



THE BUSINESS BOARD

BUSINESS BOARD

Date: Monday, 28 January 2019

14:30hr

Democratic Services
Patrick Arran
Interim Monitoring Officer

The Incubator
Alconbury Weald
Cambridgeshire
PE28 4WX

**Huntingdonshire District Council
Civic Suite Room A, Pathfinder House, St Mary's Street,
Huntingdon, PE29 3TN**

AGENDA

Open to Public and Press

PART 1 - GOVERNANCE ITEMS

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For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

Clerk Email: Dawn.Cave@cambridgeshire.gov.uk

Membership

The Board currently comprises

Public Sector Members

Name	Position	Body

James Palmer Substitute Cllr Steve Count	Mayor	Cambridgeshire and Peterborough Combined Authority
Cllr Charles Roberts Substitute Councillor Anna Bailey	Deputy Mayor and Portfolio Holder for Economic Growth	Cambridgeshire and Peterborough Combined Authority

Private Sector Members

Member	Sector	Organisation
Austen Adams	Advanced Manufacturing	Stainless Metalcraft/Peter Brotherhood
Douglass Cuff	Life Sciences and Healthcare	BioMed Realty
William Haire	Agri-tech	East of England Agricultural Society
Aamir Khalid	Advanced Manufacturing and Skills	The Welding Institute (TWI)
Mark Dorsett	Advanced Manufacturing	Perkins Engines/Caterpillar UK
Andy Neely	Education	University of Cambridge
Tina Barsby	Agri-tech	NIAB

The Business Board is committed to open government and supports the principle of transparency. With the exception of confidential information, agendas and reports will be published 5 clear working days before the meeting. Unless where indicated, meetings are not open to the public.

For more information about this meeting, please contact Dawn Cave at the Cambridgeshire County Council on 01223 699178 or email dawn.cave@cambridgeshire.gov.uk.



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY
BUSINESS BOARD: MINUTES

Date: Monday, 26th November 2018

Time: 2.35 – 4.00pm

Location: East Cambridgeshire District Council offices, Ely

Present: Austen Adams, Douglas Cuff, William Haire, Aamir Khalid (Chair), James Palmer (Mayor) and Councillor Charles Roberts

11. APOLOGIES AND DECLARATIONS OF INTERESTS

Apologies had been received from Mark Dorsett, Tina Barsby and Professor Andy Neely.

Members were reminded that all decisions, when made by the Combined Authority, were conditional pending confirmation from government that local growth funds had been released for allocation by the Business Board.

The Chairman declared a disclosable interest under the Code of Conduct relating to Minute 22, Business Board Private Sector Board Members – Expenses and Allowances Scheme, as the Chairman of the Business Board.

12. MINUTES OF THE MEETINGS HELD ON 24TH SEPTEMBER 2018

The minutes of the two Business Board meetings held on 24th September 2018, as amended below, were agreed as a correct record.

Item 2/recommendation (c) corrected as follows “appoint Aamir Khalid as Chair and Andy Neely as Vice Chair of the Business Board for a period of two years until September 2020.”

Item 6/fifth paragraph stated “*Professor Neely declared a non-pecuniary interest as he was an acquaintance of one of the commissioners involved in the Review*”. This should read “*Professor Neely declared a non-pecuniary interest as one of the commissioners involved in the Review*”.

13. FORWARD PLAN

It was resolved to note the Forward Plan.

14. GROWTH PROGRAMME UPDATE

The Business Board considered an update on the Programme position for the Growth Deal, as at 31st October 2018. The Programme was currently on track and spending according to target.

Members noted that the Lancaster Way Phase 2 project, which involved the expansion of the current Business Park, was moving from feasibility to delivery stage.

A member asked if it was possible to have a breakdown of how much was spent on transport, and how much was spent on other categories. Officers agreed to provide this information for Cambridgeshire & Peterborough, but advised that providing the information for other Local Enterprise Partnerships would be more difficult, as LEPs recorded the information in different ways. **Action required.**

It was resolved to:

- a. note the accumulative and in-year programme position to 31 October 2018 for Growth Deal and Growing Places Fund;
- b. note and agree the submission of the Growth Deal monitoring report to Government to end Q2 2018/19;
- c. approve an extension to the funding period for the Lancaster Way Phase 2 (grant).

15. GROWTH FUND PROJECTS

The Business Board received a report on the proposed process for allocating growth Deal and Growing Places funding.

Members noted that 28 applications had been received – five for small grants, and 23 Expressions of Interest. The first new project proposals were currently undergoing the initial appraisal stage, and would be brought to the Business Board for consideration in January 2019. It was noted that the small grants scheme was aimed at SMEs with balance sheets of less than fifty million Euros, and was similar to a European grant scheme that had recently closed. Five applications had been received, one had been withdrawn, and officers had analysed and appraised the four remaining applications. Two were recommended by officers for approval, and the background and reasons for the proposed allocation of grants of £4,941 and £14,546 were outlined. Further information on those applications was provided in a confidential appendix.

In response to a Member question, it was confirmed that the total budget for small grants was £200,000, and technically it could be available until March 2021. Due to the protracted process of approving small business grants and the unnecessary delay that would be imposed upon small businesses, there was a recommendation to enable the Director of Business and Skills, in consultation with the Section 151 Officer, to review and approve small grants between £2,000 and £20,000, with all approvals being reported back to the Business Board. Those approvals would need to meet formal

evaluation criteria and meet strict assessment guidelines, as set out in the appendices to the report. As part of that process, external due diligence was also required to appraise Expressions of Interest as they were submitted, specifically analysing the applications against Value for Money criteria. Therefore, the Business Board was also being asked to approve the appointment of external examiners: the proposal was to appoint a body immediately on a temporary basis, pending a full procurement process. In response to a member question, it was confirmed that Business Board members would have access to the small grant applications.

There was considerable discussion about the process, the current size of the small grant budget (£200,000) and, given the necessary bureaucracy, whether it was worth instigating a new process when there was only likely to be a small number of grants. It was noted that there may be considerably more funding available for small grants for SMEs in future once the Local Industrial Strategy process was complete, so it was worth having the process in place.

Officers stressed that the speed of letting applicants know whether they had been successful was vital to the process. It was also noted that the funding was only actually allocated when there was evidence that the payment had been made e.g. evidence that equipment had been purchased.

It was resolved to:

- a. note that 28 applications are undergoing initial internal appraisal before selection to undertake full business case and subsequent external appraisal;
- b. recommend the Combined Authority accept and approve recommendations from officers of small grant awards to SMEs totalling £19,490;
- c. recommend the Combined Authority agree delegated authority to approve small grants to SMEs between £2,000 and £20,000 to Director of Business & Skills subject to Section 151 Officer approval, and regular reporting to the Business Board;
- d. recommend the Combined Authority give approval to procure and appoint independent project appraisers of business cases over £20,000.

16. EASTERN AGRI-TECH GROWTH INITIATIVE

Members considered a report on the Eastern Agri-Tech Growth Initiative, which had transferred over from the previous Local Enterprise Partnership arrangements. The report sought Business Board support in recommending to the Combined Authority Board that the Initiative should continue until March 2021.

The Agri-Tech sector was one of the four key priorities for the Combined Authority and Business Board. The Initiative had been running since January 2014, with the particular aim of encouraging the growth of SMEs in the sector, bringing together leading agriculture, research science and technology assets in the East of England.

Since its inception, 92 applications from SMEs had been supported, and the Agri-Tech Innovation Hub at Soham had also been created.

The Initiative had received very positive feedback for the business community because of its speed, efficiency, lack of bureaucracy and advice/guidance provided. It had also had positive media coverage across a variety of channels. A considerable number of applicants had come forward through word of mouth, which was testament to how the scheme was supporting businesses generally. Support for this type of pioneering research and development was quite high risk and tended not to attract support from mainstream lenders. The types of projects supported by the Agri-Tech programme were noted, as was the contribution from the New Anglia LEP (NALEP).

The Chairman advised that he had received supportive comments from both Tina Barsby and Andy Neely for the Initiative, and the Board indicated its support for William Haire to be Chair of the Eastern Agri-Tech Programme Board.

Subject to Department for Business, Energy and Industrial Strategy (BEIS) Ministerial approval to release further Growth Deal funding, the Business Board (BB) resolved to make the following recommendations to the Combined Authority (CA) Board:

- a. agree that the Eastern Agri-Tech Growth Initiative should continue across the existing geographical areas of both the BB and New Anglia Local Enterprise Partnership (NALEP);
- b. agree a funding allocation of £4m from new Growth Deal funding;
- c. agree the Terms of Reference for the Eastern Agri-Tech Programme Board;
- d. delegate authority to the Eastern Agri-Tech Programme Board to make decisions about applications for grant funding on behalf of both the CA/BB and NALEP;
- e. agree that the Eastern Agri-Tech Programme Board should become a Sub Board of the BB;
- f. agree that William Haire should become Chair of the Eastern Agri-Tech Programme Board.

17. WISBECH ACCESS STRATEGY

The Business Board received a report which sought support for a package of highway interventions in Wisbech, following a public consultation. Permission was sought for the full release of the previously allocated £10.5M Growth Deal investment to enable the delivery phase of the programme.

One of the changes made, following the public consultation, was to avoid severing the existing rail line, whilst the Wisbech to March GRIP3 study established whether a town centre or Parkway station (south of the town) was most viable.

Members' attention was drawn to the technical note generated by the suppliers of the current strategy. It was noted that the criteria for the Growth Deal required the scheme to be delivered by March 2021. The complexities of programming these interventions, and having the most efficient sequencing for delivery, were explained. Given the March 2021 deadline, it was vital that the delivery team and supplier were kept on tight timescales.

It was confirmed that the pre-allocation had been made previously, subject to the business case being presented. It was noted that the Business Board would receive regular updates on this programme. Any potential operational delays would be considered by the Combined Authority's Transport Committee and would be reported to the Business Board too if there were more significant delays.

It was resolved to:

- a. note the proposed package of measures for further development (Table 2 Recommended Wisbech Access Strategy Package);
- b. recommend the Combined Authority Board approve a budget of £10,500,000 to enable the procurement of an appropriate design and build contractor to immediately commence the delivery of an overlapped phased design and construction programme;
- c. recommend the Combined Authority Board delegate authority to the Transport Director, in consultation with the Chair of the Transport Committee, at key gateway stages to deliver this package of works on behalf of the Business Board;
- d. recommend to the Combined Authority Board to, subject to BEIS Ministerial approval of the release of future Growth Deal funds, release of the £10.5m Growth Deal funding for the delivery of this vital scheme for the housing and economic growth of Wisbech.

18. M11 JUNCTION 8 IMPROVEMENT PROJECT

Members considered a report detailing the M11 Junction 8 improvement project that was being led by Essex County Council (ECC), recommending the release of £1M Growth Funding towards the project.

Junction 8 of the M11 was located adjacent to Stansted Airport, and is therefore significant economically for the wider area. Increasing the capacity and efficiency of this junction would alleviate congestion. Support totalling £1M from the Growth Deal had previously been identified by the Cambridgeshire and Peterborough LEP, as a contribution to a larger £9M scheme. It was anticipated that the scheme would be delivered by May 2021. The project had been independently reviewed and it had been assessed as representing good value for money.

It was resolved to:

- a. note the independently reviewed business case commending the scheme as representing value for money and the anticipated economic benefits as a result of the project;
- b. recommend the Combined Authority Board release the £1m Growth Deal funding to Essex County Council, to support the delivery of the range of improvements outlined within this paper for the M11 Junction 8.

19. THE GREATER SOUTH EAST ENERGY HUB – RURAL COMMUNITY ENERGY FUND

The Business Board received a report on the Greater South East Energy Hub. The Cambridgeshire and Peterborough Combined Authority was the Accountable Body for the regional Energy Hub, which covered fifteen counties and London.

Members had agreed to transfer the Rural Community Energy Fund (RCEF) from DEFRA to BEIS so that the five Local Energy Hubs in England could manage and dovetail the core functions of the Energy Hub. The report proposed that the Combined Authority assumed the management role for RCEF, and employ a Community Energy Advisor to administer the scheme. The costs for employing the Advisor, and associated administration, were estimated at £150,000. Employing the Advisor within the Combined Authority would result in greater cross fertilisation and presence across the whole Greater South East area, and there would be clear advantages to communities in Cambridgeshire and Peterborough of hosting this post locally.

In response to Board member questions:

- it was confirmed that DEFRA had calculated that the greater South East area should receive £2.9M, given the largely rural area of its geography. For illustration, If this £2.9M was invested pro rata between member authorities, that would result in £183,000 being granted to Cambridgeshire and Peterborough, although this would ultimately depend on the quality of bids made into the fund from each area.
- the typical type of projects supported by the RCEF were noted, including the Community Heat scheme in Swaffham Prior, and other examples such as village solar power or vehicle charging schemes. The Advisor would help support communities to generate their own ideas. A Board member commented that this was particularly welcome given the largely rural nature of the county, and the lack of a mains gas supply to many villages;
- it was noted that this was a decision for the Combined Authority Board, so the Business Board were being asked to recommend that the Greater South East Energy Hub assumes the RCEF management role, administers the fund and employs a Community Energy Advisor. Detailed advice from BEIS was awaited on how the RCEF would be administered by the Hubs;
- a Member expressed strong support for the proposal in principle, noting that there were examples across the Combined Authority area of energy schemes that had

not progressed due to lack of funding. However, he expressed concern that the costs of employing the Advisor were considerable (£150,000) when compared to the likely benefits of the scheme (£183,000), and a number of other Members expressed similar concerns around this point. Officers explained that the funding for the dedicated Advisor post was top sliced i.e. there would be no cost to the Business Board or Combined Authority but hosting the post would give the Combined Authority exposure to further funding opportunities for projects in its area. A number of Members indicated that they supported the scheme in principle, but would like to see further information on the costs and financing of the proposal;

- it was noted that the Advisor would be a new and dedicated resource augmenting the current community infrastructure team within the Energy Hub, with a specialism in rural and community energy. It was reiterated that there would be no costs to the Business Board or Combined Authority to host the post.

The Interim Monitoring Officer advised that Business Board decisions were usually by consensus, but if Business Board Members were so minded, there was the scope to divide the recommendation i.e. recommend to the Combined Authority Board to agree that the Greater South East Energy Hub assumed the RCEF management role, but not the second part, i.e. the employment of the Community Energy Advisor. The Business Board agreed to proceed on this basis, and receive further information about the proposed Advisor role, including the costs, the geography covered by the role and how it would fit in with the existing team, at their next meeting. **Action required.**

It was resolved to:

- a. recommend the Combined Authority Board to agree that the Greater South East Energy Hub assumes the RCEF management role.

20. GROWTH HUB PROGRESS

The Business Board received a half yearly update on Growth Hub activity, as submitted to the Department for Business Energy and Industrial Strategy (BEIS). Signpost2Grow is the Growth Hub for the Greater Cambridge Greater Peterborough region, providing support to growing businesses in the form of triage, diagnostics and referrals to other business support providers, local and nationally. It was noted that the Growth Hub was fully funded by BEIS, i.e. there was no cost to the Business Board or Combined Authority. The Hub employed a small team of three staff.

Members noted:

- that the Hub had a 92% customer satisfaction rating, which was above the national average of 87%, with 97% clients recommending the Hub. Further changes would be made at the Growth Hub, to bring it in line with the Industrial Strategy;
- examples of businesses supported through the Hub, including a composite manufacturer in Sawtry, which employs 35 people, including apprentices, and a business providing mental health support for teenagers.

It was resolved to:

- i) note the Growth Hub six-month activity report;
- ii) note the Better Business for All paper(s)

21. LOCAL INDUSTRIAL STRATEGY

Members considered a report on progress with the Local Industrial Strategy. Members were reminded that the Local Industrial Strategy was an opportunity for local areas, acting as a blueprint for local economic growth and productivity, and for the Business Board to identify key areas for future investment. Business Board members were currently carrying out a roadshow of sessions alongside Economic Commissioners in each district, to get further input from local businesses and stakeholders.

It was resolved to:

- a. note the progress so far in the development of the Local Industrial Strategy, and the next steps in the process.

22. BUSINESS BOARD PRIVATE SECTOR BOARD MEMBERS – EXPENSES AND ALLOWANCES SCHEME

Members considered a report on expenses and allowances scheme for Business Board private sector members. Following advice from the Interim Monitoring Officer, it was confirmed that whilst the Chairman's interest in this matter should be noted, it was not necessary for the Chairman to leave the meeting on the basis that the Combined Authority Board would make the final decision on this matter.

Introducing the report, the Interim Monitoring Officer advised that the principle of paying allowances to Business Board members had been considered by the Interim Business Board and highlighted that the final decision would be made by the Combined Authority, and the recommendation was that the Interim Monitoring Officer would convene an independent remuneration panel.

The Chairman advised that in his role as a Director of TWI Ltd, he could not receive any remuneration for external work, so he had agreed to take an equivalent salary cut for any remuneration from the Business Board.

It was resolved to:

- a. note the Interim Business Board agreed the principle of paying allowances to private sector members of the Business Board and that positions were advertised on this basis;
- b. agreed that an independent remuneration panel should be convened to consider the level of allowances payable to:
 - i. the Chair;
 - ii. the Vice Chair;
 - iii. other private sector board members.

- c. agree that the Monitoring Officer be authorised to source a suitable panel to recommend an allowance scheme to the Business Board;
- d. agree as an interim measure until a scheme is agreed to:
 - i. adopt an expenses scheme for private sector board members to take effect from July 2018
 - ii. confirm the Chair's allowance of £2,000 a month to take effect from the date of the appointment.

23. DATE OF NEXT MEETING

On a general point, a member observed that some reports had supporting documents, whilst others did not. Officers advised that the way reports were presented was being reviewed, with the intention to present more concise reports, with supporting documentation in appendices, as appropriate.

It was resolved unanimously to note the date of the next meeting.

Chairman

BUSINESS BOARD FORWARD PLAN

AS AT 18TH JANUARY 2019

DECISION REQUIRED		DECISION MAKER	DATE DECISION EXPECTED	DECISION	PURPOSE	CONTACT DETAILS / REPORT AUTHORS	LEAD MEMBER
Business Board - 28th January 2019							
1.	Minutes of the Meeting on 26th November 2018	Business Board	28th January 2019	Decision	To approve the minutes of the last meeting as a correct report	<i>Monitoring Officer for Combined Authority</i>	Chair
2.	Draft Annual Plan	Business Board	28th January 2019	Decision		<i>Section 151 Officer for the Business Board</i>	
3.	Growth Deal Project Proposals	Business Board	28th January 2019	Decision	To agree further projects for approval by the Combined Authority 13 February Budget meeting	John Hill, Director Business & Skills	Chair
4.	Local Industrial Strategy	Business Board	28th January 2019	Decision		<i>John Hill, Director Business & Skills</i>	Chair
5.	Rural Community Energy Fund	Business Board	28th January 2019	Decision	To receive administrative detail relating to the staffing of the Fund as requested by the Board on 26th November.	<i>John Hill, Director Business & Skills/ (Paul Bourgeois)</i>	
6.	Business Board future planning	Business Board	28 th January 2019				
7.	Forward Plan	Business Board	28th January 2019	Decision	To note the forward plan	<i>Monitoring Officer for Combined Authority</i>	Chair

DECISION REQUIRED		DECISION MAKER	DATE DECISION EXPECTED	DECISION	PURPOSE	CONTACT DETAILS / REPORT AUTHORS	LEAD MEMBER
Business Board – 25th March 2019							
8.	Minutes of the Meeting on 28th January 2019	Business Board	25th March 2019	Decision	To approve the minutes of the last meeting as a correct report	<i>Monitoring Officer for Combined Authority</i>	Chair
9.	Growth Deal Project Proposals	Business Board	25th March 2019	Decision	<i>Identified on CA Forward Plan as Key Decision for 27th March</i>	John Hill, Director Business & Skills	Chair
10.	Growth Fund Update	Business Board	25th March 2019	Decision	To monitor and review programme performance and risks Recommend projects for approval to CA Board (if required)	<i>John Hill, Director Business & Skills</i>	Chair
11.	Skills Strategy	Cambridgeshire and Peterborough Combined Authority	25th March 2019	For consultation	To consider and review strategy	<i>Stephen Rosevear, Interim Director of Skills</i>	Councillor John Holdich Portfolio Holder for Employment and Skills
12.	Peterborough University	Business Board	25th March 2019	Decision		<i>John Hill, Director Business & Skills</i>	Chair
13.	Sector Strategies	Business Board	25th March 2019	Decision		<i>John Hill, Director Business & Skills</i>	Chair

DECISION REQUIRED		DECISION MAKER	DATE DECISION EXPECTED	DECISION	PURPOSE	CONTACT DETAILS / REPORT AUTHORS	LEAD MEMBER
14.	Forward Plan	Business Board	25th March 2019	Decision	To note the forward plan	<i>Monitoring Officer for Combined Authority</i>	Chair
Business Board – 28th May 2019							
15.	Minutes of the Meeting on 25th March 2019	Business Board	28th May 2019	Decision	To approve the minutes of the last meeting as a correct report	<i>Monitoring Officer for Combined Authority</i>	Chair
16.	Schedule of meetings 2019/20	Business Board	28th May 2019	Decision	To agree schedule of meetings for 2019/20	<i>Monitoring Officer for Combined Authority</i>	Chair
17.	Progress on Growth Fund Programme and Risk Register	Business Board	28th May 2019	Decision	To monitor and review programme performance and risks Recommend projects for approval to CA Board (if required)	<i>John Hill, Director Business & Skills</i>	Char
18.	Growth Deal Project Proposals	Business Board	28th May 2019	Decision	<i>Identified on CA Forward Plan as Key Decision for 27th March</i>	John Hill, Director Business & Skills	Chair
19.	Growth Fund Update	Business Board	28th May 2019	Decision	To monitor and review programme performance and risks Recommend projects for approval to CA Board (if required)	<i>John Hill, Director Business & Skills</i>	Chair

DECISION REQUIRED		DECISION MAKER	DATE DECISION EXPECTED	DECISION	PURPOSE	CONTACT DETAILS / REPORT AUTHORS	LEAD MEMBER
20.	Market Town Master Plan	Business Board	28th May 2019				
21.	Forward Plan	Business Board	28th May 2019	Decision	To note the forward plan	<i>Monitoring Officer for Combined Authority</i>	Chair

SUBMIT YOUR COMMENTS OR QUERIES TO BUSINESS BOARD

Your comment or query:

How can we contact you with a response?
(please include a telephone number, postal and/or e-mail address)

Name

Address

.....

