BUSINESS BOARD

Wednesday, 12 May 2021

Democratic Services

Robert Parkin Dip. LG.
Chief Legal Officer and Monitoring Officer

72 Market Street
Ely
Cambridgeshire
CB7 4LS

14:30 PM

Virtual Meeting

AGENDA

PRIVATE MEETING

Part 1 - Governance

1.1	**Apologies for Absence and Declarations of Interest**	
1.2	**Minutes of the Meeting Held on 16th March 2021**	**5 - 22**

Part 2 - Funding and Growth Fund

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

Membership

The Board currently comprises

Private Sector Members

Member	Sector
Austen Adams (Chairman)	Advanced Manufacturing
Tina Barsby	Agri-Tech
Mark Dorsett	International Business and Advanced Manufacturing
Faye Holland	Communications
Aamir Khalid	Advanced Manufacturing, Research & Development, and Small & Medium-sized Enterprises
Al Kingsley	Digital & Education
Nicki Mawby	Skills & Education
Jason Mellad	Life Science
Andy Neely (Vice-Chairman)	Skills & Education
Nitin Patel	Advanced Manufacturing and Small & Medium-sized Enterprises
Rebecca Stephens	Digital & Communications
Kelly Swingler	Skills & Education

Co-opted Members

Member	Sector
Mike Herd	Business & Professional Services
Dr Andy Williams	Life Sciences

Public Sector Members

Position	Body
Mayor	Cambridgeshire and Peterborough Combined Authority

Portfolio Holder for Economic Growth	Cambridgeshire and Peterborough Combined Authority

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 Nick Mills at the Cambridgeshire County Council on 01223 699763 or email nicholas.mills@cambridgeshire.gov.uk.

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THE BUSINESS BOARD

Business Board: Minutes

Date: 16th March 2021

Time: 2:30pm – 4:40pm

Present: Austen Adams (Chair), Andy Neely (Vice-Chair), Tina Barsby, Mark Dorsett, Faye Holland, Councillor John Holdich, Aamir Khalid, Al Kingsley, Jason Mellad, Mayor James Palmer, Nitin Patel and Rebecca Stephens

208 Apologies for Absence and Declarations of Interest

There were no apologies for absence.

Andy Neely declared a non-statutory disclosable interest in relation to 'Local Growth Fund Programme Management Review – March 2021' (agenda item 2.2), due to his involvement with Cambridge Innovation Park West, a recipient of Local Growth Fund funding. The Deputy Monitoring Officer confirmed that he would not be required to leave the meeting for the duration of the item.

Austen Adams declared a non-statutory disclosable interest in relation to 'Local Growth Fund Programme Management Review – March 2021' (agenda item 2.2), as an employee of Stainless Metalcraft, a recipient of Local Growth Fund funding. The Deputy Monitoring Officer confirmed that he would not be required to leave the meeting for the duration of the item.

Andy Neely declared a non-statutory disclosable interest in relation to 'Business Growth Service' (agenda item 2.3), due to his involvement with Cambridge&. The Deputy Monitoring Officer confirmed that he would not be required to leave the meeting for the duration of the item.

The Business Board noted the presence of the Section 73 Officer.

209 Minutes of the Meeting Held on 12th January 2021

The minutes of the meeting held on 12th January 2021 were approved as a correct record.

210 Budget and Performance Report

The Business Board received an update and overview of the revenue funding lines within the Business and Skills directorate which included figures to 31st January 2021. The Finance Manager informed Members that although a forecast of the outturn for the

Peer Networks Programme had previously been reduced to £89k from the initial £210k that had been budgeted for and agreed by the Department for Business, Energy and Industrial Strategy (BEIS), the contractor had been able to deliver a higher number of cohorts than anticipated and therefore the expected outturn had risen again to around £115k. It was confirmed that as funding would be received upon completion of the programme, there would be no requirement to return any unspent funds to BEIS.

While discussing the report, the Business Board sought clarification over future funding levels following the full allocation of growth funds. Noting that the Business Board would continue to monitor growth fund projects for a few years, with the projects continuing to provide income and funds to be recycled, the Finance Manager acknowledged that the Board would have fewer funds at its disposal in future years. She undertook to provide Members with an extract of the Medium-Term Financial Plan, which included figures for the next four years, while also agreeing to provide figures for the year-end and subsequent year in future Budget and Performance reports. **Action required**

The Director of Business and Skills confirmed that all the Local Growth Funds, totalling £152m, had been allocated, with the current likelihood of being able to recycle around £2m, while there would also be a few hundred thousand pounds available from Enterprise Zone receipts each year. Although the Levelling Up Fund (LUF) and Community Renewal Fund (CRF) would both offer significant opportunities for the Business Board, it was clarified that local authorities would bid for the funds and allocate them, which meant that the Board would be focused on influencing spending rather than deciding it. He confirmed that the Business Board's £500k operating costs were provided by the Ministry of Housing, Communities and Local Government (MHCLG) and had already been secured until 31st March 2022, with a Local Enterprise Partnership (LEP) review being carried out until June 2021.

It was resolved unanimously to:

> Note the update and financial position relating to the revenue and capital funding lines within the Business & Skills Directorate.

211 Local Growth Fund Programme Management Review – March 2021

The Business Board received an update on the Local Growth Fund's (LGF) programme performance to 15th February 2021, in which it was confirmed that the programme had been fully awarded to a portfolio of 51 projects, all of which were now under contractual agreement. It was highlighted that in order to ensure that spending on eight LGF projects could continue beyond the 31st March 2021 deadline, as well as a number of other projects receiving funding through different streams, the Cambridgeshire and Peterborough Combined Authority (CPCA) would use its funding flexibilities in line with guidance from the Cities and Local Growth Unit. Attention was drawn to a static version of a proposed new dashboard at Appendix 4 to the report, which would shortly be published as a live document on the CPCA's website with interactive maps detailing where LGF investment had been made and where the impacts were being felt.

The number of businesses that had fully claimed grants allocated through the COVID Capital Grant scheme had risen to 112 out of 132 since the report had been published, with £707k of a total £5.5m still to be distributed. The Business Growth Service (BGS)

had commenced delivery of a £2m tranche of funding, with 27 candidates being processed for allocations, leading to potentially 500 new jobs. The remaining grant funding to be distributed through the Eastern Agri-Tech Growth Initiative had also reduced from £996k to under £500k since the report had been published. While considering the report, the Business Board paid tribute to officers for allocating and distributing all the available resources in the various funding pots.

It was resolved unanimously to:

a) Note the funding position and forecast for Local Growth Fund Programme including the projects completed and in delivery; and

b) Recommend all the programme updates outlined in this paper to the Combined Authority Board.

212 Business Growth Service

The Business Board received a report which detailed the use of the Business Board's Urgency Procedure and a Mayoral Decision Notice for an LGF project change request and to proceed with the contract for the Business Growth Service (BGS). The report also invited the Business Board to consider asking the Combined Authority Board to raise the BGS's maximum grant limit from £150k to £500k as an exception for one application. Attention was drawn to the omission of a £1.5m cost following approval of the BGS's Full Business Case, with details on the omission and how it had been resolved laid out in section 2.3 of the report. Members were assured that an analysis of the process would be carried out to ensure similar omissions and errors would not occur in the future.

Noting that a Non-Disclosure Agreement (NDA) currently prevented the Business Board from accessing more detailed information behind the request that had been submitted by an inward investment business to raise the BGS maximum grant limit, the Senior Interim Programme Manager highlighted it as an opportunity to support a new manufacturing operation that would create high value jobs in the Peterborough area.

While discussing the report, the Business Board:

- Acknowledged the attractiveness of the proposition, given that the initial cost of £3.5k per job, subsequently dropping to around £1k per job, was significantly lower than the threshold requirement of £6k per job.

- Clarified that a potential increase to the maximum grant limit was only being proposed in order to then be able to consider such an investment, with a decision on whether to actually invest in the business in question to be made following a full due diligence process and development of a Full Business Case. Such an Agreement in Principle would allow the business to proceed with this development.

- Expressed concern about raising the maximum grant limit for a project of which they had little information. The Director of Business and Skills acknowledged the concerns and confirmed that investment would be refused on the basis of the information currently available, and that any final decision would be subject to all the

required information and plans being submitted, including full disclosure of all other funding for the project.

- Questioned why the availability of an additional £350k in grant funding would be a sufficient variable to decide the location of a project that was seeking a significantly higher total level of funding from various alternative sources, arguing that there would be further reasons for the business moving to Peterborough that were unrelated to the Business Board's funding provision.

- Sought clarification on the possibility of clawing back funds if the business did not create the number or type of jobs that it was suggesting. The Director of Business and Skills confirmed that the grant would be conditional and that it would include clawback options.

- Argued that increasing the limit for one application would set a precedent and lead to further requests above the £150k limit. The Director of Business and Skills emphasised that the BGS had been designed to be a service for indigenous scaleups and as such would not look to repeat the process, although he acknowledged that any subsequent request would be considered on its own merit and also treated as an exception.

- Expressed concern that the applicant could potentially only be seeking agreement for a higher level of funding in order to leverage an even higher amount from an alternative source, and it was confirmed that an agreement to raise the maximum limit would not necessarily mean that the business would accept the offer.

- Considered whether the fact that a three-fold increase to the maximum grant limit was already being considered with the first application was an indication that the initial limit had been set too low and should be reviewed. The Director of Business and Skills noted that the BGS had been intended for indigenous startup companies, for which £150k was an appropriate maximum level, although it was argued that this demonstrated that the grant was not intended to provide funding to such a business, and by raising the limit, only one business would receive funding instead of at least three. It was confirmed that a permanent increase to the limit would require an amendment to the Full Business Case, which would have broader implications and would also require approval by the Combined Authority Board.

- Agreed to consider reviewing the £150k maximum grant limit following a presentation from Gateley's, the BGS contractor, at the Business Board update meeting on 14th April 2021, noting that it would be helpful to understand the number and size of projects currently being considered, as well as the overall strategy, goals and processes, before deciding whether a review would be necessary. **Action required**

- Agreed that Aamir Khalid, Al Kingsley, Jason Mellad and Nitin Patel would form a working group and sign the relevant NDAs in order to work with officers and Gateley's to assess the investment decision in greater detail. **Action required**

The Chair, seconded by Tina Barsby, moved the following amendment to recommendation (a) (addition in bold):

> Recommend the Combined Authority Board approve **in principle** raising the maximum grant limit from £150,000 to £500,000 on the Business Growth Service Capital Grant scheme, for the applicant as set out in the exempt Appendix 4**, subject to the investment of that company being approved by the Business Board**

On being put to the vote, the amendment was carried by majority.

It was resolved unanimously to:

a) Recommend the Combined Authority Board approve in principle raising the maximum grant limit from £150,000 to £500,000 on the Business Growth Service Capital Grant scheme, for the applicant as set out in the exempt Appendix 4, subject to the investment of that company being approved by the Business Board;

b) Note the Business Board Urgency Procedure Decision;

c) Note the Mayoral Decision Notice; and

d) Note the Business Growth Service contractual and financial position.

213 Local Economic Recovery Strategy - Updated Refresh

The Business Board received a report containing the third version of the Local Economic Recovery Strategy (LERS) following updates to reflect emerging impacts of Covid-19, feedback from local authorities and business organisations, and consideration of the recently published recommendations from the Climate Change Commission. Inequalities had increased across the area during the second lockdown, particularly in Fenland and Peterborough, and there had been a spike in use of the furlough scheme. However, despite there being an increase in unemployment, this had occurred to a lesser extent than had been anticipated, with the impacts most felt by young people and women in service sector jobs or industries that were most affected by the lockdown restrictions. While some sectors had suffered extensively, such as the hospitality and recreation sectors, a slight general improvement in the financial situation of businesses had been identified.

The Metro Dynamics Director informed members that the response phase, which was largely coordinated by the government and local authorities, had lasted longer than had been expected, which was reflected in the updated LERS with the inclusion of more immediate response actions. Greater emphasis had been placed on the importance of the region’s contribution to the national recovery in this ongoing phase of recovery, as well as the reopening phase and longer-term regrowth phase. The document had also been amended to reflect previous interventions and actions that had now been carried out. It was still not possible to differentiate between the specific impacts of Covid-19 and the UK’s withdrawal from the EU, although such distinctions would be increasingly identifiable over the next few months.

While discussing the report, the Business Board:

- Welcomed the slight general improvements in the financial situation of businesses that had been identified and considered what had driven them. It was suggested that due to the current lockdown being less restrictive on businesses than the first one, many businesses had been able to reopen and stay open, which in turn produced a sense of stability that led to optimism and people reporting an improvement. It was also argued that the trade deal between the UK and the EU had provided clarity and certainty, notwithstanding the significant drop in trade.

- Expressed concern that the Business Board would not have significant financial resources at its disposal, given the extent of economic recovery that was required and suggested that representations needed to be made to the government to request additional funding. The Director of Business and Skills acknowledged the concern and suggested that it would be beneficial to approach the Treasury. He also emphasised the importance of the Business Board's engagement in the process of selecting candidate bids for the CRF and LUF, nothing that Peterborough and Fenland, which were two priority areas that would be receiving funding through the LUF, had requested the Business Board to fulfil a coordinating role. He encouraged the Board to take advantage of the opportunity to demonstrate how it could add value to the process, particularly given that the recent budget had included relatively small funding streams, which could be interpreted as a demonstration of continuing uncertainty over the government's longer-term approach to the economy and industry. It was agreed to complete the development of a strategy for engaging the government and other stakeholders. **Action required**

- Acknowledged the benefits of the Business Board being aligned to a mayoral combined authority on the process and speed of decision-making, while also maintaining political independence through the Chairman.

It was resolved unanimously to:

> Recommend the Combined Authority Board approve the updated version of the Local Economic Recovery Strategy (LERS) for Cambridgeshire & Peterborough.

214 Resolution of Local Enterprise Partnership Overlaps

The Business Board received a report detailing Strategic Partnership Agreements (SPAs) with the two remaining neighbouring LEPs (Hertfordshire LEP and Greater Lincolnshire LEP), following SPAs that were agreed with New Anglia LEP and South East LEP in 2019. It was noted that the proposed agreements were simpler than the previous two agreements due to the fact that LGF funding had now been fully allocated, and that they would resolve delivery overlaps while making the LEP boundary coterminous with the CPCA boundary. It was confirmed that Hertfordshire LEP and Greater Lincolnshire LEP both supported the agreements.

It was resolved unanimously to:

Recommend that the Combined Authority:

a) Note and approve the revised geographical LEP boundary and resolution of delivery overlaps with neighbouring LEPs; and

b) Approve the Strategic Partnership Agreements (SPAs) with remaining two neighbouring LEPs.

215 Culture and Tourism

The Business Board received a report which detailed an amendment to the CPCA's constitution that had been proposed by the Housing and Communities Committee, which would remove the culture and tourism functions from the remit of the Housing and Communities Committee's terms of reference, while leaving them to form part of the remit of the Business Board to help determine local economic priorities and lead economic growth and job creation within the local area. Noting that tourism and culture were not a specific focus of the Business Board, the Deputy Monitoring Officer clarified that although the Board had been asked to comment on the proposed amendment, the responsibilities for tourism and culture would remain with the Combined Authority. The amendment would be considered as part of the next constitutional review in the summer, along with any comments from the Business Board that were submitted.

While discussing the report, the Business Board confirmed that the amendment would not require the Board to change any of its measures used to determine success of investment in projects. The Deputy Monitoring Officer informed members that it was a discretionary function established by statute that the Business Board (or any other LEP) would not be able to take on, given that it was not a public authority.

It was resolved unanimously to:

To provide no comment on the amendment proposed in relation to culture and tourism as recommended by the Housing and Communities Committee.

216 Business Board Co-opted Memberships

The Business Board received a report which recommended the appointment of Mike Herd and Dr Andy Williams as non-voting co-opted members of the Board, with an initial term of one year. The Business Programmes and Business Board Manager suggested that the appointments could help resolve the ongoing issue of the Business Board's representation on the Greater Cambridge Partnership's Executive Board.

While discussing the appointments, the Business Board:

- Clarified that there were different recruitment processes for private members of the Business Board and co-opted members.

- Established that having been considered for the role of Chairman of the Growth Company, Mike Herd had been asked to join the Business Board due to his extensive experience with businesses.

It was resolved unanimously to:

Appoint Mike Herd and Dr Andy Williams as non-voting co-opted members of the Business Board.

217 Business and Market Engagement Update

The Business Board received a report which provided an update on business and market engagement activities across the Business and Skills directorate. Attention was drawn to the communications strategy, attached as an appendix to the report, and members were informed that the Business Board's social media channels were now running. Noting that Board members had contributed to the development of the strategy, the Business and Market Engagement Officer encouraged all members to propose content ideas to be used for publicity purposes.

While discussing the report, the Business Board:

- Welcomed the communications strategy, as well as the increased social media presence and publicity that was under development.

- Argued that the Business Board should be more engaged and aligned with the Climate Change Commission's work given the significant impact that it would have on businesses across Cambridgeshire and Peterborough. There would be worrying implications for the agricultural community resulting from the rewetting of peatlands and it was suggested that the Business Board's participation in the discussion would help in the reshaping of the region's economy and ecology. The Director of Business and Skills noted that the Commission's recommendations had been incorporated into the LERS and suggested that they should be a central feature of any new local regrowth strategy requested by the government following the abolition of the Industrial Strategy Council. Noting that energy transition would require many businesses to transform, while also leading to the growth of new ones, he undertook to discuss with the Commission a role for the Business Board in assessing the business and growth opportunities for energy transition in the region. **Action required**

It was resolved unanimously to:

a) Note the update on recent Business and Market Engagement activity;

b) Endorse the Business Board Communications Strategy to be implemented by the Business and Market Engagement Officer and Combined Authority Communications Team to raise the profile of the Business Board; and

c) Note the forward plan of communications activity for the Business Board.

218 Business Board Headlines for Combined Authority Board

The Business Board noted the headlines that the Chairman would convey at the Combined Authority Board on 24th March 2021.

219 Business Board Forward Plan

Noting that it was the final Business Board meeting before the Cambridgeshire and Peterborough mayoral elections, Mayor Palmer paid tribute to the work carried out by the Business Board since it had been formed in 20218, while also thanking the Chair and officers for their support.

Confirming that the next meeting would be held on 12th May 2021, the Business Board noted its Forward Plan.

Chair
12th May 2021

Appendix 1

THE BUSINESS BOARD

Business Board: Minutes

Date: 4th March 2021

Time: 12:00pm – 1.20 pm

Present: Austen Adams (Chair), Andy Neely (Vice-Chair), Councillor Anna Bailey (substitute for Mayor James Palmer), Tina Barsby, Councillor John Holdich, Aamir Khalid, Al Kingsley, Jason Mellad, Nitin Patel, Rebecca Stephens and Kelly Swingler.

206. Apologies for Absence and Declarations of Interest

Apologies for absence were received from Mark Dorsett, Faye Holland, Nicki Mawby and Mayor James Palmer.

There were no declarations of interest received.

207. Cambridgeshire and Peterborough Combined Authority Assurance Framework

Before presenting the report, the Deputy Monitoring Officer drew members' attention to the amendment to the recommendations. She presented the report, which detailed the necessary revisions made to the Assurance Framework with the aim to align it to the National Assurance Framework. Attention was drawn to the additional specific requirements on governance, accountability, and transparency arrangements and two distinct sections the revisions were categorised in; those relevant to the Combined Authority, and those relevant to the Business Board.

The Deputy Monitoring Officer updated the Committee with the revisions relevant to the Combined Authority, which included an improved guidance on the breakdown of multiple funding streams and an updated decision-making table. The Business Board Section 73 Officer drew attention to the new guidance on the Appraisal and Evaluation of Projects as part of the Green Book released in December 2020. The Draft Assurance Framework was updated to incorporate the new guidance, that the strategic fit was required to be considered before Benefit-Cost Ratio and this revision had been sent to the Department for Transport (DfT). Although in their response the DfT was supportive of the changes, they suggested to include further clarification on how the strategic fit would be evidenced within the framework. The Business Board Section 73 Officer advised that an additional paragraph was being drafted and on completion would be sent to the Department for Transport. As a result of the new guidance, changes were made to the Monitoring and Evaluation section of the Assurance Framework and to the legacy project of the Combined Authority.

The Deputy Monitoring Officer updated Members on the revisions relevant to the Business Board. It was highlighted that a decision was required on whether to invite a

Member from the Overview and Scrutiny Committee to shadow the work of the Business Board in order to increase transparency.

Members queried whether it was necessary to introduce the new role of Overview and Scrutiny Lead Member; and expressed concerns over the proposal, arguing that it would have the potential to upset the political neutrality of the Business Board. Further questions were raised about the specific role of the Overview and Scrutiny Lead Member and whether they would report back to the Business Board or the Overview and Scrutiny Committee.

The Deputy Monitoring Officer confirmed that in order to strictly follow the National Assurance Framework, the addition of the Overview and Scrutiny Lead Member's role would be beneficial. The Chair of the Business Board expressed support for the introduction of the new role and highlighted that it would bring new opportunities to consider improvements and would enhance transparency. It was explained that the Overview and Scrutiny Lead Member would only take part in the Business Board meetings as an observer, and that they would not have a right to vote and it would be expected that they correspond with both the Chair of the Business Board and the Chair of the Overview and Scrutiny Committee.

Members expressed concern that a proposed addition to 5.1 of the Assurance Framework required all business cases to demonstrate a strong fit with the Combined Authority's strategic objectives. The Business Board Section 73 Officer noted that the wording could be amended to clarify that Business Board decisions would not have to match the other elements of the Combined Authority's Strategic Framework, subject to approval. The Deputy Monitoring Officer confirmed that the delegation proposed in recommendation (c) would allow for such an amendment to be made. **Action required**

It was resolved unanimously to:

a) Recommend the revised draft of the Assurance Framework to the Combined Authority Board, noting that the draft is subject to sign off by MHCLG;

b) Note that the revised draft of the Assurance Framework will be presented to the Combined Authority Board by the Audit and Governance Committee;

c) Note that a recommendation will be presented to the Audit and Governance Committee to delegate authority to the Combined Authority's Chief Legal Officer and Monitoring Officer to make further amendments to the revised draft following feedback from MHCLG;

d) Agree to a 'Lead Member' from the Overview and Scrutiny Committee, subject to the agreement of the Combined Authority Board;

e) Agree the role description for the Lead Member shadowing the Business Board, subject to the agreement of the Combined Authority; and

f) Subject to d, and e, above, note that Cllr Murphy will undertake this role.

THE BUSINESS BOARD

Business Board Minutes Action Log

This Action Log captures the actions arising from the recent Business Board meetings and updates members of the Board on compliance in delivering the agreed actions. It does not include approved recommendations requiring immediate action (which are recorded on the Decision Log) or delegated decisions (which are recorded separately and held by the Monitoring Officer).

Business Board Meeting Held on Tuesday 10 November 2020					
Minute	Report Title	Officer	Action	Comments	Status
184.	Local Growth Fund Programme Management Review – November 2020	S Clarke	Ensure that the recommendations that arose from the LGF Processes Review are followed up on.	A matrix of the recommendations has been produced to determine if they can be implemented before or after the new funding criteria is announced. Work to develop the pipeline is ongoing. Process recommendations are being incorporated into ongoing work on the CRF and in future the SPF.	Action Complete
187.	Cambridgeshire and Peterborough Agri-Tech Sector Strategy	S Clarke	The Business Board is to discuss the strategy in greater detail before it is presented for final approval.	The Institute for Manufacturing (IfM) has been procured to take all the work drafted by Promar and using their process they will refine and develop roadmaps for the proposed key interventions. The reworked Agri-Tech strategy document and key intervention roadmaps will be	Action Complete

				presented back to the Business Board in July 2021.	
Business Board Meeting Held on Tuesday 12 January 2021					
Minute	Report Title	Officer	Action	Comments	Status
197.	Budget and Performance Report	V Ainsworth	Include comprehensive income figures that included contributions from the CPCA in future iterations of the report.	This will be included in future Business Board reports (July onwards).	Action Ongoing (Completion target: July 2021)
198.	Local Growth Fund Programme Management Review – January 2021	S Clarke	Consider whether it would be possible to map the level of financial returns from projects, in order to monitor their performance levels, establish whether expectations had been achieved and assess whether suitable outcomes had been proposed in the first place.	Heat maps are now live on the CPCA website and illustrate Local Growth Fund projects across the region with project details including sector, grant value and job creation. The LGF performance dashboard is now live on the Local Growth Fund page of the Combined Authority website.	Action Complete
		J T Hill	Consider the production of an annual report of the Business Board's investments to provide an overall narrative of its achievements, such as the number of jobs that it had created, as well as indicating its future investment prospectus.	Format and design of a glossy annual report is underway, drafts are to be presented to members through an Activity Update in June and presented to the Business Board meeting in July.	Action Ongoing (Completion target: July 2021)

202.	LEP Partnering Strategy	J T Hill	Organise a workshop session for members to identify what could be gained from the LEP collaboration and how they could contribute.	Postponed, pending potential Government announcement of a further review of LEPs and their future access to funding and role in bidding for funds.	Action Ongoing (Completion target: September 2021)
203.	Business and Market Engagement Update	E Colman	Invite interested members to participate in future meetings on marketing with the contractor for the Business Growth Service.	The Business and Market Engagement Officer and the Head of Communications met with Faye Holland and Rebecca Stephens on 22nd January 2021 to discuss Business Board communications. Following the meeting, a strategy document was circulated which we will be looking to implement following feedback. The Business Board approved the Communications Strategy at its meeting on 16th March 2021.	Action Complete

Business Board Meeting Held on Thursday 4 March 2021					
207.	Cambridgeshire and Peterborough Combined Authority Assurance Framework	R Emery	Amend wording in the Assurance Framework to clarify that Business Board decisions would not have to match the other elements of the Combined Authority's Strategic Framework.	Updated wording has been included in the revised draft sent to both the CPCA Board, and Government departments for their consideration. We have received confirmation from the DfT that the revised draft meets their requirement but are still awaiting the same from the Cities and Local Growth Unit before the final version can be agreed by the Chair within the delegation from the Business Board.	Action Complete
Business Board Meeting Held on Tuesday 16 March 2021					
210.	Budget and Performance Report	V Ainsworth	Provide Members with an extract of the Medium-Term Financial Plan. Include figures for the year-end and subsequent year in future Budget and Performance reports.	This will be included in future Business Board reports (July onwards).	Action Ongoing (Completion target: July 2021)
212.	Business Growth Service	A Downton	Consider reviewing the £150k maximum grant limit following a presentation from Gateley's at the Business Board update meeting on 14th April 2021.	Gateley's presented Growth Works to Business Board members at an Activity Update meeting on 14th April 2021.	Action Ongoing (Completion target: June 2021)

		A Downton	Form a working group and sign the relevant NDAs in order to work with officers and Gateley's to assess the investment decision related to the request to increase the maximum grant limit in greater detail.	A draft NDA is being reviewed by the CPCA legal team and will be circulated to the four Business Board members who put themselves forward to be part of a wider group to scrutinise the detail before it returns to the Business Board for a final decision.	Action Ongoing (Completion target: June 2021)

213.	Local Economic Recovery Strategy - Updated Refresh	J T Hill	Complete the development of a strategy for engaging the Government and other stakeholders in order to request additional funding.	Strategy for 2021 funding bids to Central Government to be outlined to Business Board in May 2021 (Future Funding Strategy). LERS version for businesses to be developed for publication at the same time as the glossy annual report. Strategy for 2022-25 funding bids to Central Government to be presented in September to Business Board.	Action Complete
217.	Business and Market Engagement Update	J T Hill	Discuss with the Climate Change Commission whether a role could be established for the Business Board in assessing the business and growth opportunities for energy transition in the region.	A Business Board Workshop was held on 6th April. This was an initial discussion on the interim Climate Change Commission report to inform the Business Board response, including agreed actions to strategically embed the theme of Climate Change. Pending the outcome of the LEP Review, this	Action Ongoing (Completion target: September 2021)

				may impact on any future refresh of the Local Industrial Strategy (LIS).	

THE BUSINESS BOARD

Agenda Item No: 2.1

Strategic Funding Management Review – May 2021

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Director of Business and Skills, John T Hill
Key decision:	No
Recommendations:	The Business Board is asked to

(a) Note the update on the UK Community Renewal Fund (CRF) Programme; and

(b) Note and recommend all the programme updates outlined in this paper to the Combined Authority Board.

1. Purpose

1.1 This report provides the Board with an update on the strategic funding programmes and the performance with operational updates on progress to 21st April 2021. This includes the following:

(a) Local Growth Fund (LGF) Financial programme spend
(b) LGF Performance
(c) COVID Business Capital Grant update
(d) Business Growth Service Capital Growth Grants update
(e) Eastern Agri-Tech Growth Initiative update
(f) Q4 2020/21 Quarterly Growth Deal return to Cities and Local Growth Unit
(g) LGF Monitoring and Evaluation update
(h) Getting Building Fund (GBF) update
(i) UK Community Renewal Fund (CRF) update

2. Background

2.1 The Local Growth Fund £146.7million programme was closed and all spent by 31 March 2021 but programme outcomes are still being delivered beyond 2021. Local Growth Funds provided Grants, Loans or other forms of funding such as Equity Capital Investment.

2.2 The £14.6million Getting Building Funding was awarded to the Cambridgeshire and Peterborough Combined Authority in July 2020 to be spent by end of March 2022 and projects delivered to completion during 2022.

2.3 The UK Community Renewal Fund is a new funding programme announced in March 2021 with the Combined Authority as the Lead Authority for the Cambridgeshire and Peterborough area.

3. Local Growth Fund Programme Spend

3.1 The £146.7 million Local Growth Fund programme is fully awarded to a portfolio of 51 projects including the grant schemes.

3.2 The total programme spend to 31st March 2021, including completed projects but not the top-slice figure, was £134,433,732. This is the draft outturn position as year-end accounts are being reconciled for the final programme spend which will be reported at the July Board meeting. The balance remaining, after the programme management costs, will be capital swapped into other capital programmes within the Combined Authority meaning the whole grant is spent at programme closure.

3.3 The final completed and forecast profile for the whole programme of projects is shown at Appendix 1. The programme had 8 projects plus 4 awardees in the Covid Capital and Agri-tech grant schemes which are spending beyond the 31 March 2021 deadline, facilitated by the Combined Authority using its funding flexibilities via capital swap of the funds to other capital programmes within the Combined Authority. These projects and grants total £8,536,636.

4. Local Growth Fund Programme Delivery

4.1 On 21st April 2021, although the programme is closed the Combined Authority's Local Growth Fund programme had 9 projects not including capital grant schemes still in delivery phases and being monitored. Please see the Local Growth Fund page on the Combined Authority website where the new live performance dashboard in relation to Local Growth Fund programme delivery is being hosted: Local Growth Fund.

4.2 In November 2020, the Combined Authority approved the Business Board's recommendation to proceed with selling the iMET building asset through enacting the use of an assignment agreement with Cambridge Regional College and Urban & Civic. The Business Board is asked to note the points below in relation to update on progress.

- Interest from an educational provider in taking on iMET to continue with providing education delivery came forward at the beginning of the year.

- Unfortunately, the interest from the educational provider withdrew during March citing that they may have had financial viability challenge in making it work.

- Officers have continued with developing the assignment agreement with Cambridge Regional College for assignment upon achieving a willing buyer.

- A red book valuation has been carried out and from that Officers formalising the heads of terms with Urban & Civic and Savills for marketing the property on the commercial market.

4.3 Once an interested party has agreed a deal, this will be brought back to the Business Board for approval and recommendation to the Combined Authority to sign off.

4.4 Since the last Business Board meeting the Wisbech Access Strategy, led by Cambridgeshire County Council, has reported to CPCA Officers further risks and uncertainties around the project programme and its budget. This is the second time in less than a year, that this project has been paused for financial review and re-planning, having run into unexpected problems. The Business Board is asked to note the points reported below regarding the latest problems and that a revised programme and budget will be brought to the business board for approval at the next meeting.

- Key risks previously identified in the risk register have crystallised on the Wisbech Access Strategy relating to the land acquisition and utility diversion which are leading to delays and implications for significant cost increases.

- Work to resolve the key risks is progressing, notably with the utility diversion where a lower cost solution has been identified.

- As the work to mitigate the key risks progresses it informs the programme and forecast budget. A revised budget estimate is expected by the end of May with a view that by the end of June next steps might be clearer.

- To drive this project forward Cambridgeshire County Council has appointed a project director and a commercial manager to provide expertise to review the project, lead on risk resolution and produce a new financial forecast.

4.5 The Business Board is asked to note that Officers are expecting to receive a revised programme plan and budget estimate from Cambridgeshire County Council by the end of May. Once received, the Business Board will be asked to review proposed options on the way forward by the end of June.

4.6 Under the terms of the Local Assurance Framework relating to the administration of the Local Growth Fund, the Business Board is required to be satisfied that the project is still financially viable and can still deliver its outputs as per the project change request agreed in July 2020. In doing so, the Board may wish to consider some flexibility around project delivery end date due to the delays. The Business Board does not currently have access to any new capital funding, so the current envelope of agreed LGF cannot be increased to fulfil any shortfall in funding should this be requested or arise. Ultimately the Business Board will explore all options to enable delivery of the project but does reserve the last resort position to propose clawback of the remaining LGF from within the project, should it not be satisfied that completion within available budgets is likely.

4.7 The Business Board and Combined Authority, beyond agreeing any further conditions in respect of the funding to this project, will be awaiting the Cambridgeshire County Council team to determine how the project now progresses and how they decide to comply with existing and any new conditions being imposed. The Business Board and Combined Authority will then decide how best to react based on the Cambridgeshire County Council Team complying with, or mitigating, the agreed new conditions.

5. Growth Deal Monitoring Return Q4 2020/21

5.1 The Business Board is required to submit formal monitoring returns to Government on Growth Deal performance and forecasts on a quarterly basis.

5.2. The return for Q4 2020/21 has been prepared by Strategic Funds Officers and will be submitted on time to the Cities and Local Growth Unit. The fourth Quarter spend was up to and including 31st March 2021. This dashboard page from the completed return is attached at Appendix 2.

5.3. There is currently only the Wisbech Access Strategy project flagged as amber-red at the end of Q4 on 31st March 2021.

6. COVID Business Capital Grants Programme

6.1 The COVID Capital Grant scheme of £5.35million was awarded to 132 businesses and the final position, as at 31 March 2021, was as follows:

- The number of fully claimed grants and completed projects was 131
- Grant awarded companies still claiming was 1
- Grant value paid out was £5,343.744
- Grant value still to be paid out was £7,353

6.2 Only one organisation has not drawn down its grant and has £7,353 left to claim during April and May. The balance of £7,353 will be included in the capital swap amount as at 31 March to complete expenditure of LGF programme which will be in line with the flexibilities the Combined Authority has to manage the funds.

7. Capital Growth Grants via Growth Works Programme

7.1 During March 2021, the allocation of the £2,043,178 into the Capital Growth Grants strand of the new Growth Works Service (formally known as the Business Growth Service) was awarded out to growth businesses who are participating in the new service.

7.2 The number of grant awards made to businesses was 32 and the value was £2,025,000 million, which is forecast to create 321 new jobs. This leaves £18,178 to be awarded, which the Growth Works team will roll into the remaining capital grants funding in their main

contract to continue to award capital grants to their pipeline of growth businesses in the service until all funds awarded or service ends in 2023.

7.3 The list of these Capital Growth Grants awarded by the Growth Works Service is contained in a separate paper on the Business Board's agenda on Growth Works contract performance.

8. Eastern Agri-Tech Growth Initiative Update

8.1 The Eastern Agri-Tech Growth Initiative ended on 31st March 2021 and all grant claims received by that date, bar three, were processed for payment. This means the position at 31 March 2021 was as follows:

- The number of fully claimed grants and completed projects was 89
- Grant awarded companies still claiming was 3
- Grants value paid out was £3,381,596
- Grant value still to be paid out was £102,138

8.2 There are three projects that had not been completed by the end of March, all of which have been issued with a variation letter. One is due to complete by the end of April, with the other two completing in May. The three projects were awarded a total of £224,472, have claimed £122,334 and the balance of £102,138 will be included in the capital swap amount as at 31 March to complete expenditure of LGF programme which will be in line with the flexibilities the Combined Authority has to manage the funds.

9. LGF Monitoring and Evaluation Update

9.1 The Monitoring of all live projects in delivery is conducted by the Strategic Funds Team on a monthly and quarterly basis. The Business Board is asked to note the latest updated Monitoring information for all projects, both completed and live, at Appendix 3, but also to note the information now reported on the new LGF performance dashboard on the Local Growth Fund page of the Combined Authority website: Local Growth Fund.

9.2 There are currently 14 totally completed Local Growth Fund projects and a further 28 projects are either subject to evaluation or continue with the project work utilising leverage funding from other sources and will be evaluated later as part of the Local Growth Funding Monitoring & Evaluation plan.

9.3 The evaluation report for the first tranche of 10 completed projects has been completed and following a presentation to Business Board members from the evaluation contractors on the early findings, an additional programme level section has been completed. The completed report is attached at Appendix 4.

10. Getting Building Funding Update

10.1 The Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre project continues with delivery.

10.2 The Joint venture property company has been incorporated and the Shareholder Agreement with the investment partner was delayed because of changes being proposed in the business plan as noted in a separate change request paper on the Business Board agenda.

10.3 The delay in signing the shareholder agreement beyond 31st March 2021 means that the £7.3million first tranche of Getting Building Funding paid to the Combined Authority under condition to be spend in the financial year 2020-21 has had to be capital swapped using the Combined Authority freedoms and flexibilities between capital programmes to satisfy the spend condition with Cities and Local Growth Unit. This means the full funding is still available to the project to be spent during the 2021-22 financial year.

10.3 The project has a Project Change Request in a separate paper on the Business Board agenda, which sets out details of the current progress on delivery of the project.

10.4 The Combined Authority is preparing to issue Peterborough City Council with the Getting Building Fund Grant Funding Agreement that covers the £827,000 grant awarded to Peterborough City Council as part of the approved allocation to match their contribution of £1.9million into the project for Car parking infrastructure.

11. UK Community Renewal Fund (CRF) update

11.1 The Community Renewal Fund was announced by the Government in the March 2021 Budget and subsequently the prospectus, application form and guidance have been published.

11.2 The Combined Authority is the Lead Authority for the CRF and is therefore responsible for coordinating the bidding process, administering the award and monitoring the funds, once allocated from the Government.

11.3 The Combined Authority launched an open call on its website on 31st March 2021 for CRF applications from local organisations, which closes on 7th May: https://cambridgeshirepeterborough-ca.gov.uk/what-we-deliver/business/local-growth-fund/community-renewal-fund/.

11.4 The final shortlist of projects for the Combined Authority area will be submitted to the Government by 18th June 2021. The Government is expected to announce successful allocations to each lead authority against those bid shortlists in July 2021.

11.5 The maximum amount of funds that can be applied for is a total combined bids value of £3m per City or District Council area.

11.6 The Government has ranked unitary and lower tier Local Authority areas for prioritisation within this funding programme, with places ranked 1 given highest weighting, followed by places ranked 2 with lesser weighting and places ranked 3 with no weighting – within the Combined Authority area Peterborough is ranked as a priority 1 place and Fenland is ranked as priority 2 place, while the rest of the authorities ranked priority 3 places.

11.4 The process by which the application bids are to be shortlisted is noted in a separate Future Funding Strategy paper on the Business Board agenda.

Significant Implications

12. Financial Implications

12.1 There are no direct financial implications arising from this report.

13. Legal Implications

13.1 The Business Board is responsible for programme direction of Growth Funds, which includes the Getting Building Fund. The Combined Authority has been designated by the Government as the Lead Authority on both the Community Renewal Fund and the Levelling Up Fund, but for the latter the lead authority role is for transport bids only. The Combined Authority, as the Accountable Body, maintains all the legal agreements with project delivery bodies.

14. Other Significant Implications

14.1 None.

15. Appendices

15.1 Appendix 1 – LGF Projects Completed and Final Spend Position

15.2 Appendix 2 – LGF Cities and Local Government (MHCLG/BEIS) Quarter 4 Return

15.3 Appendix 3 – LGF Programme Jobs Output Monitoring Report

15.4 Appendix 4 – LGF Evaluation Report on First Tranche of Completed Projects

16. Background Papers

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

16.2 Eastern Agri-tech Growth initiative guidance and application forms: https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/

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

16.4 Local Industrial Strategy and associated sector strategies:
https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/

15.5 COVID Business Capital Grant Scheme:
https://capitalgrantscheme.co.uk/

Appendix 1 – LGF Projects Completed & Final Spend Position

Projects	Grant Awarded	Spent so far	Q3	Forecast: Jan-21	Forecast: Feb-21	Forecast: Mar - 21 to be claimed	Forecast: Balance Left for Capital Swap	Q1 2021/22	Unspent Allocation	Total Claimed in 2020-21
Bourges Boulevard - Phase 1, Peterborough City Council	£ 2,100,000.00	£ 2,100,000.00	£ -				£ -			£ -
Ely Southern Bypass, Cambs County Council	£ 22,000,000.00	£ 22,000,000.00	£ -				£ -			£ -
iMET - Phase 1,2 & 3, Cambridge Regional College	£ 10,473,564.00	£ 10,473,564.00	£ -				£ -			£ -
Kings Dyke Crossing, Cambs County Council	£ 8,000,000.00	£ 7,700,908.46	£ -	£ -	£ -	£ -	£ -			£ 299,091.54
Lancaster Way - Phase 1 (Loan, GPF ext)	£ 1,000,000.00	£ 1,000,000.00	£ -				£ -			£ -
Lancaster Way - Phase 2 (Loan GPF Ext)	£ 3,680,000.00	£ 3,680,000.00	£ -				£ -			£ -
Peterborough Regional College - Food Mfg Centre	£ 586,000.00	£ 586,000.00	£ -				£ -			£ -
AgriTech Growth Initiative	£ 3,600,000.00	£ 2,353,809.66	£ 139,235.00		£ 588,203.00	£ 416,614.34	£ 102,138.00			£ 1,144,052.34
The Welding Institute - New Test Facilities	£ 2,100,000.00	£ 2,100,000.00	£ -				£ -			£ -
WATA - Highways Agency Training facility fit out	£ 91,300.00	£ 91,300.00	£ -				£ -			£ -
A47/A15 Junction 20, Peterborough City Council	£ 6,300,000.00	£ 6,300,000.00	£ -				£ -			£ -
Bourges Boulevard - Phase 2, Peterborough City Council	£ 9,200,000.00	£ 9,200,000.00	£ -				£ -			£ -
Cambridge Biomedical Innovation Centre, Uni of Cambridge	£ 1,000,000.00	£ 1,000,000.00	£ -				£ -			£ -
Lancaster Way - Phase 2 Grant (GPF ext)	£ 1,445,000.00	£ 581,516.00	£ -	£ -	£ -	£ -	£ -			£ 863,484.00
Medtech Accelerator (equity shares purchase agg, GPF ext)	£ 500,000.00	£ 500,000.00	£ -				£ -			£ -
Signpost 2 Grant (GPF ext), Growth Hub	£ 200,000.00	£ 200,000.00	£ -				£ -			£ -
WATA - EZ Plant Centre Alconbury (GPF ext)	£ 65,000.00	£ 65,000.00	£ -				£ -			£ -
Advanced Construction Skills, CITB	£ 450,000.00	£ 450,000.00	£ -				£ -			£ -
Manea & Whittlesey Stations (GPF ext)	£ 395,000.00	£ 395,000.00	£ -				£ -			£ -
Small Grants Programme (Growth Hub)	£ 300,000.00	£ 300,000.00	£ -				£ -			£ -
Teraview Research Facility fit out (Loan)	£ 120,000.00	£ 120,000.00	£ -				£ -			£ -
Hauxton House, Life Sciences Incubator (Loan)	£ 146,000.00	£ 146,000.00	£ -				£ -			£ -
Hauxton House, Life Sciences Incubator (Grant)	£ 292,000.00	£ 76,210.00	£ -	£ -	£ -	£ -	£ -			£ 132,904.00
March Adult Education Centre, March Fenland	£ 400,000.00	£ -	£ 1,590.00	£ 24,597.75	£ -	£ 59,910.13	£ 313,902.12	£ 313,902.12		£ 86,097.88
NIAB Agri-Waste Project, Hasse Fen Soham	£ 599,850.00	£ -	£ 77,595.91	£ 71,719.94	£ 45,972.81	£ 312,646.39	£ -			£ 599,850.00
Sci-Tech Container Village (Loan)	£ -	£ -					£ -			
Smart Manufacturing Association (Equity Investment)	£ 715,000.00	£ -	£ -	£ -	£ -	£ 715,000.00	£ -			£ 715,000.00
Future Transport Accelerator, Ascendal (Equity Investment)	£ 965,000.00	£ -	£ 965,000.00		£ -	£ -	£ -			£ 965,000.00
South Fen Business Park Expansion, Chatteris	£ 997,032.00	£ -	£ -	£ -	£ 997,032.00	£ -	£ -			£ 997,032.00
Illumina Genomics Global Accelerator (Seed Fund Equity)	£ 1,000,000.00	£ -	£ -	£ -	£ -	£ 400,000.00	£ 400,000.00		**£ 400,000.00**	£ 600,000.00
Soham Station	£ 1,000,000.00	£ 114,164.09	£ -	£ -	£ -	£ -	£ -			£ 885,835.91
Upgrade M11 J8 with A120	£ -						£ -			
TWI Innovation/Incubator space	£ 1,230,000.00	£ -	£ 74,749.59	£ 17,886.09	£ 1,113,474.41	£ -	£ -			£ 1,230,000.00
Living Cell (Loan), Aracaris/Northwest Bio, Sawston	£ 1,350,000.00	£ -	£ -				£ -			£ -
Aerotron Composites Relocation (Chatteris)	£ 1,400,000.00	£ 552,527.00	£ -	£ -	£ -	£ -	£ -			£ 847,473.00
Photocentric Manufacturing Facility	£ 1,875,000.00	£ -	£ -	£ 858,994.00	£ 1,016,006.00	£ -	£ -			£ 1,875,000.00
NIAB R&D Incubator, Histon	£ 2,484,000.00	£ 41,805.00	£ 1,024,005.22	£ 180,446.31	£ 24,700.69		£ 277.71		**£ 278.20**	£ 2,483,722.29
TTP Life Sciences Incubator, Melbourn, South Cambs	£ 2,300,000.00	£ -	£ 1,053,030.26	£ 72,404.39	£ 26,478.04	£ 110,262.42	£ 33,182.63	£ 33,182.63		£ 2,266,817.37
Future Logistics Launchpad, Endurance Estates, Brampton	£ -									
Haverhill Epicentre Innovation building, West Suffolk	£ 2,700,000.00	£ 2,030,028.09	£ -	£ -	£ -	£ -	£ -			£ 669,871.97
Cambridge Biomed Multi-Occupancy Building, Medipark Ltd	£ 3,000,000.00	£ -	£ -	£ 1,088,510.65	£ 162,875.00	£ 46,300.00	£ 1,702,314.35	£ 1,702,314.35		£ 1,297,685.65
Capital Growth Grant Scheme (COVID & Mayors schemes)	£ 5,993,934.70	£ -	£ 1,837,131.15	£ 487,785.49	£ 1,014,252.96	£ 155,127.08	£ 7,353.00			£ 5,986,581.70
West Cambs Innovation Park, Uni of Cambridge	£ 3,000,000.00	£ -	£ -	£ 1,727,111.79	£ 1,272,888.21	£ -	£ -			£ 3,000,000.00
Construction Hub, Wisbech College	£ -	£ -								
Advanced Manufacturing Lanchpad (Metalcraft)	£ 3,160,000.00	£ -	£ 125,480.33	£ 6,791.25	£9,791.25	£ 9,407.50	£ 2,978,901.78	£ 2,978,901.78		£ 181,098.22
StartCodon Accelerator (Equity Investment)	£ 3,342,250.00	£ -	£ -	£ 137,762.95	£ 250,000.00	£ -	£ 2,314,396.64	£ 2,314,396.64		£ 1,027,853.36
CPCA Business Growth Service (Growth co Equity Investment)	£ 5,407,000.00	£ -	£ -	£ -	£ 5,407,000.00	£ -	£ -			£ 5,407,000.00
Wisbech Access Strategy	£ 7,000,000.00	£ 1,000,000.00	£ -	£ -	£ -	£ -	£ -			£ 6,000,000.00
University of Peterborough (Equity Investment)	£ 12,500,000.00	£ -	£ 12,500,000.00	£ -	£ -	£ -	£ -			£ 12,500,000.00
AEB Innovation Fund	£ 323,700.00	£ -	£ 323,700.00	£ -	£ -	£ -	£ -			£ 323,700.00
CRC Construction & Digital Refurbishment, Huntingdon	£ 2,500,000.00	£ -	£ 507,563.66	£ 101,131.12	£ 345,993.92	£ 583,659.48	£ 910,760.25	£ 910,760.25		£ 1,589,239.75
Cambridge Autonomous Metro, CAM Promoter Body	£ 995,000.00	£ -	£ -	£ -	£ 995,000.00	£ -	£ -			£ 995,000.00
Peterborough City Centre, Builds Back Better	£ 800,000.00	£ -	£ 800,000.00	£ -	£ -	£ -	£ -			£ 800,000.00
Growth Company, Business Growth Service Capital Grants	£ 2,043,000.00	£ -	£ -	£ -	£ -	£ 2,043,000.00	£ -			£ 2,043,000.00
Cambridge City Centre, Visitor Welcome	£ 710,000.00	£ -	£ 710,000.00		£ -	£ -	£ -			£ 710,000.00
	£ 143,834,630.70	£ 75,157,832.30		£ 4,775,141.73	£ 13,269,668.29	£ 4,851,927.34	£ 8,763,226.48	**£ 6,551,143.42**	**£ 400,278.20**	

Growth Deal Dashboard

Appendix 2 – LGF Cities and Local Government (MHCLG/BEIS) Quarter 4 Return

LEP Name **Greater Cambridge and Peterborough LEP**

This Quarter: **Q4_2021**

Growth Deal Performance
G

Area lead comments

Deliverables Progress

Housing	This Quarter	15-17	Financial Year 17-18	18-19	19-20	20-21	21-22		Total
Houses Completed	**300**	200	200	0	479	300	-	-	**1,179**
Forecast for year	**870**	200	200	628	868	870	7,309		**10,075**
Progress towards forecast	**34%**		100%	0%	55%	34%	-	-	**12%**

Jobs									
Jobs Created	**2,797**	61	461	861	817	3,247	-	-	**5,447**
Apprenticeships Created*	**100**	0	0	88	0	100	-	-	**188**
Jobs including Apprenticeships	**2,897**	61	461	949	817	3,347			**5,635**
Forecast for year	**3,076**	51	403	1,129	1,354	3,076	24,368		**30,381**
Progress towards forecast	**94%**		114%	84%	60%	109%	0%	-	**19%**

* Apprenticeships included within jobs totals prior to 2017

Skills									
Area of new or improved floorspace (m2)	**858**	440	2,972	432	0	858	-	-	**4,702**
Forecast for year	**7,597**	440	2,380	0	238	7,597	6,144		**16,799**
Progress towards forecast	**11%**		125%	-	0%	11%	-	-	**28%**
Number of New Learners Assisted	**633**	0	1,198	131	129	633	-	-	**2,091**
Forecast for year	**462**	0	125	181	179	462	410		**1,357**
Progress towards forecast	**137%**		958%	72%	72%	137%	-	-	**154%**

Transport									
Length of Road Resurfaced	**15.0**	0.0	6.0	10.0	0.0	15.0	-	-	**30.9**
Length of Newly Built Road	**62.5**	0.0	1.0	4.2	0.0	62.5	-	-	**67.7**
Length New Cycle Ways	**19.3**	0.0	2.5	17.0	0.0	19.3	-	-	**38.7**

