Metro——Dynamics

Local Growth Fund Evaluation

Cambridgeshire and Peterborough Combined Authority

Final report

Executive Summary

Metro Dynamics have been asked by Cambridgeshire and Peterborough Combined Authority (CPCA) to evaluate nine Local Growth Fund investments. The evaluation was conducted between November 2022 and February 2023.

Strategic Alignment

The LGF investments were aligned with the strategic objectives of the Regional Economic Strategy and known market failures which were inhibiting business growth. The rationale for innovation-led growth in the CPCA area remains strong, and the assets developed via LGF have strengthened the infrastructure which can support future growth. The evidence so far suggests that assets developed by LGF will be important assets to support the delivery of the 2022 Economic Growth Strategy, with planned investments in the business and innovation ecosystem potentially providing the wraparound support to maximise the longer-term impact of LGF investments and help businesses tackle the legacy of Covid-19 and Brexit, as well new challenges of high levels of inflation and rising costs.

Outcome Performance and Value for Money

Performance across the nine LGF projects has varied. All evaluated projects successfully defrayed allocated funding by the March 2021 deadline, and consultation findings suggest that due to rising development costs being met by the private sector, the investments have leveraged more private match funding than the £14.8m anticipated.

The projects evaluated have delivered strongly against the immediate outputs linked to capital developments. Outcomes linked to increases in employment, training opportunities (apprenticeships) and non-financial business support have been slower to materialise.

Overall, the LGF investments we have evaluated have been assessed as delivering ‘medium’ value for money at this stage. This reflects the high level of match funding across the projects, and strong performance against early-stage outcomes (creation and refurbishment of floorspace and grant defrayment). If longer-term outcomes continue to materialise (thereby strengthening efficiency and effectiveness measures), it is expected that a significant number of these projects will in the future demonstrate a ‘good’ or ‘very good’ Value for Money position.

Management and Governance

The application, appraisal and initial monitoring of the LGF investments was on the whole, well managed. A number of positive factors have supported early delivery:

- Leveraging of business networks by Business Board members and LGF Officer team to engage potential applicants with deliverable propositions;
- A clear and quick applicant journey;
- Effective due diligence processes;
- Diverse sector and industry expertise on the Entrepreneur Panel;
- High quality assessment packs and provision of robust recommendations to facilitate strategic decision-making; and,

- frequent communication from the LGF team to project applicants.

At the same time, data collection and reporting processes are not yet well developed and are constraining the effective management and governance of LGF. As well as ensuring project leads are aware and adopt the relevant guidance, there scope for more robust implementation of the monitoring and evaluation plan by CPCA. More robust data collection and monitoring processes (including the production and promotion of investment impact and good news stories) will enable CPCA to articulate the wider impact and value of public spending more clearly, and will a useful evidence base to lobby for additional funding from central government.

Impacts

LGF has supported a range of innovation and growth outcomes. LGF investments have also generated additional soft outcomes for beneficiaries such as reputational benefits, networking advantages and increased knowledge-sharing.

Project leads anticipate more impacts to emerge as demand for new products and services grow, leading to further job creation, apprenticeship opportunities and inward investment into the region. Consultation findings indicate that supporting innovation investments which build on existing clusters or ecosystems is important for realising outcomes quickly and effectively and ensuring investments drive place-based impacts. This reinforces the wider evidence that public funding is likely to have greatest impact when it is unlocking opportunities linked to existing strengths and potential.

Recommendations

The areas for consideration discussed below are primarily focused on improving the longer-term monitoring and management of the LGF investments and helping to maximise economic impact. The recommendations do, however, have wider applicability and should be considered in the design of future funding programmes.

- **Enhancing data collection:** The Local Growth Deal Monitoring and Evaluation plan should be reviewed and implemented in full. All projects should be required to submit evidenced quarterly monitoring claims using consistent data to enable challenge and consistency in reporting at a programme level. The current data collection tool should be expanded to capture qualitative information on wider activity, progress and risks to outcome delivery. This will enable CPCA to target additional support where required and identify good news stories for promotion.
- **Refining progress reporting:** Options to expediate and automate collected monitoring data should be explored to reduce demands on Officer resource and enhance the consistency and accuracy of data. Work to further refine how data is presented for scrutiny by the Business Board should continue, and should consider how existing monitoring assets (such as the LGF Power BI dashboard) could be better utilised to communicate progress.
- **Maximising the advisory role of the Business Board:** There is scope to review the role of the Business Board to ensure its potential as a strategic advisory group is maximised. Moving forward, the Board should play a strong role in realising the strategic potential of LGF investments at a programme level, and maximising their contribution to the

emerging Economic Growth Strategy and wider policy areas such as inward investment and internationalisation. The Board also has an important role to play in championing the success of the programme amongst strategic stakeholders and potential investors.

- **Embedding capacity building and social value:** with longer lead in times to funding calls there is scope to explore how access to advisory support at project development stage can help to develop regional delivery capacity, engage a broader range of partners, and support the co-design of propositions to ensure individual investments form a strong strategic programme of activity offering enhanced impacts. More engagement and collaborative working pre-application can also allow the CPCA's delivery team to identify ways to embed additional value in investments such as through the application of inclusive growth principles and social value, inclusive and good quality design, and consideration of net zero opportunities.
- **Marketing and inward investment**: Promoting the success of the programme can help to realise the longer-term potential of capital investments by making more businesses aware of the region's assets and growth opportunities and attracting inward investment. Consideration could be given to how the portfolio of investments in innovation assets contributes to the regional offer and how LGF investments could be used to support the delivery of sector strategies.
- **Realising long term benefits:** With cluster theory back on the policy agenda and investment zones expected to have a strong innovation and place-based focus, CPCA's LGF investments can greatly enhance the region's narrative if appropriate support is in place to realise long term benefits. As part of enhanced monitoring processes there is scope to consider how on-going engagement between project beneficiaries and the LGF delivery team, as well as peer learning opportunities, could support projects to increase the impact of investments beyond initial build/investment stages.

Contents

1 Introduction

Metro Dynamics have been appointed by Cambridgeshire and Peterborough Combined Authority (CPCA) to evaluate nine Local Growth Fund investments. The evaluation was conducted between November 2022 and February 2023.

Local Growth Fund

Launched in 2014, the Local Growth Fund (LGF) is a £12bn programme of predominantly capital funding made available to Local Enterprise Partnerships (LEPs) to stimulate local economic growth. LGF combined elements of several departmental budgets (including Department for Transport, the then Department of Business, Innovation and Skills, and the then Department of Communities and Local Government) to provide capital for projects in transport, skills housing, innovation and business growth.

The former Greater Cambridge and Greater Peterborough (GCGP) LEP secured £146.7m of LGF investment across three funding rounds (Table 1).

Table 1. Breakdown of GCGP Growth Deals

Growth Deal	Amount
Growth Deal One (July 2014)	£71.1m
Growth Deal Two (January 2015)	£38m
Growth Deal Three (January 2017)	£37.6m
Total	**£146.7m**

This evaluation considers projects totalling £8,661,550 of LGF funding, which accounts for 6% of the area's total Growth Deal allocation.

Previous Evaluations

In 2021, CPCA commissioned an evaluation of 10 early LGF investments made between 2015 and 2016. The evaluation found that improvements could have been made to the design and delivery of projects to enhance outcomes and Value for Money. Evaluation conclusions therefore focussed on opportunities to enhance early scrutiny of proposals at appraisal stage, and establishing more robust post-investment data monitoring processes. Recommendations included:

- Strengthening the initial appraisal stage: ensuring the design of projects includes demand assessment and a clear rationale that links the outputs to longer term outcomes and objectives.
- Improving the quality of monitoring and closure reports and processes: including a central outputs and outcomes monitoring database.
- Increasing emphasis on project evaluations and further embedding a culture of evaluation.

- Ensuring Senior Responsible Officer continuity, wherever possible, and processes for effective handover of information where SRO changes.
- Capturing the wider socio-economic benefits of projects: for example, the contribution of transport projects to increasing GVA and business growth.
- Stronger early challenge and communication within the project development process to enable effective on-going scrutiny of project plans, intended beneficiaries, potential demand, and delivery timetables.

This Evaluation

The nine projects under consideration have been selected by CPCA as being of suitable maturity for evaluation. With the exception of the Medtech Accelerator, the selected investments were made post 2018 when the responsibility for the Growth Deal investments had transferred to CPCA and Fund oversight responsibilities given to the Business Board. An overview of the nine projects is shown in Table 2.

Table 2. 2022 Evaluation Project Overview

Project Title	Lead Organisation	Local Authority	Start Date	LGF investment	Leverage Funding
Medtech Accelerator	Health Enterprise East	South Cambridgeshire District Council	2016	£500,000	£700,000
TeraView Company Expansion	TeraView	South Cambridgeshire District Council	2018	£120,000	£554,070
Aerotron company Expansion	Aerotron Ltd	Fenland District Council	2020	£1,400,000	£5,600,000
Hauxton House Incubation Centre	O2H Ltd	South Cambridgeshire District Council	2019	£438,000	£500,000
NIAB – Agri-Gate Hasse Fen Extension	NIAB	East Cambridgeshire District Council	2020	£599,850	£921,620
Haverhill Epicentre	Jaynic Investment LLP	West Suffolk District	2019	£2,700,000	£3,600,000

TWI Ecosystem Innovation Centre	TWI Ltd	South Cambridgeshire District Council	2020	£1,230,000	£1,270,000
Aracaris Capital Living Cell Centre	Aracaris Ltd	South Cambridgeshire District Council	2019	£1,350,000	£1,350,000
AEB Innovation Grant	CPCA	CPCA Wide	2020	£323,700	£336,700

As seen in the logic model for the nine LGF investments (Figure 1), the projects included in evaluation are designed primarily to deliver innovation, business and growth, and skills. The portfolio of projects reflects CPCA agreed ambitions to support economic growth opportunities for business and residents across the whole region.

Figure 1. Evaluation Project Logic Model

Theme	Project	Rationale	Activities	Inputs	Outputs	Outcomes	Impact
Innovation	Medtech Accelerator	Proof of concept funding is required to create early prototypes, prove principal and generate early ex-vivo/in-vivo data is needed	Administering grant awards between £25,000 to £125,000 to NHS-led innovation proof of concept projects	£50,000 LGF equity investment	To make at least 15-20 proof of concept awards over an 18-month period Within 3-8 years create a return on investment for Medovation shareholders.	Creation of direct and indirect jobs in the region; Creation of new regional MedTech companies; Support existing MedTech expertise in the region; Promote follow-on inward investment and Medovation awardee growth in the region; and Directly impact GVA in the regional life-science sector.	Create new companies and employment opportunities directly in the region; Development and manufacture of MedTech support produces for UK healthcare; Increase exports from the region
Innovation	Aracaris Capital Living Cell Centre	When the full Sawston building has been built out for cell therapy manufacturing, it will be close to the largest such advanced manufacturing facility in all of Europe	Development of state of the art clean labs, office space focused on the living cell medical breakthrough for treatment of cancer and other genetically influenced diseases	£1,350,000 LGF loan	750msq of new lab space	200 jobs over 3 years; 25 apprenticeships over 3 years; significant export opportunities	Improve employment opportunities and the GVA of the opportunities in Cambridge; Increase innovation in Cambridge and the wider region; Improve the wider impact of the facility through offering to other companies in the region
Business & Growth	Hauxton House Incubator	Development of available lab space in the region to improve employment opportunities and increased inward investment and economic growth of local life sciences sector	Refurbishment and modification of Hauxton House (Grade 2 listed cottage) into lab and office space	£146,000 LGF Loan £292,000 LGF grant £552,000 private investment	350m2 commercial space	101 jobs created (direct and indirect)	Helping start-ups create successful businesses and economic value Interdisciplinary collaboration Raising awareness of R&D Providing training, skill sharing, mentoring and networking
Business & Growth	NIAB - Hasse Fen	Development of incubator space for AgriTech businesses within CPCA Area	Refurbishment of 190m2 Development of 300m2 growing facilities Upgrade of research equipment	£595,850 LGF grant £921,620 match	Development of the 190m2 office space 300m2 growing area	50 jobs by 2021, rising to 65 within 4 years of completion 40 apprenticeships/internships	Helping start-ups create successful businesses and economic value Interdisciplinary collaboration Raising awareness of R&D Providing training, skill sharing, mentoring and networking
Business & Growth	Aerotron	Relocation of Aerotron to support company's ambitious growth plans	Relocation of the business to Chatteris and the development of the composite repair training facility	£1,400,000 LGF grant £5,600,000 private investment	Creation of 54,000m2 of commercial floor space Refurbishment of 40,000m2 of commercial floorspace	155 jobs created 16 apprenticeship opportunities	Increasing high value employment opportunities in Fenland Increasing the specialist indirect opportunities in Fenland Growth of specialist businesses in Fenland
Business & Growth	TWI Ecosystem	Refurbishment of underutilised building space to create space for start-up businesses and promote innovation activities	Refurbishment and development of commercial space Innovation advisory support	£1,230,000 LGF grant	Creation of 646m2 commercial space Creation of 1944m2 commercial space	77 jobs created (direct and indirect)	Improve employment opportunities and the GVA of the opportunities in Cambridge; Increase innovation in Cambridge and the wider region; Improve the wider inward investment into Cambridge through the offer to different tenants
Business & Growth	TeraView	Relocation of TeraView to support company's ambitious growth plans	Relocation and fit out of new business premises	£120,000 LGF loan £554,070 leverage funding	Creation of 991msq of new office, lab and demonstration space	15 jobs created (direct and indirect)	Approximately 39% of TeraView's manufacturing suppliers (and 45% by value) are in the CPCA area By 2022 approximately £26M spent in the region on high-end items such as Precision parts, sheet metal parts, optical parts, electronic parts & engineered parts
Business & Growth	Haverhill EpiCentre	Creation of modern accommodation for local businesses in the Cambridge Compass Enterprise Zone	Creation and fit out of flagship building within an exemplar business park	£2,600,000 LGF grant	Creation of 3000msq of new office lab and demonstration space	300 jobs created (direct and indirect) 50 new businesses Stimulus for a further 150 new businesses in the rest of the Research Park leading to a further 1,600 jobs	Accelerating the growth and success of spin-outs and start-ups Increasing chances of attracting Venture Capital investment Increased GVA into the region
Health and Skills	AEB Innovation Fund	Projects to improve access to learning across the CPCA region post Covid-19	Provision of £50,000 grants supporting colleges and training providers in developing innovative ways to engage and support adult learners	£350,000 LGF grant £350,000 AEB Funding	14 projects funded	150 learners supported 15 new jobs and 45 jobs retained per £5.000 grant 30 new apprenticeships supported per £50,000	Improving training opportunities in the region Improve opportunities for disadvantaged communities to access learning

Evaluation Approach

This commission builds on the 2021 evaluation, exploring the changes which have been made to the Fund design and delivery since the CPCA and the Business Board took over the management and delivery of LGF, the effectiveness of these changes, and lessons learnt.