Tel:

Email:

Who would you like to respond?



THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM No: 2.1
17 JANUARY 2019	PUBLIC REPORT

LOCAL INDUSTRIAL STRATEGY – FIRST DRAFT

1.0 PURPOSE

- 1.1. The Business Board is leading the development of the Local Industrial Strategy for Cambridgeshire and Peterborough. This Strategy will set out our priorities over coming years to grow our economy and spread prosperity, for the benefit of all the area's communities. It will act as a blueprint for how the Business Board and Combined Authority will act and invest to achieve these ambitions.
- 1.2. The Local Industrial Strategy is being co-produced with Government as part of the first wave of these strategies being developed to deliver the UK Industrial Strategy in local areas. To this end, it will also set out how Government will continue to support local growth.
- 1.3. Following the publication of the Cambridgeshire and Peterborough Independent Economic Review (CPIER), and the subsequent adoption of the Growth Ambition Statement by the Combined Authority Board, the Local Industrial Strategy has been developed to focus intently on what businesses need to grow and what people need to access better jobs.
- 1.4. This is the first draft of the Local Industrial Strategy for comment and discussion by the Business Board. It has been developed following workshops and engagement with this Board, the Combined Authority Board, Business Roundtables, Government, and partners outside of our area such as the OxCam Arc.

<u>DECISION REQUIRED</u>	
Lead Member:	Prof Andy Neely
Lead Officer:	John T Hill, Director
Forward Plan Ref: N/A	Key Decision: No
<p>The Business Board is recommended to:</p> <p>Discuss and comment on the draft of the Local Industrial Strategy – providing steer for officers in developing the next version.</p>	Voting arrangements

2.0 BACKGROUND

- 2.1. The first draft of the Local Industrial Strategy is attached as **Appendix 1** of this report for Business Board discussion.
- 2.2. The Cambridgeshire and Peterborough Independent Economic Review – which provides much steer and evidence behind the LIS is available at;
<http://www.cpier.org.uk/final-report/>.
- 2.3. The Growth Ambition Statement – agreed by the Combined Authority Board in November 2018 – sets out how different aspects of the CPIER will be implemented through different strategies and plans, including the specific role of the LIS here;
- 2.4. **Appendix 2** of this report captures the strategic comments that have been made by stakeholders in reaching this draft of the Local Industrial Strategy, and which are already in consideration for the next draft.

Key Points for Discussion

- 2.5. The Business Board are suggested to consider the following points in discussing the draft Strategy:
 - Are the challenges identified in the strategy the right ones to be focussing on?
 - Have we focussed on the right priorities to achieve our ambition?
 - Do we have the right level of ambition?
 - Are these the right interventions to achieve the Strategy within our resources?
 - Is the level of risk within the strategy appropriate?

Next Steps

- 2.6. Following this Business Board discussion there are planned sessions with the Combined Authority Board and local partners to refine the Strategy, which will then be brought to the Business Board again in March for sign-off.
- 2.7. Officers are working with Government to understand the emerging process for signing off Local Industrial Strategies nationally. Whilst this is unconfirmed, we will continue towards locally agreeing the LIS by the end of March, in line with the other areas within the OxCam Arc.

3.0 FINANCIAL IMPLICATIONS

- 3.1. There are no financial implications associated with the Local Industrial Strategy at this consultative stage in the process. However, it is noted that the Strategy is being developed to be deliverable within available local resources as much as possible.
- 3.2. The Combined Authority is considering its Medium Term Financial Strategy on 30 January 2019 which includes, at time of report writing, the proposal that specific revenue funding of £200,000 per annum is allocated to support the implementation of the Local Industrial Strategy, alongside capital investments.

4.0 LEGAL IMPLICATIONS

- 4.1. There are no legal implications associated with the Local Industrial Strategy at this consultative stage in the process;

5.0 SIGNIFICANT IMPLICATIONS

There are no significant implications.

6.0 APPENDICES

- 6.1. Appendix 1 – Draft Local Industrial Strategy
- 6.2. Appendix 2 – Log of Stakeholder Comments

<u>Source Documents</u>	<u>Location</u>
Cambridgeshire and Peterborough Independent Economic Review (CPIER)	http://www.cpier.org.uk/final-report/
UK Industrial Strategy	https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future



DRAFT Cambridgeshire and Peterborough Local Industrial Strategy

[18th January 2019]



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1. Executive Summary

This Cambridgeshire and Peterborough Local Industrial Strategy sets out a vision for our area, the achievement of which will be essential for delivering the Devolution Agreement and confirmed by the Cambridgeshire and Peterborough Independent Economic Review (CPIER). Cambridgeshire and Peterborough is committed to doubling its economy (measured by Gross Value Added or GVA) over 25 years. This is a stretching but achievable goal.

The Cambridgeshire and Peterborough Local Industrial Strategy has been developed following the CPIER – one of the most ambitious analyses ever undertaken of a place in the UK - and benefits greatly from the depth of research it undertook and reported. Its opening words set out in clear terms what is at stake in our area when it is stated: “the Success of Cambridgeshire and Peterborough is a project of national importance”.

The Local Industrial Strategy is one of the most important tools for delivering this success and ensuring that every business is able to play its part and that the opportunities and benefits of growth reach deep into every part of the community.

Section 3 of the Strategy sets out the economic background to the Cambridgeshire and Peterborough Local Industrial Strategy and Section 4, the three priorities which underpin it.

The Cambridgeshire and Peterborough economy is large, with GVA of £22bn. As the CPIER established, it is actually three distinct sub-economies. The largest is Cambridge and South Cambridgeshire, characterised by high levels of output and skills, a rich mix of biomedical, pharmaceutical, IT and other technology companies operating across an international footprint and underpinned by one of the greatest Universities in the world. In the North, Peterborough and its surroundings are important both as the largest city and the fastest growing in the area and one of the fastest growing in the country. It is an area with an important manufacturing history and existing base as well as a growing range of service companies. In between are the Fens with a diverse range of market towns, much of the best farmland in the UK and world class agricultural production. It is a rural economy but one which has highly successful niche manufacturing and service companies. Some of these are indigenous whilst others gravitate to and benefit from the more developed areas in Cambridge and Peterborough.

The governance of the area is a unique asset too. Devolution to the new Mayoral Combined Authority and the creating of the new Business Board mean that more of the levers to achieve growth sit at this level than ever before, and industry has a stronger voice than ever. Therefore our Local Industrial Strategy is built upon the principle of interventions which are achievable at a local level, and invites Government to come forward with co-investment, further devolution, and pilots which will go further in achieving the UK Industrial Strategy at a local level.

This set of unique assets and opportunities frame the three priorities set out in section 4 of the Strategy. They are as follows:

- First, to recalibrate economic growth, sustaining the growth underway across the area by identifying opportunities for high growth companies to develop and take root in suitable locations across the area, by necessity beyond the Cambridge area
- Second, ensuring that Cambridge's growth itself is sustained by the prioritising of step-change infrastructure that overcomes current constraints and the economic "burn out" forecast in the CPIER, such as the Cambridgeshire Autonomous Metro
- Third, ensuring that there is better integration of industry across the area, encouraging business to support one another where this makes business sense to promote innovation, investment, skills development and a more resilient economy

Section 5 sets out what we see as the key challenge of raising productivity which underlies the strategy: increasing levels of employment, but above all ensuring that Cambridgeshire and Peterborough grows better quality jobs, improving business output and providing better opportunities for people. Section 6 sets out how we see Cambridgeshire and Peterborough fitting within a growth corridor from Oxford through Milton Keynes, linking the area more effectively into the national economy.

The programmes of activity to be undertaken under the Cambridgeshire and Peterborough Local Industrial Strategy are set out in Sections 7 to 11. Our approach is to ensure that Cambridgeshire and Peterborough has the foundations in place on which everyone involved in our economy can build the economic success we need.

Section 7: Foundation #1 – People, looks at the steps that need to be taken through the Cambridgeshire and Peterborough Local Industrial Strategy and beyond it to improve the levels of education and training, to ensure business has the supply of skills it needs and that people are able to fulfil their potential. Key Local Industrial Strategy programmes included in the Local Industrial Strategy include the completion of the new University of Peterborough and flexing the Adult Skills Budget as well as new programmes: a Digital Talent Portal and skills brokerage service to connect firms better with talent, a network of business champions through an Ambassador Network, a Work Readiness Pilot and Apprenticeship Challenge Fund and help specifically targeted on the Construction and Health & Social Care sectors.

Section 8: Foundation #2 – Ideas, sets out how the Local Industrial Strategy will provide the conditions for businesses in the city region to adopt and exploit new ideas either through incremental process innovation or the development of new businesses based on emerging technologies. Our priorities are ensuring that the economic base of the area grows by ensuring that finance is in place and that Intellectual Property can be exploited; that businesses have the right kind of space at every part of their growth and evolution and that there are both the support programmes for businesses and the networks and linkages to help them maximize their opportunities and manage their challenges. Key programmes include the creation of a network of Innovation Fellows events and growth champions, creating access funding to Government innovation funds as well as R&D grants in advanced manufacturing and agri-tech. We plan the creation of new "launchpads" where different kinds of business can interact, modelled on successful examples in Cambridge, as well as an Enterprise Zone attached to the new Technical University of Peterborough and incubator

space where there is market need. To help firms along the growth journey we propose a new business growth and scale up programme.

Section 9: Foundation #3 – Business Environment sets out the steps we will take through the Local Industrial Strategy to deliver an integrated approach to business support to as to ensure that we have the business start-ups and the business scale-ups to enable Cambridgeshire and Peterborough to achieve its growth and productivity ambitions. That means more businesses, more successful businesses and the creation of more places with the ability to absorb economic growth in a sustainable way with a particular emphasis on the Peterborough and Fen parts of the area which have lower productivity growth. This will be delivered by three strategic interventions.

Firstly, an integrated business growth offer and service, targeted at the places and firms that will have the most impact on our goals.

Secondly, a new approach to internationalisation, trade and inward investment support, integrated with existing UKTI activity and designed to both increase the number of new to export and new to market firms and increasing the pace at which firms move to export.

Thirdly, we will develop a number of hyper local opportunity test beds and cluster support programmes where there is clear evidence of business demand and the market is failing to provide the relevant elements of the necessary innovation and growth ecosystem.

Section 10: Foundation #4 – Infrastructure looks at the evidence that inadequate infrastructure is having on the economy of Cambridgeshire & Peterborough. The views of businesses surveyed in the CPIER were that this issue is already hampering growth. In Cambridge and the south, the transport system struggles to manage the movement of people and goods. Elsewhere, particularly in and around the market towns, poor road and at best infrequent and sporadic bus connectivity prevent the formation of what, elsewhere, might be considered normal patterns of travel and trade. Unlocking productivity growth is only possible if the right kind of infrastructure is in place.

Transport. We will look to make major upgrades to some of our vital artery roads – in particular the A10 and A47. We will build transport that enables greater levels of business-rich agglomeration – building the Cambridge Autonomous Metro (CAM) and developing business cases for more ambitious and longer term propositions too.

Housing. We will work with local authority partners and LEPs across the Oxford Cambridge arc to deliver the houses desperately needed for our businesses. At the same time there is the opportunity to work towards the Government’s Mission to halve the energy usage of new buildings, using new approaches.

Broadband and Mobile connectivity. We will fully support CityFibre in their work with Peterborough to deliver full fibre broadband by 2033 in Peterborough. Gigabit speed broadband services will be delivered to the first homes in early 2019. Elsewhere we will ensure superfast broadband coverage, which currently reaches 97% of properties rises to 99% coverage by the end of 2020. The Combined Authority will maintain its investment into the Connecting Cambridgeshire programme to strengthen mobile signal, especially for rural communities.

Energy. We are adopting smart grids and battery storage to create energy resilience and will pioneer smart grid technology to optimise the energy capacity we currently have, and to help people sell their own generated energy to other residents. We will continue to update key substations where necessary to ensure our businesses can access the energy they need.

Section 11: Foundation #5 – Place considers a series of issues about Cambridgeshire and Peterborough and how it relates both with to its neighbours and to the communities within it. Businesses doesn't exist in a vacuum but responds to the attractors or disincentives a place offers. So amenity, beyond the issues of education and transport considered earlier, matter. We will ensure both in its links to other areas and in its own development, that Cambridgeshire and Peterborough is a place that is and feels more connected, open and vibrant, on an upward economic, social and environmental trajectory.

We fully support the ambitions for the Oxford – Cambridge Arc, and will play our part in supporting the housing and infrastructure plans associated with it as we have with the London Stansted Cambridge Corridor ensuring that we play our role in securing the 400,000 new jobs this area has the potential to generate. We will also develop our other links: to international ports, most notably Felixstowe, in the Cambridge – Norwich tech corridor as well as connections to the Midlands and the North

In addition to the new business premises to stimulate place-based innovation considered earlier we will ensure the construction of a further 100,000 homes across Cambridgeshire and Peterborough and oversee the creation of bespoke Market Towns Masterplans for the eleven towns of Cambridgeshire. These will show how the key industries in each town can be nurtured, and how a new type of worker with a strong focus on high quality of life can be attracted to set up in the towns.

2. Purpose of the strategy

The heart of any economy is its industry. Businesses generate wealth, employ people, drive productivity improvements, and lead innovation. The effects of a thriving business environment are immediately apparent in a community, as is the opposite.

Given the centrality of business to the success of a society, an overly hands-off approach that fails to respond to market failures does not make sense. Its legacy, seen in many of the deindustrialised areas of our nation where rapid change has occurred and where, absent of a market response, support has not been provided to transition to new industries, has been shown to be bankrupt. While the public sector can do much harm if it interferes in the wrong way in the private sector, the opposite approach of doing nothing can be just as damaging.

Therefore, a sophisticated and nuanced approach to industrial strategy is needed. This is true now more than ever, as sectors change and overlap at faster and faster rates, and as productivity problems remain intractable. It requires a focus on creating an environment where the right companies thrive, and where the benefits of business investment can be seen clearly by all.

This is our industrial strategy. We address ourselves wholeheartedly to the Government's challenge to "create an economy that boosts productivity and earning power"¹. Because we have already made excellent progress. And because we have the innovators, the entrepreneurs, the financial backing and the drive. But most importantly we have the ability to get things done. Devolution has given Cambridgeshire and Peterborough a key advantage – to be able to be on the front foot of creating the conditions our businesses need to prosper.

The Devolution Deal has set out a clear ambition – to double our output in 25 years. Independent analysis has shown that this can only be achieved by strong increases in productivity – like so much of the UK our recent growth has been more driven by increasing the numbers of people in work than by increasing their ability to work well.

This means we need to change the growth dynamic. At the moment, the innovation hub that is Cambridge is global in its reach but extremely localised in its impact. Businesses in the Fens lead the world in bringing cutting edge research to market but tend to do so in relative isolation. Peterborough is one of the fastest growing cities in the UK but has not translated industrial heritage and recent growth into prosperity.

Our economic successes are highly place-specific. Within a few miles of Cambridge there are many businesses which are not sharing in its success, let alone those much further away. There are other patches of real brilliance in Peterborough and the fens – but these hotspots are generally very isolated. This means we must help replicate some of the conditions that make some places so successful – dense business networks, a right balance of competition and collaboration, access to finance, and the support of key anchor institutions – across the area.

¹ Industrial Strategy: Building a Britain Fit for the Future.

At the same time, we recognise that the success of Cambridge, which has contributed so much already to tackling the nation's grand challenges, cannot be taken for granted. There are serious risks that without investment in the housing and infrastructure the city needs businesses may take flight. This presents one of the most serious long-term risks to the productivity of our economy.

Therefore, our industrial strategy pays serious heed to the fifth foundation of productivity: place. The approach we take varies on the needs of our different places, across one of the largest Combined Authority areas in the UK. Greater Cambridge, Greater Peterborough, and the Fens each present different opportunities and challenges. Our industrial strategy responds to these.

Our broad ambition for our area since the inception of the Combined Authority has been to be "the leading place in the world to live, learn and work." To this we now add a fourth aspect, implicit in the other three – to be the leading place in the world to **do business**. This industrial strategy shows how we will get there.

3. The Cambridgeshire and Peterborough Economy

A solid understanding of the economy of Cambridgeshire and Peterborough is the keystone of our Local Industrial Strategy. We are not looking to invent new industries, put forward unsubstantiated aims, or adopt a ‘build it and they will come’ approach. Instead, we have developed a rich evidence base, which shows us where action needs to be taken.

This is found in the Combined Authority’s foundational document, the Cambridgeshire and Peterborough Independent Economic Review (CPIER)². CPIER was developed to inform the Combined Authority of the nature of the economy, developing trends, and issues to be addressed. To ensure this was free from political influence, an independent commission was set up to chair it, led by prolific economist Dame Kate Barker. Others on the Commission included business people and academics with specialist expertise relevant to the work. Much of the detail that sits behind the key economic features identified here can be found in the review.

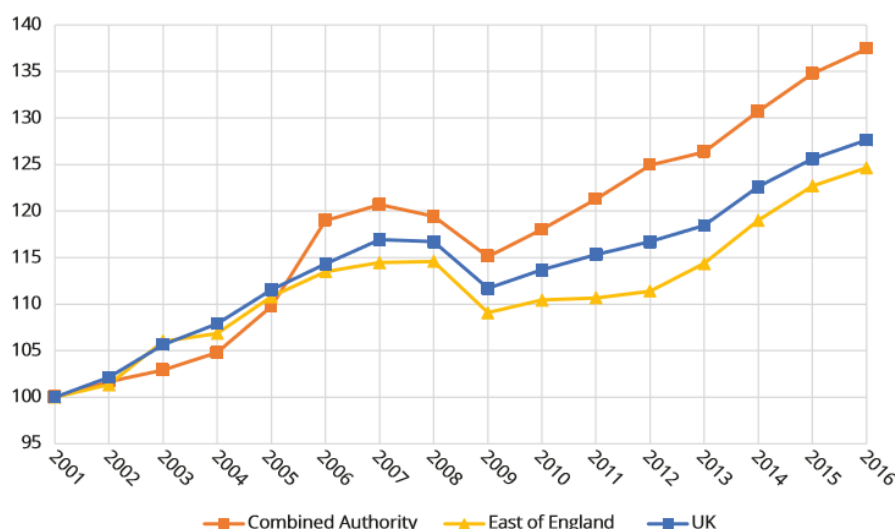
Our base engine - strong business performance

Businesses in our area are performing strongly. Employment growth has been strong, and, as revealed by independent analysis of all registered businesses in the area, significantly outpacing official sample-based figures, by as much as 1% per annum. This is not just true in the urban hotspots of Cambridge and Peterborough, but right across the Combined Authority.