Project RAG Ratings

Project Name	Prev Qtr Q3_2021	This Qtr Q4_2021	Project Name	Prev Qtr Q3_2021	This Qtr Q4_2021
Whittlesey Acess Phase 1 King's Dyke Crossing	G	G	The Growth Service	-	-
Ely Southern Bypass	G	G	NIAB - Hasse Fen Extension	G	G
Bourges Boulevard Phase 1	G	G	TWI - Innovation Network Ecosystem	G	G
Bourges Boulevard Phase 2	G	G	Illumina Accelerator Global Expansion	G	G
A47/A15 Junction 20	G	G	Advanced Manufacturing Facility - Living Cell	G	G
Wisbech Access Stategy	AG	AR	Cambridge Northern Fringe - Sci Tech Container Village	N/A	N/A
TWI (The Welding Institute) Expansion	G	G	LGF Topslice	G	G
Technical and Vocational Centre, Alconbury Weald	G	G	Ascendal New Technology Accelerator	G	G
Agri-Tech Growth Initiative	G	G	3D Centre of Excellence	G	G
Cambridge Biomedical Innovation Centre	G	G	Aerotron CAPEX Relocation Project	G	G
Haverhill Innovation Centre	N/A	N/A	Start Codon - Healthcare & Life Science Accelerator	G	G
Peterborough Regional College Food Mfg Centre	G	G	Advanced Manufacturing Innovation Launchpad - Chatteris	G	G
Growing Places Fund Extension	G	G	Smart Manufacturing Association	G	G
Highways Academy	G	G	Cambridge Biomedical Campus - Multi Occupancy Building	G	G
CITB Construction Academy	G	G	TTP Life Science Incubator	G	G
EZ Plant Centre Alconbury	G	G	Wisbech Construction Careers Hub	N/A	N/A
Signpost to Grant	G	G	University of Peterborough	G	G
Medtech Accelerator	G	G	South Fens Enterprise Park Phase 3	G	G
Lancaster Way Phase 1 Loan	G	G	Skills & Training Space Expansion	G	G
Lancaster way Phase 2 Loan	G	G	Brampton Hub - Mobility, Fuels & Logistics Launchpad	N/A	N/A
Lancaster way Phase 2 Grant	G	G	West Cambridge Innovation Park	G	G
Manea & Whittlesea Stations	G	G	AEB Innovation Scheme	G	G
M11 J8	N/A	N/A	CAM Promoter Body	G	G
Terraview Loan	G	G	CRC Construction Hub	G	G
Soham Station	G	G	Peterborough City Centre - COVID Recovery	G	G
Haverhill Epicentre	G	G	Cambridge Visitor Welcome 2021	G	G
Forecast	N/A	N/A	BGS - Capital Grants	G	G
COVID-19 Capital Growth Grant Scheme	G	G	-	-	-
Hauxton House Incubator Development	G	G	-	-	-
NIAB - AgriTech Start Up	G	G	-	-	-

Financial Progress

LGF Award	2015-16	2016-17	17-18	18-19	19-20	20-21	Total
	£21,100,000	£33,625,463	£23,664,705	£16,705,458	£15,875,346	£35,737,637	£146,708,609

LGF Outturn	This Quarter	15-17	Financial Year 17-18	18-19	19-20	20-21	Total
Actual	**£ 35,875,984**	£ 25,849,968	£ 15,750,540	£ 19,297,072	£ 10,956,366	£ 74,854,663	**£ 146,708,609**
Forecast for year	**£ 72,352,324**	£ 26,782,975	£ 32,330,041	£ 9,554,956	£ 5,688,313	£ 72,352,324	**£ 146,708,609**
Progress towards forecast	**50%**		49%	202%	193%	103%	**100%**
LGF Expenditure							
Actual	**£ 27,252,388**	£ 25,849,968	£ 15,750,540	£ 19,297,072	£ 10,956,366	£ 66,131,824	**£ 137,985,770**
Forecast for year	**£ 71,261,777**	£ 25,849,968	£ 35,251,579	£ 9,729,834	£ 4,615,451	£ 71,261,777	**£ 146,708,609**
Progress towards forecast	**38%**		45%	198%	237%	93%	**94%**
Non-LGF Expenditure							
Actual	**£ -**	£ 11,050,401	£ 22,676,132	£ 682,302	£ -	£ 847,473	**£ 35,256,308**
Forecast for year	**£ -**	£ 10,941,645	£ 6,627,615	£ 7,320,385	£ 21,442,000	£ -	**£ 46,331,645**
Progress towards forecast	**-**		342%	9%	0%	-	**76%**
Total LGF + non-LGF Expenditure							
Actual	**£ 27,252,388**	£ 36,900,369	£ 38,426,672	£ 19,979,374	£ 10,956,366	£ 66,979,297	**£ 173,242,078**
Forecast for year	**£ 71,261,777**	£ 46,147,033	£ 41,879,194	£ 17,050,219	£ 26,057,451	£ 71,261,777	**£ 202,395,674**
Progress towards forecast	**38%**		+92%	+117%	+42%	+94%	**86%**

Contractual Commitments (manual entry)

	15-17	17-18	18-19	19-20	20-21	Total
Forecast	£ 36,150,465	£ 26,928,836	£ 8,732,797	£ 17,977,685	£ 56,918,826	£ 146,708,609
Actual	£ 74,392,300	£ 5,530,000	£ -	£ 9,867,483	£ 56,918,826	£ 146,708,609
Variance	+106%	-79%	-100%	-45%	+0%	+0%

Commentary

All LGF projects are contracted and funds outturned on this final return.
We have the following projects that are contracted beyond March 2021:
LGFGCP42 - AMIL-Metalcraft - a contract variation has been agreed and this project will continue to drawdown funds until LGF spend completed June 2021
LGFGCP44 - Cambridge Biomedical Campus MOB - a contract variation has been agreed and funds will continue to be drawndown until LGF spend completed May 2021
LGFGCP41 - Start Codon - variation and contract in place to continue funding the SAFE agreements and investments until funds are exhausted
LGFGCP45 - TTP Life Science - final claim will be April 2021
LGFGCP49 - March Skills & Training Space Expansion - a contract variation is agreed due to COVID related delays funds will continue to be drawndown until project is completed in June 2021
LGFGCP54 - CRC Construction Hub - a contract variation is in place to extend spend beyond the March date due to COVID delays
LGFGCP38 - Topslice - funds remain in palce to continue the monitoring and evaluation and administration of the LGF
We confirm that all balances of LGF held at end of March 2021 will be spent using the CPCA funding flexibilities.
Where issues have been identified LGFGCP06 - Wisbech Access Strategy we are working with the lead organisation to ensure plans are in place to deliver

Section 151 Officer Approved

Name **Rob Emery (Dept. S73 Officer for CPCA)**

Signature

Date:

LGF Project	Project Description	Approving Body	Primary Sector	Lead Organisation	Region Authority	LGF Amount	Direct Job Creation (Forecast)	Indirect Job Creation (Forecast)	TOTAL Job Creation (Forecast)	TOTAL Job Creation (Actual)
The Business Growth Service	GROWTH COACHING, EQUITY INVESTMENTS, SKILLS & FDI	CPCA	All	CPCA	Huntingdonshire District Council	£5,407,000	47	5892	5939	3
Growth Company, Business Growth Service Capital Grants	GROWTH GRANT	CPCA	All	CPCA	Huntingdonshire District Council	£2,043,000	321	0	321	0
Illumina Genomics Accelerator	START-UP TECH ACCERATOR EQUITY INVESTMENTS	CPCA	Life Science	Illumina Cambridge Ltd	South Cambridgeshire District Council	£1,000,000	1033	0	1033	12
Startcodon Life Science Accelerator	START-UP TECH ACCERATOR EQUITY INVESTMENTS	CPCA	Life Science	Start Codon Ltd	South Cambridgeshire District Council	£3,342,250	1572	3144	4716	0
Ascendal Transport Accelerator	START-UP TECH ACCERATOR EQUITY INVESTMENTS	CPCA	Transport	Ascendal Ltd	South Cambridgeshire District Council	£965,000	2	200	202	1
Medtech Accelerator	START-UP TECH ACCERATOR EQUITY INVESTMENTS	GCPC	Life Science	Health Enterprise East	South Cambridgeshire District Council	£500,000	0	0	0	3
Peterborough & Fens Smart Manufacturing Association	EQUITY INVESTMENT IN START-UP BUSINESS NETWORK	CPCA	Business Growth	Opportunity Peterborough	Peterborough City Council	£715,000	143	242	385	0
Teraview Company Expansion	GROWTH GRANT	CPCA	Advanced Manufacturing	Teraview	South Cambridgeshire District Council	£120,000	15	0	15	3
Aerotron Company Expansion	GROWTH GRANT	CPCA	Advanced Manufacturing	Aerotron Ltd	Fenland District Council	£1,400,000	120	15	135	46
Agri-Tech Growth Initiative	GROWTH GRANTS	GCGP	AgriTech	CPCA	CPCA Wide projects	£3,600,000	300	0	300	305
Growing Places Fund Extension	GROWTH GRANTS	GCGP	All	CPCA	CPCA Wide projects	£300,000	320	0	320	520
Signpost to Grant - CPCA Growth Hub	GROWTH GRANTS	GCGP	All	CPCA	CPCA Wide projects	£200,000	0	0	0	0
COVID Capital Growth Grant Scheme (inc Mayors, and COVID)	GROWTH GRANTS	CPCA	All	CPCA	CPCA Wide projects	£5,993,935	287	0	287	73
Peterborough Builds Back Better	GROWTH GRANTS	CPCA	All	Peterborough City Council	Peterborough City Council	£800,000	100	200	300	50
Cambridge Visitor Welcome 2021	GROWTH GRANTS	CPCA	All	Cambridge City Council	Cambridge City Council	£710,000	60	380	440	0
Hauxton House Incubation Centre	INCUBATOR	CPCA	Life Science	o2h Ltd	South Cambridgeshire District Council	£438,000	64	46	110	31
South Fenland Enterprise Park	INCUBATOR	CPCA	Business Growth	Fenland District Council	Fenland District Council	£997,032	30	46	76	0
Photocentric 3D Centre of Excellence	INNOVATION CENTRE	CPCA	Business Growth	Photocentric Ltd	Peterborough City Council	£1,875,000	616	61	677	0
Cambridge Biomedical Campus	INNOVATION CENTRE & INCUBATOR	CPCA	Life Science	Cambridge University Health Partnership	Cambridge City Council	£3,000,000	880	2204	3084	0
NIAB - AgriTech Start Up Incubator	INNOVATION CENTRE & INCUBATOR	CPCA	AgriTech	NIAB	Huntingdonshire District Council	£2,484,000	947	770	1717	5.5
NIAB - Agri-Gate Hasse Fen extension	INNOVATION CENTRE & INCUBATOR	CPCA	AgriTech	NIAB	East Cambridgeshire District Council	£599,850	65	100	165	22
TWI Engineering Centre	INNOVATION CENTRE	GCPC	Advanced Manufacturing	TWI Ltd	South Cambridgeshire District Council	£2,100,000	20	35	55	82
Biomedical Innovation Centre	INNOVATION CENTRE & INCUBATOR	GCPC	Life Science	Cambridge University	Cambridge City Council	£1,000,000	162	81	243	80
Haverhill Epicentre - Jaynic	INCUBATOR	CPCA	Life Science	Jaynic Investment LLP	West Suffolk District	£2,700,000	300	450	750	142
TWI Ecosystem Innovation Centre	INNOVATION CENTRE & INCUBATOR	CPCA	Advanced Manufacturing	TWI Ltd	South Cambridgeshire District Council	£1,230,000	2	75	77	2
West Cambs Innovation Park	INCUBATOR	CPCA	Life Science	Uni of Cambridge	Cambridge City Council	£3,000,000	380	150	530	0
TTP Life Sciences Incubator	INCUBATOR	CPCA	Life Science	TTP	South Cambridgeshire District Council	£2,300,000	236	10	246	16
Aracaris Capital Living Cell Centre	INNOVATION CENTRE	CPCA	Life Science	Aracaris Ltd	South Cambridgeshire District Council	£1,350,000	200	0	200	33
Whittlesey King's Dyke Crossing	ROAD IMPROVEMENT	GCGP	Transport	Cambridgeshire County	Fenland District Council	£8,000,000	0	0	0	8
Bourges Boulevard Phase 1	ROAD IMPROVEMENT	GCGP	Transport	Peterborough City	Peterborough City Council	£2,100,000	0	0	0	200
Bourges Boulevard Phase 2	ROAD IMPROVEMENT	GCGP	Transport	Peterborough City	Peterborough City Council	£9,200,000	0	0	0	255
A47/A15 Junction 20	ROAD IMPROVEMENT	GCGP	Transport	Peterborough City	Peterborough City Council	£6,300,000	0	0	0	47
Wisbech Access Stategy	ROAD IMPROVEMENT	GCGP	Transport	Cambridgeshire County	Fenland District Council	£7,000,000	0	1500	1500	13
Lancaster Way Phase 1 Loan	ROAD IMPROVEMENT	GCGP	Business Growth	Grovemere	East Cambridgeshire District Council	£1,000,000	0	0	0	370
Lancaster Way Phase 2 Loan	ROAD IMPROVEMENT	GCGP	Transport	Grovemere	East Cambridgeshire District Council	£3,680,000	0	0	0	373
Lancaster Way Phase 2 Grant	ROAD IMPROVEMENT	GCGP	Transport	Grovemere	East Cambridgeshire District Council	£1,445,000	0	0	0	375
Ely Southern Bypass	ROAD IMPROVEMENT	GCGP	Transport	Cambridgeshire County	East Cambridgeshire District Council	£22,000,000	0	0	0	250
Manea & Whittlesea Stations	RAIL IMPROVEMENT	GCGP	Transport	Cambridgeshire County	Fenland District Council	£395,000	0	0	0	3
CAM Promotion Company	METRO SYSTEM	CPCA	Transport	CPCA	CPCA Wide Projects	£995,000	60	33	93	0
Soham Station	RAIL IMPROVEMENT	GCGP	Transport	Cambridgeshire County	East Cambridgeshire District Council	£1,000,000	0	0	0	18
Metalcraft Advanced Manufacturing Centre	APPRENTICESHIP ACADEMY & INCUBATOR	CPCA	Advanced Manufacturing	Metalcraft	Fenland District Council	£3,160,000	14	624	638	0
WATA - Highways Agency Training facility fit out	SKILLS TRAINING CENTRE	GCGP	Construction	West Anglia Training Academy	Huntingdonshire District Council	£91,300	0	0	0	0
WATA - EZ Plant Centre Alconbury (GPF ext)	SKILLS TRAINING CENTRE	GCGP	Construction	West Anglia Training Academy	Huntingdonshire District Council	£65,000	0	0	0	0
University of Peterborough Phase 1	UNIVERSITY	CPCA	Multi-Sector	CPCA	Peterborough City Council	£12,500,000	250	14000	14250	0
March Adult Education Skills & Training Expansion	SKILLS TRAINING CENTRE	CPCA	Multi-Sector	Cambridgeshire Skills	Fenland District Council	£400,000	48	0	48	0
PRC Food Manufacturing Centre	APPRENTICESHIP ACADEMY	GCGP	Food Processing	Peterborough City Council	Peterborough City Council	£586,000	0	0	0	0
iMET Skills Training Centre	APPRENTICESHIP ACADEMY	GCGP	Advanced Manufacturing	Camb Regional College	Huntingdonshire District Council	£10,473,564	1	0	1	5
CITB Construction Academy	APPRENTICESHIP ACADEMY	GCGP	Construction	CITB	Kings Lynn & West Norfolk	£450,000	1	0	1	2
CRC Construction Skills Hub	APPRENTICESHIP ACADEMY	CPCA	Construction	Camb Regional College	Huntingdonshire District Council	£2,500,000	9	60	69	0
AEB Innovation Grant	SKILLS TRAINING GRANTS	CPCA	Multi-Sector	CPCA	CPCA Wide Projects	£323,720	0	50	50	0
						LGF Amount	**Direct Job Creation (Forecast)**	**Indirect Job Creation (Forecast)**	**TOTAL Job Creation (Forecast)**	**Total Job Creation (Actual)**
						£143,834,651	8605	30368	38973	**3348.5**

Appendix 4 – LGF Evaluation Report on First Tranche of Completed Projects

Cambridgeshire and Peterborough Combined Authority

Local Growth Fund Evaluation Report

Projects initiated 2015-2016

April 2021

THE BUSINESS BOARD

GROWTH DEALS

HM Government

Metro Dynamics

Contents

Executive Summary

Context

This report for the Cambridgeshire and Peterborough Combined Authority (CPCA) evaluates 10 early Local Growth Fund projects starting between 2015 and 2016, totalling 40% of the area's Growth Deal funding.

The projects in this evaluation were initiated and funding agreed by the former Greater Cambridge and Greater Peterborough (GCGP) LEP. The implementation of the 2017 Devolution Deal created CPCA and led to the creation of the CA Business Board, which took on the functions of the LEP for the CPCA area.

The evaluation assesses how projects and outputs have been delivered, how far outcomes have been achieved against targets and local strategic objectives, and the economic impact and value for money secured through investments. Lessons from these projects and recommendations for future local investments form the conclusions of the evaluation.

Outcomes and value for money

In line with the early national policy focus of LGF, the majority of this early investment was made in transport, with funding also invested in skills, innovation and business infrastructure.

Whilst the investments evaluated are set out as *intending* to contribute towards Growth Deal objectives (to create new jobs, unlock new homes, create GVA, and upskill in key sectors: food processing, manufacturing, engineering and technology) there is little data to suggest the projects actually *delivered* significant outcomes.

GCGP LEP failed to effectively manage the design and initiation of projects, with many not having clearly defined links between rationale, outputs and outcomes. Monitoring of these projects then subsequently lacked effective tracking of outcomes data. As such, the CPCA inherited a very partial picture of project performance. Data is sparse and against many outcomes there is insufficient information available in relation to specific targets to be able to measure progress.

9 out of 10 of the projects did not provide good value for money. This is on the basis of poor performance on outcomes across the 10 LGF projects in this evaluation and as a result of the identified weaknesses in initiating and managing these projects early on in the programme,

The following summary shows an overview of project performance the proportion of target outcomes achieved, economic impact and the spread of value for money assessments across projects.

£58.92m LGF invested in 10 projects (started 2015-16, completed 2016-19)

40% of total local Growth Deals allocation (totalling £146.7m)

4 Transport projects

£43.28m (74%)

21.7km road resurfaced / built

17.5km new cycleway

New equipment/ infrastructure

76% average target outcomes achieved

3 Skills projects

£11.536m (20%)

2,995sqm learning space

New specialist facility equipment

52% average target outcomes achieved

1 Business premises project

£1m (1.7%)

9 new business park commercial units

1,251sqm commercial space

30 jobs accommodated from elsewhere

2 Innovation projects

£3.1m (5%)

5,260sqm commercial space

858sqm learning space

New specialist equipment

43% average target outcomes achieved

Value for money: 1 good, 7 medium, 1 poor, 1 very poor projects

Economic impact

822 net additional jobs

Space for an additional 451 workers

£223.62m GVA

£6.3m added productivity from 635 apprenticeships

Improvement post 2018

The projects evaluated in this report demonstrate a poor record of achievement on outcomes and value for money. Whilst often successful in building or buying assets, there was clearly very limited emphasis on leveraging these to deliver outcomes. Projects had few concrete targets available against which to manage their performance, beyond asset development, and as such have simply either not delivered, or delivered at a high cost.

Since 2018, LGF projects have been coordinated by CPCA, which has since instituted a new assurance framework and approach to monitoring and evaluation. Under the direction of the Business Board, the CA has implemented an outcomes focussed approach, setting out clear priorities linked to evidence and building in strong evaluation.

Whilst a full evaluation is yet to be undertaken for the rest of the LGF investments, current forecasts indicate that the new approach is on track to deliver better on outcomes and to obtain greater value for money. For example, looking at cost per job created, the early LGF projects delivered at £71k, whilst initial data for the wider programme (to end of FY 2019/20) suggest a cost per job of £26k. Indications are that this will fall further. For example, recent bids have anticipated cost per job at an average of £10k.

Recommendations

The evaluation identifies several recommendations based on these early LGF projects. The new assurance and investment processes put in place by the Business Board, together with the recent process review undertaken by CPCA, have been designed to further develop a robust appraisal and evaluation processes. This will already have delivered action on many of the recommendations below. However, they are highlighted here, to reinforce learning from earlier systems and projects:

- Strengthen the initial appraisal stage: ensuring design of projects includes demand assessment and rationale that links outputs to necessary interim outcomes to then achieve longer term outcomes and intended objectives.
- Improve the quality of monitoring and closure reports and processes: including a central outputs and outcomes monitoring database.
- Increase emphasis on project evaluations and further embed a culture of evaluation as business as usual.
- Ensure Senior Responsible Officer continuity, wherever possible, and effective handover of information and project contacts where SRO changes.
- Capture wider socio-economic benefits of projects: for example, the contribution of transport projects to increasing GVA and business growth.
- Stronger early challenge and development of costings and delivery timetables within the project development process between project leads and delivery partners to ensure scrutiny of detailed project design and firm delivery timetables.
- Require detail from project leads and delivery partners on the understanding of demand and assessment of likely beneficiaries, particularly in relation to inward investment and knowledge intensive industries, and how the project design will meet objectives.

1 Introduction

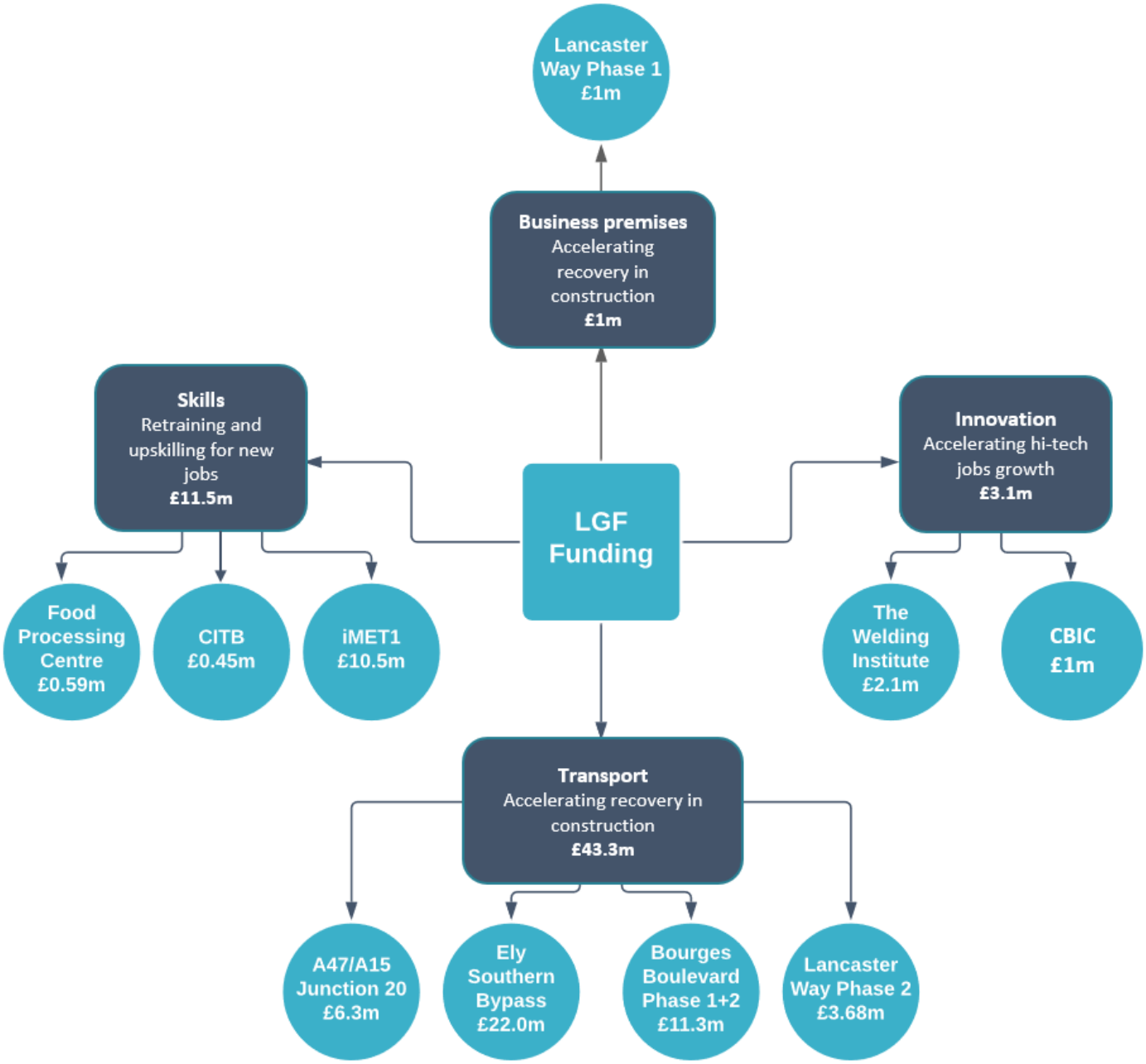
This evaluation for Cambridgeshire and Peterborough Combined Authority (CPCA) assesses the impact of investments made in 10 early projects initiated by the former Greater Cambridge and Greater Peterborough (GCGP) LEP supported by the Local Growth Fund (LGF) started between 2015 and 2016.

The aim of the evaluation commission was to consider how the individual projects had been delivered; how they performed against initial objectives and targets; and impacts achieved (to date and anticipated in the future) to determine the overall success of the projects and lessons for future projects and funding programmes managed and delivered by CPCA.

The evaluation was undertaken over autumn 2020 and focuses on 10 projects which collectively account for £58.92m of LGF investment, representing approximately 40% of the area's total Growth Deal funding commitment (shown in Figure 1, below).

The projects include a mix of transport, skills, innovation and business premises development, representing a varied investment portfolio and the nature of the funding that was available through the Local Growth Fund at this time. Transport was a key focus for the fund (with significant monies devolved from Department for Transport) and at £43.3m, accounts for 74% of the LGF funding covered by this evaluation.

Figure 1. Local Growth Fund projects covered in this evaluation.



Evaluation approach

The evaluation approach was structured as follows:

- A desktop review of project documentation held by the client team for each project, including project logic chains which set out the intended objectives, inputs, activities, outputs, outcomes and impacts of the investment; business cases; monitoring information and project closure reports. It should be noted that the range and coverage of the paperwork available for each project has varied. In some cases, this reflects the varying

scale and nature of investment (which determined the level of detail that was required). However, there have also been cases where historic project files could not be located.

- Consultations with members of the CPCA team managing the LGF evaluation and the Head of Transport. It was initially intended that the consultation would include internal team members with knowledge of each of the project. However, given the historic nature of the projects, the transfer of LGF from the LEP to the Combined Authority and changes in personnel, contacts were limited.
- Consultation with the external project leads who were responsible for designing and/or delivering the projects. This again was somewhat limited by the historic nature of the projects and changes in personnel. Consultations were held with external project leads on 9 of the projects within the evaluation scope.
- Assessment of the impact, additionality and value for money of the projects, based on monitoring data and evidence gathered through the consultations and use of standard benchmarks to estimate a range of impacts.

It should be noted that there are limitations on the level of data and project detail available. Where there was no available recorded information this is reflected in the outputs and outcomes section of this report and recommendations are included in the reflections section on improving appraisal, monitoring and data capture for future investment projects.

Report structure

This report is structured as follows:

- **Context:** Sets out the national policy context for the LGF, the local geographic context (including the establishment of CPCA and LEP boundary changes), objectives set by GCGP LEP for the LGF programme and links to CPCA economic strategies.
- **Investment objectives:** Sets out the projects covered in this evaluation**,** including the logic model for the intended outputs and outcomes of the 10 projects.
- **Progress and impact:** Analyses the progress of projects, the outputs delivered and outcomes achieved, and assesses additionality and value for money.
- **Reflections:** Assesses strengths and weaknesses of the 10 investments, and makes recommendations to CPCA for managing future local growth investments.

The annexes to this report contain project-by-project detail including headline descriptions and costs, as well as logic models.

2 Context

Local Growth Fund

National policy aims

In 2012, Lord Heseltine produced 'No Stone Unturned', an independent review commissioned by the Government into boosting economic growth throughout the UK[1]. As part of its response to recommendations, in 2014 the Government launched the Local Growth Fund (LGF), a programme of capital funding for newly created Local Enterprise Partnerships (LEPs) in England to invest in their local areas to stimulate economic growth.

Through a series of Growth Deals, the Government granted LEPs funding totaling £12bn invested between 2014 and 2021. Funding from Government was pooled from central funds of the Department for Transport, the then Department of Business, Innovation and Skills, and the then Department of Communities and Local Government, to provide capital for local infrastructure projects in transport, skills, housing, innovation and business growth.

On announcing the first round of Growth Deals, the Government stated that investment would

'go towards providing support for local businesses to train young people, create thousands of new jobs, build thousands of new homes and start hundreds of infrastructure projects'

including

'more than 150 roads, 150 housing developments and 20 stations, as well as providing small business support services in every part of England and significant investment in skills training; working to improve educational attainment; getting more people from welfare to work'[2].

LEPs submitted Strategic Economic Plans (SEPs) to Government outlining their local economic priorities and plans to boost local growth. Government expected that LEPs meet local strategic objectives set out in SEPs through their LGF investments, rather than setting specific national objectives for the funding[3]. In 2019, the Government set out further guidance on how LEPs should evaluate investments, which included indicative outputs and outcomes that investments might expect to deliver, but maintained that projects be evaluated against local strategic objectives[4].

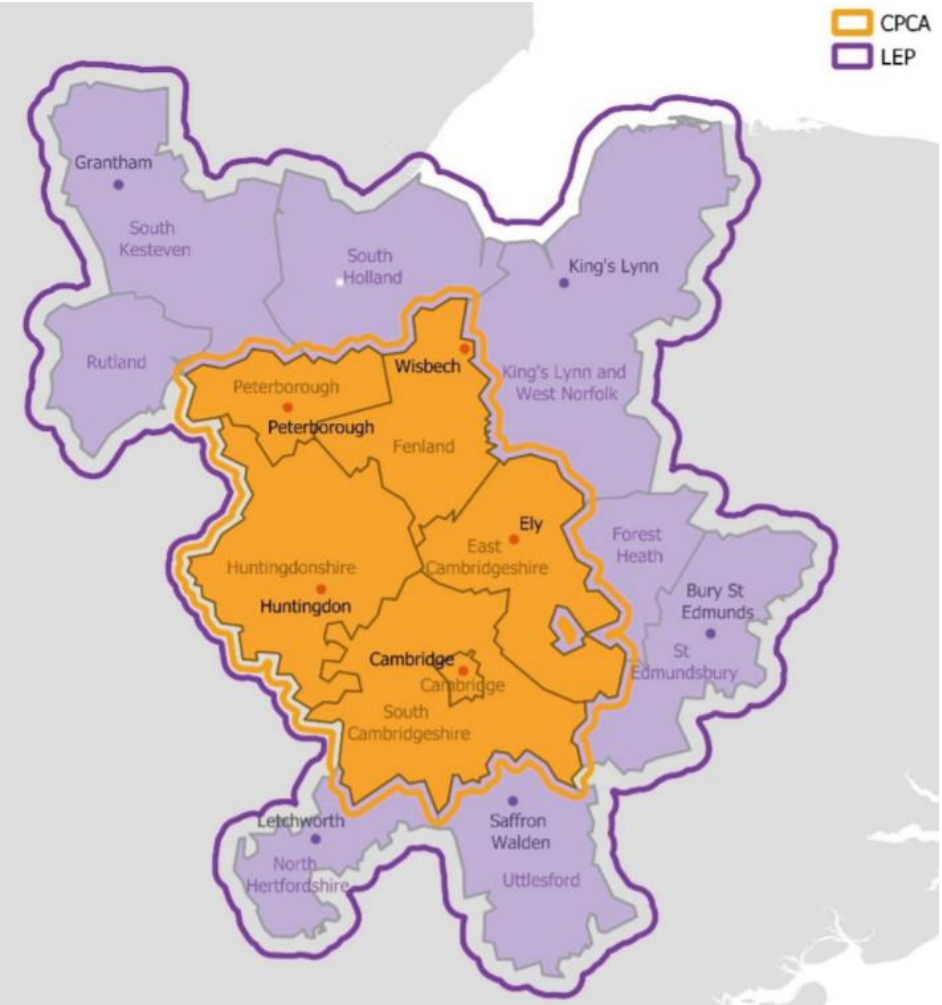
[1] The Rt Hon The Lord Heseltine, No Stone Unturned: In Pursuit of Growth, 2012 https://www.gov.uk/government/publications/no-stone-unturned-in-pursuit-of-growth
[2] UK Government, Growth Deals Press Release, 2014, https://www.gov.uk/government/news/growth-deals-firing-up-local-economies
[3] UK Government, Local Enterprise Partnership National Assurance Framework, 2016, https://www.gov.uk/government/publications/local-enterprise-partnership-national-assurance-framework
[4] UK Government, National Local Growth Assurance Framework, 2019, https://www.gov.uk/government/publications/national-local-growth-assurance-framework

Devolution Deal

In 2017, local authorities in Cambridgeshire and Peterborough agreed a Devolution Deal for the area with the Government, and the Cambridgeshire and Peterborough Combined Authority (CPCA) was established.

The Greater Cambridge and Greater Peterborough LEP was replaced by the Cambridgeshire and Peterborough Combined Authority Business Board in 2018. This changed organisational boundaries and removed overlaps with LEPs in Norfolk, Suffolk, Essex, Hertfordshire, Lincolnshire and Rutland. Due to the timing of LGF investments, a number of projects in scope fall within the former GCGP LEP boundaries.

Figure 2. GCGP LEP boundary compared with CPCA boundary



The CPCA Business Board ensures the voice of local business leadership supports the delivery of investment in Cambridgeshire and Peterborough to meet growth ambitions for the area.

The Cambridgeshire and Peterborough Independent Economic Review (CPIER), which reported in 2018, provided the area with a comprehensive economic evidence base, and recommendations on maximising the success of future growth. The subsequent development of a Local Industrial Strategy, Spatial Plan, Housing Strategy, Local Infrastructure Strategy, a Local Transport Plan, Skills Strategy and Sector Strategies, have

provided further evidence and strategy for the Combined Authority's ambitions for the local economy since LGF investment began.

Cambridgeshire and Peterborough local growth priorities

GCGP Growth Deals

The former Greater Cambridge and Greater Peterborough LEP was awarded £71.1m of LGF capital in the 2014 first round of Growth Deals, an additional £38m in round 2 in 2015, and a further £37.6m in 2017 in round 3 – **a total of £146.7m**.

The stated aims of the Greater Cambridge and Greater Peterborough Growth Deals were to:

- Drive innovation and business growth,
- Support housing delivery,
- Invest in skills infrastructure,
- Fund transport improvements,
- Develop the area's two Enterprise Zones,
- Spread the benefit of the 'Cambridge Phenomenon[5]' by exploring opportunities for business scale-up and disruptive innovation in key sectors, and
- Alongside other funding being made available through the Cambridgeshire and Peterborough Devolution Deal, help meet the local area's need for housing.[6]

GCGP Strategic Economic Plan

As shown in Figure 3 below, Greater Cambridge and Greater Peterborough's SEP outlined the following local ambitions:

- Be the UK's exemplar area for digital connectivity,
- Remove the skills barrier to continued growth,
- Deliver a growth hub to support business growth,
- A transport system fit for an economically vital high growth area,
- Respond to existing pressure for the growth and retention of businesses by facilitating the provision of additional innovation and incubation space, and

[5] Term coined by the Financial Times in 1980 referring to the cluster of companies in and around Cambridge developing software, electronics and biotechnology.
[6] UK Government, Growth Deal 3 GCGP LEP fact sheet, 2017, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/589199/170202_GCGP_LEP_GD_factsheet.pdf

- Develop the Alconbury Weald Enterprise Campus[7].

Figure 3. GCGP LEP SEP ambitions 2015

TO BE THE UK'S EXEMPLAR AREA FOR DIGITAL CONNECTIVITY

- Identify opportunities to use the world-class experience of companies in our area to provide a world leading digitally connected area
- Ensure infrastructure provides world-class mobile and broadband coverage
- Support the growth of digitally enabled businesses, the increasing digital aspirations of rural economy, and the demand from inward investors for a world-class provision

DELIVER A GROWTH HUB TO SUPPORT BUSINESS GROWTH

- Translation of innovation from start-up to commercialisation
- Entrepreneurship and growing existing businesses
- Increase the export of goods and services
- Capacity to draw down financing - private and public
- Extend our existing successful grant/loan funds
- Create a focused inward investment offering

RESPOND TO EXISTING PRESSURE FOR THE GROWTH AND RETENTION OF BUSINESSES BY FACILITATING THE PROVISION OF ADDITIONAL INNOVATION & INCUBATOR SPACE

- Support the delivery of Innovation & Incubation space in partnership with the private and public sector
- Create a fund mechanism that seeks to share capital and risk funding with the private sector
- Support both refurbishment and new-build
- Target research, innovation and follow-on
- Encourage the expansion beyond Cambridge of technology businesses

REMOVE THE SKILLS BARRIERS TO CONTINUED GROWTH

- Align skills provision with business demand
- Raise aspirations and economic awareness of the workforce
- Support more businesses to effectively plan and budget for skills and training
- Expand upon the success of our Local Skills Teams
- Facilitate Centres of Excellence for key skills shortages
- Address shortage of higher-level skills required to support the growth of technology businesses

A TRANSPORT NETWORK FIT FOR AN ECONOMICALLY VITAL HIGH GROWTH AREA

- Use smart technology
- Work with partners to facilitate improvements on key routes
- Ensure the delivery of local transport priorities approved through the Local Transport Board
- Ensure linkage with national transport investment decisions
- Early engagement in transport studies with long term roll-out of programmes
- Identify scalable interventions that open up access to significant growth locations
- Encourage the delivery of long-haul flights from Stansted Airport to key international locations via a temporary Air Passenger Duty exemption

ALCONBURY WEALD ENTERPRISE CAMPUS

- Take forward the momentum of development on the site, including physical infrastructure, through a mix of financial investment
- Help cement the core vision of the Enterprise Campus by attraction of high technology businesses as 'early adopters' of the site

[7] Greater Cambridge and Greater Peterborough LEP Strategic Economic Plan Executive Summary, 2015, https://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/SEP-Exec-Summary-2015.pdf

CPCA investment monitoring and evaluation framework

The CPCA 2019 Monitoring and Evaluation Framework was shaped around the priorities and recommendations that were agreed by the CA following the CPIER and applies to all local investment programmes. This also sets out examples of approaches to be used in evaluating future investments.

The investment objectives in the CPCA Monitoring and Evaluation Framework cover all CPCA strategies and combine to form the Cambridgeshire and Peterborough 2030 Ambition: *a leading place in the world to live, learn and work*, comprising the following specific objectives:

- A good job within easy reach of home,
- Healthy, thriving and prosperous communities,
- A workforce founded on investment in skills and education,
- UK's capital of innovation and productivity, and
- A high-quality, sustainable environment[8]

[8] CPCA Monitoring and Evaluation Framework, 2019, https://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/ME-Framework-Mar-2019.pdf

3 Investment Objectives

Figure 4. LGF investment objectives in this evaluation[9]

Creation of jobs

Accommodated in new commercial space constructed with LGF investment

Accommodated in new commercial space unlocked by LGF investment in transport

Delivery of new homes

Unlocked by LGF investment in transport

Upskilling for key sectors

Food processing, Manufacturing, Engineering, Technology

Attraction of inward investment

Research and development funding at innovation facilities

Commercial and housing sites unlocked by LGF investment in transport

Addressing skills gaps

Additional technical and vocational training levels 1-4

Apprenticeships – immediate, advanced and higher

Generation of additional GVA

As a result of new jobs and productivity improvements experienced by businesses adopting innovative processes and recruiting a skilled workforce

[9] Ekosgen, conversations with LGF project leads from GCGP LEP/CPCA, 2020.

Investment summary

The initial Greater Cambridge Greater Peterborough LEP Growth Deal agreed with Government in 2014, and subsequent extension in 2015, was based on a total LGF funding package of £146.7m.

This evaluation focuses on 10 early investment projects listed below collectively account for £58.92m of LGF investment, 40% of the area's total Growth Deal allocation.

Table 1. Summary of LGF investment in this evaluation

Early LGF Investments Summary					
Project	Delivery lead	Completed	LGF (£m)	Match (£m)	LGF leverage
Transport			£43.28m		
A47/ A15 Junction 20	Peterborough City Council	2017	£6.3m		100%
Bourges Boulevard Phase 1 and 2	Peterborough City Council	2019	£11.3m		100%
Lancaster Way Phase 2	Grovemere Property Limited	2018	£3.68m		100%
Ely Southern Bypass	Cambridgeshire County Council	2019	£22m	£9m CCC £5m Network Rail	61%
Skills			£11.536m		
CITB Plant Simulator Centre	Construction Industry Training Board	2017	£0.45m	£1m CITB	31%
iMET	Cambridge Regional College, Peterborough Regional College	2018	£10.5m		100%
Food Processing Centre	Peterborough Regional College	2017	£0.586m	£0.586m PRC	50%
Innovation			£3.1m		
The Welding Institute	The Welding Institute	2016	£2.1m	£0.75m TWI	74%
Cambridge Biomedical Innovation Centre	University of Cambridge	2018	£1m	£3.064m UoC	25%

Business premises			£1m		
Lancaster Way Phase 1	Grovemere Property Limited	2018	£1m		100%
Total			£58.92m		

LGF investment across the 10 early projects comprise a mix of transport, skills, innovation and business premises projects, with transport as a key focus, accounting for 74% of early LGF investment in Cambridgeshire and Peterborough. This reflects national policy for LGF funding at the time, and the Department for Transport's key role in providing funding.

The investments responded to local priorities in enabling transport infrastructure; reducing congestion, improving pedestrian and cycleways and supporting businesses in the area including the Lancaster Way Enterprise Zone, Ely and Peterborough.

Half of the early investment projects were fully funded by LGF. These were mostly full grants, with a loan instrument used for Lancaster Way Enterprise Zone unit and enabling transport infrastructure. Match funding supported:

- Ely Southern Bypass with Network Rail and Cambridgeshire County Council funding
- CITB Plant Simulator Centre with co-investment
- The Welding Institute with co-investment
- Food Processing Centre with Peterborough Regional College funding
- Cambridge Biomedical Innovation Centre with University of Cambridge funding

Investment logic model

The logic model in Figure 5 below shows the combined objectives above across the start of the investment programme by project theme – transport, skills, innovation and business premises.

For each project, the logic model shows the rationale, inputs, and the outputs and outcomes that projects intended to deliver.

The impact section summarises by project theme the overarching objectives that have been achieved. This forms a simple qualitative statement that objectives have been achieved, as there are not quantifiable targets attached to overarching objectives.

Figure 5. Logic model for LGF projects in this evaluation

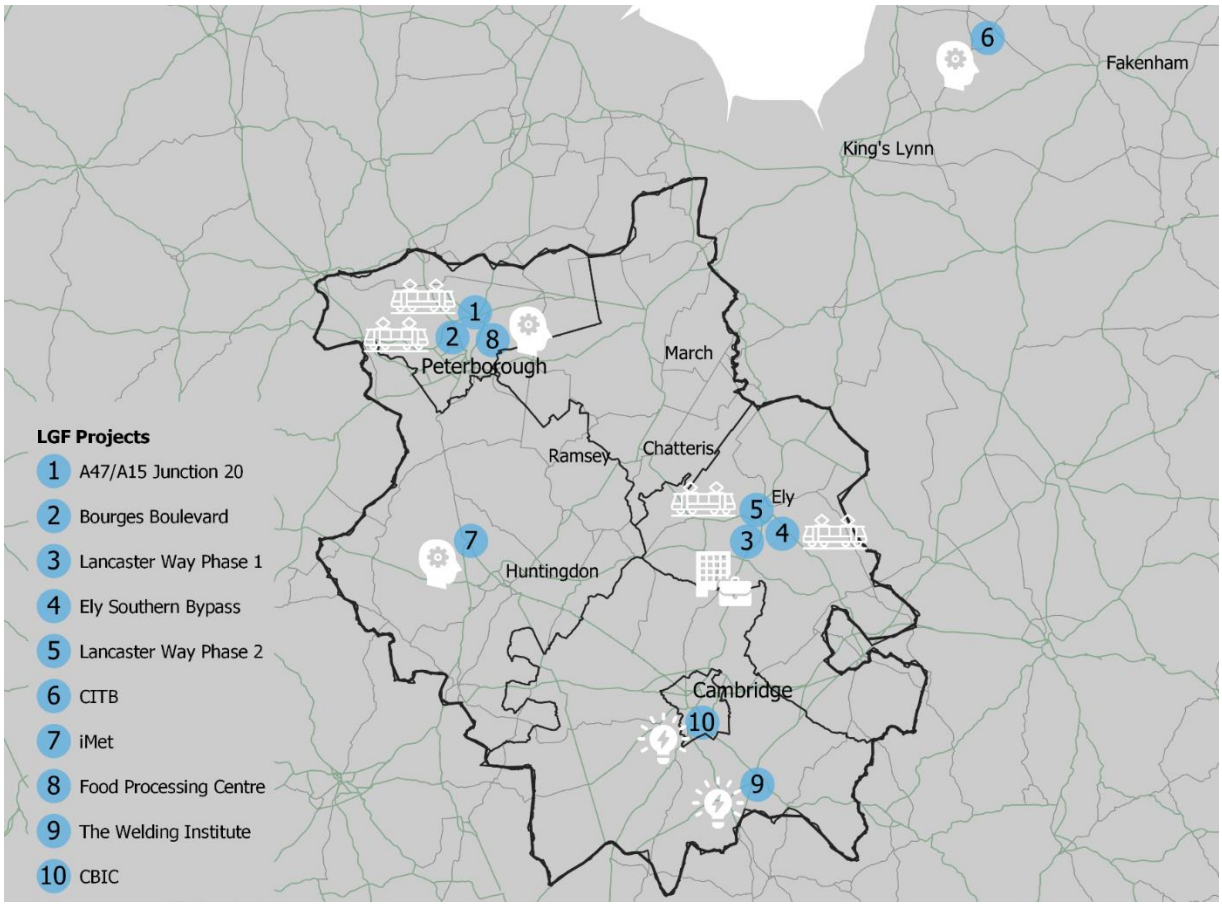
Logic Model										
	Transport				Skills			Innovation		Business premises
Objectives	Creation of jobs - a good job within easy reach of home Unlocking delivery of new homes Attraction of inward investment Addressing skills gaps - providing vocational training and apprenticeships Generation of additional GVA - UK's capital of innovation and productivity A high-quality, sustainable environment				Creation of jobs - a good job within easy reach of home Attraction of inward investment A workforce founded on investment in skills and education Upskilling for key sectors - food processing, manufacturing, engineering, technology Addressing skills gaps - providing vocational training and apprenticeships Generation of additional GVA - UK's capital of innovation and productivity			Creation of jobs - a good job within easy reach of home Attraction of inward investment - R&D at innovation facilities Addressing skills gaps - providing vocational training and apprenticeships Generation of additional GVA - UK's capital of innovation and productivity		Creation of jobs - a good job within easy reach of home Attraction of inward investment Generation of additional GVA
Project	A47/A15 Junction 20	Bourges Boulevard	Lancaster Way Phase 2	Ely Southern Bypass	CITB Plant Simulator Centre	iMET	Food Processing Centre	Cambridge Biomedical Innovation Centre	The Welding Institute	Lancaster Way Phase 1
Rationale	Improving the traffic flow at Junction 20 and enabling the development of the North East housing sites to cater for the increase in traffic as a result of increased employment and housing growth.	Improving the City Centre access in and around the Railway Station to reduce congestion. Whilst enabling the development of key brownfield commercial sites identified for expansion.	Improving employment opportunities in around Ely through enabling the development and expansion of commercial operators in the region.	Improving the traffic flow around Ely and reducing the accidents at the Station underpass. The project will also facilitate the progress of the Ely Masterplan which aims to increase employment and housing.	Increasing the number of learners and the practical time available for learners at the training institute, enhancing training for apprentices, providing hands on experience, and attracting new learners to the construction industry.	Improving employability of people living in the region.	Creating a practical learning environment replicating industry standards and practice to prepare young people for the working environment within a typical food production factory.	Creating a multi-occupier Innovation Centre to meet demand for accommodation on the campus by local, national and international startup and early stage companies.	Improving opportunities for development of research programmes and to facilitate the development and expansion of innovation across the region.	Improving opportunities in and around Ely, enabling development and expansion of commeecial operators in the region.
Inputs	£6.3m LGF grant	£11.3m LGF grant	£3.68m LGF loan	£22m LGF grant £9m Cambridgeshire County Council £5m Network Rail	£0.45m LGF grant £1m CITB co-investment	£10.5m LGF grant	£0.586m LGF grant £0.586m Peterborough Regional College co-investment	£1m LGF grant £3.064m University of Cambridge co-investment	£2.1m LGF grant £0.75m TWI co-investment	£1m LGF loan
Target Outputs	1km resurfaced road 1km new road Signalling and lighting infrastructure	14.96km resurfaced road 3km new road 17.45km new cycleway Signalling and lighting infrastructure	20 construction jobs 1 new access road Utility and communications infrastructure	1.7km of new road 1 new road bridge and walkway	195sqm new learning space 12 plant simulators	2,380sqm new learning space Mechanical, engineering and IT equipment	420sqm new learning space Food production equipment	2,780sqm new commercial space 6 startup spaces	858sqm new learning space 2,480sqm commercial space 1 operative pressure pit and lab equipment	1,251sqm new commercial space in 9 units
Target Outcomes	47 jobs 2,500 hosuing units unlocked	15,422sqm offices unlocked 290 housing units unlocked 160 bed hotel unlocked 380 apprenticeships	480 jobs 720 apprenticeships	2,000 housing units unlocked 70,000sqm commercial space unlocked	2 jobs 511 new learners	15 jobs 160 new learners 250 apprenticeships	372 new learners 327 apprenticeships	243 jobs 80 apprenticeships	80 jobs 4 apprenticeships	~
Impact	Jobs created Homes unlocked Inward investment attracted in commercial and housing development Apprenticeships created				Jobs created Upskilling opportunities in food processing, manufacturing, engineering and technology Vocational training and apprenticeships provided			Jobs created Inward investment attracted from early stage businesses Apprenticeships created		Jobs moved

Investment across Cambridgeshire and Peterborough

LGF investments were made across Cambridgeshire and Peterborough – within the boundaries of the former LEP:

- In **Cambridge**, LGF supported University innovation with the Cambridge Biomedical Innovation Centre.
- LGF helped to fund the expansion of The Welding Institute in **South Cambridgeshire**.
- In **East Cambridgeshire**, investment supported the development of the Ely Southern Bypass and the Lancaster Way Enterprise Zone business units and enabling infrastructure.
- In **Huntingdonshire**, LGF funded the construction of training facilities for manufacturing, engineering and technology at iMET.
- LGF supported import road improvements including pedestrian routes and cycleways, and the development of the College's Food Processing Centre in **Peterborough**.
- In **King's Lynn** – formerly in the LEP area but now outside of the Combined Authority area due to boundary changes – LGF supported the CITB Plant Simulator Centre.

