

Recycled Local Growth Fund Project Funding Awards

To:	Business Board
Meeting Date:	24 June 2022
Public report:	This report contains appendices which are 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)). The public interest in maintaining the exemption outweighs the public interest in publishing the appendices.
Lead Member:	Acting Chair of the Business Board, Dr Andy Neely
From:	Deputy Chief Officer and SRO Growth Works and Greater South-east Net Zero Hub, Alan Downton
Key decision:	Key Decision for the Mayor, in consultation with Combined Authority Board, on or after 28 th June 2022
Forward Plan ref:	2022/026
Recommendations:	<p>The Business Board is asked to:</p> <ul style="list-style-type: none">a) Recommend that the Mayor, in consultation with the Combined Authority Board, approves:<ul style="list-style-type: none">(i) Grant funding for the project ranked 1 in the table at paragraph 2.11 in the report;(ii) Grant funding for the project ranked 4 in the table at paragraph 2.11 in the report, subject to the repatriation of LGF funds;(iii) A revised grant funding offer of £200,000 for the project ranked 2 in the table at paragraph 2.11 in the report, subject to the repatriation of LGF funds;(iv) A revised grant funding offer of £762,762 for the project ranked 3 in the table at paragraph 2.11 in the report, subject to the repatriation of LGF funds;

- b) Subject to match funding being secured and a further external due diligence report being completed, recommend that the Mayor, in consultation with the Combined Authority Board, delegates authority to the Chief Finance Officer, in consultation with the acting Chair of the Business Board and the Monitoring Officer, to award the remaining requested funding for the project ranked 2 in the table at paragraph 2.11 in the report; and
- c) Note that projects ranked 5 and below in the table at paragraph 2.11 have been declined based on the funding not being available for all remaining projects.

1. Purpose

- 1.1 This report sets out the process undertaken and presents the assurance analysis of applications to enable the Business Board to recommend the award of Recycled Local Growth Fund (LGF) to projects.

2. Background

- 2.1 Growth Deal and Growing Places funding was provided by the Government to local areas to invest in projects to create new jobs, increase productivity, and stimulate economic growth. A total of £146.7m was provided to this area. In previous funding rounds, loans were allocated to organisations and continue to be repaid. In addition, funds have been returned from projects that were halted for various reasons, giving the Business Board funds of c.£7m to allocate to projects in the medium term.
- 2.2 The Business Board approved the strategy to utilise the recycled funds in November 2021, and in January 2022, the Combined Authority Board formally endorsed the Business Board recommendation on the criteria and approach to run two categories of Recycled LGF project calls:
- Category One – a fund of about £1m (15% of total fund)
 - Category Two – a fund of about £6m (85% of total fund)
- 2.3 A call for the first category one projects was conducted in February 2022, and the Business Board recommended the approval of £1.2m from the recycled fund to be utilised in funding projects that have applied to the category one call. As this is higher than £1m, the balance of funds available for category 2 projects is slightly reduced.
- 2.4 Table 1 shows the balance on capital and revenue recycled funds over the next 5 years, including the £1.2m spend recommended for funding by the Business Board at its meeting in May 2022, and assuming a £2.27m net receipt from the sale of iMET in 2022-23. After the current year, the Business Board's funds increase over time as loans continue to be repaid. Therefore, the Business Board needs to consider its cashflow and projects' proposed spend profiles when awarding funds, as the whole of the £7m is not available immediately.

£'000	22-23	23-24	24-25	25-26	26-27
Capital closing balance	-6,572	-4,093	-4,615	-4,799	-4,983
Revenue closing balance	-345	-461	-551	-624	-691
Total	-6,916	-4,555	-5,166	-5,422	-5,674

Table 1

- 2.5 A call for project proposals in the second category against this recycled funding was launched on 5th April 2022, timed to link in with the Government's launch of the Levelling Up Fund call for projects. The call requested projects that were looking for match funding towards large capital projects.