[Insert table comparing CPIER view with official figures]

This has translated into strong growth in output, as measured by Gross Value Added (GVA).

Real Gross Value Added (GVA) – index – 2001=100



² The CPIER final report can be found at <http://www.cpier.org.uk/final-report/>

Strikingly, the region has bucked the wider regional trend of the East of England, to *outperform* the UK.

A diverse economy with three sub-areas

One of the central findings of CPIER is that the Combined Authority is not one, but three separate economies – Greater Cambridge, Greater Peterborough, and the Fens. This can be seen from observing travel to work patterns and examining concentrations of sectors. This insight is central to any economic strategy for the area, as it recognises that different economies have different opportunities and challenges and therefore must be treated differently. The boundaries are “fuzzy” – it is not exactly clear where one economy stops and another starts.

The Greater Cambridge Economy

This economy is generally prosperous, with high skills and wage levels. With its prestigious university at its core, it attracts many international businesses to operate in the area, eager to capitalise on the wealth of talent and innovative potential. Through various waves of innovation, Cambridge has cemented its position as one of *the* key tech centres in the world, with multiple clusters of knowledge-based industries (most notable life sciences) with a global profile. Science parks have filled up quickly, and the city hugely outstrips all UK competitors in measures of innovation, such as patents per head. Cambridge has also developed a rich business networking culture, which brings together entrepreneurs from different disciplines and backgrounds, leading to knowledge spillovers and cross-sector collaboration.

However, Cambridge has become in some ways the victim of its own success. Strong employment growth has been achieved by many moving to the area. Infrastructure which was designed for a small town is struggling to cope with the weight of commuters looking to work in the city. Many of the big tech giants (such as Apple, Google, and Microsoft) have



located in the city centre, which has added to the burden of congestion. And this rapid influx of high salary workers has had some negative consequences: average house prices have risen from [X] to [X] times average income in [X] years, and Cambridge has been pronounced the most unequal city in the UK³. These various constraints have led to rising business costs, with modelling showing growth in Cambridge is likely to seize up if they are not addressed.

The Greater Peterborough Economy

Peterborough is one of the youngest and fastest growing cities (by population) in the UK. It has gone from strength to strength since its establishment on the East Coast Mainline took it from being a small market town to, firstly, a centre of the brickmaking industry, and more latterly, a centre for high-end engineering. It has also developed specialisms in professional services, agri-tech, logistics (complemented by its strong road and rail connectivity) and environmental sectors such as water management. Peterborough was named world smart city in 2015 (beating Moscow and Dubai) in recognition of its innovative approaches to developing the circular economy through waste-sharing platforms.

Peterborough has suffered, however, from poorer skills outcomes than the south of the Combined Authority, with relatively low levels of degree-level qualifications, and relatively high levels of individuals with no qualifications. This is partly due to the lack of a university in the city. Its business culture is also less developed than in Cambridge, with less collaboration within and across sectors.

The Fens

The Fens is an area with a history rich in innovation and ingenuity, developed over generations through necessity of making a success in demanding natural conditions. The very land itself is a testimony to the ingenuity of engineers and the calculated risk taking of funders, who recognised the potential that use of pumping technology and water management techniques could have to create an area of fertile farmland. The Fens contain much of the UK's best farmland, and an associated industry of agriculture, agri-tech, and food manufacturing has grown up as a result – carrying the legacy of ingenuity into modern-day industry. The Fens are also home to a network of market towns which each have their own unique character and industrial specialisms, and plentiful natural capital.

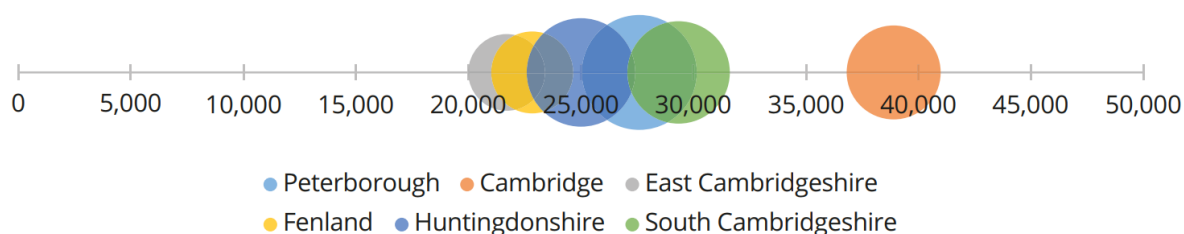
Nonetheless, the Fens have some unique economic challenges. The distance of some of the market towns from local cities, combined with poor transport infrastructure, has meant that populations are ageing as young people move away, and there can be a sense of economic isolation. There is a high rate of “high employment, low productivity” business, which manifests itself in low skill rates and reduced wages. There are few interactions between businesses, and a culture of distrust between firms, which reduces the scope for innovation.

An Inclusive Growth Challenge

Despite business growth having been strong everywhere recently, it is clear that the economy around Cambridge has been performing the most strongly. The positive effects of this have been felt in some of the wider Cambridge ecosystem, with market towns in close proximity

³ Ref centre for cities...

to Cambridge such as Ely and Huntingdon prospering. However, further north the effects are not being felt. Wages are notably lower in the northern districts of Peterborough and Fenland than the southern districts of Cambridge and South Cambridgeshire. There are related challenges of poorer health and education outcomes, with healthy life expectancy falling below the retirement age in some parts of the north of the Combined Authority. We can see how this plays out in productivity terms by looking at GVA per head (a proxy for productivity) across the Combined Authority.



(size of the bubble indicates quantity of employment)

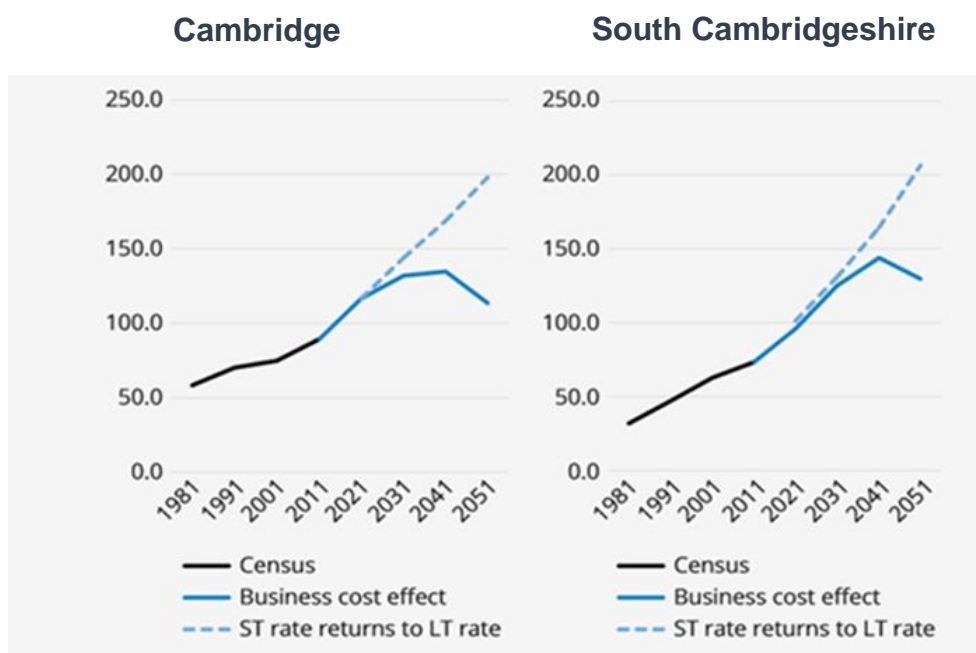
Furthermore, the pace of recent growth facilitated by a proactive coalition of local authorities has brought pressures on public service delivery across the whole county – which has also contributed towards a disparity between those who directly benefit from the local economy and those that don't. Historical underfunding through national formulas, the lag between actual growth and updated national estimates, and the questionable accuracy of those estimates (as highlighted by the CPIER research), all combine in Cambridgeshire and Peterborough with national austerity to amplify the pressures on public services that tackle inequality of opportunity at a root cause level.

In many ways, our area is a microcosm of the UK as a whole. It has a prosperous south based around one principle city, which receives a great deal of foreign investment and attracts high value companies. This causes high living standards, but also significant inequality. Further north, there is much industry and innovation – but while there are many success stories, business investment, skill levels and wages are lower. We want to use our Local Industrial Strategy to trial solutions in this representative part of the UK which can be used elsewhere.

Significant risks to industrial success

The CPIER also identified a significant risk to the national economy if infrastructure and housing issues were not tackled in the Greater Cambridge area. Advanced land use and transport modelling from the University of Cambridge (similar to that carried out for some of London's bigger transport projects) has shown that, on current rates of infrastructure development and housing delivery, the growth of the economy will slow, before eventually going into reverse within 10-15 years. This leads the CPIER to make its seventh key recommendation, that "A package of transport and other infrastructure projects to alleviate the growing pains of Greater Cambridge should be considered the single most important infrastructure priority facing the Combined Authority in the short to medium term."

University of Cambridge modelling: employment growth set to stall in the medium term, and go into reverse in the long term

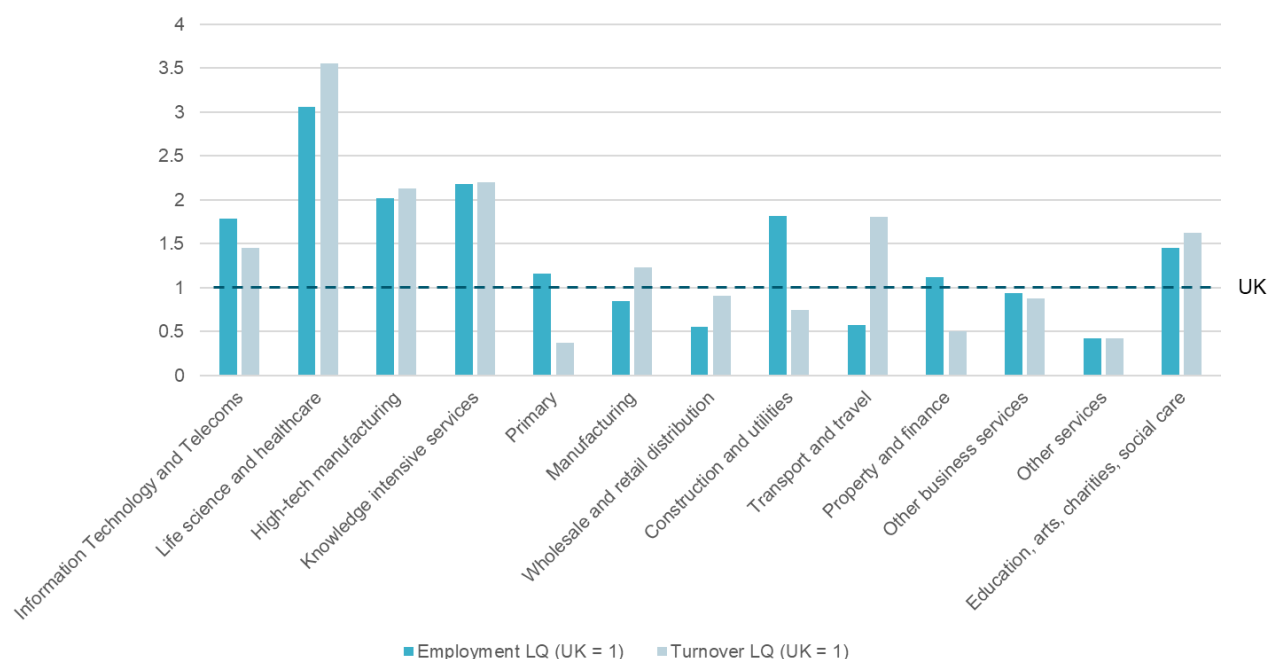


Particular Sectoral Strengths

Cambridgeshire and Peterborough already specialises in many high-productivity sectors. We can see this by drawing upon our detailed business database, drawn up as part of the CPIER. This identifies 'location quotients' for employment and turnover of businesses – wherever the numbers are greater than one, there is a higher concentration of employment or turnover in that sector here than nationwide.

As the evidence shows, we particularly excel in life sciences and healthcare, high-tech manufacturing, knowledge-intensive services, and IT and Telecoms. These are all high value added sectors, which directly contribute towards the UK's grand challenges. Given we already have a high concentration of these business, we have identified **Life sciences, Digital and IT, and Advanced Manufacturing** as *strategic growth sectors*. Agri-Tech is very hard to statistically define and capture – it crosses the boundaries between primary, life sciences, advanced manufacturing and IT – but we have local companies and clusters which set it aside as another strategic growth sector.

Location Quotients for employment and turnover in businesses in Cambridgeshire and Peterborough



Source: University of Cambridge Centre for Business Research

Strategic growth sectors

Life Sciences

Life sciences is one of the UK's greatest business strengths, and the reach of the biomedical industry in Cambridge and South Cambridgeshire is international. The industry covers a variety of interrelated fields, including pharmaceuticals, genomics, and biodata. Local industry generates numerous spin-outs with innovative products, including Abcam (which offers research tools into proteins and other chemicals), Crescendo Biologics (therapeutics in oncology) and Kymab (developing antibody technologies), and has attracted large international businesses to the region, including Astra Zeneca, Eisai (a Japanese pharmaceutical company) and Glaxo Smith Kline (GSK).

AgriTech

The high-grade soil available in the fens means that agricultural production is sizeable. This has brought with it a sizeable food processing and packaging industry. Many very large firms, such as McCain and Del Monte export from here around the world. These industries are growing in importance as the prominence of food security on the international agenda increases, and there are new openings to boost productivity using new technology. AgriTech tackles global challenges including hunger, resource sustainability, disease resistance, adapting to and mitigating climate change, and delivery of healthy food. We are home to AgriTech companies such as Dogtooth Robotics, which builds robots to pick soft fruit, using artificial intelligence to recognise ripe fruit, pick it, and place into punnets. NIAB – the National Institute of Agricultural Botany, which researches plant genetics and disease – and AgriTech East are also located here.

Digital and IT

IT and digital technologies comprise another very significant business cluster, which is dynamic and evolving. In the district of Cambridge, this is very concentrated – 23% of the district's employment and 32% of its turnover come from Information Technology and Telecoms. Arm, a software design and semiconductor company was started in Cambridge with less than twenty employees, but grew to be a company that was bought for £24bn in 2016. Microsoft, Google, Samsung, and Apple, have all established bases.

Advanced Manufacturing

There are manufacturing strengths in many areas of the region. Peterborough has a strong manufacturing history, and large firms such as Caterpillar have engineering bases there. 20% of business turnover generated in Peterborough's comes from high-tech manufacturing (with a further 6% stemming from other manufacturing). Prototype fabrications for the first MRI machines were built at Chatteris, and Stainless Metalcraft continues to produce high-end scientific products, such as cryostats, chambers that can maintain very low temperatures. Composites are a particular strength in the west of the area, with Forward Composites, Paxford Composites and Codem Composites based in and around Huntingdon, producing alternatives to steel and aluminium for aerospace, motosport and other industries.

Supporting sectors

We have also identified five supporting sectors, where we can build upon our strong market position:

Logistics

The connectedness of parts of the region to the UK transport network means it plays a significant part in the UK logistics sector. In particular, Peterborough has a base on the A1, which has attracted many firms to establish distribution centres there, including Amazon. Due to the UK's strong preference for online shopping, this industry is likely to both grow and change in future as new methods of transport and distribution become available.

Health and Social Care

[Placeholder]

Education

Education is a key UK export – recent Department for Education statistics found the value of UK education-related exports (including transnational education (TNE)) to be £18.8bn in 2014. This figure had grown by 18% since 2010⁴. Cambridge University's strong reputation attracts many students from abroad – when these spend money in the UK, it registers as an export contribution to the national economy. Due to the prestige of Cambridge, there are numerous language schools, and colleges offering preparatory courses, which attract students from around the world.

⁴ Department for Education: UK revenue from education related exports and transnational education activity 2010-2014 (released July 2017)

Visitor Economy

We are home to key visitor attractions – such as Ely Cathedral, the Holme Fen nature reserve, and of course, the city of Cambridge. Cambridge struggles with the weight of tourist attraction at times, and like many world cities, “overtourism” is a risk. Many of the market towns surrounding Cambridge have rich visitor opportunities, which if developed can bring in revenue and create business opportunities. Business tourism is very important as well – though in Cambridge a lack of large conference facilities hampers potential growth here.

Construction

Much of the development in Cambridgeshire and Peterborough is fueling strong growth in the construction sector. We are home to key businesses, including MJS Construction in March, and []. We are also demonstrating the very best of building quality, such as the University of Cambridge’s development at Eddington, which reuses surface level water, reducing wastage and minimising flood risk. The Government’s Clean Growth Mission to halve the energy use of new buildings by 2030 will require us to keep innovating and developing new products.

4. Our priorities for Cambridgeshire and Peterborough

Our priorities arise from the key features of our economy. We have three principle ambitions.

1. Recalibrate the growth dynamic

Growth has not been evenly balanced across the Combined Authority, and growth in high value companies has been very unevenly spread. The global success of Cambridge has, for the most part, remained very localised. By better linking into this innovation hotspot we can power the whole Combined Authority area forward. While there have been some positive developments in this regard – and CPIER notes that there are signs some non-knowledge intensive businesses are moving out of Cambridge to the wider area – we will act to ensure these other areas can also thrive. This means building on their industrial strengths and helping them hone a unique offer, specifically targeting international markets.

2. Remove constraints to the growth of Greater Cambridge

Cambridge is a magnet to companies from across the globe. It's labour supply and prolific reputation are of the highest order. But there are worrying signs that some constraints are starting to bite – as noted above, businesses are unhappy with transport and housing issues, and modelling shows that these issues will overwhelm the success of Cambridge if not dealt with. We will act, with Government's support, to remove these constraints by increasing housing targets and investing in a state-of-the-art transport system.

3. Better integration of industry across the area

The three-economy nature of Cambridgeshire and Peterborough is a strength. Each economy has individual specialisms, which mean the area as a whole can and does lead the UK on multiple fronts. However, the current disconnects between the different economies represents a missed opportunity. By enabling them to work together more closely, our Local Industrial Strategy will look to widen the benefits of high growth in some areas, most notably in Cambridge, to others. We will connect up the business support networks and skills provision across the area to ensure that all areas benefit from the wealth of expertise that exists.

The benefits of our success will not just be felt here, locally. As noted by the CPIER, for many of the leading business tackling these grand challenges the location decision is here or overseas. In numerous specialisms, we compete with the world's top tech clusters for business. Often we are the only UK option on the table. By supporting our Local Industrial Strategy, the UK government will see particular progress on two of our grand challenges:

AI and Data

Our area is a magnet for companies which are leading the advance of artificial intelligence and data science. Google, Amazon, Apple and Samsung all have technical laboratories here. Samsung note in their decision to come here that the area "is a global epicentre of machine learning and one of the world's foremost hubs for AI research and development, home not only to world-class talent but also some of the most well-renowned AI scholars with whom we will co-operate closely."

Ageing Society

We are home to many of the most significant pharmaceutical and life sciences companies. These are researching many of the genetic causes of problems in ageing, and examining where therapies and treatments can have a real impact. The Cambridge Centre for Ageing and Neuroscience is using epidemiological, behavioural, and neuroimaging data to understand how individuals can best retain cognitive abilities into old age.

5. Driving productivity growth: the role of the Local Industrial Strategy

Productivity is both vital and elusive. Vital, because without productivity improvements, standards of living and long-term economic output will not increase. But also elusive – national productivity has remained largely static since the financial crisis. And productivity can be affected by multiple factors, both at the micro and macro level.