Figure 6. Map of LGF projects in this evaluation with CPCA boundary



4 Progress and Impact

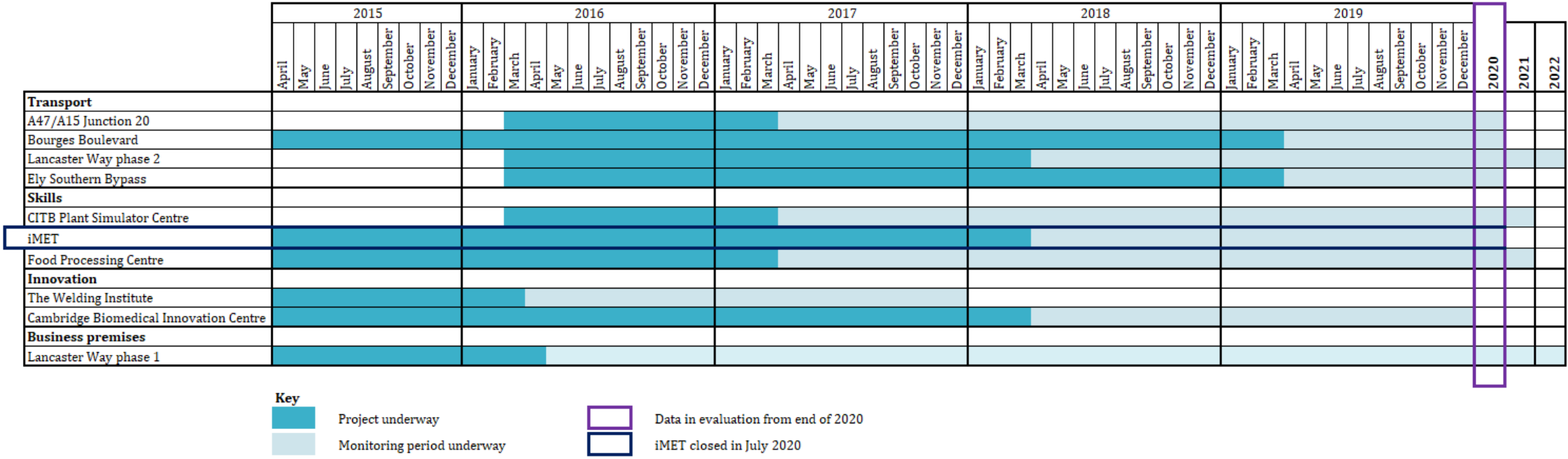
The timeline in **Figure 7** shows the progress of the 10 LGF projects, from the start of projects getting underway, to their completion, and the subsequent CPCA monitoring period after completion.

The timeline assumes, with lack of precise data on dates, that LGF funding from Government was drawn down from the beginning of the 2015/16 financial year (the first Growth Deals announcement states that projects will start from 2015[10]), and project start and completion dates coincide with financial years (e.g. where project information states it was completed in 2017, this is shown at March 2017, the end of the 2016/17 financial year).

To note, the timeline is based on information available at the end of 2020, and the iMET closed in July 2020.

[10] UK Government, Growth Deals Press Release, 2014, https://www.gov.uk/government/news/growth-deals-firing-up-local-economies

Figure 7. Timeline of LGF projects in this evaluation



Outputs and outcomes delivered

The project **outputs** are defined as physical assets and infrastructure constructed, refurbished or bought, and value created during the processing – e.g. construction jobs.

On information available for this evaluation, we can assess that **e**very project delivered the outputs they were forecast to achieve.

Table 2. Outputs achieved across all projects

Target		Delivered %
LGF investment	£58.92m	**100%**
Construction jobs	20	**100%**
Total length of resurfaced road (km)	15.96km	**100%**
Total length of new road (km)	5.7km + 1 new access road	**100%**
Total length of new cycleway (km)	17.45km	**100%**
New or improved learning floorspace (sqm)	3,853sqm	**100%**
New commercial floorspace (sqm)	4,031sqm in 6 startup spaces and 9 units	**100%**
Refurbished commercial floorspace (sqm)	2,480sqm	**100%**
New equipment/ infrastructure	2 signaling and lighting installations 1 utility and comms infrastructure 1 new road and bridge walkway 12 plant simulators 1 mechanical engineering and IT equipment installation 1 food production equipment installation 1 operative pressure pit and lab equipment installation	**100%**

Outputs across each of the investment themes are presented in the following section. **Table 5** at the end of the section (page 29) shows the forecast and actual outputs across projects based on available information.

Project **outcomes** are defined as the benefits achieved after facilities and infrastructure came into use – e.g. jobs and training places located at facilities or land unlocked for further development - and are assessed using a Red Amber Green (RAG) rating to show progress against the target:

Red – outcomes are rated red where they meet **less than 30% of targets**

Dark amber – where outcomes meet between **30% and 50% of targets**

Amber – where outcomes meet **more than 50% of targets**

Green – where outcomes **meet or exceed 100% of targets**

On information available, most projects receive amber or dark amber RAG ratings for outcomes – showing that at the point of evaluation, based on information at the end of 2020, few of the forecast outcomes had been achieved.

Table 3. Outcomes achieved across all projects

Outcomes achieved and reported to date			
	Target	**Achieved**	**%**
Jobs created	867	1,233	**142%**
Land unlocked (commercial sqm / housing units)	4,790 housing units 85,422sqm commercial space ~ 160 bed hotel	2,679 houses 11,738sqm commercial space 6,300sqm land for commercial development ~	**56%** **14%** **~** **0%**
New learners	1,043	611	**59%**
Apprenticeships	1,761	635	**36%**
Businesses supported	~	70	**~**
Average			**51%**

This indicates that although all *outputs* were delivered, these have failed to fully translate into desired *outcomes.* This calls into question whether the design phase of the projects sufficiently considered how the outputs defined would lead to outcomes that would firmly address the stated rationale for intervening.

One project – the CITB Plant Simulator Centre – receives a green RAG rating as it has achieved its forecast outcomes.

Two projects – the iMET and Food Processing Centre – have been designated red RAG ratings as they have achieved less than 30% of targets. iMET has now permanently closed after being deemed commercially unviable.

One project – the Cambridge Biomedical Innovation Centre – is currently closed due to Covid-19 restrictions, but this is expected to be temporary.

Three projects receive amber ratings for achieving between 50 and 100% of targets outcomes, and the remaining four projects receive dark amber ratings, as they have met between 30 and 50% of targets.

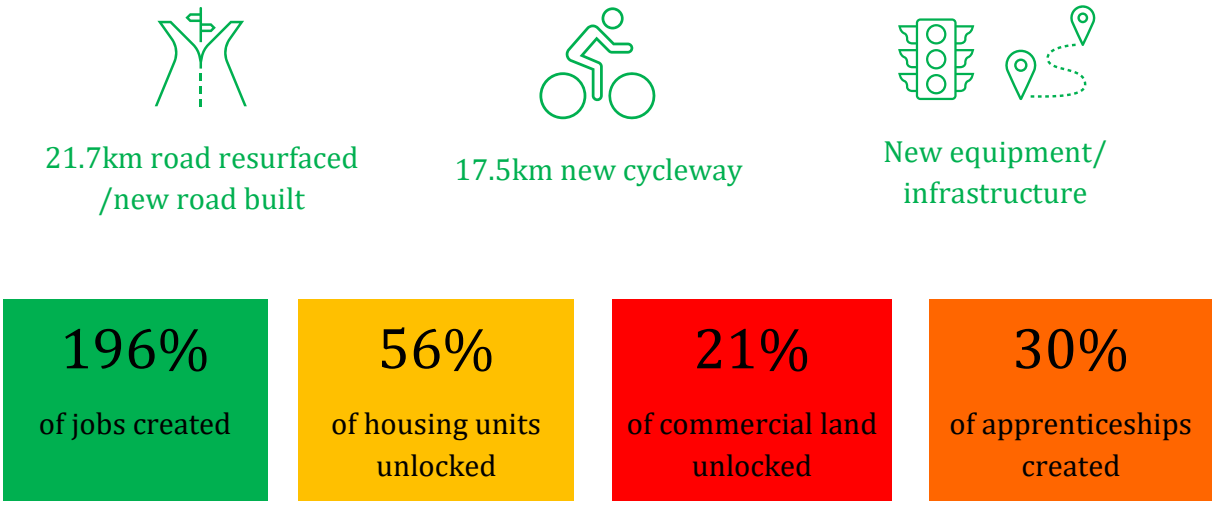
Outputs across each of the investment themes are presented in the following section. **Table 6** at the end of the section (page 279) shows the forecast and actual outcomes of projects based on available information.

To note, the RAG ratings only take into account outcomes for which we have information on targets, so stated outcomes without available targets are not included in the RAG rating assessments.

Outputs and outcomes by theme

Transport

Figure 8. Outputs and outcomes delivered through transport projects



Transport investment was focused on improving road congestion and increasing access at key development sites in Peterborough and Ely. Outputs were targeted at constructing new and resurfacing road, widening lanes and junction approaches, and improving signaling, walkways and cycleways. Investment intended to improve congestion and access to key housing and commercial areas and development sites including the Lancaster Way Enterprise Zone. Transport projects also intended to meet local LGF objectives of accelerating recovery in construction. Across transport projects, there is evidence that land for commercial development and housing is being unlocked and that jobs have been created as a result of investment, however, little detail on the specific impact on construction businesses.

In Peterborough, two key sites had road improvements developed through the LGF programme:

Junction 20 is a key interchange on Peterborough's strategic road network going east and west along the A47, and north and south across the A15, as well as providing interchange links to the A1 and A16. As a result of an increase in traffic volumes, exceeding capacity and causing congestion, and further traffic growth expected to further exacerbate challenges due to nearby proposed developments. LGF investment delivered a series of capacity improvements, including 1km of resurfaced road and 1km of new road at the junction approach, roundabout signalisation, and improved street lighting. Junction 20 has created jobs to target, and has made progress on unlocking housing. The housing units unlocked and awaiting planning however total 1,140, which remains under the 2,500 target. Overall, based on information available on targets and achieved outcomes, this project has achieved an average of 63% of its target outcomes, and received an amber RAG rating.

Bourges Boulevard dual carriageway runs through Peterborough city centre and serves the railway station as well as several business parks and development sites. Improvements included increased lanes with 14.96km of resurfaced road, 3km of new road, 17.45km of new cycleway, junction signalisation, new pedestrian crossings, and improved street lighting. Bourges Boulevard has created jobs and unlocked commercial space, housing and a new hotel to target, however, has undershot on its target for 380 apprenticeships, having

delivered 100. **This project has overall achieved an average of 42% of its target outcomes and has been designated a dark amber RAG rating.**

Ely is located on the A142 Primary Road between Newmarket and Chatteris and the north-south A10 Primary Route between Cambridge and King's Lynn. These routes are important links in the network, linking the Cambridgeshire Fens and Norfolk with Cambridge and the trunk road network to the south and east.

The **Ely Southern Bypass** was introduced to provide a solution to regular long queues on the existing A142 for HGVs and freight due to obstruction and delay at the level crossing. Attempts to avoid this caused regular large vehicle strikes of the Ely low bridge underpass. The Ely Southern Bypass has provided 1.7km of new highway infrastructure that bypasses a section of the A142 between Angel Drove and Stuntney Causeway. The bypass intended to ease congestion around Ely by providing a new link to the south of the city that removed the need for larger vehicles to use a railway level crossing and avoid an accident-prone low bridge. The bypass has so far unlocked housing development almost to target (1,800 units of a 2,000+ target) and created 250 jobs. There isn't available information in this evaluation to understand progress on the targeted 70,000sqm of unlocked commercial development, but this is set for 2032.

An average of 45% of this project's target outcomes have been achieved, giving this project a dark amber RAG rating.

Ely's Lancaster Way Enterprise Zone received LGF infrastructure investment for an access road, road surfacing, waste drainage and service utilities to facilitate the occupation and growth of the Enterprise Zone. Lancaster Way Phase 2 has unlocked 2,262sqm of commercial space and 0.63ha for land for commercial development, for which target information is not available. However, the project has not met targets for job creation (achieving 280 against a target of 480 by 2024) or apprenticeships (achieving 235 against a target of 720).

This project receives an amber RAG rating as it has achieved an average of 46% of its target outcomes.

Business premises

Figure 9. Outputs delivered for business premises

As part of LGF investment in **Lancaster Way Enterprise Zone** in Ely, a mixed-sector development of accommodation was developed. Phase 1 of the Lancaster Way project delivered nine industrial units totaling 1,251sqm of new commercial space to accommodate startups and small businesses in response to local market demand. Whilst the project has relocated 30 jobs from elsewhere in the area, formal outcomes were not set – outputs only.

Skills

Figure 10. Outputs and outcomes delivered through skills projects

2,995sqm learning space

New specialist facility equipment

53%	59%	43%
of jobs created	of new learners supported	of apprenticeships created

Across the area, skills investment delivered targeted new and improved facilities for training in manufacturing, construction, engineering and food processing, to support vocational learners. Investment intended to support vocational learning across the area and support local sectors, to meet the local LGF objective of improving education capacity for upskilling and retraining for new jobs.

The creation of a **Plant Simulator Centre** on the National Construction College East campus in King's Lynn, sponsored and co-funded by the Construction Industry Training Board. This provided 195sqm of converted learning space from CITB/National Training College training facilities to deliver a customised facility with 12 plant simulators that recreate the operating controls and the operating environment of heavy plant equipment. LGF investment supported the creation of a **Plant Simulator Centre** on the National Construction College East campus in King's Lynn, sponsored and co-funded by the Construction Industry Training Board.

This project receives a green RAG rating for outcomes, as it has delivered on its targets of creating 2 new jobs and supporting 511 learners, and has created 190 apprenticeships.

iMET (Innovation, Manufacturing, Engineering and Technology), a joint venture between Cambridge and Peterborough Regional Colleges with LGF funding on Alconbury Weald Enterprise Zone. iMET was built to house state-of-the-art facilities and equipment available to local, regional and national training organisations, and working with local businesses to develop and ensure relevance of training programmes, to deliver technical, advanced and higher vocational skills training in Manufacturing, Engineering and Technology to regional industry. By 2018, outputs delivered included 2,380sqm of new learning space and mechanical, engineering and IT equipment, creating 7 jobs and 48 apprenticeships. However, the iMET was closed in July 2020 due to commercial unviability.

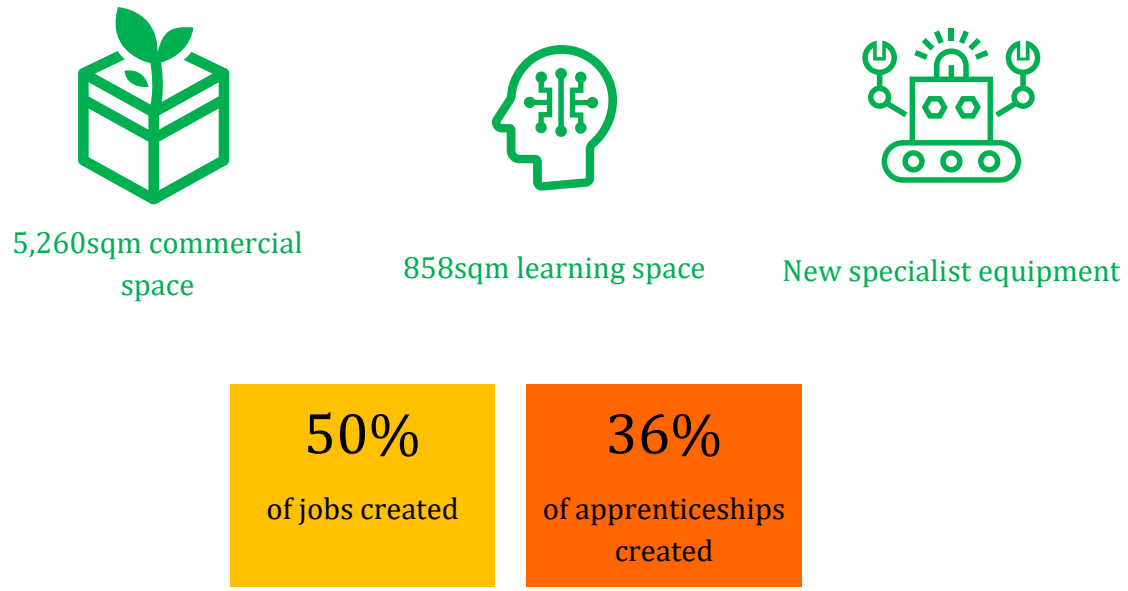
The project has been designated a red RAG rating: before its closure, it achieved an average of 22% of its target outcomes.

A dedicated **food processing and manufacturing education and training Centre of Excellence** established by Peterborough Regional College to meet training needs of the local food manufacturing and processing industries. Investment supported capital works for 420sqm of new learning space, and provision of equipment to replicate industry working conditions and provide training on industry standard equipment. The project has so far supported 100 learners and 32 apprentices through 10 employers, against targets of more than 300 learners and apprentices each.

This represents an average of 18% of its target outcomes, and therefore this project receives a red RAG rating.

Innovation

Figure 11. Outputs and outcomes delivered through innovation projects



LGF investment in innovation supported two research strengths in Cambridgeshire – welding technologies and biomedical science – and supported the expansion of expert hubs with the Welding Institute and University of Cambridge. The projects intended to meet the local LGF objective of accelerating hi-tech jobs growth in the area and support startup incubation.

The Welding Institute, a research and technology organisation specialising in welding and joining technologies, expanded its headquarters at Granta Park in South Cambridgeshire with LGF investment to provide a new facility for the fabrication and testing of large-scale engineering structures. The capital programme delivered 2,480sqm of refurbished commercial space, 858sqm of refurbished learning space, specialist fabrication equipment and testing machinery including an operative pressure pit. The facility supports a range of industries including oil and gas, energy, aerospace and rail.

TWI receives an amber RAG rating for outcomes, having achieved an average of 51% of its targets: 82 new and safeguarded jobs and supporting 15 SMEs, however, with no information on apprenticeship creation achieved.

The University of Cambridge invested LGF in creating an Innovation Hub on the **Cambridge Biomedical Campus**. The University refurbished and modified the Bay 13 Building at University teaching Hospital Addenbrookes and converted an empty building into a multi-occupier Innovation Hub, delivering 2,780sqm new commercial space for the University's

IdeaSpace and community led BiomakeSpace to support local innovative startups with office, meeting and coworking space. The Biomedical Innovation Centre is currently closed due to Covid-19 restrictions, however this is expected to be temporary. The project receives a dark amber RAG rating as it has not achieved its targets on job creation (80 against a target of 243) and apprenticeship creation (30 against a target of 80). Before it was temporarily closed, the Centre was supporting 15 full time business members and 30 part time members in its startup space. This represents an average of 35% of its target outcomes, giving the project a dark amber RAG rating on outcomes.

Table 4. Project outputs: evaluation of forecast vs. actual

Project outputs																
Project	Construction jobs		Length of resurfaced road		Length of new road		Length of new cycleway		New or improved learning floorspace		New commercial floorspace		Refurbished commercial floorspace		New equipment/ infrastructure	
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual
Transport																
A47/ A15 Junction 20			1km	1km	1km	1km									Signaling, lighting	Signaling, lighting
Bourges Boulevard			14.96km	14.96km	3km	3km	17.45km	17.45km							Signaling, lighting	Signaling, lighting
Lancaster Way Phase 2	20	20			1 new access road	1 new access road									Utility and comms infrastructure	Utility and comms infrastructure
Ely Southern Bypass					1.7km	1.7km									1 new road bridge and walkway	1 new road bridge and walkway
Skills																
CITB Plant Simulator Centre									195sqm	195sqm					12 plant simulators	12 plant simulators
iMET									2,380sqm	2,380sqm					Mechanical, engineering, IT equipment	Mechanical, engineering, IT equipment
Food Processing Centre									420sqm	420sqm					Food production equipment	Food production equipment
Innovation																
The Welding Institute									858sqm	858sqm			2,480sqm	2,480sqm	1 operative pressure pit. lab equipment	1 operative pressure pit. lab equipment
Cambridge Biomedical Innovation Centre											2,780sqm 6 startup spaces	2,780sqm 6 startup spaces				
Business premises																
Lancaster Way Phase 1											1,251sqm 9 units	1,251sqm 9 units				

Table 5. Project outcomes: evaluation of forecast vs. actual

Project outcomes												
Project	Jobs created		Land unlocked (commercial / housing)		New learners		Apprenticeships		Businesses supported		Other outcomes	RAG
	Forecast	Actual (2020)	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual		
Transport												
A47/ A15 Junction 20	47	47	2,500 housing units	650 housing units [+490 need planning]								63%
Bourges Boulevard		455	15,422sqm offices 290 housing units 160 bed hotel by 2030	9,476sqm offices 229 housing units			380	100				42%
Lancaster Way Phase 2	480 by 2024	280		2,262sqm commercial space 6,300sqm land for commercial development			720	235				46%
Ely Southern Bypass		250	2,000 new homes by 2032 70,000sqm commercial space by 2032	1,800 housing units								45%
Skills												
CITB Plant Simulator	2	2			511	511		190				100%
iMET	15 by 2022	7			160		250 by 2021/22	48			Permanently closed – commercially unviable	22%
Food Processing Centre					372	100	327 by 2022	32		10 employers		18%
Innovation												
The Welding Institute	80	82 new / safeguarded					4			15 SMEs		51%
Cambridge Biomedical Innovation	243	80					80	30		45 member businesses	Temporarily closed – Covid-19 restrictions	35%
Business premises												
Lancaster Way Phase 1		30 from elsewhere										

Economic impact and additionality

The following sections assess the economic impact of four key outcomes across this round of LGF investments: jobs created, apprenticeships created, housing units built and commercial floorspace unlocked. This is based on limited information available, and therefore provides an indicative estimate on economic impact and additionality.

Figure 12. Summary of economic impact - net + additional effects

Jobs

822 net additional jobs

Adding estimated £45.62m in GVA

Apprenticeships

635 apprenticeships

Net productivity gain of £6.3m per year

Housing

Adding £54.9m in additional household spending

£2.5m in Council Tax receipts and S106 contributions

Estimated additional GVA from house building of £178m

Commercial floorspace

Space for an additional 451 workers

Jobs

Figure 13 shows additionality estimates on jobs created from the gross total 1,233 jobs achieved across all projects.

Here we have used standard measures to calculate additionality based on HCA[11] and What Works Centre[12] ready reckoners:

- We assume the HCA overall average of 24% deadweight from gross jobs

[11] Housing and Communities Agency, Additionality Guide, 2014 https://www.gov.uk/government/publications/additionality-guide

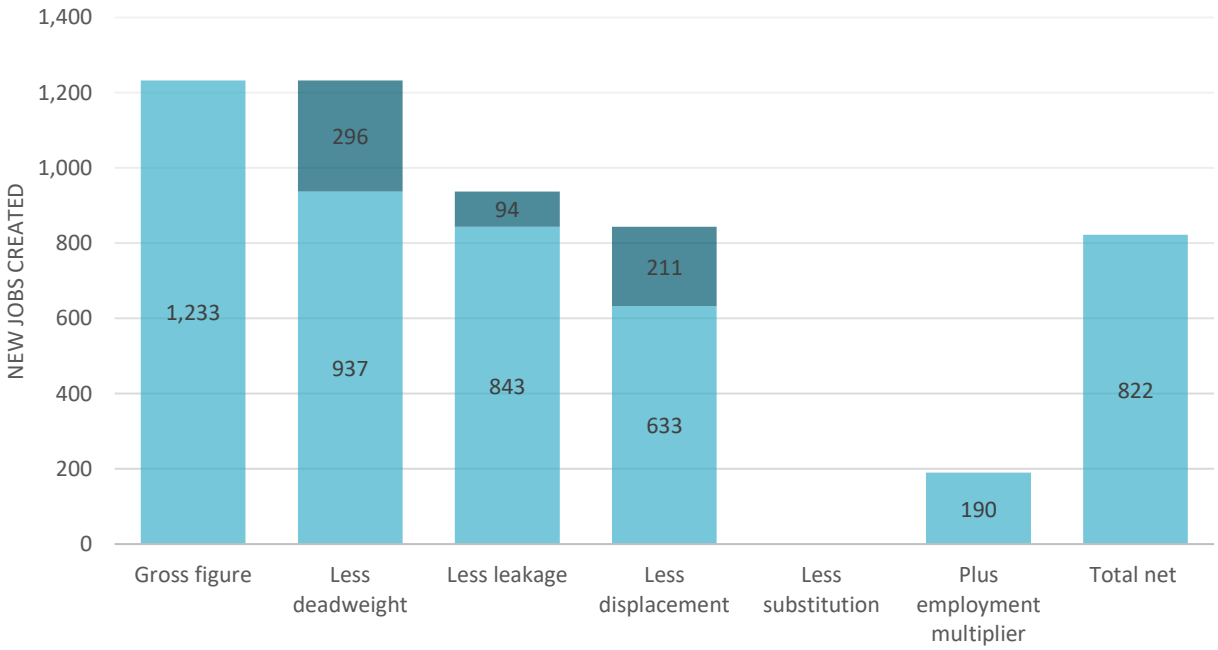
[12] What Works Centre for Local Economic Growth, Toolkit: Local Multipliers https://whatworksgrowth.org/resources/toolkit-local-multipliers/

- We use the HCA low leakage assumption of 10%
- For displacement, we use the low displacement assumption of 25%
- Zero substitution is assumed
- We use the What Works Centre general tradable jobs multiplier of 1.3

This results in a gross to net jobs creation of **822 net + additional jobs**.

To understand the wider value to the economy of the jobs created, we can take the average GVA per job for the CPCA area and multiply by the net additional jobs created. From Metro Dynamics analysis on behalf of CPCA, we estimate that average GVA per job is £55,5000 per job from 2018 figures[13]. Therefore, £55,5000 x 822 = **£45.62m GVA**.

Figure 13. Gross to net jobs created



Apprenticeships

Figure 14 shows additionality estimates on productivity from 635 apprenticeships created achieved across all projects.

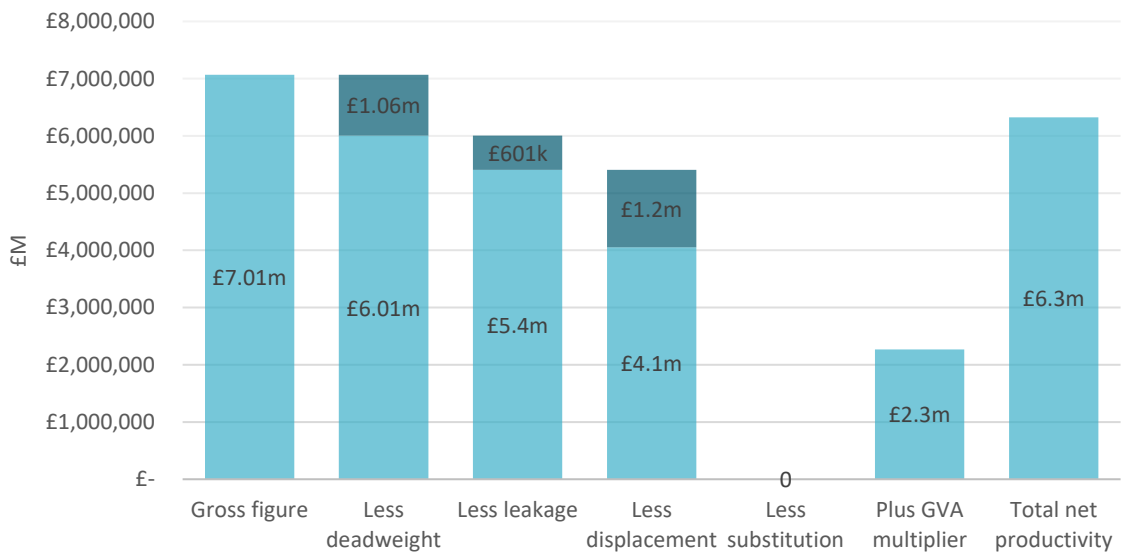
Here we have used standard measures to calculate additionality based on HCA[14] and Scottish Government[15] ready reckoners:

[13] Metro Dynamics analysis of ONS BRES and Regional Accounts data, 2018.
[14] Housing and Communities Agency, Additionality Guide, 2014 https://www.gov.uk/government/publications/additionality-guide
[15] Scottish Government, multipliers data, 2017 https://www.gov.scot/publications/input-output-latest/

- We assume the HCA training and labour market access average of 15% deadweight from gross productivity
- We use the HCA low leakage assumption of 10%
- For displacement, we use the low displacement assumption of 25%
- Zero substitution is assumed
- We use the Scottish Government composite GVA multiplier of 1.56

We used CEBR data on productivity impact of apprenticeships to calculate the below net productivity impact[16].

Figure 14. Gross to net productivity from apprenticeships created



[16] CEBR, Economic Impact of Apprenticeships, 2014 https://cebr.com/reports/economic-impact-of-apprenticeships/

Commercial space

Table 6 below shows the economic impact from the gross 18,038sqm commercial space unlocked as outcomes across all projects. From gross commercial space unlocked, this accommodates 451 workers based on HCA and Offpat[17]

Table 6. Gross to net commercial space and accommodated workers

Floorspace achieved	GIA (m2)	NIA (m2)	Average space needed per worker (m2)	Total numbers of workers accommodated
	18,038	14,430	32	451

Housing

Table 7 shows additionality estimated on the economic impacts from the 2,679 new housing units unlocked across all projects.

Here we have used standard measures to calculate additionality based on HCA[18] and Scottish Government[19] ready reckoners:

- We assume the HCA housing average of 26% deadweight from gross impacts
- We use the HCA low leakage assumption of 10%
- For displacement, we use the low displacement assumption of 25%
- Zero substitution is assumed
- We use the Scottish Government composite GVA multiplier of 1.56

This results in the below set of net impacts across household spending, jobs, council tax revenue, s.106 contributions and GVA.

[17] Homes and Communities Agency, Employment Densities Guide, 2010 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/378203/employ-den.pdf

[18] Housing and Communities Agency, Additionality Guide, 2014 https://www.gov.uk/government/publications/additionality-guide

[19] Scottish Government, multipliers data, 2017 https://www.gov.scot/publications/input-output-latest/

Table 7. Gross to net impacts of new housing units

Housing	Gross figures	Less deadweight	Less leakage	Less displacement	Less substitution	Net impact	Plus GVA multiplier	Final net impact
		26%	**10%**	**25%**	**0%**		**1.56**	
Increase in spend in shops and services	£70,545,940	£ 52,203,995	£46,983,596	£35,237,697	0	£35,237,697	£54,970,807	£ 54,970,807
Jobs	8,305	6,146	5,531	4,148	0	4,148	N/A	4,148
Council tax receipts	£3,025,106	£2,238,578	£2,014,720	£1,511,040	0	£1,511,040	N/A	£1,511,040
Average S.106 contribution per new home on new and improved schools	£1,458,747	£1,079,472	£971,525	£728,644	0	£728,644	N/A	£728,644
Average S.106 contribution per new home on open space, community, sport and leisure facilities	£538,062	£398,166	£358,349	£268,762	0	£268,762	N/A	£ 268,762
GVA per home built	£229,573,228	£169,884,189	£152,895,770	£114,671,827	0	£114,671,827	£178,888,051	£178,888,051

Value for money

The below table sets out a cost per output/outcome for all 10 LGF projects in this evaluation. The cost per output/outcome is illustrative here, as there is no available benchmarking data set at the outset of projects.

Table 8. Cost per output/outcome value for money assessment

Output/outcome	Achieved	Total LGF projects spend	Cost per output /outcome
Outputs			
New/resurfaced road	22.66km	£39.6m	£1.748m per km
Cycleway	17.45km	£6.3m	£361,032 per km
Learning space	3,853sqm	£13.64m	£3,540 per sqm
Commercial space built	6,511sqm	£4.1m	£630 per sqm
Construction jobs	20	£3.68m	£184,000 per job
Road / business park infrastructure	4 infrastructure installations	£43.28m	£10.82m per installation
Learning / industry equipment	4 industry equipment installations	£13.64m	£3.409m per installation
Outcomes			
Jobs created	822 (net additional)	£58.34m	£70,973 per job
Housing units unlocked	2,679	£39.6m	£14,781 per unit
Commercial space / development unlocked	18,038sqm	£14.98m	£830 per sqm
New learners	611	£1.04m	£1,696 per learner
Apprenticeships	635	£29.62m	£46,640 per apprenticeship
Businesses supported	70	£3.69m	£52,657 per business

Qualitatively, we can assess the value for money of individual LGF projects considering three factors:

- Economy: the extent to which project outcomes have been achieved for the minimum cost input (spending less)

- Efficiency: the costs with which outputs/outcomes (gross and/or net) have been delivered (spending well)
- Effectiveness: the extent to which the objectives defined for the intervention at the outset have been realised in practice and will be sustained in the future (spending wisely)

Using these factors, a qualitative assessment of value for money by project is set out in the following sections. Across the programme, this assessment shows a mixed picture for value for money on LGF investment, including within project themes.

Figure 15 shows a scale of ratings for assessing qualitative value for money of the LGF projects in this evaluation. As all projects met their output targets, this assessment focuses on differences between leverage of LGF and cost to public funding, and outcomes that have been achieved.

Figure 15. Qualitative Value for money ratings key

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

Most projects have been rated medium value for money, to reflect target outcomes having not been achieved to varying degrees, and varying levels of LGF grant and co-funding. The Food Processing Centre is assessed as poor value for money as it has achieved only 18% of target outcomes. The iMET is assessed as very poor value for money, due to having been deemed commercially unviable and closed, and costing a relatively high LGF grant. One project assessed as offering good value for money – CITB Plant Simulator Centre – minimised cost to public funds a relatively small LGF grant and good match funding, and achieved all its target outcomes.

Transport

	The **A47/A15 Junction 20** improvement invested £6.3m of LGF capital with no match funding, delivered 1km of resurfaced, 1km of new road with widened lanes at junction approach, signaling and lighting; resulting in 47 jobs, and 650 new homes being unlocked so far. On economy, the grant value appears relatively high for the size of the road area improved; on efficiency, all outputs met targets; but on effectiveness, while some outcomes have been met, the new housing unlocked so far falls short of targets. Therefore, **this project offers medium value for money**.
	Bourges Boulevard invested £11.3m of LGF with no match funding, delivered 14.96km of new road, 3km of resurfaced road, and 17.45km of new cycleway, signaling and lighting; resulting in 455 jobs, 100 apprenticeships, and so far unlocking 9,476sqm of commercial space and 229 new homes. **On economy, efficiency and effectiveness, this project delivers medium value for money**. Relative to other transport projects in this programme – has delivered outputs for lower LGF costs, delivered all outputs to target, but has delivered an average of 42% of target outcomes.
	Lancaster Way phase 2 utilised an LGF loan of £3.68m with no match funding and delivered a new access road to the Enterprise Zone, utility and communications infrastructure, creating 20 construction jobs; and resulting in 280 jobs, 235 apprenticeships, unlocking 2,262sqm of commercial space and 0.63ha of land for commercial development. On economy, the use of a loan instrument that was repaid represents good value for money; on efficiency, outputs were delivered to target; and on effectiveness, outcomes have been realised that support intended objectives, although targets on jobs and apprenticeships have not fully been met. **Overall, this investment offers medium value for money**.
	Ely Southern Bypass invested £22m of LGF alongside £9m from Cambridgeshire County Council and £5m from Network Rail. Investment delivered 1.7km of new road with a road bridge and walkway; and has so far resulted in 250 jobs and 1,800 new homes unlocked. On economy and efficiency, this is the only transport project that secured match funding and so utilised local and national funding sources to keep the LGF ask down, however the total project sum of £36m for a strategically significant but relatively short length of new road and infrastructure is high compared with other transport projects in this programme. On effectiveness, although the project supports objectives and the number of houses unlocked is almost to target, new commercial space has not been realised. **Overall, this project therefore offers medium value for money**.

Skills

	The **CITB Plant Simulator Centre** invested £0.45m of LGF with co-investment of £1m from CITB. The project delivered 195sqm of learner space with 12 plant simulators; and resulted in 2 jobs, 511 learners and 190 apprenticeships. On economy, the LGF sum was low, and CITB investment more than double the LGF grant; on efficiency, although a relatively modest-sized facility, investment delivered on target outputs; and on effectiveness, the project has realised target job and learner numbers, and is supporting strategic objectives with upskilling in

	a key local sector. **Overall, this project therefore offers good value for money.**
	The **iMET** invested £10.5m of LGF with no match funding, delivered 2,380sqm of learning space with supporting mechanical, engineering and IT equipment. Investment initially created 7 jobs and 48 apprenticeships, however, demand was found to be lower than expected, and the facility was deemed commercially unviable, and permanently closed. The relatively high LGF grant awarded with no co-investment, and relatively large facility built, without sufficiently robust understanding of local demand, means that **on economy, efficiency and effectiveness, this investment represents very poor value for money**.
	The **Food Processing Centre** invested £0.586m of LGF grant matched by £0.586m from Peterborough Regional College. The project delivered 420sqm of learning space and food processing equipment, and resulted in 100 new learners and 32 apprenticeships, supporting 10 employers. On economy and efficiency, the LGF grant was relatively low and matched by the College, and outputs were delivered to target. However, on effectiveness, although the facility supports a key local sector, targets for new learners and apprenticeships have not been achieved, with the project only meeting an average of 18% of target outcomes. **Overall, this project represents poor value for money**.

Business premises

	Lancaster Way phase 1 utilised an LGF loan of £1m, and delivered 1,251sqm of new commercial space across 9 units on the Enterprise Zone, resulting in 30 jobs accommodated from across the local area. On economy, this fully repaid loan demonstrates cost minimisation for public funds; on efficiency, investment delivered on all target outputs; and on effectiveness, jobs were moved into the new space to support the business park on the Enterprise Zone, but there is insufficient information to understand how far outcomes achieved their targets. **Overall, this project delivers medium value for money**.

Innovation

	The Welding Institute invested £2.1m of LGF grant with co-investment of £0.75m from TWI. The project delivered 858sqm of learning space with an operative pressure pit and lab equipment, and 2,480sqm of refurbished commercial space. This has achieved 82 new and safeguarded jobs and supports 15 SMEs. On economy, the LGF grant was supported by co-investment; on efficiency, all outputs were delivered to target; and on effectiveness, dedicated learning and commercial space was created supporting a key sector and exceeding the target on jobs, however, none of the four targeted apprenticeships have been created. **Overall, this investment offers medium value for money**.
	Cambridge Biomedical Innovation Centre invested £1m of LGF with co-investment of £3.064m from the University of Cambridge. The project delivered 2,780sqm of new commercial space for early-stage innovative businesses with 6 dedicated startup spaces. The space supported 45 member businesses, creating 80 jobs and 30 apprenticeships. On economy, the LGF grant was matched by more than three times by the University, delivering a large dedicated commercial space, on efficiency, the project met its outputs targets; however on effectiveness, the facility has so far fallen far short on jobs targets (achieving 80 against a target of 243) and apprenticeships (30 against a target of 80), and the facility is currently closed due to Covid-19 restrictions. With the future outcomes uncertain, O**verall this investment represents medium value for money**.

5 Reflections

Strengths of LGF investments

Investment benefited places across the LEP area

LGF funded projects were established across the geography of the GCGP LEP, with investment benefiting a range of business communities and people around Cambridge, Peterborough, South Cambridgeshire, East Cambridgeshire, Huntingdonshire, and King's Lynn (outside of the CPCA boundaries). Figure 6 (page 18) illustrates this by mapping projects across the area.

Project aims intended to support local objectives and priorities

GCGP LEP and CPCA have established a substantial base of evidence and strategies for the local economy. This programme of LGF investments supported objectives from local strategies and recommendations from the CPIER. These projects were aimed at supporting:

- unlocking sites for commercial and housing development
- creating and accommodating local jobs
- providing apprenticeships and new vocational training opportunities
- supporting upskilling in key sectors – food processing, manufacturing, engineering and technology
- accommodating and incubating local early stage and innovative businesses
- developing market towns – with transport and Enterprise Zone development in Ely

Table 5 (page 31) shows the extent of outcomes achieved across the programme. Although the intended aims align with overarching strategic objectives, actual performance on outcomes across the 10 projects in this evaluation shows that these aims have not been fully met.

Weaknesses in projects

Poor record of achievement on outcomes and value for money

While this evaluation assesses that on the information available, all target outputs have been delivered, only one project – the CITB Plant Simulator Centre – can be assessed as having achieved all its outcomes. Across the 10 projects, an average of 51% of target outcomes have been achieved.

This shows a gap in the rationale and design of projects and ability for the target outputs to then meet desired outcomes. At design stage of projects, the rationale should in future demonstrate a clear logic between the delivery of outputs and what is needed to ensure the outputs lead to outcomes. Project leads should demonstrate that the outputs proposed meet

demand from residents and the local business community and that they will meet local needs, as well as putting in place a plan for managing facilities and securing resource that is needed to make physical outputs successful. This would help to ensure that short term outcomes provide the preconditions for longer term outcomes to be realised.

Varying levels of progress have been made on land unlocked and jobs created across projects, but an area of concern in particular is poor achievement on apprenticeship numbers and very high cost per job figures. Data available on outcome targets and expected dates is patchy across projects, so it is difficult to fully understand where further progress is expected to be achieved. However, data yet to be fully evaluated from the wider programme do point to significant improvement under the Business Board. Initial data for the wider programme (to end of FY 2019/20) suggest a cost per job of £26k and indications are that this is likely to fall further. For example, recent bids have anticipated cost per job at an average of £10k. A stark contract to the £70k per net job cost across the first 10 projects.

The permanent closure of the commercially unviable iMET raises a concern around the project appraisal process and how demand for the £10.5m facility was overestimated.

Projects had few concrete targets available

From the information available to us for this evaluation, projects had few clear, quantifiable targets. Where these were available, they were focused on outputs around construction – e.g. floorspace or length of new road – or purchase of facility equipment. Despite this focus on construction outputs, only one project has available information on the number of construction jobs created in the delivery of the project.

There was information missing on potential outcomes that are highlighted as objectives for the LEP – e.g. in GVA uplift. Considering the level of investment made in transport projects, key outcomes such as journey time changes appear not to have been captured in monitoring.

There was also limited information on timelines for outcomes to be realised. Figure 7 (page 20) reflects this, as information available is not consistent across projects.

Businesses and jobs appear to have been displaced locally

This is not necessarily net negative. The displacement of businesses within the local economy is less problematic than it appears, because the majority of business moving even locally do so to: (a) take up more suitable business premises (b) accommodate a growing workforce (c) downsize their activities/employment to make their business more sustainable. As such, new commercial development is an essential part of the modernisation process, improving the quality of commercial premises available to local companies and inward investors. This applies to both office and light industrial development, whereby companies can move from unsuitable premises and locations to more energy efficient space with appropriate levels of parking for staff and visitors.

LGF leverage varied and match was low overall

The initial LGF projects covered by this evaluation had variable rates of leverage. Unlike other funding programmes, such as European Structural Fund schemes, LGF had the facility to provide 100% of project funding. Half of the projects in this evaluation were funded without any match, and only three projects – the CITB Plant Simulator Centre, Food Processing Centre, and Cambridge Biomedical Innovation Centre – leveraged 50% or less of the project costs from LGF.

Modest investments in innovation and skills

One consequence of the weighting of investment towards transport projects, is a much more modest portfolio of skills and business and innovation related investments in the initial LGF portfolio, with a more limited contribution to taking forward LEP Strategic Economic Plan and subsequently, Local Industrial Strategies.

As highlighted in the Local Industrial Strategy, Cambridgeshire and Peterborough is in a strong position to take forward innovation and business growth in a number of key sectors, a number of which are nationally important. While many of these sectors are dominated by large and very successful companies, there is a gap in terms of support for both new starts and smaller companies which the Combined Authority could look to fill as a means of creating opportunities in the local area.

As noted earlier, LEPs were under pressure in the early years to ensure their LGF allocation was spent and this may have resulted in the prioritisation of projects which could be delivered in a short timeframe to contribute to annual spending targets rather than necessarily delivering against priority growth objectives.

Recommendations for future investments

We make a number of recommendations based on our evaluation of these early LGF projects. Clearly, not all these recommendations relate equally to all projects. The new assurance and investment processes put in place by the Business Board, together with the recent process review undertaken by CPCA have been designed to further develop a robust appraisal and evaluation processes. This will include many of the seven recommendations below, but it is still relevant and important to highlight them, to maximise learning from earlier systems and projects:

Strengthening the initial appraisal stage

The gap between 100% of outputs being delivered across the project and 51% of target outcomes being achieved indicates that at the project design and appraisal stage, there needs to be more interrogation of the rationale for a specific intervention and how it will meet a programme objective. For example, the Food Processing Centre, which achieved the lowest level of outcomes to target (18%), intended to meet an objective for upskilling and supporting a key local sector. However, what is not clear from the information available, and what would be important to include in future project appraisals, is to understand whether the intervention meets sector and learner demand in the area, and whether the delivery model will achieve the outcomes that support overarching objectives.

It is helpful here to think of interim or short-term outcomes to create the preconditions for longer term outcomes and impact. For example, an initial output for a skills capital project might be the construction of a new building. In order to grow the number of new learners using the facility, an interim outcome could be the establishment of programmes of learning, and then an initial number of recruited learners. This interim outcome, with required management resource for the facility, would help to grow longer term outcomes of a critical mass of students each year to meet the objectives of supporting upskilling local residents and/or providing new talent to a local sector.

Improving value for money on LGF investments has been a priority for CPCA, and current forecasts for the remainder of LGF projects – outside of this evaluation – reflect a focus on creating more jobs for the level of investment.

The iMet project is also a good example of where a stronger initial appraisal could have prevented future problems. The project was funded despite some serious reservations about the investment. What appears to have happened, from the evidence we are aware of, is that the project advanced through the appraisal system iteratively, with points raised being addressed by more information from the project sponsor, while never dealing with the underlying and fundamental issues about the veracity of demand assessments. This process of approval by attrition is not uncommon in less robust appraisal systems. In our experience the answer is a) for the funding and appraising body to be confident and clear in giving guidance on eligibility, suitability and priorities and (b) a strengthened outline business case stage with more authority to refuse permission to proceed to a full business case.

Improving the quality of monitoring reports

While monitoring and closure reports meet standard/minimum requirements, the nature and level of detail provided varies on a project-by-project basis and appears to have been determined by the external project lead. There does not appear to have been a central monitoring system for LGF projects which would have consistently identified output targets and outputs and outcomes achieved.

Improving the quality of closure reports

LGF requires the production of a Closure Report at the financial end of the project. This is an important document and a number provide very useful information, not only on the outcomes with regard to targets but also with regard to the delivery of the investment. Given the likelihood of lead/responsible officers to move on (and this applies to over half of the initial LGF projects) there is a need to ensure that Closure Reports provide as much detail as possible. There is currently a variable standard in Closure Reports and it is difficult to capture this information/intelligence retrospectively.

More time could be spent with project sponsors to provide further details on issues, challenges and early successes, as well as agreeing approaches to tracking any outstanding or longer-term outputs and impacts especially given the nature of LGF investment where, for example, large transport schemes which unlock development over a number of years after the scheme has completed and formally closed from a project spend perspective.

Senior Responsible Officer continuity

A number of projects no longer have a senior responsible officer within the CPCA team with detailed knowledge of the project. Clearly staff move roles and organisations over the life time of a project. For evaluation to be as effective as it could be, we recommend that the CPCA adopts a process of agreeing an SRO for all projects (past and current) it has an evaluation interest in and ensures that this is handed over if the SRO changes.

Capturing wider economic benefits

An important outcome of many transport projects are the wider economic benefits and the extent to which transport infrastructure unlocks or brings forward new residential and commercial development. A more detailed exposition of this aspect of a project at the application stage would help provide a fuller expectation of the economic benefits of transport investment. While the logic chains focus on the immediate benefits of project investment, LGF has supported infrastructure and new facilities with a longer-term lifespan and the full benefits over a 10 and 20-year period should be fully set out for each investment.

Greater challenge of costs and delivery timetables

The overspend on the Ely Bypass project demonstrates the importance of ensuring that for major capital schemes costs and delivery timetables are challenged and tested as part of the design phase, including assessing the impacts of adopting a rigid or non-negotiable delivery timetable. ERDF requires independent costs to an agreed RIBA stage to be presented as part of the application process.

Guidance on assessing demand and identifying beneficiaries, for example in relation to inward investment and knowledge intensive industries

Most of these projects lack the detail of indirect business / wider beneficiaries which are routinely collected by other funding programmes. This appears to be particularly an issue in relation to inward investment outcomes and wider business and growth outcomes in relation to knowledge intensive industries where relevant. Further guidance could help, perhaps linking to sector strategies that were developed subsequent to these projects.

Increasing emphasis on project evaluations as part of business as usual.

While the Closure Reports are useful where complete and available, many projects will only report the full economic benefits in later years. It is important that applicants do not perceive the Closure Report as the end of the monitoring and evaluation requirements. While a number of project agreements have included the production of an evaluation report (as distinct from a Closure Report). No evaluation reports are yet available and consideration needs to be given to enforcing this requirement.

But evaluation is not just about the process itself. Many apparently robust evaluation systems, including the well developed approach used for the European Regional Development Fund, do not actually tell us much about long term relationship between outputs and outcomes. A more embedded culture of evaluation, testing and monitoring, linked to the long term goals that the CA has put in place, mandated into sponsoring organisations who receive CPCA funding, would be a worth aim. The short term incentives and pressures, including from national Government, are usually on expenditure and output delivery. This is reflected in the difficulty that many project sponsors had in providing even basic information or monitoring data. Again, this is hardly a problem unique to these LGF projects.

One major step forward could be the initiation of a number of project evaluations to a set timetable, designed to input into future funding decisions.

Annex: Individual project summaries

A47/A15 Junction 20

This project improved capacity at A47/A15 Junction 20 intended to reduce congestion and increase journey time reliability for on a key route into Peterborough for commuters and visitors. Capacity improvements were delivered through the signalisation of the roundabout; increased approach and circulatory lanes; new surfacing and lining; and installation of LED street lighting.

Logic model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
A47/A15 Junction 20	Improving the traffic flow at Junction 20 and enabling the development of the North East housing sites to cater for the increase in traffic as a result of increased employment and housing growth.	£6.3m LGF grant	1km resurfaced road 1km new road Signalling and lighting infrastructure	47 jobs 2,500 housing units unlocked	Jobs created Homes unlocked Inward investment attracted in commercial and housing development

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£6.3m	£6.3m	**100%**
Total length of resurfaced road	1km	1km	**100%**
Total length of new road	1km	1km	**100%**
New equipment/ infrastructure	Signaling, lighting	Signaling, lighting	**100%**
Outcomes achieved and reported to date			
Jobs created	47	47	**100%**
Land unlocked (commercial sqm / housing units)	2,500 housing units	650 housing units [+490 need planning]	**26%**

Value for money assessment

The **A47/A15 Junction 20** improvement invested £6.3m of LGF capital with no match funding, delivered 1km of resurfaced, 1km of new road with widened lanes at junction approach, signaling and lighting; resulting in 47 jobs, and 650 new homes being unlocked so far. On economy, the grant value appears relatively high for the size of the road area improved; on efficiency, all outputs met targets; but on effectiveness, while some outcomes have been met, the new housing unlocked so far falls short of targets. Therefore, **this project offers medium value for money**.

Bourges Boulevard

Bourges Boulevard is a busy dual carriageway going through Peterborough City Centre and serving the railway station, as well as several business parks and development sites. The project aimed to reduce congestion and improve connectivity through a 2 phase approach combining public realm works and infrastructural upgrades. The Phase 1 works were delivered between April 2015 and July 2015, while Phase 2 was delivered between April 2015 and September 2018, with the final elements completing in March 2019.

