

<b>BUSINESS BOARD</b>	<b>AGENDA ITEM NO: 2.1</b>
<b>19 OCTOBER 2020</b>	<b>PUBLIC REPORT</b>  <i>This report contains an appendix which is exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and 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 Appendix.</i>

## **GETTING BUILDING FUND PROJECT PROPOSAL – OCTOBER 2020**

### **1.0 PURPOSE**

- 1.1. The Business Board is responsible for managing the award of the allocation of £14.6million Getting Building Fund subject to Local Assurance compliance and Accountable Body approval with the objective of delivering capital investment into local economy, creating new jobs within 18 months of that investment and boosting productivity and GVA for the longer term.
- 1.2. The Business Board is asked in this report to consider and make a recommendation in regard of the application that has been submitted for these funds based upon the Local Assurance Framework scoring process and independent external assessment undertaken.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Chair of Business Board</b>
<b>Lead Officer:</b>	<b>Steve Clarke, Senior Responsible Officer for LGF and Market Insight &amp; Evaluation</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
<p>The Business Board is asked to:</p> <ol style="list-style-type: none"> <li>(a) Approve variation of Local Growth Fund decision making processes set out in the Local Assurance Framework, to enable approval of the proposed project;</li> <li>(b) Recommend that the Mayor, in consultation with the Combined Authority Board, approve the allocation of the sums required to progress the <i>Peterborough University Phase 2 Manufacturing and Materials Research &amp; Development Centre</i> to complete the design and business</li> </ol>	

case from the Getting Building Funding from Ministry of Housing, Communities and Local Government (MHCLG), subject to that sum being agreed by the Section 73 Officer; and

- (c) Recommend that the Mayor, in consultation with the Combined Authority Board, delegate authority to the Senior Responsible Officer (Deputy Chief Officer) for Business Growth Service, in consultation with the Lead Member for Finance, Section 73 Officer and Monitoring Officer, authorise the release of the balance of the £14,295,833 Getting Building Funds subject to the project producing the documents listed as terms and conditions in the external appraiser's report.

## 2.0 BACKGROUND

- 2.1. The Business Board at its Extraordinary Business Board meeting on 9th July 2020 formally accepted the allocation of £14.6million from Ministry for Housing, Communities and Local Government (MHCLG) split into this and next financial years after a call for 'Shovel Ready Projects' issued by MHCLG in June 2020 which concluded with the Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre Project being selected as the primary project to bring forward.
- 2.2. The criteria for the Getting Building Funding was clearly indicated as Capital only with ability to deliver spend within 18 months and outcomes related to Jobs, Growth and Green Recovery over the following 18 months after that spend. Although there was no local open call for projects as this was part of a national request issued by MHCLG to MCA's, LEP's and Local Authorities for projects to the new Getting Building Fund, there was however clear steer that projects would have to comply with and proceed through the Local Assurance Framework in each Mayoral Combined Authority and/or Local Enterprise Partnership area. There were 20 projects submitted to MHCLG from the Combined Authority as a result of their national request for shovel ready projects and MHCLG shortlisted this to 3 projects to focus on, this then led to the Business Board deciding that the University Phase 2 Manufacturing and Materials Research & Development Centre Project would be put forward to MHCLG as the only project for the allocation of the £14.6million. The allocation of funding to the Combined Authority on the basis of this project was formally announced on 4th August 2020.
- 2.3. The Business Board agreed at its Extraordinary Board meeting on 9<sup>th</sup> July 2020 that the Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre Project was the only project being formally invited forward to apply for this funding based on MHCLG Officer and CPCA Officer evaluation that led to this project being ranked 1 out of all projects submitted from the MHCLG call for 'Shovel Ready Projects'.
- 2.4. The project has followed all steps of the approvals process in the Local Assurance Framework apart from responding to a transparent open local call for projects issued by the Business Board. In light of this the Business Board is asked to approve to the variation to the decision making process, prior to making any other recommendation on the project.
- 2.5. Further details of the project, including the external appraisal report and further supporting documents can be found in the confidential **Appendix A**. The scoring assessment has been completed for this project including our external evaluators' matrix score section.