The need for productivity growth

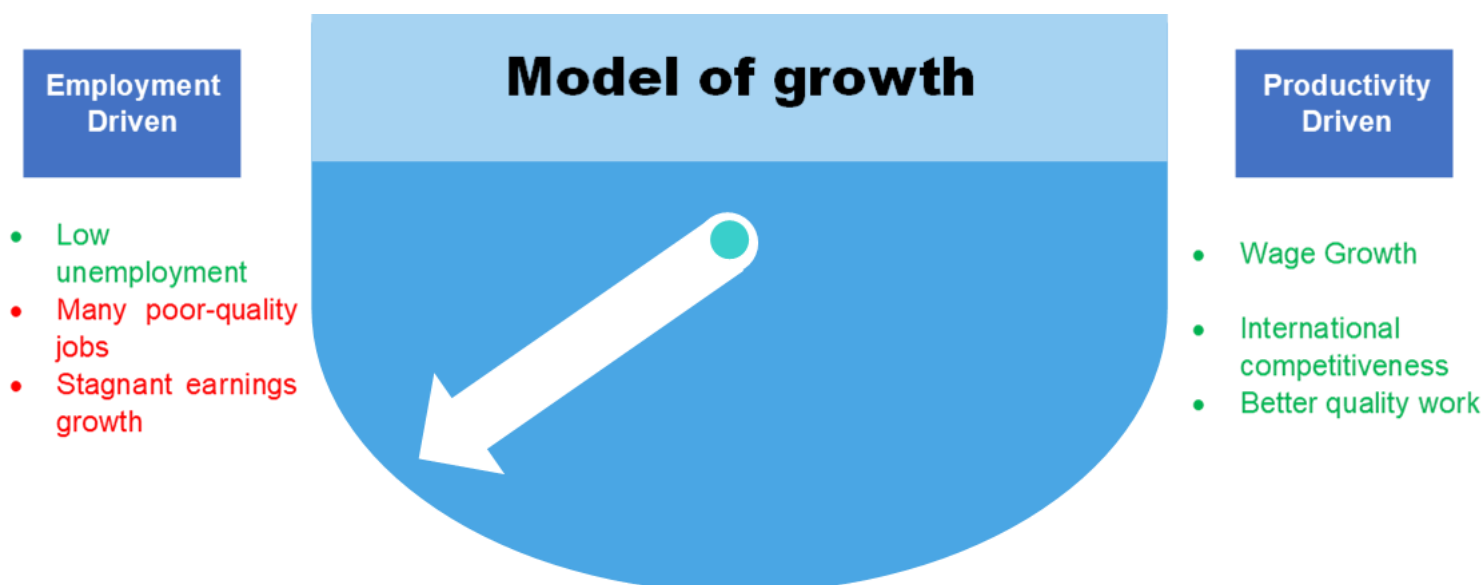
There are two ways to grow an economy. The first is to increase *employment*. This could look like taking on more workers, and/or increasing the hours of the workers you have. The second is to increase *productivity*. This means that, even if the amount of hours worked stays constant, more is being achieved in those hours. (It is of course possible to have elements of both of these approaches.)

However, the outcomes of which model is adopted vary hugely. While an employment-driven model has the positive benefit of reducing unemployment, it comes with a raft of other issues. It is often associated with poor quality work, low wages, and workers experiencing stress and associated health problems from overwork. Furthermore, it cannot lead to a long term increase in the overall productive potential of the economy – a short-term boost can be achieved by more work being done, but if, in the long-term, the quality of that work doesn't improve then growth will grind to a halt as resources are exhausted.

The productivity-driven model has much more positive outcomes. If people are generating more income, they will be better rewarded, leading to higher wages, better quality work, and an overall higher standard of living. [say more on this]

Of the two, the UK has been broadly using the first model, rather than the second. This has been seen particularly extremely in our economy where, as noted, employment growth has been exceptionally high. The CPIER comments: "Future growth [in Cambridgeshire and Peterborough] will have to involve elements of both employment growth and productivity growth, with the dial pushed firmly in the direction of productivity improvement."⁵

⁵ CPIER ref



The UK economy: The need to move the dial towards productivity-driven growth

Moving towards a productivity-driven model of growth is not easy. Low productivity growth has become ingrained. Nothing less than a revision of the very foundations of our economy can suffice.

The Industrial Strategy identifies five key foundations of productivity:



Our local industrial strategy sets out key interventions in each of these areas we will make to drive up productivity.

The Place of the LIS in our strategic programme

The LIS is one among many strategy documents. It is not intended to set out all of our priorities, or be used to achieve all of our aims. We focus specifically on what will most help business to flourish, while we take up many other concerns, on areas such as quality of life, housing, and the environment, in other documents. The relationship between this and other key documents and strategies can be seen below.

Strategic Delivery	Local Industrial Strategy	Non-Statutory Strategic Spatial Framework	Skills Strategy	Local Transport Plan	Greater South East Local Energy Strategy	Housing Strategy
Overarching Vision and Mandate	CPCA Growth Ambition Statement					
Foundational Documents	Devolution Deal with Government			Cambridgeshire and Peterborough Independent Economic Review		

The first foundational document is the Devolution Deal with Government, which established the Combined Authority and conferred some of the key objectives for it. A target was set to double GVA over 25 years, in return for the new powers.

The other foundational document is the CPIER, which gives a broad and thorough analysis of all facets of our economy, including business, housing, education, and health. This provides us a solid understanding, and makes many recommendations for top economic priorities.

The Combined Authority Growth Ambition Statement draws these two together. It sets out a local political mandate for how the powers conferred in the devolution deal will be used to enact the recommendations of the CPIER. It is clear that this will require close working with partners from the public and private sectors to deliver on the ambition.

Then on top of this, there are a number of other strategies, which deal with specific areas of the policy programme. This, our Local Industrial Strategy, addresses how to drive up productivity in business. Our non-statutory spatial plan (NSSP) shows how we will deliver growth by improving and developing our places. Other strategies look at the interventions in infrastructure needed to connect people to jobs, guarantee a clean energy future, and ensure digital inclusion for all.

These strategies will be brought to reality through the delivery of strategic schemes, many of which are already underway in feasibility and business case development – such as the University of Peterborough and the Cambridge Autonomous Metro (CAM).

6. Collaborating to drive change: A joint strategy across the Oxford – Cambridge Arc

The Oxford – Cambridge Arc is the UK's major growth and productivity opportunity. This region, which takes in our Combined Authority, Buckinghamshire Thames Valley LEP, the South East Midlands LEP, and Oxfordshire LEP contains some of the UK's most successful businesses. The National Infrastructure commission comments that the arc contains: “a highly skilled labour force; world-leading research facilities; knowledge-intensive firms and technology clusters which compete on the world stage”⁶.



While each of our areas has its own unique strengths (which are addressed through our local industrial strategies) there is a strong degree of common interest between us. We have

⁶ <https://www.nic.org.uk/wp-content/uploads/Partnering-for-Prosperity.pdf>

therefore developed three key propositions for what the arc is, and can increasingly be as the government and business invest in the arc:

1. Where knowledge collides with globally leading R&D assets to create and shape industries

The arc offers rich opportunities for groups across sector and academic institutions to collaborate, opening up new sectors and bringing forward new ideas. We are greater than the sum of our parts.

2. The test bed for innovations which shape the 21st century

The arc will also take ideas to the next stage of testing, refining, and shaping them. It draws upon a wealth of expertise and intellectual capital to hone innovations which will transform the ways we live our lives.

3. An environment where ideas and inventions are rapidly commercialised and spun out into high growth ventures

The UK has often been first to have ideas, but last to commercialise and benefit from them. The arc will become increasingly proficient at turning ideas into final products which can be exported around the world, bringing returns to workers and business owners.

To deliver on this vision requires three collaborative partnerships:

1. With each other

The Local Industrial Strategy process is a springboard for deeper collaboration across the arc, identifying complementarities between our offerings, and pioneering new initiatives. It will allow us to deliver interventions at a greater scale, and therefore achieve greater impacts. The Growth Company model being developed in Cambridgeshire and Peterborough has attracted interest across the arc – there may be an opportunity for collaboration here, particularly to increase scale up space.

2. With the Department for Transport and National Infrastructure Commission

The Government has put forward bold proposals for new and improved transport infrastructure across the Arc, to unlock the productive potential of wider labour markets and great collaboration. This also allows the delivery of much needed housing to support an aspirational and highly skilled workforce to work in the arc. We will support these initiatives and work with local authority partners to make these plans a reality.

3. With the Department for International Trade

The Department for International Trade has already made its support for the arc clear, and begun the work of marketing the huge opportunities involved to investors⁷. These pan-regional approaches to attracting inward investment from around the world have worked well for other groupings, such as Midlands Engine and the Northern Powerhouse. We will

⁷ DIT: The Investment Opportunity: The Cambridge – Milton Keynes – Oxford Opportunity

work to develop this offer, identifying the strengths of particular places and developing bespoke prospectuses for investors.

7. Foundation #1 – People

Evidence and Barriers

The Cambridgeshire and Peterborough economy is successful on any level. GVA growth has outpaced that in the region or nationally consistently over recent years.

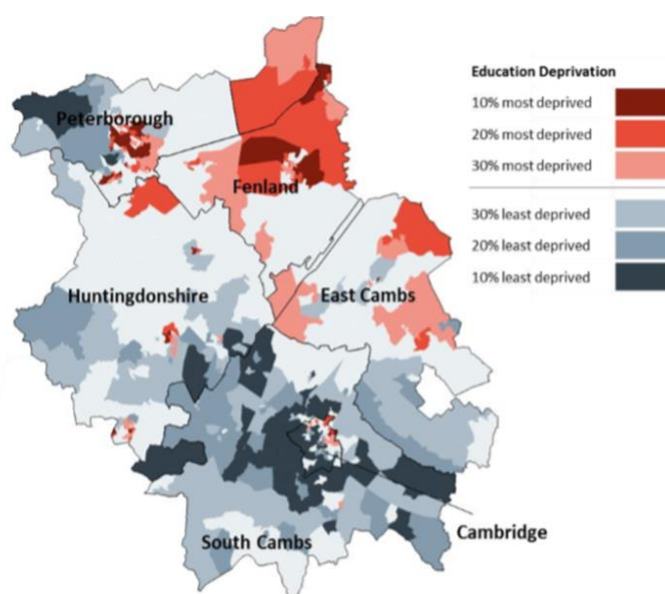
But as noted, the three different economies have different needs, and that is particularly true for this first foundation of productivity. The interface between demand for labour and places plays out in consequentially different ways. Despite very significantly higher wages in the south of Cambridgeshire and Peterborough, house prices are now some thirteen times wage levels in Cambridge putting massive pressure on wages, productivity and business competitiveness. Elsewhere, whilst skills issues remain vital, high efficiency can be coupled with low wages and skills and hence low productivity.

The Combined Authority's Public Service Reform programme will bring local public services together with Government to explore ways to overcome deep-rooted social challenges in the context of significantly reduced public funding.

Government must however recognise the implications of rapid economic growth upon all local public services, from health and social care to policing, and the impact this has amplifying divides rather than creating inclusivity.

The challenge of the LIS is to work with the different parts of Cambridgeshire and Peterborough: those at each end of this spectrum and those in between, ensuring that the education and skills offer of the area is adapting to enable employers in each economy to get the skills and abilities they need from the resident workforce, who in turn have access to high quality and well-paid work.

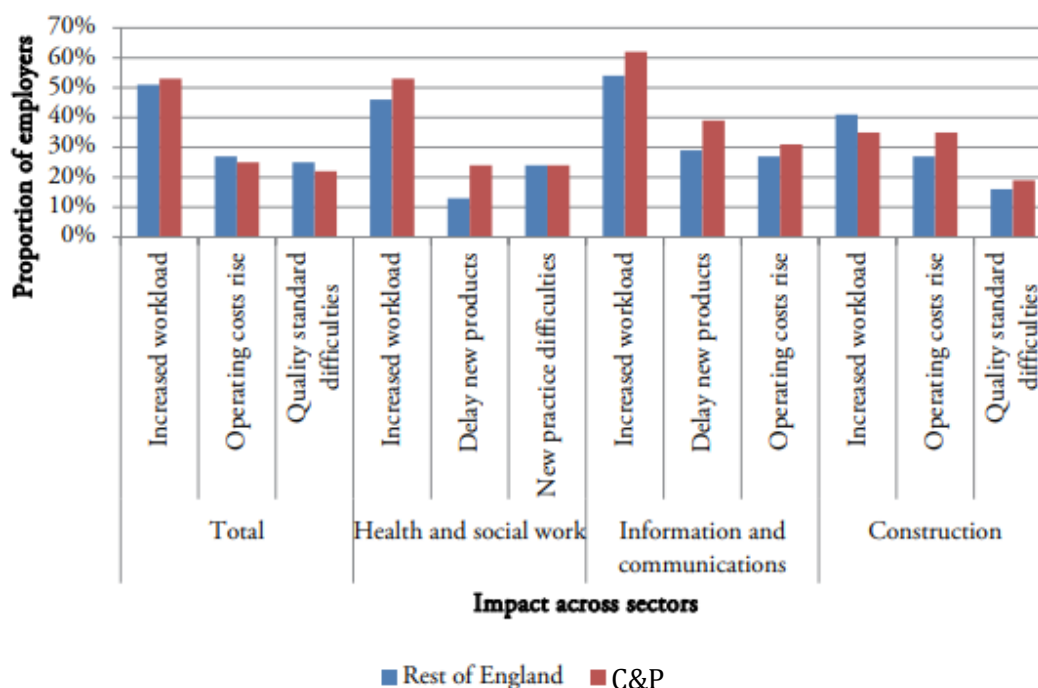
Nothing is more foundational for people than their education which is why it is important to if not central to the LIS. Within Cambridge and Peterborough, educational outcomes are highly uneven. South Cambridgeshire has some outstanding educational outcomes for example, whilst East Cambridgeshire and Fenland score 308th and 241st respectively out of 324 Local Authorities in England – hence why the Government has declared them a Social Mobility Opportunity Area. The map, right, shows how educational deprivation is unevenly spread.



If some of the schools of Cambridgeshire and Peterborough aren't equipping young people with these outcomes, they can't play their part in the economy of the area. If so, aspiration and achievement will remain low, the Apprenticeship Levy will fail to work in the way intended, and too much of Cambridge and Peterborough will remain locked in a low skills, low pay equilibrium, structurally unable to provide the absorptive capacity the high growth areas of Cambridge and Peterborough very much need. Rebalancing educational outcomes is essential to rebalancing the economy of Cambridge and Peterborough. It is also essential to raising productivity and therefore a key underpinning of the LIS.

A lack of necessary skills is also having a real impact on businesses in our area. A survey of employers, looking at some of the key sectors in our area, found that the impact of skills gaps was more severe than in the rest of England on several metrics, such as increasing workload, creating higher operating costs in the IT and Construction sectors, and meaning delays in new products coming forward – therefore acting to slow down innovation.

Impact of skills gaps by sector



Source: UKCES Employer Skills Survey.

Skills

As the Cambridge and Peterborough Combined Authority beds in and it takes full responsibility for the Adult Education Budget, it needs to take responsibility for outcomes for adults too. The evidence base assembled for the CA Skills Strategy has established that a disproportionate level of the AEB is spent on activities which seem unlikely to contribute directly to the economic output of the area.

As part of the LIS we will make **More Effective Use of the Devolved Adult Education Budget**: better connecting adult skills provision with the needs of our businesses, creating better opportunity for retraining and upskilling in a dynamic modern marketplace.

But better provision alone will not provide the skills for our economy and ensure that business and able to access them. The labour market is very prone to information failure in which people are unable to understand what it on offer or the benefits of investing their time and resources in courses or differentiating between them. Similarly, employers can find it hard to access the people they need. So we will, through our Local Industrial Strategy, take three sets of actions to bridge the information gap:

- We will create a **Digital Talent Portal**: connecting employers, providers, and learners together in single online platform. This will be Supported by central administration. Though at first it will need to be supported. Once operation there is the potential in the future for revenue generation through commercial activity.
- Learning from experience in the past, there should be the opportunity for specific brokerage to bring together demand and supply through dedicated skills brokerage. We therefore propose to create a **Skills Brokerage Service**: specialist activity building relationships between businesses, providers and learners – focussed on achieving an increase in the number of apprenticeships
- One of the most challenging areas of matching need and opportunity is in relation to apprenticeships. On the supply side there is still an issue a perceived lack of parity of esteem between vocational and academic education and training. On the demand side, creating the critical mass of demand from employers to make the support for employer based apprenticeships feasible can be a challenge too. **We propose an ATA/Levy Handling Agency**: where brokerage makes connections within the existing market. The ATA would directly intervene to facilitate new apprenticeships – pooling common needs across groups of employers.
- More is needed to help employers to make apprenticeships available. So, in addition, we propose the create an **Apprenticeship Ambassador Network**: a voluntary network of business champions, encouraging businesses to overcome reticence to create apprenticeships, and encouraging uptake.
- Further help is needed to get more people into apprenticeships. So we will create a **Mayor's Apprenticeship Challenge Fund**: offering financial incentives to help overcome barriers to uptake, including travel costs and expenses

There are two particular sectors where there are occupations in which the skills needs of Cambridgeshire and Peterborough are particularly acute. They are also areas where there is opportunity for people to obtain new skills and careers. We therefore propose interventions focused on these areas:

- We will create a **CITB Construction Hub**: on-site training hub at Alconbury, working across the county. Supporting the hard-to-reach, workers from declining sectors, and military veterans into careers in construction

- We have also created the **Health and Social Care Progression Academy**: with DWP funding pilot to support progression within and across priority sector

The three priorities identified thus far: education, skills and young people and adults, will all require careful steering, balancing the needs of young and older workers and employers, ensuring that purposeful change in provision occurs in ways that help the provider community to adapt quickly, minimising disruption. Innovation is also needed in the way public money supports businesses in their training, promoting innovation, cooperation and joint procurement of skills across supply chains and sectors. For all these reasons, stronger systems leadership and governance is needed via a **New Skills Advisory Panel** charged with overseeing these reforms. The Panel needs to be expert in skills but also in business with a heavy emphasis on innovation, experimentation and evaluation to promote new ways of supporting skill development.

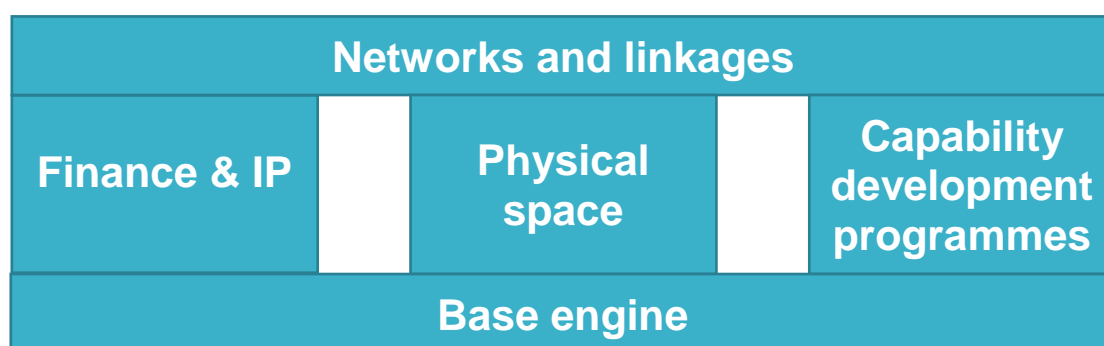
Higher Education

This Panel should also inform the future of Higher Education in the area. The Combined Authority has supported proposals for a new Technical University in Peterborough. It is vital to the LIS that this the Technical University of Peterborough provides a bridge between the world class industries in the North of our area as well as more traditional sectors where the skills and knowledge of an HEI can help their transition to excellence.

8. Foundation #2 – Ideas

Evidence and Barriers

Productivity growth is heavily dependent on the introduction of innovative new products and services and the ideas and the circumstances which give rise to them. Whilst much process innovation happens in situ in offices and laboratories in companies wherever they are, the nature of innovation is changing more generally in a way that is becoming more context sensitive. If the major innovations of the motor age happened in a handful of places and a small number of large companies, the model of today is more complex, diverse and more broadly based. So place matters for innovation.



A model of place-based innovation

This is in a general sense as well as in more specific one. The **Economic Base** of a place needs to be sound. For example, its connectivity (physical as well as digital) needs to be right. Attractive and well-priced housing needs to be in place as well as high quality education, and levels of amenity in other respects such as environment and retail. Without a strong economic base of this kind, the core of the innovation system will be based on poor foundations and consequentially weak by design. So a successful supply side policy framework is essential to develop an industrial strategy in general, and an innovation ecosystem in particular. The picture is different across the Combined Authority area.

In Cambridge and South Cambridgeshire, we have a well-established base engine, global University, high quality culture and leisure offer and working and living environment that continues to attract creative, knowledge driven people and businesses. In Peterborough we have a well-connected cluster of engineering based manufacturing firms and logistics, with, the potential to grow. Proposal for a new Technical University would significantly boost the base engine. The Fenland base engine is less developed – with innovative firms in high tech food production, but no central hub which is driving innovation.

