

DECISION NOTICE - MAYORAL

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DECISION INFORMATION		
1. DECISION TITLE	Recycled Local Growth Fund (LGF) Category 2 funding approval	
2. DECISION No.	MDN38-2022	
3. DECISION DATE	30 June 2022	
4. FORM AUTHOR	Name: Steve Clarke Title: Senior Responsible Officer LGF, Market Insight & Evaluation Email: steve.clarke@cambridgeshirepeterborough-ca.gov.uk	
5. DESCRIPTION OF DECISION	1. To approve the recommendations of the Business Board as set out under section 10 below on behalf of the CA Board following consultation with them at the Leaders Strategy Meeting of 22 nd June 2022.	
6. AUTHORITY FOR DECISION	1. Chapter 3 Paragraph 1.5 – General Power of Competence by the Mayor	
7. DECISION TYPE	Mayoral	
8. DECISION OWNER	Dr Nik Johnson, The Mayor of Cambridgeshire and Peterborough	
9. KEY DECISION INFORMATION	FORWARD PLAN DATE	30 May 2022
	FORWARD PLAN NUMBER	KD2022/026
	DATE OF DECISION	On or after 28 June 2022
	DATE REPORT PUBLISHED	
	APPROVAL HYPERLINK	
	IMPLEMENTATION DATE	06/07/2022
	EXEMPT INFO/ ANNEX	Funding applications and due diligence reports
DECISION OVERVIEW – to be completed by Project Owner for all Decisions		

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<p>10. SUMMARY OF REQUIREMENTS</p>	<p>The Mayor on behalf of the Combined Authority, and having consulted with the Combined Authority is formally approving the Business Board recommendations as set out below:</p> <p>a) Approve allocation of Local Growth Fund recycled funds</p> <p>b) In consultation with the Combined Authority Board, approve the award and payment of £4,397,093 unallocated recycled local growth funds to the following projects:</p> <ul style="list-style-type: none"> Grant Funding payment of £2million for the Net zero Training centre project - Wisbech A revised Grant Funding offer of £200,000 payment for the Mega Factory project, Shared Medtech facility for SMEs – Peterborough – subject to repatriation and availability of LGF funds Grant Funding payment of £397,093 for the Student Space Project 1st phase of net zero skills centre – Peterborough – subject to repatriation and availability of LGF funds Delegate authority to the Chief Finance Officer, in consultation with the acting Chair of the Business Board and the Monitoring Officer, to award payment of the remaining £1.8million requested funding for the Mega Factory project, subject to repatriation of LGF funds, and subject to the applicant securing the match funding required and a further external due diligence report being completed to confirm that the external appraisers proposed conditions have been met <p>Any offer and subsequent payment of Grant would be subject to the project applicants providing evidence that the match funding set out in their applications has been secured and any release of grant subject to the conditional requirements identified in the Combined Authority's' external appraiser report and included in the Grant Funding Agreement being discharged with Combined Authority Officers.</p>
<p>11. PROJECT BACKGROUND</p>	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> Category One – a fund of about £1m (15% of total fund) Category Two – a fund of about £6m (85% of total fund) <p>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.</p>

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The summary below shows the balance on capital and revenue recycled funds over the next 5 years, including the £1.2m award recommended for funding by the Business Board at its meeting in May 2022 which was approved by the Combined Authority on the 27th June 2022, and assuming a £2.27m net receipt from the sale of iMET in 2022-23.

£'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 closing balance	-6,916	-4,555	-5,166	-5,422	-5,674

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.

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.

The open call was advertised on the CPCA website and communication disseminated through key stakeholders including 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 & Peterborough Combined Authority \(cambridgeshirepeterborough-ca.gov.uk\)](https://cambridgeshirepeterborough-ca.gov.uk)

The process that has been undertaken to call, assess and approve projects has followed the CPCA Local Assurance Framework process in respect of the Local Growth Fund, and this has been with a 2 or 3 stage application process depending on value of applications:

- EOI – scored internally by officers
- Full Application – scored externally by independent due diligence provider.
- Applications over £500k were presented to an Entrepreneur Assessment Panel which also scored the applications.

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.

The eight project proposals that have completed the independent external assessment were presented to the Business Board for consideration, and the Board approved proposals to be recommended to the Mayor, in consultation with the Combined Authority Board, for approval.