2.6. The Business Board is asked to make the above recommendation in relation to the Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre Project. That approval would be subject to the conditions proposed by external Appraiser's report.

## 2.7. Application Assessment Summary Table

Projects	Eol %	FAF %	EAP %	Final averaged % assessment score	GBF Funding Request	GBF Funding Offer	RANK
<b>GBF Budget</b>	<b>£14,600,000</b>						
Net Zero Manufacturing and Materials Research & Development Centre	90%	73%	96%	86%	£14,295,833	£14,295,833	1

2.8 The Board is also asked to note the project decision process is not via the usual Business Board recommendation to the Combined Authority Board. It is intended that the Mayor will approve the award of funding, on behalf of the Combined Authority, after consulting the Combined Authority Board Members. This alternative approval route is being used because the Getting Building Funding allocation from MHCLG has prescriptive spending criteria that means it must be spent on delivery of a capital project by March 2022. Because of the short timeframe to deliver the spend, this project needs to have assurance of the funding award by 31<sup>st</sup> October 2020, to be able to progress with the immediate planning application, clearance works and to also enable the main construction procurement. The next Combined Authority Board meeting is in November and waiting until then would create an unnecessary delay which carries the risk of not meeting the March 2022 deadline.

## 3.0 FINANCIAL IMPLICATIONS

- 3.1. The financial implications are detailed in the appendix. There are sufficient uncommitted Getting Building Funds to meet the up-front funding requests in this report without impacting other CPCA funding sources. Detailed financial impacts of investment arrangements will be negotiated with the applicant based on recommendations from the appraisers and the Business Board.
- 3.2. As highlighted in the legal implications section, the Business Board were unable to follow the full process outlined in the combined Local Assurance Framework.
- 3.3. The project which was agreed with MHCLG to be promoted, the Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre, has subsequently been subject to the normal appraisal process in line with all other projects receiving capital growth funds from the Business Board (internally scored expression of interest, externally appraised full application, and presentation to the Entrepreneurs Assessment Panel) and has scored well – above a number of other projects which have successfully bid for funding in the past.
- 3.4. Based on the above, the Section 73 Officer for the Business Board is satisfied that the project represents potential value for money and can be funded, subject to a gateway review of the business case prior to commencement of the construction contract.

## 4.0 LEGAL IMPLICATIONS

- 4.1. The Combined Authority is the accountable body for the Business Board and retains financial oversight over all allocation and funding decisions. On the 1<sup>st</sup> July 2020 MHCLG informed the Business Board of the allocation of £14.6m and on the 9<sup>th</sup> July 2020 the Business Board approved the Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre Project to be progressed as the project that the £14.6m should be allocated to.
- 4.2. The Project has complied with Local Assurance Framework process for Local Growth Funding in all aspects apart from not originating from a local open call against a published prospectus. The project was selected from the Business Board pipeline of projects after MHCLG invited LEP's, MCA's and Local Authorities to submit 'shovel ready projects' on 10<sup>th</sup> June 2020 to a newly launched fund called the Getting Building Funding. This fund varies from the current LGF, in that the spending timeframe is much shorter at its launch and the jobs criteria requirement is that projects must create significant new jobs within 18 months of the construction. For this reason, the decision making in relation to this funding has been treated slightly differently.

By virtue of the National Assurance Framework, the Business Board is empowered to give prior approval to a variation in the decision-making processes stipulated in the Local Assurance Framework, in this case in relation to there not being a local call for projects.

## 5.0 SIGNIFICANT IMPLICATIONS

- 5.1. None.

## 6.0 IMPLICATIONS FOR NATURE

- 6.1 None.

## 7.0 OTHER SIGNIFICANT IMPLICATIONS

- 7.1 None.

## 8.0 APPENDICES

**Appendix A (Exempt) - Application Project Information and External Appraisal Reports**

<u>Source Documents</u>	<u>Location</u>
Local Growth Fund Documents, Investment Prospectus, guidance and application forms	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/Growth-Prospectus-2019-21-Local-Industrial-Strategy">https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/Growth-Prospectus-2019-21-Local-Industrial-Strategy</a>