This model of innovation sees this Economic Base as the foundation for three pillars of policy, namely Finance and Intellectual Property, Physical Space and Capability Development Programmes.

The picture on **Finance and Intellectual Property** is mixed but nowhere is it as clearly excellent as might be desirable. Cambridge has the best endowment with a deep pool of early stage finance through the likes of Cambridge Angels and Cambridge Capital Group but even here firms report low levels of access to scale up support. Elsewhere there is a lack both of seed finance and an absence of the collaborative approach to innovation which seems to be so important a part of Cambridge's success.

Physical space like finance has stages. What a business needs in its start-up phase is different as it matures and grows. It is vital, if an innovation ecosystem is to be effective for there to be the right offer at every stage and of the appropriate kind.

There is evidence that Cambridge needs more start up space, which is less likely to attract private sector funding given the risk profile, and need for more commercially focussed wet labs for product development and testing. Peterborough has a potential shortage of incubator space needed, to encourage entrepreneurs to set up and locate. The Fens lack space but perhaps also the innovative space that links to specific sectors and can support wider start up and innovation activity in market towns.

Both the finance and property offers in Cambridge are more developed than those elsewhere. This is the case in relation to the presence or otherwise of **capability development programmes**. In Peterborough there is need which could be met linked to the proposed new university and sector specific programmes. The Fens are similarly in need – focused on sectors e.g. Agri-Tech.

One key reason for the differential development of the areas which reflects the strength of the innovation ecosystems in each area is the **Strength of Networks and Linkages** in each area. Cambridge has highly effective networks, whereas in Peterborough there is good work going on through Opportunity Peterborough, but a need for sector-led networks, which are business-led but with public sector support. The Fens needs to encourage firms who compete to collaborate and build knowledge.

Interventions to deliver place-based innovation

Putting all of these factors together in to a programme leads us to **place-based innovation districts, integrated with our new business growth support programme**, in the following broad areas of activity.

Networks and Linkages

- Taking the CPIER recommendation to develop a “Regional Fellows network” to strengthen networks across the area – beginning with the role that the Growth Service will play in creating new linkages across high-growth firms in places and sectors (more detail on page 34)

- Establish a business network for the Fens economy, which is most lacking in this regard
- Host series of targeted events and introductions to bring together new and established innovation based entrepreneurs and young people.

Funding and IP

- Expand the Eastern Agri-tech “Research, Development and Prototyping Fund” across the CPCA and New Anglia LEP area (committed to by the Business Board in November 2018)
- Set up a Work with prominent R&D and IP generators to take a leading role in their fields and improve **access funding** from Innovate UK through sector deals etc.
- Invest in further **R&D infrastructure** and grant support in the fields of Agri-tech and advanced manufacturing where we can add value.
- Establish a pilot SME Tech Transfer fund to promote R&D – offering match funding to up to 50 SMEs to write bids to access R&D grants

Physical Space

- Facilitating the creation of 2-3 new “launchpads” for innovation and product development to support key growth sectors – bringing together established firms with training, R&D, and incubation facilities. Designing with input and learning from the on-patch success of such centres in Cambridge
- Continuing the development of the Cambridge Compass and Alconbury Enterprise Zones as key locations for high-value business activity in the region
- Facilitate new start up and incubation space where market failures are identified – beginning with the co-investment partnership between the Business Board and Illumina within the Life Science sector (TBC following January Business Board)
- Creation of a new University Enterprise Zone as part of the Technical University of Peterborough
- Develop new start up space partnerships in Cambridge – privately led if possible

Programmes

- Develop a CA wide business growth & scale-up programme. This will identify firms with high growth potential who are experiencing barriers to growth and productivity and provide structured access to support on IP, skills, finance, internationalising etc.
- Support Micro Innovation systems. In specific locations (to be finalised through this and relevant market town strategies) the growth programmes would be integrated with new business growth space as set out above in new business growth and innovation hubs, both

sector specific and targeted at cross sector SME opportunities in specific places (e.g. March).

Base engine

- Delivered through wider strategic interventions in housing, infrastructure etc.
- Establish a new University in Peterborough to address low take-up of HE and provide more comprehensive links to industry.

9. Foundation #3 – Business Environment

The evidence and the barriers

As set out above, delivering our overall growth ambitions means that we must increase productivity, changing the spatial distribution of growth and supporting an increase in business growth and skills levels across the whole of the C and P area.

Overall, we are a dynamic business environment. 5,646 companies were born between 2010 and 2016, compared with deaths of 9,245. We have seen growth in turnover of companies in the area over the last six years at least 2% per annum, over 10% in South Cambridgeshire.

We have a strong track record of supporting indigenous high growth firms, supported by dense networks in the Cambridge economy between entrepreneurs across sectors, educational establishments, and the groups which have developed and play a key role on the life of the city and business environment. This is reflected in the type of business growth clustered in Cambridge with agglomeration benefits around high value industries including life sciences and digital. The CPIER concluded that there is strong investor interest in firms in the C and P area, but also business tell us that access to scale up funding related to R&D continues to be an issue, including within Cambridge.

As we have seen there are both risks to future business growth rates within the Cambridge / South Cams engine and opportunities to strengthen innovation, infrastructure and skills support for business growth in Peterborough and the Fens. There are specific opportunities relating to clean growth and higher value agricultural production, further improving the links between research conducted within Cambridge and the capacity of less knowledge intensive but high growth and export focused firms in the Fens and Peterborough.

Goals and Approach

Our approach to the Business Environment is to bring together a range of interventions into a new, targeted approach to business growth support.

We will do this through integrating capacity to support businesses on a number of issues that are core to achieving growth, working with targeted firms to increase capacity for growth in small businesses. This support will also be spatial targeted in those places with greater capacity to absorb economic growth in the next 3 to 5 years.

At the same time, we will develop the transport and housing solutions needed to remove the pressures on growth in the Greater Cambridge area.

Specifically, we will provide enhanced business growth support to at least 500 firms per annum, with an emphasis on sectors and clusters in Greater Peterborough and the Fens.

Secondly, to support productivity growth in the two sub-economies where it is currently lower, namely Greater Peterborough and The Fens we will structure this enhanced support so that it delivers growth in the firms supported, that is 10% more productive in terms of *[measure to be agreed]* than the firms previous baseline business.

Thirdly, we will build on the major opportunities that exist to increase trade, supporting exports growth from 30% to 35% of GDP across the area, specifically delivering growth in the firms engaged, that is 10% more export intensive than their baseline business.

Interventions

We will deliver the goals above through three strategic interventions:

- An integrated business growth offer and service, targeted at the places and firms that will have the most impact on our goals
- A new approach to internationalization, trade and inward investment support, integrated with existing UKTI activity and designed to both increase the number of new to export and new to market firms and increasing the pace at which firms move to export.
- Develop a number of hyper local opportunity test beds and cluster support programmes where there is clear evidence of business demand and the market is failing to provide the relevant elements of the necessary innovation and growth ecosystem.

These are set out in more detail below:

Place Based Business Growth support

A new **Cambridgeshire and Peterborough Growth programme** will **profile** key firms that can help deliver a shift in productivity and exports in places. We will **target** firms for support and engage them with a unique growth focused offer. We will **diagnose** barriers to growth in the firm's capacity to innovate, productivity and market access.

We will then **broker** solutions to meet individual firm needs through defined packages of support to unlock productive and global growth opportunities. And we will invest in **Collaborative workspace** in key locations to encourage sharing and learning and network businesses across sectors and places.

Addressing **market failure** will occur through co-investment to establish an increasingly mature commercial marketplace and a managed and assured pool of experts will act as **advisors and mentors** to firms receiving support.

CPCA will design an operating and delivery model based on existing assets and work with a range of strong partners at each step.

The Growth Service will also play a proactive role in establishing better networks and clusters across the region, by linking together high growth firms based upon geographical and sector connections. This is anticipated to begin with advanced manufacturing networks across Chatteris, Littleport, March and Ely, and Agri-tech and food production networks across Wisbech and Peterborough.

Access to finance

The Combined Authority will signpost to investors, and a new CPCA Growth Fund to provide **equity growth funding**. Additional **capital for growth** will be arranged by partnering with banks and offering grants and loans for growth. The fund will be available to all scaling businesses based or moving into CPCA area that augments or works in partnership with local investment funds, local angels and VC's.

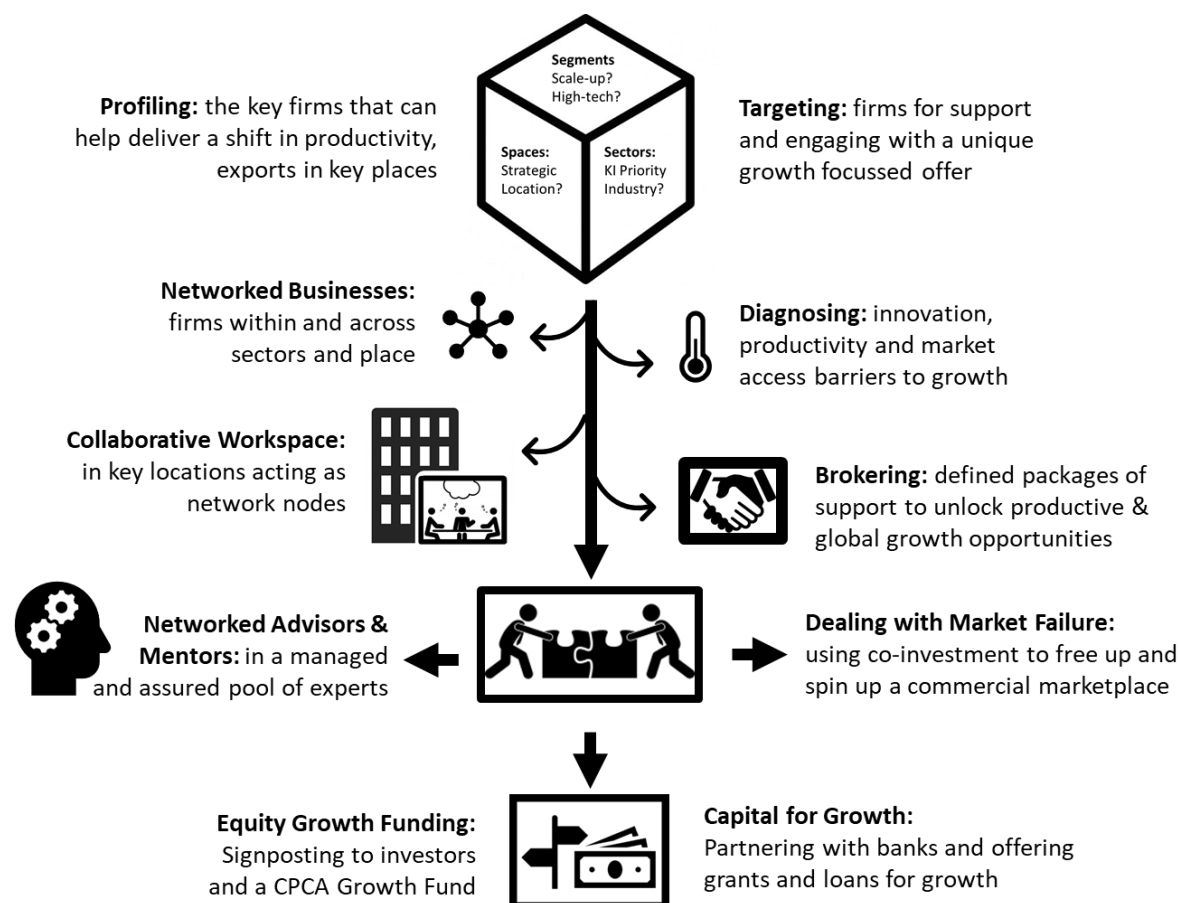
This model will complement other strategic interventions to support start-up and scale-up activity across the whole region, for example in 2019 the Business Board is also supporting start-up Life Sciences firms in collaboration with Illumina, investing £3m Local Growth Fund in a £30m accelerator programme based in Greater Cambridge.

Operationalising the approach

The diagram below shows how will integrate the different elements of our new business support offer, targeting place and firms. We are proposing to establish a new Growth Company to provide capacity and drive forward the proposed growth programme. Its role will be to shift the growth dynamic to create more sustainable growth and de-risk growth. It will guide investment and interventions more strategically through innovative use of funding and business models.

The delivery models and interventions used by the Growth Company will be **piloted over a three-year period** and will include a **random control trial** to validate the interventions' effectiveness and additionality. The pilot will provide essential data for a technical and economic review of the impact of the CPCAs business growth strategy.

If successful it will lead to the strategic application of the planned Shared Prosperity Fund, to roll-out the pilot into a full five-year programme to 2028.



The evidence for a co-investment approach

- The use of a co-investment grant, offered to firms to nudge them to take-up professional and commercially provided advice has been extensively studied by the Business and International trade departments, both of which attempt to provide firms with growth and export advice.
- Both Departments have run Random Control Tests on large SME populations to study the effectiveness of using co-investment grants to nudge smaller firms to increase the take-up rates on professional business advice.
- BEIS ran a large-scale programme between 2014-16 involving 26,000 SMEs with some provided with a co-investment grant and some randomly selected to be asked to pay the full costs of the growth and productivity advice they received.
- The Department for International Trade more recently ran a smaller RCT pilot for co-investment grants for commercially available export advice between 2017-18.

Internationalisation and Inward Investment

We will work with DIT's UK Export Finance (UKEF) arm to encourage more local large firms conducting >£100m deals to build local SMEs into their supply chain.

We will also work with DIT to develop a Map-Match-Mobilise Strategy to help CPCA firms access high value opportunities in key markets.

Capital investment

We will establish a new programme to encourage investment into CPCA strategic investment sites, including our Enterprise Zones our new Launchpads and any other strategic business locations which emerge between us and our local authority partners.

Domestic/FDI company investment

Working with Greater Cambridge and Greater Peterborough to pilot new place-based approaches to drive greater inward investment that brings inclusive growth to the area. Piloting this approach in partnership with Opportunity Peterborough and the Greater Cambridge Partnership respectively (detail to be added following upcoming meetings).

Working with HMRC to pilot of an Air Passenger Duty holiday on newly established long haul flights from Stansted to high potential market destinations, to stimulate the opening up of new export and FDI routes through increased ease of access from CPCA area to new key markets and to provide new low cost capacity for increased exports within the "belly hold" of the larger-scale long haul vehicles.

Launchpads and Innovation Clusters

As described in the ideas chapter above, we will facilitate the creation of 2-3 new "launchpads" for innovation and product development, reflecting business demand for research and innovation space and capability that is accessible and connected to industry operations and need.

The evidence of the CPIER and regular feedback from local businesses and institutions in the development of this LIS is that our respective strengths in innovation and production are too often disconnected – especially outside of Greater Cambridge. Cutting edge research is too far from real life market need, and this is where our opportunity to facilitate a stronger ecosystem can have real impact. This is a particular issue for our agri tech and advanced manufacturing businesses.

Advanced manufacturing R&D centre and high-tech incubator in the Fens economy, which will represent a partnership between the Combined Authority, a major manufacturing business partner, an R&D institution, training provider, and bespoke incubator/scale-up space. The Launchpad will build upon the industrial and institutional expertise onsite to bring new products to the domestic and international markets.

This will expand the footprint of current expertise and operation in the Fens, using the existing business base to facilitate a stronger cluster of innovation and industry – which will play a long-term role in the future prosperity of the Fenland Market Towns.

Agri-tech Centre and Demonstration Farm that will provide new focus to the emerging centre of UK and international agri-industry expertise in Cambridgeshire and Peterborough, and the wider Eastern region, Building upon the success of the Innovation Farm joint venture between the Business Board and the National Institute for Botany (NIAB), further centres of excellence will be supported by the Combined Authority across the Fens, Greater Peterborough and Greater Cambridge – connecting this vital sector strength together.

Smart cities/transport applications development centre near Huntingdon, currently in discussion with local partners. Where other opportunities for new business space come forward with a strong business case and with the recognised features set out above, the Combined Authority and Business Board will look to support these.

10. Foundation #4 – Infrastructure

The Industrial Strategy notes that “having modern and accessible infrastructure throughout the country is essential to our future growth and prosperity.” We agree. The capacity of our infrastructure is the limit of what is possible – without continually updating and improving our infrastructure to meet our businesses’ needs, other attempts to boost business productivity and output will have rapidly diminishing returns. But better infrastructure doesn’t just enable. It can effect change, by giving confidence to investors and companies that the success of an area is a project the government is willing to put its money behind. And infrastructure spending should itself be considered an investment – the financial and social returns of strategic infrastructure projects will repay the initial outlay many times over.

Whereas we have previously had to compete with other places for a share of national infrastructure investment, with devolution the government has placed its trust in us to deliver some of our infrastructure needs ourselves. We have responsibility for a devolved transport budget, and have also been awarded £21m from the Transforming Cities Fund, to put towards improvements in transport.

The list of potential projects is long – it is vital that we prioritise. Key Recommendation #8 of the CPIER states that: “A process for scheme prioritisation and development should be implemented in full to ensure that the overall approach reflects the goal of doubling the size of the Combined Authority economy, and over time better connecting the three economies of the area.” We have fully accepted this recommendation, and are working to understand which projects could have the most impact.

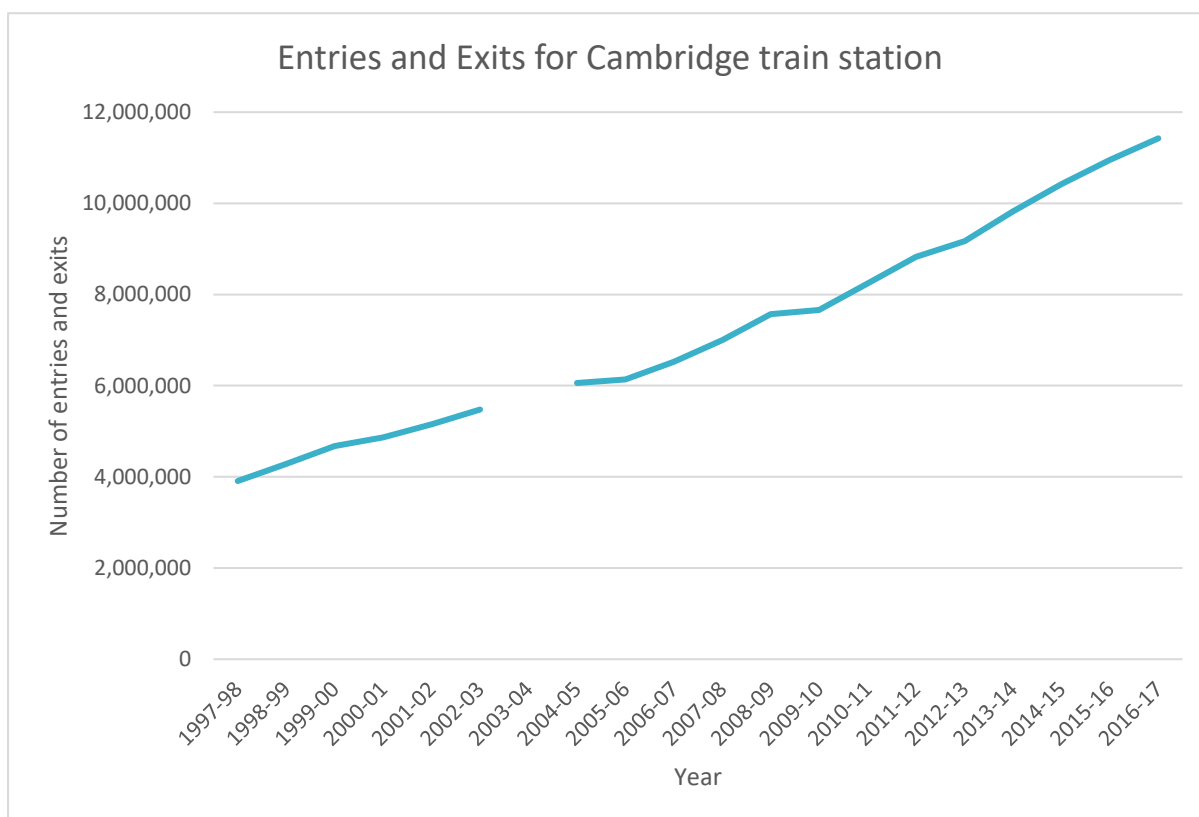
The Evidence – insufficient infrastructure is hampering productivity growth

As part of the CPIER, a survey of businesses in the area was carried out by PriceWaterhouse Coopers to understand what the most important issues for them were. The findings were striking. Poor infrastructure was repeatedly identified as a brake on growth in the area. 30% of businesses surveyed felt that digital infrastructure was constraining their growth. Transport was another often cited limitation – one business stressing that “better road networks and finding a solution to reduce traffic congestion in Cambridge” was a top priority. The clear growth in demand for transportation into Cambridge can be seen by looking at the number of entries and exits to Cambridge station, which has almost tripled since 1997/98. The

30%

The proportion of businesses which think digital infrastructure is limiting their growth

travel to work area of the city has “expanded since 2001 more than any other TTWA in England.”⁸



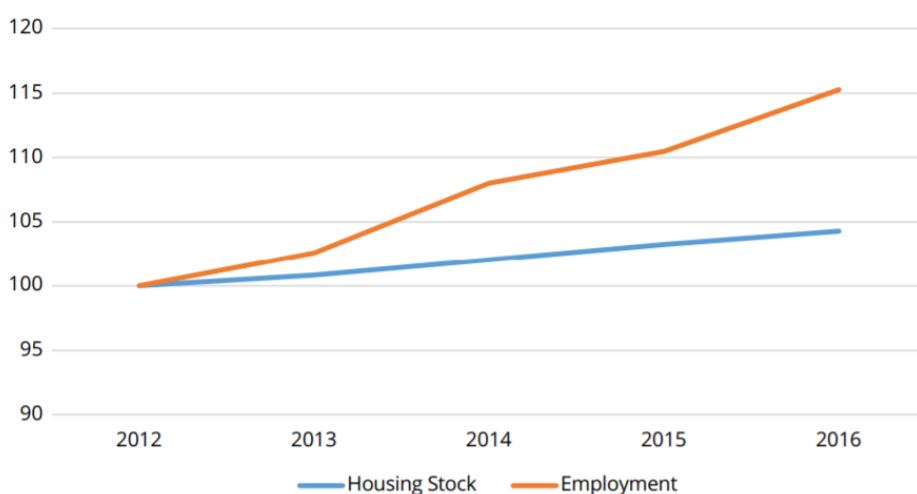
Source: Office for Road and Rail. NB Data is not available for 2003-03.

