compiled for the next board meeting.

8.0 AUDIT OF BUSINESS BOARD COMPLIANCE WITH THE NATIONAL ASSURANCE FRAMEWORK AND GOVERNANCE - AUDIT FEEDBACK

- 8.1 Audit and Governance Committee, Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on the entire control environment by evaluating the effectiveness in achieving the organisation's objectives.
- 8.2 This Audit report is the culmination of the work during the course of the year and seeks to provide an opinion on the adequacy of the control environment and report the incidence of any significant control failings or weaknesses.
- 8.3 For the Business Board the relevant parts of this audit report are the previous audit (see 4.4.2 at the link below) which identified that the CPCA was broadly compliant with the national framework. And (at 4.5.11 in the link below) since then, the CPCA has taken to amalgamating the LEP and CPCA framework into an overarching document. A desktop review has been undertaken as part of the audit and the previous gaps have all been addressed. The original report made 9 recommendations. The follow-up has found that all recommendations have been actioned. The overall opinion in the audit is **SUBSTANTIAL**.
- 8.4 The Audit can be found at the following location: [Internal audit report 2019-20](#)

9.0 REVIEW OF LGF APPLICATION PROCESSES

- 9.1 The Officers have commenced a review of the scoring matrices used for evaluating projects at Expression of Interest (EOI), Full Application Form (FAF) and Entrepreneurs Assessment Panel (EAP) stages. This has now been broadened out to not just review the matrices but to review the steps in the whole application process to ensure robust handling of future tranches of funding.
- 9.2 The Business Board decided that it should have an input into this review and Andy Neely (vice chair) volunteered to be involved in the review of the processes which will be conducted over the coming two months.
- 9.3 The first meeting took place 18 August 2020 to outline the process and scope of the review, an outline of which will be shared with the Business board prior to review commencing see **Appendix F**. The results of the review will be implemented in new funding opportunities.

10.0 SIGNIFICANT IMPLICATIONS

- 10.1 None

11.0 FINANCIAL IMPLICATIONS

- 11.1 There are no direct financial implications.

12.0 LEGAL IMPLICATIONS

- 12.1 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.
- 12.2 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.

13.0 IMPLICATIONS FOR NATURE

- 13.1 None

14.0 OTHER SIGNIFICANT IMPLICATIONS

- 14.1 None

15.0 APPENDICES

- 15.1 **Appendix A** – Getting Building Fund Lessons Learned
- 15.2 **Appendix B (exempt)** – Photocentric Change Request
- 15.2 **Appendix C** – Cities and Local Government (MHCLG/BEIS) Quarter 1 Return
- 15.3 **Appendix D** – LGF Project Delivery Issue Log
- 15.4 **Appendix E** – Business Board LGF Investment Monitoring Report
- 15.5 **Appendix F** – LGF Review Outline

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