The key lines of enquiry were:

- examination of the strategic context and its influence on delivery and performance;
- progress and performance to date;
- the effectiveness of the design, management and delivery of projects;
- the extent to which impacts are materialising and the critical success factors which have supported this; and,
- lessons learnt and recommendations for future investments.

The approach is shown in Table 3 below.

Table 3. Evaluation Method

Stage	Tasks
Inception and scoping	• Inception meeting with CPCA Steering Group • Development of evaluation research tools
Building the evidence base	• Policy and economic context review • Review of LGF documentation and monitoring data
Primary research	• 5 interviews with CPCA and Business Board representatives • 12 interviews with project leads and delivery staff
Analysis and reporting	• Value for Money assessment • Qualitative analysis of consultation evidence • Quantitative assessment of Fund performance • Draft and final reporting

Limitations

The projects under evaluation began delivery at different times between 2016 and 2020. For more recent projects, impacts are still materialising and therefore value for money assessment only reflects analysis at one point in time and should be considered as a minimum position which may improve.

There have also been some analytical limitations due to inconsistencies in monitoring data. It is likely that current monitoring data does not accurately capture all outputs and impacts and therefore quantitative analysis presents a minimum position at the time of reporting. Recommendations to enhance monitoring data moving forward have been provided in chapter 6.

Report Structure

The remainder of the report is structured as follows:

- **Chapter 2:** analysis of strategic alignment;
- **Chapter 3:** analysis of LGF performance against contracted outputs and outcomes, and the Value for Money secured;
- **Chapter 4:** examination of the LGF delivery and management effectiveness;
- **Chapter 5:** overview of the wider impacts of LGF investments; and,
- **Chapter 6:** evaluation conclusions and recommendations for the management of future capital funds.

The report is appended with a summary of each of the LGF investments considered as part of the evaluation.

2 Strategic Alignment

Introduction

Chapter Two provides an overview of the rationale for intervention and the strategic alignment of investments.

Key Learning

- The programme has de-risked investment in commercial space and innovation facilities to support business growth and accelerate the commercialisation of research.
- Investments have been aligned with national and regional policy to support innovation-led growth and establish the UK as a world-leader in new growth technologies and sectors.
- Assets developed through LGF are well positioned to support the delivery of CPCA's Economic Growth Strategy and create the high-quality jobs to drive good growth.

Strategic Background and Rationale

Greater Cambridge and Greater Peterborough Growth Deals

CPCA's Growth Deal identified three priority areas for intervention which were aligned with GCGP LEP's 2015 Strategic Economic Plan (SEP).[1] The SEP highlighted the funding challenges created by the withdrawal of traditional lenders from the market following the 2010 recession, as well as the viability gap associated with the development of new innovation facilities which limited private sector investment. Early LGF funding decisions were made with the following aims:

- Driving innovation and supporting business growth; including through the investment in new innovation and incubation centres and improving access to business support. The Deal has specifically sought to develop strengths in Agri-Tech, food processing, IT and telecommunications, biomedical and life science sectors through the provision of commercial space and facilities which support the commercialisation of the region's research base.
- Improving transport connectivity to enable business and housing growth; and,
- Growing the skills base to support expanding sectors; including through the development of new technical and vocational skills centres.

CPCA

Following the 2017 Devolution Deal for Cambridge and Peterborough and the creation of CPCA, the GCGP LEP was replaced by a new CPCA Business Board in 2018. The legal responsibility of the LGF was transferred to CPCA, with the Business Board taking oversight

[1] Greater Cambridge and Greater Peterborough LEP Strategic Economic Plan Executive Summary (2015) <https://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/SEP-Exec-Summary-2015.pdf>

responsibilities including the provision of recommendations as to how the remaining Growth Deal funding should be spent.

The final funding round (July 2019) was launched in the context of the newly published Local Industrial Strategy (LIS)[2] and the Cambridgeshire & Peterborough Independent Economic Review (CPIER).[3] Both documents highlight the economic success of the area and note how the distinct strengths of the three sub economies – the high value output of Greater Cambridge, the manufacturing base in Peterborough and the world-class agricultural production in the Fens – contribute to positive growth trends which outran national figures.

Growth, however, has not been even across the Combined Authority area. Rapid business creation and growth in Cambridgeshire and South Cambridgeshire - driven in part by increased inward investment and access to finance - has not been mirrored to the same scale or pace in Peterborough or the Fens, resulting in substantial inequalities both within and between subeconomies (for example, the gap between mean weekly pay in Fenland and South Cambridgeshire in 2017 was £200).[4]

The challenge for CPCA was therefore to broaden the base of economic growth to ensure the whole of Cambridgeshire and Peterborough enjoyed the benefits of improved business outputs and the creation of high-quality jobs. The recommendations made by the Business Board focused on investments which contributed to:

- improving the long-term capacity for growth by supporting the foundations of productivity;
- increasing the sustainability and broaden the base of local economic growth; and,
- expanding and building upon existing clusters and networks which have enabled the area to become a global leader in innovative growth.

Through the provision of LGF capital grants and loans, CPCA has aimed to catalyse investment in commercial space to address the pressures inhibiting the growth and retention of businesses, and accelerate the commercialisation of research through the provision of financial support and high-quality innovation, incubation and laboratory space. By creating new and refurbished space for research/industry collaboration and supporting expansion of the business base within priority sectors, investments seek to increase the density of priority clusters, encourage innovation-led growth and attract inward investment.

[2] The Cambridge and Peterborough Independent Economic Review, CPIER (2018) <https://www.cpier.org.uk/media/1671/cpier-report-151118-download.pdf>
[3] Cambridge and Peterborough Local Industrial Strategy (2019) < https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818886/Cambridge_SINGLE_PAGE.pdf>
[4] Ibid.

Economic and Policy Context

As the UK transitions to a post-pandemic economy, innovation remains a top priority for the UK government illustrated by the July 2021 publication of the UK Innovation Strategy. Increasing innovation is not a new Government priority, but the Covid-19 pandemic provided a reminder of why it matters so much as a vital element of economic recovery and growth, and also of levelling up and increasing prosperity in all places. As the UK Innovation Strategy states:

"We need to embed innovation across the country, drawing on geographical and sector strengths in places and creating markets on a scale large enough to have a global impact. To do this, we need to ensure more places in the UK host world-leading and globally connected innovation clusters, creating more jobs, growth and productivity in those areas."

However, the Levelling Up White Paper has also highlighted the importance of ensuring growth is fair and sustainable, and all regions have a role to play in reducing inequalities and delivering against net zero targets.

Since commencement of the LGF programme in 2014, CPCA's economy has remained strong. Economic activity levels, job density and productivity (GVA per head) continue to sit above the national average. Like many places across the UK, the regional economy has been impacted by the pandemic during the delivery of the LGF programme, with difficulties in supply chains as well as the practical restrictions of lockdown hindering the delivery of capital schemes. However, the region has recovered faster from the pandemic than the rest of the country, with employment and economic activity levels now higher than pre-pandemic levels. Inequalities across the region however still persist, with higher levels of growth focused on Cambridgeshire.

The region benefits from having many of the building blocks to support growth (good skills levels, a growing business base, strong sector specialisms), and the LGF programme has further developed the infrastructure to support economic resilience and maintain the region's position as one of the most innovative and fast-growing economies in the UK.

The CPCA's 2022 Economic Growth Strategy acknowledges that whilst the business base has largely weathered the pandemic, on-going economic uncertainty, rising costs and recession continue to temper business and investor confidence. Within this context, the region's high performing core clusters in IT, life sciences, AgriTech and advanced manufacturing will continue to require support to maintain business appetite for growth.

Future Opportunity

Cambridgeshire and Peterborough has major strengths in AI, ICT, Med Tech, AgriTech and Advanced Engineering and Manufacturing. These are all high innovation clusters, which will continue to be an important mechanism through which both high value jobs and high value scaling businesses are created.

Local sectoral strengths will also provide avenues through which to realise CPCA's strategic ambitions to leverage existing innovation expertise to drive more inclusive and sustainable growth as part of making a more equal economy. They will also make a major contribution to solving national and global challenges, including the transition to net zero.

The LGF programme has enhanced the region's innovation assets and business base. The will not only provide space for the growth of established SMEs and start-ups, but can also enhance the reputation of the area as a prime location for inward investment looking to capitalise on the region's research expertise and innovation ecosystem. Levering the potential of capital assets to attract further inward investment and finance, as well as support internationalisation strategy and marketing can contribute towards the delivery of the Mayor's ambition to further develop the region's reputation for new thinking and its profile as one of the most dynamic and dense knowledge economies in Europe. With careful management and strategic oversight, the assets developed through LGF will also provide strong foundations for potential enterprise and investment zones, and a potential focus for planned interventions to deepen the region's knowledge intensive growth clusters

3 Fund Performance

Introduction

Chapter Three provides an overview of the financial and output performance of evaluated projects, and an assessment of Value for Money.

Key Learning

- All projects defrayed the LGF grant/loan allocation by the March 2021 deadline. Pandemic-related supply issues have increased project costs for some capital investments. Private reserves have been utilised to meet rising costs, indicating a stronger match funding position than the £14,832,390 expected leverage.
- Outcome performance has been variable. Investments have delivered strongly against contracted outputs (floorspace created for instance), however longer-term employment and training outcomes have been slower to materialise. With the monitoring period for certain investments closing in 2023, this should be closely managed by CPCA as part of wider risk management processes.
- The Value for Money position will strengthen as further job, apprenticeship and business support opportunities materialise. Qualitatively, all projects have secured a 'medium' Value for Money assessment based on performance to date.
- Strengthening outcome monitoring systems will enable a clearer articulation of LGF impact and value, and will provide CPCA with a stronger evidence base to support future funding bids.

Expenditure

The evaluated projects total £8,661,550 of LGF funding (Table 4), which accounts for 6% of the area's total Growth Deal allocation. Despite Covid-19 related disruption to the capital phases of some projects, CPCA monitoring data indicates that all projects claimed their full LGF allocation by the March 2021 deadline. This suggests that the programme appraisal processes were effective in identifying shovel-ready proposals that could deliver against funding requirements.

Table 4. Portfolio Expenditure Profile

Project	LGF Investment	Leverage Funding
Medtech Accelerator	£500,000	£700,000
TeraView Company Expansion	£120,000	£554,070
Aerotron Company Expansion	£1,400,000	£5,600,000

Hauxton House Incubation Centre	£438,000	£500,000
Agri-Gate Hasse Fen Extension	£599,850	£921,620
Haverhill EpiCentre	£2,700,000	£3,600,000
TWI Ecosystem Innovation Centre	£1,230,000	£1,270,000
Aracaris Capital Living Cell Centre	£1,350,000	£1,350,000
AEB Innovation Grant	£323,700	£336,700
TOTAL	**£8,661,550**	**£14,832,390**

Source: CPCA Monitoring Data (Q2 2022)

Consultations with investment leads indicate that the total cost of projects has exceeded projections at application stage largely due to supply chain issues and the rising cost of materials and labour. Additional costs have been met by private reserves.

As project closure reports are not yet available for all investments, it is not possible to determine whether the anticipated £14,832,390 of leverage funding has been secured. As such, the final position on leverage funding is likely to be higher than the figure presented in Table 4.

Outcome Delivery

As shown in Table 5, at portfolio level, outcome performance has been mixed. Investments are delivering strongly against the indicators linked to capital elements of projects, for example new or improved learning floorspace (106% of portfolio level target) and commercial floorspace refurbished (102%). As these outcomes are linked to the culmination of the capital phase of project delivery, it is expected for these to be achieved as part of build completion. Similarly, the strong performance on enterprises (233% of target) can largely be attributed to the successful defrayment of grants as part of early activity of the Medtech Accelerator and AEB Innovation Fund.

With the exception of new learners assisted on courses to full qualification indicator (382% of target achieved), all projects have so far achieved fewer employment and training outcomes than anticipated. Consultations conducted with project leads highlighted several reasons for slower outcome materialisation:

- unexpected changes to the economy driven by Covid-19 and Brexit - such as delays to capital works (although capital indicators are performing well, which suggests this is less of a factor), college closures and disruption to supply chains);
- recruitment challenges - particularly for high value positions which require specialist technical skills or substantial industry experience and a general problem with achieving apprenticeship take up in England,

- wider market conditions - continued economic turbulence and changing demand for company products and services which is creating uncertainty for growth plans in the immediate future.

It is also possible that some project leads overestimated the scale of employment and apprentice outcomes at application stage and/or have not accounted for the extended timelines required for job creation that is common to capital projects. Whilst impact projections will have been assessed as part of the due diligence exercise conducted at the appraisal stage, this finding suggests that further refinement of job and apprenticeship creation estimates as part of the funding agreement process should be considered to ensure targets are realistic.

CPCA has been flexible in extending the monitoring period for investments to reflect extended timelines and their impact on outcome realisation. However, the monitoring period for three investments – TeraView company expansion, Haverhill EpiCentre and AEB Innovation Fund – is due to end in 2023 with none of the investments achieving all outcome targets. The majority of project leads are optimistic that outcomes will materialise more quickly now capital assets are operational, however this should be closely monitored by CPCA as part of risk management processes.

An overview of outcome performance at a project level is provide in the investment case studies (Appendix 1).

Table 5. Portfolio Outcome Performance

Outcome	Target	Actual	Performance
Indirect/direct jobs creation	1487	708	48%
Apprenticeships	304	35	12%
Area of new or improve learning/training space (m2)	50	53	106%
New learners assisted on courses to full qualification	165	631	382%
Commercial floorspace created (m^2)	69,644	55,000	79%
Commercial floorspace refurbished (m^2)	44,385	45,443	102%
Commercial floorspace occupied (m^2)	113,881	112,015	97%
Length of newly built road (km)	0.01	0.05	500%
Commercial businesses with broadband	10	63	630%
Enterprises receiving grant support	9	21	233%

Enterprises receiving non-financial support	186	108	58%

Source: CPCA Monitoring Data (Q2 2022)

Economic impact and additionality

The analysis presented below (Table 6) is based on limited monitoring available at the time of reporting, and therefore provides a minimum estimate of economic impact and additionality.

Table 6. Summary of Economic Impacts

Outcome	Economic Impact
Jobs	• 472 net additional jobs • Adding estimated £26.19m in GVA
Apprenticeships	• 31 net apprenticeships • Net productivity gain of £348,595 per year
New Learners	• £247,470 net economic benefit of graduates from full qualifications
Commercial floorspace	• Space for an additional 3,129 workers

Jobs

CPCA monitoring information shows a gross total of 708 jobs created through the 9 LGF investments. To allow for comparison with the 2021, evaluation the additionally assumptions outlined in Table 7 have been made.