Transport is not just a problem in Cambridge, though. Many of the services to our market towns are infrequent, or finish early. Many of the main roads connecting up our urban centres are single carriageway, slow and dangerous, such as the A10 and A47. All of this is taking a real toll on businesses, with one commenting that ““We constantly have people stuck in traffic either on the way to work or clients”, and others noting that some new recruits were being put off by how bad the situation had become.

⁸ <https://www.cchpr.landecon.cam.ac.uk/Projects/Start-Year/2015/Refining-the-recent-release-of-the-ONS-Travel-To-Work-Areas/Experimental-review-of-the-Cambridge-Travel-to-Work-Area/Report>

Closely tied to issues around transport are housing difficulties – with transport infrastructure often being key to opening up new areas for housing. As shown below, employment growth has been consistently outpacing housing growth, especially in the south of our area. Employment growth is closely linked to demand for housing, with much of the employment need being met by people moving to the

Growth in employment and housing stock, 2012=100



area. The CPIER identifies both the need to increase housing targets, and the need to develop housing which meets a range of needs, such as “intermediate” housing for those who don’t qualify for social housing, but are unable to get on the housing ladder. These housing issues are not just important for quality of life (though they are), but have been identified as a key problem in business surveys.

To meet this need, our housing strategy has established a £40 million revolving fund, which allows us to go beyond our Devolution Deal target of 2,500 affordable homes. We will also use the Spatial Framework and direct investment in new settlements to encourage extra affordable housing provision, including by developing homes for first time buyers with price target based on earnings.

Another big area of concern is our energy infrastructure with some of the energy substations reaching capacity. As we lead the way on AI and Data technologies, this adds significantly to the power burden. This has meant that a Combined Heat and Power facility at a site in the North of Cambridge has not been able to switch on due to extra grid pressure, and schools have been unable to install solar panels. Conversations with local councils have revealed this as their biggest concern about utilities, with an organisation, the Southern Cluster Forum, set up to tackle this issue.

Interventions – unlocking productivity growth through infrastructure

We have identified the key interventions in infrastructure which will free up extra capacity for businesses, and bring investment to areas which are not yet fulfilling their potential. A map showing some of these is overleaf.

The most vital of these for improving productivity are:

- **Alleviating transport bottlenecks and building transport for the future**

We will look to make major upgrades to some of our vital artery roads – in particular the A10 and A47. These are hampering business activity and adding to journey costs. But we will go beyond simply fixing our current problems. We will build transport that enables greater levels of business-rich agglomeration – building the Cambridge Autonomous Metro (CAM) and developing business cases ambitious propositions like extending the M11 or re-establishing rail links to cut-off places. For this we will need government support to realise our ambition.

- **Becoming a broadband optimised Combined Authority**

One of our districts, Fenland, is in the top 25 nationwide for availability of ultrafast “full fibre”⁹. We fully support the National Infrastructure Commission’s ambition to achieve nationwide full fibre broadband by 2033, and CityFibre are working with Peterborough to make this a reality in the city. By early 2019, the first homes will have access to Gigabit speed broadband services of up to 1000mbps. Across Cambridgeshire, Connecting Cambridgeshire is already running a programme to improve rates of superfast broadband coverage, which at current reaches 97% of properties – our aim is to reach 99% coverage by the end of 2020.

- **Adopting smart grids and battery storage to create energy resilience**

We will pioneer smart grid technology to optimise the energy capacity we currently have, and to help people sell there own generated energy to other residents. We will use battery storage to release extra capacity at peak times, and store energy when it is being underused. In addition to this we will continue to update key substations where necessary to ensure our businesses can access the energy they need.

⁹ <https://www.ispreview.co.uk/index.php/2018/10/the-top-25-uk-local-authorities-for-full-fibre-broadband-2018-vs-2017.html>

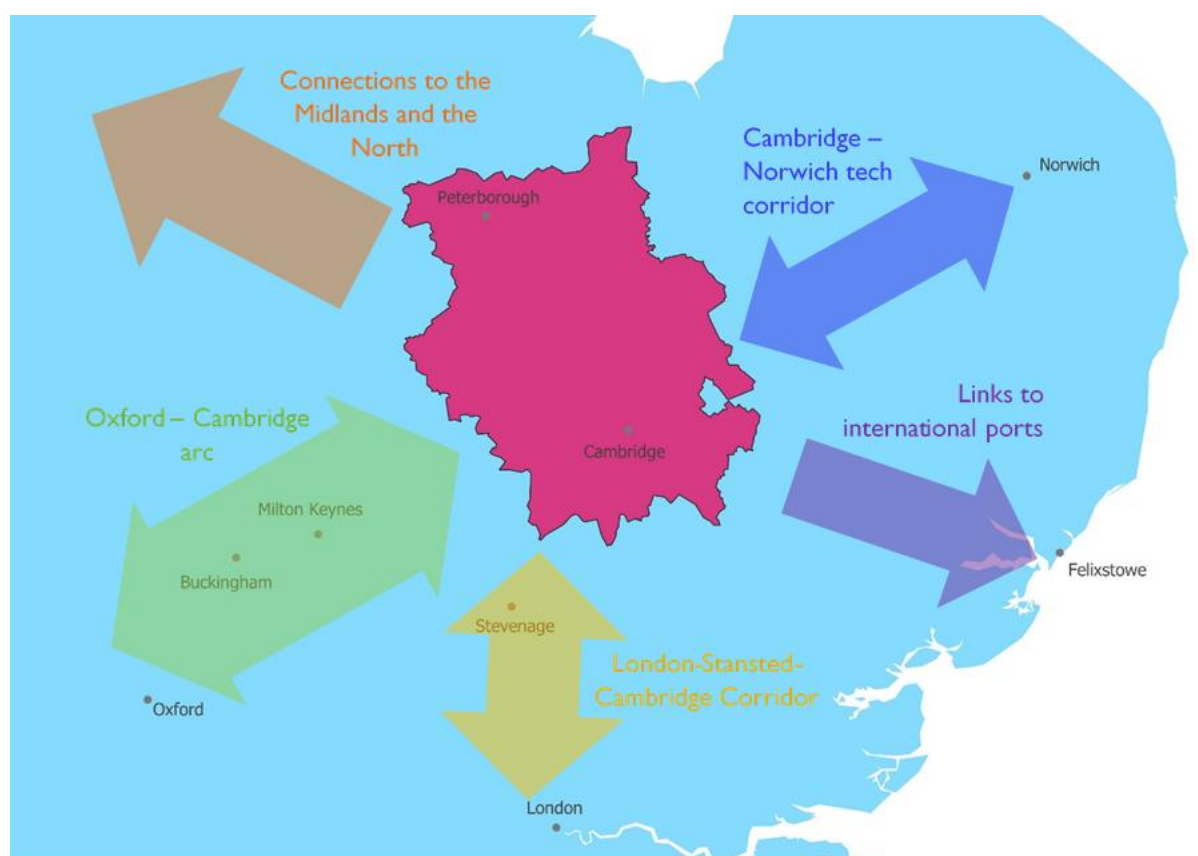
11. Foundation #5 – Place

No economic activity takes place in a vacuum. While the importance of place has often been left out of nationwide economic strategies, its inclusion as a foundation of productivity recognises a fundamental truth: how places work affects how their people and businesses work.

But place can be viewed on different levels. There are wider regional partnerships, such as Midlands and Engine and the Northern powerhouse. There are local enterprise partnerships and Combined Authority areas, covering smaller areas of the country. And then there are the lower levels geographies, both administrative and economic.

Industrial strategy beyond the border: key regional and national links

Cambridgeshire and Peterborough is the central nexus for many important corridors and national connections.



Oxford – Cambridge Arc

The development of links to Oxford, via Milton Keynes, Northampton, and Buckingham presents a huge opportunity for our area. Oxford is home to a wealth of research expertise, and collaboration with researchers and businesses there will create new knowledge spillovers and business opportunities. The arc is home to leading automotive, space, and

digital firms. We fully support the ambitions for the arc, and will play our part in supporting the housing and infrastructure plans associated with it.

London Stansted Cambridge Corridor

This corridor, also known as the UK's Innovation Corridor, connects us to the capital, via the research centres of Hertfordshire and Essex, and the international airport at Stansted. Key assets include GSK, Harlow Enterprise Zone, and the London universities. This area has the potential to generate 400,000 new jobs, half of which would be in technological jobs, by 2036¹⁰.

Links to international ports

The East Coast ports, most notably Felixstowe, connect to the world, and are a key outlet for our exports. As we look to grow our export contribution to GDP, and thrive in the post-Brexit world, these links to the global marketplace put us in a strong position to trade.

Cambridge – Norwich tech corridor

Our area shares many common business interests and sectors with Norfolk, most notably around AgriTech and food sciences, where the University of East Anglia is a world-leading research centre. This Corridor presents opportunities to work together, cementing the East of England as a global centre of excellence.

Connections to the Midlands and the North

Just as important as our links south to London and east to Norwich, are our links to the Midlands and the North. These regional powerhouses are leading the UK in many areas of innovation and progress – by connecting into them through key transport links like the East Coast Mainline and A1 we stand to benefit from, and contribute to, their productivity growth.

Industrial strategy within the border: responding to the needs of our sub-economies

As discussed earlier, Cambridgeshire and Peterborough is **not one but three economies**, Greater Cambridge, Greater Peterborough, and the Fens. Our industrial strategy responds to these different areas differently depending on their needs – these have been detailed in other chapters. We also recognise the need, as called for in the CPIER, for the strong local leadership discussed by the industrial strategy at both the Combined Authority and sub-economy levels.

Some specific place-based interventions we will enact are:

- **New business premises to stimulate place-based innovation**

¹⁰ LSCC report

For entrepreneurs to collaborate and innovate, they need a place to do so. One of the causes of success in Cambridge is that there are so many opportunities for entrepreneurs to interact and share ideas. Part of the way to produce this across the Combined Authority is create the places where they can do so, drawing on successful examples at Alconbury and Wisbech. At the same time, for start ups in the life sciences sector, wet lab space is very hard to come by and there is a need to develop more of these spaces for small companies to move into. We will work to create more of this space within the Greater Cambridge economy.

- **100,000 homes across the Combined Authority**

Issues around housing are stymying growth and productivity. In some areas, firms struggle to recruit workers because the cost of housing them is too high. Insufficient supply of housing has led to the ratio of house prices to earnings reaching thirteen times in some areas. In others, it is difficult to build houses for the workers the labour market needs due to problems with viability or flood risk. We will improve rates of housebuilding, working with developers and the construction industry to restore the skills base and supply chains which were affected by the economic downturn; and to ensure an appropriate mix of housing, particularly affordable housing to meet the area's social and economic needs. We will continue to bid for future rounds of the Housing Infrastructure Fund to bring in the infrastructure we need to unlock this housing.



The Boathouse, Wisbech

- **Creation of bespoke Market Towns Masterplans**

The eleven market towns of Cambridgeshire are each unique: in character, industrial composition, and demographic. However, in common with market towns across the UK, they have not until now been subject to strategic process. We are developing market town masterplans for all of these towns (the first, for St Neots, is already complete). These will show how the key industries in each towns can be nurtured, and how a new type of worker with a strong focus on high quality of life can be attracted to set up in the towns.

- **Working with groups at the subeconomy level**

In order for each of the three economies within our area to perform at their best, we will support and work with key groups leading on their economic development. These include Opportunity Peterborough, who work with businesses across the city, and drive economic development, and the Greater Cambridgeshire Partnership (GCP), established as part of the Cambridge City Growth Deal, with responsibilities for delivery of housing and infrastructure. We will also support the development of a Fenland Business Network, and work with Fenland, East Cambridgeshire and Huntingdonshire councils to ensure the economy receives the support it needs.

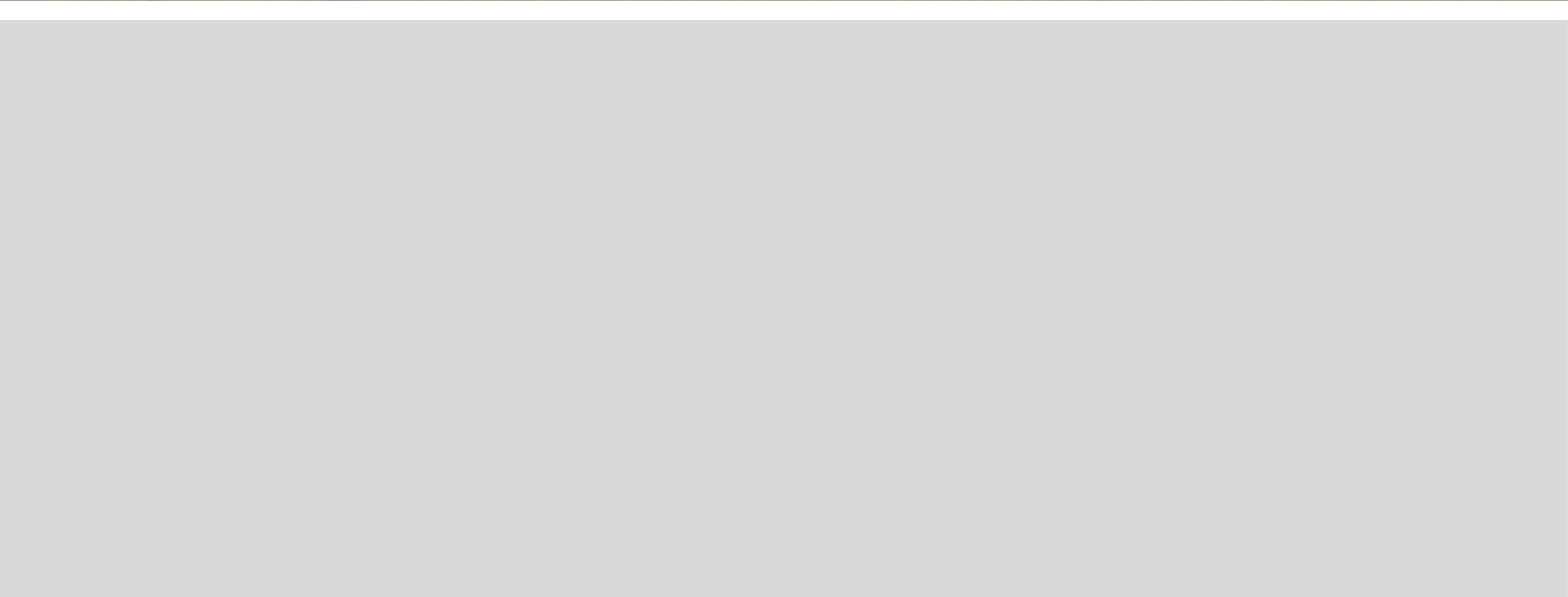
12. Programme

INSERT MAP OF INTERVENTIONS when finalised.

Foundation	Headline	Interventions (existing devolved funding and powers)	Delivery Start Date	Interventions for development with Government (new funding and powers)
Ideas	A place based approach, connecting existing capabilities and targeting place specific gaps in performance and ecosystem	Establishing new networks, starting with a Fens Business Group, targeted events and region wide network of Innovation Growth champions.	<ul style="list-style-type: none"> March 2019 	New Enterprise Zone at Peterborough Technical University.
		Expanded Agri-Tech R&D and prototype funding across CPCA and NALEP - <i>£4m expansion committed 2019-21</i>	<ul style="list-style-type: none"> Fund currently live £4m fund extension from April 2019 	
		A new SME Tech Transfer Fund – <i>£250k supporting up to 50 SMEs</i>	<ul style="list-style-type: none"> August 2019 	
		Invest where market fails to provide start up and grow on space, including micro innovation systems and spaces in market towns - <i>£3m Local Growth Fund investment in Life Science Accelerator programme in Greater Cambridge (TBC Business Board January)</i>	<ul style="list-style-type: none"> March 2019 	
People	Ensuring that further and higher education provides the capacity and offer needed to drive growth and productivity	New flagship University for Peterborough	<ul style="list-style-type: none"> 2000 learners by 2022 	Apprenticeship Levy Handling flexibility to address under utilisation Improve linkages between AEB and business demand
		Recommissioned Brokerage service with strategic partners	<ul style="list-style-type: none"> Brokerage Service currently live New Service 2021-onwards 	

		Adult Education Budget – <i>devolved administration of £12m fund from 2019/20</i>	• August 2019	Joint approach on remaining ESIF funding to integrate with CPCA investment
		Skills Hub - Digital Talent Portal	• August 2019	
		Apprenticeship Ambassador Service	• Live	
		Work Readiness and Aspiration pilot	• April 2019	
		Mayor's Apprentice Challenge fund	• August 2019	
		CITB Construction skills hub	• May 2019	
Infrastructure	Tackling constraints on continued growth and connecting up the three areas of our economy to improve productivity	<ul style="list-style-type: none"> • Tackling acute housing affordability through 100,000 new homes. • Deliver Energy Strategy to improve supply and grid capacity • Deliver 99% superfast Broadband and strengthen mobile signal in rural areas • Major transport priorities: <ul style="list-style-type: none"> • A47 - Wisbech to Peterborough • A10 • Huntingdon Third River Crossing • Cambridge Autonomous Metro • Soham • Cambridge South Station • Kings Dyke • Wisbech Rail 	<i>Connections to Local Transport Plan and Housing Strategy to be added</i>	Tax Increment Financing and Development Corporation powers linked to delivering major new scheme
Business Environment	Improving productivity and business growth through targeted and integrated support	Major new business growth programme delivered by new Growth Company – <i>supporting 500 firms per year</i>	<ul style="list-style-type: none"> • Growth Hub live • New Service live from August 2019 	Extend targeted growth programme across wider OxCam arc.

