



Agenda Item No: 2.2

## Strategic Funds Management Review - July 2022

To: Business Board

Meeting Date: 11 July 2022

Public report: Yes

Lead Member: Acting Chair of the Business Board, Andy Neely

From: Deputy Director Business and Skills, Alan Downton

Key decision: No

Recommendations: The Business Board is invited to:

Note all programme updates outlined in this report.

## 1. Purpose

- 1.1 This report provides the Business Board with an update on the strategic funding programmes that it is responsible for, and covers progress to 1<sup>st</sup> June 2022. This includes the following:
- (a) Spend performance of allocated funds
  - (b) Monitoring and spending performance of allocated funds
  - (c) Recycled Local Growth Funds update
  - (d) Community Renewal Fund update
  - (e) Levelling Up Fund update
  - (f) Shared Prosperity Fund update

## 2. Background

- 2.1 The Local Growth Fund (LGF) £146.7m programme was closed and all spent by 31 March 2021, but programme outcomes from its invested projects are still being delivered until 2030. Also, £7m of LGF is being returned over the medium term for a variety of reasons, and the Business Board is still reinvesting those funds as recycled Local Growth Fund. The recycled funds are being re-awarded using the same criteria as original LGF, and in the form of grants, loans or other forms of funding, such as equity capital investment.
- 2.2 The £14.6m Getting Building Funding (GBF) was awarded to the Combined Authority in July 2020, and the Business Board awarded the £14.6m to the Net Zero Manufacturing Research and Development Innovation Centre, University Phase 2 project.
- 2.3 The UK Community Renewal Fund (CRF) awarded a grant of £3,393,851 to the Combined Authority in November 2021 to deliver two projects by 30 December 2022. Both projects are being delivered through the existing Growth Works contractor.
- 2.4 In the Levelling Up Fund (LUF) round 1, Peterborough City Council were awarded £20m of capital grant for the ARU Peterborough Living Lab and University Cultural Quarter project. Fenland District Council, East Cambridgeshire District Council, Huntingdonshire District Council and the Combined Authority transport team are all submitting applications for round 2, which closes on 6<sup>th</sup> July 2022.
- 2.5 On 13th April 2022, the Government launched the UK Shared Prosperity Fund (SPF) prospectus and guidance with a deadline of the end July 2022 for submission of Lead Authorities Investment Plans.

## 3. Programme Spend

- 3.1 The £146.7m Local Growth Fund programme closed on 31 March 2021 with all funding awarded to a portfolio of 51 projects, including the grant schemes, and included the allocated Combined Authority fund management costs.
- 3.2 The £14.6million GBF awarded, invested before March 2022, and delivery is well advanced on the Manufacturing & Materials Research and Development Centre and infrastructure, with completion due in December 2022.

- 3.3 The Peterborough University Phase 3 project has commenced procurement of delivery team by the Peterborough HE Ltd (Propco 1), targeting planning submission by early 2023. The funding package includes £2m from Business Board recycled fund, alongside the £24m from Peterborough City Council and Anglia Ruskin University.
- 3.4 The Community Renewal Fund first tranche payment of £2.06m from the Combined Authority, plus the £800k Additional Restrictions Grant (ARG) match funding from council partners, was paid to the Growth Works contractor in March 2022, via the Cambridgeshire and Peterborough Growth Company. No further claim has yet been requested, with the second and final tranche of payment due to be paid after 30<sup>th</sup> June 2022, but before 31<sup>st</sup> December 2022.

## 4. Programme Delivery and Monitoring

- 4.1 The North Cambridgeshire Training Centre project, which was awarded £3.16m of LGF, has flagged a potential risk of delay to the September 2022 opening of the centre, due to the A141 roundabout access works scope and associated costs being more than was budgeted for when planning permission was granted, which was also not covered within contingency. The original access design only provided for partial remodelling and resurfacing of the roundabout, but the S278 agreement issued by the Cambridgeshire County Council Highways requires far more extensive reworking and resurfacing of most of the roundabout to address safety issues. Officers are working with the Combined Authority's transport team and the project lead organisation to bring forward a funding solution utilising non-Business Board funds to ensure the roundabout works can be completed and the centre opened on time or with minimal delay.
- 4.2 The monitoring of all projects in delivery is conducted by the Strategic Funds team on a monthly and quarterly basis. The latest updated monitoring report of all outputs for all projects, both completed and live, is attached at Appendix 1.
- 4.3 The current monitoring update shows that there have been in total 8,009 jobs and 882 Apprenticeships reported as created from all projects by June 2022. The graphs in Appendix 1 show the whole LGF programme jobs created cumulative to date, and the current year relative performance each month against forecast.
- 4.4 The Local Growth Fund dashboard with quarterly updated project outputs and outcomes can be found on the CPCA website:  
[Local Growth Fund | Cambridgeshire & Peterborough Combined Authority \(cambridgeshirepeterborough-ca.gov.uk\)](https://www.cambridgeshirepeterborough-ca.gov.uk)

## 5. Recycled Local Growth Funds

- 5.1 In January 2022, the Business Board approved a strategy to award the remaining recycled LGF. This has included running two open calls for projects to bid for the LGF Recycled Funds.
- 5.2 The Category 1 call for projects was opened in February 2022 and received six applications which were put through the assurance process, and the Business Board recommended

three projects for funding award, which the Combined Authority Board approved at its meeting on the 27<sup>th</sup> June 2022.

