



Investment Committee

13 January 2025

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| Title: | Investment Committee Concept Papers |
| Report of: | Executive Director, Resources - Janice Gotts |
| Lead Member: | Mayor Dr Nik Johnson |
| Public Report: | Yes |
| Key Decision: | No |
| Voting Arrangements: | Not applicable for this report |

Recommendations:

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| A | To note and comment upon the concept paper listed below, and prior to its presentation to the CPCA Board at its meeting on 22 January 2025: <ul style="list-style-type: none"><i>Strategic Investment & Innovation Growth Fund</i> |
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Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

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| X | Achieving ambitious skills and employment opportunities |
| X | Achieving good growth |
| | Increased connectivity |
| X | Enabling resilient communities |
| | Achieving Best Value and High Performance |

The Single Assurance Framework (SAF) is a set of systems and processes designed to provide the Cambridgeshire and Peterborough Combined Authority (CPCA) with a consistent approach to appraisal, assurance, risk and performance, throughout the lifecycle of projects and programmes. It is focused on ensuring accountability, probity, transparency and legal compliance – and critically, value for money of investments. It covers the full end to end lifecycle of projects and programmes that place a financial liability on the CPCA.

1. Purpose

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| 1.1 | To consider and comment on the concept proposal within this report prior to its presentation to the CPCA Board on 22 January 2025. |
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2. Proposal

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| 2.1 | The Single Assurance Framework (SAF) is a valuable tool that enables the Combined Authority to develop and deliver successful programmes and projects and explain the clear rationale through concept papers and business cases on how its strategic objectives will be delivered. |
| 2.2 | The SAF has been in operation since June 2024 and new governance forums, notably the Investment Panel and Investment Committee, have been established to support its delivery. |
| 2.3 | The first step for a new project or programme delivery is the development of a concept paper. A concept paper is the Combined Authority's entrance document into the SAF and it aims to provide the required information to enable early assessment and consideration of an investment proposal. It is, therefore, a short document with high level information. |
| 2.4 | Concept proposals are initially reviewed by the officer-led Investment Panel which consists of members of CMT as well as officers from enabling services such as legal, finance, performance and procurement. Service expert leads are invited to present proposals and respond to questions and provide clarifications before the concepts are taken forward. The next stage is for proposals to be presented to the Investment Committee for noting and any further comment prior to being considered by the CPCA Board. The Board will determine if the concept is a priority to be developed into a formal business case, which will include identifying the potential funding routes. |
| 2.5 | The concept within this report has previously been presented to the Investment Panel at its meeting on 12 December 2024 and is sponsored by the relevant Executive Director. The next step, following the meeting of this Committee, is for the CPCA Board to consider this concept proposal at its meeting on 22 January 2025, which will include any feedback from this Committee. The Board can then determine whether a formal business case should be developed. |
| 2.6 | Below is a summary description for the project. A detailed concept paper is attached to the report as Appendix A. |
| 2.7 | <p>Strategic Investment & Innovation Growth Fund</p> <p>This is a proposed Grant programme to support high growth businesses to either ignite innovation across the region or attract innovative companies to invest, thereby bringing forward growth. It is proposed via a single programme which combines existing thematic fund budget lines in 24/25 MTFP into one new funded programme.</p> <p>The Strategic Investment and Innovation Growth Fund is proposed to be made up of:</p> <ol style="list-style-type: none">1. The CPCA Levelling Up Fund (£5m): described in the MTFP as a fund to enable both local match funding for projects which will leverage significant external funding as well as the opportunity to expand the current market towns programme into other large non-market town settlements in the area, enabling the delivery of much-needed public realm improvements.2. The Strategic Growth Fund (c£20m): described in the MTFP as a fund available for local government to determine local investment into skills and economic capital. This type of funding has been reduced since the end of the Local Growth Fund, so this fund is intended to mitigate some of this shortfall and fund projects both on direct construction as well as enabling infrastructure. It is anticipated that up to £5m of the fund could be used to help develop the next phase critical infrastructure at the University of Peterborough potentially focusing on industrial innovation.3. Remaining unspent budget from the recently completed Growth Works Local Growth Fund project, currently standing at £600k with the final figure to be included once available. <p>The decision has been made to focus the funds on the priorities outlined by the new government in delivering high growth opportunities that fit the development of Local Growth Plans. The original fund of £20m has been supplemented from underspend carried forward to bring the figure closer to £21m and therefore may be subject to minor change as outstanding commitments are met.</p> |

It is proposed to amalgamate the budget line funding streams plus underspend and offer financial support to businesses and organisations who are identified as having high growth potential, also inward investors in our priority sectors and organisations which are enterprises that enable innovation activities or have a focus on private sector growth through innovation. The fund will be aimed at bringing new organisations into the region and growing SMEs or organisations who have demonstrated clear ability to grow, whilst also focusing on potential links with the regional universities, Institutes and the Innovation enabling ecosystem.