Table 7. Job Creation Additionality Assumptions

Additionality	Explanation
24% Deadweight	This describes the probability of a person finding the same employment elsewhere. Ready reckoners produced by the Homes and Communities Agency (HCA - now Homes England) indicate that displacement would be 'low'.[5]
25% Displacement	This describes the effect of employing a person who would otherwise be employed elsewhere within the local area. Ready reckoners produced by the HCA indicate that displacement would be 'low'.[6]

[5] Housing and Communities, *Additionality Guide: Fourth Edition* (2014).
[6] Ibid.

10% Leakage	This describes the number of jobs that will be filled by people from outside the local area. Official UK HM Government benchmarks suggest that across most occupational groups, there is a low proportion of staff recruited from outside the local area.[7]

A general trades multiplier of 1.3 (What Works Centre for Local Economic Growth Toolkit) has then be applied, to produce a **net job creation figure of 472**. Using the GVA per job of £55,500, the increased GVA from job creation is calculated as **£26.19m**.

Apprenticeships

35 (gross) apprenticeships have been created from the nine LGF investments to date. Drawing on the assumptions made in the 2021 evaluation, the additionality assumptions in Table 8 have been applied.

Table 8. Apprenticeships Additionality Assumptions

Additionality	Explanation
15% Deadweight	This describes the probability of a person finding the same employment elsewhere.
25% Displacement	This describes the effect of employing a person who would otherwise be employed elsewhere within the local area. Ready reckoners produced by HCA indicate that displacement would be low.[8]
10% Leakage	This describes the number of jobs that will be filled by beneficiaries from outside the local area. Official UK HM Government benchmarks suggest that across most occupational groups, there is a low proportion of apprenticeships recruited from outside the local area.[9]

Zero substitution is assumed and a composite GVA multiplier of 1.56 has been applied. Based on estimates that an apprentice contributes approximately £214 per week of additional value to the economy, **31 net apprenticeships** will contribute approximately **£348,596 of additional GVA**.

New Learners

New learners graduating from a full course result in a cumulative increase in the number of qualified working age population in the local area, which in the longer term, leads to an uplift in economic value.[10] In the absence of a breakdown of the level of courses accessed, the

[7] Additionality Guide; A standard approach to assessing the additional impact of interventions, The National Regeneration Agency, 2008
[8] Housing and Communities
[9] Additionality Guide; A standard approach to assessing the additional impact of interventions, The National Regeneration Agency, 2008
[10] Department for Business, Innovation and Skill, *The Impact of Further Education Learning* (2013).

economic uplift of completing a NVQ2+ is used, on the assumption that some courses will have been at both a lower and higher level.

Table 9. New Learners Additionality Assumptions

Additionality	Explanation
15% Deadweight	This describes the number of leaners who would gain qualifications through alternative provision. Benchmarks from official UK HM Government guidance assumes that there is an expectation some learners would find alternative routes into full-time delivery or gaining an NVQ2 qualification. [11]
12% Displacement	This describes the extent to which learning provision replaces existing public sector provision the area. Official UK HM Government benchmarks suggest that his will be low based on the high evidence of need in the area. [12]
10% Leakage	This describes the proportion of benefits being provided to residents outside the local area. Official UK HM Government guidance assume that there is still a low possibility of non-target beneficiaries taking a learning place. [13]

Using the additionality assumptions shown in Table 9, the net new learners figure is 438. Using the added economic value of a graduate entering the workforce of £565 provided in the Greater Manchester Combined Authority (GMCA) Unit Cost Database, the longer-term benefit of graduates from course delivery is **£247,470**.

Commercial Space

The economic impact from the gross 100,443 sqm commercial space created and refurbished will accommodate 3,129 workers based on the assumptions shown in Table 10.

Table 10. Commercial Space Additionality Assumptions

GIA (m2)	NIA (m2)	Average space needed per worker (m2)	Total numbers of workers accommodated
100,442	93,875	30 (based on mix of incubator and office)	3,129

[11] Additionality Guide; A standard approach to assessing the additional impact of interventions, The National Regeneration Agency, 2008

[12] Research to improve the assessment of additionality, Department for Business Innovation & Skills, 2009

[13] Additionality Guide; A standard approach to assessing the additional impact of interventions, The National Regeneration Agency, 2008

Value for Money

Table 11 sets out a cost per output/outcome for all 9 projects in this evaluation. At a project level there is some variation in unit costs where the intensity, quality and in some instances cost effectiveness of investments has varied. Across the 9 projects, a unit cost per job of £12,233 offers good value for money and is significantly less than unit costs achieved across the UK's ERDF programme as a comparator (£26,000). It also compares favourably to unit costs reported in the 2021 LGF evaluation (£70,973 per job).

The cost per apprenticeship, business assist (both with grants and non-financial support), and cost per commercial business with access to broadband are currently high. However, consultations with project leads suggest that not all outcomes are yet reflected in the CPCA monitoring data. In order for CPCA to more accurately articulate the LGFs Value for Money position, consideration should be given to enhancing outcome monitoring systems (see Chapter 4) and this will be an important tool in securing future funding.

Table 11. Unit Costs

Outcome	Achieved	Total LGF spend	Unit cost
Indirect/direct jobs creation	708	£8,661,550	£12,234
Apprenticeships	35	£5,411,550	£432,413
Area of new or improve learning/training space (m2)	53	£438,000	£8,264
New learners assisted on courses to full qualification	531	£1,723,700	£2,732
Commercial floorspace created (m2)	55,000	£6,680,000	£1,048
Commercial floorspace refurbished (m2)	45,443	£3,787,850	£83
Commercial floorspace occupied (m2)	112,015	£7,837,850	£70
Commercial businesses with broadband	63	£4,967,850	£78,855
Enterprises receiving grant support	21	£3,799,850	£180,945
Enterprises receiving non-financial support	108	£4,237,850	£39,239

A qualitative Value for Money assessment has also been conducted using the following factors:

- Economy: the extent to which project outcomes have been achieved for the minimum cost input (spending less)
- Efficiency: the costs with which outputs/outcomes (gross and/or net) have been delivered (spending well)

- Effectiveness: the extent to which the objectives defined for the intervention at the outset have been realised in practice and will be sustained in the future (spending wisely)

In accordance with the methodology utilised for the previous LGF evaluation, the ratings shown in Table 12 have been used to assess the projects.

Table 12. Qualitative Value for Money Ratings Key

Very poor value for money	Poor value for money	Medium value for money	Good value for money	Very good value for money
High LGF leverage Cannot meet outcomes / unviable	Relatively high LGF leverage Poor performance on outcomes	Medium LGF leverage Lower proportion of outcomes achieved	Good match funding Good performance on outcomes	Minimised cost to public funds Achieved more than its target outcomes

Table 13 shows that all LGF investments under consideration have been assessed as delivering 'medium' value for money at this stage. This reflects the high level of match funding across the projects, and strong performance against early-stage outcomes (creation and refurbishment of floorspace and grant defrayment). Consultations with project leads indicate that the value for money position will improve as project delivery continues, and further outcomes are realised.

This assessment represents an improvement on the projects examined as part of the 2021 LGF evaluation, in which two projects were rated as either poor, or very poor. This further indicates the effectiveness of the appraisal processes introduced by the Business Board in 2018. If longer-term outcomes continue to materialise (thereby strengthening efficiency and effectiveness measures), it is expected that a significant number of these projects will fall under either the 'good' or 'very good' Value for Money position. This will, however, require refinements to be made to the way that outcomes are reported and captured (see Chapter 4).

Table 13. Qualitative Value for Money Assessment

Project	Economy	Efficiency	Effectiveness	VfM Rating
Medtech Accelerator	A £500,000 LGF equity investment was made in the Medtech Accelerator – 42% of the total project cost. Stakeholders anticipate a return on investment in the new couple of years.	Despite exceeding outcome targets, the unit cost per outcome is high: £55,555 per job created; £45,545 per enterprise receiving grant support; and, £45,545 per business receiving non-financial support	Core targets exceeded across both outcomes – enterprises receiving grant support (138%) and businesses receiving non-financial support (183%). The project delivered outcomes outside the expected targets, creating 9 indirect/direct jobs. .	
Teraview Company Expansion	£120,000 of LGF funding was loaned to Teraview – a low intervention rate of 18%. The loan was repaid according to schedule, allowing LGF funds to be recycled.	Unit cost per outcome is very low: £3,600 per job created; £121 per m2 of commercial floorspace created; £117 per m2 of commercial floorspace occupied.	Mixed performance on project outcomes. Commercial floorspace targets (both created and occupied) achieved, however only 5 of the target 15 jobs outcomes have been secured as of Q2 2022.	
Aerotron Company Expansion	A £1.4m LGF grant was allocated to the Aerotron Company project – a low intervention rate of 20% of total project costs.	Unit cost per outcome is generally low: £14,000 per m2 of commercial floorspace refurbished and occupied; £18,900 per m2 of commercial floorspace created; and £13,333 per job created. Project leads expect the job creation unit cost to reduce further as additional outcomes are claimed.	Mixed performance on project outcomes. Whilst the targets for commercial floorspace refurbished and occupied have been met, no new learners assisted on courses to full qualification outcomes have been claimed. This is due to delays to the capital phase of the new college site which the project is linked to.	

Hauxton House Incubation Centre	O2h secured a £438,000 LGF grant to support the development of the Hauxton House Incubation Centre – 47% of total project costs.	Unit costs per outcome is generally low: £7,684 per job created; £8,624 per m2 of new or improved training space; £1,255 per m2 of commercial floorspace.	Mixed performance on outcome delivery. The project has either achieved or exceeded targets relating to the capital phase (commercial floorspace refurbished – 100%; area of new or improve training space – 106%). The project is currently performing less well in relation to job and apprenticeship creation – achieving 52% and 0% of the targets respectively. The project has, however, delivered additional outcomes by supporting 50 business receiving non-financial support	
Agri-Gate Hasse Fen Extension	NIAB secured £559,850 of LGF funding, 39% of the total project costs and a relatively low intervention rate.	Current unit costs per outcome are comparatively high. Reflecting under-performance across a number of indicators: jobs (£19,995 per unit), apprenticeships (£149,963 per unit) and businesses receiving non-financial support (£74,981 per assist). Lower unit costs have been achieved in relation to commercial floorspace refurbished and occupied indicators (both £552 per m2).	The project has exceeded a number of outcome targets – Commercial floorspace refurbished (105%), commercial floorspace occupied (105%) and number of enterprises receiving grant support (500%). Achievement of jobs and apprenticeships has been low to date, delivering 18% and 10% of targets respectively. Monitoring data also suggests performance has been below expectations on the number of business receiving non-financial support (8/130). The project has, however, delivered additional outcomes in the number of businesses receiving other grant support (1 claim) and the number of businesses with access to broadband (3 – although consultation findings suggest this figure could be higher in reality).	
Haverhill EpiCentre	Jaynic secured a £2,700,000 LGF grant – a 43% contribution to the total project costs.	Job creation unit costs for this project are low at £6,941. The cost per business receiving non-financial support is high at £69,231 per assist,	The project is currently performing well against the commercial floorspace created target (100% achieved) and the number of business receiving non-financial support (78% of target). Performance is less strong on job creation targets (52% achieved),	

		as is the cost per m2 of occupied floorspace at £3,863.	apprenticeships created (no outcomes claimed) and commercial floorspace occupied (23% of target). Performance across these indicators is expected to improve as project delivery continues.	
TWI Ecosystem Innovation Centre	TWI secured £1,230,000 LGF grant towards the development of the Ecosystem Innovation Centre, a 49% contribution to total project costs.	Unit costs for commercial floorspace refurbished and occupied are low at £417 per m2. However, the cost per job created is high at £38,488, reflecting the slower than expected project performance in this area.	The project has performed well on the outcomes linked to the capital phase – exceeding both the commercial floorspace refurbished and commercial floorspace occupied targets (152% and 114% respectively). Only 32 of the target 77 jobs have been created to date.	
Aracaris Capital Living Cell Centre	Aracaris received a £1.35m loan – 50% of the total project costs. Consultation with CPCA Officers indicate that the loan has nearly been repaid in full.	Unit costs for the capital elements of the project are low: £112.50 per m2 of commercial floorspace created and occupied. However, the cost per apprenticeship created is high at £270,000. Unit cost per job created is currently £18,348. Unit costs for both jobs and apprenticeships is expected to decrease as the project moves out of the early implementation phase.	Performance against outcomes is mixed. Targets relating to commercial floorspace (m2 created and occupied) have been reached. However, only 37% of jobs and 26% of apprenticeships have been created to date. Employment and training outcomes are taking longer to materialise due to the challenges recruiting specialised and high value roles. Project leads are confident that targets will be reached as the centre becomes further established and pathways for jobs and apprenticeships are cemented with local education providers and universities.	
AEB Innovation Fund	£323,700 of LGF grant was combined with £336,700 of AEB underspent to create a new funding pot for training provider intervention. This represents a 49% intervention rate.	Cost per job creation is currently high at £40,663 per unit. The unit cost per apprenticeship is lower at £12,450. The project is delivering efficiently on cost per learner assisted on courses to full qualification at £513 per assist.	The project has performed well on the number of new learners assisted on courses to full qualification, exceeding the stated target by 481 learners (421% of target). 87% of the apprenticeship target has been reached, however only 8 out of the target 15 jobs have been created to date (53%).	

4 Management and Delivery

Introduction

Chapter Four examines the effectiveness of LGF management and delivery processes. The findings are drawn from consultations with CPCA Officers, Business Board representatives and project leads.

Key Learning

- Consultation findings suggest that the delivery model was effective in bringing forward shovel-ready projects that balanced the need for rapid delivery with realising strategic objectives.
- Refinements to the application and appraisal stage have increased the robustness of the delivery model. Project leads appreciated a straightforward application process and quick decision on funding outcomes.
- There is scope to refine monitoring processes to capture the full contribution of the programme and ensure a supply of timely and accurate management information.
- Supporting projects which clearly respond to local needs and are managed by skilled leaders with a track record for successfully delivering comparable interventions, helps manage risks and enhance the local benefits of investment.

Management and Governance

Stakeholders agree that throughout the LGF delivery process, there was a clear separation of responsibility between the oversight function of the Business Board and the day-to-day management activities executed by the CPCA Officer team.

Effective systems were established to enable robust scrutiny of projects at the application and appraisal stage, including:

- the introduction of a scoring matrix to support Officers appraising EOI forms;
- the procurement of external consultants to complete due diligence checks and appraisal on the full application; and,
- the introduction of the Entrepreneur Panel to assess projects over £500,000.

However, a number of stakeholders noted that long-term outcome monitoring processes could be enhanced to capture the full contribution of capital assets. Furthermore, it was suggested that the LGF papers presented to the Business Board could be simplified to enable more effective scrutiny and interrogation of performance. The CPCA Officer team are working with Board members to explore how progress reports can be better presented.