- 5.3 The Category 2 call for projects was open between 31<sup>st</sup> March 2022 and 29<sup>th</sup> April 2022 for Expressions of Interest. Eight of the Expressions that were received passed the gateway assessment and were invited to complete a full application. Six also attended Entrepreneurs Panel Assessment because they were requesting over £500k. In parallel, all projects were also reviewed with external independent appraisal. The Business Board met on 24<sup>th</sup> June 2022 and agreed funding recommendation of £4,397,093 to three projects for the Mayor to approve by Mayoral Decision Notice, in consultation with the Combined Authority Board. The Business Board also deferred a decision on one project until a later date, to gather further information on the project to help with the decision.
- 5.4 All successful funding awards and deferment have been formally communicated to the project lead applicants, and work commenced with those successful organisations on grant funding agreements, subject to any compliance to the terms and conditions given as part of the award as set out in the external appraiser's report.

## 6. Community Renewal Fund Update

- 6.1 On 25<sup>th</sup> March 2022, the central Community Renewal Fund (CRF) team in the Department for Levelling Up, Housing and Communities DLUHC wrote to all CRF Lead Authorities offering a blanket extension nationally until 31<sup>st</sup> December 2022, in case any projects had been delayed or slow starting delivery because of Covid-19 related constraints and now required extra time to deliver outputs and spend. Officers have written to DLUHC accepting the extension until 31 December 2022, but will only utilise additional time until projects are completed, which may be before 31 December 2022.
- 6.2 The delivery of the two projects being funded by the CRF continues through the Growth Works contractor, and both projects will deliver their full spend, outputs and outcomes before the end of the extended delivery window of 31<sup>st</sup> December 2022.
- 6.3 On the Start and Grow project, the current pipeline of potential candidates now generated from the marketing has been deemed more than enough to deliver all the grants and support outcomes in the programme. A decision has been made to close the programme to new entries.
- 6.4 Another quarterly update on performance of the CRF projects will be covered in the Strategic Funds Management review paper at the Business Board meeting in September 2022.

## 7. Levelling Up Fund Update

- 7.1 The Government launched the Levelling Up Fund (LUF) round 2 prospectus on 23<sup>rd</sup> March 2022, which invites applications to be submitted by 6<sup>th</sup> July 2022 from Tier 2 Local Authorities for regeneration projects up to £20m, and Combined Authorities with transport powers up to £50m for transport projects.
- 7.2 Combined Authority officers have supported applications for LUF round 2 regeneration

projects from Fenland District Council, plus anticipated applications from East Cambridgeshire District Council and Huntingdonshire District Council.

- 7.3 The Combined Authority transport team shortlisted the Peterborough Station Quarter transport scheme, which covers the priority 1 place of Peterborough, as the scheme to forward as the confirmed final Combined Authority transport bid on the July 6<sup>th</sup> 2022 deadline.

## 8. Shared Prosperity Fund Update

- 8.1 As the Lead Authority on the Shared Prosperity Fund (SPF) for Cambridgeshire and Peterborough, the Combined Authority is facilitating the development of the Core SPF Local Investment Plan, which will secure the indicative allocation shown below. The plan must be submitted to DLUHC before 1<sup>st</sup> August 2022. The Government will approve the local plans during September and October 2022, which in turn confirms the actual final allocation of funding awarded to the Combined Authority.

CPCA's SPF Indicative Allocation	2022-23	2023-24	2024-25
£9,872,624	£1,480,893	£2,665,608	£4,738,859

- 8.2 The first year of funding would be paid to the Combined Authority in October 2022, once the Investment Plan is approved, and the Combined Authority has signed and returned the funding agreement with DLUHC. Once this is achieved, the Strategic Funds team will be coordinating the grant agreements and contracts with local authorities and delivery organisations.
- 8.3 There will be pressure on the 2022/23 first year of spend due to the time left in the financial year once the SPF investment plan is approved and first payment received from DLUHC to the Combined Authority.
- 8.4 The Cambridgeshire Public Service Board is the partnership board which is leading the collective approach to developing the Local Investment Plan, and they will continue as the SPF partnership board advising the Combined Authority with oversight of delivery and general operational input to the SPF over this first three-year plan.
- 8.5 The progress on developing the Local Investment Plan for Cambridgeshire and Peterborough and the latest draft, along with the proposed projects list, is being considered by the Business Board in Agenda Item 2.3 (UK Shared Prosperity Fund Investment Plan Update) at its meeting on 11<sup>th</sup> July 2022.

## Significant Implications

### 9. Financial Implications

- 9.1 There are no significant financial implications other than those covered in the main body of the report.

## 10. Legal Implications

10.1 There are no significant legal implications.

## 11. Public Health implications

11.1 Within the broad portfolio of funded projects many have a positive impact on public health in regard to creation of key employment or skills outcome improvements across the Combined Authority. Good work and personal skills development are key determinant of positive health outcomes.

## 12. Environmental and Climate Change Implications

12.1 The programmes of funding contain various projects which will deliver impacts through the wider changes and innovations in sectors such as Agri-food, green engineering and life sciences and digital that are Cambridgeshire and Peterborough global strengths. Success in these sectors will contribute to the global response.

## 13 Other Significant Implications

13.1 None.

## 14. Appendices

14.1 Appendix 1 – LGF Investment Monitoring Report

## 15. Background Papers

15.1 Community Renewal Fund Award Approval  
[Combined Authority Board 24 Nov 2021 Agenda item 3.6](#)

15.2 Strategic Funds Management Review May 2022  
[Business Board 9 May 2022 agenda item 2.1](#)

15.3 Strategic Funds Management Review January 2022  
[Business Board 10 January 2022 agenda item 2.2](#)

15.4 Local Growth Fund Documents, Investment Prospectus, guidance and application forms,  
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/>

15.5 List of funded projects and MHCLG monitoring returns,  
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/>

15.6 Local Industrial Strategy and associated sector strategies,  
<https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/>