		Development of enhanced FDI offers for Greater Cambridge and Greater Peterborough	<ul style="list-style-type: none"> Greater Cambridge <i>in development</i> Greater Peterborough pilot 2019/20 	Pilot air passenger duty holiday on long haul flights to new destinations from Stanstead to drive up exports
		Facilitate 2/3 new “launchpad” spaces for process and product development in key opportunity markets, responding to market demand and investment.	<ul style="list-style-type: none"> TBC 	
		Internationalisation support to drive exports and increase SME supply chain opportunities.	<ul style="list-style-type: none"> September 2019 	
		New investment marketing and support programme for strategic investment sites	<ul style="list-style-type: none"> September 2019 	
Place	Working with local authorities and others to target investment into the towns and communities of our three economies.	Facilitating new employment space in key sectors in Greater Cambridge, in partnership with GCP		
		Work with construction industry to remove barriers to housebuilding?		
		Market Town Masterplans for Growth	<ul style="list-style-type: none"> Masterplans for all 11 Market Towns by end 2019 	
		Working with all partners to support development of delivery arrangements for growth across three functional economies		



Log of content suggestions from Key Stakeholders received:

		V1.1 – 18/01/19	
Meeting	Local Industrial Strategy		Skills Strategy
CPSB 11 Jan	<p>To ensure that impact of growth upon the delivery of public services (across CPSB) is reflected, and Government recognises the extra pressure that is created on top of existing demand pressures. Links to Public Service Reform agenda, but issue needs to be flagged within the LIS.</p> <p>To include a proposition that better responds to the need to market Greater Cambridge for FDI and retention of major local firms, doing so in a way that is better coordinated across partners</p>	CPSB 14 Dec	<p>To ensure the Skills Strategy is consulted upon using the wider Key Stakeholder group.</p> <p>To ensure that the Delivery Plan is shared, consulted upon and shaped by using a wider Key Stakeholder Group.</p> <p>To ensure that the Drafts are signed off by the Officers group.</p>
Prof Andy Neely 14 Jan	<p>Same point about Greater Cambridge FDI as raised by CPSB – and proposition to convene meeting across University, GCP and CPCA to add detail. Also referenced inclusive growth dimension – e.g. focusing FDI resource on firms who will create local supply chains</p> <p>Linked to the above, explore potential for innovation district-based coordinator roles. Would draw out place-based stories which can add value to FDI proposition.</p> <p>Inclusion of more content related to the OxCam Arc – ensuring headline Arc initiatives are reference in CPCA LIS, as well as highlighting commonality. E.g. where CPCA propositions are given weight by virtue of being the same as cases made across the Arc</p> <p>Need to better reflect highlights of innovation activity already happening in the area – working with UKRI and InnovateUK to draw these out.</p>	JPT CA 3 Jan	<p>Cambridge Ahead feedback on the Evidence Base Document includes:</p> <p>Coordinating local resources and establishing priorities</p> <p>Simplifying access to skills and support learners and employers</p> <p>Establish a stable base for funding colleges/providers</p> <p>Test, facilitate collaboration learners/employers, providers and other organisations</p> <p>Recognise geographical needs are different (no one size fits all)</p> <p>Target what makes the most difference.</p> <p>Focus on learning that delivers sustained job outcomes, higher productivity and economic growth.</p> <p>Policy ambition for more flexibility and responsiveness to local needs.</p> <p>AEB only covers learners 16+ impacts scope of influence on the system.</p> <p>Commitments to collaborate programmes around local collaborations.</p>

	Possibility of bringing an overall vision piece together that links the three economies and the grand challenges into a pitch for Cambridgeshire and Peterborough as a vanguard of sustainable and healthy living.		Apprenticeship take up fell by 15% locally compared to 40% nationally. Target digital skills due to importance of digital literacy and growth including STEM and non-STEM jobs. Older generation of workers – succession planning for businesses. Upskilling and re-training opportunities.
Deputy Mayor 16 Jan	<p>Using CPCAs position within the wider OxCam Arc to develop a UK and FDI inward investment pitch. Positioning the CPCA area as a key Arc hot spot for growth and innovation (associated with Cambridge) whilst also providing geographic access both into the Arc south west but also into the broader UK economy; West to Birmingham; North west to Manchester; North to Leeds and Newcastle, south to London and Stansted and east to the sea ports . Hence selling the benefits of Pboro and Huntingdon as satellites to Cambridge within the scale of the wider Arc, but also much better positioned for UK and overseas distribution logistics than Cambridge at a much lower cost</p> <p>The university investment strategy should be framed with the final goal in mind for a larger university that is funded through partnership</p> <p>The growth service should integrate into its offer, the clustering of its customers and non-customer hi-grows into geographical or sector communities as a legacy of the first level coaching service, including; a manufacturing cluster for Littleport, Chatteris and Ely, and a Wisbech and Peterborough cluster for food processing and Agri-tech</p>		



THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM No: 3.1
DATE OF MEETING 28/01/2019	PUBLIC REPORT <i>This report has confidential appendices</i>

GROWTH DEAL PROJECT PROPOSALS

1.0 PURPOSE

- 1.1. The Business Board is responsible for allocating the Growth Fund (Schedule 5 Para 3.3) subject to ratification by the CA Board with the objective of creating new jobs and boosting productivity.
- 1.2. The Board are asked in this report to consider and make recommendations against new applications that have been submitted for these funds, based upon the independent external assessment undertaken.

Please note that the supporting papers for these applications contain exempt information under paragraph 3, Schedule 12a Local Government Act 1972

<u>DECISION REQUIRED</u>	
Lead Member:	Chair of Business Board
Lead Officer:	John T Hill, Director, Business & Skills
Forward Plan Ref: 2019/005	Key Decision: Yes
<p>The Business Board is recommended to:</p> <ol style="list-style-type: none"> (a) Consider the reports by external assessors of projects submitted for Growth Deal Funds. (b) To recommend those schemes which are suitable to the Combined Authority Board for approval (c) Note the summary of Small Grants approved under delegated powers. 	<p>Voting arrangements</p> <p>Simple majority of all Members</p>

2.0 BACKGROUND

- 2.1. Growth Deal and Growing Places funding is provided by Government to local areas to invest in projects that will create new jobs, increase productivity, and stimulate economic growth. A total of £158m has been provided to this area, with around £57m remaining to allocate.
- 2.2. The Business Board approved the Growth Prospectus in September 2018 as a call for new project proposals against this remaining funding; <http://www.cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Business-Board-Growth-Prospectus-201819-F.pdf>. Expressions of interest were submitted to the Combined Authority in October and feedback provided to inform full applications. This prospectus made clear that the new opportunity for this round of bids to the Business Board aligned with the Combined Authority behind a single growth strategy for the area.
- 2.3. Following initial internal assessments for suitability, six of the 23 applications received were requested to submit full applications (business plans) for external appraisal against a clear set of criteria for Growth Deal Funds. The remainder were advised on appropriate next steps and may subsequently submit revised applications for future consideration.
- 2.4. The first new project proposals that have completed the independent external assessment are brought to the Business Board for consideration and, if agreed, recommendation to the Combined Authority Board for approval.
- 2.5. An internal Officer summary of the two projects applying for funding is attached as a confidential exempt summary **Appendix A** of this report.
- 2.6.
 - a) Applicant 1; extension to a roundabout within an existing EZ to facilitate growth = £460K
 - b) Applicant 2; Equity investment with future return into Genomics start-ups as part of a proven structured Accelerator programme = £3M
- 2.7. Applications and Evaluations for these two bids are attached as confidential exempt **Appendices B** and **C** of this report.

Small Grant Scheme

- 2.7 Small grant applications are being processed separately from project proposals under delegated authority given at the Business Board meeting on the 26th of November 2018 and ratified by the Combined Authority Business Board on the 28th of November 2018. Delegated authority was given to the Director of Business & Skills to approve small grants to SMEs between £2,000 and £20,000. This is subject to Section 151 Officer approval and regular reporting to the Business Board.
- 2.8 These assessments are made in accordance with the Growth Deal outcomes of new job creating at the rate of at least £10,000 of grant per new job, increased

GVA from improvements in productivity or capacity and increased potential to export where possible, and alignment with priority growth sectors.

- 2.9 Over the period since the last Board meeting 2 small grants have been approved under this delegated responsibility, these were:
Details of small grants approved w/c 14th January:

- (a) Company A approved for £2,000 for purchase of commercial vehicle
- (b) Company B approved for £2,721.66 for purchase of new IT equipment, server and computers

3.0 FINANCIAL IMPLICATIONS

- 3.1. The applicants will be notified of their success. However, the funds will only be paid on submission of a properly documented claim and after Government has released Growth Fund monies.

4.0 LEGAL IMPLICATIONS

- 4.1. Loans or grants awarded are likely to fall under the General Block Exemption Regulations so are de-minimis Regulation compliant. As such, there are unlikely to be any State Aid implications.

5.0 SIGNIFICANT IMPLICATIONS

- 5.1. None

6.0 APPENDICES – Exempt under paragraph 3 of Schedule 12a Local Government Act 1972

- 6.1. Appendix A – Summary of two applications to be considered by Board
- 6.2. Appendix B – Reports by external assessors, and application (B.1) – Bid A
- 6.3. Appendix C – Reports by external assessors, and application (C.1) – Bid B
- 6.4. Appendix D – Delegated Decision Record Company A
- 6.5. Appendix E – Delegated Decision Record Company B

<u>Source Documents</u>	<u>Location</u>
Background papers: None	Not applicable



THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM No: 3.2
28 JANUARY 2019	PUBLIC REPORT

(DRAFT) ANNUAL DELIVERY PLAN FOR BUSINESS AND SKILLS

1.0 PURPOSE

- 1.1. Achieving our collective ambition of ***Cambridgeshire and Peterborough being the leading place in the world to live, learn and work*** depends upon a thriving local economy.
- 1.2. The Business Board and Combined Authority have aligned to create one integrated programme that is more powerful in growing our economy and spreading prosperity further.
- 1.3. The Business and Skills team within the Combined Authority is responsible for delivering this integrated programme on behalf of both Boards, and this report brings forward the first draft of the Business and Skills Annual Delivery Plan for Business Board consideration and comment.

<u>DECISION REQUIRED</u>	
Lead Member:	Aamir Khalid, Business Board Chair
Lead Officer:	John T Hill, Director of Business and Skills
Forward Plan Ref: N/A	Key Decision: No
<p>The Business Board is recommended to:</p> <p>(a) Consider the content of the draft Annual Delivery Plan and provide any comment for further officer development</p> <p>(b) Identify any areas for further development by officers</p> <p>(c) Recommend that the Combined Authority Board note the draft Annual Delivery Plan for Business and Skills</p>	<p>Voting arrangements</p> <p>Simple majority</p>

2.0 BACKGROUND

- 2.1. To properly plan the focus of Business and Skills and use of resource over 2019/20 the Annual Delivery Plan has been drafted for consideration by the Boards. This also meets the requirement emerging from Government's recent review of Local Enterprise Partnerships to publish an Annual Delivery Plan from 2019 onwards.
- 2.2. Following consideration and comment by the Boards and following the finalisation of the Local Industrial Strategy and the Skills Strategy, the final Annual Delivery Plan will be updated – with further detail from those Strategies added – and brought back to the Boards in April 2019 for approval.
- 2.3. The Business Board are asked to provide any comment or feedback on the Draft Annual Delivery Plan included as **Appendix 1** of this report.

3.0 FINANCIAL IMPLICATIONS

- 3.1. The Annual Delivery Plan outlines funding commitments which have already been approved by the relevant bodies or are in the process of being approved. There are no new financial implications brought forward in this Plan.

4.0 LEGAL IMPLICATIONS

- 4.1. There are no legal implications arising from this report

5.0 SIGNIFICANT IMPLICATIONS

- 5.1. There are no significant implications

6.0 APPENDICES

- 6.1. Appendix 1 – (Draft) Business and Skills Annual Delivery Plan

<u>Source Documents</u>	<u>Location</u>
Strengthened Local Enterprise Relationships (Government review)	https://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships

BUSINESS AND SKILLS ANNUAL DELIVERY PLAN 2019/20

INITIAL DRAFT FOR BOARD CONSIDERATION

INTRODUCTION

Achieving our collective ambition of *Cambridgeshire and Peterborough being the leading place in the world to live, learn and work* depends upon a thriving local economy.

The Business Board and Combined Authority have aligned to create one integrated programme that is more powerful in growing our economy and spreading prosperity further.

The Business and Skills team within the Combined Authority is responsible for delivering this integrated programme on behalf of both Boards. This remit includes:

- **Development of key strategies** – including the Local Industrial Strategy, the Skills Strategy, and Market Town Masterplans for Growth
- **Management and delivery of strategic funds** – including Local Growth Funds, European Funds, and Combined Authority capital investments into Business and Skills
- **Direct support to businesses** – to help them grow, become more productive, and more international – through the Growth Hub, Trade and Investment
- **Business space provision and management** – including the existing Enterprise Zones
- **Commissioning and management of skills programmes** – including the devolved management of the Adult Education Budget, and other investments to increase attainment and boost apprenticeships

Delivering this within the Combined Authority structure means that not only can these services be more effective by being delivered collectively, but they can also be more efficiently deployed alongside other functions. For example, infrastructure and housing are major constraints to economic growth – and the work listed above can be planned hand-in-hand with the Local Transport Plan and the Housing Strategy at the CPCA.

The Business and Skills remit includes providing executive support to the function of the Business Board as the Local Enterprise Partnership for the area – and this draft Delivery Plan represents the first iteration of the Business Board Delivery Plan as set out in the *Strengthened Local Enterprise Partnerships* Government Review.

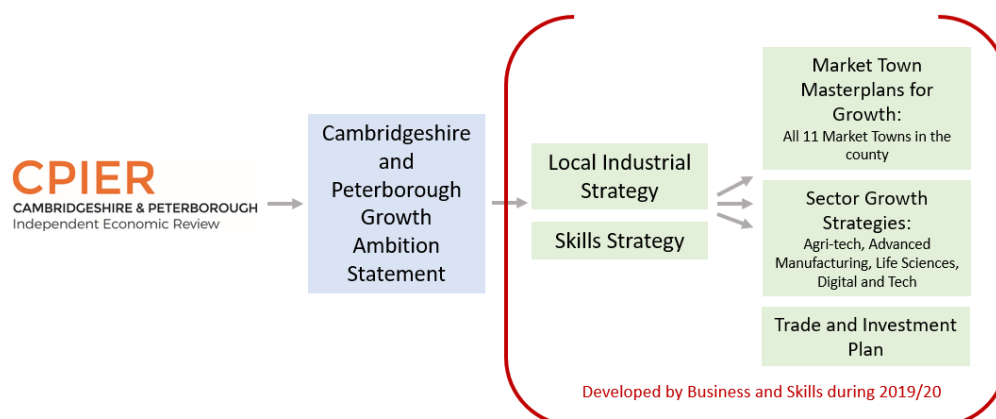
This document sets out the activity which will be undertaken over the course of 2019/20 to deliver against the objectives of the Business Board and Combined Authority. This year marks a period of transition, where delivery of existing programmes will continue alongside major development of new strategies that will inform future direction.

STRATEGY DEVELOPMENT

2019/20 will see the development of the new strategies commissioned by the Business Board, Combined Authority, and Government to set our priorities and guide our future activity. Following the publication of the Cambridgeshire and Peterborough Independent Review (CPIER) last year and

the subsequent adoption of the Growth Ambition Statement by the Combined Authority Board, Business and Skills will be leading on the following strategy development:

The leading place in the world to live, learn and work



This involves a wide range of engagement activity across stakeholders from industry, Government, local authorities and public services, and our communities.

For skills, during 2019/20 this will include the creating of a new Skills Advisory Panel, as new mechanism from the Department for Education to align nationally and locally managed skills provision with the specific needs of local areas.

The Market Town Masterplan programme is well underway, with the Combined Authority partnering with District Councils to commission the production of plans for their towns. This has brought in a range of specialist provides across the county, and at a local level has brought together new groupings within towns to inform and deliver Masterplans.

Sector Growth Strategies for our priority sectors are being co-produced with the sectors themselves. Strategies for Advanced Manufacturing and Digital and Tech are underway and will be reporting to the Business Board in early 2019. The Life Sciences Strategy will be commissioned in 2019 (following an unsuccessful first round of procurement), and the Agri-tech Strategy will be developed by the Eastern Agri-Tech Programme Board, Chaired by a Business Board representative of the sector.

OPERATIONAL DELIVERY

The Business and Skills directorate within the Combined Authority will be responsible for delivering the following direct functions and services over the course of 2019/20:

- **Delivery of the Growth Hub / Signpost2Grow function** – supporting c. 500 businesses per year. During 2019/20 this service will continue to provide support, whilst also exploring potential expansion to make the ambitions of the Local Industrial Strategy
- **Adult Education Budget** – 2019/20 is the transition period towards devolution of this c. £12m budget to the Combined Authority. Over the year capacity to manage AEB will be built



within the organisation, and procurement undertaken to deliver adult education from 2020/21 onwards

- **Enterprise Zones** – the Business Board is responsible for the Alconbury and Cambridge Compass Enterprise Zones, covering 6 sites across the region. These EZs are at various stages of development and capacity, so the focus of this activity is to ensure the right investment and focus to realise new jobs on these sites
- **Opportunity Area** – the team contributes staff resource to the Fenland and East Cambridgeshire Opportunity Area, supporting this Department for Education initiative to raise aspiration and educational attainment in one of our most challenged areas
- **Apprenticeship Ambassador Network** – a voluntary network of business champions, encouraging businesses to overcome reticence to create apprenticeships, and encouraging uptake



The team also manages partners delivering the following programmes that have been commissioned by the Combined Authority:

- **Skills Brokerage** – delivered by Opportunity Peterborough, specialist advice building relationships between businesses, providers, and learners – focussed on increasing apprenticeships. This is linked towards similar activity commissioned by the Greater Cambridge Partnership (GCP) and there is an ambition during the development of the Skills Strategy to align commissioning going forward
- **Health and Social Care Progression Academy** – a £5m DWP pilot programme delivered by City College Peterborough to support progression within and across the priority sector
- **Work Readiness and Aspiration Pilot** – delivered by the Hamptons School in Peterborough, intensive interaction to reduce NEETs in a priority area. This project is planned to be expanded during 2019/20.

Details of the Business and Skills operation budget are included as Annex A of this Plan.

STRATEGIC FUNDS

Last year saw the delivery of some major projects from our strategic funds, including the new iMET advanced training facility (pictured right) and the Ely Southern Bypass. Over the course of 2019/20 we will continue to deliver a range of significant investments made through our strategic funds.



Local Growth Funds

To date, over 20 projects have been completed through Local Growth Funds, unlocking 1,200 new jobs, 200 new homes, and 601 new learning outcomes.

From the remaining pipeline, the following is expected in 2019/20:

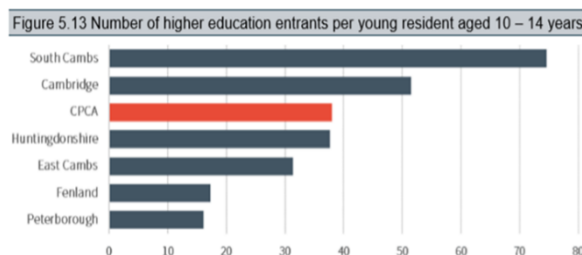
Projects in delivery	Total Growth Fund allocation	Forecast spend 19/20	Completion date
Growth Deal			
Kings Dyke Whittlesey	£8,000,000	£5m	Dec 2020
Eastern Agri-tech Growth Initiative	£8,096,000	£1.5m	Mar 2021
Lancaster Way Phase 2	£1,445,000	£863,484	Mar 2021
Programme Management	£1,345,315	N/A	N/A
<i>New projects expected to go live in 19/20 depending on Board approval</i>			
Growing Places Fund			
Ely Area Capacity Enhancements	£3,500,000	£500k	Dec 2019
In Collusion	£535,000	£15k	May 2019
University of Peterborough TDAP	£600,000	£142,830	Mar 2020
<i>New projects expected to go live in 19/20 depending on Board approval</i>			

Regular updates on the progress and position of these funds are provided to Business Board Meetings during the year.

University of Peterborough

There is a long-standing ambition between public sector partners, employers and the residents of Peterborough and surrounding areas to have an independent university. The University is part of the Devolution Deal to address Peterborough as a cold spot for Education and Skills.

The Combined Authority has made a commitment of up to £13.5m capital funding in principle to advance the University of Peterborough project (alongside the Growing Places funding referenced above). The outcomes for this project will include:



- Developing a higher local skill set
- Raising aspirations and participation in HE
- Providing a high-quality curriculum and qualifications fit for the modern workforce
- Attracting talent to a technical/vocational offer leading to better paid jobs

It is envisaged that this year will see the project moving forward to address the priority workstreams to deliver the project including Buildings and Infrastructure, Business-led technical course provision, delivery model exploration and student offer & experience.

The project has a steering group which reports progress to the Skills Committee of the Combined Authority.

Eastern Agri-tech Growth Initiative

This flagship programme has been supporting businesses within the Agri-tech sector to innovate and grow for the past five years, at has been granted in November 2018 a further £4m investment to continue its activity. It is a cross-LEP initiative with the involvement of New Anglia LEP, governed by a Programme Board that reports to the Business Board.