Marketing and Engagement

Due to the short lead in times to commit funding, a pragmatic approach to marketing and engagement was required (an open call on CPCA's website and word of mouth). Both the Business Board and CPCA Officers played a key role in this, by leveraging local networks to identify and engage businesses with investable, shovel-ready propositions. All of the projects considered as part of the evaluation heard about the funding opportunity through an existing link with CPCA or a Business Board representative – highlighting the importance of maintaining relationships with strategic partners and companies able to quickly respond to new opportunities:

'We heard about the LGF through our CEO, who knows someone on the Board. That's our main link into the Combined Authority […] how we hear about what opportunities are available.' – LGF Project Lead

The importance of ensuring longer lead in times for future funding programmes was also stressed by consultees. This would enable opportunities to be more widely marketed, and provide time to engage a wider range of delivery partners who may required more pre-application support to put forward strong propositions. Longer lead in times would also allow companies to develop more innovative proposals as well as enable a greater level of co-design and dialogue with CPCA staff to maximise the strategic fit and wider impact of investments (e.g. more rigorous challenge on the integration of inclusive and sustainable design principles, creating wider social value, and supporting net zero).

Application

All project leads agreed that the application was straight forward and the level of detail required proportionate to the size of the grant available. Applicants valued the provision of Officer support in both understanding application requirements and refining proposals to strengthen alignment to spending objectives. The use of both an Expression of Interest (EOI) and full application stage as part of the initial process was noted as a useful mechanism for identifying promising proposals that would be benefit from targeted support.

As highlighted in the quote below, advisory support was useful in helping articulate the expected economic impacts of the project and the contribution to the growth of local priority sectors:

'We really appreciated the input we got from CPCA on the application. We knew our project was a good fit for the type of things they were looking to fund, but having someone knowledgeable play that critical friend role by suggesting how to best frame our plans and draw out more fully what this would mean for Cambridgeshire was incredibly useful.' – LGF Project Lead

Appraisal

Stakeholders agree that overall, the appraisal process was managed well and effectively balanced the need for efficiency with an appropriate level of rigour for the size of funding available.

Several Business Board and project lead beneficiaries highlighted the Entrepreneur Panel as an area of good practice. The effectiveness of which was supported by:

- the blend of sectoral expertise and knowledge to inform fair decision making, and the ability to draw on additional sector expertise where this was required;
- the use of high-quality assessment materials and supporting documentation; and,
- the positive attitude and commitment of panel membership to uphold robustness through rigorous scrutiny.

Applicants enjoyed the opportunity to provide further assurance of project deliverability and bring the story of need and impact to life through presentations to the panel. The panel also afforded applicants with exposure to senior leaders (such as the Mayor) which consultees noted as having reputational and networking benefits:

'Of course it was a bit nerve wracking, it was great to present our project and our business to the Mayor and other senior business leaders. Having the back and forth, the ability to answer questions there and then and provide assurance that we had a fantastic project and the right skills to deliver it was great. You can't do that with just a paper application […] this animates the whole project.' – LGF Project Lead

The combination of external due diligence and Entrepreneur Panel assessments provided the Business Board with robust recommendations of the viability and commercial opportunities offered by projects and aiding decision making. Consultees noted this as particularly important given the broad scope of the funding opportunity and diversity of applications received.

Project leads praised the speed at which the appraisal process was completed, and appreciated a short turnaround time between the Entrepreneur Panel and notification of funding decision. This enabled LGF beneficiaries to mobilise teams to deliver proposals and support the quick implementation of projects.

Data Collection and Monitoring

Monitoring processes have been designed to meet CPCA's reporting requirements to government and are therefore focused on core contracted outcomes. During the early stages of project delivery, LGF beneficiaries were required to complete monthly highlight reports which reported on both actual and forecasted expenditure and outcome realisation. Importantly, the tool required project leads to provide a written commentary on financial and outcome performance, progress against key delivery milestones and maintain an up-to-date risk register. Stakeholders agree that this provided an appropriate level of detail, and data visualisations (graphs and bar charts to plot spend and outcome delivery) provided a clear view of progress at a glance.

Once investments entered the delivery phase (post March 2021), project leads were only required to fill in a lighter touch spreadsheet that captured outcome performance. Whilst project leads appreciate the reduced administrative burden, a number of consultees noted that the full scope of project activity isn't being captured:

'Monitoring is surprisingly high level. We don't need to provide any information on what we've been up between the quarterly reports, or any evidence of the claims we're submitted on job creation or business supported. I'm definitely not advocating for a really time intensive form, but it would be nice if we were able to provide more of a commentary on progress than just numbers. We're doing some great stuff here in terms of events and workshops, but it doesn't feel like we currently have a way to communicate this back to CPCA' – LGF Project Lead

Project leads were responsible for creating internal monitoring systems for the investments, the rigour of which, consultation findings suggest, has varied substantially. Beneficiaries experienced in implementing and reporting on public funding (such as ERDF) have drawn on previous systems to support accurate reporting whereas other project leads have taken a more relaxed approach to reporting and evidencing outcomes. For example, one project has conducted surveys of supported businesses to understand indirect job creation, whereas another has used a multiplier to provide an estimate.

This, combined with instances of uncertainty on which indicators projects are expected to report on, is contributing to a low confidence level in the validity of outcome data and a lack of consistency in reporting. Consultation findings suggest that project leads require greater support from the LGF Officer team to understand reporting requirements and appropriate mechanisms for collecting data.

In line with the previous evaluation recommendations, a centralised outcomes spreadsheet has been created which provides a helpful snapshot of investment performance. There is scope to further refine data collection procedures which currently use substantive amounts of CPCA resource by automating processes where possible. Officers have attempted to action this through the utilisation of Hubspot to automate project lead reminders for monitoring reports, however capacity constraints in other teams in the organisation have delayed this.

Communication

Project leads value having a clear communication channel with the LGF delivery team. During the early stages of project delivery, lead organisations had a consistent point of contact with which to raise queries, flag delivery risks and share progress against milestones. Personnel changes in the Officer team combined with limited staff resource, have resulted in a lighter touch approach to management post March 2021.

A number of consultees expressed a desire for more of an account management approach to monitoring and communication as assets become operational in order to help project leads demonstrate wider benefits and identify opportunities to maximise local impact.

'Now the site is operational, our relationship has CPCA has become very transactional. The team is very happy and quick to respond to any questions I have, but our interactions are essentially limited to me emailing them a monitoring form every few months.' - LGF Project Lead

'The communication has been good, but I'd like to have a stronger relationship with the team so I can keep them up to date with all the amazing events we're running, but also so I'm aware of any other funding opportunities we could access to execute other growth plans.' - LGF Project Lead

Critical Success Factors

At a project level, the following factors have been highlighted as important contributors to maximising the impact of public investment:

Evidence-based design

Supporting projects which clearly identify and address a local challenge/market failure help strengthen service/product take up once a project becomes operational. This is important for ensuring projects are well placed to meet outcome targets, but also for executing growth plans and generating wider economic impact.

Building on critical mass

Consultation findings indicate that supporting innovation investments which build on existing clusters or ecosystems is important for realising outcomes more quickly. For instance, supporting capital projects on sites with companies operating in the same sector (such as the TWI Innovation Ecosystem) has supported business integration in the area and increased the attractiveness of the facility to potential tenants.

Pragmatic and experienced delivery partners

Investments have been made in established companies with a track record for successfully delivering and maintaining similar projects. This has enabled lead organisations to be pragmatic with the management of LGF-funded assets to flex delivery strategy in response to changing delivery context. In the instance of the Medtech Accelerator and the AEB Innovation Fund, the lead organisations' previous experience of administrating and managing grants enabled application and appraisal processes to be set up efficiently and robustly to ensure LGF funds were committed to appropriate projects.

5 Impacts

Introduction

Chapter Five presents the wider outcomes and impacts of the LGF investments so far. As well as providing evidence of emerging and anticipated longer-term impacts, this section highlights the critical success factors that have supported benefit realisation and the additionality of the investments. The findings are drawn from nine in-depth interviews with project leads, with detailed project case studies provided in Appendix 1.

The findings suggest that impacts are in line with those anticipated in the programme logic model (see Table 3) and include:

- improving training opportunities in the region;
- improving high quality employment opportunities;
- accelerating business growth; and,
- increasing innovation in Cambridge and the wider region.

Key Learning

- At a portfolio level, projects are delivering against strategic objectives to improve training, employment opportunities, innovation and inward investment, and accelerate business growth. However**,** the scope and scale of identified impacts vary between projects.
- The Fund has also generated additional soft outcomes for beneficiaries such as reputational benefits, networking advantages and increased knowledge-sharing.
- Qualitative consultation findings suggest the LGF has been a key enabler in bringing forward innovations and growth in employment/turnover in the strategic priority themes.
- Consultation findings indicate that supporting innovation investments which build on existing clusters or ecosystems is important for realising outcomes quickly and effectively and ensuring investments drive place-based impacts. This reinforces the wider evidence that public funding is likely to have greatest impact when it is unlocking opportunities linked to existing strengths and potential.

Improving Training Opportunities

The Fund has contributed to improving training opportunities in Cambridge and the wider region through the creation of high-value apprenticeships and the provision of employee upskilling opportunities.

At firm level, employee upskilling and access to training is considered a positive outcome of LGF engagement as it has been shown to help the retention of talent. At an ecosystem level, upskilling is developing the absorptive capacity of the business base which will support future innovation and growth.

For instance, AEB Innovation Fund has made learning more accessible to disadvantaged learners and people affected by job displacement, supporting longer-term improvements in employability.

LGF supported the Adult Education Budget (AEB) Innovation Fund, which is a grant programme that combines AEB and LGF funds into a blended revenue and capital grant provision to support colleges and training providers in developing innovative ways to engage adult learners.

AEB awarded up to £50,000 to the winning bids. The fund targeted projects that supported disadvantaged learners who couldn't easily access distant or remote learning. This included extended training around digital literacy and English language to speakers of other languages, and supporting people affected by job displacement and redundancies by extending skill-building training in construction, health, and social care.

Additionally, generous investments were made in facilities, equipment, and capacity building across Further Education Colleges and Institutes of Adult Learning with the help of the capital fund. Consultation suggests that most of the institutions wouldn't have been able to afford such developments without the fund.

"The Innovation Fund has been really successful. It's been fantastic to see the creativity of our local training providers, many of whom would have been unable to progress the projects without funding. The impact created is already substantial in terms of upskilling our local workforce and the legacy will be significant. It's also helped position CPCA as leaders in piloting new approaches to skills development and economic growth broadly. The flexibility to respond to local challenges and do so in a collaborative way with other colleagues has just been brilliant."

Development of Sector Specific Skills

By supporting companies to expand, LGF has enabled new training opportunities and apprenticeships in highly specialised sectors such as aviation, terahertz technology, and cell-based solutions. By developing local expertise in high skilled, growth sectors the programme is helping to build the competitiveness and critical mass of sectors which will drive future productivity growth.

Supporting Knowledge Sharing

In addition to supporting individual trainees and apprentices, a small number of consultees noted engaging in workshops and events designed to embed a culture of knowledge-sharing and collaboration and strengthen the innovation ecosystem.

Haverhill Epicentre, an innovation centre based in Haverhill Research Park, received £2.7m LGF grant to build a flagship building on the outskirts of Haverhill that houses businesses and start-ups focused on life sciences.

Since opening in November 2020, the EpiCentre has not only been providing office and lab spaces to its tenants but is also actively engaged in organising workshops and learning events as part of their wider community support. One such initiative included skills development workshops for school students. Our consultation suggests that the uptake of such events has been very positive and helps to strengthen the local innovation ecosystem through shared learning and knowledge exchange.

"We do a lot of community engagement activities... we organise a lot of networking events and workshops that are open to the external community and their uptake has been very good."

Improving high quality employment opportunities

There is evidence that the targeting of LGF on innovation and high growth opportunities in priority sectors, including advanced manufacturing, AgriTech, and life sciences, has supported the creation of high quality jobs which will attract and retain talent and drive productivity growth.

Investments in incubation space has facilitated start-up and scaling of business with growth potential, as well as attracted inward investment through business relocations. Two companies made use of the fund to relocate, which has strategically benefited their businesses, allowing them to unlock productivity gains and create high quality employment opportunities. One company was able to build and enable manufacturing suites with the help of the fund, increasing its productivity and creating additional jobs. The vignette below highlights how LGF investment supported Aerotron to relocate and create high-value jobs.

Aerotron Composites operates in the aerospace and defence markets. They received a £1.4m LGF grant to support the relocation of their plant to Chatteris and the regeneration of their site. The company had been considering relocating for strategic business reasons and LGF accelerated this move which otherwise would have been delayed due to the pandemic and sudden rise in the cost of resources.

In their previous location, retaining trained employees was a critical challenge due to increasing competition over employees from large competitors. The move has enabled the company to recruit and retain employees without intense competition. They have also been able to advance technically through the addition of new plant and equipment. The company has created 105 jobs and 5 apprenticeships in the region to date and supported the establishment of a training centre close to the site.

"Moving to Chatteris has helped us create a technically advanced company with the potential to attract people who didn't have similar jobs in this area. We are the only company in the area that does this sort of work...LGF fund solidified where we were going to move and increased our ability to hire people to accelerate our plans."

Increasing Innovation

LGF investments in start-up incubators and knowledge-intensive businesses has supported innovation-led growth and developed CPCA's reputation as a centre for world-leading research and innovation.

Supporting the Commercialisation of Research

LGF investment has created the infrastructure to accelerate the commercialisation process, including within high growth opportunities. This has also prompted collaboration between industries, markets, and research in Cambridge and the wider region.

Aracaris, a UK subsidiary of a US-based drug company named Northwest Biotherapeutics (NW Bio), is involved in manufacturing of cell-based products. Aracaris intends to become a leading hub that supplies regenerative medicine products not just locally but also across Europe and beyond.

Aracaris sought 50% match funding from CPCA in 2019 to enable commissioning and equipping of 2 manufacturing suites that were already built and to support construction and enabling of a 3rd suite. The project received £1.35m in loan from LGF.

"Most of the cell-based therapies come out of academia and clinical research. But that doesn't allow for such products to go through commercial stage.... that's why we were attracted to this work...we could build a facility in Cambridge that would allow manufacture of cell-based products for wider reach. The fund helped us with some of the buildout works, getting the suites ready for licensing, creating lab and office spaces, constructing warehouses, and so on"

Providing Funding to Accelerate Innovative Start-ups

Medtech Accelerator and Hauxton House have supported early-stage, innovative start-ups through the provision of funding and business support. The consultees highlight that there is a lack of funding at the proof-of-concept and early stage of innovation. LGF investment has enabled these companies to intervene at the early stage and provide the support to help start-ups get off the ground and become ready for follow-on investment.

Medtech Accelerator received a total equity funding of £500,000 from LGF to facilitate early-stage development of innovations in the broad area of medical technology: devices, diagnostics, software and eHealth. The project provided 14 applicants out of 60 with a proof-of-concept award of up to £125,000 after a comprehensive review and investment committee process.

One of the selected products, Saphira, a regional anaesthesia technology, has been in the market since 2020. One more product—E-VAC—is licensed and is currently in the development stage. Two companies went on to raise significant grant/VC funding of over £5 million.