Logic model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
Bourges Boulevard	Improving the City Centre access in and around the Railway Station to reduce congestion. Whilst enabling the development of key brownfield commercial sites identified for expansion.	£11.3m LGF grant	14.96km resurfaced road 3km new road 17.45km new cycleway Signalling and lighting infrastructure	15,422sqm offices unlocked 290 housing units unlocked 160 bed hotel unlocked 380 apprenticeships	Jobs created Homes unlocked Inward investment attracted in commercial and housing development Apprenticeships created

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£11.3m	£11.3m	**100%**
Total length of resurfaced road	14.96km	14.96km	**100%**
Total length of new road	3km	3km	**100%**
Total length of new cycleway	17.45km	17.45km	**100%**
New equipment/ infrastructure	Signaling, lighting	Signaling, lighting	**100%**
Outcomes achieved and reported to date			
Jobs created	~	455	**~**
Land unlocked (commercial sqm / housing units)	15,422sqm offices	9,476sqm offices	**61%**
	290 housing units	229 housing units	**79%**
	160 bed hotel by 2030	~	**0%**
Apprenticeships	380	100	**26%**

Value for money assessment

Bourges Boulevard invested £11.3m of LGF with no match funding, delivered 14.96km of new road, 3km of resurfaced road, and 17.45km of new cycleway, signaling and lighting; resulting in 455 jobs, 100 apprenticeships, and so far unlocking 9,476sqm of commercial space and 229 new homes. On economy, efficiency and effectiveness, **this project delivers medium value for money**. Relative to other transport projects in this programme – has delivered outputs for lower LGF costs, delivered all outputs to target, but has delivered an average of 42% of target outcomes.

Lancaster Way Phase 2

Lancaster Way Phase 2 – a transport project – aimed to deliver infrastructural improvements at the Lancaster Way Business Park as a means to facilitating the occupation and growth of the Cambridge Compass Enterprise Zone. The works begun in March 2016 and concluded 2 years later in March 2018.

Logic model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
Lancaster Way Phase 2	Improving employment opportunities in around Ely through enabling the development and expansion of commercial operators in the region.	£3.68m LGF loan	20 construction jobs 1 new access road Utility and communications infrastructure	480 jobs 720 apprenticeships	Jobs created Inward investment attracted in commercial and housing development

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£3.68m	£3.68m	**100%**
Construction Jobs	20	20	**100%**
Total length of new road	1 new access road	1 new access road	**100%**
New equipment/ infrastructure	Utility and comms infrastructure	Utility and comms infrastructure	**100%**
Outcomes achieved and reported to date			
Jobs created	480 by 2024	280	**58%**
Land unlocked (commercial sqm / housing units)	~	2,262sqm commercial space 6,300sqm land for commercial development	~
Apprenticeships	720	235	**33%**

Value for money assessment

Lancaster Way phase 2 utilised an LGF loan of £3.68m with no match funding and delivered a new access road to the Enterprise Zone, utility and communications infrastructure, creating 20 construction jobs; and resulting in 280 jobs, 235 apprenticeships, unlocking 2,262sqm of commercial space and 0.63ha of land for commercial development. On economy, the use of a loan instrument that was repaid represents good value for money; on efficiency, outputs were delivered to target; and on effectiveness, outcomes have been realised that support intended objectives, although targets on jobs and apprenticeships have not fully been met. **Overall, this investment offers medium value for money**.

Lancaster Way Phase 1

Lancaster Way Phase 1 aimed to deliver nine industrial units at the Lancaster Way Business Park to facilitate the occupation and growth of the Cambridge Compass Enterprise Zone through accommodating start-up/small businesses in response to market demand. The works begun in April 2015 and concluded 1 year later in April 2016.

Logic model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
Lancaster Way Phase 1	Improving opportunities in and around Ely, enabling development and expansion of commeecial operators in the region.	£1m LGF loan	1,251sqm new commercial space in 9 units	~	Jobs moved

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£1m	£1m	**100%**
New commercial floorspace	1,251sqm 9 units	1,251sqm 9 units	**100%**
Outcomes achieved and reported to date			
Jobs created	~	30 from elsewhere	**~**

Value for money assessment

Lancaster Way phase 1 utilised an LGF loan of £1m, and delivered 1,251sqm of new commercial space across 9 units on the Enterprise Zone, resulting in 30 jobs accommodated from across the local area. On economy, this fully repaid loan demonstrates cost minimisation for public funds; on efficiency, investment delivered on all target outputs; and on effectiveness, jobs were moved into the new space to support the business park on the Enterprise Zone, but there is insufficient information to understand how far outcomes achieved their targets. **Overall, this project delivers medium value for money.**

Ely Southern Bypass

The Ely Southern Bypass is a proposed 1.7km stretch of new highway infrastructure providing a Southern Link to Ely which bypasses the heavily congested section of the A142 between Angel Drove and Stuntney Causeway, thus providing a new link to the South of the City that removes the need for larger vehicles to use the railway crossing into Ely and avoid an accident-prone low bridge.

Logic model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
Ely Southern Bypass	Improving the traffic flow around Ely and reducing the accidents at the Station underpass. The project will also facilitate the progress of the Ely Masterplan which aims to increase employment and housing.	£22m LGF grant £9m Cambridgeshire County Council £5m Network Rail	1.7km of new road 1 new road bridge and walkway	2,000 housing units unlocked 70,000sqm commercial space unlocked	Jobs created Homes unlocked Inward investment attracted in commercial and housing development Apprenticeships created

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£22m	£22m	**100%**
Total length of new road	1.7km	1.7km	**100%**
New equipment/ infrastructure	1 new road bridge and walkway	1 new road bridge and walkway	**100%**
Outcomes achieved and reported to date			
Jobs created	~	250	~
Land unlocked (commercial sqm / housing units)	2,000 housing units by 2031	1,800 housing units	**90%**
	70,000sqm commercial space by 2032	~	**0%**

Value for money assessment

Ely Southern Bypass invested £22m of LGF alongside £9m from Cambridgeshire County Council and £5m from Network Rail. Investment delivered 1.7km of new road with a road bridge and walkway; and has so far resulted in 250 jobs and 1,800 new homes unlocked. On economy and efficiency, this is the only transport project that secured match funding and so utilised local and national funding sources to keep the LGF ask down, however the total project sum of £36m for a strategically significant but relatively short length of new road and infrastructure is high compared with other transport projects in this programme. On effectiveness, although the project supports objectives and the number of houses unlocked is almost to target, new commercial space has not been realised. **Overall, this project therefore offers medium value for money.**

CITB Plant Simulator

The CITB Plant Simulator converted the existing CITB/National Training College facilities to deliver a customised facility at Bircham Newton which housed 12 newly purchased simulators and thereby recreated the operating controls and the operating environment of heavy plant equipment. The project was delivered as a response to falling construction starts as a result of decreasing training provision within the Greater Cambridgeshire and Peterborough area, highlighted in a report commissioned by the Cambridgeshire and Peterborough Combined Authority (CPCA). The project was delivered by the CITB between October 2016 and December 2017, with a funding agreement secured in January 2017.

Logic model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
CITB Plant Simulator Centre	Increasing the number of learners and the practical time available for learners at the training institute, enhancing training for apprentices, providing hands on experience, and attracting new learners to the construction industry.	£0.45m LGF grant £1m CITB co-investment	195sqm new learning space 12 plant simulators	2 jobs 511 new learners	Jobs created Homes unlocked Inward investment attracted in commercial and housing development Apprenticeships created

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£0.45m	£0.45m	**100%**
New or improved learning floorspace	195sqm	195sqm	**100%**
New equipment/ infrastructure	12 plant simulators	12 plant simulators	**100%**
Outcomes achieved and reported to date			
Jobs created	2	2	**100%**
New learners	511	511	**100%**
Apprenticeships	~	190	**~**

Value for money assessment

The **CITB Plant Simulator Centre** invested £0.45m of LGF with co-investment of £1m from CITB. The project delivered 195sqm of learner space with 12 plant simulators; and resulted in 2 jobs, 511 learners and 190 apprenticeships. On economy, the LGF sum was low, and CITB investment more than double the LGF grant; on efficiency, although a relatively modest-sized facility, investment delivered on target outputs; and on effectiveness, the project has realised target job and learner numbers, and is supporting strategic objectives with upskilling in a key local sector. **Overall, this project therefore offers very good value for money**.

iMET

The development of a new state-of-the-art vocational training facility to support growth and economic development in Innovation, Manufacturing, Engineering and Technology sectors. The project begun in March 2015 and completed in March 2018.

Logic model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
iMET	Improving employability of people living in the region.	£10.5m LGF grant	2,380sqm new learning space Mechanical, engineering and IT equipment	15 jobs 160 new learners 250 apprenticeships	Jobs created Upskilling opportunities in, manufacturing, engineering and technology Vocational training and apprenticeships provided

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£10.5m	£10.5m	**100%**
New or improved learning floorspace	2380sqm	2380sqm	**100%**
New equipment/ infrastructure	Mechanical engineering, IT equipment	Mechanical engineering, IT equipment	**100%**
Outcomes achieved and reported to date			
Jobs created	15 by 2022	7	**47%**
New learners	160	~	**0%**
Apprenticeships	250 by 2021/22	48	**19%**
Other outcomes		Permanently closed – commercially unviable	

Value for money assessment

The **iMET** invested £10.5m of LGF with no match funding, delivered 2,380sqm of learning space with supporting mechanical, engineering and IT equipment. Investment initially created 7 jobs and 48 apprenticeships, however, demand was found to be lower than expected, and the facility was deemed commercially unviable, and permanently closed. The relatively high LGF grant awarded with no co-investment, and relatively large facility built, without sufficiently robust understanding of local demand, means that **on economy, efficiency and effectiveness, this investment represents very poor value for money**.

Food Processing Centre

The development of a dedicated food processing and manufacturing education and training Centre of Excellence at Peterborough Regional College to support the labour supply of the local food manufacturing and processing industries. LGF funding supported the provision of equipment to replicate industry working conditions and provide training on industry standard equipment, enabling apprentices to be trained on up to date industry equipment. The project begun in April 2015 and completed in March 2017.

Logic model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
Food Processing Centre	Creating a practical learning environment replicating industry standards and practice to prepare young people for the working environment within a typical food production factory.	£0.586m LGF grant £0.586m Peterborough Regional College co-investment	420sqm new learning space Food production equipment	372 new learners 327 apprenticeships	Jobs created Upskilling opportunities in, manufacturing, engineering and technology Vocational training and apprenticeships provided

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£0.586m	£0.586m	**100%**
New or improved learning floorspace	420sqm	420sqm	**100%**
New equipment/ infrastructure	Food production equipment	Food production equipment	**100%**
Outcomes achieved and reported to date			
New learners	372	100	**27%**
Apprenticeships	327 by 2022	32	**10%**
Businesses supported		10	**~**

Value for money assessment

The **Food Processing Centre** invested £0.586m of LGF grant matched by £0.586m from Peterborough Regional College. The project delivered 420sqm of learning space and food processing equipment, and resulted in 100 new learners and 32 apprenticeships, supporting 10 employers. On economy and efficiency, the LGF grant was relatively low and matched by the College, and outputs were delivered to target. However, on effectiveness, although the facility supports a key local sector, targets for new learners and apprenticeships have not been achieved, with the project only meeting an average of 18% of target outcomes. **Overall, this project represents poor value for money**.

The Welding Institute

The refurbishing of an existing building at TWI, Grenta Park and the purchase and installation of specialist fabrication and testing equipment to establish a new world class facility for fabrication and testing of large-scale engineering structures. The project begun in April 2015 and completed a year later in April 2016.

Logic Model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
The Welding Institute	Improving opportunities for development of research programmes and to facilitate the development and expansion of innovation across the region.	£2.1m LGF grant £0.75m TWI co-investment	858sqm new learning space 2,480sqm commercial space 1 operative pressure pit and lab equipment	80 jobs 4 apprenticeships	Jobs created Inward investment attracted from early stage businesses Apprenticeships created

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£2.1m	£2.1m	**100%**
New or improved learning floorspace	858sqm	858sqm	**100%**
Refurbished commercial floorspace	2,480sqm	2,480sqm	**100&**
New equipment/ infrastructure	1 operative pressure pit, lab equipment	1 operative pressure pit, lab equipment	**100%**
Outcomes achieved and reported to date			
Jobs created	80	82 new/safeguarded	**103%**
Apprenticeships	4	~	**0%**
Businesses supported	~	15	**~**

Value for money assessment

The Welding Institute invested £2.1m of LGF grant with co-investment of £0.75m from TWI. The project delivered 858sqm of learning space with an operative pressure pit and lab equipment, and 2,480sqm of refurbished commercial space. This has achieved 82 new and safeguarded jobs and supports 15 SMEs. On economy, the LGF grant was supported by co-investment; on efficiency, all outputs were delivered to target; and on effectiveness, dedicated learning and commercial space was created supporting a key sector and exceeding the target on jobs, however, none of the four targeted apprenticeships have not been created. **Overall, this investment offers medium value for money.**

Cambridge Biomedical Innovation Centre

The conversion of part of an empty building on the Cambridge Biomedical Campus to create a multi-occupier Innovation Centre to meet demand for accommodation on the campus by local, national and international companies. The development started in April 2015 and completed in March 2018.

Logic Model

Project	Rationale	Inputs	Target Outputs	Target Outcomes	Impact
Cambridge Biomedical Innovation Centre	Creating a multi-occupier Innovation Centre to meet demand for accommodation on the campus by local, national and international startup and early stage companies.	£1m LGF grant £3.064m University of Cambridge co-investment	2,780sqm new commercial space 6 startup spaces	243 jobs 80 apprenticeships	Jobs created Inward investment attracted from early stage businesses Apprenticeships created

Outputs and outcomes achieved

Outputs delivered and reported to date			
	Target	**Achieved**	**%**
LGF investment	£1m	£1m	**100%**
New commercial floorspace	2,780sqm 6 startup spaces	2,780sqm 6 startup spaces	**100%**
Outcomes achieved and reported to date			
Jobs created	243	80	**33%**
New learners	160	~	**0%**
Apprenticeships	80	30	**38%**
Businesses supported	~	45 member businesses	**~**
Other outcomes	~	Temporarily closed – Covid-19 restrictions	

Value for money assessment

Cambridge Biomedical Innovation Centre invested £1m of LGF with co-investment of £3.064m from the University of Cambridge. The project delivered 2,780sqm of new commercial space for early-stage innovative businesses with 6 dedicated startup spaces. The space supported 45 member businesses, creating 80 jobs and 30 apprenticeships. On economy, the LGF grant was matched by more than three times by the University, delivering a large dedicated commercial space, on efficiency, the project met its outputs targets; however on effectiveness, the facility has so far fallen far short on jobs targets (achieving 80 against a target of 243) and apprenticeships (30 against a target of 80), and the facility is currently closed due to Covid-19 restrictions. **Overall, this investment represents medium value for money.**

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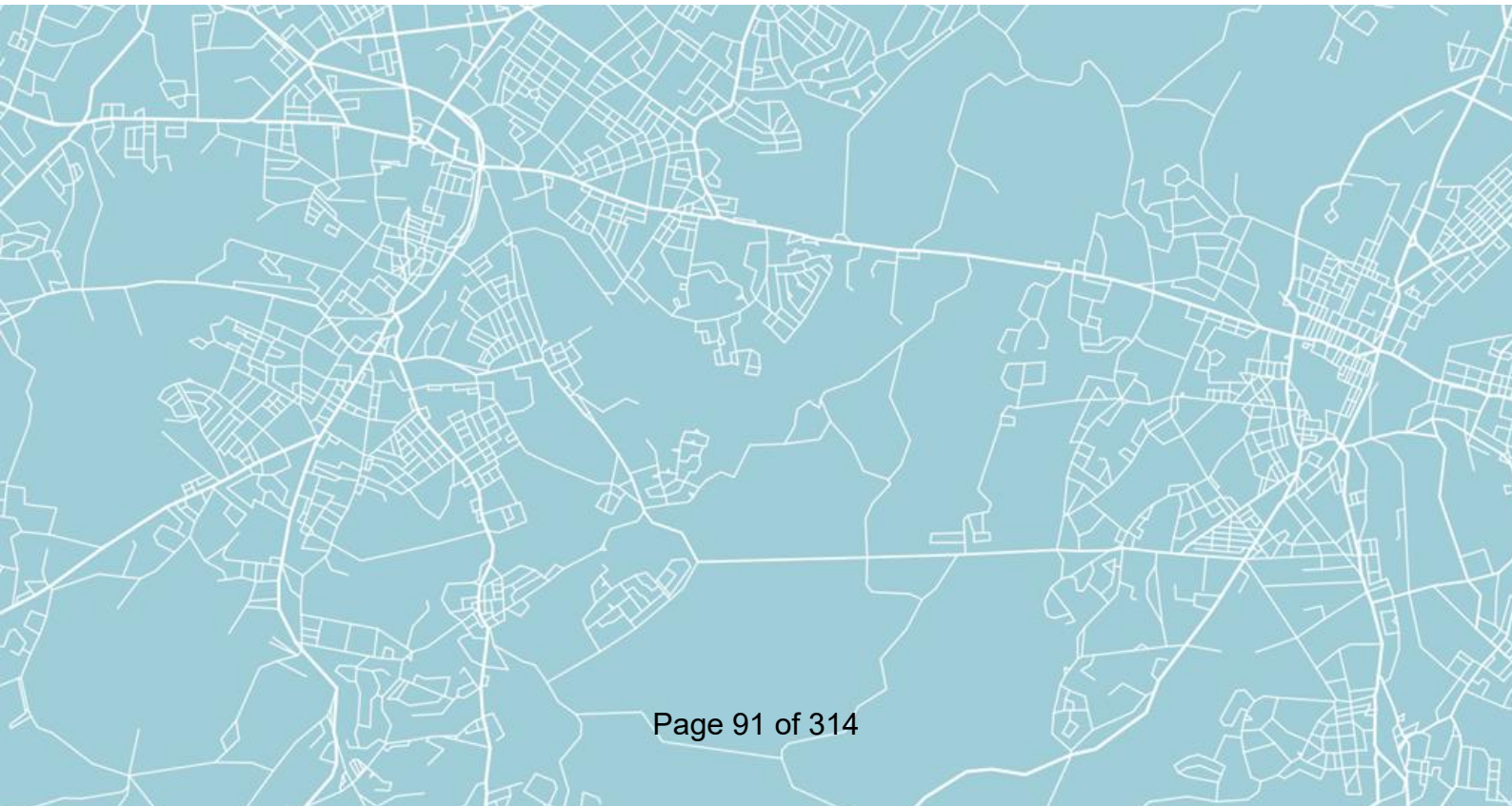

THE BUSINESS BOARD

Agenda Item No: 2.2

Future Funding Strategy

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Director of Business & Skills, John T Hill
Key decision:	No
Recommendations:	The Business Board is recommended to:

a) Recommend to the Mayor the approval (by Mayoral Decision Notice) of:

(i) The process for selecting the candidate bids to be submitted to the Government for the CRF, based on the Combined Authority's mandate to do so as Lead Authority for bids to the Community Renewal Fund;

(ii) The process for selecting the candidate regeneration bids to be submitted to the Government for the LUF, on the basis of the voluntary arrangement agreed between the Combined Authority, Peterborough City Council and Fenland District Council; and

b) Note the intent of the Combined Authority to pursue Lead Authority status for the LUF regeneration bids and its existing status as Lead Authority for transport bids.

1. Purpose

1.1 To gain approval for the processes being co-ordinated by the Combined Authority for the selection of bids to the Levelling-Up Fund (LUF) and the Communities Renewal Fund (CRF) from constituent Local Authorities to the Government on 18th June 2021.

1.2 To provide the opportunity for bids to be put forward to the Government by that deadline and in advance of the Combined Authority Board meeting on 30th June 2021, through a

Mayoral Decision Notice to be sought, subsequent to the Business Board meeting on 12th May 2021.

1.3 To provide the opportunity for the Business Board to participate in those processes, providing the "voice of business" into them, leading to selection of bids for submission, by a Panel from each Local Authority, led by the Leader of the Local Authority and MP for each place, but with participation of the Mayor of Cambridgeshire and Peterborough and the Chair of the Business Board.

2. The Levelling Up Fund

2.1 The Government, through the publication of the LUF Prospectus (see summarised version as Appendix 1), has now provided details on the operation of the LUF. The main aspects of which are that:

2.2 Any District or Unitary Authority in England can bid into LUF for regeneration projects of up to £20m in size.

2.3 Local Transport Authorities, including the Combined Authority, can additionally submit bids to LUF, for transport related projects up to £50m in size.

2.4 The Ministry of Housing, Communities and Local Government (MHCLG) has published a list of priority places as assessed by Government. LUF bids from Peterborough and Fenland will be prioritised. As bids are assessed in competition, evaluation will be weighted in favour of bids from these places. Only exceptional bids are likely to be approved from elsewhere.

2.5 Regeneration bids must improve those places in a way that helps level-up their economies in the longer term. Bids to the first round are to be submitted on 18th June, with evidence of physical build commencement by 31st March 2022 and completion by 31st March 2024.

2.6 Only one regeneration bid may be approved for the whole of the LUF programme to 2024 per place, per MP. Hence consideration will be given to whether a bid to the first round should be foregone on the basis that better project ideas might come forward or be developed given more time.

2.7 The Government has delegated individual Unitary and District Authorities the role of promoting the fund, collecting project ideas, and selecting them for bidding, locally. The Combined Authority has no formal role in the selection process of projects to be bid.

2.8 However, a process for selecting candidate LUF regeneration bids has been co-developed, based on a voluntary arrangement agreed between the Combined Authority, Peterborough City Council (PCC) and Fenland District Council (FDC).

2.9 This voluntary arrangement between the three authorities provides a clear and transparent bid candidate collection and evaluation process, within which a quality scoring matrix is employed and is provided as Appendix 3. This process has been co-designed with the Combined Authority's transport directorate to ensure consistency between the process of selection of bids for both LUF regeneration and transport projects.

2.10 The Business Board has provisioned £60,000 from the 2020/21 Medium Term Financial Plan (MTFP) to support the production of first round regeneration bids to LUF and their associated business cases. Bid candidates scoring above a specified quality threshold within the bid candidate evaluation process will gain access to this fund to maximise subsequent chances of success in the Government's evaluation of the actual bid. In addition to this, MHCLG is providing £125k of capacity funding to both PCC and FDC to support their costs of bid development.

2.11 The CPCA, in collaboration with PCC, is promoting the LUF as an opportunity to bid for regeneration projects, and has organised a "call for proposals" for bid candidate projects to feed into the evaluation process. The call for proposals has been promoted to the business community, colleges and community/third sector organisations. PCC has elected to bid into the first round recognising that subsequent rounds will be run, but as a priority one place there is good chance of securing funds in the first round and this maximises the window of delivering the project once allocated.

2.12 FDC have elected to feed in bid candidate projects through an internal process involving officers and elected representatives. However, they will be using the same bid candidate evaluation matrix as PCC. Officers from FDC and the Combined Authority will evaluate candidate bids and agree a consensus score for each.

2.13 The evaluation scores will be presented to a "Voice of Business Workshop", organised for Business Board members to input into the process, with a summary of comments being submitted, along with the consensus evaluation scores, to a "Decision-Making Panel" for each Local Authority area. The Business Board Workshop is expected to take place in early May 2021 and the Decision-Making Panel later in May, after the local elections.

2.14 At the time of publication of this paper, the bid candidate projects received and being fed into the evaluation process included:

- Phase 3 of the Peterborough University, in the form of a second teaching building, with a curriculum focused on sports science, art and design, creative, digital and architecture. This includes the provision a number on new public culture and sports facilities, integrating with improvements to the embankment athletics track and links between the new university and the city's museum, library and theatre, with the intent of creating a university quarter able to integrate and enhance public access to sports and cultural facilities. Funding now, for Phase 3 is essential to sustain momentum in student number growth, so as to reach a total of 5,500 students by 2027, and with it, a commercially sustainable business model. The first building will be at full capacity in 2024 and will require a second facility to meet the forecast student numbers in 2025.

- Regeneration of the Horsefair Shopping Centre in Wisbech, which as one of the key projects in the Growing Fenland strategy for Wisbech requires regenerating of the centre with new investment to repurpose the layout, utilisation, and general public realm improvements to see revitalised footfall, mixed retail and non-retail and leisure uses, improvements to the use and offer of the central area of Wisbech. The works would provide for a mix of smaller retail units more fit for requirement in the current market plus new public, learning and leisure use facilities, and possibly new cultural elements. The project would create new job opportunities from new retailers, new businesses, learners and increased visitor footfall.

- Redevelopment of the former Phoenix Hotel Site in Wisbech, to provide a mixed-use space comprising of commercial, housing and community facilities. The site is on the historic North Brink on the site of the former Phoenix Hotel (derelict since a catastrophic fire in 2010). This would generate outputs on jobs, housing and new business creation as well as community and cultural uses. Speculative development of commercial property like this is generally not commercially viable in Fenland i.e. the private sector will not deliver vacant employment space to let. This issue is particularly acute in Wisbech where values are lower than in other parts of the District. Public sector intervention also presents opportunity for housing development in central Wisbech location. The regeneration of this high-profile site has long been an aspiration for FDC and has attracted support from Historic England, the MP for North West Cambridgeshire, and a range of other stakeholders.

- Development of a Wisbech Business Park, through the purchase of land and provision of enabling infrastructure to allow a commercial business park to come forward for development, to provide options for expanding local companies and to help attract new companies to Wisbech. The site would be relatively quick to get started once land ownership established. However, the timeline for first investing companies to create jobs will depend on market conditions and the development of a pipeline of companies seeking new sites.

2.15 The members of the Decision-Making Panels for Peterborough and Fenland are contained within Appendix 3. Each panel includes the local MP(s), the Local Authority Leader (support from whom is mandatory for the selected bid), the Chair of the Business Board, the Mayor of Cambridgeshire and Peterborough, and a selection of Local Authority area representatives.

3 The Communities Renewal Fund

3.1 The Government, through the publication of a CRF Prospectus (see summarised version as Appendix 2), has now also provided details on the operation of the CRF. The main aspects of which are that:

- CRF bids from Peterborough and Fenland will be prioritised. As bids are assessed in competition, evaluation will be weighted in favour of bids from these places. Only exceptional bids are likely to be approved from elsewhere.

- A bid of up to £3m may be put forward to the CRF in 2021, from PCC and FDC respectively for mainly revenue projects to be delivered over a 6-month period to 31st March 2022, to support short term economic recovery.

3.2 The Government has decided to designate the Combined Authority as a “Lead Authority” for CRF in its area, including the role of promoting the fund, collecting candidate bids and selecting them for bidding.

3.3 On a mandated basis, the Combined Authority, through the Business Board, is coordinating the design and implementation of a clear and transparent bid candidate collection and evaluation process, for which the scoring matrix is provided as Appendix 3. Officers from PCC, FDC and the Combined Authority will evaluate candidate bids and agree a consensus score for each.

3.4 The Business Board has provisioned £60,000 from the 2020/21 MTFP to support the production of first round bids to CRF and their associated business cases. Bid candidates, scoring above a specified quality threshold within the bid candidate evaluation process, will gain access to this fund to maximise subsequent chances of success in Government evaluation of the actual bid. In addition to this, MHCLG is providing £125k of capacity funding to both PCC and FDC to support their costs of bid development. In addition to this MHCLG are providing the Combined Authority with £40k grant funding specifically to support the Authority's role in bid coordination and appraisal.

3.5 The Combined Authority, in collaboration with PCC and FDC, is promoting the CRF as an opportunity to bid for projects and has organising a "call for proposals" for bid candidate bids to feed into the evaluation process. The call for proposals has been promoted to the business community, colleges and community/third sector organisations. It is anticipated that further opportunities to bid to the CRF will be provided annually. Hence, there is no requirement to consider whether a bid to the first round should be foregone on the basis that better project ideas might come forward or be developed given more time.

3.6 The consensus evaluation scores will be presented to a "Voice of Business Workshop", organised for Business Board members to input into the process, with a summary of comments being submitted, along with the consensus evaluation scores, to a "Decision-Making Panel" for each Local Authority area. The Business Board Workshop is expected to take place in early May 2021 and the Decision-Making Panel later in May, after the local elections. To promote transparency and consistency, the decision-making panel will be constituted with the same members as for LUF regeneration projects.

3.7 At the time of publication of this paper, the bid candidate projects received and being fed into the evaluation process included:

- A six-month programme, across Peterborough and Fenland, to connect workers and young people displaced by the COVID impacts onto our economy, with jobs in growth firms and learning opportunities to re-skill or upskill, to aid transition into sectors with greater availability of jobs.

- A six-month business start-up programme, across Peterborough and Fenland, that comprises a mix of grant support with coaching and mentoring for displaced workers unable to find employment and wishing to explore self-employment and starting their own firm. This programme would form a pilot to test both the market demand and the delivery processes for a longer-term programme.

3.8 The members of the Decision Making Panel are also contained within Appendix 3. Each panel includes the local MP(s), the Local Authority Leader (support from whom is mandatory for the selected bid), the Chair of the Business Board, the Mayor of Cambridgeshire and Peterborough, and a selection of Local Authority area representatives.

Significant Implications

4 Financial Implications

4.1 The £120k of funding to support development of business cases is from within already approved budgets in the medium-term financial plan. The Combined Authority has yet to allocate the £40k capacity funding to a specific workstream.

4.2 Should any of the bids being proposed for the Community Renewal Fund, or the CA's own bid for the Levelling Up Fund succeed, the Combined Authority will received funding ringfenced for the delivery of these projects.

5 Legal Implications

5.1 There are no direct legal implications.

6 Other Significant Implications

6.1 There are no other significant implications arising from the report.

7 Appendices

7.1 Appendix 1 – Levelling-Up Fund Prospectus Summary

7.2 Appendix 2 – Communities Renewal Fund Prospectus Summary

7.3 Appendix 3 - LUF and CRF Bid Candidate Scoring Evaluation Matrix & Decision Making Panel

Appendix 1

Levelling-Up Fund Prospectus Summary

Funding is 100% capital to a cap of £20m for regeneration bids and £50m for transport bids

The Levelling Up Fund will invest in local infrastructure that has a visible impact on people and their communities. This includes a range of high value local investment priorities, including local transport schemes, urban regeneration projects and cultural assets.

Bids must be backed by MPs and this determines the number of bids that can be put forward. We expect Members of Parliament, as democratically-elected representatives of the area, to back one bid that they see as a priority. The number of bids that a local authority can make will relate to the number of MPs in their area. Accordingly, local authorities can submit **one bid for every MP whose constituency lies wholly within their boundary.**

The above rule infers one bid per Local Authority relating to the Rt Hon Paul Bristow MP and the Rt Hon Stephen Barclay MP. However, Stephen Barclay's constituency also includes some parts of East Cambs (in particular the town of Littleport) and this may mean that Littleport should be included in the bid. Officers will seek clarification.

Local authorities submitting multiple bids to spread these fairly and equitably within the authority boundary and across their full range of constituencies, targeting pockets of deprivation as appropriate.

The first round of the Fund will focus on three themes:

- smaller transport projects that make a genuine difference to local areas;
- town centre and high street regeneration; and
- support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets.

Transport investments including (but not limited to) public transport, active travel, bridge repairs, bus priority lanes, local road improvements and major structural maintenance, and accessibility improvements. We are requesting proposals for high-impact small, medium and by exception larger local transport schemes to reduce carbon emissions, improve air quality, cut congestion, support economic growth and improve the experience of transport users.

Town centres are a crucial part of our communities and local economies, providing both a focal point for retail and hospitality trade and a meaningful centre of gravity for local communities. The UK Government recognises that in recent years, changing consumer behaviour has made things tougher for retailers in our town centres and high streets, an issue made even more apparent by the impact of COVID-19. In addition, while some local areas have benefited from programmes such as the Towns Fund, **some places such as smaller towns have not yet been able to access this investment**

At the 2018 Budget, the UK Government published 'Our Plan for the High Street', spearheading a number of initiatives including the Towns Fund, to renew and reshape town centres and high streets so they look and feel better and can thrive in the long term. The regeneration pillar of Levelling Up Fund seeks to build on this philosophy and on the investments made so far through the Towns Fund.

Regenerating key leisure and retail sites and improving their security, in order to encourage new businesses and public services to locate there.

Removing derelict buildings and other eyesores to make way for new developments.

Site acquisition and remediation of abandoned or brownfield sites, for both commercial and new residential use.

Creating better connectivity between and within key retail and leisure sites.

Cultural investment maintaining, regenerating, or creatively repurposing museums, galleries, visitor attractions (and associated green spaces) and heritage assets as well as creating new community-owned spaces to support the arts and serve as cultural spaces.

Perception of place is an important 'pull' factor in investment and business location decisions and can affect a place's capacity to attract talent – especially young people – and retain workers. Many towns already have a strong heritage and sense of place, and benefit from their cultural and civic assets both directly, from tourism and visitor revenue, and indirectly, by inspiring a sense of local pride and community cohesion, making places more attractive to live and work in. Alongside towns, rural areas also often possess a rich tapestry of local culture and heritage assets. Interventions that have a heritage and cultural focus when combined with other interventions in a place function in a complementary manner, greatly increasing the overall impact. Investments in cultural assets should be driven by an evidenced place-sensitive need or opportunity and have clear outcomes that align with areas' vision for place-based economic and social development, as well as the health and wellbeing of local people. Projects submitted for appraisal under this investment theme may include:

- Upgrading and creating new cultural and creative spaces including sports or athletics facilities, museums, arts venues, theatres, libraries, film facilities, prominent landmarks or historical buildings, parks or gardens.
- New, upgraded or protected community hubs, spaces or assets (and associated green spaces).
- Acquiring and refurbishing key cultural and heritage sites including hotels and historic buildings.

Putting forward 'Town Deals' for individual or groups of smaller towns that did not receive investment from the Towns Fund

- **Package bids** must clearly explain how their component elements are aligned with each other and represent a coherent set of interventions. They can include a mix of projects from the Fund's three investment themes but any one bid should not include multiple unrelated investments.
- Local authorities may submit joint bids. The maximum bid size for joint bids will be determined by adding up the individual £20 million caps of each bidding authority.
- As part of the strategic case bidders must demonstrate that joint bids are a cohesive and coherent investment proposal. Any elements of a joint bid that are jointly delivered should be fundamental to the joint bid as a whole and serve to unlock any elements of the bid that are not delivered jointly.

Appendix 2

Communities Renewal Fund Prospectus summary

Funding is 90% revenue with a min bid size of £500k and max of £3m for each place.

The Shared Prosperity fund coming in 2022 will boost productivity growth across the UK relies on harnessing local knowledge, expertise and social capital. **Ensuring that all places can take advantage of economic growth** requires support tailored to the individual barriers faced at a local level.

Investing at the local level can help provide the support people and places need to achieve **higher levels of productivity and tackle disadvantage** to ensure that future prosperity is felt across the UK. This is especially true as we build back stronger from the COVID-19 pandemic. Alongside national provision, targeted public investment can help renew communities, **supporting their recovery and boosting resilience.**

Any investment must recognise the challenges faced by the people living in them and **ensure that everyone is able to take advantage of economic growth**. **Ensuring that everyone has the skills they need to take advantage of the opportunities** in their local area is critical to sharing prosperity.

A place-based portion of the fund which will target places most in need across the UK, such as ex-industrial areas and deprived towns, opening up new opportunities and **spurring regeneration and innovation**.

A people-based portion of the Fund will be targeted to people most in need through **bespoke employment and skills programmes** that are tailored to local need. This will support **improved employment outcomes** for those in and out of work in specific cohorts of people who face labour market barriers.

To pilot ideas for the SPF Government have launched the **UK Community Renewal Fund**, which will provide local areas across the UK with access to £220 million of additional funding as they prepare for the UK Shared Prosperity Fund due to launch in 2022. As EU structural funds tail off after 2022-23, the UK Shared Prosperity Fund will succeed them as a programme distinct from the UKCRF and help to level up and create opportunity across the UK in places most in need in a manner **distinct but complementary to the Levelling Up Fund, through investment in skills, enterprise and employment**.

This includes removing barriers that people face in accessing skills and local labour market opportunities, building the evidence base for future interventions and exploring the viability of new ideas.

Investment priorities are to nurture innovative thinking and offer flexibility, projects may align with one, or deliver across several, of the following investment priorities:

- Investment in skills
- Investment for local business
- Investment in communities and place
- Supporting people into employment

Lead authorities should invite project proposals from a range of local applicants, including **local district councils**, voluntary and community sector organisations and **local education providers including universities**.

Lead authorities should then appraise these projects and produce a shortlist of **projects up to a maximum of £3 million per place** for submission to UK government.

The UK government will select projects in line with the selection criteria. The UK **government will not accept direct bids from any bodies other than the lead authority.**

We are interested in bids that build on local insight and knowledge, and project proposals that align with long-term strategic plans for local growth, target people most in need and support community renewal.

In addition, projects should show how they complement other national and local provision. A focus for this Fund is to **support innovation and new ideas in these areas, investing in pilots** that draw on local insights and which will help places to prepare for the introduction of the UK Shared Prosperity Fund in 2022.

Investment made under this Fund should be able to demonstrate the extent of **contribution to net zero objectives** or wider environmental considerations. Projects should be based on low or zero carbon best practice, **adopt and support innovative clean tech** where possible and **support the growing skills and supply chains in support of Net Zero** where possible.

Appendix 3 - LUF and CRF Bid Candidate Scoring Evaluation Matrix & Decision Making Panel

Candidate Project	Strategic		Tactical		Impact		Support		Project Total
	Alignment with Local Strategy for Levelling-Up		Alignment with Gov Delivery Mode Themes		Outcome & Output Commitments		Manditory & Key Stakeholder Support		
Name *Three Line Description*	Score 1-5	Local Industrial Strategy (Ref) COVID Economic Recovery Strategy (Ref) OECD Local Economic & Emp'mnt Dev (Ref)	Score 1-5	No of Priority Themes (Ref) Strength of Match Compliance to Manditory Start, Spend & Completion Deadlines	Score 1-5	Outcomes (jobs, skills, prosperity, health) Outputs (buildings, public realm, facilities) VFM (£ Per Outcome or Output)	Score 1-5	MP (Manditory - scores 5 & weighted x2) Community (Comm & Bus Orgs - max 3) None (No Letters of Support - scores 0)	Score 1-5
CoDeveloped PCC/CPCA Strategic Projects									
University Second Teaching Building	5		5		5		5		20
Expansion to critical mass of 5,000 pa students to reach commercial sustainability, de-risking long-term failure to raise Pboro out of bottom 10% of UK cities									
Station Quarter Development									0
First commercial office building on car park to house relocated Whitehall civil servants and new inward investinf companies									
CPCA Transport Projects									
Stanground Roundabout									0
Description here									
A N Other Transport Project									0
Description here									
A N Other Transport Project									
Description here									
New Local Community Ideas									
Community Project #1									0
Description here									
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Panel Considering Evaluation Matrix and Selecting Bids

For Peterborough

1. Leader of Peterborough City Council
2. Mayor of Cambridgeshire & Peterborough
3. Chair of the Business Board
4. Chair of Towns Board (Mathew Bradbury)
5. Paul Bristow MP
6. Shailesh Vara MP

For Fenland

1. Leader of Fenland District Council
2. Mayor of Cambridgeshire & Peterborough
3. Chair of the Business Board
4. Fenland Towns Representative (TBC)
5. Stephen Barclay MP

THE BUSINESS BOARD

Agenda Item No: 2.3

Manufacturing & Materials Research & Development Centre Project Change Request and Revised Business Plan

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
	Appendices 2 and 3 to this report are exempt from publication because they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act. It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information.
Lead Member:	Chair of the Business Board, Austen Adams
From:	Director of Business & Skills, John T Hills
Key decision:	Key Decision to be made by Mayoral Decision Notice
Forward Plan ref:	Key Decision 2021/027
Recommendations:	The Business Board is recommended to:

(a) Recommend that the Mayor approves the project change request at Appendix 3 for the Manufacturing & Materials Research & Development Centre;

(b) Recommend the Mayor approve the revised Business Plan for the Peterborough R&D Property Company Ltd at Appendix 1;

(c) Recommend the Mayor delegate authority to the Director of Business and Skills, in consultation with the Lead Member for Economic Growth, the Section 73 and the Monitoring Officer, to finalise and complete the necessary legal documentation for the Peterborough R&D Property Company Limited; and

(d) Recommend the Mayor approves the allocation of the balance of the £13.773m Getting Building Fund monies to Phase 2 of the

University of Peterborough project and releases the balance of the funding based on the amendment to the Business Plan.

1. Purpose

1.1 To seek approval for a change to the project Business Model, to enable the Peterborough R&D Property Company Limited ("the Company") to manage the Manufacturing & Materials Research & Development Centre ("the Centre") itself instead of procuring a commercial operator to do so.

1.2 To seek approval for a number of changes to the project Business Plan, to enable the Company to take on this role and the reduced capital contribution to the build from Photocentric Ltd.

2. Background

Manufacturing & Materials Research & Development Centre

2.1 At its meeting on 12th January 2021, the Business Board considered a report on the incorporation of the Company and made recommendations to the Combined Authority Board on the delegation of authority to officers to prepare legal documentation and on the approval of the Business Plan for the Company. The recommendations were adopted by the Combined Authority Board at its meeting on 27th January 2021. At that time, it was the intention that a commercial operator for the Centre would be procured by the Company and the Business Board also recommended that consent be given for the Company to enter into a contract with the successful contractor in the procurement.

2.2 Subsequently, advice has been received that the proposed Business Model, of having a contractor to operate the Centre (by taking a lease of the premises with right to sub-let to the tenants), would result in the Company being unable to recover VAT on the construction costs which would have reduced the build budget by circa £3m. A solution has been developed that would allow VAT to be reclaimed but will require the Company itself to manage the building. The Company, as previously planned and approved by the Business Board and CA Board, will be a Special Purpose Joint Venture, between the Combined Authority and Photocentric. However, to protect the Combined Authority from the risk of having to inject further share capital into the Company to cover potential losses arising from operation of the Centre, Photocentric have agreed to fund the additional cashflow requirements of the Company and any losses resulting from the Company's operation of the Centre. This revised arrangement will be enshrined within the suite of legal documents describing the shareholder and lease arrangements for the building, between Photocentric and the Combined Authority. These will allow the Director of Skills and Business in conjunction with the Section 73 and the Monitoring Officers, to finalise and complete the necessary legal documentation to secure the commitment from Photocentric to inject further share capital into the company to cover its cashflow needs and potential losses.

2.3 The project was first approved by the Business Board in October 2020 and ratified by Mayoral Decision Notice in November 2020. Then in January 2021 a change request was approved by the Combined Authority for the joint venture partner Photocentric to increase their investment for the construction of the Centre from £1.5m to £3m, to enlarge it to 3,283m^2

across 3 floors, facilitating a mix of high-quality technical laboratory and office space for incubations and start-ups.

2.4 However, to help provision for the need to inject further share capital into the Company, to cover potential operating losses, Photocentric have now requested that they reduce their investment in the building by £800,000 to £2.2m

2.5 Hence, this change request also proposes a reduction in the size of the Centre back to the original plans approved by Business Board in October 2020 and ratified by Mayoral Decision Notice in November 2020. The building will now be 2,954m^2 across 3 floors, in line with the original Getting Building Fund application approved by Government, and whilst this reduces the overall lettable space to 1,657m^2, the original total job outputs agreed as part of the award of Getting Building Funding remain unchanged.

2.6 While the number of jobs is in line with the original application, this change request also outlines a 3-month delay in the build programme as the revised building scope must be resubmitted for planning permission in June reflecting the revised design and reduced size of the building. This delay gives a revised expected completion and opening date in December 2022.

2.7 The revised Business Plan, which includes this revised proposal for the delivery of the Centre building, forms Appendix 1 to this report and the Business Board is invited to recommend that the Mayor, through a Mayoral Decision Notice, approves the release of the remaining funding to the Company, to enable contracts to be placed with MACE, the project consultants by the 3rd June 2021, to commence the redesign and resubmission of the planning application for the smaller building, in order to meet the revised December 2022 completion date. Therefore, to expedite the process it is intended to seek approval through Mayoral Decision Notice. This notice will follow the Business Board approval on 12th May.

Getting Building Fund Implications

2.8 The Combined Authority element of the budget for the project is made up of £14.6m Getting Building Fund (GBF). The award of the funding followed a formal joint application process by the Combined Authority and its partner Photocentric, which was approved by Mayoral Decision Notice on 5 November 2020. Of this £14.6m, £827k was ring-fenced for the associated car park and £300k was top sliced to cover staff, leaving £13.47m for the build itself.

2.9 Given the proposed revisions to the Business Plan, and the underpinning Economic Appraisal, it was necessary to confirm that the revised proposals would not impact upon the outcomes and conditions agreed as part of the award of the GBF from Government. Discussions have therefore taken place with the Cities and Local Growth Unit (CLGU) and a Project Change Request has been approved and confirmed in writing on 27th April 2021, The change request approval confirms that the GBF spend conditions set out in the Grant Offer Letter from the MHCLG Secretary of State, remain unaffected.

2.10 An independent re-evaluation of the GBF application has been carried out by the same independent evaluators that conducted the original application’s appraisal in October 2020 . Their independent report on this revised business plan and revised project investment is attached as not for publication Appendix 2.

Commercial Appraisal, State Aid and VAT

2.11 The original independent evaluator's report of October 2020, set out a number of reports which were required to be produced before the project was confirmed for funding, which the funding decision was therefore made subject to. These have now been repeated for the new Business Plan and are provided in Appendix 2. Of particular importance were the requirements to validate that the Commercial Model (Business Plan) for the project, provide confirmation that state aid regulations had been met, and that VAT could be recovered.

- The Business Plan for the revised project scope has been completed.
- The commercial model underpinning the plan has been validated by Carter Jonas as viable and comparable to market conditions.
- State aid advice has been received from Pinsent Mason and provides a positive view on compliance of the new business plan and commercial model.
- Deloitte have produced new VAT advice which confirms that the Company will be able to reclaim VAT on its construction costs and the Company is now applying to be registered for VAT.

2.12 Summary of material changes to the project

The two key changes to the business plan are:

I. The move from procurement of a commercial operator for the Centre, to the Company operating the Centre and associated reconfiguration of commercial and business plan.

II. Reduction in capital investment by Photocentric from £3m to £2.2m.

2.13 The business model is now based on the Company taking on the operation of the Centre itself once complete. Direct operation allows the company to reclaim VAT on expenditure in relation to the build cost. The Company takes on the operation of the Centre itself, collecting rents direct from the tenants and providing services in return. Photocentric will agree to underpin the operating risk of the Centre and will provide further capital investment as may be required in order to ensure that the Company remains able to pay its debts as and when they fall due. As a result, Photocentric will be provided in the Shareholders Agreement with a veto at Board level in terms of matters relating to the operation of the Centre by the Company so that it is able to retain a measure of control over the costs which it will be underwriting. As a result of its agreeing to underpin the Company's cashflow requirements, Photocentric will reconfigure its investment and reduce its initial capital contribution of £3m by £800k to £2.2m.

2.14 The removal of £800k from the construction budget results in a reduction of the 14% in Gross Internal Area (GIA) and a Net lettable area of 17%. The Combined Authority has worked closely with an independent consultant (Carter Jonas) to review and revise the commercial model, which is now included within the revised business plan at Appendix 1, and they have confirmed that they consider the model to be financially viable.

Significant Implications

3. Financial Implications

3.1 The allocation of shares in the Company will be proportional to the financial investment made by each shareholder in the creation of the Phase 2 Research Building. Photocentric's share allocation of 13.7% of the shares in the Company will be subject to the change request being approved.

3.2 As the investment is made by acquiring shares in a limited liability company, and the total value of the shares that the Combined Authority is purchasing is not changing, the total financial liability to the Combined Authority is unchanged by this request – capped at the value of the Combined Authority's shareholding (£13.8m). The funding for this is entirely from the Getting Building Fund, which is ringfenced for this project and could not be spent elsewhere without approval from Government if the project were not to proceed.

3.3 While the Combined Authority will own a greater percentage of the Company than under the previous plan, the value of the building will be lowered by the scope change so the overall value of the building attributed to the Combined Authority is likely to be similar.

3.4 As Photocentric are underwriting the operating costs of the Centre via its commitment to purchase additional shares in the Company, and the Company is likely to run a cash deficit in its early years, the Combined Authority's ownership of the Company is likely to be diluted to some extent. This will result in the Combined Authority being entitled to a smaller share of the Company's operating profits, or sale revenues. However in return, Photocentric are de-risking the early years of operation of the Company. The amount of additional investment by Photocentric is expected to be in the order of £100k's so is not expected to create a change in majority control of the Company (which would need a further c. £11m investment from Photocentric).

4. Legal Implications

4.1 The revisions to the Business Plan will be taken into account in the construction of the Shareholder Agreement between the Combined Authority and Photocentric Limited, the Articles of Association of the Company and the Agreement for Lease and Lease of the premises between the Company and Photocentric Limited.

5. Other Significant Implications

5.1 None.

6. Appendices

6.1 Appendix 1 – Revised Business Plan for the Peterborough R&D Property Company Limited

6.2 Appendix 2 (Exempt) – Independent Appraisal Report on the Revised Project and Business Plan

6.3 Appendix 3 (Exempt) – Project Change Request for the Manufacturing & Materials Research & Development Centre

7. Background Papers

7.1 'University of Peterborough: Incorporation of PropCo2' (Agenda Item 2.4, Business Board Meeting held on 12th January 2021
https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/2001/Committee/69/Default.aspx

7.2 Minutes of the Business Board meeting held on 9th July 2020
https://cambridgeshirepeterboroughcagov.cmis.uk.com/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=C3fN6hk%2f1pGVfRRTedlg3soLtreUx8kX3zGbsHN0QOg0gVdttdGjkg%3d%3d&rUzwRPf%2bZ3zd4E7Ikn8Lyw%3d%3d=pwRE6AGJFLDNlh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlg%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPlIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d

7.3 Getting Building Fund Project Proposal – October 2020 (Agenda Item 2.1, Business Board meeting held on 19th October 2020)
https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/2011/Committee/69/Default.aspx

7.4 Mayoral Decision Notice (5th November 2020)
https://mk0cpcamainsitehdbtm.kinstacdn.com/wp-content/uploads/documents/governance/transparency/mayoral-decision-notices/MDN28-2020-Award-getting-building-funding-GBF-to-Uni-of-Pb.pdf

Peterborough R & D Property Company Ltd - PropCo2

Business Plan – Updated April 2021

Appendix 1

April 2021

The original business plan was presented to the Skills Committee on 11th January 2021, the Business Board on 12th January 2021 and the Combined Authority on 27th January 2021.

This plan has been updated in April 2021 and will accompany the Board paper, in order to reflect two key changes of:

A - Move from procurement of a commercial operator to run and manage the R&D centre, to Peterborough R&D Property Company Limited (Propco2) taking on the Operational management role itself.

B - Reduction in capital investment by Photocentric from about £3m to £2.2m

Sections 1, 2, 3 and 7 are, as the original business plan.

The purpose of the Peterborough R&D Property Company (PropCo2) will be to manage the University phase 2 property development, a Manufacturing and Materials Research & Development ("the Centre"), its finances including the delivery Funds and to manage the Centre moving forwards.

This business plan is designed to provide an overview and detail of the:

- Objectives
- Deliverability including timescales
- Economic appraisal
- The shareholders
- Governance
- Dependencies and risk
- Financial plan

The drivers for establishing the Peterborough R&D Property Company (PropCo2) are:

- To assist with delivering current and future objectives of the CPCA and the other shareholder in the company where those objectives align.
- To manage the Getting Building Fund investment awarded by PropCo2.
- to run and operate the Centre including the sourcing and subletting of parts to research intensive companies.

Benefits of the Peterborough R&D Property Company Ltd (PropCo2) are:

- Creating PropCo2 will be a key part of providing a structure that will support and help to achieve the aims of the CPCA. Therefore, provides CPCA with a vehicle to assist the:
    - Development of a Low Carbon Economy and align with the Government's Net Zero aspirations.
    - Achievement of significant sector-cluster growth, based on technological innovation that will transform the knowledge intensity of products, services and jobs.
    - Establishment of skills and learning in the very heart of the city, providing a platform for a high value manufacturing innovation eco-system with a Technical University at its core.
    - Holding and management of the CPCA's investment.
    - Manage the partnerships with the other shareholder and wider stakeholders.
    - Provide more options for control of ownership and / or sale later.