The Business Board was asked to consider the ranking scores of each of the projects to aid the decision making with project. Projects were also independently evaluated by our external appraisers, and this resulted in a recommendation decision which has been

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considered in parallel with the ranking scored process. Proposals that are 'not recommended' by external appraiser were proposed to not be recommended.								
	Scoring							
Project Name	Internal	External	EAP	Average	Rank	Project Request	Recommendation	Recommended Allocation
Mega Factory	41%	55%	89%	62%	3	£2,000,000.00	Recommended initial allocation £200k - defer remaining to be awarded by delegated authority (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	Deferred to next Business Board meeting	
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
Gene Editing Facility	36%	57%	79%	57%	5	£1,096,000.00	Not Recommended	
								£2,597,093
<p>The total value of the projects being submitted for funding including the additional £1.8m delegated for the mega factory subject to match funding and additional due diligence is £4,397,093.</p> <p>The Mayor and Officers consulted with the Combined Authority Board members at the Leaders Strategy meeting held on the 22nd June 2022 on the recommendations that were published to be put forward to the Business Board and on the use of a Mayoral Decision Notice to approve those recommendations after the Business Board had held its meeting because of critical bidding deadlines for applicants. Leaders were all in favour for the Mayor</p>								

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	to give the final approval of the recommendations that were to come out of the Business Board meeting.	
12. FINANCE INFORMATION	VALUE OF DECISION	£4,397,093 - £2m approved unconditionally, £597k subject to further Business Board income materialising and £1.8m delegated for later officer decision.
	BUDGET CODE(S)	N/A - budget codes will be assigned to individual projects once approved
	BUDGET DESCRIPTION(S)	New budgets will be assigned to individual projects once approved, the funding for these projects will be from within the recycled growth funds.
	FUNDING TYPE	CAPITAL
	FUNDING APPROVAL	N/A this decision is for funding approval following a recommendation from the Business Board on the 24 th June.
	FUNDS AVAILABLE	£5,670,000
	OTHER COMMENTS	<p>The first table in section 11 shows the forecast Recycled Growth fund balances based on existing contracted loan repayments and project commitments as well as the repayment profile this would imply.</p> <p>It should be noted that there is always the possibility that loan repayments may not occur due to default, however, due diligence, including appraisals and financial data was undertaken before the loans were granted reducing this risk.</p> <p>Except for the initial £200k to support the Mega Factory, grants are to be offered on a percentage basis, i.e. if the Business Board is investing 20% of the total project cost then 20% of total spend to-date can be claimed in each claim subject to the maximums set out in the table above.</p>
13. PROCUREMENT CONSIDERATIONS	DIRECT AWARD JUSTIFICATION	N/A
	REGULATION RISKS	N/A
	VFM JUSTIFICATION	N/A

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14. LEGAL CONSIDERATIONS	LEGAL RISKS	The current risk is ensuring that all funds are repaid to the Business Board, however, the projected figures indicate that the risk is minimal and has been mitigated.
	CONTRACT/ GRANT INFORMATION	<p>The funds are recycled Local growth Fund monies that have previously been granted as loans and are being repaid over the next 7 years.</p> <p>The allocation of these recycled funds is now a local decision, this is being confirmed with Cities and Local Growth Unit.</p> <p>The standard Grant Funding Agreement will be used for the LGF recycled monies. This GFA stipulates the outcomes required and the timeframe for delivery.</p>
15. CONFLICTS OF INTEREST/ MITIGATION	None	
16. SUPPORTING DOCUMENTATION	Supporting documents can be found here: CMIS > Meetings	
17. CONFIDENTIAL INFORMATION	Business Board meeting papers included confidential exempt appendices which were excluded from publication because they contain confidential financial information about applicants and their organisations.	
DECISION APPROVAL/ CONSULTATION		
PROCUREMENT	NAME	N/A
	DATE	N/A
	COMMENT	N/A
FINANCE	NAME	Jon Alsop
	DATE	29 June 2022
	COMMENT	No further comment
LEGAL	NAME	Reena Roojam
	DATE	28.6.2022
	COMMENT	A standard CPCA GFA will be used to cover the grant funding.

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CHIEF OFFICER/ DIRECTOR	NAME	Paul Raynes, Acting Chief Executive
	DATE	30 June 2022
	COMMENT	Approved
OVERALL APPROVAL		
DECISION MAKER	NAME	Mayor Dr Nik Johnson
	DATE	30/06/2022
	COMMENT	Approved