Given the capital nature of the funds, the following activities are anticipated but not prescriptive, and these will be further explored in the Outline Business Case (OBC):

- Grants to attract inward investors in our priority sectors to leverage significant company investment into new Innovation led assets or capabilities
- New **innovation hubs**, which align to regional sector strengths
- Investment in **grow-on space** for existing enterprises but aligned to support innovation, including foreign-owned companies
- **New facilities for research with a commercial application** including co-creation of products and business process applications
- **Workspace and specialist facilities such as laboratories** that aid cluster development and/or inward investment
- **Grants to purchase specialist equipment** that will accelerate innovation, add capability and productivity where lack of funding is a barrier to growth

The overall outcomes from this programme will be clearly defined in the OBC with a detailed logic model and range of measurable outputs and benefits, the concept form does have a starter list of financial and non-financial benefits outlined.

Following the Concept Paper, an OBC will be produced which will include whether there will be a call for projects or if organisations will be invited to apply utilising the pipeline, and then a Full Business Case created once there is an agreed list of projects.

The concept paper, in full, is attached at Appendix A.

2.8 Future Business Case Governance Route subject to the approval of the Concept Paper

The governance route for business case approval is dependent on the financial value of the project as follows:

Project Costs

- above £5m – the proposal will be considered by Investment Committee for comment before being presented to the CPCA Board for approval
- between £1 up to £5m – the proposal will be presented to the Investment Committee for approval
- below £1m – the proposal will be presented to the Chief Executive for approval and Investment Committee will be informed of any decisions at its next available meeting.

All items will be considered by the Investment Panel in the first instance before proceeding to the next stage of approval.

Currently the project within this report, if approved, will remain as part of a planned development pipeline until the business case is developed and approved, although the identification of appropriate funding is not required because the budget lines being considered for this programme are already in the MTFP.

2.9 The appropriate approval mechanism for this project is summarised in the table below, based on the current estimated project cost and available funding. However, it is important to note that the estimated project cost and funding between concept and business case stage may change as further work is done on defining and designing the project and finalising the available funding. If the value changes, then potentially this will impact on the approval route.

| Project Name | Cost of project (CPCA contribution if different) | Revenue or Capital | Business Case Governance route |
|---|---|---------------------------|--|
| Strategic Investment and Innovation Growth Fund | £43.3m (c£26m) | Capital | Investment Panel Investment Committee CPCA Board |

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| 2.10 | <p>Strategic Objectives</p> <p>The primary strategic objective for this particular programme is Achieving Good Growth, including growth and good quality jobs in high performing sectors.</p> <p>There is a need, as acknowledged in the Shared Ambition prospectus, for more investment in innovation that capitalises on momentum to:</p> <ul style="list-style-type: none"> • Be the place to invest - incentivising purpose driven, innovative investors to choose our region (including both enterprises with a base here or inward investment) to make it the top innovation hub for our target sectors linked to indigenous entrepreneurial talent. • Grow our high value sectors - leveraging knowledge transfer and innovation networks for Agritech, Food Production, Life Sciences, Manufacturing and Materials and Digital/ ICT/ AI, and Energy & Cleantech • Maximise the Benefits of Investment - optimise the flow of investment to benefit across all communities in Cambridgeshire and Peterborough |
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3. Background

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| 3.1 | The SAF is a set of systems, processes and protocols designed to provide the Combined Authority with a consistent approach for appraisal, assurance, risk management and performance throughout the lifecycle of projects and programmes. The SAF sets out key processes for ensuring accountability, probity, transparency and legal compliance and for ensuring value for money is achieved across its investments. |
| 3.2 | The SAF seeks to set out the framework and processes the Combined Authority will utilise to provide confidence to itself, Government, stakeholders and partners that it has robust systems in place to best enable its projects and programmes to realise the benefits they seek to deliver. The development of concept papers and business cases to support project investment is key to the SAF. |
| 3.3 | The SAF was approved at CPCA Board in November 2023. This noted that the process had also been approved by Government. It was agreed at the Board that the SAF process would go live from June 2024 following work on embedding the SAF and developing the new governance arrangements |

4. Appendices

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| 4.1 | Appendix A. Concept Paper - Strategic Investment and Innovation Growth Fund |
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5. Implications

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| Financial Implications | |
| 5.1 | The financial implications are set out in the report and attached appendices. Should the project be approved to proceed to the next stage then the funding will be re-affirmed in the detailed business case for each project prior to approval. |
| Legal Implications | |
| 5.2 | There are no significant legal implications in this report. The Single Assurance Framework, section 5.4.2 makes clear that the 'Concept Paper provides a consistent entry point into the Single Assurance Framework that intends to provide the required information to enable early assessment, prioritisation and consideration by the Corporate Management Team, the Investment Panel and by the CA Board. |
| Public Health Implications | |
| 5.3 | None in this Concept stage – the OBC and FBC may well include benefits related to public health. |

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| Environmental & Climate Change Implications | |
| 5.4 | None in this Concept stage – the OBC and FBC may well include benefits related to Environmental & Climate Change |
| Other Significant Implications | |
| 5.5 | None in this Concept stage – the OBC and FBC may well include benefits related to Other Significant Implications |
| Background Papers | |
| 5.6 | Single Assurance Framework Board report 29 November 2023 Single Assurance Framework Cover report and appendices (pages 94-148) |