1 - Introduction

The Centre will be developed and owned by PropCo2, a joint venture company owned by CPCA and Photocentric Ltd. The intention is to achieve significant sector-cluster growth, based on technological innovation that will transform the knowledge intensity of products, services and jobs, arresting four decades of decline in prosperity to reset Peterborough's potential rate of recovery.

The Centre, the second phase of the development of a new University in Peterborough, will link academia and industry to establish skills and learning in the very heart of the city, providing a platform for a high value manufacturing innovation eco-system with a Technical University at its core.

The Centre will have a focus upon contributing towards the development of a Low Carbon Economy and align with the Government's Net Zero aspirations.

This Business Plan will be developed further by the shareholders of PropCo2 (Photocentric and the CPCA).

2 - Objectives and Deliverability

2.1 The Purpose

The new Centre will transform the local economy which has suffered from extremely low levels of R&D activity and a complete absence of any research and innovation eco-system. This will turn around the current erosion in productivity and high value knowledge industry, and will lead to new aspirations, opportunities, wage growth, increased well-being and beneficial health outcomes.

2.2 Objectives of the Centre

This facility has two significant objectives: to create research which should contribute to technology which will allow for reduced carbon emissions for innovative businesses and to provide the students of the new University with access to tomorrow's manufacturing technologies.

The building will house established and start-up companies developing cutting edge manufacturing technologies linked to advanced manufacturing. This phase of the University campus project will link academia and industry to establish skills and learning in the very heart of Peterborough, providing a platform for a high value manufacturing innovation eco-system with a Technical University at its core.

The partners are committed to establishing a research centre to position Peterborough at the core of a new Net Zero economy. The building will host development work that will create the new manufacturing techniques that will define a low-carbon Industry 4.0 model for tomorrow.

The research performed there will create a wide range of technologies, including new energy storage devices, specifically car batteries, manufacture new products using sustainable plastics and print industrial parts as opposed to moulding them. This will define the next generation of manufacturing methods making plastic, ceramic, metal and composite parts.

As the anchor tenant, Photocentric has had a core belief in innovating since its formation in Peterborough in 2002. Today it employs over 30 scientists working on creating better ways to manufacture products using innovative 3D printing concepts it has invented. It has a world-class chemistry team that are the leading innovators in visible light

photopolymerisation, an engineering team that designs the 3D printers in the sector it invented, technicians, software developers, metallurgists, ceramicists and electro-chemists working on the next generation of printed batteries. In 2020, its unique patented process using LCD screens was proven, by making millions of items of PPE, and it is now validating this digital manufacturing process in a variety of applications as an alternative to traditional manufacturing techniques. Photocentric holds 8 granted patents with 23 pending and has 3 Queen's Awards, two for Innovation.

The hub, with a world-leading research and manufacturing company, at its heart, will encourage other companies to join the hub. It is hoped that the other hub members will locate their associated manufacturing facilities nearby as have Photocentric.

The vision for the innovation centre is to invest in research today to enable manufacture tomorrow. Specifically, this will be a facility enabling efficient low to medium volume of manufactured parts, bridging the gap between the prototype and mass manufacture volumes. This facility will speed up the design and launch of new products and be of strategic value to Peterborough's innovative manufacturing companies.

The vision to work with the University is a central part of the partner's beliefs that *they are stronger when they educate*. Encouraging education is one of the partner's goals and students of all ages will be able to access facilities and labs to learn about the applications for industry-leading technology. It is envisaged that the students who graduate from the University will have the best grounding possible, being inspired with the applications for their education and because they gained experience that was at the cutting edge, becoming highly desirable to employers.

3 - Vision

The project will transform the local economy having suffered from extremely low levels of R&D activity and a complete absence of any research and innovation eco-system. This will turn around the current erosion in productivity and high value knowledge industry, and will lead to new aspirations, opportunities, wage growth, increased well-being and beneficial health outcomes.

Economic appraisal

(April 21 update)

1. Using conventional Treasury Green Book appraisal techniques and accepted government benchmarks, the economic impacts and outputs of the project over the 5 years of the project funding lifetime have been estimated as follows:

   - 150 new direct jobs created in companies based in the centre (including new jobs created in Photocentric)
   - 390 indirect jobs created in supply chain
   - Creates £70 million of GVA
   - The activities generated will be highly additional, with low displacement – i.e. R&D creating new processes, products and services which are unlikely to duplicate activities in the rest of the economy.

2. There are broadly three direct quantifiable benefits from the proposed options:

   a. Increases in local employment and GVA a direct result of the creation of the Manufacturing and Materials Research & Development Centre.
   b. Employment created in the wider economy as an indirect result; and
   c. Attraction of more businesses in the long term.

The key output from this appraisal is summarised in the table below:

Appraisal Outputs	Recommended
Total Net Present Benefits	£70,488,375
Total Net Present Costs (public sector)	£13,274,042
Benefit Cost Ratio	**5.31**

Approach to Economic Case

3. No options or scenarios have as yet been considered alongside the recommended option. This should be produced before final approval of the Business Case. This economic appraisal has been conducted on the recommended option only, on the following basis:
   a. In the absence of RIBA 3 costings, the construction cost has been assumed to be equal to the current capital budget of £15.973m.
   b. Funding is assumed to be made up of £13.773m (capital) from the public sector (via the Getting Building Fund) and £2.2m from the private sector from Photocentric Ltd (also capital); and £800,00 of revenue input / underwriting from Photocentric Ltd.
   c. Direct staff employment calculated using published Government Employment Density Guidance for general office Professional services.
   d. A Net Internal Area floorspace of 1,802 square metres from the Reduced scheme as presented to the January 2021 Business Board.
   e. Indirect employment calculated using Treasury Green Book multipliers for High skilled 'tradable' sectors, i.e., those who's output is sold mostly outside the local area.

f. The latest publish annual labour productivity GVA per filled job (£) for Cambridgeshire for both direct and indirect jobs created (£55,248 in 2018 prices, adjusted to current price £56,284 using HMT GDP Deflators).

Economic Costs

4. As costings for the RIBA Stage 3 Design will not be available until June 2021, the following inputs have been used as a proxy for the Fiscal Cost of delivering the project:

Input Contributions	
Capital Investment (public sector)	£13,773,000
Capital Investment (private sector)	£2,200,000
Revenue Investment (private sector)	£800,000
Assumed Fiscal Costs	**£16,773,000**

5. The ground and first floor of the building has been designed to be let in medium sized suites for Propco 2 to let to third parties, procuring services as necessary to both the marketing of the space and operation of it.

6. Estimate Operating costs have been produced by Carter Jonas. Their Business Case Model dated 19th April assumes the building will be at peak occupancy within 5 year of opening and cost around £340,000 per annum to run. The Building is forecast to be around break even after 5 years and produce a modest surplus after 10 years.

7. Rental levels are currently predicted to be below market rate as the building will be solely for R&D Operations. The discounted rate is in effect a subsidy to the sector and should encourage take up of tenancies. SMEs and early-stage businesses face long lead times in terms of R&D, product and service development and route to market. It takes many years to make commercial returns. This means that balance sheets are pressured in the early years, and there are scant funds available for high quality premises and modern facilities.

8. Optimism bias has been applied to key project parameters, including capital costs and operating costs, project duration, and resulting benefits delivery.

Value for Money Assessment

Appraisal Outputs	Recommended
Land value uplift	tbc
Amenity value	tbc
Transport benefits	nil
Estimated labour supply impacts	£70,488,375
Total Net Present Benefits	**£70,488,375**
Net Present Costs (public sector)	£13,274,042
Optimism Bias	tbc
Total Net Present Costs (public sector)	**£13,274,042**
Benefit Cost Ratio	**5.31**

9. This review confirms the recommended option delivers a Benefit Cost Ratio of **5.31** based on current costings and job numbers. This represents an exceptional return according to government guidance and benchmarks which defines the VfM category as:
   - Poor VfM if the BCR is less than 1.0;
   - Low VfM if the BCR is between 1.0 and 1.5;
   - Medium VfM if the BCR is between 1.5 and 2.0;
   - High VfM if the BCR is between 2.0 and 4.0; or
   - Very high VfM if the BCR is greater than 4.0

10. However, reducing this project to a simple BCR number belies the fact that the success or failure of this investment in Peterborough, relies on many factors. Simply assuming that such a high BCR value assures its success can lead to a false sense of comfort.

Sensitivity analysis

11. Sensitivity testing has been carried out by adjusting key variables as follows:
    - 33% reduction in Net Present Benefits.
    - 50% reduction in Net Present Benefits.

12. The key outputs from these appraisals are summarised in the table below:

Sensitivity Tests	Recommended Baseline	Sensitivity to 33% drop in Net Present Benefits	Sensitivity to 50% drop in Net Present Benefits
Total Net Present Benefits	£70,488,375	£46,522,327	£35,244,187
Total Net Present Costs (public sector)	£13,274,042	£13,274,042	£13,274,042
Benefit Cost Ratio	**5.31**	**3.50**	**2.66**

13. Even allowing for these significant risks, an acceptable BCR is sustained. Therefore the case remains acceptable for investing in the recommended option to generate direct and indirect benefits for the region.

14. Further testing has been carried out to determine the impact of a substantial cost over-run on the construction of the Building. The outcomes from this appraisal, which tested a doubling of the construction costs, are set out in the table below:

Sensitivity Tests	Recommended Baseline	Sensitivity to Construction Costs Doubled	Sensitivity to Construction Costs Doubled with 50% drop in Net Present Benefits
Total Net Present Benefits	£70,488,375	£70,488,375	£35,244,187
Total Net Present Costs (public sector)	£13,274,042	£26,548,084	£26,548,084
Benefit Cost Ratio	**5.31**	**2.66**	**1.33**

15. The benefits are not particularly sensitive to significant rises in the cost (although naturally any significant cost over-runs will challenge the basic affordability of the scheme).

16. A critical point to note is that the key benefits stem largely as function of the indirect job growth projections. Only this factor will generate a significant direct and positive economic impact.

Risk appraisal

17. The key risk with respect the economic appraisal lie in the ability of the stakeholders to deliver the building within budget while also achieving the predicted job numbers.

18. The economic appraisal is vulnerable to fluctuations in both costs and benefits as highlighted in the sensitivity analysis below. The ability to recruit locally based staff may also be a factor that erodes the impact of the new Manufacturing and Materials Research & Development Centre. A further concern could be the extent to which suitably qualified staff are currently available locally.

19. The impacts of Covid-19 on Commercial Real Estate and more specifically Low Carbon businesses is far from clear. Historically external shocks such as an epidemic or a pandemic followed by an economic downturn have had an immediate to short-term impact on construction prices and land values, but minimal influence on the rental market. It is suggested that a more detailed assessment of the potential impacts of Covid-19 on the business model is carried out and kept under review.

5 - Timescales

5.1 Deliverability

The construction of the R&D Centre will be delivered through the following methodology:

- **Planning Consent:** the site has been selected based on there being an overarching Masterplan for a university and more specifically this particular location, because the requisite surveys and provisions to address the utilities requirements have already been procured and resolved. This approach has been agreed with the Peterborough HE Property Company, (owned by Anglia Ruskin University (ARU), PCC and CPCA) along with the key terms for the purchase of the site. In addition, we have the commitment of the Leader and CEO at PCC that they will expedite planning along with the provision of a full-time and dedicated PCC Planning project manager. Together, PCC & CPCA have commitment to achieving full planning permission by September 2021- our build commencement target.

- **Project Management:** the CPCA has, on behalf of the project, appointed MACE through a direct award off a Crown Commercial Framework. MACE lead a multidisciplinary team which includes project management, programme management, design, and cost management by way of a team of 19 individuals.

The decision to make a direct award was based on their winning a competitive process for Phase 1 and their effective, against programme delivery.

- **Construction:** The Peterborough R&D Property Company, with CPCA as the majority shareholder is required to procure the construction works in accordance with the Public Contract Regulations 2015. However, having carried out a site logistics and Health & Safety assessment, along with a programme review with MACE and the Phase 1 contractor, it was determined that the safe delivery of the project required a single contractor delivering both Phases. The CPCA therefore, on behalf of the project published a Voluntary Ex-anti (VEAT) Notification setting out its intention to direct award under Regulation 32 (exclusive rights) Public Contract Regulations 2015.

- **Budget:** We now have developed the design to a level (RIBA3) that provides sufficient assurance that the secured funding and private investment is sufficient in consideration of the site constraints and infrastructure requirements

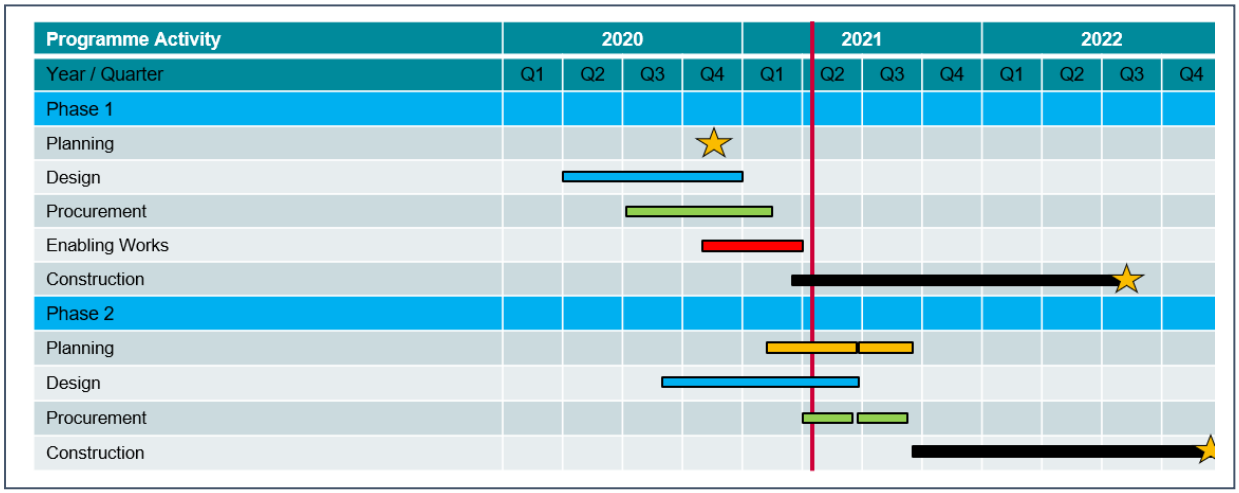
5.2 Programme timeline

Below are the interfaces between Phase 1 & 2 and the Phase 2 high level programme plan.

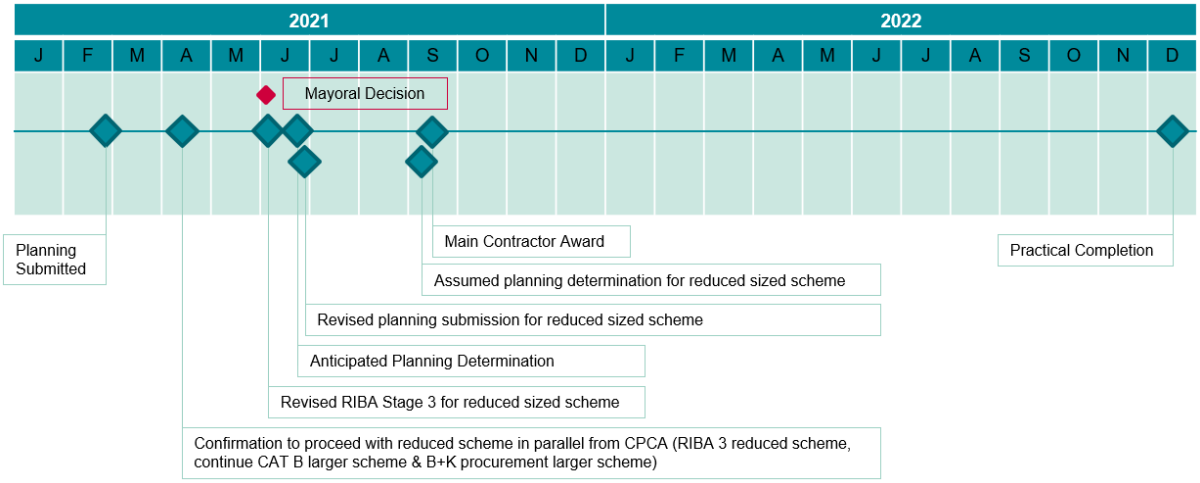
Phase 1 will establish a University Campus in Peterborough, intended for 2,000 students by September 2022, with a curriculum and delivery model that is designed to meet the skills needs that growth in the Greater Peterborough business base will generate. Phase 2 is the development of the Net Zero Manufacturing and Materials Research & Development Centre.

The programme has been revised based on reduced scheme (reduction of 16% in NIA) to allow for the submission of an amendment to the current planning application and redesign of the building.

The revised programme delivers the completion of the building construction in December 2022, about 3 months after the original completion date of September 2022.



The building design has been developed to a RIBA 3 level of detail based on Category A design for Tenant and Landlord areas.



6 - Legal position

The CPCA has already incorporated PropCo2 on 18th November 2020 via an Officer Decision Notice 222 -2020 as the Peterborough R&D Property Company Ltd. The key terms of -agreement have fundamentally been reached between the proposed shareholders of Propco 2 and more holistically, between Propco 2 and Propco 1 which owns the current university campus site of 5 acres, upon which the Research Building is proposed to be situated.

The shareholders of PropCo 1 will lay down the following conditions upon its transfer of the Phase 2 parcel of land to PropCo 2 to restrict the use permitted within the Centre, to ensure its activities align and add value to the development of a strong and successful University & Research Campus. These are:

Concerning the use of the building

The land (and any building upon it) may only be used for the purposes of:

"*Operating a research and development and innovation centre for the purpose of facilitating the commercialisation of research and the growth of knowledge intensive start-up businesses, with ancillary use for proof of concept and small-scale manufacturing of individual products and connected administrative purposes, or as an educational facility*."

The conditions on use will be specified in the land transfer agreement between PropCo1 and PropCo2 and be reflected in the targeting of companies to occupy the building.

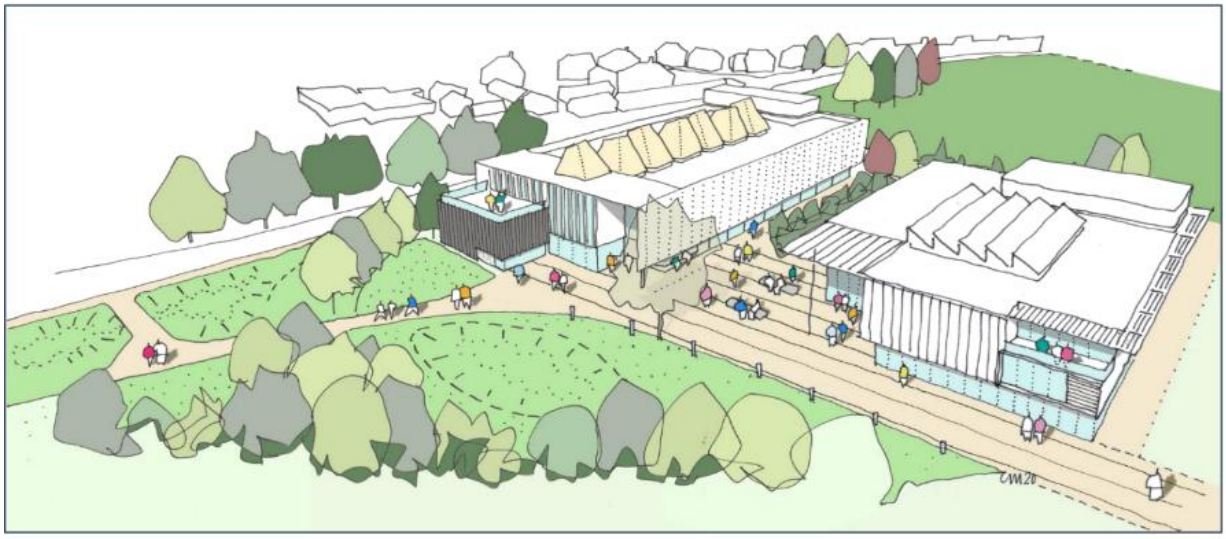
Concerning the use of the Business Board's investment in the building

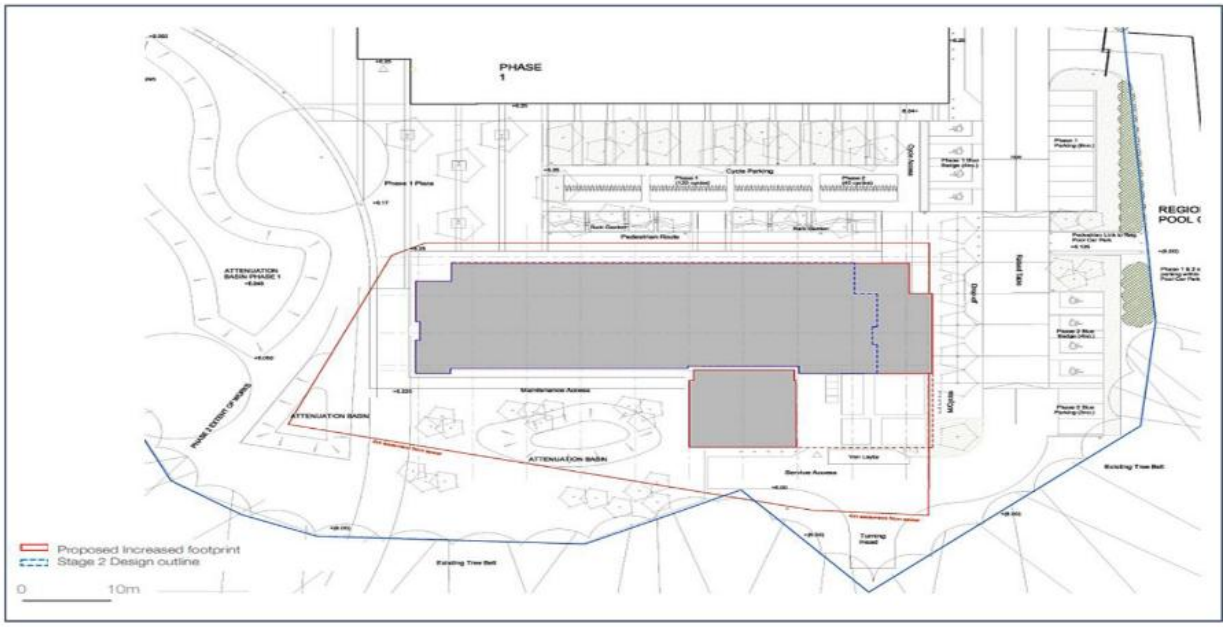
That the CPCA, as the original applicant for the Get Building Fund investment in the Research building, applies reasonable endeavours to make a case to the Business Board, for use of any recycled funding out of its investment in the building, for further expansion of the University & Research Campus.

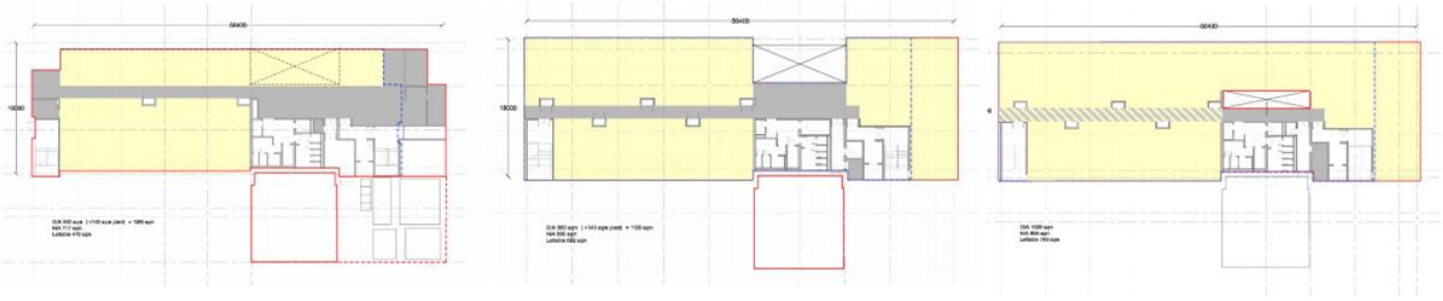
The allocation of shares in PropCo2 will be proportional to the financial investment made by each shareholder, in the creation of the Centre. Photocentric's share allocation of 13.7% in PropCo2 will be subject to the change request being approved.

Subscriber	Number of New Shares (proportionate to value subscribed)	Total subscription monies ('000)
CPCA through the Getting Building Fund	86.3% of Shares	£13,773
Photocentric	13.7% Shares	£2,200

The full suite of legal documents for PropCo2 to be entered into by CPCA and Photocentric including the Articles of Association and the Shareholder Agreement are now well progressed and it is intended to be in an agreed form and signed off (subject to internal approvals) within May 2021.







Ground Floor
GIA 942 + 143 plant = 1085 sqm
NIA 717 sqm
Lettable 478 sqm
Stage 2 Design outline

Frist Floor
GIA 983 + 143 plant = 1126 sqm
NIA 800 sqm
Lettable 682 sqm

Second Floor
GIA 1029 sqm
NIA 855
Lettable 763 sqm

Stage 3 Area Summary

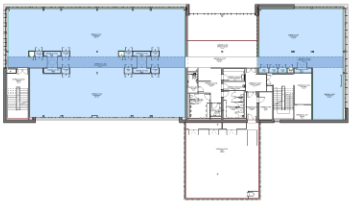
- Total building GIA: 3248sqm
- Total building NIA: 2149sqm
- Total building lettable: 1994sqm (1860 sqm excluding circulation)
- NIA to GIA ratio: 66%
- Total building occupancy: 360ppl

Ground Floor

Lettable 462 sqm
Lettable circulation* 54 sqm

TOTAL Lettable GF 516 sqm

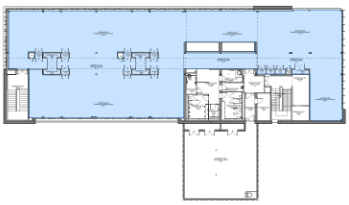
First Floor



Lettable 604 sqm
Lettable circulation* 54 sqm + 26 sqm

TOTAL Lettable 1F 684 sqm

Second Floor



Lettable

TOTAL Lettable 2F 794 sqm

Figure 1 – Building design as of RIBA stage 3, with Photocentric's £3.0m investment

Option 5_Removal of East Bay and 3m Central Bay

STAGE 3 GIA 3,248 sqm
Lettable NIA 1,994 sqm

Option 5 GIA 2,817 sqm
Lettable 1,624 sqm

Ground Floor (-129 sqm)

First Floor (-151 sqm)

Second Floor (-151 sqm)

Loss of GIA area approx. 431 sqm
Loss of lettable area approx. 370 sqm

Key issues

Reconfiguration of entrance/ reception area
Reduction of reception office/ reception
Loss of UPS room
Reduction of external yard
Reduction of generator space
Review of services/ riser strategy

Figure 2 – Building design as of April 2021, having reduced Photocentric's investment to £2.2m. Removal of east and central bay.

Reduced Scheme

- Total building GIA: 2795sqm
- Total building NIA: 1802sqm
- Total building lettable: 1655sqm (1542sqm excluding circulation)
- NIA to GIA ratio: 64%
- Total building occupancy: 300ppl

Ground Floor

Lettable 423 sqm
Lettable circulation* 48 sqm

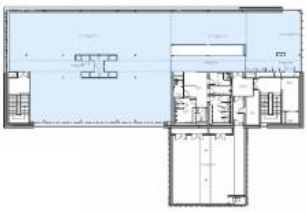
TOTAL Lettable GF 471sqm

First Floor

Lettable 474 sqm
Lettable circulation* 49 sqm + 16 sqm

TOTAL Lettable 1F 539 sqm

Second Floor



Lettable

TOTAL Lettable 2F 645 sqm

*Corridor can be incorporated as lettable if space let single tenant, similar to Photocentric's

Figure 3 – Proposed building design as of April 2021.

Comparison

	Stage 3	Reduced	Difference	% Reduction
GIA	3248	2795	-453	14%
NIA	2149	1802	-347	16%
Net Lettable	1994/1860	1655/1542	-339/-318	17%
Occupancy	360	300	-60	17%

Table 1 – Comparison between figure 1 (presented in 12th 27th January 2021 to the Combined Authority.

Ground Floor Layout

Figure 4 – Detailed ground floor layout from figure 3

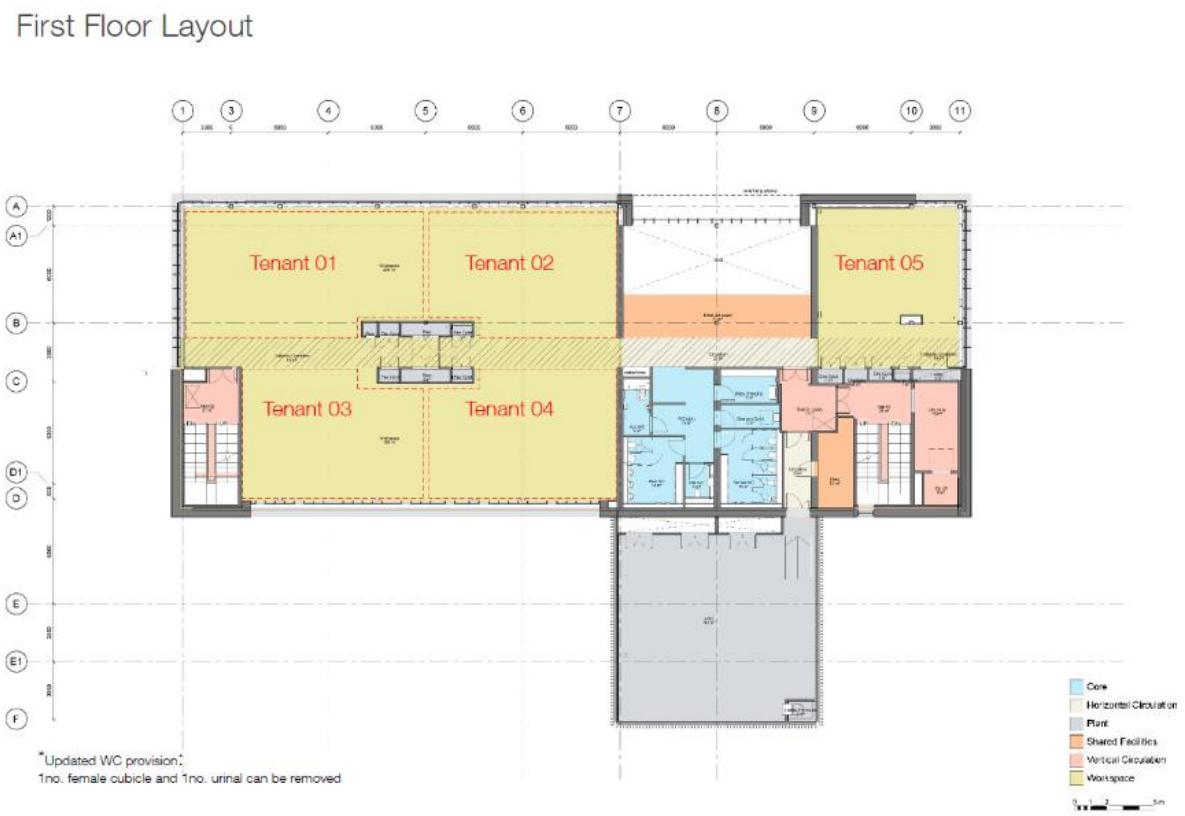


Figure 5 – Detailed first floor layout from figure 3.

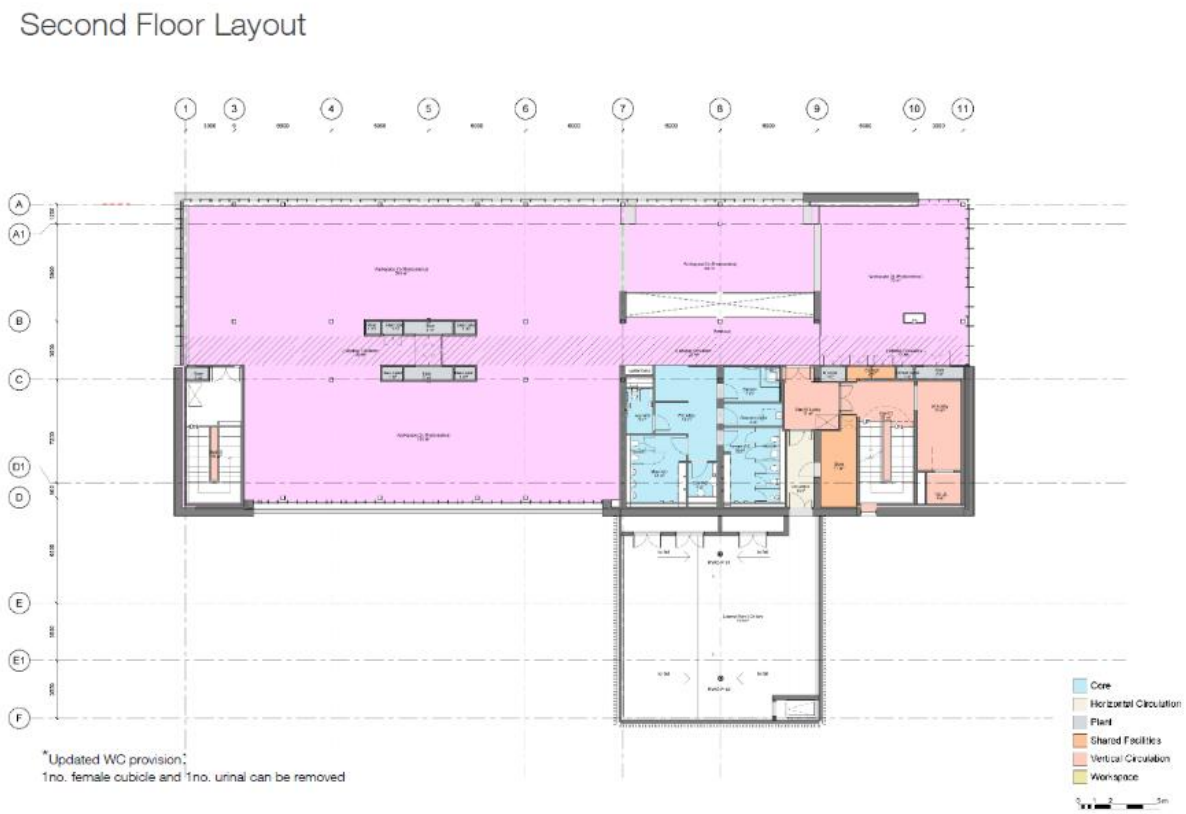


Figure 6 – Detailed second floor layout from figure 3.

7 - The Partners

7.1 Photocentric

Photocentric is a profitable, rapidly growing, technology company operating at the intersection of innovative photopolymers, materials and engineering, based in Peterborough.

It has in-house chemical manufacturing, machining, design, engineering facilities and over 50 3D printers for making test parts and evaluating binders. R&D is carried out in a large open area devoted to photochemistry, software, engineering, and testing with over 30 scientists, 5 of which are PhDs. Recently Photocentric's core research has become focussed on new battery manufacturing techniques.

Photocentric forecasts growth of over 160% in 2020, from £8 million to over £21 million, with sales in 2021 forecasted to be more than £35 million.

It is currently leading three Innovate UK Government Innovate funded projects researching into new 3D printed battery technology, and work with the following catapults: WMG, APC, MTC and CPI. It co-researches with several of the leading Universities around the world and has become the world's leading manufacturer of photocured objects.

In energy storage, it believes that it has have created the world's most effective means of creating photocured objects in 3 dimensions and is now proving this can deliver better batteries. Its novel additive manufacturing techniques can create lighter, smaller batteries and thus deliver faster charging combined with increased power density, enabling an order of magnitude improvement in battery performance.

Photocentric and BASF have cooperated as both manufacturing and research partners in 3D printing chemistry - a testament to the strength of their chemistry division. The cornerstone of future developments will be to make all their products sustainably.

As anchor tenant, Photocentric will situate its entire research and senior managers within the building creating a significant amount of high value employees and International visitors. Photocentric has a core value of supporting education and will work with the ARU Peterborough to inspire its students, giving them open access to learn under trained supervision.

7.2 The CPCA

In 2017, the Cambridgeshire and Peterborough Combined Authority was established as a Mayoral Combined Authority for the Cambridgeshire and Peterborough area. The Combined Authority is made up of a directly elected Mayor and seven constituent authorities, with a representation from the Local Enterprise Partnership (Business Board) who is also the Chair of the Business Board. The Combined Authority works with local councils, the Business Board (Local Enterprise Partnership), local public services, Government departments and agencies, universities and businesses to grow the local and national economy. The key ambitions for the Combined Authority include: doubling the size of the local economy, accelerating house building rates to meet local and UK need, delivering outstanding and much needed connectivity in terms of transport and digital links and transforming public service delivery to be much more seamless and responsive to local need.
This project is of high importance to the CPCA, as it will contribute significantly towards their objectives of;

- strengthening the UK's economic recovery from COVID-19;
- levelling-up of prosperity and opportunity for the "left behind" region of Peterborough and the Fens

- helping to make the UK a scientific superpower including leading in the development of technologies that will support the government's ambition to reach net zero carbon emissions by 2050
- strengthening the UK's place in the world.

8 - Operational Plan

8.1 Centre Operational Management

The business model is based on Propco 2 building and operating the R&D centre which will allow Propco 2 to recover the VAT on construction costs. Propco 2 will operate the centre itself, collecting rents direct from the tenants and providing services in return. Photocentric will agree to underpin the costs of PropCo2, taking on the commercial operation of the centre and will provide such further investment as may be required in order to ensure that PropCo2 remains able to pay its debts as and when they fall due. As a result, Photocentric will be provided with a veto at Board level in terms of matters relating to the operation of the centre by PropCo 2 so that it is able to retain a measure of control over the costs which it will be underwriting. As a result, Photocentric will reconfigure its investment and reduce its initial capital contribution by £800k to £2.2m.

The revised deal will see Photocentric paying rent on all of its occupied space in the R&D building and it will receive shares with same rights attached to them as CPCA in PropCo 2. Photocentric will, pursuant to an Agreement for Lease agree to take a lease of the top floor of the building at an index-linked rental rate of at least £11.50 per square foot. This being the level of rent which has been assessed by the CPCA's independent consultant (Carter Jonas) as being a suitable commercial rent payable by an anchor tenant to the building taking a large proportion of space and with the existing restrictions on use in the building. The rest of the building will be leased out by PropCo2 to other potential tenants in the market, subject to the building's covenants on use.

CPCA has worked closely with an independent consultant (Carter Jonas) to review and revise the business model below and they have confirmed that they consider the model to be financially viable.

Year	1	2	3	4	5	6	7	8	9	10
INCOME										
Target Tenant Occupancy - Photocentric only	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%
Target Tenant Occupancy exc Photocentric	0.00%	17.00%	17.00%	42.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Car Park utilisation balancing remote learning with non-staff access	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Rent Charges to Tenants	£62,966	£95,404	£95,404	£143,105	£171,726	£171,726	£171,726	£171,726	£171,726	£171,726
Service Charge to non-Photocentric tenants	£0	£14,526	£14,962	£38,074	£53,222	£54,819	£56,463	£58,157	£59,902	£61,699
Service charge to Photocentric	£13,688	£14,099	£14,522	£14,958	£15,406	£15,869	£16,345	£16,835	£17,340	£17,860
Rates re-charged to Tenants	£59,639	£71,383	£88,602	£100,579	£103,596	£106,704	£109,905	£113,202	£116,598	£120,096
Broadband Charges to tenants	£6,009	£9,104	£12,018	£14,567	£16,388	£16,388	£16,388	£16,388	£16,388	£16,388
Hot Desking/Dedicated Desks	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Virtual Office	£0	£4,800	£7,200	£9,600	£12,000	£12,000	£12,000	£12,000	£12,000	£12,000
Meeting room / meeting space	£2,400	£2,472	£2,623	£0	£0	£0	£0	£0	£0	£0
Car park income (100 slots x 240 days x £4 day)	£23,760	£37,080	£38,192	£59,007	£72,933	£75,121	£77,375	£79,696	£82,087	£84,549
Total Income	**£168,464**	**£248,869**	**£273,524**	**£379,891**	**£445,273**	**£452,628**	**£460,203**	**£468,006**	**£476,042**	**£484,320**
COSTS										
Rates paid to PCC - Under Negotiation & TBC	£83,516	£100,660	£103,680	£106,791	£109,994	£113,294	£116,693	£120,194	£123,800	£127,514
Car parking lease payments paid to PCC - Under Negotiation & TBC	£16,000	£16,480	£16,974	£17,484	£18,008	£18,548	£19,105	£19,678	£20,268	£20,876
Broadband	£8,000	£8,240	£8,487	£8,742	£9,004	£9,274	£9,552	£9,839	£10,134	£10,438
Insurance (Building)	£6,000	£6,180	£6,365	£6,556	£6,753	£6,956	£7,164	£7,379	£7,601	£7,829
Maintenance, cleaning and flora @ 6%	£47,000	£49,820	£52,809	£55,978	£59,336	£62,897	£66,670	£70,671	£74,911	£79,406
Security	£12,112	£12,475	£12,850	£13,235	£13,632	£14,041	£14,462	£14,896	£15,343	£15,804
Energy x utlisation	£12,046	£18,799	£19,363	£29,915	£36,975	£38,084	£39,227	£40,404	£41,616	£42,864
Water and Sewerage	£5,475	£5,640	£5,809	£5,983	£6,163	£6,347	£6,538	£6,734	£6,936	£7,144
Waste	£2,157	£2,222	£2,288	£2,357	£2,428	£2,500	£2,576	£2,653	£2,732	£2,814
Receptionist	£20,000	£20,600	£21,218	£21,855	£22,510	£23,185	£23,881	£24,597	£25,335	£26,095
Management + sales / marketing	£50,000	£51,500	£53,045	£54,636	£56,275	£57,964	£59,703	£61,494	£63,339	£65,239
Total Costs	£262,306	£292,616	£302,889	£323,532	£341,079	£353,092	£365,572	£378,539	£392,015	£406,023
Profit/Loss	**-£93,843**	**-£43,747**	**-£29,365**	**£56,359**	**£104,193**	**£99,536**	**£94,631**	**£89,467**	**£84,027**	**£78,297**
				Cumulative Profit (Loss) at year 5	***-£6,402***			***Cumulative Profit (Loss) at year 10***		***£445,958***

Table 2 – Commercial operating model for centre being managed by PropCo2

The CPCA is satisfied that the revised arrangement with Photocentric is State Aid compliant following advice from Pinsent Masons on 23rd April 2021. PropCo 2 has also confirmed its ability to recover VAT on the construction based on advice from Deloitte's.

9 - Governance

The Board of PropCo2 will consist of two directors from CPCA, one being John T Hill - Chief Officer Business Board and Director Business & Skills and the other Robert Emery - Business Board S73 & CPCA Deputy S73, and one directorship for Paul Holt, CEO of Photocentric.

This is an interim measure, and it will be reviewed to ensure the directors both fit culturally with the company and who are best placed so that conflicts of interest are managed appropriately.

The chair will be a rotating role between the 3 directors.

No less than 2 directors will be sufficient (one representing each shareholder) for quoracy of Board decisions.

Expectations of the directors, which are statutory duties owed by each director to the company:

1. A director must act within their powers under the company's constitution
2. A director is to promote the success of the company
3. A director must exercise independent judgement
4. A director must exercise reasonable skill, care and diligence in their role
5. A director must avoid or manage conflicts of interest which may affect their objectivity
6. A director must not to accept benefits from third parties
7. A director must declare interest in proposed transactions or arrangements

Directors will be legally responsible for the running of the company including filing responsibilities to Companies House. A company secretary will also be appointed.

10 - Dependencies and Risk

Completion of the Centre will require.

i. Successful development of the University of Peterborough Phase 1. This project is already underway and the established joint project management and building programmes for the two Phases will ensure optimum delivery of both.

ii. Achieving planning for the revised scheme by September 2021;

iii. Procurement of the site from PropCo1 by January 2021; mitigated through a signed Option Agreement on the sale of the land to PropCo 2, by PropCo 1 shareholders.

iv. Procurement of a build contractor by September 2021;

v. provision: . The provision of carpark spaces to be delivered via a proposed decked car park upon the currently surface facility at Peterborough Regional Pool Carpark. This is a condition to planning application but will be delivered by Peterborough City Council.

vi. Although not dependent upon the next phase of development of the University; Phase 2 will be inexorably linked to Phase 3; the establishment of a new scientific equipment and capability building, that will expand the Cambridge innovation eco-

system into Peterborough. This Net Zero Hub will expand and build upon the existing TWI (the lead partner) extensive technology, research and innovation network and form a closely linked knowledge sharing and research excellence cluster around Peterborough and into Fenland.

vii. A risk register has been developed and will be regularly revised throughout the project. The current register is attached as annex 1.

11 - Marketing

PropCo2 will be responsible for all marketing activity and this is accounted for in the last line under costs in table 2 under 'management + sales / marketing'.

12 - Financial Plan

12.1 Funding Streams

Funding	**Total investment £'000**
CPCA equity investment (GBF)	13,773
Photocentric equity investment	2,200
Total	**15,973**

To minimise the risk to the funds, the CPCA will subscribe to the total value of its shares upon the shareholder agreement being signed. Then will pay them up to Peterborough R&D Property Company Ltd (i.e. make the actual cash transfer) as the company requires over the course of delivery to meet the costs of the project.

12.2 Expenditure and Cash flow

The draft table below sets out the expected cashflow for the SPV over the delivery phase of the project. The expense streams are those worked up by MACE on the provision that the additional funding from Photocentric (£2.2m in total) is approved. Should this not be the case, then a revised plan will be drafted by MACE. This number also includes a £300k top-slice for CPCA costs.

		FY 20/21		FY 21/22		FY 22/23		FY 23/24		Totals
Income										
GBF Investment		0		-13,773		0		0		-13,773
Photocentric		0		0		-2,200		0		-2,200
Total Income		**0**		**-13,773**		**-2,200**		**0**		**-15,973**
Expenditure										
Construction Works		0		4,986		6,204		160		11,350
Legal & Planning Costs		29		293		0		0		322
Design Costs		577		0		0		0		577
Project Management		88		550		370		0		1,008
Misc Design and Surveys		13		146		40		0		199
Furniture, Fittings and Equipment		0		0		977		0		977
Contingency		0		539		809		0		1,349
Total Expenditure		**707**		**6,514**		**8,401**		**160**		**15,782**
Opening Balance		0		707		-6,552		-351		
Total Income		0		-13,773		-2200		0		-15,973
Total Expenditure		707		6,514		8,401		160		15,782
Closing Balance		**707**		**-6,552**		**-351**		**-191**		**-191**

Annex 1 – Risk register Will be updated by 20th April

Risk Identification												
ID	Title / Description (Cause)	Effect	Category	Risk Owner	Likelihood	Cost Effect	Time Effect	Quality		Management Plan	Action Owner	Status
001	GBF commitments are not met in time.	The ability of the Phase 2 project to deliver against its commitments within the GBF prevent PropCo2 from entering in to contract with the main contractor.	3. Commercial -Funding	CPCA	4	5	5	2	120	Review of conditions set in the GBF rules and grant offer. Provide demonstration of what conditions have been met and how others will be met going forwards. If the revised area option is taken forward consideration needs to be given as to the revised completion date of December 2022 and how that impacts the GBF.	CPCA	1. On Track
002	Full impact on of reduced area option on B&K is currently unknown.	Contractor currently progressing with the Stage 4 and 5 design and are not aware of the proposal to reduce the building size. Any changes may incur abortive work for them. A review of the requirement for any early orders will also need to be undertaken. In addition, the change may impact B&Ks current communications with their supply chain.	2. Commercial - viability	CPCA	4	5	4	4	100	Notification to be given to B&K around the revised approach when confirmed. It is noted that they are unlikely to be able to inform their supply chain of the changes until the completion of the revised design. In the revised costs issued to CPCA on 14th April the prolongation of the PCSA and associated prolongation in professional fees has been accounted for.	CPCA	1. On Track
003	Following notification from CPCA on 7th April that the capital contribution from Photocentric was going to reduce, Mace have submitted the relevant cost, programme and design information to inform CPCA of the relevant implications of the change in approach. CPCA are required to inform the Mace design team of the next steps; there are significant implications of pausing the team until June 2021 when all relevant board meetings have taken place.	Additional fees incurred, programme risks if no action is taken until June 2021.	4. Programme	CPCA	4	5	4	4	100	Mace have provided a detailed programme, risk, cost and design summary for the revised approach (based on a reduced GIFA and budget) which has been presented and issued to CPCA on 14th April 2021. In order to mitigate the impact of the potential change it is suggested that the design continues until the point of the June board meeting where sign off on the reduced building size (and associated updated business case and modelling) has been concluded.	CPCA	1. On Track
004	B&Ks programme (revision L) has been developed on the basis that Phase 1 and 2 complete within several weeks of each other. On the basis that the revised building area is taken forward, the project team have projected a c. 3 month programme delay which moves the Phase 2 completion date out to December 2022.	Additional costs and interfacing considerations - impacts to public / end users / stakeholders	9. Construction/ Logistics	CPCA	4	5	4	4	100	When directed by CPCA, the reduced area scheme and associated implications will be discussed with B&K. In the revised budget and cashflow shared with CPCA assumptions have been made regarding the prolongation of the PCSA to ensure there are sufficient funds to cover the extended period of time.	CPCA	1. On Track
005	Lack of brief from end users could lead to undefined special requirements as well as not meeting the tenants' insurance requirements when considering fire strategy, CLT and floor compartmentation strategy.	Assumptions need to be made, possibly causing late changes during the design and construction phase which will cause delay to programme and increased cost. Could reduce tenants interest.	6. Design	CPCA	3	5	3	3	75	Assumptions were qualified in the stage report and will continue to be throughout the design. Without the input of the commercial operator, requirements are taken from those of the anchor tenant and CPCA.	CPCA	1. On Track
006	Following notification from CPCA on 7th April that the capital contribution from Photocentric was going to reduce, Mace have submitted the relevant cost, programme and design information to inform CPCA of the relevant implications of the change in approach. An external appraiser will need to review and develop a revised business case which will be subject to a VAT and State Aid assessment.	External appraiser reviews and business model is no longer financially viable. Project is no longer taken forward or is significantly amended.	2. Commercial - viability	CPCA	3	5	5	5	75	Mace project team to feed in to this process as and when requested by CPCA, programme, budget and design information has been provided to CPCA as of 14th April to inform this process. An external appraiser will review and develop a new commercial model, which will be subject to a VAT and State Aid assessment. Project team to be kept informed of developments.	CPCA	1. On Track
007	It is understood that the proposed revised operating model (Photocentric acting as operator on behalf of PropCo2) gives a better chance of securing the reclaimed VAT. This approach has not been tested as of 14th April 2021 to confirm whether the VAT is definitely reclaimable.	CPCA unable to recover VAT and no alternative funding sources are available	2. Commercial - viability	CPCA	3	5	3	4	75	Mace project team to feed in to this process as and when requested by CPCA, programme, budget and design information has been provided to CPCA as of 14th April to inform this process. An external appraiser will review and develop a new commercial model, which will be subject to a VAT and State Aid assessment. Project team to be kept informed of developments.	CPCA	1. On Track

Schedule 6 – Risk register

Risk Identification												
ID	Title / Description (Cause)	Effect	Category	Risk Owner	Likelihood	Cost Effect	Time Effect	Quality		Management Plan	Action Owner	Status
008	VAT currently excluded from the cost plan as per CPCA email John T Hill 21.10.2021 18.10 that Photocentric will borrow more money to cover off the risk that VAT recovery is not achieved by CPCA	CPCA unable to recover VAT and mitigation assumed that Photocentric unable to borrow more money to cover VAT risk	2. Commercial - viability	CPCA	3	5	3	4	72	Refer to CPCA email from John T Hill (21.10.2021 18.10) which confirms that CPCA are brokering a deal with Photocentric that they will borrow if VAT is irrecoverable CPCA (Vanessa) to confirm with Deloitte that the risk remains as scored. To be reviewed as part of the revised commercial operator model.	CPCA	1. On Track
009	In order to secure planning permission for Phase 2, a parking provision on the regional pool has been developed as a temporary solution, however it is acknowledged that more work is required to develop a permanent solution, which the project team have been asked to look at.	None of the permanent solutions may be viable for the site.	6. Design	CPCA	4	4	3	3	84	As of 14th April, CPCA (MF) is to confirm how the appraisal of the car parking solutions should be undertaken, given that the high level assessment so far has identified at least one of the options as unviable. Until the commercial assessment is undertaken the impact of the revised parking solution is unknown.	CPCA	1. On Track
010	Temporary car parking solution needs to consider that the regional pool will be unavailable during construction of a decked car park, which reduces the available city centre capacity.	Temporary parking solution needs to be found during oconstruction which may cause issues for local authority / local residents as well as incurring additional costs	6. Design	CPCA	4	3	2	4	84	TTC (transport consultant) to consider and prepare revised wording to inform the LPA in the amendment that is issued to planning on 16th April. Temporary car parking arrangements will need to be made to offset the displaced parking demand.	Project Team	1. On Track
011	Currently assumed that planning conditions will not be overly onerous and can be run in paralell where applicable to the main building works.	Delay to programme.	4. Programme	CPCA	4	2	4	2	64	Planning strategy provided by Pegasus will seek to reduce pre commencement conditions where possible. Pre commencement conditions likely to be known prior to issue of planning decision notice.	Project Team	1. On Track
012	Commercial operator procurement is not being undertaken concurrently with the design development for Ph2, so the operator may not get the opportunity to input in to the design.	Building footprint and layout not supported by an agreed operating model reduces the market attraction to a potential future commercial operator and or R&D companies into the building. Operation and maintenance of the building is more costly / onerous than anticipated. Route for commercial operator currently suggested may be subject to challenge from a procurement perspective.	15. Operational	CPCA	4	3	3	4	84	Following notification on 7th April that there is a change proposed the approach to the commercial operator, it is understood that discussions are still ongoing as to how this is managed through the AIL / shareholders agreement.	CPCA	2. Delayed
013	Planning determination not secured by required date	Delay to construction commencement	4. Programme	CPCA	4	4	4	2	64	Continual engagement with PCC through the application process. Refer to Mace Master Programme Revision 1g for revised planning approach. Planning was submitted 22nd February to give best chance of planning being secured on time.	Pegasus	1. On Track
014	Commercial operator is unable to obtain tenants to fill the space in the Phase 2 building, over and above the space taken by Photocentric.	Potential for the scheme to be unviable, and this will not be known at the point of B&Ks contract award (June 2021).	2. Commercial - viability	CPCA	4	4	4	2	64	CPCA / Photocentric to lead market engagement.	CPCA	1. On Track
015	Specialist space is undefined due to lack of end users	Assumptions need to be made, possibly causing late changes during the design and construction phase which will cause delay to programme and increased cost.	6. Design	CPCA	4	4	4	3	84	Assumptions were qualified in RIBA 2 report, will seek advice from CPCA as to the viability of the space being provided. CPCA also reviewing with specialist consultants for input in leu of the appointment of a commercial operator.	Project Team	1. On Track
016	Lack of brief from end users causing uncertainty for MEP Strategy	Assumptions need to be made, possibly causing late changes during the design and construction phase which will cause delay to programme and increased cost.	6. Design	CPCA	4	4	4	3	84	Assumptions were qualified in the RIBA 2 report, will seek advice from CPCA / Photocentric. CPW continuing to provide flexbility throughout the design process. Risk remains that the commercial operator is not appointed to provide guidance. CPCA to consider advice on operation and maintenance.	Project Team & CPCA	1. On Track
017	Failure to agree shareholder agreement and GBF funding requirements to allow sign of building contract	Delay start on site impact completion date	13. Legal	CPCA	4	4	4	3	84	Ensure legal team and parties in JV are aware of the deadlines and that legal team be clear on legal interface and information required. As of 14th April the shareholders agreement and AIL have not been resolved / executed.	Pinsent Masons	1. On Track
018	As a result of the need to reduce Photocentric's capital contribution to the building by £800k, the building size needs to reduce and the planning application will be amended, following receipt of planning permission.	May not be looked on favourably by plannning authority. May also not be resolved as a planning amendment and needs to go back as a new application.	4. Programme	CPCA	4	3	4	3	84	Guidance given by planning consultant is that application should be acceptable as an amendment given the building is getting smaller and not larger, however engagement with PCC (when required / instructed) will be required.	CPCA	1. On Track

Effect	Probability	Cost (£)	Schedule (weeks)
1 (VL)	<10%	<5k	<2
2 (L)	10-25%	5-25k	2-4
3 (M)	26-50%	25-100k	4-8
4 (H)	51-75%	100-250k	8-16
5 (VH)	76-100%	>250k	>16

THE BUSINESS BOARD

Agenda Item No: 2.4

Growth Works Management Review – May 2021

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Interim Programme Manager, Alan Downton Growth Co Chair, Nigel Parkinson
Key decision:	No
Recommendations:	The Business Board is invited to:

(a) Nominate one Business Board member to be a voting member of the Growth Works Investment Evaluation Panel;

(b) Nominate an additional Business Board member to be a member of the Programme Management Committee; and

(c) Note the financial and non-financial performance of Growth Works and request any required changes to reporting going forward.