"Medical technologies can take 5 to 8 years to get to market. While there are a lot of large-scale research grants and venture capital funds, they usually require some proof of concept to apply. We were increasingly seeing great ideas unable to move forward because of the gap in early-stage funding. So we approached the LEP with the idea of an early-stage proof of concept fund developing new medical technologies"

Accelerating Business Growth

Provision of Affordable and Diverse Workspace

LGF investments have helped create affordable options in office and lab spaces in the CPCA region. TWI's "fit-out-yourself" lab strategy has brought increased affordability to renting laboratory spaces in Cambridge which is highly valuable to companies just starting out in the technology and life-sciences sector. Lab-enabled spaces generally come fully fitted and are expensive, therefore an ability to tailor the lab space and control the cost has encouraged smaller companies to enter the sector. As Cambridge is one of the world's leading life sciences clusters, an increasing number of start-ups in this sector play a critical role in not only bolstering the life sciences cluster in Cambridge but also the UK's competitive position internationally.

Access to Mentoring and Advice

The provision of co-working spaces which facilitate peer to peer interactions, and access to business workshops and mentorship have supported business growth. The provision of wider wraparound support to start-ups in the form of mentorship and advisory support emerged as one of the critical success factors in supporting growth.

LGF beneficiary, NIAB Hasse-Fen, has been supporting Agritech innovation in the Cambridgeshire area by providing incubator space, training, and mentoring. They received £599,850 in grant from LGF to further expand, upgrade, and add additional incubator space. Some of the start-ups they incubated have progressed and raised significant funds.

"Some of our start-ups have gone on to become very successful. They're all employing people. I think the other thing they've done is created an atmosphere of Cambridgeshire being a cluster for Agritech. More and more agritech start-ups are deciding that Cambridge is where they're going to locate. So it has also driven inward investment in that way."

Enhanced Networking

Coordinated networks are crucial for businesses to stay abreast of industry developments and funding opportunities, expand market reach and source complementary expertise and skills. LGF investments have contributed to creating better access to networking opportunities for local businesses, start-ups, and individuals in the region, including through the organisation of frequent networking events and workshops. Consultees noted the role of networking events in bringing SMEs and the region's leading companies in Cambridge's growing tech and life sciences clusters into contact.

Catalysing and Attracting Private Investment

There is evidence that LGF funding has de-risked further developments with private investments.

TWI Innovation Ecosystem is a modular incubator and co-working space in Granta Park. The project's rationale is to tackle restrictions on Cambridge's business growth, generate high-value jobs, and contribute to rise in productivity across the C&P area. They received a total grant funding of £1.23m from CPCA to refurbish and create office spaces in Building 2.

The experience and confidence obtained though conversion of Building 2 with the help of LGF investment was a critical factor in the company pursuing a bigger strategy in Phase 2 where they refurbished both Abington Hall and Building 1. Their initial plan involved refurbishment of only one additional building.

"Our strategy got bigger overtime and we've been able to offer far more spaces in the life sciences market. We felt that there is an opportunity to expand considering the growth of the life science market in Cambridge and the positive take up of Building 2. So we made the decision to use private investments into converting Building 1. We converted the space this year and it has been fantastic for us."

Some early-stage start-ups supported by LGF beneficiaries have also grown significantly and went on to secure venture capital funds. One of such examples is Kuano, a start-up that combines state-of-the-art simulation and AI to add quantum detail to structure-based drug discovery. They received support from Hauxton House at their starting stage and have now raised 2-3 rounds of VC funds. Similarly, two start-ups that won the Medtech accelerator grant at the proof-of-concept stage have secured significant funds.

Reputational Benefits

A number of beneficiaries noted that receiving LGF funding and the investment in their site, infrastructure and equipment this has enabled, has helped them reputationally; creating a more professional image and enhancing their links to other local institutions to confidently approach foreign investors and clients.

TeraView expansion project received a total loan funding of £120,000 from LGF to support the fit-out costs of a new research facility in the Cambridge Research Park Enterprise Zone. Formed in 2001, TeraView is a leader in supply of terahertz-based spectroscopy and imaging products with an established track record of installing & supporting terahertz (THz) systems in production environments.

The company has experienced a notable reputational benefit as a result of LGF funding. Having the support of the local government gives them more credibility while approaching foreign investors from Asia and the US. It also allows them to demonstrate that they are capable of expanding. Investors and clients are impressed with the new facility and the growth potential evidence.

"The new facility is increasingly becoming key in our discussions with customers and investors. We need to demonstrate to them that we have the capacity to build more systems if the orders go up. It is easier to articulate that with the new facility"

Additionality

Qualitative consultation evidence suggests that for some beneficiaries the delivery of innovation projects would not have occurred or would have been severely challenging without LGF funding. For beneficiaries who would have been able to deliver the project without LGF support, none of those consulted think they would have been able to deliver the projects in the same timescales or to the same quality, and LGF was a key enabler in bringing forward investments. As a result of LGF, the companies were able to develop at speed, seize growth opportunities, and maximise impact:

"When we secured the loan, the automotive market was just starting to be identified as an opportunity and it became evident to us that we needed to move premises to accommodate both development and manufacturing and tap into the new market. We were able to move and establish the new premise quickly in 2018... LGF really accelerated the move" – LGF Project Lead

6 Conclusions

Introduction

Chapter Six provides an overview of the key findings and recommendations for further consideration.

Conclusions

Strategic and delivery context

The LGF investments were aligned with the strategic objectives and known market failures which were inhibiting business growth. The rationale for innovation-led growth in the CPCA area remains strong, and the assets developed via LGF have strengthened the infrastructure which can support future growth. The pandemic has further reinforced the benefits of innovation as a means of strengthening the resilience of the business base whilst also addressing strategic challenges which constrain productivity growth.

Whilst the CPCA economy has recovered strongly post Covid-19, geographic disparities remain, highlighting the need to channel investment into lower performing areas to stimulate growth and provide opportunity for all residents. The evidence so far suggests that assets developed by LGF will be important assets to support the delivery of the 2022 Economic Growth Strategy, with planned investments in the business and innovation ecosystem potentially providing the wraparound support to maximise the longer-term impact of LGF investments and help businesses tackle the legacy of Covid-19 and Brexit, as well new challenges of high levels of inflation and rising costs.

All projects considered as part of the evaluation have had to navigate these contextual challenges, which has in some instances delayed the progress against early milestones and/or slowed outcome realisation. Investing Growth Deal money in established businesses with sufficient prior experience in delivering comparable projects has been an important factor in ensuring successful delivery despite these challenges. However, with longer lead-in times, these funds could also provide an opportunity to work more closely with a wider range of potential delivery partners and raise the capacity of businesses to deliver growth projects.

Performance

Performance across the nine LGF projects has varied. All evaluated projects defrayed allocated funding by the March 2021 deadline, and consultation findings suggest that due to rising development costs being met by the private sector, the investments have leveraged more private match funding than the £14.8m anticipated.

Investments have delivered strongly against the immediate outputs linked to capital developments. Outcomes linked to increases in employment, training opportunities (apprenticeships) and non-financial business support have been slower to materialise. In addition to the contextual factors highlighted above, which is due in part to difficulty recruiting skilled/specialist workers in a tight labour market and longer lead in times to establish and fill apprenticeship positions.

As the monitoring period for several projects ends in 2023, it will be important for the LGF team and Business Board to closely monitor progress against longer term outcomes and work closely with Project Leads to proactively maximise the potential of investments where possible.

Management and Oversight

The application, appraisal and initial monitoring of the LGF investments was on the whole, well managed. The critical success factors supporting early delivery were as follows:

- Leveraging of business networks by Business Board members and LGF Officer team to engage potential applicants with deliverable propositions;
- A clear and quick applicant journey;
- Effective due diligence processes;
- Diverse sector and industry expertise on the Entrepreneur Panel;
- High quality assessment packs and provision of robust recommendations to facilitate strategic decision-making; and,
- Frequent communication from the LGF team to project applicants.

Whilst not formally built into the LGF delivery model, project leads highlighted the added value of Officer advisory support in understanding funding objectives and refining proposals accordingly, and this should be considered as a key element of future programmes.

Poor quality data collection and reporting processes are constraining the effective management and governance of the LGF. An explanation of the indicators, and guidance on the data which should be used to evidence claims, is contained in the Local Growth Deals Monitoring and Evaluation Plan. As well as ensuring project lead awareness and adoption of this guidance, there is scope for more robust implementation of the M&E plan by CPCA. Requiring project leads to provide consistent evidence of outcomes, for example, would enable Officers to provide greater challenge to quarterly submissions and ensure greater consistency across reporting. Consideration could also be given to collecting qualitative evidence and feedback from project leads within quarterly returns regarding the wider added value and non-quantifiable contribution of investments.

More robust data collection and monitoring processes (including the production and promotion of investment impact and good news stories) will enable CPCA to articulate the wider impact and value of public spending more clearly, and will a useful evidence base to lobby for additional funding from central government. Moreover, promoting project success and new assets created across CPCA's marketing channels may help drive inward investment into the region and help deliver against the long-term ambitions of the LGF.

Impact

The LGF has supported a range of innovation and growth outcomes. Project leads anticipate more impacts to emerge as demand for new products and services grow, leading to further job creation, apprenticeship opportunities and inward investment into the region.

The findings suggest that the project logic models are robust, and the investments have delivered against planned outputs and outcomes. However, there is scope for these to be refined further to better reflect how the use and operation of capital investments can drive place-based growth. Whilst increasing innovation in Cambridge and the wider region is an appropriate long-term outcome, investment in capital infrastructure is just the start of this process, and consideration needs to be given at project development phase to how the long term impact of investments will be realised. This might include consideration during project design of the supporting interventions such as the provision of advisory support, networking opportunities, skill development via workshops and events and brokerage to other financial/support investment which will be required to realise their potential and how capital investments in businesses drive greater productivity.

Greater lead-in times to funding rounds could also facilitate a stronger programme approach to investments, which targets a portfolio of linked and supporting investments which collectively build on existing assets to create the critical mass and density to drive agglomeration effects and inward investment.

Recommendations

The areas for consideration discussed below are primarily focused on improving the longer-term monitoring and management of the LGF investments and helping to maximise economic impact. The recommendations do, however, have wider applicability and should be considered in the design of future funding programmes.

Enhancing Data Collection

The Local Growth Deal Monitoring and Evaluation plan should be reviewed and implemented in full. All projects should be required to submit evidenced quarterly monitoring claims using consistent data to enable challenge and consistency in reporting at a programme level. The current data collection tool should be expanded to capture qualitative information on wider activity, progress and risks to outcome delivery. This will enable CPCA to target additional support where required and identify good news stories for promotion.

Refining Progress Reporting

Options to expediate and automate collected monitoring data should be explored to reduce demands on Officer resource and enhance the consistency and accuracy of data. Work to further refine how data is presented for scrutiny by the Business Board should continue, and should consider how existing monitoring assets (such as the LGF Power BI dashboard) could be better utilised to communicate progress.

Maximising the Advisory Role of the Business Board

There is scope to review the role of the Business Board to ensure its potential as a strategic advisory group is maximised. With the application of enhanced data collection and monitoring processes, the LGF delivery team will be able to provide greater assurance to the Board regarding programme performance and reduce the amount of time the group has to devote to critical challenge and oversight of management functions. Moving forward, the Board should play a strong role in realising the strategic potential of LGF investments at a programme level, and maximising their contribution to the emerging Economic Growth Strategy and wider policy areas such as inward investment and internationalisation. The

Board also has an important role to play in championing the success of the programme amongst strategic stakeholders and potential investors.

Embedding Capacity Building and Social Value

With longer lead in times to funding calls there is scope to explore how access to advisory support at project development stage can help to develop regional delivery capacity, engage a broader range of partners, and support the co-design of propositions to ensure individual investments form a strong strategic programme of activity offering enhanced impacts.

Good practice for consideration includes the facilitation of peer learning between programme beneficiaries to support capacity building and a programme approach to delivery. Pre-application workshops providing technical assistance and targeted 121 meetings to co-design and tailor investments to regional needs have also been successfully applied to other programmes.

More engagement and collaborative working pre-application can also allow the CPCA's delivery team to identify ways to embed additional value in investments such as through the application of inclusive growth principles and social value, inclusive and good quality design, and consideration of net zero opportunities.

Marketing and inward investment

Impact case studies and good new stories are a powerful mechanism through which to engage a range of audiences including policy makers, funders, private investors and the wider business base. Promoting the success of the programme can help to realise the longer term potential of capital investments by making more businesses aware of the region's assets and growth opportunities and attracting inward investment. Consideration could be given to how the portfolio of investments in innovation assets contributes to the regional offer and how LGF investments could be used to support the delivery of sector strategies.

Realising long term benefits

As part of enhanced monitoring processes there is scope to consider how on-going engagement between project beneficiaries and the LGF delivery team, as well as peer learning opportunities, could support projects to increase the impact of investments beyond initial build/investment stages. A significant element of the programme's value will be determined by the ability of projects to use LGF-funded assets to drive productivity benefits, encourage private sector investment in R&D, and attract investment. Good practice suggests that proactive post-investment engagement and advisory support can greatly enhance long term benefits as well as ensure investments are embedded in the wider innovation and business support ecosystem. With cluster theory back on the policy agenda and investment zones expected to have a strong innovation and place-based focus, CPCA's LGF investments can greatly enhance the region's narrative if appropriate support is in place to realise long term benefits.

Appendix 1: Project Summaries

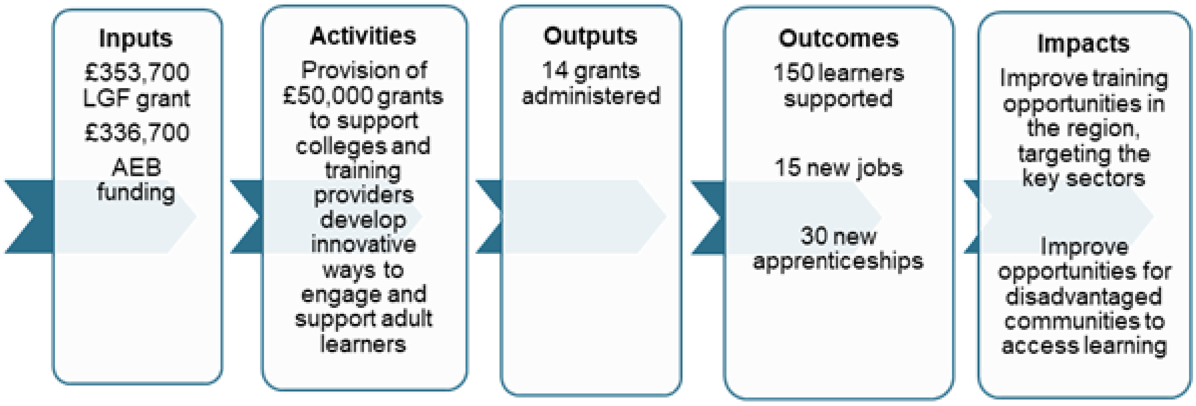
AEB Innovation Fund

Background and Context

The Adult Education Budget (AEB) Innovation Fund is a new CPCA grant programme which uses the flexibility afforded through the Devolution Deal to combine unspent funds from the LGF (£353,700) and AEB (£336,700).