- 2.6 The open call was advertised on the CPCA website and emails were sent to Business Board members and Economic Development Officer teams across the region with the link to the application forms and guidance. The details of the call can be viewed on the Local Growth Fund page of the Combined Authority website: [Local Growth Fund: Cambridgeshire and Peterborough Combined Authority](#). The process that has been undertaken to call, assess and approve projects has followed the agreed Local Assurance Framework process in respect of the Local Growth Fund, and this has been with a 2 or 3 stage application process:
- (i) EOI – scored internally by officers
 - (ii) Full Application – scored externally by independent due diligence provider.
 - (iii) Applications over £500k were presented to an Entrepreneur Assessment Panel which also scored the applications.
- 2.7 We received nine applications, eight of which were evaluated internally by Combined Authority officers. One application did not meet the criteria set by the Business Board. Having no match funding, this application was passed to Growth Works to see if they were able to support the applicant.
- 2.8 The eight project proposals that have completed the independent external assessment are being presented to the Business Board for consideration, and applicable approved proposals will be recommended to the Mayor, in consultation with the Combined Authority Board, for approval.
- 2.9 The Business Board is asked to consider the ranking scores of each of the projects to aid the decision making with project. The scores across all assessment stages for projects achieved thus far can be viewed in Appendix 1 (exempt). Projects were also independently evaluated by our external appraisers, and this resulted in a recommendation decision which has been considered in parallel with the ranking scored process. Proposals that are ‘not recommended’ by external appraisers ought not be recommended.
- 2.10 A summary of scoring assessments for each of the projects applying for funding having completed all required steps in application process is included in paragraph 2.11 of this report. Further details of the individual projects, including the external appraisal report and further supporting documents, can be found in Appendix 2 (exempt). The scoring assessments have been completed for all projects including our external evaluators matrix scores section.
- 2.11 The Business Board is asked to recommend that the Mayor, in consultation with the Combined Authority Board, approves funding for the four highest ranked projects in Table 2 below, taking into account the funds available, and subject to the following:
- A full grant request for projects ranked 1 & 4, subject to the recommendations set out in the external evaluation;
 - A reduced allocation of £200,000 for the project ranked 2, based on the external evaluators assessment recommendation and, once match funding has been secured and a further external due diligence report completed, authority to be delegated to the Chief Finance Officer, in consultation with the acting Chair of the Business Board and the Monitoring Officer, to award the remaining requested funding; and

- A reduced allocation of £726,762 for the project ranked 3, based on the assessment of the external evaluator that there are potential opportunities for alternative funding from partners, including Huntingdonshire District Council, and subject to the recommendations set out in the external evaluation report.

Project Name	Scoring				Rank	Project Request	Recommendation	Recommended Allocation
	Internal	External	EAP	Average				
Mega Factory	41%	55%	89%	62%	3	£ 2,000,000.00	Recommended initial allocation £200k - defer remaining (ringfenced)	£200,000
Net Zero Training Centre	48%	82%	88%	73%	1	£ 2,000,000.00	Recommended full allocation	£2,000,000.00
5G Feasibility Study	42%	54%	0%	48%	8	£ 350,000.00	Not Recommended	
Produce Hub	44%	66%	76%	62%	2	£ 1,158,525.00	Recommended at 50% of requested funding	£726,762.00
Temp Officer/Incubator Space	38%	57%	76%	57%	5	£ 929,215.00	Not Recommended	
Station Quarter Improvements	41%	56%	70%	55%	7	£ 1,000,000.00	Not Recommended	
Student Space	47%	74%	0%	61%	4	£ 397,093.00	Recommended full allocation	£397,093.00
Gene Editing Facility	36%	57%	79%	57%	5	£ 1,096,000.00	Not Recommended	
								£3,323,855

Table 2

- 2.12 The Business Board should note that the Category 2 fund is subject to funds being available taking place to repatriate funds. Until the last of those is completed, the full amount of funds shown above is not available to be contracted. The current completed transactions will allow for the following to take place:
- Project ranked 1 can be contracted immediately
 - Projects ranked 2 to 4 will be delayed until transactions have completed.
- 2.13 Project spend profile in funding agreements will need to match the drawdown of the Business Board annual budget profiles, and the agreed grant will be spent towards the back end of project delivery where feasible.
- 2.14 The Business Board should note that projects ranked 5 and below cannot be funded from this Recycled LGF budget due to the limit of funding available at this time.

Significant Implications

3. Financial Implications

- 3.1 The financial implications related to each application are detailed in the appendices. The Business Board agreed to award roughly 85% of the current unallocated recycled LGF budget to the Category Two project call. This was reduced after an increase to 17% for Category One projects. On that basis, there are insufficient funds available in this second category to fund all eight projects. In fact, there is only enough to fully fund the top four scored projects.

- 3.2 The table in paragraph 2.4 sets out the financial position regarding the funds available. The iMet sale could impact on the available funds in terms of when the sale is finalised and funds returned to the Combined Authority.

4. Legal Implications

- 4.1 There are no direct legal implications, but the assessment of applications for Local Growth Funding has been done in accordance with the process agreed by the Business Board at its meeting in November 2021, as well as the Combined Authority Local Assurance Framework.

5. Public Health implications

- 5.1 The proposed funded projects will have a positive impact on public health regarding the creation of key employment or skills outcome improvements across the Combined Authority area. Good work and personal skills development are a key determinant of positive health outcomes.

6. Environmental and Climate Change Implications

- 6.1 Two of the proposed projects have a longer term direct environmental impact in terms of delivering green skills training in support of growing Net Zero industry sectors, and one of the proposed projects will deliver direct carbon reduction from air and road miles for food produce.

7. Other Significant Implications

- 7.1 None

8. Appendices

- 8.1 Appendix 1 (Exempt) – Project Assessment Scoring
8.2 Appendix 2 (Exempt) – Project Applications and Appraisals

9. Background Papers

[Business Board Meeting 19th September 2019](#)

[Business Board Meeting 8th November 2021 Item 2.2 Strategic Funds Management Review](#)

[Business Board Meeting 10th January 2022 Item 2.2 Strategic Funds Management Review January 2022](#)