1. Purpose

1.1 To identify and agree the nomination of a Business Board member to be a voting member on the Growth Works Investment Evaluation Panel, and the nomination of one member to be on the Programme Management Committee. To also note and comment upon the programme performance up to 15th April 2021.

2. Background

2.1 On 12th February 2021 the contract for the Business Growth Service was signed between Cambridgeshire and Peterborough Business Growth Company Limited (Growth Co) and Gateley Economic Growth Services (GEG) and its consortium.

2.2 Service commenced on 15th February 2021 and it is still the mobilisation phase, up until a more formal Growth Works public launch on 20th May 2021.

3. Growth Works Investment Evaluation Panel

3.1 The Business Growth Service Full Business Case of 30th September 2020 on page 147, 149 & 150, states:

> 'The Growth Capital Investment Fund will help SMEs, grow through organic expansion, paying grants for equipment and expanded premises. It will provide growth capital or grants that are not generally available from the private sector between £20k-£250k (Capital grants between £20k and £150k). There is a requirement for approximately half the available funding under Growth Capital Investment Fund (Pot 1) to be invested as equity shares in SME's, or larger corporates up to £250k in exchange for a percentage shareholding within those businesses. The Growth Capital Investment Fund will also offer businesses the opportunity to apply for equity investment between £150k and £250k to address the lack of equity investment generally available at these levels in the marketplace (private sector equity finance often focusses on high-tech, IP based start-ups and much higher growth rates, typically favouring' much higher value equity investments of at least £250k up to £2m and higher).
>
> Establish evaluation panel – create a panel of representatives who will appraise the applications and ensure there are sufficient funds available and that projects are prioritised according to the outcomes and need
>
> 'Assessment of Applications is vitally important to understand, analyse and measure the impact of grants and investments for each project'.
>
> 'Evaluation processes / scoring proposals will be a key assessment for all candidates applying for grants or investment and there will need to be provision of expertise to appraise applications based on criteria plus implementation of techniques to carry out appraisals in a fair and transparent manner'.

This evaluation panel is the responsibility of GEG, the Growth Works contractor.

3.2 Scope

The review and governance of investment and allocation of funds by the contractor in both Capital Grants and Equity Investment into Small and Medium-Sized Enterprises (SMEs) across the Combined Authority and Local Enterprise Partnership (LEP) areas.

The objective for the grants is to maximise economic development impact in the Combined Authority, both in terms of jobs created, prosperity impact in geographical locations, industrial and commercial diversification, and alignment with the Combined Authority's strategic objectives. The estimated job creation is £7k of grant funding.

The objective for the equity investments is to invest in high growth businesses where debt funding is not available at an estimate of £25k per job in the region. The investments will also attract and leverage private equity funds to increase VC activity in the region. The investments will be into high growth SME businesses only to maximise economic development impact in the Combined Authority in both terms of jobs created, prosperity impact in geographical locations, industrial and commercial diversification, and alignment with the Combined Authority's strategic objectives. The portfolio will be assessed on both

cash balance, returns generated, value of additional investment funds released, valuations on future rounds, job creation and estimated market valuations.

Out of scope - Nudge coaching grant decisions (reporting only) and Growth Hub / Department for Business, Enterprise and Industrial Strategy (BEIS) grants that may come online (less than £10K). The only sectors which would not feature as a target for this scheme would be Agri-Tech/Agri-Food (served by an existing scheme) and Retail.

3.3 Frequency

Regular monthly from June 2021 to June 2023 when all known funds will be allocated. The evaluation panel will be reviewed at June 2023 based on a potential extension of funding or wind down of activity.

3.4 Duration

Capped at two hours with papers and business cases submitted four working days in advance. With the allocation, review and assessment of grants and equity investments proposed and presented each month by the SMEs and their Business Growth / Inward Investment Advisers

3.5 Minutes

(first meeting – sole agenda: setting scope, materiality, decision requirements, decision process, confirm members and observers, delegated authorities, etc…)

3.6 Thereafter:

- Update on grant portfolio (overview of nudge coaching grants)
- Update on equity portfolio
- Update on VC / Growth and Mobile Capital in the UK and CPCA.
- Economic and sector market overview
- AOB
- Presentations from SMEs and their Business Growth Advisers (capped at 6 per meeting)
- Discussion by Committee on risks and proposition
- Decisions and actions by CPCA electors
- Next meeting dates.

3.7 Proposed members

1. Paul Webster (Chair) / Equity Vote
2. Bev Hurley (Vice-Chair) / Grant Vote
3. One member of the Business Board with vote (on both Grant and Equity)
4. Nigel Parkinson, Cambridgeshire and Peterborough Business Growth Company Limited with vote (on both Grant and Equity)
5. Martyn Montgomery (Corporate Finance Adviser)
6. IRC Secretariat: To be appointed.

3.8 The decision-making process, delegated authority and risk measurement & materiality to be agreed at the first meeting.

4. Programme Management Committee

4.1 The three directors of the Cambridgeshire and Peterborough Business Growth Company Limited (Growth Co) will sit on a Programme Management Committee designed to hold the Delivery Consortium to account against the contract to deliver the Service. The Directors will be supported by subject matter experts and a Lead Member from each of the Business Board and Skills Committee. These include;

- A Member of the Skills Committee, with responsibility for Workforce Skills and Schools Careers Advice, to act as a Champion of the Service within the Skills Committee and be responsible for oversight to ensure the effectiveness and efficiency of the management processes for the Programme Management Committee, in particular contract management & European Regional Development Fund (ERDF) / European Social Fund (ESF). Frequency - required only at quarterly contract review meetings with Gateley's and its consortium and quarterly claims for ERDF & ESF.

- A member of the Business Board, with responsibility for Business Growth and Inward Investment, to act as a Champion of the Service within the Business Board and be responsible for oversight to ensure the effectiveness and efficiency of the management processes for the Programme Management Committee in particular contract management & ERDF / ESF. Frequency - required only at quarterly contract review meetings with Gateley's and its consortium and quarterly claims for ERDF & ESF.

- The Director of Business & Skills

- The Senior Responsible Officer LGF and Insight & Evaluation, an inward investment subject matter expert

- The Senior Responsible Officer Workforce Skills, a work force skills and careers advice subject matter expert

- The CPCA Finance Manager

- The Cambridgeshire and Peterborough Business Growth Company Limited (Growth Co) ERDF & ESF Programme Manager

- The Analysis and Evaluation Manager Programme Management Office CPCA

- Such other members as may be selected by the GrowthCo Board from time to time.

4.2 From the contractor's side, there will be the Managing Director of GEG, the head of programme management office, finance and the three heads of service for Skills, Growth Coaching and Inward Investments.

4.2 The scope

Ensuring a sound system of internal control & risk management including:

- Approving the company's risk appetite standards

- Receiving reports on, and reviewing the effectiveness, of the company's risk and control processes to support its strategy and objectives
- Approving procedures for the detection of fraud and prevention of bribery
- Undertaking an annual assessment of these processes
- Be at the quarterly contract review meetings with the contractor – 2 hours per quarter

4.3 Frequency

Quarterly

4.4 Duration

Capped at three hours with papers submitted four working days in advance.

4.5 Minutes

(first meeting – agenda: setting scope (TOR), decision requirements, decision process, confirm members and observers, delegated authorities)

4.6 The final Terms of Reference of this committee will need approval from Angle Holdings Ltd

5. Financial

5.1 The projected income and expenditure are detailed below in Tables 1 and 2.

	Year 1		Year 2		Year 3		Year 4		Total
Funding	£4.54m		£10.67m		£7.01m		£2.24m		£24.45m
Expenditure	£2.17m		£11.45m		£7.92m		£2.89m		£24.43m
Table 1 - Projected income & expenditure									

Growth Service Cashflow	Previous Business Plan Total	Variance ***	FY 20/21 Total	FY 21/22 Total	FY 22/23 Total	FY 23/24 Total	Grand Totals
Income							
LGF Equity Investment	£ 5,407,000	£ -	£ 2,000,000	£ 3,407,000	£ -	£ -	£ 5,407,000
CA Growth Hub	£ 738,000	£ -	£ 123,000	£ 246,000	£ 246,000	£ 123,000	£ 738,000
CA Skills Implementation	£ 150,000	£ -	£ 50,000	£ 50,000	£ 50,000	£ -	£ 150,000
CA LIS Implementation	£ 150,000	£ -	£ 50,000	£ 50,000	£ 50,000	£ -	£ 150,000
CA Contract with CEC	£ 300,000	-£ 60,000	£ 20,000	£ 80,000	£ 80,000	£ 60,000	£ 240,000
CA Enterprise Zone Receipts	£ 927,000	£ -	£ -	£ 230,000	£ 279,000	£ 418,000	£ 927,000
ERDF Funding	£ 5,204,000	-£ 2,204,000	£ -	£ 1,500,000	£ 1,500,000	£ -	£ 3,000,000
ESF Funding	£ 2,044,556	-£ 9,009	£ -	£ 600,000	£ 800,000	£ 635,547	£ 2,035,547
LGF Investment Fund (Capital)	£ 11,500,000	-£ 457,000	£ 2,043,000	£ 4,000,000	£ 4,000,000	£ 1,000,000	£ 11,043,000
LGF Investment Fund (Revenue)	£ 500,000	£ -	£ 250,000	£ 250,000	£ -	£ -	£ 500,000
Additional Business & Skills Funding	£ -	£ 258,647	£ -	£ 258,647	£ -	£ -	£ 258,647
Totals	£ 26,920,556	-£ 2,471,362	£ 4,536,000	£ 10,671,647	£ 7,005,000	£ 2,236,547	£ 24,449,194

Expenditure	Previous Business Plan Total	Variance ***	FY 20/21 Total	FY 21/22 Total	FY 22/23 Total	FY 23/24 Total	Grand Totals
Staffing (see tab for details)	£ 1,083,773	-£ 291,837	£ 48,045	£ 285,605	£ 262,612	£ 195,674	£ 791,936
Administration (see tab for details)	£ 168,820	£ 152,286	£ 101,584	£ 83,505	£ 76,693	£ 59,323	£ 321,106
Grants & Equity Investment Administration	£ 625,000	£ 155,001	£ 190,152	£ 322,575	£ 203,281	£ 63,993	£ 780,001
Capital Growth Grants	£ 10,925,000	-£ 655,000	£ -	£ 5,520,425	£ 2,996,720	£ 1,752,855	£ 10,270,000
Innovation & Relocation Grants	£ 450,000	-£ 357,000	£ -	£ 93,000	£ -	£ -	£ 93,000
Skills Brokerage Operational Budget	£ 4,076,000	-£ 767,432	£ 850,000	£ 1,217,630	£ 1,015,450	£ 225,488	£ 3,308,568
Inward Investment Service Budget	£ 3,630,610	-£ 1,963,405	£ 485,000	£ 675,000	£ 470,000	£ 37,205	£ 1,667,205
Growth Coaching Business Engagement Budget	£ 2,735,730	£ 466,270	£ 500,000	£ 1,250,000	£ 1,100,000	£ 352,000	£ 3,202,000
BGS Nudge Grants	£ -	£ 1,000,000	£ -	£ 500,000	£ 500,000	£ -	£ 1,000,000
ERDF Nudge Grants	£ 3,000,000	£ -	£ -	£ 1,500,000	£ 1,300,000	£ 200,000	£ 3,000,000
Totals	£ 26,694,933	-£ 2,261,117	£ 2,174,780	£ 11,447,740	£ 7,924,756	£ 2,886,539	£ 24,433,816

Opening Balance	£ -	£ -	£ -	£ 2,361,220	£ 1,585,126	£ 665,370	£ -
Total Income	£ 26,920,556	-£ 2,471,362	£ 4,536,000	£ 10,671,647	£ 7,005,000	£ 2,236,547	£ 24,449,194
Total Expenditure	£ 26,694,933	-£ 2,261,117	£ 2,174,780	£ 11,447,740	£ 7,924,756	£ 2,886,539	£ 24,433,816
Closing Balance	£ 225,623	-£ 210,245	£ 2,361,220	£ 1,585,126	£ 665,370	£ 15,378	£ 15,378

*** Variance figure is the difference between the current and the previous plan

Table 2 - Cash Flow

Table 2 above shows the annual cash flow for the company.

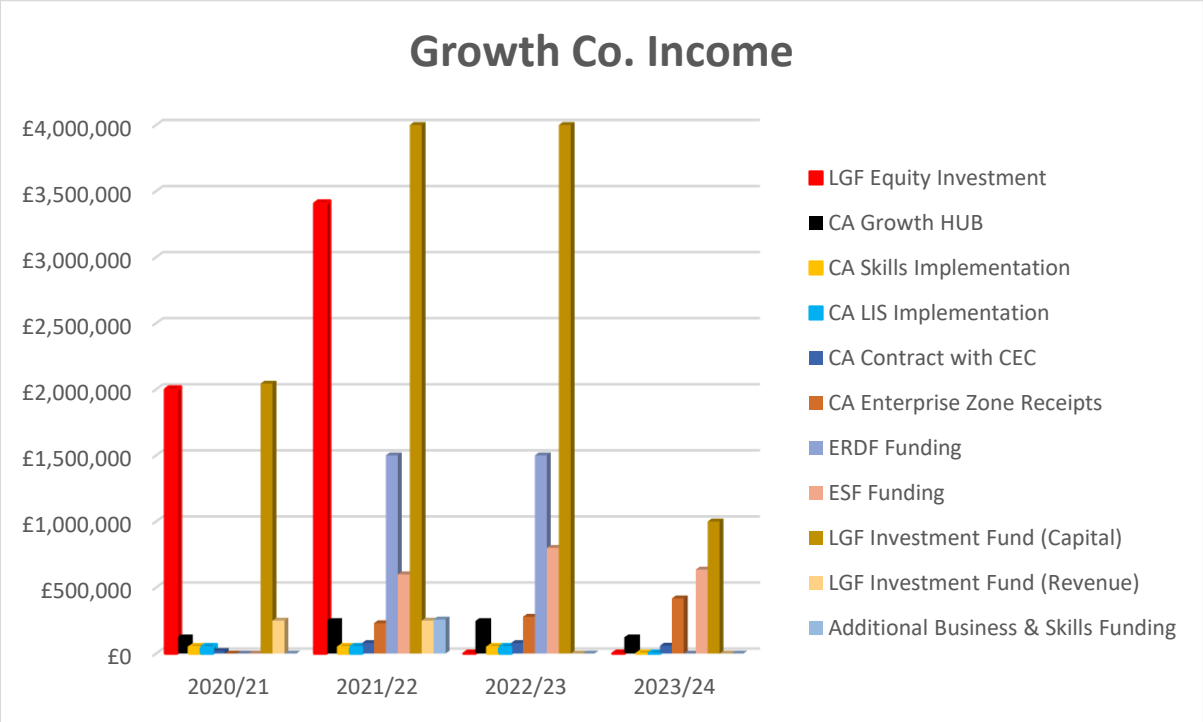


Table 3 – income as a bar chart

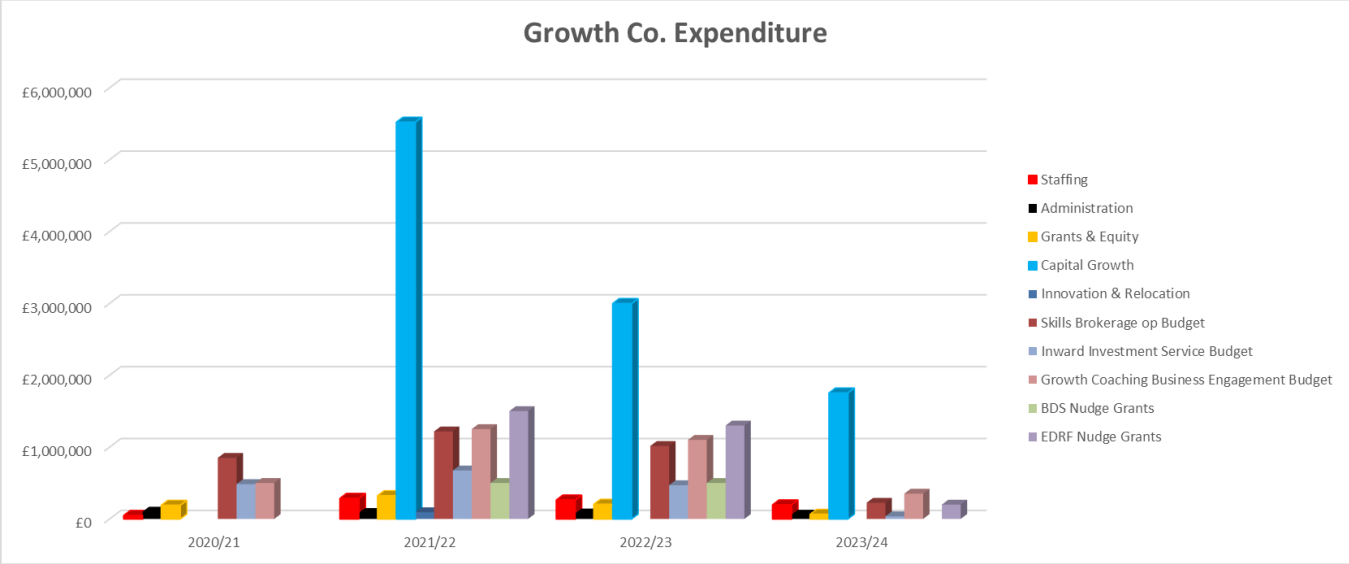


Table 4 – Expenditure as a bar chart

5.2 GEG are paid in advance on a quarterly profile. They invoice the Cambridgeshire and Peterborough Business Growth Company on a monthly basis and a reconciliation performed quarterly. There has been no invoiced expenditure yet for the contract in February or March 2021 and GEG will be submitting their first invoice in late April 2021.

6. Performance

6.1 What is a high growth / scale up company?

OECD:
>10 employees with an annual average employment growth of 20%+ in a 3-year period.
<9 employees whose employment **will** grow by at least 8 employees in a 3-year period
Unhelpful for UK – 95% of 5.8m SME's employ <9 staff*

By most employment-based definitions – we are talking about 5% of all businesses

In CPCA region:

- Circa 37,000 businesses on patch
- GEG and its consortium will undertake 3,000 diagnostics to identify the 1,000+ SME Growth Champions for Growth Coaching
- <1% will be account managed by Skills (large and corporate businesses domestic on patch)
- ~1% will be account managed by Inward Investment (national or >10% international ownership)
- Anyone who doesn't meet the high growth / scale up criteria will be serviced by the Growth Hub

6.2 Outcomes & Leading indicators

GEG and its consortium will deliver at least 5278 new jobs, 1400 new apprenticeships and generate significant inward investment in Cambridgeshire and Peterborough over the next

three years. Each of the four Service Lines will be measured against achieving specified outcomes (Appendix 1, Table 1).

6.2 Performance to date

GEG and its consortium are still in the mobilisation phase up until the public launch on 20th May 2021, when they will be into full delivery mode. There were no agreed performance metrics during mobilisation and the data in this report is taken up until 15th April (when this report was drafted). During the mobilisation there have been a few notable successful outcomes, and these are highlighted under the respective service lines below and in further detail in Appendix 1 (Tables 2 - 5). Contractual versus actual performance for all service lines will be shared with the Business Board on a monthly basis up until the next Management Review report in September 2021.

6.3 Growth coaching

Due to mobilisation, an update on the Growth Coaching service line will be provided to the Business Board as described above.

6.4 Inward Investment

Secured 4 wins:

- Alphavet Tech: Australian Med Tech company developing veterinarian technology to improve and digitise patient healthcare. They have moved their GHQ to Cambridge. Over the next 3 years, 18 jobs will be created with an average salary of £79K and £6.1M capex
- Credenxia: International HQ for Australian owned work force ID and verification credentials. Expanding sales and service centre in Peterborough
- Touchpoint Group (International HQ): NZ based technology company that helps its clients understand and action Big Data. They established a presence in Peterborough in a move to downsize from London.
- Biyomod: is a Turkish Med tech company that develops hardware and web platform integrated solutions for Healthcare IoT. They have located in the Bradfield Centre and will create 3-8 jobs in the next few years. Ave Salary £40K. Cap-ex: £159K

In addition, already holding a healthy Pipeline of 17 opportunities (6 of which were sourced by DIT) the rest were sourced external to the DIT network or directly through Growth Works.

GEG have supported OKR Financial to accelerate UK launch with a fund aligned to support Growth Works, which was originally £2m now increased to £20m. CPCA comms are working with GEG and OKR on a press release.

CPCA & the Cambridgeshire and Peterborough Business Growth Company are in the final process of finalising the data protection agreement with DIT.

GEG are working on launching its first supply chain competition focussed on the Med-Tech Sector and this will be run as an FDI workshop just before 20th May 2021 public launch.

Currently working on brand and content feel for the Invest Cambridge / Peterborough / Fenland holding pages including information on regional opportunities and inward investment activity.

6.5 Skills

Growth Works with Skills is deploying a Digital Talent Platform. Based on the highly successful Talent Retention Solution it will act as the focal point for information on, and access to, the skills that businesses need.

The platform will support economic growth by creating access to information, and links to organisations that can support one another in developing the skills. This includes support for schools to provide excellent careers advice and support for employers to engage in education to enable access to the world of work.

Employers will be able to list job, apprenticeship, internship and work experience vacancies and search for candidates. This support also covers Kickstart, internships, and retaining. Phase 1 the skills portal is launched which provides redeployment functionality incorporating the ability for employers to register and list their vacancies for free, and individuals to register and create a profile, upload their CV and search or opportunities.

At the heart of the platform will be a Talent Development Maturity Index diagnostic, which will help companies to see how they rank on a scale in relation to their approach to accessing and developing talent. This diagnostic is supported by consultative conversations from the Growth Works team

Growth Works have met with all the main college principals and members of their leadership teams to introduce the service.

Performance of the Careers & Enterprise Company (CEC) contract is now on an upward trajectory and have started engaging with all SEND schools for the first time to bring them into the EAN.

6.6 Grants & equity

In the main contract specified that LGF capital funding of £2.043m had to ‘allocated’ to businesses by 31st March 2021.

From 15th February 2021, GEG delivered the above, from what was a ‘standing start’. In essence:

- The Expressions of Interest (EOIs) were sourced from Growth Hub, Covid Grants, Local Authority, Commercial Partners.
- They attracted 54 EOIs seeking £2.769m.
- EOIs were filtered using the matrix of quality score and value for money. The filter is found in the “Competitive Rankings” tab
- Quality scores were assessed on points based on geographical location (Fens, Peterborough), sector diversification, strategic alignment, social inclusion and apprenticeship utilisation
- Value for money was assessed no £/job

Each application had at least an hour discussion over the phone or on Teams / Zoom

After filtering, 13 were declined with 41 businesses seeking £2.4m invited to full application round.

4 did not complete or send applications.

5 were declined owing to either a breach in Undertaking in Difficulty and no mitigating factors on their finances such as strong working capital and cash balances or the applications lacked quality.

Contentious and borderline decisions were raised with Steve and I for independent view and assessment.

In relation to any potential conflicts of interest, these were clearly identified and any concerning individuals (Beverley and Paul) were removed from those cases, their assessment and decisions. The outcomes of those two projects (£20k and £21k) were informed this morning of the outcome.

32 applications were completed successfully and returned by 11:59pm last night. These applications:

- Received £2.025m of the £2.043m, at an average of ~£63k per business ranging from £150k to £20k
- 321 jobs commitment at an average of just over 10 jobs per firm, averaging from 3 jobs to 30 jobs.
- £11.18m investment in capital expenditure.
- Cost per job is under £6.4k/job.
- Recipients were awarded from the far north of the patch, across the Fens, in and around Peterborough and in and Southern and East Cambridgeshire. Sectors were diversified from retail to dentistry, to deep science to engineering, manufacturing to logistics, warehousing and entertainment.

6.7 Contractual meetings and reporting

Monthly and quarterly contract meetings are scheduled from May 2021 to April 2022

GEG are creating a robust reporting mechanism and scorecard, with input from CPCA and the Cambridgeshire and Peterborough Business Growth Company. This will include a client ‘pipeline’ funnel / hopper) by service line. In the medium-term plan is to have a scorecard which can be accessed at any time to understand the latest position and for it to be on the CPCA & Cambridgeshire and Peterborough Business Growth Company Limited (Growth Co) websites. This will also allow the Business Board, key stakeholders e.g Local authorities to monitor the performance in a 'real time’ environment.

6.8 GEG and its consortium have set out high level deliverables to 30th June 2021 at Appendix 2.

Significant Implications

7. Financial Implications

7.1 There are no direct financial implications in the progress report.

8. Legal Implications

8.1 The Shareholder Agreement made between the Combined Authority, Angle Holdings Limited, Angle Developments (East) Limited and Cambridgeshire and Peterborough Business Growth Company Limited requires the Growth Company to establish and maintain a Programme Management Committee [PMC]. The purpose of the PMC is to advise the Board of Directors of the Growth Company and the Agreement sets out the membership of the PMC, which is to include a member of the Business Board. The PMC also has day to day responsibility for:

- ensuring a sound system of internal control and risk management including:
    - approving the company's risk appetite standards;
    - receiving reports on, and reviewing the effectiveness, of the company's risk and control processes to support its strategy and objectives;
    - approving procedures for the detection of fraud and prevention of bribery; and
    - undertaking an annual assessment of these processes;

8.2 Under the arrangements between the Cambridgeshire and Peterborough Business Growth Company (Growth Co) and its contractors responsibility for the evaluation of applications for funding rests with the lead contractor and they are required to create a panel of representatives to appraise applications and ensure that there are sufficient funds available and that projects are prioritised according to the outcomes and need. The arrangements for the Growth Works Investment Evaluation Panel set out in section 3 are the arrangements made by the lead contractor.

9. Other Significant Implications

9.1 None

10. Appendices

10.1 Appendix 1 – Four Service Lines Outcomes and Indicators During Mobilisation Phase

10.2 Appendix 2 – Deliverables by 30th June 2021

11. Background Papers

11.1 'Business Growth Service – Full Business Case' (Agenda Item 5.2, Combined Authority Board meeting on 30th September 2020) https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1980/Committee/63/Default.aspx

11.2 Business Growth Service Full Business Case
https://cambridgeshirepeterboroughcagov.cmis.uk.com/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=qhGYD9e62T0%2fMfLWy8fvCiHHiiBPV0flsE8CXv%2b5BEAQlzznfUi8lA%3d%3d&rUzwRPf%2bZ3zd4E7Ikn8Lyw%3d%3d=pwRE6AGJFLDNlh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlg%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPlIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d

Appendix 1

Table 1: Outcomes and Leading Indicators Overview – Four Service Lines

Service Line	Target/Indicator	Contract Deliverables
Growth Coaching	Businesses provided with a Growth Diagnostic	3,305
	Businesses provided with Growth Coaching	1,005
	Business profiles matched (S/M/L in %)	500/400/100
	Businesses starting a coaching journey	1,005
	Businesses completing a coaching journey	1,005
	GVA generated	£103.0m
	Jobs created	3,223
	GVA increase per employee (Year 1, Year 2, Year 3)	TBD
Inward Investment	Inward investors receiving information, diagnostics, and brokerage support)	160
	Inward investor commitments to expand or for new investments	40
	GVA generated	£15.0m
	Jobs created	600
	Strategic capital investment	£0 (B/E)
	New enterprises supported	25
	Enterprises supported to introduce new to the market products	15

Service Line	Target/Indicator	Contract Deliverables
Skills	Apprenticeship Levy Pledge	£15.0m
	Apprenticeship Levy Utilisation	£9.45m
	Apprenticeship Levy Transfer	£12.48m
	Apprenticeships	1,400
	Learning Outcomes	1,705
	Jobs via Learning Outcomes	-
	GVA generated	£6.0m
Grants & Equity	Companies receiving grants	58
	Grants & Investments (Small Business Capital Growth Investment Fund)	48
	Innovation & Relocation Grants	10
	Small Business Capital Growth Investment equity	£18.0m
	GVA generated	£45.0m
	Jobs created	1,164 – 1,455

Table 2: Growth Coaching 2021/22 – Contracted versus actual

Service Line	Target/Indicator	Contract Deliverables	Y1-Q1 Forecast	Y1-Q1 Actual
Growth Coaching	Businesses provided with a Growth Diagnostic	3,305	0	30
	Businesses provided with Growth Coaching	1,005	0	0
	Business profiles matched (S/M/L in %)	500/400/100	0% / 0% / 0%	0
	Businesses starting a coaching journey	1,005	0	0
	Businesses completing a coaching journey	1,005	0	0
	GVA generated	£103.0m	0	£0
	Jobs created	3,223	75 (Year 1 Total)	0
	GVA increase per employee (Year 1, Year 2, Year 3)	TBD	0	0

Table 3: Inward Investment 2021/22 – Contracted versus actual

Service Line	Target/Indicator	Contracted Deliverables	Y1-Q1 Forecast	Y1-Q1 Actual
Inward Investment	Inward investors receiving information, diagnostics, and brokerage support)	160	2	11
	Inward investor commitments to expand or for new investments	40	2	4
	GVA generated	£15.0m	0	TBD
	Jobs created	600	75 (Year 1 Total)	25
	Strategic capital investment	£0 (B/E)	0	£0
	New enterprises supported	25	0	1
	Enterprises supported to introduce new to the market products	15	0	1

Table 4: Skills 2021/22 – Contracted versus actual

Service Line	Target/Indicator	Contract Deliverables	Y1-Q1 Forecast	Y1-Q1 Actual
Skills	Apprenticeship Levy Pledge	£15.0m	0	£0
	Apprenticeship Levy Utilisation	£9.45m	0	£0
	Apprenticeship Levy Transfer	£12.48m	0	£0
	Apprenticeships	1,400	0	1
	Learning Outcomes	1,705	300 (Year 1 Total)	0
	Jobs (via Learning Outcomes)	350	0	0
	GVA generated	£6.0m	0	0

Table 5: Grants & equity 2021/22 – Contracted versus actual

Service Line	Target/Indicator	Contract Deliverables	Y1-Q1 Forecast	Y1-Q1 Actual
Grants & Equity	Companies receiving grants	58	0	32
	Grants & Investments (Small Business Capital Growth Investment Fund)	48	0	32
	Innovation & Relocation Grants	10	0	0
	Small Business Capital Growth Investment equity	£18.0m	0	0
	GVA generated	£45.0m	0	0
	Jobs created	1,164 – 1,455	397 (Year 1 Total)	321 (Year 1 Total at Q1 close)

Appendix 2 – What GEG and consortium will deliver by 30th June 21

What we aim to deliver by 30 June

Skills Service

- Proactive engagement with employer communities across sectors and geographies
- Consultative conversations with businesses on talent development and sourcing
- SMEs engaged in ESF funded activity including trading needs analysis and learning outcomes
- Initial report on Talent Development Maturity – based on initial results of TDMI completions
- Phases 1-4 on Digital Talent Platform complete

Growth Coaching

- First grants awarded
- Clients being supported
- Programme scaling at pace with first deliverables in Q3 (calendar year)

Inward Investment

- 8 wins secured
- Expanded team "live".
- Ongoing work to uncover the core narrative for the Combined Authority regions and identify key sectors
- Creation of proposition and benchmarking material
- Vision Site launched - A promotional website for all the Combined Authority priority sectors, support and activity based upon discovery phase

Grants

- £2.8 million remains to be awarded in Capital Investment Grants between now and June 2023
- £100,000 relocation and innovation grants to be awarded
- £300,000 minimum each quarter to be awarded in grants with flex to accelerate funding should demand require

Equity

- Investment Review Committee draft agenda shared with the Combined Authority
- First meeting expected June/July 2021

Reminder of criteria:

2:1 investment

Liquidation event within 18 months

Circa 1 job for every £25k invested

GROWTH WORKS

THE BUSINESS BOARD

Agenda Item No: 3.1

Cambridgeshire and Peterborough Priority Sector Strategies

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Director of Business and Skills, John T Hill
Key decision:	No
Recommendations:	The Business Board is asked to:

(a) Recommend the Combined Authority Board approves adoption of the Advanced Materials and Manufacturing Sector Strategy;

(b) Recommend the Combined Authority Board approves adoption of the Life Sciences Sector Strategy;

(c) Recommend the Combined Authority Board approves the proposed One Page Digital Strategy update, adopts that one-page strategy update as an addendum to the original strategy, and notes that the whole Digital Sector Strategy will be refreshed and brought back to the Combined Authority Board; and

(d) Note that the Agri-Tech Sector Strategy will be presented to the Business Board in July 2021.

1. Purpose

1.1 This paper seeks to present three of the four Priority Sector Strategies to the Business Board, with a plan noted to finish development of the Agri-Tech strategy and bring back in July.

1.2. The Business Board is being asked to approve the Sector Strategies and then to recommend to the Combined Authority Board that it formally adopts the strategies, with the next step to develop an implementation plan across all the strategies and bring that implementation plan back to the Business Board.

1.3. All the Sector Strategies contain a number of recommendations or actions in order to deliver those strategies' outcomes. In terms of implementation, not all of those recommendations or actions are focussed on the Combined Authority or Business Board for delivery, so by adopting the strategies, the Business Board and Combined Authority are aiming to address the required actions, but not committing to delivering them all.

1.4 The implementation of the strategies will also be contingent on future funding opportunities from National Government and how they clarify over the coming year with funding streams such as Levelling Up Fund, Community Renewal Fund plus any other relevant new or existing funding policies. The adopted sector strategies will provide the basis upon which bids and proposals can be constructed.

1.5 Any interventions subsequently prioritised for delivery by the Business Board will require Officers to work up business cases and submit bids to secure funding from future funding streams, such as the UK Shared Prosperity Fund (SPF) in 2022.

1.6 Any business cases or bids developed will be brought back to future Business Board meetings for approval and recommendation to the Combined Authority Board to submit to secure funding.

1.7 The sector strategies and their overall implementation plan, once developed, will also provide opportunity to feed into content development of refresh of the Local Industrial Strategy (LIS) or any replacement of the LIS.

2. Background

2.1 The Four Priority Sectors as outlined in the Cambridgeshire and Peterborough Local Industrial Strategy which the strategies have been developed against are:

- Agri-Tech
- Advanced Materials and Manufacturing (AMM)
- Life Sciences
- Digital

2.2. The Digital and AMM strategies were developed initially during 2019 and into early 2020, while Agri-tech and Life Sciences started in early 2020. All have subsequently been refreshed due to Covid-19 and the UK's withdrawal from the EU during the period from April 2020 to April 2021. Each strategy has involved consultation with multiple stakeholder organisations and businesses involved in the four sectors, with the draft versions of each of the strategies having been presented to the Business Board during the period.

2.3 The Digital Sector Strategy was however completed much earlier and approved and adopted by the Business Board and Combined Authority in March 2019.

2.4 All the final strategies have recommendations derived from the consultations and feedback which have been refined, tested with stakeholders and consultees and cross-referenced against other strategies including the Local Industrial Strategy [LIS] and the Local Economic Recovery Strategy (LERS). The four strategies will be used to contribute content into the update or refresh of the LIS or its future replacement, and will be used as an evidence base to which bids to future funding streams such as UK Shared Prosperity Fund can be

strategically linked.

3. Agri-Tech

3.1 The Agri-Tech strategy was first drafted by Promar International Ltd during 2020 and after consultation with the Business Board it was agreed that the strategy needed to be further developed to be more focussed and clearer on the key interventions. The Institute for Manufacturing (IfM) has been procured to take all the work drafted by Promar and using their process, refine and develop 'Roadmaps' for the proposed key interventions. Appendix 1 to this report has the proposed workplan from IfM which outlines the process to produce the main revisions to the draft strategy document and to produce the first intervention Roadmap.

3.2 The Business Board is asked to note that the reworked strategy document and key intervention roadmaps will be presented again to the Business Board in July 2021.

4. Advanced Materials and Manufacturing

4.1 The AMM strategy was first developed in an earlier form by Hethel Innovation Ltd during 2019 into early 2020 but only to a draft stage. The Business Board decided the strategy required further development and engaged the Metro Dynamics team to develop it into a position statement during Autumn 2020. During February and March 2021, this statement has been enhanced after workshops with key manufacturing stakeholder organisations into a strategy with a final set of recommendations which are attached at Appendix 2. Also attached is the strategy on a one-page document at Appendix 3.

4.2 There are 9 recommendations outlined in the strategy which are aimed at both the industry, companies and stakeholders plus public funders, such as the Government. There are three main thematic areas of activity: first 'Make it Smart' Support, second Improve the Skills pipeline and third Getting the Foundations right. These themes have 5 actions/activities recommended in the short-term, over the next 12 months, and then 4 actions/activities proposed over the next 2 to 3 years.

4.3 The Business Board is asked to recommend to the Combined Authority approval and adoption of the final AMM strategy.

5. Life Sciences

5.1 The Life Sciences strategy was developed by Jones Lang Lascelle (JLL) during 2020 after extensive consultations with stakeholders and industry in the Greater Cambridge area and the strategy was revisited because of Covid-19 impacts during late-2020, with additions made to the draft. The draft strategy was presented to the Business Board on 14th April 2021 and the final draft is attached at Appendix 4. The strategy on a one-page document is also attached at Appendix 5.

5.2 There are 16 recommendations outlined in the strategy which are not only aimed at the Combined Authority to deliver, but they are also aimed at both the industry's companies and sector stakeholders, plus public funders, such as the Government.

5.3 The Business Board is asked to recommend approval and adoption by the Combined Authority for the final Life Sciences Sector Strategy.

6. Digital

6.1 The Digital Sector strategy was adopted by the Business Board and published in September 2019, the strategy was developed by Cambridge Wireless (CW) and Anglia Ruskin University working with a group of 20 stakeholder organisations.

The original strategy has been reviewed by CW during March and April 2021, with minor refresh updates made to the key interventions compared to the original strategy. A one-page Digital Strategy key interventions update is attached at Appendix 6. If the Business Board agrees with the updated recommendations and interventions, then the original strategy document will be revised to reflect these and the one-page update summary will be published whilst the original strategy is revised.

6.2 There are 3 groupings of key questions, one set aimed at the local digital industry sector itself, the second aimed at the Combined Authority and its public sector partners, and the third aimed at the Government. There are 9 themes under which recommendations are brigaded in the one-page strategy update. The Combined Authority will work with both industry and related sector stakeholders, plus public funders such as the Government to bring forward business cases where required to secure funding to deliver interventions.

6.3 The Business Board is asked to recommend to the Combined Authority approval and adoption of the final Digital strategy update as an addendum to the original strategy.

Significant Implications

7. Financial Implications

7.1 This report is seeking approval of adoption of the strategies so has no direct financial implications. The plans to implement the actions and interventions identified will be developed and approved separately.

7.2 The cost of developing the sector strategies has been met from within budget in the MTFP.

8 Legal Implications

8.1 The sub-strategies sit as part of the Local Industrial Strategy Framework and decision making on the amendment of the LIS is a matter reserved to the Combined Authority Board by the Constitution.

9. Other Significant Implications

9.1 None.

10. Appendices

10.1 Appendix 1 – CPCA Agri-tech Strategy Workplan to Finalise Strategy with IfM

10.2 Appendix 2 – CPCA Advanced Materials and Manufacturing Strategy

10.3 Appendix 3 – CPCA Advanced Materials and Manufacturing One-Page Strategy Outline

10.4 Appendix 4 – CPCA Life Sciences Strategy

10.5 Appendix 5 – CPCA Life Sciences One-Page Strategy Outline

10.6 Appendix 6 – CPCA Digital Strategy One-Page Strategy Update

11. Background Papers

11.1 'Cambridgeshire & Peterborough Combined Authority Digital Sector Strategy' (Agenda Item 2.1, Business Board meeting on 23rd September 2019)
https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/873/Committee/69/Default.aspx

11.2 Digital Sector Strategy (published September 2019)
A Digital Sector Strategy for cambridgeshire & Peterborough (cambridgeshirepeterborough-ca.gov.uk)

11.3 Local Industrial Strategy and associated sector strategies
https://cambridgeshirepeterborough-ca.gov.uk/who-we-are/business-board/business-board-strategies/

Task	NEW Proposed Timings	Responsibility	
	(by)	IFM ECS	CPCA
Kick off, upon receipt of CPCA order confirmation	30th April		✓
Phase 1			
Confirm CPCA Core Team and workshop delegates; Invite workshop attendees and brief core team plus key stakeholders	7th May		✓
Finalise design of process and workshop templates together with introductory webinar and pre-work packs	28th May	✓	
Carry out roadmapping Introductory webinar for workshop participants	28th May	✓	
Circulate pre-work instructions to workshop participants	28th May	Provide guidance for pre-work	Complete and collate pre-work
Consolidate all pre-work entries from participants	25th June	✓	
Finalise workshops logistics, including preparation of online platforms and digital facilitation materials	2nd July	✓	
Deliver landscaping session 1; issue S2 prework	w/e 9th July	Lead workshop facilitation and co-ordinate Zoom platform	Attend and record workshop breakouts as coached by IfM ECS
Capture key workshop outputs and S2 prework	w/e 9th July	✓	
Deliver Landscaping session 2	w/e 9th July	✓	
Phase 2			
Agree Phase 2 Topic Roadmapping working groups and confirm next session date and times	w/e 9th July	✓	✓
Deliver phase 2 topic roadmapping sessions (to cover up to 4 strategic themes/challenges)	12th or 13th July	Lead workshop facilitation and co-ordinate Zoom platform	Attend and record workshop breakouts as coached by IfM ECS
Phase 3			
Complete initial desk work and first draft top level narrative for synthesis discussions	w/e 23rd July	✓	
Facilitate synthesis discussions with core team	w/e 30th July	✓	
Finalise integrated strategic landscape and top level narrative aligned to CPCA BB framework in PowerPoint and Excel formats	w/e 6th Aug	✓	
Review, finalise and issue report	w/e 13th Aug		✓

Appendix 2

Cambridgeshire & Peterborough Advanced Manufacturing Strategy

April 2021

Acknowledgements

We greatly appreciate the help and contribution of partners and stakeholders in developing this Strategy. Special thanks to:

- Aamir Khalid - Chief Executive at TWI
- Andy Neely - Pro-Vice-Chancellor for Enterprise & Business Relations at the University of Cambridge
- Austen Adams - Energy & Medical Division Managing Director at Avingtrans
- Charlotte Horobin - Region Director - Midlands & East of England at Make UK
- Chris Corkan - Regional Membership Manager - Midlands & East of England at Make UK
- David Lott - Chief Executive Officer at IfM Engage
- Mark Dorsett - Global HR Services Director & UK Country Director at Caterpillar Inc.
- Nitin Patel - Business Board Director at the Cambridge & Peterborough Combined Authority
- Paul Holt - Managing Director at Photocentric
- Simon Coward - Head of Economic Development at Opportunity Peterborough
- Tom Hennessy - Chief Executive at Opportunity Peterborough

Contents

1 Executive Summary

1.1 The Advanced Manufacturing & Materials sector is an important sector within Cambridgeshire & Peterborough, representing a large proportion of employment and is relatively more productive than the area as a whole. Despite the strength of the sector, the Cambridgeshire & Peterborough Local Economic Recovery Strategy (LERS) identified that the wider manufacturing sector has been one of the hardest hit by the Covid-19 pandemic and stated that for the sector to fully recover and grow into the future, it needs to be better connected to the opportunities of the post-pandemic era.

1.2 This document sets out two main recommendations to create a strong ecosystem that enables the sector to maximise growth and development post-pandemic, along with a set of immediate actions:

- First, **to build a new, publicly-funded support programme for companies in the sector** that integrates technology-roadmapping with intensive assistance for leadership teams. This will ensure more businesses can seize future opportunities and successfully navigate the business development challenges of transition to net zero, new technologies and working practices.
- Second, to **improve the skills pipeline**, to ensure that the skills required by employers are supplied by education and training providers, addressing the existing misalignment and strengthening the skills base.

Summary of immediate actions

The following actions should be commissioned and completed within the next 12 months.

- Publish a future opportunities roadmap which can be used with businesses to inform their future growth ambitions.
- Produce a 'London Underground style' guide to Advanced Manufacturing and Materials sources of funding, support and networks for the region.
- Commission and implement the programme design for Cambridgeshire & Peterborough's 'Make It Smart' integrated business support package (implementation to take longer than next 12 months).
- Produce a review and gap analysis of existing supply and demand for skills to inform where future provision should be targeted.
- Continue to support the development and roll-out of the Smart Manufacturing Alliance as the single network for manufacturing businesses, working in collaboration with other manufacturing organisations.
- Review the place marketing offer and work with partners to establish a single voice for the different offers in the area.

Advanced Manufacturing & Materials strategy: interventions and next steps

The below diagrams set out the interventions and next steps set out in the Cambridgeshire & Peterborough Advanced Manufacturing & Materials sector strategy. Figure 1 describes the package of interventions set out in the strategy, whilst Figure 2 outlines the immediate actions that should take place over the next 12 months and the steps to take over the following 2 to 3 years.