At a national level, capital funding available to education providers is sparse and highly competitive. Therefore, many local education providers, particularly smaller colleges and independent providers, are unable to upgrade facilities or purchase new equipment to trial innovative approaches to learning. Open to all FE and training providers based in CPCA, the AEB Innovation Fund offers grants of up to £50,000 for projects that pilot new ways to engage and support adult learners. The Fund supported both the piloting of new approaches and scaling up of existing small projects by providers who are not eligible for funding through usual AEB rules.

The Fund was designed to meeting the objectives of the LGF and the AEB Commissioning Strategy. Delivered in the context of Covid-19 lockdowns and the restrictions on in-person learning practices (2020 – 21 academic year), the focus of the first round of the Fund was on supporting distance learning for disadvantaged learners. The Fund was managed and monitored by CPCA's AEB team with support from Officers delivering the LGF. The logic model for the project is shown below.



Performance

All the LGF grant was defrayed in the first round of funding, however some providers did not claim the full allocation resulting in an underspend. The remaining LGF funds were recycled to create two additional funding rounds.

On the whole, project leads consider the AEB Innovation Fund to have been successful. According to project level CPCA LGF monitoring data (see table below), the project has exceeded targets on new learners assisted on courses to full qualification, and is close to meeting the apprenticeship targets (86% achieved). However, only 8 new jobs have been recorded against the target of 15, and it is uncertain whether the target will be reached prior to the end of the monitoring period (2023). Consultees noted that the fund has been better suited to supporting learning opportunities than job creation outcomes which explains in part the discrepancies in performance. However it should also be noted that the AEB team have paused the collection of monitoring data to reduce the administrative burden on both training providers and the CPCA delivery team who have struggled to align LGF and AEB reporting requirements. The figures below therefore may not reflect the current position.

Outcome	Target	Achieved	Performance (%)
Job creation	15	8	53
Apprenticeships	30	26	86
New Learners assisted on courses to full qualification	150	631	420

Critical success factors identified by project leads which have supported delivery include:

- Positioning: the Fund was correctly designed to address local provider needs, generating sufficient demand in the offer and supporting a healthy volume of high quality applications.
- Appraisal: robust and transparent assessment procedures, mirroring those utilised for the LGF, ensured that projects with a strong alignment to strategic priorities were selected for investment.

Adhering to the data collection, monitoring and reporting requirements for both the LGF and the AEB has been challenging for CPCA colleagues responsible for Innovation Fund delivery. A key lesson has therefore been on ensuring robust processes are in place for reporting at project inception and that a shared understanding of targets is established between funders and grant beneficiaries.

Wider Impacts

Catalysing Skills Innovation

Project leads noted the critical role of the LGF grant in catalysing skills-related innovation activity in the region at both an investment and strategic level. At an investment level, the creation of the AEB Innovation Fund has supported training providers who typically are ineligible or unlikely to secure national capital funding to create new facilities for piloting learning approaches. The additionality of the investments, therefore, is felt to be high.

At a strategic level, project leads noted how the Fund showcases the benefits of partnership working between different CPCA departments to facilitate knowledge sharing and enable the CA to work more innovatively in delivering bespoke local programmes. Due the success of the programme, a proportion of the AEB has been allocated to fund additional rounds post LGF. The AEB team is currently working with the Department for Education to understand lessons learned from delivering the Innovation Fund and implications for a potential National Innovation Fund:

'The Innovation Fund has been really successful. It's been fantastic to see the creativity of our local training providers, many of whom would have been unable to progress the projects without funding. The impact created is already substantial in terms of upskilling our local workforce and the legacy will be significant.

It's also helped position CPCA as leaders in piloting new approaches to skills development and economic growth broadly. The flexibility to respond to local challenges and do so in a collaborative way with other colleagues has just been brilliant.' **– CPCA AEB Stakeholder**

Improving Training Opportunities for all Communities in the CPCA Region

The AEB Fund has supported capital projects across the CPCA area. Examples of funded projects include (but not limited to) a project targeted at enhancing digital literacy (College of West Anglia), delivering a Construction Training Hub in Huntingdon (West Suffolk College) and a pilot initiative at overcoming disadvantage through digital (Cambridgeshire Regional College).

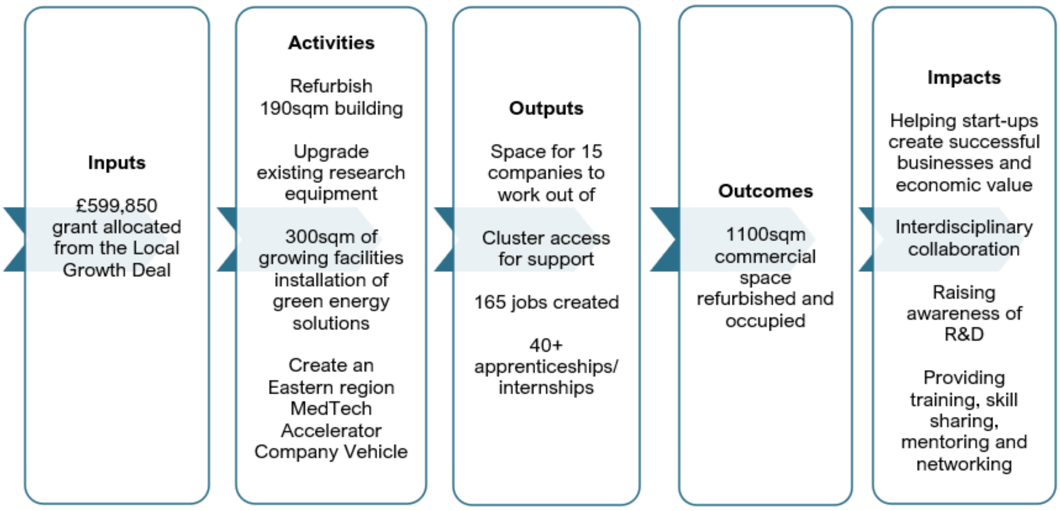
NIAB Hasse Fen Expansion

Background and context

NIAB Hasse Fen, formally known as the Eastern Agri-Tech Innovation Hub (EAIH), is an agritech incubator located in Cambridge that supports start-ups working on sustainable use of resources, reduced waste, and valorisation. It is situated in a rich agricultural region with local major producers including G's Fresh, Produce World and Allpress Farms.

The incubator has undergone three phases of development to date. The incubator initiated with capital investment from the first phase of Growth Fund which provided a new building to house agritech SMEs and start-ups. An existing unused second building was then refurbished using funds from NIAB and EU-Interreg2Seas projects. Recently, three Porta-cabins were added funded from revenue.

EAIH received £599,850 in LGF grant in 2019 to support the refurbishment of a derelict building to accommodate more companies and to upgrade existing research provision. According to the project leads, the establishment and expansion of the Hasse Fen site wouldn't have been possible without CPCA support.



Performance

The project defrayed the entirety of the LGF grant by 2021 as per the original agreement. All deliverables in terms of site expansion and facility upgrades were completed within the agreed budget and timeline as per the closure report. On the whole, project leads consider NIAB Hasse Fen expansion to have been successful, although creating the forecast number of jobs and apprenticeships was challenging. Consultees note that whilst temporary employment in the construction phase was relatively uncomplicated, it was more challenging once the site was operational as the office space opened when the impact of COVID-19 was still strongly felt, and this impacted take up.

According to CPCA monitoring data (see table below), EAIH has exceeded its targets on commercial floorspace refurbished (sqm) and commercial floorspace occupied (sqm). However, only 18% of the job creation target and 10% of apprenticeships have been achieved to date.

Outcomes are however expected to materialise towards the end of the monitoring period (2025) as AgriTech start-ups are increasingly showing interest in the region and the AgriTech cluster in Cambridge has been expanding and raising the demand of AgriTech incubation space.

Outcome	Target	Achieved	Performance (%)
Job creation	165	30	18
Apprenticeships	40	4	`10
Businesses with Broadband Access	10	0	0
Businesses Receiving Non-financial Support	130	8	6
Commercial Floorspace Refurbished (sqm)	1100	1150	105
Commercial Floorspace Occupied (sqm)	1100	1150	`105
Land with Reduced Likelihood of Flooding (sqm)	0	350	~

EAIH project leads appreciated that LGF monitoring and reporting requirements were not administratively draining but noted facing some uncertainties around the consistency and accuracy of the data being supplied. A key learning from the delivery of the project has therefore been on ensuring support from the LGF Officer team to understand reporting requirements and appropriate mechanisms for collecting data from the outset.

Wider Impacts

Supporting knowledge/resource sharing and collaboration

In addition to supporting direct users of the site, NIAB Hasse Fen has supported wider AgriTech businesses in the region through their *Hub Club* programme. The programme was designed for companies that did not require a physical space but were still interested in accessing advisory support and using meeting rooms/hot desks through a small subscription fee. According to the project lead, the programme has been successful in bringing a variety of AgriTech businesses together, instigating a synergistic environment of knowledge-sharing and collaboration.

Catalysing and attracting private Investment

Many AgriTech start-ups that came out of EAIH have outgrown the incubator facility and gone on to raise large VC funds. The hub has also played a role in solidifying CPCA’s reputation as an attractive centre for AgriTech innovation.

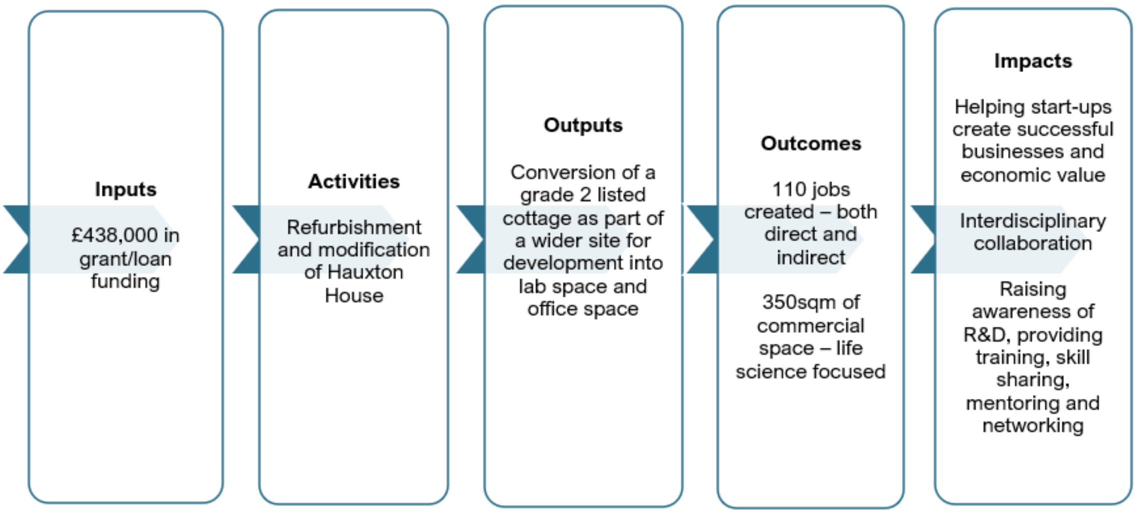
“Some of our start-ups have gone on to become very successful. They're all employing people. I think the other thing they've done is created an atmosphere of Cambridgeshire being a cluster for AgriTech. More and more AgriTech start-ups are deciding that Cambridge is where they're going to locate. So it has also driven inward investment in that way.”

Hauxton House Incubation Centre

Background and context

O2h acquired a 2.76-acre heritage Hauxton Mill site with plans to develop it into a Mill SciTech Park; a leading community of entrepreneurs in life-science, technology, and social enterprise. Hauxton House is a Grade II listed building of approx. 6,000 sq. ft. in the mill site.

The Hauxton House Incubation Centre project involved making amendments to both the exterior and interior of the building to create a hub that could house two biotech labs, office spaces and communal meeting/ break out spaces for O2h as their own head office, but also to accommodate other emerging biotech companies within a creative and open environment. The project received £438,000 in grant/loan funding to carry out the refurbishments. The project logic model is provided below.



Performance

Despite some delays caused by COVID-19, the project was able to complete most of the renovations by 2020. The project lead notes that the initial take up of the space was gradual because people were still reluctant to work from outside of their homes post pandemic. However, demand has increased since. Interested companies and individuals are able to book meeting spaces and hot desks through a quick, hassle-free procedure which has made the space an attractive option to emerging scientists and businesses. The project team is now working towards expanding its lab space in the building due to increasing demand for lab-enabled spaces over standard office spaces.

In terms of employment, Hauxton House has achieved 52% of its contracted target (see table below), although the team is confident about generating more employment in the upcoming years. No apprenticeships have been claimed to date, although consultations suggest at least one apprenticeship has been created. They also noted that Hauxton House does a lot of workshops and training events for school students at the site and are interested in continuing the work to bridge the gap between education and industry.

Outcome	Target	Achieved	Performance (%)
Job creation	110	57	52
Apprenticeships	210	0	0
Businesses with Broadband Access	10	0	0
Businesses Receiving Non-financial Support	0	50	~
Commercial Floorspace Refurbished (m2)	350	349	99.7
Commercial Floorspace Occupied (m2)	170	190	112
Length of Newly Built Road (km)	0.01	0.05	500
Area of new or improved learning/Training Space (m2)	50	53	106

Wider Impacts

Enhancing the funding landscape for early-stage start-ups

Some early-stage start-ups supported by Hauxton House have grown significantly and gone on to secure large venture capital funds. One of such examples is Kuano, a start-up that combines state-of-the-art simulation and AI to add quantum detail to structure-based drug discovery. They received support from Hauxton House at their early stage and have now raised 2-3 rounds of VC funds. The project lead noted that it can be difficult for early-stage start-ups to acquire large funds in the UK compared to other advanced economies and that incubators are playing an important role in attracting investors.

Synergistic exchange and collaboration in life sciences ecosystem

Hauxton House organises a monthly event where life science accelerators and incubators operating in the region come together for a synergistic exchange of ideas. They are also planning to organise a Cambridge Wide Open day this year that brings together national and international stakeholders within the life sciences ecosystem into Cambridge to show what the region has to offer. Investors from across the UK and the US are also being invited to the event.

"We're interested not just in renovating an old site, getting tenants, and creating employment, but we're seeing this site as an opportunity to bring together a lot of people. We want everyone to see what's happening in Cambridge, catalyse people, ideas, events and strengthen the life sciences ecosystem"

Improving training opportunities for school students

Hauxton House is keen to support students who are interested in learning about life sciences innovation. They have organised several sixth form workshops where students visit the site and engage in informative discussions around biotech innovations and potential careers. The company intends to continue organising such workshops and engaging with more students.