To date over 90 SMEs have been supported through this fund, creating 700 new or upskilled jobs, and launching the Innovation Hub with NIAB (the National Institute for Botany) in the Fens.

Over 2019/20 this programme will be responsible for developing an Agri-tech Sector Strategy underpinning the Local Industrial Strategy and will focus on investing into the pipeline of firms ready to access R&D support they need to trial new innovations.

Looking ahead to the Local Industrial Strategy and Skills Strategy

As referenced at the outset of this Plan, a major focus of activity for 2019/20 is the development and publication of the strategies that will inform the future direction of the Business Board and Combined Authority.

Therefore, the interventions which result from the finalisation of the Local Industrial Strategy, Skills Strategy, and others will be reflected in an updated version of this Delivery Plan as they are agreed by the Boards. We expect this to greatly increase the level of activity and investment going forward, matching the Growth Ambition Statement agreed by all local Leaders.

Success Measures

As the Local Industrial Strategy and Skills Strategy are completed success measures will be agreed within these, for reporting with the Delivery Plan. Government is also due to publish guidance on economic indicators which LEPs will be measured against going forward.

In the interim period, whilst these details are finalised and approved, the following framework provides an outline of the activity within this Delivery Plan and associated success measures:

BUSINESS AND SKILLS STRATEGIC PLAN AND SUCCESS MEASURES –

(FRAMEWORK **TO BE COMPLETED WITH TARGETS** FOLLOWING LIS AND SKILLS STRATEGY ADOPTION)

Headline Objectives	Doubling the size of the local economy by 2042; Doubling GVA to over £40bn, Creating XXXXX more jobs, XXXXX more level 2-6 qualified people into our talent pool, £XXXm new exports and investments by 2030					
Goals	XX large-scale FDIs p.a. with XXX Scale-Up investments by 2022	X GVA Growth in Key Sectors, including X New Sector-specific Testbed Sites, generating high-value jobs in the Fens and Greater Peterborough	Business Growth of X & X new jobs by 2023 X and X jobs by 2028	X HE students by 2022, growing into flagship technical university by 2030	X additional apprenticeships p.a. by 2022	Provision of X% industry focused courses by 2022
Delivery Plans	Detailed Delivery and Funding Plan by end March 19	Detailed Delivery and Funding Plan by end April 19	Detailed Delivery and Funding Plan by end March 19	Detailed Delivery and Funding Plan by end June 19	Detailed Delivery and Funding Plan by end March 19	Detailed Delivery and Funding Plan by end Feb
Key Actions	Redefined FDI offer, development of Trade Plan, and Development of Investment Fund	Development of business cases for new sites with partners	3-8 year impact Place-Based Scale Up Service, CPCA Growth Co	A Viable University Plan with New Investors, Delivery Models and Partners	Skills Brokerage Commissioning, Talent Portal / Marketplace Matching, Levy Utilisation	Commissioning of AEB against transition plan from student-led to business-led
Key Challenges Identified	Not enough business growth investment active outside Greater Cambridge	Growth key sectors constrained by lack of business space, and industry collaboration	Not enough business growth where absorptive activity lies in the medium term	Lack of HE provision in Greater Peterborough and Fens, and connection to industry need	Too few apprenticeships, especially in key sectors	Mismatch between AEB provision and industry need
Lead Strategies	Local Industrial Strategy			Skills Strategy		
Mission	To grow our economy so people have better jobs and more prosperous lives					

Annex A – Business and Skills Budget 2019/20

Detailed Revenue Budget and Medium Term Financial Plan for Cambridgeshire and Peterborough Combined Authority

Forecast Outturn £000's		2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
Revenue Funding Sources					
(8,000.0)	Revenue Gainshare	(8,000.0)	(8,000.0)	(8,000.0)	(8,000.0)
(1,000.0)	Mayoral Capacity Building Fund	(1,000.0)			
(246.0)	Growth Hub BEIS	(246.0)	(246.0)	(246.0)	(246.0)
(500.0)	LEP Core Funding from BEIS	(500.0)	(500.0)	(500.0)	(500.0)
(291.7)	Energy Hub Contribution (Staff Costs)	(463.6)	(470.6)	(477.6)	(484.8)
(250.0)	EZ contribution to LEP activity	(250.0)	(250.0)	(250.0)	(250.0)
(162.8)	AEB Funding	(12,139.6)	(12,099.0)	(12,099.0)	(12,099.0)
(300.0)	CEC Skills Funding (quarterly claims)				
(500.0)	Growth Fund Contribution	(500.0)	(500.0)	(500.0)	(500.0)
(11,250.5)	Total Revenue Funding	(23,099.2)	(22,065.6)	(22,072.6)	(22,079.8)
Mayor's Office					
85.0	Mayor's Allowance	85.0	85.0	85.0	85.0
33.5	Mayor's Office Expenses	25.0	25.0	25.0	25.0
43.9	Mayor's Office Accommodation	52.4	52.4	52.4	52.4
187.0	Mayor's Office Staff	191.3	195.4	199.6	203.9
349.4	Total Mayor Costs	353.7	357.8	362.0	366.3
Combined Authority Staffing Costs (inc NI 'er and Pen 'er)					
429.7	Chief Executive	246.2	249.8	253.6	257.4
258.8	Housing	393.5	399.4	405.4	411.5
189.6	Energy	463.6	470.6	477.6	484.8
768.6	Transport	574.2	582.8	591.5	600.4
Business and Skills Directorate:					
816.7	Business and Skills	767.8	779.3	791.0	802.9
204.6	Growth Hub	164.8	167.3	169.8	172.3
223.2	AEB	350.1	355.3	360.7	366.1
Strategy, Planning & Performance:					
421.7	Strategy, Planning & Performance	453.7	460.5	467.4	474.4
146.6	Business Support	76.6	77.8	79.0	80.1
182.4	Communications	149.9	152.1	154.4	156.7
Corporate Services					
818.3	Legal and Governance	565.6	574.1	582.7	591.4
711.7	Finance	567.1	575.6	584.2	593.0
123.6	HR	72.1	73.1	74.2	75.4
136.7	LEP Transition Costs				
5,432.1	Total Combined Authority Staffing Costs	4,845.1	4,917.8	4,991.6	5,066.4

<u>Other Employee Costs</u>					
40.0	Travel	100.0	100.0	100.0	100.0
30.0	Conferences, Seminars & Training	100.0	100.0	100.0	100.0
70.0	Total Other Employee Costs	200.0	200.0	200.0	200.0
<u>Externally Commissioned Support Services</u>					
250.0	External Legal Counsel (via PCC)	100.0	100.0	100.0	100.0
65.0	Finance Service (PCC)	75.0	75.0	75.0	75.0
137.0	Payments to OLA's for services				
0.0	Democratic Services	90.0	90.0	90.0	90.0
0.0	Payroll	10.0	10.0	10.0	10.0
0.0	HR	25.0	25.0	25.0	25.0
15.0	Procurement	25.0	25.0	25.0	25.0
30.0	Finance System (PCC/Serco)	0.0	0.0	0.0	0.0
50.0	ICT external support (3C)	50.0	50.0	50.0	50.0
547.0	Total Externally Commissioned Support Services	375.0	375.0	375.0	375.0
<u>Corporate Overheads</u>					
258.8	Accommodation Costs	339.2	340.0	340.0	340.0
20.0	Software Licences, Mobile Phones cost etc.	20.0	20.0	20.0	20.0
200.0	Recruitment Costs	0.0	0.0	0.0	0.0
25.0	Insurance	25.0	25.0	25.0	25.0
70.0	Audit Costs	70.0	70.0	70.0	70.0
20.0	Office running costs	20.0	20.0	20.0	20.0
593.8	Total Corporate Overheads	474.2	475.0	475.0	475.0
<u>Governance Costs</u>					
47.0	Committee/Business Board Allowances	47.0	47.0	47.0	47.0
10.0	Meeting Costs	10.0	10.0	10.0	10.0
10.0	Miscellaneous	10.0	10.0	10.0	10.0
67.0	Total Governance Costs	67.0	67.0	67.0	67.0
<u>Election Costs</u>					
260.0	Total Election Costs	260.0	260.0	260.0	260.0
<u>Capacity Funding</u>					
	Total Capacity Funding	125.0	125.0	125.0	125.0
<u>Financing Costs</u>					
(700.0)	Interest Receivable on Investments	(800.0)	(510.0)	(381.2)	(200.0)
	Interest on Borrowing		2,125.0	2,125.0	2,125.0
(700.0)	Total Corporate Income	(800.0)	1,615.0	1,743.8	1,925.0
6,269.8	Total Operational Budget	5,546.3	8,034.8	8,237.4	8,493.4
<u>Non-Transport Feasibility Funding</u>					
	Feasibility (unallocated)	1,000.0	1,000.0	1,000.0	1,000.0
	Total Feasibility Budget	1,000.0	1,000.0	1,000.0	1,000.0

<u>Transport</u>					
1,350.0	Feasibility Studies non-capital	500.0	5,000.0	2,000.0	500.0
	CAM	1,000.0	0.0	0.0	0.0
	A10 SOBC	500.0	0.0	0.0	0.0
	Huntingdon 3rd River Crossing	200.0	0.0	0.0	0.0
	Bus Review Implementation	1,000.0	0.0	0.0	0.0
	Cambridge South - Interim Concept	100.0	0.0	0.0	0.0
	Garden Villages	700.0	0.0	0.0	0.0
400.0	Local Transport Plan	100.0	0.0	0.0	0.0
148.6	Strategic Bus Review				
100.0	Smart Cities Network				
150.0	Sustainable Travel	150.0	150.0	0.0	0.0
100.0	Schemes, Studies and Monitoring	100.0	100.0	0.0	0.0
28.0	Bus Subsidy	0.0	0.0	0.0	0.0
2,276.6	Total Transport and Infrastructure	4,350.0	5,250.0	2,000.0	500.0
<u>Business & Skills</u>					
54.5	Work Readiness Programme	110.0	0.0	0.0	0.0
231.0	Skills Brokerage	250.0	0.0	0.0	0.0
0.0	Reclaimed Skills Funding	(250.0)	0.0	0.0	0.0
400.0	University of Peterborough				
75.0	Skills Strategy Programme Delivery	150.0	150.0	150.0	150.0
254.8	AEB Devolution Programme	11,506.1	11,506.1	11,506.1	11,506.1
1,015.3	Total Business, Employment & Skills	11,766.1	11,656.1	11,656.1	11,656.1
<u>Economic Strategy</u>					
75.4	Growth Hub	69.9	68.8	67.8	66.8
250.0	Development of a Market Towns Strategy	200.0	200.0	200.0	200.0
50.0	Trade and Investment Programme	50.0	50.0	50.0	50.0
100.0	Industrial Strategy Programme Delivery	200.0	200.0	200.0	200.0
392.7	Independent Economic Commission	20.0			
868.1	Total Economic Strategy	539.9	518.8	517.8	516.8
<u>Strategy, Planning & Performance</u>					
83.7	Monitoring and Evaluation Framework	170.9	161.8	183.6	0.0
416.0	Public Service Reform	100.0	0.0	0.0	0.0
55.0	Communications	50.0	40.0	40.0	40.0
39.0	Website Development	10.0	10.0	10.0	10.0
135.0	NSSF2	150.0	115.0	0.0	0.0
80.0	Land Commission	25.0			
107.0	Other 2018-19 workstreams				
915.7	Total Strategy, Planning & Performance	505.9	326.8	233.6	50.0
11,694.8	Total Revenue Expenditure	24,061.9	27,144.4	24,006.9	22,582.7
444.3	Net Revenue Position for the year	962.7	5,078.8	1,934.3	502.9

(9,948.6)	Revenue Balances	(8,985.9)	(3,907.1)	(1,972.8)	(1,469.9)
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THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM No: 3.3
28 JANUARY 2019	PUBLIC REPORT

RURAL COMMUNITY ENERGY FUND – MANAGEMENT AND ADMINISTRATION

1. PURPOSE

- 1.1. The Cambridgeshire and Peterborough Combined Authority is the Accountable Body for the Greater South East Energy Hub that covers fifteen counties and Greater London. The Hub was funded (£1.29m in advance) for two years of operation by the Department of Business, Energy and Industrial Strategy (BEIS). A fully funded team of seven currently exists, with an eighth team member to be recruited, and is dedicated to local energy project delivery in the Greater South East area.
- 1.2. The Energy Hub has been set up to unlock current restrictions and blockages relating to local energy infrastructure such as technical, financial, regulatory, policy or human resources. By operating the Energy Hub from Cambridgeshire and Peterborough the focus of the Energy Hub in this area is maximised and benefits can be more readily realised.
- 1.3. The Rural Community Energy Fund (RCEF) has been in operation since 2013 through WRAP but has been closed to new applicants since DEFRA and BEIS undertook a review and concluded it would be best offered by local organisations rather than a national one.
- 1.4. Aligning the RCEF with the Energy Hub operation from Cambridgeshire and Peterborough enables greater connectivity with Energy Hub staff and their local stakeholders. This maximises the resultant opportunities to create, initiate and deliver projects locally.
- 1.5. The Business Board approved the principal that the Combined Authority would act as Accountable Body for the RCEF and requested a detailed report on the management and administration of the fund. This report explains what BEIS has suggested is the management and administrative structure with full costings.

- 1.6. BEIS will fund the new RCEF programme in the Greater South East Energy Hub area with a £2.9m grant for delivery over a minimum time period of two years with an additional third year possible.

<u>DECISION REQUIRED</u>	
Lead Member:	Aamir Khalid, Chair of Business Board
Lead Officer:	John T Hill, Director of Business and Skills
Forward Plan Ref: 2019/018	Key Decision: Yes
<p>The Business Board is invited to make the following recommendation to the Combined Authority Board:</p> <p style="padding-left: 40px;">Agree that the Greater South East Energy Hub assumes the RCEF management role, administers the fund and employs the Community Energy Advisor.</p>	<p>Voting arrangements</p> <p>Simple majority of all members</p>

2. BACKGROUND

- 2.1. The Rural Community Energy Fund (RCEF), currently offered by WRAP (a charity contracted by the Department for the Environment, Food and Rural Affairs (DEFRA) to deliver the funding in England) has been agreed by Ministers to be transferred to the five Local Energy Hubs in England will offer an improved funding level on that of the initial offer and be more connected with local energy delivery.
- 2.2. The £15m Rural Community Energy Fund (RCEF) was launched in June 2013 jointly by the Department for Environment, Food and Rural Affairs (DEFRA) and the Department of Energy and Climate Change (DECC) as was, now Department for Business, Energy and Industrial Strategy (BEIS).
- 2.3. RCEF was created to specifically target help for rural communities to access the money needed to carry out feasibility studies into renewable energy projects and fund the costs associated with applying for planning permission. The scope was originally conceived included wind, solar, biomass, heat pumps, anaerobic digestion, gas Combined, Heat and Power (CHP), and hydro.
- 2.4. Waste and Resources Action Programme (WRAP) has delivered the fund since inception with an initial £20,000 feasibility grant and an option for an unsecured loan worth up to £130,000. The loan is repayable to Government once projects have received the necessary private sector funding required to get them up and running. Communities would also pay a set premium of 45% on top of the loan when paying it back to be reinvested in the fund enabling more communities to benefit.

- 2.5. Applications were considered from rural communities with less than 10,000 residents and larger communities located in local authority areas defined as predominantly rural.
- 2.6. During the first five years of fund operation take up has been limited with only one successful applicant in the Cambridgeshire and Peterborough area – Swaffham Prior Community Heat Scheme, and only three in the East of England. BEIS has identified that this is in part due to the limited feasibility fund available and the project development funding being a loan rather than a grant. Also notable is that the fund is operated by a national organisation with very little local presence. Devolution now presents an opportunity to increase impact through local leadership alongside delivery.
- 2.7. The BEIS Local Energy Team meets with all five Local Energy Hub leads once a month and stated at the October meeting that they had identified that with all five now operating the remaining £9m unspent could be split between the Hubs for local delivery. In partnership with DEFRA they have calculated that the Greater South East area should receive £2.9m given the greater rural nature of the geography. This is the largest proportion being offered to any Local Energy Hubs, and therefore presents a significant opportunity to facilitate sustainable rural growth across our area.
- 2.8. Managing the RCEF alongside the Energy Hub from the Cambridgeshire and Peterborough area significantly enables the opportunity for greater applications for the fund from our area. Establishing local authority and community links from the outset equips them to develop ideas with dedicated support and secure early successes. The minimum level of success will be to obtain an equal proportion of the fund for the area equating to £183,333. But should excellent projects in the area come forward there is the potential for this to be significantly exceeded.
- 2.9. BEIS has specified that all financial support must be grant based, and that the feasibility grant is increased up to £40,000 with the loan being replaced by a project development grant of up to £100,000. This is a significant improvement to the funding offer which is believed to enhance the appeal to rural communities and unlock new projects locally in Cambridgeshire and Peterborough and across the Greater South East.
- 2.10. BEIS have Ministerial and Treasury agreement to transfer funds to each Local Energy Hub through the existing Section 31 agreement. Official confirmation is expected in January 2019 with an expectation that each Local Energy Hub should be in a position to sign off the additional funding, recruit the new Advisor and start promoting from April 2019.
- 2.11. The Greater South East Energy Hub has a Board comprised a representative from each constituent Local Enterprise Partnership area, for Cambridgeshire and Peterborough this is the Combined Authority's Head of Sustainability. The Hub Board has also agreed the principal that the Energy Hub Accountable Body should also be the Accountable Body for the RCEF.

Management and administration of the RCEF

- 2.12. BEIS has set out the high-level thinking on how the RCEF should be managed and administered by the Accountable Body. This includes a dedicated Community Energy Advisor and a Grant Assessment Panel made up of technical representatives from the greater south east area.
- 2.13. At the time of writing this report BEIS has yet to issue a draft Memorandum of Understanding (MoU) with specific, contractual detail relating to the management and performance of the RCEF.
- 2.14. This report therefore outlines the costs associated with employing a Community Energy Advisor for the 15-county area.
- 2.15. The Community Energy Advisor would be employed by the Cambridgeshire and Peterborough Combined Authority and would sit within the Local Energy Team and managed by the Regional Hub Manager or the Head of Sustainability. BEIS has recommended that £150,000 of the £2.9m grant is allocated for employment and administration costs over the two-year period. There will be no cost to the Combined Authority.
- 2.16. The Community Energy Advisor would be appointed to single status pay scale 13, £41,025 to £44,765 per annum. The following table outlines the full cost of employing the Advisor using the BEIS grant:

Cost centre	Sub-totals, £
Community Energy Advisor salary (max)	44,765
National Insurance employers contribution	5,015
Pension employers contribution at 17.4%	7,789
Travel and expenses at £800 per month	9,600
Laptop and mobile phone	1,050
Administration on-cost at 15%	6,715
Total per year	74,934
Total for two-year fund scheme	149,868

- 2.17. The maximum salary has been used for the purposes of calculating employer contributions. Using the Energy Hub experience of deploying a member of staff across the 15-county area £800 per calendar month as been allocated for travel and expenses. A 15% administration on-cost as also been included to cover CPCA staff time associated with the process of administering grants to communities.
- 2.18. Embedding the new Advisor within the existing Hub team means greater cross fertilisation and presence across the whole greater south east area, and crucially in the Cambridgeshire and Peterborough area where new community projects would be identified and supported. The Local Energy East Strategy local authority officer group have been briefed on this new opportunity and are

keen to identify their suitable communities, signpost the offer and support the fund.

- 2.19. The existing DEFRA approved WRAP processes are yet to be received and reviewed therefore the application and assessment process using a Grant Assessment Panel are yet to be determined.

3. FINANCIAL IMPLICATIONS

- 3.1. As the costs of administering the scheme will be met from a £150k topslice from the program's grant funds, including both the direct costs of an additional member of staff and a contribution to cover CPCA support functions (Legal, Finance, etc), there will be no net impact on CPCA's funding of becoming the accountable body for the RCEF.

4. LEGAL IMPLICATIONS

- 4.1. Hub funding must solely be used for the purpose for which it is intended and complete and accurate records must be kept in order to show how funding has been utilised.
- 4.2. RCEF must be managed and administered with complete transparency and in strict accordance with any and all applicable laws governing such activities and complete and accurate records must be kept to evidence this.
- 4.3. Any, and all data must be obtained, processed, stored and used, in strict accordance with GDPR.

5. SIGNIFICANT IMPLICATIONS

- 5.1 There are no significant implications beyond those identified in the report.

6. APPENDICES

- 6.1. None

<u>Source Documents</u>	<u>Location</u>
None	N/A