Figure 1: the interventions required

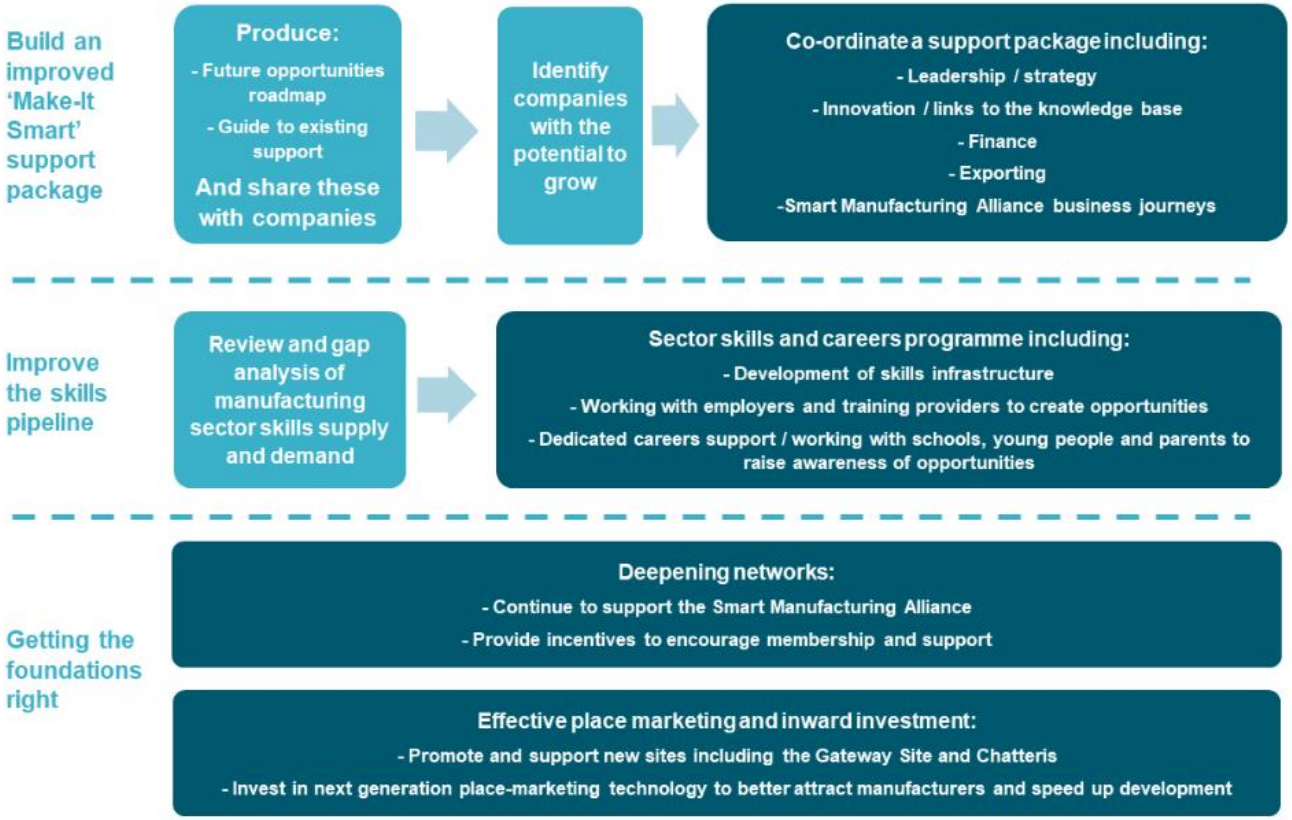


Figure 2: actions and next steps

Over the next 12 months:

- Publish a futures opportunities roadmap which can be used with businesses to inform their future growth ambitions.
- Produce a 'London Underground style' guide to Advanced Manufacturing and Materials sources of funding, support and networks for the region.
- Commission the programme design for Cambridgeshire & Peterborough's 'Make It Smart' integrated business support package.
- Produce a review and gap analysis of existing supply and demand for skills.
- Review the local place marketing offer.

Over the next three years:

- Implement the 'Make It Smart' business support package.
- Implement a sector skills and careers programme based on the findings of the sector skills review.
- Continue to support the growth and development of the Smart Manufacturing Alliance
- Work with partners to establish a single place marketing voice for the different offers in the area.

2 Introduction & background

2.1 This Strategy presents a series of recommendations to enable the growth and development of the Advanced Manufacturing & Materials sector within Cambridgeshire & Peterborough. Advanced Manufacturing & Materials has been identified as one of the four priority sectors within the Cambridgeshire & Peterborough Local Industrial Strategy (LIS)[1], thanks to the combination of Peterborough's rich history of manufacturing with Cambridgeshire's status as a globally-recognised centre for technology, knowledge and research.

2.2 This document is the culmination of a long period of work, which began with the Cambridgeshire & Peterborough Independent Economic Review (CPIER)[2]. This identified the sector as being of strategic importance to the area's growth ambitions. In 2019, Hethel Innovation[3] produced an evidence base and strategic overview of the sector for the Combined Authority and partners, identifying the need to create a strong ecosystem to support sectoral growth.

2.3 Following the Hethel report, in November 2020 Metro Dynamics convened an Advanced Manufacturing & Materials workshop on behalf of the Cambridgeshire & Peterborough Business Board. The workshop brought together key individuals from the sector in Cambridgeshire & Peterborough to consider the long-term outlook. In March 2021 two further workshops with local partners were held to build on the November discussion. These two workshops were able to consider the priorities for the sector more fully in light of the Brexit trade agreement, the Government's March 2021 budget, and a clearer prognosis for the Covid-19 pandemic and vaccine rollout. The workshops drew heavily on the Q1 2021 LERS refresh.

2.4 Alongside this, the Smart Manufacturing Alliance - a joint venture between Opportunity Peterborough and the CPCA - has been established as a result of the recommendations of the Hethel report, in order to establish a networking organisation to support and drive the creation of a world class advanced manufacturing ecosystem in Cambridgeshire and Peterborough. The CPCA has invested £715,000 of Local Growth Funds to support this work.

2.5 This Strategy document therefore brings together an existing body of work and discussion and sits alongside the refreshed LERS.

2.6 The remainder of this document is structured as follows:

[1] Cambridgeshire & Peterborough Local Industrial Strategy (2019)
[2] Cambridgeshire & Peterborough Independent Economic Review (2018)
[3] Advanced Manufacturing & Materials Sector Strategy, Hethel Innovation (2019)

- **Section 3** provides an overview of the sector as it currently stands and where it is headed.
- **Section 4** presents future opportunities and challenges facing the Advanced Manufacturing & Materials sector.
- **Section 5** sets out an aspiration for the sector.
- **Section 6** discusses the initiatives needed to grow the sector and provides a list of actions.

3 Where we are now

3.1 Advanced Manufacturing & Materials[4] is an important sector within Cambridgeshire & Peterborough. It is a sector that employs a large number of people within the area and productivity per job is significantly higher than the Cambridgeshire & Peterborough average. Yet it has been affected by Covid-19 and Brexit, and perhaps more importantly faces business and skills challenges that if left unaddressed, put the future of the sector at risk.

An important and growing sector

3.2 As of 2019 (the most recent data available) **Cambridgeshire & Peterborough was home to 3,270 manufacturing and engineering firms employing 51,400 people**[5][6]. Since 2010 employment within the sector has grown by 3,810 jobs, or 8.0%. Within this, **advanced manufacturing**[7] **accounted for 1,770 firms employing 22,200 people**, representing 54% of the businesses and 43% of the jobs within the wider manufacturing sector[8]. Advanced manufacturing employment has grown by 2,430 jobs, or 12.3%, so at a faster rate than the wider manufacturing sector.

3.3 Cambridgeshire & Peterborough is home to major businesses such as Avingtrans, Baker Perkins, Bradshaw Electric Vehicles, Domino Printing Sciences, Hutchinson, Lawrence David, Marshall Aerospace, OAL, Peter Brotherhood, PhotoCentric 3D, ProCam, Rapidrop, Royal HaskoningDHV and Xaar. It is also home to the UK headquarters of major global firms such as Caterpillar, Hexcel Composites and Qualcomm, as well as major global firms within pharmaceuticals, such as AstraZeneca. This business base spans sub-sectors including pharmaceuticals and biotech, engine development, aerospace, energy and printing.

3.4 The Cambridgeshire & Peterborough Local Industrial Strategy (LIS) identified Advanced Manufacturing & Materials as one of the four strategic growth sectors, alongside Life Sciences, Agri-Tech and Information Technologies, based on the CPIER outlining the area's specialism in these sectors. The 2017 East of England Science and Innovation Audit described the sector as being "of foundational importance to the other themes" (those being the other growth sectors) as well as containing institutions and organisations which form the sector itself.

[4] In this section for the initial employment and business count data we use a 5 digit SIC code definition of Manufacturing & Engineering and Advanced Manufacturing as set out in the appendix. For the GVA data (and any employment data linked to GVA) we use the corresponding 2 digit SIC codes for Manufacturing & Engineering, so 10-33 and 71.
[5] ONS (2020) Business Register & Employment Survey
[6] Sector defined in Appendix 1
[7] Sector defined in Appendix 1
[8] ONS (2020) Business Register & Employment Survey

3.5 The sector has seen strong business growth. Across Cambridgeshire & Peterborough the number of businesses in the advanced manufacturing sector was up 42% on 2010. This outpaced England as a whole which saw 35% growth across the same period. SMEs[9] account for 99% of all advanced manufacturing businesses within Cambridgeshire & Peterborough, in line with England as a whole.

3.6 Particular sub-sectors where employment within Cambridgeshire & Peterborough is significantly high include the manufacture of engines and turbines (20% of England's employment is within Cambridgeshire & Peterborough), with firms such as Perkins Engines, the manufacture of air and space craft (with employers including Marshall Aerospace), health diagnostics (e.g. Psynomics, a University of Cambridge spin-out) and carbon capture (e.g. Cambridge Carbon Capture). Approximately 75% of advanced manufacturing employment across the geography is located within South Cambridgeshire, Cambridge, and Peterborough[10], much of which is in specific clusters of excellence.

Productivity and the impact of COVID

3.7 The region's manufacturing and engineering output has exceeded the overall growth rate of the Cambridgeshire & Peterborough economy. In 2018[11] manufacturing & engineering GVA within Cambridgeshire & Peterborough stood at £4.9bn[12], accounting for 18.9% of overall GVA within Cambridgeshire & Peterborough, compared to 18.1% back in 2010. Manufacturing's GVA growth has been higher than overall GVA growth within Cambridgeshire & Peterborough, growing by 28.4% from 2010-2018, compared to an overall GVA rise of 23.1%.

3.8 Furthermore, the growth of manufacturing & engineering GVA within Cambridgeshire & Peterborough (28.4%) has significantly outpaced the sector's growth across England as a whole (9.4%). Given that GVA has risen faster than employment, average labour productivity in the sector has risen, with GVA per job rising from £74,300 to £88,400, or a rise of 19.1%. Crucially, productivity per job is 59% higher than the average across all sectors in Cambridgeshire & Peterborough.

3.9 Data on local employment in the sector runs to 2019, and it is important to consider the impact of Covid-19 and Brexit. Nationally, PAYE employment in manufacturing declined 4.6% from January 2020 to January 2021, almost double the rate of decline across all sectors, making it one of the worst affected sectors[13]. Vacancies also declined and even by December 2020 the vacancy level in Cambridgeshire & Peterborough within manufacturing was 17% below February 2020 levels, despite a

[9] Defined as businesses with less than 250 employees
[10] ONS (2020) Business Register & Employment Survey
[11] Latest data available
[12] ONS (2019) Regional Gross Value Added. Adjusted for inflation using 2016 money values
[13] ONS Earnings and employment from Pay As You Earn Real Time Information. Note: data is only available at national level. Also note that changes in PAYE employment tends to overstate manufacturing employment change as the sector has relatively little self-employment compared to other sectors.

19% rise in vacancies across Cambridgeshire & Peterborough as a whole, suggesting the sector has been hit especially hard by Covid-19 and Brexit.

3.10 Manufacturing is vulnerable to supply disruptions from Covid-19 and Brexit, even if the final demand for products holds up. Whilst a trade deal with the EU was reached in December 2020, there is still potential for significant disruption in the sector in 2021.

A challenging outlook

3.11 The national investment outlook within the sector remains challenging. Make UK's Q1 2021 Manufacturing Outlook[14] reported that, nationally, investment is expected to decline within the next 12 months, although the Electronics sub-sector is expecting to see a 32% rise in investment year on year.

3.12 Crucially however, the trend is worse amongst smaller businesses, with those with a turnover of less than £10m expecting a 5% fall in investment, compared to a 7% rise for those with a £25m+ turnover. SMEs make up the majority of Cambridgeshire & Peterborough's manufacturing sector, so a reluctance or inability to invest poses the risk of not remaining at the forefront of innovation and embracing new technologies.

3.13 The manufacturing sector is also experiencing skills challenges that existed pre-Covid but are likely to have been exacerbated by the pandemic. In the 2019 Employer Skills Survey[15], manufacturing had the joint highest skill-shortage vacancy density of any sector in the country, with 36% of vacancies proving hard to fill due to applicants lacking the required qualifications, skills or experience (average across all sectors: 24%). Whilst this data is only available at the national level, this percentage grew sharply from 29% in 2017, suggesting growing skills shortages within the sector. Furthermore, manufacturing is one of the four sectors nationally with the highest number of workers aged over 50 (along with health, retail and education)[16], many of whom will have skills that need updating or re-training as the sector evolves.

3.14 Locally, business confidence amongst manufacturers in the region within which Cambridgeshire & Peterborough falls (East of England) was the second lowest of all the regions of England, only ahead of London & South East[17]. If manufacturers within Cambridgeshire & Peterborough are less confident than in other areas, this may negatively impact relative investment levels.

3.15 However, more positive feedback from the recent Make UK Regional Board monthly poll[18] suggests that the region that includes Cambridgeshire & Peterborough (the East of England) is the most buoyant in the country. 56% of the manufacturers surveyed

[14] Make UK Manufacturing Outlook 2021 Quarter 1
[15] ONS Employer Skills Survey (2019)
[16] CIPD (2019), Ageing Gracefully: The Opportunities of An Older Workforce.
[17] Make UK Manufacturing Outlook 2021 Quarter 1
[18] Make UK March 2021 East of England Regional Board monthly poll

across the region in the March 2021 survey are fully operational, with a further 28% operating at 75% to 99% of pre pandemic levels. The issues that are most important to the businesses surveyed are the ability to predict future order and demand levels, and operating Covid-secure workplaces and managing testing.

3.16 All of this paints a picture of a vital sector that has grown and become more productive over the past decade, but has faced challenges due to Covid-19 and Brexit. Long-term challenges remain around skills and business' ability to innovate and embrace future opportunities. **The sector remains hugely significant in employment and GVA terms to Cambridgeshire & Peterborough, and it will be vital to ensure that the sector is able to capitalise on the emerging opportunities** which are the subject of the next section.

4 Future opportunities and challenges

4.1 Stakeholders have identified two main areas of opportunities and challenges within the Advanced Manufacturing & Materials sector: around improving the **product** offering and the **skills** offering.

Figure 1. Summary of opportunities and challenges

	Opportunities	Challenges
Products	- Potential to further tap into unique local knowledge base - Capitalise on government 2.4% R&D spending target	- Maintaining pace with emerging technologies - Engagement with business support
Skills	- Opportunity to develop skills in emerging technologies and become world leaders - Engagement with young people to pursue careers in innovative sector	- Alignment of training provision with skill needs - Linking the quality of training provided to employer requirements

Future opportunities and challenges: products

4.2 The knowledge base within Cambridge is strong and will remain so in the future. There is immense innovation happening locally, which the sector could tap into, creating a virtuous cycle by enabling the knowledge base to commercialise ideas more quickly.

4.3 The sector has an opportunity to capitalise on the UK government's push for investment in emerging technologies, with the government setting a target for R&D spending to reach 2.4% of GDP by 2027. There is the opportunity to align this increase in R&D spend with local strengths within Cambridgeshire & Peterborough, such as energy and health diagnostics, carbon capture and new nuclear.

4.4 The long-term focus for many businesses is on 'clean' growth, investing in technology, and ultimately transforming traditional industry. There is a challenge for firms who are supplying components into industries that make products that are being phased out, around evolving and embracing new technologies. There is a risk that the sector will suffer from an inability to seize future opportunities and transition to new markets and maintain pace with emerging technologies. In order to do this businesses need to be able to innovate and bring new products to market. Evidence suggests that small firms, who make up the vast majority of the Advanced Manufacturing & materials businesses within Cambridgeshire & Peterborough, can gain important industry knowledge and skills from collaboration with universities and research institutes. But they are less likely than their larger counterparts to develop these links[19].

4.5 Whilst there are a number of individual business support schemes already in place, stakeholders consulted feel that these are often not well signposted or co-ordinated with each other. It is also often unclear where one scheme starts and another ends, all of which means that the capability that can be delivered is diluted.

4.6 There is particular concern around companies that do not engage actively with business support schemes or membership associations as it is harder to understand their pressures and needs. Meanwhile larger employers and exporters will have more of an international perspective, so there is question around how to continue to compete against overseas producers.

4.7 Addressing the business support issue through establishing effective grassroots networks will be key to the sector being where it wants to be, at the forefront of research and development, embracing new technologies.

[19] Johnson (2020). University-Industry Collaboration: Are SMEs Different? ERC SOTA Review.

Future opportunities and challenges: skills

4.8 If the Advanced Manufacturing & Materials sector within Cambridgeshire & Peterborough continues along the path it is currently on, it is at serious risk of not having the skills that are going to be demanded by employers in a modern, post-pandemic climate.

4.9 Stakeholders at the March 2021 workshop identified two priorities within the skills agenda: **alignment**, and **quality**:

- The **alignment** issue is where significant investments in education are not necessarily aligned to future skills needs. Gap analysis has shown a significant disconnect between the disciplines people are being trained in and where skill need is growing[20]. This can often lead to people entering different industries to which they were trained in, meaning they are less 'job-ready', and employers are required to pick up the slack, which often requires costly re-training.

- The **quality** issue reflects a feeling that there is a mismatch between the way training is delivered in UK training providers and how employers would prefer it to be delivered. One of the motivations behind investing in the Advanced Manufacturing Research Centre was some disillusionment with the way training is delivered within traditional training providers.

4.10 These two skills concerns pose the risk of sectoral growth being constrained by a lack of access to skills. If the sector continues along its current path within Cambridgeshire & Peterborough it will not house the skills that will be in demand by employers. This will constrain the growth of existing companies within the area, and act as a deterrent for manufacturers looking to set up business or re-locate, as they will instead look towards other areas where the skill supply is more aligned to demand.

4.11 There is a need for the sector to do more to engage young people and show them that a career within the sector is one worth pursuing. It is equally important to engage with the education and training sector to address the mis-alignment. More will be outlined on the process of doing so later in this document.

4.12 Alongside the issue of up-and-coming talent, there is also a risk around updating the skills of existing staff. Stakeholders identified the risk that many staff will need to be re-trained as their current skills will become obsolete by the evolution of the sector. A failure to re-train will lead to a left behind workforce and a skills shortage for manufacturers.

4.13 There are multiple skills initiatives already in place through organisations such as the Metalcraft Advanced Manufacturing Training Centre and the new Anglia Ruskin University Peterborough Campus (which is not specific to the manufacturing sector).

[20] Deloitte (2018). 2018 skills gap in manufacturing study: Future of manufacturing: The jobs are here, but where are the people?

The existing provision is good, but even more is needed to further enhance the pipeline of skills, whilst learning the lessons from unsuccessful initiatives such as the iMET training centre, so that Cambridgeshire & Peterborough is an area that can provide the skills required by manufacturers in the future.

5 Where we want to be

5.1 Cambridgeshire & Peterborough needs to be at the forefront of future opportunities and establish itself as a world-leading sector in cutting-edge technology and product development. Doing this requires maintaining existing specialisms and strengths within the sector across the three economies of Cambridgeshire & Peterborough, particularly the practical application of innovation in cutting-edge products. But it is also crucial for the sector to grow and embrace the opportunities available in the post-pandemic economy.

5.2 Cambridgeshire & Peterborough sits within the wider Oxford-Cambridge Arc and some of the targets in the Arc's strategy[21] are important to consider when looking at Advanced Manufacturing & Materials sector strategy, specifically:

- Bringing employers and skills providers together to understand the current and future skills needs, and planning provision to meet them.
- Maximising the economic benefits of new transport, energy and digital infrastructure within the Arc.
- Developing an improved business support and finance programme for high growth companies, a shared approach to commercial premises and an Internationalisation Delivery Plan to encourage greater trade and inward investment in the Arc.

5.3 Two of the LIS ambitions also relate specifically to the sector:

- Expand and build upon the clusters and networks that have enabled Cambridge to become a global leader in innovative growth.
- Drawing on existing skills and capabilities, the Combined Authority can provide impetus to development of advanced manufacturing across the region.

5.4 These targets draw upon existing strengths and capabilities within the region to develop the sector, so should influence the sector strategy. Both targets should involve the development of strong networks, to share knowledge and ideas to drive innovation forward within the sector, so Cambridgeshire & Peterborough is at the forefront of developing new, cutting-edge products and services.

5.5 The LIS also identifies a specific opportunity within scale-ups, with the West Cambridge site in collaboration with the Institute for Manufacturing and Engineering Department suggested as potential pilot site. This is the creation of facilities in close proximity to local universities and research institutes, where ideas can be developed and taken to the market. Using the power of networks and the existing knowledge

[21] The Oxford-Cambridge Arc ambitions (2019).

base within the area will drive innovation and help the area improve the commercialisation of intellectual property.

5.6 Cambridgeshire & Peterborough should also look to collaborate with other centres of excellence such as the Centre for Process Innovation (CPI) in Tees Valley, to demonstrate and grow the UK's strengths in advanced materials. Scale-Up Engines, as suggested in the LIS, will help to support commercialisation of IP and strengthen the pathways to supply chain and market entry.

A competitive position

5.7 There are a range of businesses - both small and large, who are interested in growing. The issue they face is that they do not always know how to grow, and often do not have good connections to the existing innovation base, such as research institutions. There is also a skills disconnect, with the existing skills base not meeting the demands of employers, and some skills becoming obsolete in the modern market. In order for the sector within Cambridgeshire & Peterborough to get to where it wants to be, it needs to address these two issues.

5.8 Stakeholders agreed that for Advanced Manufacturing & Materials within Cambridgeshire & Peterborough to become the globally-competitive sector it wants to be, it needs to:

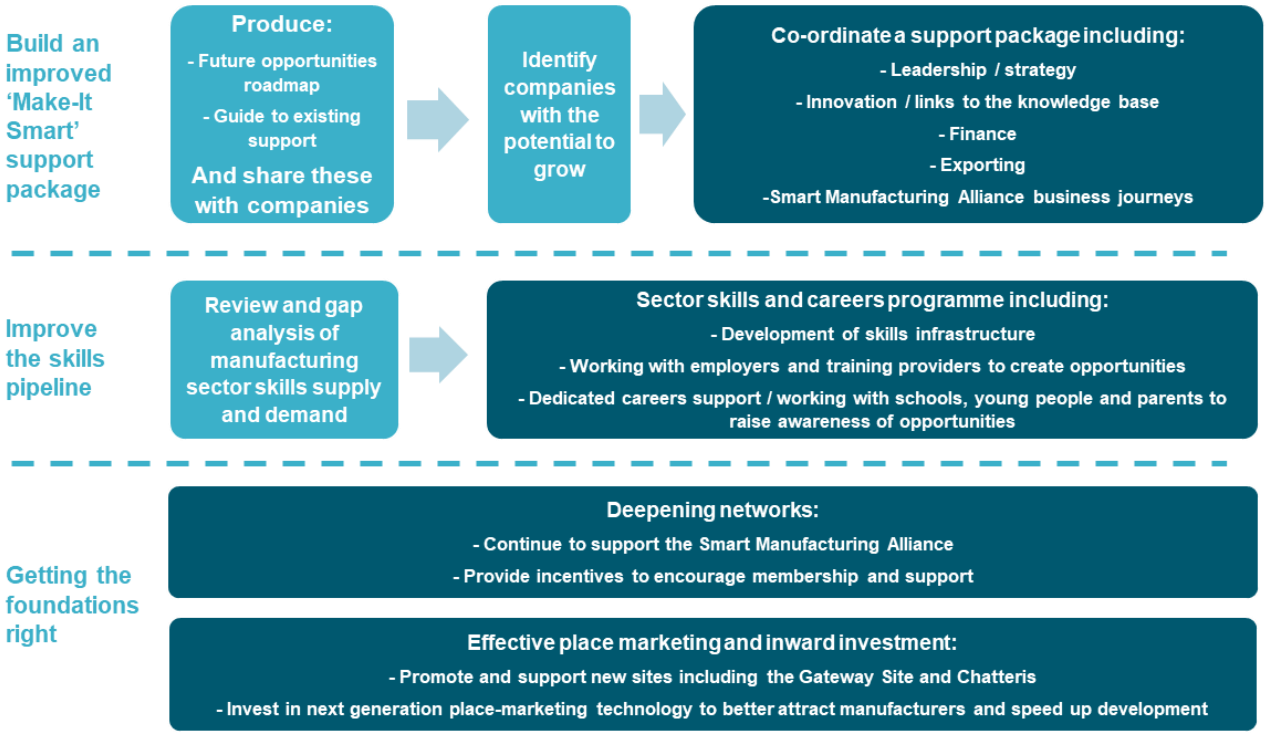
- Identify and focus on the SMEs with the potential for sustained growth - the 'optimists', who are going to drive innovation and development.
- Map the technologies, products and services that the sector is transitioning to (e.g. net-zero, I4.0). This would enable a business support intervention aimed at guiding companies through the transition period, including research and data on future opportunities, process support and leadership and management coaching.
- Package and co-ordinate manufacturing interventions around leadership, people, and technology. Part of this is supporting businesses prior to them engaging with the Institute for Manufacturing (IfM), with 'Made Smarter' seen as a good model.
- Do more to encourage people to look at careers in manufacturing and to ensure there is the supportive environment developing the skills for the future.

5.9 Whilst all of these priorities are about driving the sector forwards, innovating and embracing new technologies, they also reflect the importance of networking and collaborating. Effective networks allow businesses to connect with other businesses as well as research and knowledge institutions to innovate and bringing new products and technologies to market. It is essential to the future growth of businesses within the sector and the sector as a whole and the resulting innovation is what will place Cambridgeshire & Peterborough at the cutting edge of global research and development.

6 An action plan for the future

6.1 Consultations with stakeholders have made it clear that there is a need for a **business support package** and an **improved skills pipeline**. Whilst there are business support and skills schemes in place, the alignment between them is relatively weak, meaning the ecosystem is not working as effectively as it could do.

Figure 2. The interventions required:



Build an improved 'Make-It Smart' support package

6.2 The first intervention proposed is the enhancement and alignment of existing business support schemes to build an improved 'Make-It Smart' support package that lets ambitious firms grow through implementing new products and processes.

6.3 This would build on existing services in place, such as the Business Growth Service and the new Opportunity Peterborough Smart Manufacturing Alliance, and would identify companies who have the desire and potential to grow and provide a package of support including leadership training and networking opportunities to link the businesses to other innovation and research institutions, alongside investment and technical support.

6.4 An initial step to take here is to **produce a future opportunities roadmap** for the to identify opportunities related to new technologies that may be relevant for local businesses – for example arising from green technologies, Industry 4.0 / automation technologies, artificial intelligence, new materials, etc. The output from this will be a

roadmap which could form the basis for a campaign around future-readiness, and be supported by a series of checklists and a one-to-one coaching support – similar to the 'get ready for Brexit' suite of interventions.

6.5 Stakeholders are clear that working through this with leadership teams within firms would be a good way of thoroughly embedding these ideas within companies. The Institute for Manufacturing provides road-mapping support[22] and should be engaged in this process to ensure that we are drawing on their experience.

6.6 In recommending this, stakeholders recognised that whilst there are a number of individual support schemes already in place, these are often not well signposted or co-ordinated with each other. They may be exclusive to some parts of the Cambridgeshire & Peterborough geography, or to certain sub-sectors. The support landscape can appear fragmented and hard to navigate for businesses. In addition, some types of support - such as Innovate UK funding – are perceived to have become more competitive, meaning the chances of receiving funding have fallen.

6.7 Therefore an action to take here to clarify the sources of funding available is to **produce a guide to Advanced Manufacturing & Materials sources of funding, support and networks** available in Cambridgeshire & Peterborough, in the form of a 'London Underground' style map on a page, clearly showing the different sources of support available.

6.8 These two interventions will enable a range of conversations with businesses in Cambridgeshire & Peterborough, as well as with existing partners and providers. This will enable partners to **identify firms in the sector with the capacity to grow**. These firms will be the target group for the support package on offer, though others might self-select, and the sector as a whole can benefit from the road-mapping and support mapping activities described above.

6.9 In terms of the support itself, 'Make-It Smart' provision will be tailored to the needs of individual firms and will consist of a mixture of:

- **Leadership / coaching / mentoring** – helping the top teams within firms to plan and execute their growth journey, and manage and respond to new challenges.
- **Strategic planning** – helping companies formulate plans to respond to the opportunities identified via roadmapping.
- **Strengthening innovation** - stakeholders agreed that firms gain important knowledge and skills from collaboration with universities and research institutes, and smaller firms are usually less likely to do this. Utilising KTPs and better networks with knowledge partners, support will enable smaller firms with growth potential to access innovation support. Likewise, helping firms in the

[22] Roadmapping, Institute for Manufacturing: https://engage.ifm.eng.cam.ac.uk/roadmapping/

sector by building 'routes in' to innovation drivers such as Accelerators, BootCamps and Test Beds would be beneficial.

- **Finance & Exporting** – providing technical support and guidance to help companies to access finance and to export their products to international markets. Support might also involve direct provision of finance for investment or export – either as a targeted grant or a loan.

6.10 Making this happen will involve working with the different elements of existing support provision and the partners that run these programmes, and helping to make these more seamless. Strong key account management will be needed to monitor and engage with firms to ensure they are getting the support they need. Providing a long-term institutional basis for this support will avoid the challenge of constant reinvention which can make the support landscape difficult for companies.

Improve the skills pipeline

6.11 The second intervention proposed is to improve the skills pipeline, building a skills ecosystem that supports sectoral growth. This is to ensure that the skills demanded by manufacturing employers are able to be supplied within the Cambridgeshire & Peterborough area, and improving the alignment between the skills demanded by employers and the courses offered by education and training providers.

6.12 An initial action here is to **produce a review and gap analysis of existing supply and demand for skills**, to illustrate the strengths and weaknesses of current provision and inform exactly where interventions should be targeted. This should include discussion with local partners, local businesses in the sector, and local education providers. It should be informed by the recent skills analysis which has been undertaken as part of the LERS.

6.13 Depending on the outcome of this review, interventions could then include:

- **Developing skills infrastructure** to provide the required level and type of training. This might include online / remote learning infrastructure where the barriers relate to access to education. The Smart Manufacturing Alliance has pledged to create a training brokerage service to provide its members with access to affordable training, including its own internal courses and workshops.

- **Working with employers to create opportunities for young people** – including work experience, apprenticeships, and traineeships.

6.14 **Working with employers and training providers to raise awareness of employment opportunities** – working with schools, young people and parents to drive long-term demand to work in the sector. This might include open days, visits to schools and colleges, and better careers education information advice and guidance (CEIAG). The Smart Manufacturing Alliance has stated it will **collaborate with the Skills Service** to increase awareness of manufacturing careers and change the

perception of the industry. Involving the sector in these initiatives – and creating and maintaining the links between employers and training providers – will be essential to the success of this activity. This links in with Cambridgeshire & Peterborough's intention to make employers more central to the skills offer and to ensure that skills demand informs local provision.

6.15 Cambridgeshire & Peterborough is in the early stages of reviewing the skills strategy and adult education provision, including a focus on priority sectors. There is a need to deploy budgets more flexibly through interventions such as continuous learning, and to better align public and private investment in careers services. Action taken here should align with the refreshed skills strategy, determining how the area can grow its skills pipeline, so the sector has the skills when and where it needs them.

Getting the foundations right

6.16 This strategy is fundamentally about creating the conditions across the Cambridgeshire & Peterborough area to grow a stronger Advanced Manufacturing & Materials ecosystem to support growth. A stronger ecosystem would better attract inward investment and create new opportunities for local employment. Developing this stronger ecosystem depends on getting two key foundations right.

6.17 **Deepening networks** is the first of two foundations that cut across the interventions. Stakeholders repeatedly made the point that additional networking opportunities and linkages would be highly beneficial. Improving networking should include business-to-business linkages, business-to-academia linkages, and business-to-training provider linkages.

6.18 Actions that support this could include:

- Continuing to invest in the success of the new Smart Manufacturing Alliance as a Cambridgeshire & Peterborough network for the sector that collaborates effectively with other local and national groups (e.g. Opportunity Peterborough, Chambers of Commerce, MakeUK etc). CPCA has already invested £715,000 of Local Growth Funds into the alliance. A specific action to support its success should be to establish and support the network's industry advisory board.

- Providing incentives to encourage membership of networks - such as offering business rate discounts against membership fees (where not already applied).

6.19 Providing a small amount of administrative resources and other resources such as meeting room space on a reliable basis will be important for ensuring the long-term success of this work.

6.20 More broadly, the work of the CPCA to link the area's manufacturing sector into regional initiatives such as the Oxford-Cambridge Arc, Midlands Engine and the Innovation Corridor, and national strategies such as Build Back Better, will also be crucial.

6.21 The second foundation is **effective place marketing and inward investment**. There were concerns raised by stakeholders that the area does not market itself, and its key investment opportunities, as well as other areas. New sites such as the Gateway Site in Peterborough and the new manufacturing park in Chatteris have the potential to attract inward investment and help local firms to grow if promoted and supported correctly.

6.22 Opportunity Peterborough already works to attract inward investment into Peterborough and can collaborate with bodies such as the Smart Manufacturing Alliance, Growth Works and Local Authorities to promote the attractiveness of the area's offer to this sector specifically. The Smart Manufacturing Alliance is is well positioned to contribute promotional activity for Cambridgeshire and Peterborough and engage with potential investors throughout the inward investment pipeline.

6.23 A practical action that could be taken by Cambridgeshire & Peterborough is to invest in next generation place-marketing technology, such as virtual reality tours for investors and planning committees, to support local economic development teams across its geography, to better attract manufacturers, and speed up development control processes. Also running supply chain competitions involving some of the larger companies already in the UK. Co-ordinating programmes and schemes to create one louder, aligned voice will more effectively promote the area as a place to do business successfully.

Summary of immediate actions

The following actions should be commissioned and completed within the next 12 months.

- Publish a future opportunities roadmap which can be used with businesses to inform their future growth ambitions.
- Produce a 'London Underground style' guide to Advanced Manufacturing and Materials sources of funding, support and networks for the region.
- Commission and implement the programme design for Cambridgeshire & Peterborough's 'Make It Smart' integrated business support package (implementation to take longer than next 12 months).
- Produce a review and gap analysis of existing supply and demand for skills to inform where future provision should be targeted.
- Continue to support the development and roll-out of the Smart Manufacturing Alliance as the single network for manufacturing businesses, working in collaboration with other manufacturing organisations.
- Review the place marketing offer and work with partners to establish a single voice for the different offers in the area.

7 Appendix: AM&M Definition

The definition of the manufacturing sector and the Advanced Manufacturing & Materials sector used in this Strategy is consistent with the definitions used in the Local Industrial Strategy and the LERS.

For the purposes of this analysis the Manufacturing sector has been defined using the following 5 digit Standard Industrial Classification (SIC) codes:

- 10110 to 33200
- 71121 to 71129

For the narrower Advanced Manufacturing & Materials sector, the following SIC codes were used:

- 25610 to 25620
- 26511 to 26702
- 27110 to 27510
- 27900 to 28110
- 28410 to 28490
- 29100
- 29310
- 30110 to 30910
- 33120 to 33160
- 33200
- 71121 to 71129

Appendix 3	Questions	Answers	Interventions
For the C&P Advanced Manufacturing Sector	How can C&P's Advanced Manufacturing firms continue to grow, innovate, and compete internationally?	Developing products and processes is a deliberate and strategic activity that growing firms need to do regularly. Firms should engage with useful sources of advice, guidance, and support where they are seeking to grow. They should network with the knowledge base and other firms to identify new solutions to problems.	Support the CPCA's future opportunities roadmap work and draw on support from the new 'Make It Smart' programme. Join and engage with the Smart Manufacturing Alliance.
	What can firms do to strengthen the skills pipeline for the advanced manufacturing sector?	Firms can play an important role in publicising the opportunities and the benefits of working in Advanced Manufacturing. Engaging with existing and new schemes to promote manufacturing and create new entry points for young people into the sector will help secure the long-term workforce needed for growth.	Support the CPCA's manufacturing skills programmes and those of partner organisations. Work with schools and colleges to promote opportunities to learners and young people.
For the CPCA and its local delivery partners	How can the CPCA and its delivery partners identify firms with the most promise for support measures, and work with these firms to develop opportunities?	It will be essential to understand the opportunities and timescales associated with new groups of technologies such as sustainable / net zero technology, Industry 4.0 etc. Work with key decision-makers in firms will be needed to identify opportunities to improve products and processes.	Publish a futures opportunities roadmap which can be used with businesses to inform their future growth ambitions.
	How can the CPCA and its delivery partners best help firms to navigate different funding and support offers, particularly in a more competitive bidding environment?	The existing support landscape is complicated and fragmented. Mapping the existing offer and communicating this in an accessible way so that firms can find the funding that they need is important.	Produce a 'London Underground style' guide to Advanced Manufacturing and Materials sources of funding, support and networks for the region.
	How can the CPCA and its delivery partners provide the right support needed to ensure companies with ambition and potential are able to grow?	Need to provide a single point of access programme with a broad range of support in terms of leadership / coaching, finance, exporting, innovation, etc. that can be tailored to the needs of individual businesses. This might draw on other extant programmes but will make it easier for firms to navigate and get support in a joined-up way.	Commission and implement the programme design for Cambridgeshire & Peterborough's 'Make It Smart' integrated business support package (implementation to take longer than next 12 months).
	How can CPCA and its delivery partners ensure long-term skills provision that supports firms to grow?	Existing initiatives such as the Smart Manufacturing Alliance's Training Brokerage Service and the Metalcraft Advanced Manufacturing Training Centre will need to be built upon. Work is needed to understand where gaps remain in terms of the amount, type and location of training provision - and where existing provision is being underutilised.	Produce a review and gap analysis of existing supply and demand for skills to inform where future provision should be targeted. Over the long term implement the findings of the skills review which might include activities such as: developing or enhancing skills infrastructure where needed, working with employers to create opportunities for young people, working with employers and training providers to raise awareness of employment opportunities.
	How can the CPCA and its delivery partners build a self-supporting cluster of sector assets that delivers economic benefits across Greater Cambidge, the Fens and Greater Peterborough?	The creation of the Smart Manufacturing Alliance (which CPCA has co-funded) provides an effective platform for ongoing networking amongst local manufacturing firms.	Continue to support the Smart Manufacturing Alliance to provide a comprehensive network of manufacturing businesses within CPCA.
	How can CPCA and its delivery partners ensure that we effectively 'sell the opportunity' of investment and location in our area?	Need to identify the opportunity sites and locations and understand what the offer is to potential inward investors. Need to bring together existing knowledge from partner organisations and ensure that promotion is consolidated.	Review the place marketing offer and work with partners to establish a single voice for the different offers in the area.
For Government	How can the UK Government support CPCA and local partners to provide the business support needed to help manufacturing firms thrive?	The Made Smarter programme is well-respected nationally. Rolling this out in Cambridgeshire & Peterborough would enable our firms to benefit from the support and expertise offered through this programme.	Government to roll-out the Made Smarter programme nationally - though with local / regional oversight and guidance from local partners.
	How can the UK Government support continued innovation in the C&P advanced manufacturing sector?	Innovate UK offers good support to firms though this is increasingly oversubscribed. The Catapult network provides useful support but is typically used by large companies. Providing more funding to these and other organisations specifically for the benefit of SMEs will help develop more growth companies in Cambridgeshire & Peterborough, as well as other parts of the UK.	Government to increase funding to Innovate UK and the Catapults Network with a focus on supporting SMEs to innovate.

Appendix 4

Life Science Strategy for the Cambridgeshire and Peterborough Combined Authority

February 2021

Updated April 2021

Contents

1. Introduction

Life sciences in the UK has gone from strength to strength over recent years. Against challenging headwinds, UK life sciences firms posted revenues of more than £80 billion in 2019. More than a quarter of a million scientists and other professionals are now employed in the sector. The publication of the Life Sciences Industrial Strategy in 2017, and the subsequent Sector Deal, has unlocked billions of pounds of funding for research, data and other innovation to further strengthen the sector. Scientists in the UK are working at the forefront of research across all areas of healthcare – including the critically important task of developing a vaccine for COVID-19.

The Cambridgeshire and Peterborough Combined Authority, as the home of one the world's foremost clusters for life sciences research and innovation, plays a key role in the UK's life sciences ecosystem. Initiatives undertaken by the UK government to support the life sciences sector will have a strong focus on the Combined Authority area. Likewise, efforts by the Combined Authority will reverberate around the country and play critical role in bolstering the UK's competitive position internationally.

This report sets out a programme of recommendations to grow the life sciences sector. It follows from the publication of the Combined Authority's own Local Industrial Strategy, which identified life sciences (along with agri-tech, digital and information technologies, and advanced manufacturing and materials) as a strategic growth sector.

It is important to recognise that in recommending policies for the Combined Authority, the area is home to currently the most mature centre of life sciences outside the United States. However, the growth in its cluster is already being significantly outpaced by that of the cluster in Oxford, which is expanding at a compound annual growth rate of 14-15%, compared to Cambridge's 5-6%. This threatens to eclipse Cambridge as the UKs centre and contest the future opportunity to become the global centre. Unless bold steps are taken to remove the current constraints on growth in the Cambridge cluster, the threat to its UK dominance will grow over the next decade, potentially, leading to an outflow of major companies and employment to Oxford in the following decade. In particular, there are transport, skills and planning constraints that hold back growth of the Cambridge cluster in ways that do not exist or are less prevalent for the Oxford cluster.

We have therefore focused our recommendations on a handful of impactful areas that could mitigate the risks presented by the growth in mass and dominance of the Oxford cluster and move the Cambridge cluster to the next level in contesting the position for the premiere global cluster. We have done this rather than suggesting multiple minor improvements to an already successful model.

We have also avoided focusing on the role of the NHS and local hospitals. While undoubtedly there is huge potential for greater integration between the world-class hospitals in the area and the life sciences sector, the opportunity has been highlighted in life science strategies for decades and it has proven extremely difficult to progress. Moreover, we are aware that Cambridge University Health Partners (CUHP) is also developing a life science strategy, which will no doubt approach the challenge from its particular perspective. CUHP's level of insight and access to information in this area means it is far better positioned to address this particular aspect of the sector.

Our conclusions and proposals are drawn from many interviews with leaders in industry, academia and the public sector, as well as an extensive review of existing literature and data. We believe these recommendations provide a considered and evidence-led set of proposals that will

help to safeguard the clusters future and make Cambridge an *even* more successful cluster going forward.

2. Executive Summary

As the novel coronavirus first began to spread in March 2020, the life sciences sector was thrust into public attention due the efforts of governments, universities and companies in the sector to develop a vaccine. While the profile of the life sciences sector was undoubtedly growing before the pandemic, the essential work done by scientists and other professionals in the sector rarely received the recognition and support that their peers in the technology, financial services or automotive sectors did. This strategy, therefore, comes at a critical time during which there is widespread agreement in the UK that more should be done to bolster the life sciences sector – both for the benefit the nation's public health, but also to support the longer-term economic ambitions of the UK as we move through the pandemic.

The Cambridgeshire and Peterborough Combined Authority will have a pivotal role in this. As the home of one of the world's preeminent centres for life sciences, national efforts to support and grow the sector will undoubtedly be felt in and around the Combined Authority area. This report provides a programme of recommendations that will best direct such efforts, as well as providing practical measures that can be implemented by the Combined Authority itself.

The Global life Sciences Sector

Unlike many other sectors of the economy, the outlook for the life sciences sector is broadly positive. Notwithstanding the immediate impact of the Covid-19 pandemic, long term macro-economic and demographic trends, such as the ageing of the world's population and the growth of the consumer class in many emerging markets, are creating new opportunities for life sciences firms. According to estimates from Accenture, the sector is expected to reach more than $2 trillion in gross value by 2023.[1]

While the outlook for the industry is positive however, companies within it are currently navigating a period of transformation. The onward march of emerging technologies, particularly artificial intelligence (AI), is reshaping processes such as drug discovery, diagnostics and the design of clinical trials. The financial challenges of developing new medicines are intensifying as the costs of research rises while the revenues derived from new treatments falls. For the large pharmaceutical companies, the expected return on investment for a new drug has fallen from 10.1% in 2010 to just 1.8% in 2019.[2]

The competitive landscape for life sciences firms is also becoming more complex and nuanced. New entrants from the technology sector are making inroads into life sciences, while greater flows of venture and private funding into life sciences start-ups and SMEs is creating a buoyant ecosystem of young firms pursuing novel forms of treatments and capable of competing with larger incumbents. Participants in the sector are consequently finding new ways to collaborate and to compete, as well as expanding their stock of technical and digital talent.

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[1] Transforming healthcare with AI: The impact on the workforce and organizations, McKinsey. https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/transforming-healthcare-with-ai

[2] Ten Years On: Measuring the Return from Pharmaceutical Innovation 2019. https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/life-sciences-health-care/deloitte-uk-ten-years-on-measuring-return-on-pharma-innovation-report-2019.pdf

Lessons could also be learned from the development of the life sciences sector in the US where, 20 years ago, the San Francisco Bay area was undoubtedly the world's leading life science cluster. However, its crown was stolen by Boston, through a combination of large scale public sector interventions and corporate decision-making. It is possible that Cambridge today equates to San Francisco in the 1990's and Oxford is Boston.

Life Sciences in the UK

The UK is home to one of the world's most mature and productive life sciences sectors. There are more than 6,000 life sciences firms based in the UK, which collectively generate annual revenues of around £80 billion. More than a quarter of a million scientists and other professionals are also employed in the sector.

Life sciences in the UK benefits from the country's world-leading research landscape and science base. Four of the world's top 20 universities are located in the UK. The proportion of students enrolled at UK universities studying programmes in natural sciences, mathematics and statistics is approximately double the proportion in the United States, France and Italy. Moreover, the UK government spends more on health research and development than any other European nation[3] - a competitive strength that will be bolstered by the recent government commitment to boost overall R&D spending to 2.4% of GDP by 2027.

The preeminent centres for life sciences within the UK are the areas in and around Cambridge, London and Oxford – often referred to as the 'golden triangle.' These areas represent one of the foremost centres for innovation and research, encompassing world leading universities, a highly skilled workforce and a broad base of companies across both the life sciences and high-tech sectors. There are around 1,500 life sciences firms within the golden triangle, which collectively generate a Gross Value Added worth more than £8.4 billion per annum to the UK economy.[4] Beyond the golden triangle, other centres for life sciences are located across the UK. The sector is particularly strong in the North West of England, where firms such as AstraZeneca and Unilever still have a major presence; and along the Edinburgh-Glasgow corridor, which is home to several global firms including Thermo-Fisher.

Cambridgeshire and Peterborough: A world-class Life Sciences Cluster

This strategy has been written with the objective of identifying tangible proposals that will help enhance and grow the Combined Authority's life sciences sector. This is no simple task because, as is repeatedly made evident throughout this report, the Combined Authority is already home to arguably the most successful life science cluster outside of the United States. The University of Cambridge, the preeminent higher education provider in the Combined Authority, is consistently rated as one of the best universities in the world. It produces some of the most impactful research

[3] Life Science Competitiveness Indicators, Office for Life Sciences.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811347/life-sciences-competitiveness-data-2019.pdf
[4] Cambridge: Driving Growth in Life Sciences, AstraZeneca.
https://www.astrazeneca.com/content/dam/az/media-centre-docs/article_files/articles-2018/Astrazeneca-Clusters-Report-Exec-Summary%20FINAL%202.pdf

in life sciences: More than a fifth of Cambridge University's academic publications in the field of biomedical and health sciences are in the top decile of number of citations.[5] The area's research institutes, such as the Wellcome Sanger Institute, are revered internationally. The Cambridge Biomedical Campus is the largest medical research and health sciences centre in Europe, and is home to three excellent hospitals.

There are around 470 life science companies based in the Combined Authority, which is currently just under 8% of those in the UK as a whole. These include currently global behemoths like AstraZeneca, Amgen, Pfizer and GSK. Local champions like Abcam and Bicycle Therapeutics have grown from fledgling start-ups to recognised global brands in recent years. These and other firms based in and around Cambridge itself are estimated to contribute £2.9 billion annually to the UK economy[6] Making up around 3.6% of the UK sector's economic contribution, and demonstrating the clusters reliance and potential vulnerability on very large players and their future mobility. Many of these companies are commercialising research in areas at the cutting edge of advances in medicine and technology – including cell and gene therapy, immuno-oncology and AI. They're also attracting record levels of investment: Between 2015 and 2020, $950 million of venture funding was invested into life science start-ups and scale-ups around Cambridge – more than Dublin, Berlin and Barcelona combined.[7]

However, in the same period the Oxford cluster attracted $990 million, and in 2020 life science companies in the Oxford cluster attracted double the investment of those in the Cambridge cluster.

Why does the Combined Authority need a Life Sciences Strategy?

Cambridge and especially South Cambs is evidently already home to a world-leading life sciences cluster – something that has been achieved without a public sector coordinated strategy. Why, it might reasonably be asked, does the CPCA need a strategy now?

While Cambridge is without question one of the world's most advanced centres for life sciences, this report shows that the local sector faces a number of headwinds. Other centres within the UK – particularly London and Oxford – are rapidly developing their own local ecosystems of a size and sophistication that could easily eclipse that of Cambridge and South Cambs. MSD's recent decision to build its new £1bn research hub in London's King's Cross shows Cambridge is no longer the de facto location of choice for global life science firms – even for those that are setting up specialist research and development facilities.

Advances in technology are transforming all stages of healthcare. This presents an enormous opportunity for new firms in the Combined Authority, as Cambridge is home to some of the sharpest minds in the technology sector, as well as a large community of global firms. However, technological progress also carries the threat of creative destruction that has the potential to upend slower-moving firms and industry incumbents. Furthermore, the Cambridge cluster's

[5] CWTS Liden Ranking 2020, https://www.leidenranking.com/downloads
[6] Cambridge: Driving Growth in Life Sciences, AstraZeneca and Development Economics. https://www.astrazeneca.com/content/dam/az/media-centre-docs/article_files/articles-2018/Astrazeneca-Clusters-Report-Exec-Summary%20FINAL%202.pdf
[7] JLL analysis of data from CrunchBase. https://www.crunchbase.com/

predominance of very large firms acts as both an advantage in attracting smaller innovators around them, but also a disadvantage, in the way in which such firms tend to be mobile and attracted to centres where the greatest innovation is happening and growth in skills and activity is fastest.

As with other sectors, the Combined Authority's life sciences companies are also adjusting to a new operational reality – both due to the coronavirus pandemic, and because Britain is preparing to take up a new position on the international stage independent of the European Union. At the time of writing, the longer-term outlook for firms in the UK is fraught with uncertainty.

In addition, life sciences within the Combined Authority is now reaching a size and maturity at which the existing informal social infrastructure and ad hoc approaches to supporting the sector will no longer be effective. Throughout our interviews with those working across the sector, a common comment was that the Cambridge ecosystem is 'like a village'. These comments were not intended as a slight on the area's impressive credentials, but they're not a flattering description for an innovation centre that should be aiming to enhance its competitive position via-a-vis the likes of London, Oxford, Boston, San Francisco and Beijing.

Recommendations

This report makes 11 recommendations to the Combined Authority, based around three themes: Building companies of scale; optimising the network; and enhancing talent and skills. Undoubtedly, the second and third themes also support the first but have been separated here for ease.

The report suggests alignment and contribution to the National Life Sciences Strategy, in particular adopting the goal of delivering two of the Strategy's proposed four £20B life science companies in the next decade. This is without doubt an incredibly ambitious target but it offers a simple way to attain focus and galvanise efforts in the right direction and even partially achieving it would result in a step-change in the scale of the life science sector in the area.

