



CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD	AGENDA ITEM No: 6.5
29 JANUARY 2020	PUBLIC REPORT

SMALL BUSINESS CAPITAL GRANT SCHEME FUNDING ALLOCATION

1.0 PURPOSE

- 1.1. At its meeting on 25 November 2019 the Business Board approved the allocation of an additional £9m to the Small Business Capital Grant Scheme from the Local Growth Fund and recycled Growth Fund to create a total £12m budget for the Small Business Capital Grant Scheme. This total budget is £3m less than the £15m budget previously proposed
- 1.2. The purpose of this report is to provide the rationale for the decision to recommend reducing the total pot of funding in this programme.
- 1.3. The Combined Authority Board is asked to approve the revised allocation of £9million to the Small Business Capital Growth Grant Programme.

<u>DECISION REQUIRED</u>	
Lead Member:	James Palmer, Mayor
Lead Officer:	John T Hill, Director for Business & Skills
Forward Plan Ref: 2020/017	Key Decision: Yes
The Combined Authority Board is recommended to: (a) Approve the allocation of an additional £9m to the Small Business Capital Growth Grant Programme from Local Growth Fund and recycled Growth Fund to create a total £12m budget for the Small Business Capital Growth Grant programme	Voting arrangements Simple majority of all Members

2.0 BACKGROUND

- 2.1 The Business Board and Combined Authority Board previously approved the allocation of £3million for a pilot for a new Small Business Capital Growth Grant Programme with potentially more funding to follow this pilot up to a total of £15million of the Local Growth Fund/Growing Places Fund. This potential addition to the scheme budget of £12m would significantly deplete the remaining unallocated LGF of £53.9million by reducing it to £41.9million. To put this in context there are £63.4m worth of applications in the current pipeline.
- 2.2 Given that the remaining Local Growth funding available to support an application pipeline of £63.4million currently stands at only £53.9million, the following is recommended to the Combined Authority Board by the Business Board:
- Reduce the additional £12million of funding previously approved and proposed for the Small Business Capital Growth Grant Programme to £9m and thus the Combined Authority Board approves the revised allocation of £9million from the remaining £53.9million to the Small Business Capital Growth Grant Programme.
- 2.3 If this recommendation and the recommendation in the separate report on the Eastern Agri-Tech Growth Initiative funding review at Item 6.4 were both accepted, the revised total budget available would decrease by £5.5m from £53.9m to £48.4m. The current LGF pipeline stands at £63.4million thus approximately 75% of the 22 proposals could be funded, rather than 65% were the recommendations not accepted.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The allocation of £9m is entirely from the Local Growth Fund and recycled growth funds thus has no effect on wider Combined Authority resources.
- 3.2 The effect on the LGF balance is small, as the majority of the additional funding will be from the recycled funding, the table below sets out the forecast income and expenditure of the recycled capital growth funds based on currently contracted loans.
- £8.8m of recycled capital growth funds would represent the vast majority of the forecast unallocated balance, however the forecast does not include repayment of two approved, but subject to contract, LGF loans totalling approximately £2.1m nor any repayments of future loans made to LGF pipeline projects.

	2019-20	2020-21	2021-22	2022-23
Opening balance	11,136,153	8,829,153	9,803,444	10,705,091
Loan repayments	33,000	661,646	901,647	266,896
Committed expenditure	(2,340,000)	-	-	
Closing balance	8,829,153	9,803,444	10,705,091	10,971,987

4.0 LEGAL IMPLICATIONS

4.1. There are no direct legal implications.

5.0 OTHER SIGNIFICANT IMPLICATIONS

5.1. None.

6.0 APPENDICES

6.1. Appendix 1 – Business Board paper 25 November 2019 – 3.2 Local Growth Fund Update

<u>Background Papers</u>	<u>Location</u>
Business Board minutes November 2019 meeting [Minute 98 refers]	25-11-19-Draft Business Board minutes