TWI Innovation Ecosystem

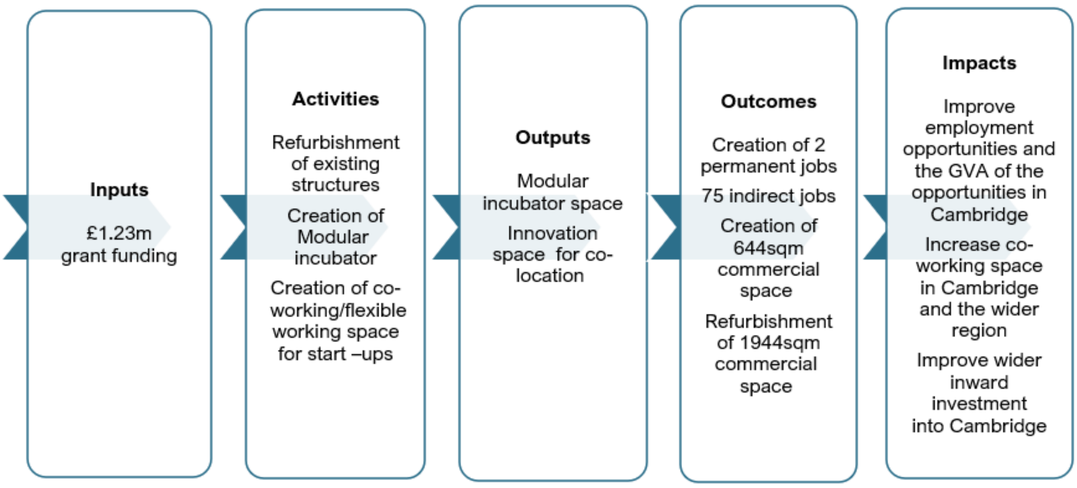
Background and context

TWI Innovation Ecosystem is a modular incubator and co-working space in Granta Park. It intends to support the Greater Cambridge scale-up eco-system by tackling the recognised deficit in the availability of office and laboratory space in the region. Prior to obtaining grant from CPCA, TWI had been steadily expanding with many university-based researchers using their site. Their growth led them to venture into engaging with SME's as potential clients. This required an existing building of TWI to be refurbished to create office spaces. The proposed space to be developed was unoccupied before the grant as the return on investment on the site hadn't been sufficient to justify the cost of constructing a co-working space.

TWI was alerted to the fund in 2019 by their CEO who had just taken a seat at the Business Board. The project leads noted that CPCA provided valuable inputs in the bid-development phase to establish viable project targets that were better aligned with the funding requirements. The project received £1.2m in LGF grant to refurbish and create office spaces in *Building 2.* The grant negotiations took place in early 2020 when COVID-19's impact was at its peak.

Realising that the original strategy might not yield desired results due to emerging circumstances, TWI engaged with CPCA over the next few months to revisit and adjust their strategy. Originally, the project intended on only targeting small businesses and providing standard office spaces. They then pivoted into targeting large, scale-up companies that required laboratory-enabled offices. The change in strategy was essential to maintain demand and create outputs and impact in the face of pandemic. The project's scope also changed overtime. TWI originally intended to refurbish Building 2 and Abington Hall. They ended up refurbishing Building 2, Abington Hall, and Building 1. TWI was in continual communication with CPCA during the adjustment of their scope.

The project logic model is provided below.



Performance

The capital phase of the project saw some delays due to COVID-19. Additional time was permitted by CPCA to defray the full £2.5m, but the entirety of the grant, (£1.23m) was drawn by March 2021 as per the initial agreement. The grant was invested in the refurbishment of two floors within Building 2 *to* build lab-enabled spaces. In the next phase, TWI worked on refurbishing an older building—Abington Hall—to create office spaces suitable for smaller companies. Eventually, Building 1 was also converted to house smaller companies. Project leads note that finding tenants was initially challenging. However, the shift in strategy, from providing standard office spaces to lab-enabled offices, was effective in attracting more tenants. TWI has leased all of its space in Building 2, and the take up in Abington Hall and Building 1 has also been positive.

The project has produced higher outcomes than forecasted in terms of commercial floorspace refurbished and commercial floorspace occupied. However, the target of creating 644sqm of open innovation space hasn't been met according to project level CPCA LGF monitoring data. In terms of the number of jobs created, TWI has currently met 42% of its target.

Outcome	Target	Achieved	Performance (%)
Job creation	77	32	42
Commercial floorspace created (sqm)	644	0	0
Refurbished commercial floorspace (sqm)	1,944	2,953	153
Commercial floorspace occupied (sqm)	2,588	2,953	114

Commercial business with broadband access	0	1	~

Wider Impacts

Affordable lab-enabled offices

TWI offers affordable lab-enabled offices. Their “fit-out-yourself” lab strategy was able to unlock affordability in laboratory spaces which is highly valuable to companies just starting out in the life-sciences sector. Lab-enabled offices generally come fully fitted. An ability to tailor them and control cost can encourage smaller companies to enter the sector and contribute to the growth of life-sciences cluster.

Networking benefits

TWI’s clients have been able to take advantage of reputational and high-value networking benefits being located in Granta Park alongside leading companies in the area's expanding biotech sector, including MedImmune, Illumina, Pfizer, PPD etc.

De-risking private investment

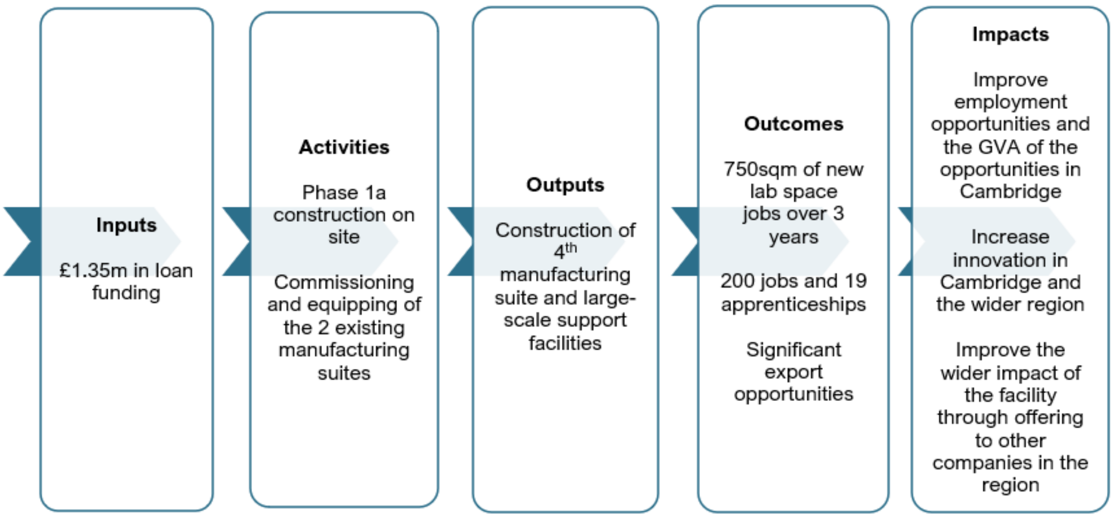
LGF investment gave TWI an initial push to pursue further developments with private investment. The positive uptake of Building 2 helped TWI gain experience and confidence to invest its own assets to further expand the incubator. LGF investment was a critical factor in the project expanding its scope and refurbishing both Abington Hall and Building 1.

Aracaris Living Cell

Background and Context

Aracaris is a UK subsidiary of a US-based drug company named Northwest Biotherapeutics (NW Bio). Located in Sawston, they are involved in manufacturing cell-based products. Aracaris' work is divided into four core areas: manufacturing cells for third parties; providing storage facilities; quality control testing for other companies; and advising other companies on developing processes to take drugs from early stage to clinical stage. The project lead notes that most of their products come out of academia and typically don't go through commercialisation. The rationale of this project is to fill this gap by building a high-quality facility in the heart of Cambridge that enables manufacturing of cell-based products for wider availability. Aracaris intends to become a leading hub that supplies regenerative medicine products not just locally but also across Europe and beyond.

The project sought 50% match funding from CPCA in 2019 to enable commissioning and equipping of two existing manufacturing suites, and to support construction and enabling of a third suite, all of which was expected to cost £2.7m. Following these deliverables, Aracaris intended to construct and commission a 4th manufacturing suite and support facilities. The project received £1.35m in loan from LGF which was matched by Aracaris. The fund was utilised in Phase 1 for buildout works, getting the suites ready for licensing, creating lab and office spaces, constructing warehouses, and adding electrical and mechanical infrastructure. The project logic model is provided below.



Performance

Arcaris have met their outcome target for commercial floorspace created and occupied as highlighted in the LGF monitoring data in the table below.

The demand for services has been mostly positive. Several clients are using their storage facility, and a few are utilising manufacturing services. However, Aracaris has recognised the need to focus more on promotional and onboarding efforts going forward. As services in this sector can be expensive, onboarding clients has proven to be more challenging than anticipated.

The project lead highlighted some challenges relating to job creation. There is a recognised skill shortage in this sector in the UK and globally. It also takes a long time to train someone in this field. However, the project's link with Cambridge University has been helpful in sourcing apprentices locally. Despite challenges around recruitment, Aracaris is still aiming to achieve the initial target of 200 jobs and 19 apprenticeships by 2024.

Outcome	Target	Achieved	Performance (%)
Job Creation	200	73	37
Apprenticeships	19	5	26
Commercial floorspace created (sqm)	2,000	12,000	100
Commercial floorspace occupied (sqm)	12,000	12,000	100

Wider Impacts

Commercialisation of research

Aracaris' work has contributed to collaboration between industries, markets, and research in Cambridge and the wider region, thus strengthening CPCA's reputation as a centre for world-leading research and innovation. They have also made some notable progress in relation to licensing, being the first organisation in the UK with commercial licensing in the field of manufacturing cell products. Within two and a half years of operation, they have received both Human Tissue Authority licensing and MHRA licensing.

"Most of the cell-based therapies come out of academia and clinical research. But that doesn't allow for such products to go through commercial stage.... that's why we were attracted to this work...we could build a facility in Cambridge that would allow manufacture of cell-based products for wider reach. The fund helped us with some of the buildout works, getting the suites ready for licensing, creating lab and office spaces, constructing warehouses, and so on"

Additionality

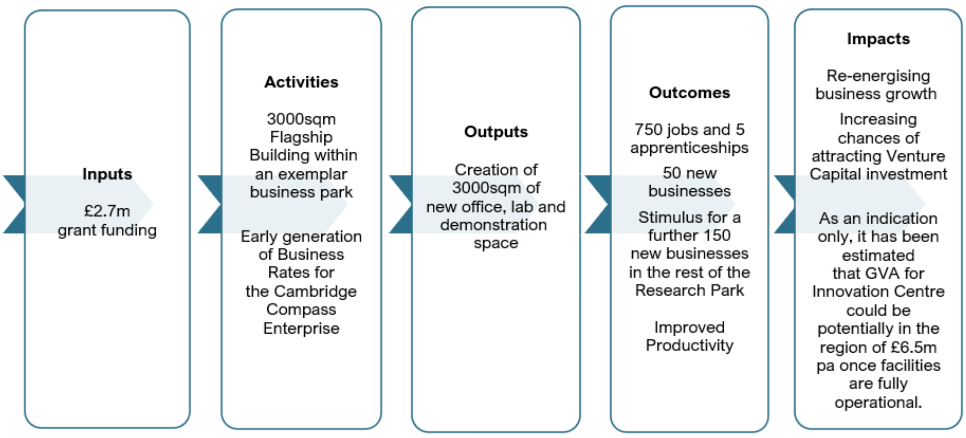
LGF support was crucial in realising Aracaris' Phase 1 development plan. The funding served as a launching pad for further upgrades within the site. The project utilised LGF loan to enable commissioning and equipping of 2 existing manufacturing suites and to construct a 3rd one. The investment in these activities created opportunity for a further buildout as the first 3 suites only occupied 1/8th of the usable space in the facility. More widely, their manufacturing, advisory, and storage services have supported other smaller businesses in the field that are generally held back due to lack of Good Manufacturing Practice (GMP) contract manufacturing services and facilities.

Haverhill EpiCentre

Background and context

Haverhill Epicentre is an innovation centre situated at the Haverhill Research Park. The 3,000 sqm Epicentre aims to strengthen links between academia and business by creating a community for innovation in Haverhill, supporting companies in the ICT, Biotechnology, and Agri-tech sectors. The project was referenced in GCGLEP's Strategic Economic Plan and Growth Deal, as making a major contribution to the LEP's Enterprise and Innovation objective of creating more high value jobs and improving productivity of existing businesses. The project's vision for the Centre is to play a key role in re-energising the job market in Suffolk and Haverhill by accelerating growth and attracting investment. It aims to leverage on its location within easy reach of Cambridge and London to establish an economically viable cluster that brings the benefits of the Cambridge subregion into Haverhill.

Haverhill Epicentre is owned by Jaynic Investments LLP and operated by Oxford Innovations. Jaynic Investments approached LGF to build a flagship building that provides co-working space and business support to growing start-ups in Haverhill. The project received a total grant funding of £2.7m and the project logic model is provided below.



Performance

The building officially opened in November 2020 providing 53 office suites, 2 shared laboratories, co working spaces and conference rooms. Initially, COVID-19 impacted take-up, and although the centre was kept open throughout, trading was impacted due to 'work from home' restrictions and the impact on small and medium sized businesses.

The project lead noted that activity has picked up in 2022 and they are positive about creating more jobs in the next few years and working with academic institutes to create apprenticeships. To attract more businesses, they undertook a lab conversion project to convert office space on the ground floor to dedicated labs. An overview of contracted performance is provided in the table below.

Outcome	Target	Achieved	Performance (%)
Job creation	752	389	52
Apprenticeships	5	0	0
Enterprises receiving grant support	0	5	~
Businesses receiving non-financial support	50	39	78
New commercial floorspace (sqm)	3,000	3,000	100
Commercial floorspace occupied (sqm)	3,000	699	23
Commercial business with broadband access	0	59	~

Wider Impacts

Accelerating Business Growth

In addition to providing co-working and office spaces to tenant companies, Haverhill Epicentre is actively engaged in extending business support. Their business support ranges from bespoke consultations, to access to high-value networking events, to coverage of their tenant companies' work on local news portals. The provision of co-working spaces which facilitate peer to peer interactions, and access to business workshops and mentorship emerged as one of the critical success factors in supporting growth of businesses in Haverhill and the wider region.

Supporting knowledge/resource sharing

The centre organises monthly workshops and networking events that are open to the wider community. They have also supported local institutions by granting usage of the building's meeting spaces and by extending advisory support. More recently, they have been organising career workshops for students. The project lead noted that these efforts contribute to a culture of knowledge-sharing and collaboration that ultimately helps strengthen the innovation ecosystem in Haverhill.

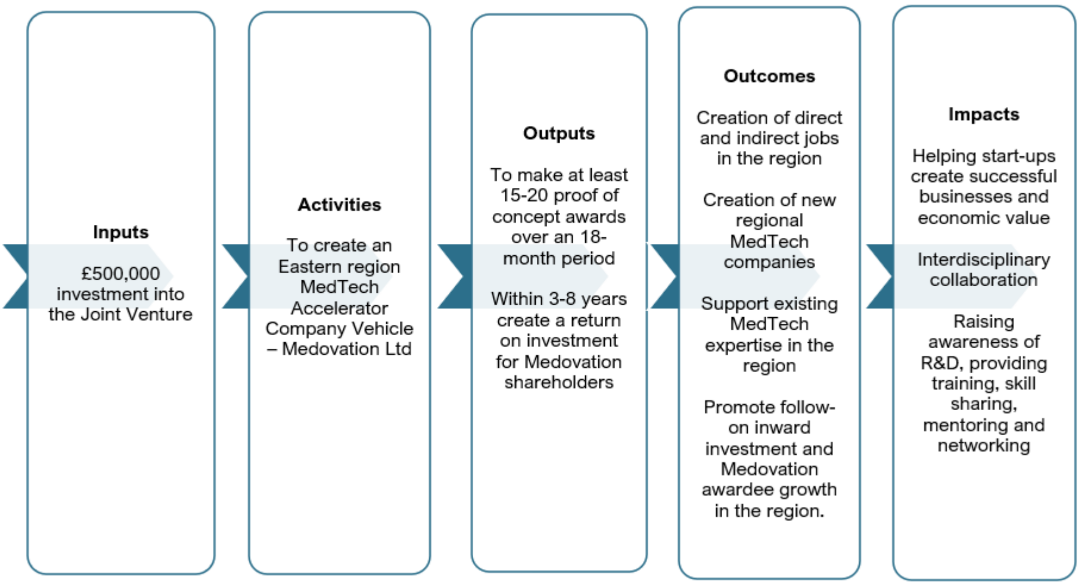
"We do a lot of community engagement activities... we organise a lot of networking events and workshops that are open to the external community and their uptake has been very good."

Medtech Accelerator

Background and context

MedTech Accelerator is led by HEE (Health Enterprise East) as a joint venture with New Anglia LEP, CPCA, Essex County Council and the Eastern AHSN, to provide proof of concept awards, primarily focused on innovations arising from NHS organisations throughout the eastern region of England. The rationale of the project is to recognise and address unmet needs and areas of suboptimal technologies in the health sector. It aims to support early-stage ideas and turn them into new companies, new employment opportunities, new intellectual capital, and MedTech products. The project lead notes that NHS staff are able to recognise unmet needs in the health sector but may not necessarily possess commercial IP and technical expertise. Medtech accelerator fills this gap by providing specialist intellectual property knowledge and commercial expertise to advance medical services.

The project received equity funding of £500,000 from LGF to facilitate the early-stage development of innovations in the broad area of medical technology (devices, diagnostics, software and eHealth). This was matched by an additional £1.5m raised from other funding partners, and paid to MedTech Accelerator Limited, a standalone joint venture, to establish the grant/convertible loan fund. The project logic model is provided below.



Performance

On the whole, the project lead considers MedTech Accelerator to have been successful. The consultation highlights that some of the ideas and products have grown significantly through the platform. One of the selected products, Saphira, a regional anaesthesia technology, has been on the market since 2020. Another product (E-VAC) is licensed and is currently in the development stage. Two companies have raised significant levels of grant and VC funding of over £5m.

The fund made 8 application calls in total and secured good engagement, receiving 60 applications, out of which 14 applicants were awarded funding of up to £125,000 after a comprehensive review and investment committee process. The application form to secure the grant was detailed, and consultees have suggested that the provision of support during the application phase could have been helpful in attracting more applications.

In relation to longer term impacts, the long regulatory processes for medical devices and instruments creates a long lag between investment and the realisation of quantifiable benefits. In regard to LGF monitoring requirements, the project lead noted that adhering to data collection and monitoring requirements was straightforward, but it did not capture the full impact and outcomes of the project. The table below provides a summary of performance against contracted targets.

Outcome	Target	Achieved	Performance (%)
Jobs creation	0	9	~
Enterprises receiving grant support	8	8	100
Businesses receiving non-financial support	6	6	100

Wider Impacts

Enhancing the funding landscape

MedTech accelerator has taken an important step towards filling the funding and mentorship gap for early-stage medical technologies. Whilst there many large-scale research and development grants, they usually require a proof of concept. MedTech Accelerator intervenes at the early stage and provides necessary support to help individuals and companies get ready for follow-on investment.

Increased medical innovation

MedTech Accelerator has substantiated several innovative medical products and concepts with huge potential to deliver wider socio-economic impact. For instance, one of the awardees is developing a diagnostic tool that chemotherapy patients can use at home to determine when they have a virus or an infection. Another company, Ablatus Therapeutics (BETA), is developing an ablation technology to treat uterine fibroids. These products can create meaningful long-term impact across many impact areas, from NHS cost savings to reducing the carbon footprint of medical travel.

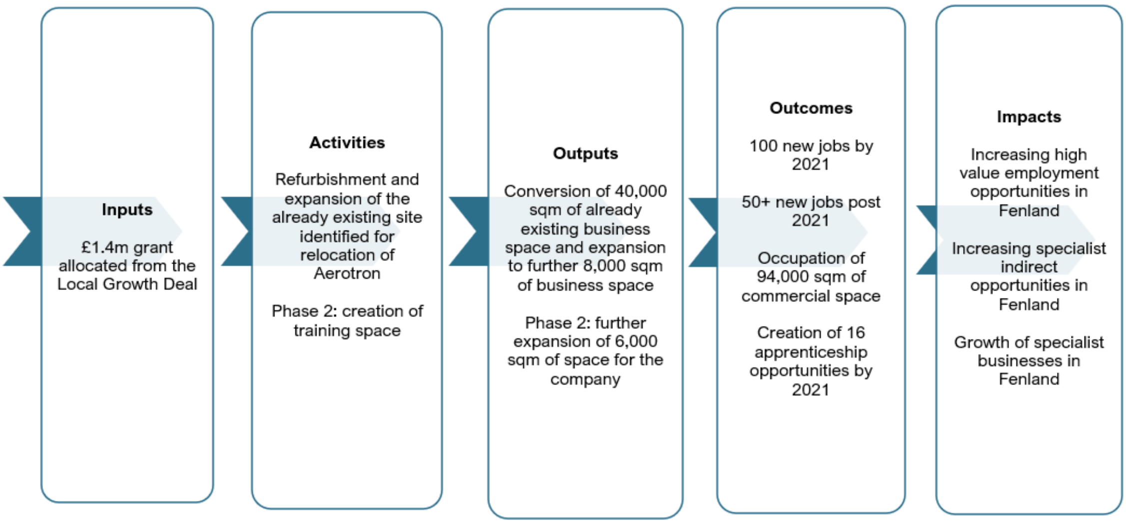
Aerotron Composites

Background and context

Aerotron Composites was established as a part of the Aerotron Group of companies and operates in the aerospace and defence markets. It aims to become one of the leading employers in Chatteris that provides a higher than national average earnings for its employees, and seeks to attract other high-tech companies to operate in theregion.

The company was considering moving to Chatteris when it was first alerted to LGF funding. The project's planning was approved, site development was underway, and CAPEX commitment had been made. However, the project leads noted that without the support of the Growth Fund, the relocation process would have taken much longer. Given the challenges brought about by COVID-19; the funding was deemed critical in accelerating the relocation process.

The project's overarching plan comprised of two phases. Phase 1 involved relocation and "regeneration" of the Chatteris Site, training local labour, and pursing the first phase of growth. Phase 2 involved build Maintenance Repair and Overhaul (MRO) works. The project received £1.4m in grant funding from LGF to support the first phase of development, which levered £5.6m of investment from Aerotron. CPCA extended helpful guidance and advisory support during the bidding stage which was deemed highly valuable to the project. The project logic model is provided below.



Performance

The consultees note that the project has been successful overall despite an array of challenges brought about by COVID-19 disruptions to supply chains and a steep rise in electricity prices. The Phase 2 building works were planned to start in Q3/Q4 2020, but the timescale had to be revised as the cost nearly doubled due to COVID-19's effect on building supply chain. Given the circumstances, the project put its phase 2 building works on hold while continuing efforts to create jobs via the phase 1 investment. Project leads note that efforts have been made to restart the building works in 2022, but they are facing difficulties securing planning permission. The new build's design had been revisited and adjusted in order to optimise its cost and efficiency, and planning permission was resubmitted incurring an additional cost of £18,000.

Although more jobs than anticipated were created in phase 1, overall performance against contracted outcomes remains below target. The project has also faced difficulty in meeting its apprenticeship target as many institutions and establishments were closed during the pandemic. Nonetheless, Aerotron was able to onboard some trainees in the second phase.

Despite above challenges, Aerotron's progress against contracted targets has been positive (see table below). Moreover, a new training facility is being built close to the project site, creating an opportunity for the company to recruit more apprentices when the college officially opens.

Outcome	Target	Achieved	Performance (%)
Job creation	155	105	68
Apprenticeships	16	5	31
New commercial floorspace (sqm)	54,000	54,000	100
Refurbished commercial floorspace (sqm)	40,000	40,000	100
Commercial floorspace occupied (sqm)	94,000	94.000	100

Wider Impacts

Business growth

The relocation has enabled Aerotron to become more technically advanced and lessen competition over employees from large competitors. In their previous location, retaining trained employees was a key challenge due to increasing competition over employees from large companies in the region. Aerotron is the only company in Chatteris doing similar work therefore the company has been able to prioritise its growth in the new location.

"Moving to Chatteris has helped us create a technically advanced company with the potential to attract people who didn't have similar jobs in this area. We are the only company in the area that does this sort of work...LGF fund solidified where we were going to move and increased our ability to hire people to accelerate our plans."

Increased high-value employment opportunities

Aerotron has created several high-value employment opportunities and onboarded trainees who did not have similar opportunities before. The company's plan of recruiting more apprentices and trainees going forward is beneficial to residents interested in the aviation sector. The company is particularly interested in recruiting locally and taking in apprentices from the college nearby, which not only creates local opportunities in priority sectors but also reduces travelling time, cost and carbon footprints.

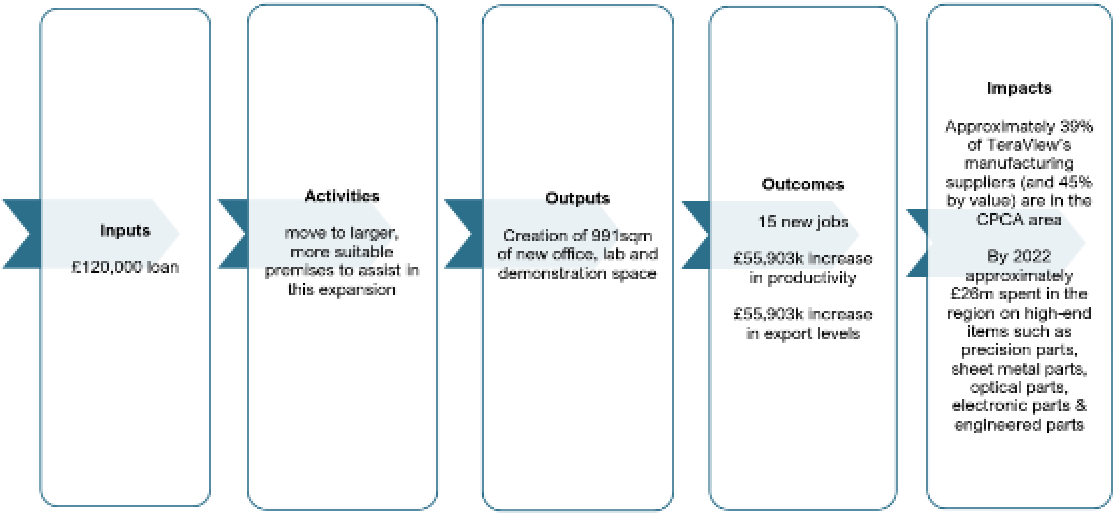
TeraView Company Expansion

Background and context

Formed in 2001, TeraView, Ltd. is a leader in the supply of terahertz-based spectroscopy and imaging products with an established track record of installing and supporting terahertz (THz) systems in production environments. The company has the largest installed base of THz instrumentation in the world with over 125 systems in 25 countries. They expect rapid expansion over the next 5 years via growth in the semiconductor and automotive markets.

When TeraView approached the LGF, the company had already established its work in the semiconductor market, but the automotive market had recently been identified as a new vertical. It was important for the company to move premises in order to accommodate further developments and for manufacturing to tap into new growing markets. To pursue this expansion, TeraView approached CPCA after being alerted to LGF funding through their professional network.

The expansion project received a total loan funding of £120,000 from LGF to support the fit-out costs of a new research facility in the Cambridge Research Park Enterprise Zone. The fund was critical in making the move possible before COVID-19. The project logic model is provided below.



Performance

The company successfully moved in 2018 and established a new manufacturing facility as planned. However, once the move was complete, TeraView ran into operational challenges due to the pandemic and its impact on supply chains. Their sales and revenues took a dip, procurement of capital equipment got delayed, and the company's recruitment capacity was impacted. TeraView initially intended to hire 15 employees across technical and sales functions. So far, the company has recruited 5 people.

Project leads note that TeraView has been able to recover its sales and revenue since the impact of the pandemic subsided. They are currently on an impressive growth trajectory. The company anticipates a 30-40% growth this year and is positive about reaching the initial target of recruiting 15 people in the next 12-18 months.

CPCA's monitoring data highlights that the company has met its contracted target for commercial floorspace refurbished and occupied. Jobs created is at 33% of target, but the company remains interested in expanding their technical and business development team.

Outcome	Target	Achieved	Performance (%)
Job creation	15	5	33
Refurbished commercial floorspace (sqm)	991	991	100
Commercial floorspace occupied (sqm)	1023	1023	100

Wider Impacts

Reputational benefits

TeraView has experienced a notable reputational benefit as a result of LGF funding. Project leads note that having the support of local government gives them more credibility when approaching foreign investors and clients. Moreover, as their site has expanded, it helps demonstrate to clients and investors that they are capable of meeting new orders. Additionally, the expansion has helped the company create a better working environment for their staff and building internal goodwill.

"The new facility is increasingly becoming key in our discussions with customers and investors. We need to demonstrate to them that we have the capacity to build more systems if the orders go up. It is easier to articulate that with the new facility."

Growth in advanced manufacturing

The move to a larger facility has enabled TeraView to tap into new markets and increase its manufacturing activity, thus contributing to the growth of one of CPCA's priority sectors (advanced manufacturing). More widely, the TeraView's products have enabled their clients to bring greater efficiency to their quality control.

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3 Waterhouse Square

138 Holborn

London

EC1N 2SW

020 3865 3082

Orega

1 Balloon Street

Manchester

M4 4BE

0161 413 6440

metrodynamics.co.uk