Theme	Description	Recommendations to address
Building the Financial and Management Capacity for Growth	Cambridge and South Cambs are home to a world-leading community of start-up and scale-up firms, but very few home-grown global companies. To better support the life sciences ecosystem, the Combined Authority must prioritise policies that help firms to scale, rather than simply be acquired early in their life cycle and subsumed into a parent company.	Establish a new £1 billion Life Sciences Innovation Fund.
		Lead on the drive to improve UK public equity markets for life sciences companies
		Create a "Future Leaders Programme" to build commercial management skills of the sector
		Support the development of a culture that aspires to scale
Building Network Capacity for Growth	While the Combined Authority is home to a fantastic network of firms, entrepreneurs, scientists and advocacy	Develop a coordinating body for the strategic initiatives and appoint a "Life Sciences Strategy Director" to drive

	groups, local efforts by these networks to promote and enhance the sector are often uncoordinated and overlapping – making them less effective. Policies should be adopted that help coordinate these efforts.	the implementation of these initiatives.
		Support the establishment of a single agency to promote Cambridge around the UK and internationally
		Leverage the Ox-Cam Arc, the UK Innovation Corridor (linking King's Cross to Cambridge) and the Golden Triangle
Building Talent & Skills Capacity for Growth	Realising the anticipated growth of the life sciences sector is dependent on addressing the dual challenges of both supplying enough scientists and other professionals to the sector, and also ensuring that these individuals are equipped with the right mix of skills. Policies should be adopted to address both challenges – encouraging greater uptake of life-science related subjects at all levels of education, creating new routes into life sciences employment, and upskilling workers in emerging tech-enabled roles.	Create new technical education programmes to support skills required by life sciences firms
		Support for alternative routes into life sciences employment
		Create new programmes to upskill in the tech- life science convergence
		Improve the diversity and inclusion of the sector
Building Physical Capacity for Growth	Ensuring future provision is made for facilities for scale-ups, start-ups and inward investing companies is dependent on a transformation in planners' appetite and openness to growth in the sector. Given the established dominance of South Cambs (240 vs 150 firms), the more accessible property and rental prices, and the longer term and more difficult to resolve constraints to the expansion sites in Cambridge city around transport and space availability, much greater, and more coordinated, effort between the Combined Authority and both Cambridge City Council plus South Cambs District Council should be undertaken to expand out the existing South Cambs and Cambridge sites. However, this should be in a manner that minimises environmental and spatial impacts, by maximising the use of each sites' assets as laid out in the recommendations and in descending priority.	*Implementing* life science employment growth within site areas currently consented for new buildings but stalled
		Densifying life science employment within site areas currently consented for new building but with the potential to be utilised more effectively
		Intensifying life science employment within current buildings, by encouraging and incentivising firms from other sectors to relocate to alternative parks, freeing up space for life science firms and creating dedicated, and networked, life science villages
		Expanding life science employment through new planning applications within current sites' established employment areas
		Expanding life science employment through new planning applications adjacent to current sites' established employment areas

There are many initiatives that we could propose to enhance the Combined Authority's life sciences ecosystem. However, in writing this report we have intentionally focused on a handful of impactful areas that could move the industry to the next level on the global stage, rather than suggesting multiple minor improvements to an already successful model.

It is our hope that this report provides the Combined Authority with an actionable and pragmatic programme of measures to ensure the continued success of life sciences in Cambridgeshire and Peterborough over the next decade and beyond.

Defining Life Sciences

The life sciences industry encompasses a broad range of disciplines, technologies and businesses.

Pharmaceutical and biotechnology companies utilise an understanding of biological processes to develop new treatments for diseases and disorders. These can include traditional small-molecule drugs (aspirin for example), immunobiological therapies using antibodies or, more recently, moderating the body's own immune response to fight cancer. These products have long development times of 15 years or more, require substantial investment and have a high failure rate, but a successful product could earn many $billions in annual sales.

Diagnostics is another rapid growth area, especially in the field of personalised medicine, in which sub sets of patients are identified for treatments based on their DNA or biomarker signature. This benefits from new data sources and techniques, such as the genome project.

The medical technology field is similarly wide, covering surgical tools and implants to healthcare equipment. Development of medical devices tends to require shorter timeframes and less capital than therapeutic products. The risk is often lower, but the rewards may be also reduced.

3. Life Sciences in the UK

The UK is home to one of the strongest, most productive life sciences industries in the world. There are more than 6,000 life sciences firms spread across the UK. The sector generates an annual turnover of more than £80 billion and directly employs more than a quarter of a million scientists and other professionals.[8]

Many of the sector's firms are pioneering the research and commercialisation of disruptive technologies such as genomics, synthetic biology and artificial intelligence. Unlike some other parts of the UK economy, the life science sector is also extremely productive. Each worker in the sector generates an average Gross Value Added (GVA) of £104,000 per year – more than twice the UK average.[9] Further background on the UK life science sector can be found in Appendix 2. This section will focus on comparing Cambridge in the UK and global context.

3.1 Comparing Key Centres for Life Sciences within the US, Europe & Asia

While the UK and many of the countries discussed above are home to an excellent infrastructure for life sciences firms, much of the activity within these economies tends to be concentrated in a small number of cities or clusters that house a strong base of commercial operations, universities, research institutions and hospitals.

To gauge of the sophistication the key UK centres, we have undertaken a comparison of the relative size and maturity of the clusters in the UK with those of the United States and continental Europe. We have undertaken the comparisons with the US and Europe separately, owing to the differences in the quality and depth of data available across the two geographies.

Owing to a lack of available data, we have been unable to undertake a cluster comparison for the markets of Asia. We have, however, included a brief discussion of the maturity of life sciences across the Asia Pacific region.

3.1.1 Comparing UK and US centres

The United States is home to the world's largest and most mature life sciences sector. This is due to several factors, including the country's large population, the depth of its capital markets, the quality of its top universities and its high spend on healthcare. Spending on healthcare in the US is equivalent to around 17% of the country's GDP– far more than any other country, and nearly twice the average across the OECD.[10]

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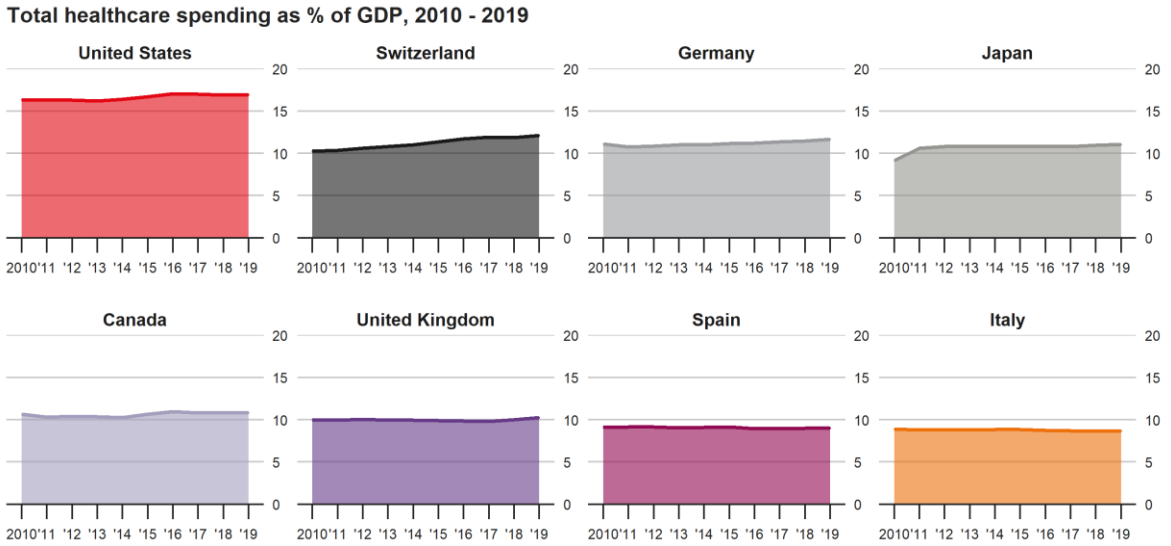
[8] Bioscience and Health Technology sector statistics, Office for Life Sciences. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/910590/Bioscience_and_Health_Technology_Statistics_2019.pdf

[9] Life Sciences 2030 Skills Strategy, Science Industry Partnership. https://www.scienceindustrypartnership.com/media/2071/sip-life-sciences-2030-skills-strategy-print-version-final.pdf

[10] Organisation for Economic Co-operation and Development Health Statistics, available to download here: https://www.oecd.org/health/health-data.htm



JLL produces an annual scoring and ranking of the key life sciences centres in the United States. This analysis is based on calculating a weighted average of a number of metrics, including the size and concentration of life sciences employment; the number and concentration of firms; and the volume of private and public funding.[11] To provide an indication of how the key UK centres compare to those in the US, we have extended this analysis by integrating the three largest centres in the UK: London, Cambridgeshire and Oxfordshire. The results are shown in the table below.

The results loosely demonstrate the comparative scale and maturity of the life sciences ecosystem within each cluster. Boston and San Francisco, with both large and highly sophisticated life sciences infrastructure, are rated as the leading centres globally. While large metropolitan areas such as New York and London are home thousands of life sciences companies, they perform less well in the rankings due to lower concentration of life sciences firms, employment and investment in the context of their diversified local economies.

Overall Life Sciences Cluster Rating (100 = max)

Rank	Cluster	Score
1	Greater Boston Area	77
2	San Francisco Bay Area	67
3	San Diego Metro Area	62
4	**Cambridgeshire**	**61**
5	Raleigh-Durham Metro Area	60
6	**Oxfordshire**	**48**
7	Suburban Maryland/Metro DC	46
8	Philadelphia Metro Area	42
9	Denver Metro Area	42
10	New Jersey	41
11	Los Angeles/Orange County	40
12	Seattle Metro Area	40
13	Minneapolis - St. Paul Metro Area	37

[11] The data and weightings applied to this data can be found in Appendix 4 of this report.

14	Chicago Metro Area	35
15	Houston	34
16	**London**	**32**
17	New York City	32
18	Long Island	21
19	Westchester County	18

The composite scores shown above are designed to identify locations that have a high concentration of both employment and established enterprises as a proportion of the total local economy, as well as those locations where these indicators have grown over the last five years. On this basis Cambridgeshire performs well, although the trends indicate the gap between it and Oxfordshire is narrowing, due to faster growth rates in the latter.

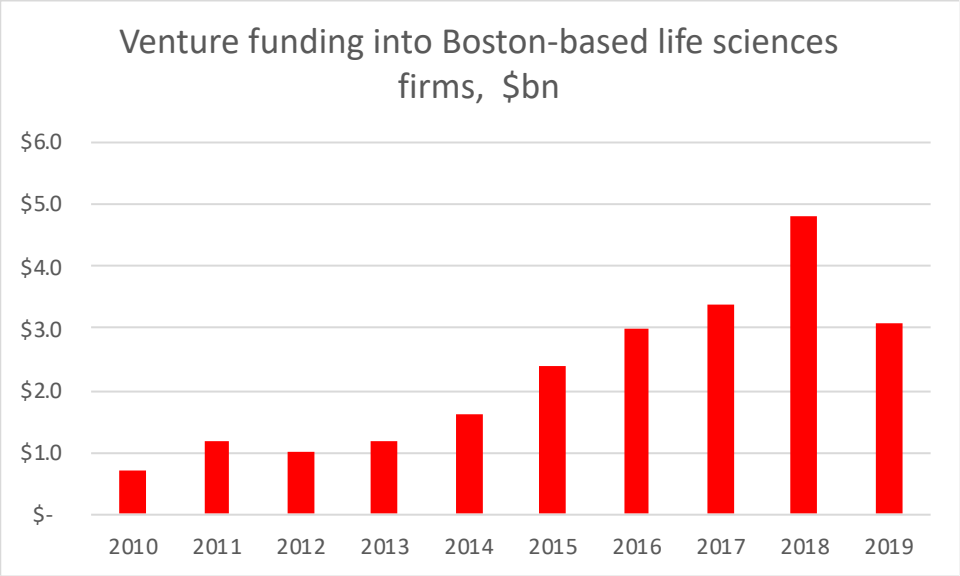
Cambridgeshire performs less favourably compared to the top US clusters in the measures of absolute size. Total venture and UK Research and Innovation funding into Cambridge, for instance, totalled $612 million combined in 2018. By comparison, total VC funding and National Institute of Health funding into Boston was $5.4 billion and $2.4 billion respectively – roughly 13 times more total funding than Cambridgeshire. However, although the Cambridgeshire figures are a fraction of those in Boston, Cambridgeshire still attracts almost a quarter of all UK life science VC funding and around 6% of UKRI funding. It is worth noting that Oxfordshire outperforms Cambridgeshire on both metrics and London receives nearly three times as much UKRI funding.

Concentration of Venture and Public Funding into Life Sciences Centres

Cluster	% Total LS VC Funding in sector nationally	% Total NIH/UKRI Funding nationally
Chicago Metro Area	1.8%	2.8%
Denver Metro Area	1.7%	1.4%
Greater Boston Area	27.7%	8.7%
Los Angeles/Orange County	0.9%	4.6%
Minneapolis - St. Paul Metro Area	1.2%	1.1%
New Jersey	2.5%	0.8%
New York City	3.3%	7.0%
Philadelphia Metro Area	1.8%	3.6%
Raleigh-Durham Metro Area	1.9%	2.1%
San Diego Metro Area	12.1%	3.3%
San Francisco Bay Area	28.5%	3.7%
Seattle Metro Area	1.2%	3.3%
Suburban Maryland/Metro DC	2.8%	2.2%
Cambridgeshire	**23.1%**	**5.8%**
Oxfordshire	**24.7%**	**8.1%**
London	**23.7%**	**16.5%**

It should be noted, however, that the American centres are many times more populous than both Cambridgeshire and Oxfordshire - Cambridgeshire has a population of around 650,000 people, while Greater Boston's population is around 4.9 million. Comparing life sciences venture investment per thousand people, for instance, Cambridgeshire attracts around half as much venture investment per capita as Greater Boston and San Francisco, and is comparable to San Diageo.

It should be further recognised, that the amount of venture capital investment in Massachusetts in 2010 was approximately $700 million[12] - much more comparable to current levels of investment in Cambridge, UK. While investment in life science companies in Cambridge, UK is unlikely to ever match the levels in Boston, the massive growth in the level of investment into life sciences companies in Boston today compared to 10 years ago demonstrates what can be achieved.



Source: CrunchBase, 2020.

It should be noted that over the period above, and substantially due to the shift in investment towards Boston, San Francisco has been overtaken as the leading US cluster. Based on recent trends, a similar threat is posed by Oxford in relation to the Cambridge cluster.

3.1.2 Comparing UK and other European Centres

With a population of more than 500 million and annual pharmaceutical expenditures of $145 billion, Europe is a highly mature life sciences market. The region's five largest economies – the UK, Germany, France, Italy and Spain – account for a combined share of around 20% of the global branded pharmaceutical market, second only to North America.[13]

[12] Industry Snapshot, MassBio. https://www.massbio.org/industry-snapshot/
[13] Site Selection for Life Sciences Companies in Europe, KPMG. https://home.kpmg/be/en/home/insights/2019/05/site-selection-for-life-sciences-companies.html

Due to different standards of data availability and quality across Europe, the method used to compare clusters within Europe is different from that used for the above American comparison. For this exercise we have collected data on the number and total volume of venture capital investments into life sciences firms since 2015; the number of international patent registrations; the number of universities within the top 500 globally, both overall and for life sciences in particular; and the number of high-quality research publications published by universities within each cluster across 35 European cities.

Consistent with the comparison of Cambridgeshire and Oxfordshire and their American peers, these areas are defined to catch all activities within their county areas, while all other clusters are defined (due to data availability) at the Nomenclature of Territorial Units for Statistics (NUTS) 2 area they fall within, excluding London which includes all of Greater London. A full appendix on the methodology and data sources is provided at the end of this report.

On the basis of this analysis, the relative maturity of the UK clusters is immediately apparent. London, Oxfordshire and Cambridgeshire ranked first, fourth and fifth respectively in terms of venture investment between 2015 and 2020. Cambridgeshire alone saw $950 million of venture funding into life sciences firms across this period – more than Dublin, Berlin and Barcelona combined. This is even more impressive when Cambridgeshire's relatively small population is considered – adjusting for population, Cambridgeshire has attracted more than ten times the amount of investment per 1,000 people than Paris.

The impact of the research publications of top 500 universities within London, Oxfordshire and Cambridge, as well as the other UK centres, is similarly notable. CWTS Leiden Ranking provides data on the number of university research publications that are among the top 10% most cited in different disciplines. More than a fifth of Oxfordshire's and Cambridgeshire's research publications within biomedical and health sciences are within this top decile – more than any other cluster in our study. Moreover, all of the top five (and seven of the top 10) best performing clusters for this metric are in the UK.

Key life sciences metrics for European centres

	Venture capital investment, 2015 - 2020		Top universities		High quality publications, 2015-2018		International patent registrations, 2016 - 2019
	Investment, $bn	# deals	# Top 500	# Top 250	# Papers	% Papers	# Patents
London	1.94	272	13	6	3,800	18%	4,200
Paris	1.37	144	9	6	1,320	14%	14,500
Geneva	1.19	91	3	3	870	14%	2,500
Oxford	0.99	73	1	1	1,310	21%	1,400
Cambridge	0.95	92	2	1	990	21%	1,600
Basel	0.68	43	1	1	460	15%	4,000
Dublin	0.47	50	4	3	430	13%	1,400
Zurich	0.36	77	2	2	930	14%	1,400
Stockholm	0.33	42	3	3	1,090	13%	5,600
Lyon	0.30	27	3	1	60	12%	2,100

Copenhagen	0.27	43	3	3	1,000	12%	2,300
Munich	0.25	39	2	2	880	13%	11,100
Utrecht	0.23	9	1	1	810	15%	300
Berlin	0.23	61	4	4	580	11%	1,300
Barcelona	0.21	56	3	3	580	12%	1,100
Heidelberg	0.17	15	3	3	630	11%	1,700
Rotterdam	0.16	21	3	3	1,400	14%	2,700
Brussels	0.12	9	2	2	310	13%	700
Manchester	0.08	24	1	1	640	16%	400
Stuttgart	0.08	3	2	1	40	9%	8,300
Madrid	0.07	13	1	0	240	10%	800
Milan	0.07	16	5	1	700	10%	2,800
Edinburgh	0.07	18	5	3	820	16%	600
Strasbourg	0.07	11	1	0	190	11%	300
Amsterdam	0.06	29	2	2	1,440	15%	1,100
Cologne	0.06	12	3	3	660	11%	2,200
Malmo	0.06	29	1	1	440	11%	1,100
Birmingham	0.04	10	2	2	570	15%	800
Leeds	0.04	6	1	1	270	14%	300
Gothenburg	0.04	14	2	1	430	12%	1,400
Antwerp	0.04	4	1	1	170	12%	700
Hamburg	0.03	15	1	1	340	11%	800
Bristol	0.02	14	2	1	430	15%	900
Dusseldorf	0.02	6	1	1	170	11%	4,000
Frankfurt	0.01	8	2	0	260	10%	2,900

Where the UK's centres perform less favourably is in international patent applications, with the UK's best performing city, London, ranking 6th – behind Paris, Munich, Stuttgart and Stockholm. Oxfordshire and Cambridgeshire achieve only middling status, while many of the UK regional cities are positioned towards the bottom of the table.

3.1.3 Life Sciences in Asia

The Asia Pacific (APAC) region is also home to a flourishing life sciences sector, most notably in China, Japan, Sound Korea and Singapore. The region accounts for around 30% of global pharmaceutical spending.[14] Healthcare expenditure in APAC is also forecast to reach to $2.4 trillion by 2022 – and is growing at a faster rate than in the US or Europe.[15]

The lack of available data at a city or regional level across the APAC region means we have not undertaken a comparison between clusters in the UK and those within the Asia Pacific. However, it should be noted that many high-quality centres in China are emerging, bolstered by strong support from the government. China, which is already by some estimates the world's second

[14] Expanding into Asia-Pacific: Life Science Opportunities and Strategies for Success, LEK. https://www.lek.com/sites/default/files/insights/pdf-attachments/Expanding-into-Asia-Pacific-v2.pdf
[15] Expanding into Asia-Pacific: Life Science Opportunities and Strategies for Success, LEK. https://www.lek.com/sites/default/files/insights/pdf-attachments/Expanding-into-Asia-Pacific-v2.pdf

largest pharmaceutical market, has identified life sciences as an industry key the country's future growth. The Chinese government has also recently committed to investing huge sums to support cutting edge areas of medicine – including a $9 billion investment commitment to precision medicines over the next decade.[16]

Similarly, the Japanese life sciences sector has received special support and investment from the government. Recent initiatives have included targets to grow stem cell treatments into a ¥26 trillion ($249bn) sector by the end of 2020 by creating one of the world's fastest approval processes. Japan also created six National Strategic Special Zones – regions that offer eased regulations and tax benefits – encourage the creation of new drugs and medical devices.[17]

3.2 The Geography of UK Life Sciences

As is evident from the above comparisons, the preeminent centre for life sciences in the UK are the areas in and around London, Cambridge and Oxford – often referred to as the 'Golden Triangle'. These areas collectively represent one of the world's foremost knowledge-intensive clusters, encompassing world-leading universities and research institutes, a highly skilled workforce and a broad base of companies across both the life sciences and high-tech sectors. Five of the world's top ranked universities for life sciences are located within the golden triangle: The University of Cambridge, the University of Oxford, UCL, Imperial and Kings College.[18] The cluster supports more than 1,500 life sciences firms, which collectively generate a Gross Value Added worth more than £8.4 billion per annum to the UK economy.[19] Some of the world's largest research institutes also lie within the golden triangle – including the Sanger Centre, the Francis Crick Institute and the Harwell Campus.

Building on this thriving ecosystem's strengths in science, technology and innovation is a major component of the UK government's Industrial Strategy, both to support growth across the wider nation and to sustain the UK's international competitiveness. This has led to increasing focus on the Oxford-Cambridge Arc – the corridor of land that covers the counties of Oxfordshire, Buckinghamshire, Northamptonshire, Bedfordshire and Cambridgeshire. The Arc is home to almost four million people and has been estimated to contribute £111 billion annually to the UK economy. By 2050, the area has the potential to contribute around £191.5 billion annually, primarily due its strengths in science, technology and high-value manufacturing.[20]

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[16] Expanding into Asia-Pacific: Life Science Opportunities and Strategies for Success, LEK. https://www.lek.com/sites/default/files/insights/pdf-attachments/Expanding-into-Asia-Pacific-v2.pdf

[17] How Japan is Creating New Opportunities for Life Sciences Companies, Harvard Business Review. https://hbr.org/sponsored/2018/02/how-japan-is-creating-new-opportunities-for-life-sciences-companies

[18] World University Rankings, Times Higher Education. https://www.timeshighereducation.com/world-university-rankings/2020/subject-ranking/life-sciences#!/page/0/length/25/sort_by/rank/sort_order/asc/cols/stats

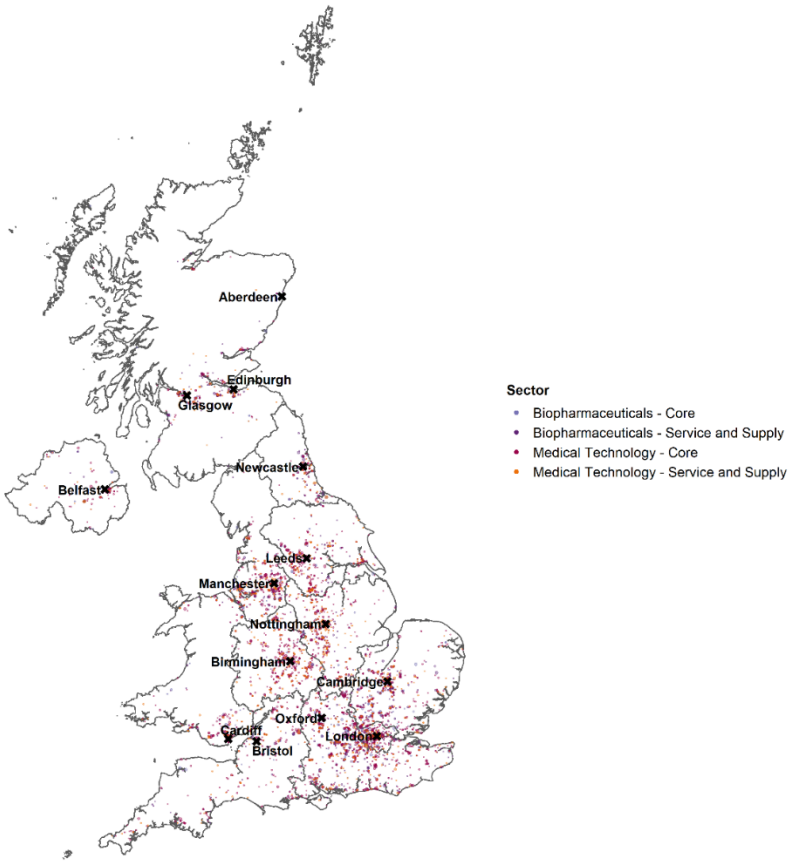
[19] Cambridge: Driving Growth in Life Sciences, AstraZeneca. https://www.astrazeneca.com/content/dam/az/media-centre-docs/article_files/articles-2018/Astrazeneca-Clusters-Report-Exec-Summary%20FINAL%202.pdf

[20] Cambridgeshire and Peterborough Local Industrial Strategy, Cambridgeshire and Peterborough Combined Authority. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818886/Cambridge_SINGLE_PAGE.pdf

Beyond the Oxford-Cambridge Arc, there is also another major corridor of life sciences activity running from Cambridge to King's Cross, incorporating Stevenage in the middle. Stevenage is home to an excellent infrastructure for life sciences research and commercialisation, based around the Bioscience Catalyst, which was developed by GSK, the Wellcome Foundation and the UK government. The site, which is adjacent to a GSK R&D facility, comprises dedicated space for early stage ventures and scale-ups, and is home to the government-backed Cell and Gene Therapy Manufacturing Catapult. Firms based on the Bioscience Catalyst have raised more than £1.6 billion since the centre opened its doors in 2012.[21] The spreading south of the sector from Cambridge, the emergence of King's Cross as a global life science hub and the success of the Stevenage development, has the potential to create a cluster of global scale in the 46 miles between the two nodes. Indeed, the UK Innovation Corridor (linking King's Cross to Cambridge) has the potential to be more significant than the Ox-Cam arc, given the existing good transport infrastructure and the "in-fill" of activity along the length of the Corridor. It should be noted that the distance between San Francisco and San Jose (the two ends of "Silicon Valley") is 40 miles.

Location of life sciences firms in the UK

Source: Office for Life Sciences, 2020.



While in London the life sciences sector is comparatively less mature than in Cambridge and Oxford, it has grown rapidly over the last few years. Indeed, in the decade up to 2018, life sciences

[21] Stevenage Bioscience Catalyst, https://www.stevenagecatalyst.com/

employment in the capital has risen by about a quarter.[22] King's Cross, due to its excellent transport connections and the presence of the Crick Institute, the London Bioscience Innovation Centre and UCL, has emerged as the epicentre of the capital's life sciences sector. Global firms including GSK have recently set up operations in the cluster. In August 2020, Merck announced plans to build a £1bn HQ opposite King's Cross station. The 270,000 sq. ft. site will be the company's first set of labs outside the US that carry out early-stage research to discover new medicines, and is expected to house 800 people when it opens in 2025.[23] New commercial office, research facilities and laboratory space aimed at life sciences firms are also being developed in the area, including the proposed British Library extension. The scheme will deliver 600,000 sq ft of commercial space adjacent to the Francis Crick Institute, as well as housing the Alan Turing Institute (the national centre for data science research).[24]

Other centres are also emerging across other parts of the capital. White City, where Imperial University is developing a 23-acre campus focused on scientific research and entrepreneurship, has recently seen Autolus, Synthace and Novartis relocate to the burgeoning West London cluster. Developments on London's Southbank, including Royal Street, the London Institute of Healthcare Engineering and the King's Health Partners masterplan, have the potential to create a new cluster stretching from Waterloo to London Bridge.

Beyond the Golden Triangle, activity in the life sciences sector is spread broadly across the UK, often aligned with the main life science university locations. The sector is strong in the North West of England, with companies such as AstraZeneca still having a major presence as well as Unilever. The North is also home to a combination of both large med-tech companies such as Smith and Nephew and FUJIFILM, as well as a host of small companies in innovative digital and med-tech sectors. Leeds supports 200 med-tech companies and, with Sheffield, has a strong presence in orthopaedic med-tech. Reckitt Benckiser and Smith and Nephew have major production facility for over-the-counter products in Hull and are both major UK exporters. Small and mid-sized med-tech companies form a cluster in the Midlands, while the Edinburgh-Glasgow corridor is home to several global firms such as Thermo-Fisher. South Wales has a burgeoning med-tech cluster and is home to multiple CROs, while Northern Ireland excels in diagnostics.[25] Growing these regional centres is likely to emerge as a key part of the government's 'levelling up' agenda, given that life sciences is a growing sector of international significance. The challenge for both government and the leading life science centres will be to ensure that "levelling up" is not done so at the expense of further building on the country's existing strengths. Those existing centres of excellence will need to be prepared to "fight their corner" over the coming years to ensure they do not suffer relative to other global centres.

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[22] Knowledge Networks: London and the Ox-Cam Arc, NLA. https://nla.london/insights/knowledge-networks-london-and-the-ox-cam-arc

[23] Merck Plans to Build £1bn UK research hub in Central London, Financial Times. https://www.ft.com/content/c96e79e1-ec9b-49db-9c32-a1fc789f1c3a

[24] British Library Plans a £500m extension, Financial Times. https://www.ft.com/content/83e7b358-1eae-11e7-b7d3-163f5a7f229c

[25] Life Science Industrial Strategy, Office for Life Sciences. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/650447/LifeSciencesIndustrialStrategy_acc2.pdf

3.3 UK Life Sciences Industrial Strategy

The strength of the life sciences sector in the UK is in part the result of many successive industrial strategies, including the foundation of Celltech in 1980 by Prime Minister Margaret Thatcher, the creation of R&D tax credits by the Labour Government in 2000, and the current Government's commitment to 'make the UK the leading global hub for life sciences.'[26]

In August 2017, Sir John Bell, of the University of Oxford, submitted to the government the Life Sciences Industrial Strategy. The document outlined an extensive programme of ambitious recommendations to government to support the UK's life sciences sector, including the creation of the Health Advance Research Programme (HARP), to undertake large infrastructure projects and so-called 'moonshot' programmes; the creation four UK companies with a market capitalisation of more than £20 billion in the next decade; attracting ten investments in manufacturing facilities of up to £250 million each; increasing by half the number of clinical trials in the UK; and attracting 2,000 new discovery scientists into the UK; and making the UK one of the world's fastest adopters of new medicines.[27] The Life Sciences Industrial Strategy was followed by the Sector Deal, which was backed by 25 global companies, and provides a multi-billion pounds funding pot for research, health data and other innovation.[28] It will be important over the next few years that Cambridge is able to fight hard to secure some of the significant initiatives that will be forthcoming as a result of the increased funding and focus on the sector.

3.3.1 Life Science Industrial Strategy Update

Substantial progress has been made on the recommendations of the UK industrial strategy since its publication. The NHS has committed to supporting the best value new treatments and technologies through the Accelerated Access Collaborative (AAC) and new Long-Term Plan. The AAC, an umbrella organisation for health innovation, is supporting a host of proven innovations that have a potential benefit to up to 500,000 patients. The AAC has also agreed coordination plans to support the adoption of cutting-edge techniques in advanced therapy medicinal products, tumour-agnostic therapies, and the use of AI in diagnostics and screening.

To better support efforts by UK companies to scale, investment programmes have been created to improve access to capital. In October 2019, the government announced a dedicated £600m life sciences scale-up investment fund was to be established through the British Business Bank although there is no evidence this has yet formally launched and the amount, while welcomed by the industry, is insufficient to make a significant difference if distributed across the UK. Alongside the scale-up fund announcement, the government has also expanded its investments in promising life sciences firms via British Patient Capital – a £2.5 billion government fund to increase the amount of long-term funding available to British firms. In July 2020, the body invested $65 million

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[26] Life Sciences: Catalysing Investment and Growth, UK Bioindustry Association. https://www.bioindustry.org/uploads/assets/uploaded/cf63473a-0e6e-491f-827250457cc39aed.pdf

[27] Life Science Industrial Strategy, Office for Life Sciences. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/650447/LifeSciencesIndustrialStrategy_acc2.pdf

[28] Future of UK Life Sciences, Economist Intelligence Unit. http://www.eiu.com/graphics/marketing/pdf/Future-of-UK-Life-Sciences-EIU.pdf

to a fund managed by SV Health Investors, which will invest in companies working in precision medicines.[29]

The UK has also launched a renewed Life Sciences Opportunity Zone (LSOZ) offer, through which the government will support science parks in attracting investment, with Cambridge BioMedical Campus named as one of the LSOZ.[30] Policies to incentivise investment into the sector have also been sharpened, including tax relief support for schemes such as Enterprise Investment Schemes and Venture Capital Trusts. The Financial Conduct Authority is working with large pension funds to enable investment into high-growth companies, including those in the life sciences sector.

Improving access to healthcare data was identified as a key component of the life sciences industrial strategy. Considerable efforts have subsequently been undertaken to improve the UK's stock of medical data. The UK Health Data Research Alliance has been founded to facilitate common processes for accessing data between NHS digital, NHS England, Public Health England, Genomics England, UK Biobank and a number of hospital trusts. NHS Digital, NHSX and partners are also establishing a new approach for the utilisation of GP Data for planning and research, and enabling secure linkage of this to other key datasets such as hospital data.

Better management and linking of data will enable applications of AI, an area in which considerable progress has been made. A national Artificial Intelligence Lab was established in 2019 to support the development and deployment of AI solutions. The lab is part of NHSX and bring together the sector's leading academics, specialist and technology firms to work on applications of AI in healthcare, including earlier cancer detection, new dementia treatments and more personalised care. Supporting these efforts are programmes to ensure the UK has the necessary technical and statistical skills to effectively utilise AI: A national programme launched last year will provide £200 million to fund 1,000 PhDs in AI.[31] Health Education England has also created a Digital Fellowships in Healthcare to support NHS organisations in upskilling clinical staff in specialist digital skills.[32]

Investments have also been made to enhance the UK's capabilities in genomic healthcare. In September 2019, a consortium of life sciences companies, The Welcome Trust and the government collectively invested £200 million to deliver whole genome sequencing of the half a million participants of the UK's Biobank. The resulting data will enhance efforts to understand how genetics combine with lifestyle and environment to cause diseases.[33] The UK's largest ever health research programme, The Accelerated Detection of Disease programme, was also launched in

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[29] British Patient Capital commits $65m to SV Health Investors, to invest in life-changing biotechnology companies, British Patient Capital. https://www.britishpatientcapital.co.uk/british-patient-capital-commits-65m-to-sv-health-investors-to-invest-in-life-changing-biotechnology-companies/

[30] UK Life Science Opportunity Zones announced, Pharma News https://pharmafield.co.uk/pharma_news/uk-life-science-opportunity-zones-announced/

[31] Government backs next generation of scientists to transform healthcare and tackle climate change, Gov UK. https://www.gov.uk/government/news/government-backs-next-generation-of-scientists-to-transform-healthcare-and-tackle-climate-change

[32] Topol, https://topol.hee.nhs.uk/digital-fellowships/

[33] UK Biobank leads the way in genetics research, UK Biobank. https://www.ukbiobank.ac.uk/2019/09/uk-biobank-leads-the-way-in-genetics-research-to-tackle-chronic-diseases/

2019. The programme will collect genomic and phenotypic data from 5 million volunteers, and make it available for researchers.

Considerable investments have also been made to build capabilities in the manufacture of advanced medicines. £146 million was committed to medicines manufacturing as part of the Life Sciences Sector Deal. New state of the art facilities are being created in the Medicines Manufacturing Innovation Centre in Glasgow and the Vaccines Manufacturing Innovation Centre in Harwell, near Oxford. Existing programmes in place through the Cell and Gene Therapy Catapult (CGTC) have also been bolstered by additional funding and enhanced capabilities. Manufacturing capacity at the CGTC manufacturing centre in Stevenage, a facility that enables companies to develop their manufacturing processes at scale, was doubled in September 2019 with the completion of extension works. In July 2020, the CGTC was granted a further £100 million by the government to establish a new manufacturing innovation centre in Braintree.[34]

3.4 The Impact of Brexit

At the time of writing, however, the UK-EU transitional agreement is poised to lapse at the end of 2020 with no post-Brexit trade deal currently agreed. While most pharmaceuticals are exempt from new tariff barriers, regulatory barriers could prove a substantial additional cost. The UK life sciences sector is highly dependent on exports to the European Union: In 2018, the EU accounted for almost half of UK pharmaceutical exports, according to the Office for National Statistics. There were already signs that Brexit uncertainty was impacting sales - total pharmaceutical exports to the EU fell by 19% in 2018 year-on-year.[35]

To mitigate further declines and help companies prepare for the changes ahead, the government has issued Brexit guidance for companies. For the typical pharmaceutical company, however, this amounts to around 80 separate documents. To mitigate the effects of a potential no deal Brexit, most companies have transferred marketing authorisations, rerouted logistics and built up stockpiles. In many cases this will have meant setting up new operations in mainland Europe.

If managed carefully, the UK Life Science Industrial Strategy explains that an EU exit may be used as a catalyst to take steps to speed the growth of the life sciences sector in the UK. Healthcare is a global business and Brexit may present an opportunity for the UK to expand and develop its global markets, as well as being a destination for inward investment that wishes to take advantage of world class science and infrastructure.[36]

However, to capitalise on this opportunity the UK will need to forge new trade links outside the EU. There are about 40 countries that have EU free-trade agreements (FTAs), economic partnership agreements (EPAs) or mutual recognition agreements (MRAs) in place. The UK will

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[34] Positioning statement: CGT Catapult Manufacturing Innovation Centre, Catapult. https://ct.catapult.org.uk/news-media/general-news/positioning-statement-cgt-catapult-manufacturing-innovation-centre

[35] Future of UK Life Sciences, Economist Intelligence Unit. http://www.eiu.com/graphics/marketing/pdf/Future-of-UK-Life-Sciences-EIU.pdf

[36] Life Science Industrial Strategy, Office for Life Sciences. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/650447/LifeSciencesIndustrialStrategy_acc2.pdf

have to convince many of these countries to rollover existing agreements to post-Brexit Britain or sign new agreements. Additionally, the UK must strike entirely new deals from scratch with the US, China and India.

AstraZeneca has also warned that failure to secure domestic R&D funding to replace funding that had been expected from EU programmes could cost nearly 700 gross jobs and GVA worth £139 million p.a. in net terms by 2023. Additionally, failure by the UK to continue to attract and have access to the current share of the world's best R&D talent could result in the UK losing around 3,000 gross jobs and GVA worth £445 million per annum in net terms by 2023. It is important to recognise that these are some of the headwinds that the Cambridge life science sector faces.

4 Analysis of the Cambridgeshire and Peterborough Life Sciences Market

The Cambridgeshire and Peterborough Combined Authority is home to the UK's most mature life sciences market. According to the data from the Office for Life Sciences, there are around 470 firms based in the area. These firms employ around 20,000 scientists and other personnel.[37] The epicentre of this market is Cambridge and its immediate surrounding area – life sciences firms in and around Cambridge alone are estimated to contribute around £2.9 billion annually to the UK economy. By 2032, according to analysis from AstraZeneca and Development Economics, the cluster could generate an additional £1 billion per annum and create an additional 6,000 jobs.[38]

4.1 Life Sciences Corporate Landscape

Commercial life sciences operations are heavily concentrated across the South Cambridgeshire with the second largest cluster being in the city of Cambridge: Of the approximately 470 life sciences companies based in the Cambridgeshire and Peterborough Combined Authority area, Cambridge and South Cambridgeshire are home to around 390 of them. A further 70 firms are based across East Cambridgeshire and Huntingdonshire, while Peterborough is home to only around 10 firms.[39]

Number of Life Sciences Firms by Local Authority Area

Local authority Area	Number of companies
South Cambridgeshire	240
Cambridge	150
Huntingdonshire	40
East Cambridgeshire	30
Peterborough	10
Fenland	0

Source: Office for Life Sciences, figures are rounded to nearest 10 companies.

[37] Based on data from Office for National Statistics NOMIS. https://www.nomisweb.co.uk/
[38] Cambridge: Driving Growth in Life Sciences, AstraZeneca. https://www.astrazeneca.com/content/dam/az/media-centre-docs/article_files/articles-2018/Astrazeneca-Clusters-Report-Exec-Summary%20FINAL%202.pdf
[39] Based on data from the Office for Life Sciences. https://www.gov.uk/government/statistics/bioscience-and-health-technology-sector-statistics-2019

Many of global behemoths of the life science sector have a presence in the Cambridgeshire, including AstraZeneca, Amgen, Pfizer and GSK. The depth of the area's ecosystem, its world-leading research institutions, has drawn multinationals to set up or expand their operations in the cluster over recent years. AstraZeneca, which opted to relocate its global headquarters to Cambridge in 2013, is the most significant of these. AstraZeneca arrived in Cambridge through its acquisition of Cambridge Antibody Technology in 2006, which was subsequently merged with MedImmune, a later acquisition. The company's new headquarters on the Cambridge Biomedical Campus are set to open in 2021 and are expected to house 2,000 staff, many of whose roles were relocated from London and Alderley Park in Cheshire.[40]

Cambridgeshire has proven to be a generally supportive environment for the establishment and growth of new firms. Indeed, around two-thirds of all life sciences firms across Cambridgeshire were founded in the two decades to 2018.[41] As one key investor in the industry we interviewed for this report said, **'The reason I took up the role in Cambridge is that the quality of its early stage company base offers the opportunity for explosive growth.'** Local champion Abcam, founded in 1998, last year opened its £46 million headquarters on the Cambridge Biomedical Campus. The 100,000 sq. ft. laboratory and office facility houses over 450 Abcam staff, but has room to grow to accommodate more than 600.[42]

% of life sciences in the Combined Authority by number of employees

Number of employees	% of firms
0-4	46%
5 – 9	16%
10 - 19	10%
20-49	14%
50-99	6%
100-249	6%
250+	2%
Source: Office for Life Sciences	

As discussed above, some of the most innovate and cutting-edge treatments and techniques within life sciences are being pioneered by the sector's start-up and scale-up firms. Each year, around 15 – 25 new life sciences firms are formed in Cambridgeshire, compared with 15 – 20 in Oxfordshire and 30 – 40 in London.[43]

[40] AstraZeneca's HQ budget balloons to 3 times original forecast, Fierce Biotech. https://www.fiercebiotech.com/biotech/astrazeneca-s-hq-budget-balloons-to-3-times-original-forecast
[41] Based on data from the Office for Life Sciences https://www.gov.uk/government/statistics/bioscience-and-health-technology-sector-statistics-2019
[42] Inside Abcam's new £46million headquarters on Cambridge Biomedical Campus, Cambridge Independent. https://www.cambridgeindependent.co.uk/business/inside-abcams-new-46million-headquarters-on-cambridge-biomedical-campus-9064030/
[43] Cambridge Life Sciences Market Update, JLL. https://www.jll.co.uk/content/dam/jll-com/documents/pdf/other/cambridge-life-sciences-market-overview.pdf

Providing a more conductive infrastructure to allow these firms to scale, as Abcam has, was one of the key themes to emerge during our interviews with experts from the local life sciences sector. Indeed, while Cambridge is home to many of the world's largest life sciences firms, these companies represent a relatively small share of the total number of firms across the Combined Authority. Almost three quarters of the firms across Cambridgeshire and Peterborough employ fewer than 20 people, and only around 8% employ more than 100 people.[44] The presence of larger firms plays a vital role in a successful life sciences cluster, as such firms are able to pull talent and their supply chain partners to relocate locally, as well as making private investment into critical commercial infrastructure, such as laboratories, more viable.

It should be noted that the issue of affordable housing and transport was often raised by interviewees. These conversations were not pursued as they are outside the remit of this report and indeed, the impact extends to all growing industries in the Cambridge area, not simply life sciences.

4.1.1 The Life Sciences – Technology Nexus

Life sciences firms in Cambridge also benefit from the cluster's world-leading capabilities in computer science, software engineering and artificial intelligence. **'Cambridge is uniquely positioned to take advantage of the merging of AI and life sciences- the question is how we make the most of that'**, said one leading industry figure during interview. Many of the breakout successes of Cambridge's life sciences ecosystem within the last few of years, including Healx and Congenica, have been working at the confluence of life sciences and these fields.

Firms working on applications of emerging technology in life sciences benefit from the presence of Cambridge University, which provides some of the sharpest minds and most impactful research in the industry; as well as the large community of global firms from across the broad spectrum of technology. Arm Holdings, the world's leading designer of processors for mobile devices, was founded in Cambridge in 1990. The company, along with its new parent Nvidia, announced in September 2020 it would be creating a new AI research centre in Cambridge to focus on applications of the technology in life sciences, autonomous vehicles and other fields.[45] Elsewhere, the likes of Apple, Microsoft, Amazon and Samsung have all recently made investments to expand their operations in the city.

While Peterborough is home to only a handful of life sciences firms, it does have a strong high-tech manufacturing base. Around one fifth of turnover from businesses in Peterborough, according to figures from the CBR, comes from high-tech manufacturing, with a further 6% coming from other manufacturing.[46] Large engineering firms, including Caterpillar, have engineering bases in the city. Prototype fabrications for the first MRI machines were built just outside Peterborough at Chatteris,

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[44] Based on data from the Office for Life Sciences https://www.gov.uk/government/statistics/bioscience-and-health-technology-sector-statistics-2019

[45] NVIDIA and Arm to Create World-Class AI Research Center in Cambridge, NVIDIA. https://blogs.nvidia.com/blog/2020/09/13/arm-ai-research-center-cambridge-uk/

[46] Cambridge and Peterborough Independent Economic Review, CPIER, https://www.cpier.org.uk/final-report/

and Stainless Metalcraft continues to produce high-end scientific products such as cryostats - chambers that can maintain very low temperatures – on the Chatteris industrial estate.[47]

4.1 Life Sciences Corporate Landscape – key points

- Most life sciences activity is concentrated in Cambridge centre and to the south of the city.
- The distribution of firms in the Combined Authority skews small. There are relatively few firms that employ more than 100 people.
- The strengths in technology and life sciences are a real competitive advantage for the Combined Authority's life sciences ecosystem.

4.2 Funding

Access to capital is a critical component of any successful commercial cluster. This is especially the case in life sciences, given the large quantities of capital required to develop new medicines. Start-up and scale-up firms across Cambridgeshire have been supported by the large volumes of venture investments that have flowed into the area in recent years. Data from CrunchBase shows that more than $950 million of venture funding was invested into life sciences firms in Cambridge between 2015 and 2020. Compared with its peers in the golden triangle, moreover, venture investments into Cambridge-based firms tend to be larger – with a median round size of $6 million, compared with $3.9 million in Oxford and $1.3 million in London.[48] This is potentially due to the relative maturity of businesses in Cambridge. However, the $950 million of venture capital invested in Cambridge life sciences companies over the past five years pails into insignificance compared to around $17 billion raised by biopharma companies in Massachusetts over the same period.

A growing number of Cambridge-based funds have been established in the last few years to support local businesses. In June 2019, Cambridge-based Ahren announced it had raised £200 million ($254 million) to invest in science and technology firms. Ahren is backed by some of Cambridge's best-known scientists and engineers, and has received money from the likes of Unilever, Aviva and Sky.[49] The fund has so far invested in Cambridge-based life sciences firms Adrestia Therapeutics and Bicycle Therapeutics.[50] Elsewhere, the University of Cambridge's Cambridge Innovation Capital (CIC) raised an additional £150 million in March 2019 to invest in high-tech firms. CIC has backed many local life sciences companies, including Inivata, a spinout of Cancer Research UK's Cambridge laboratory; and CMR Surgical, a medical robotics company.[51]

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[47] Cambridge and Peterborough Independent Economic Review, CPIER, https://www.cpier.org.uk/final-report/
[48] Based on data from CrunchBase. https://www.crunchbase.com/
[49] Scientists' $250m fund aims to keep start-ups in the UK, Financial Times. https://www.ft.com/content/d66a8d84-9748-11e9-8cfb-30c211dcd229
[50] Ahren, https://www.ahreninnovationcapital.com/companies
[51] Cambridge fund raises £150m in year's largest UK tech round, Financial Times. https://www.ft.com/content/27baa410-5245-11e9-b401-8d9ef1626294

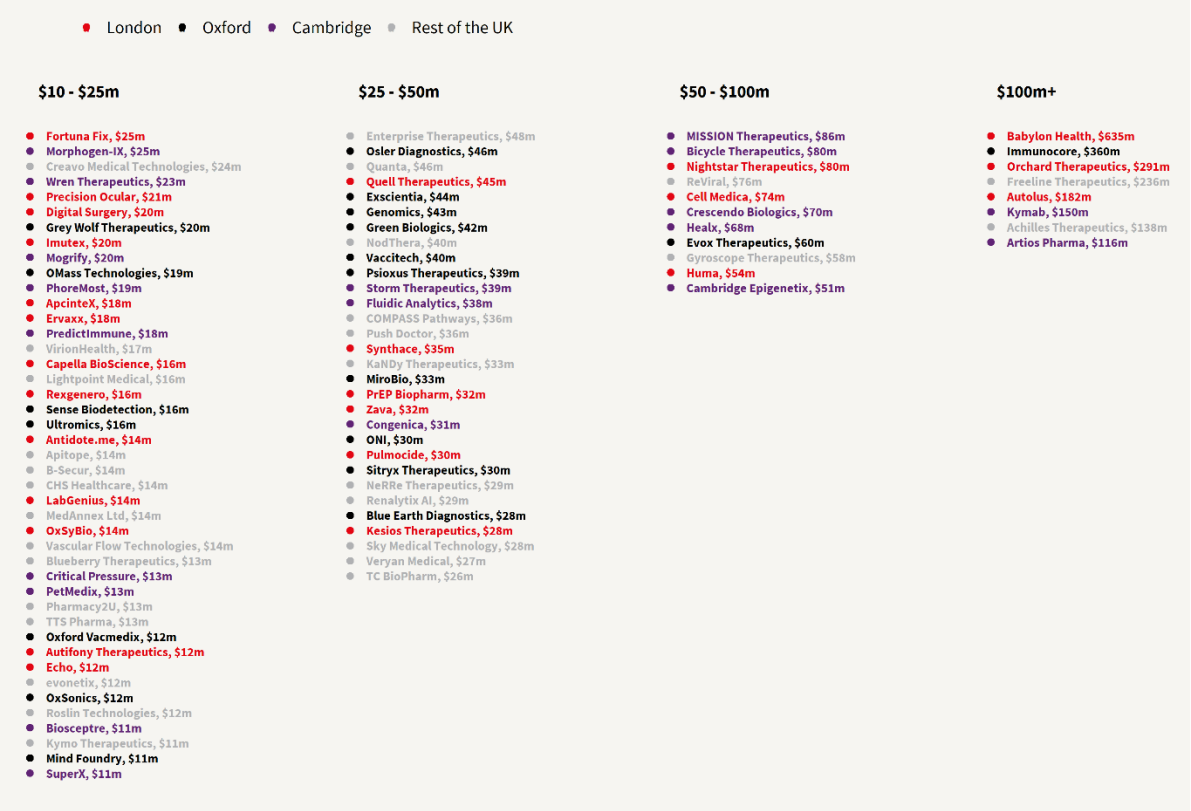
Aside from CIC, Cambridge Angels has supported start-ups and growing life science companies for many years.

The Combined Authority is also active in supporting early stage life sciences firms. It is one of several backers of Start Codon, a programme established in 2019 to provide life sciences firms with seed funding, mentoring and access to office and laboratory space. Start Codon recently raised £15 million to invest in life sciences start-ups, and is also backed by Genetech, Novartis and Cancer Research.[52]

Elsewhere, several Cambridge-based life sciences firms have established their own programmes to provide funding and growth opportunities to young enterprises. Illumina Accelerator, run out of the biotech company's labs in Granta Park, provides start-ups with seed investment and access to Illumina's sequencing systems and reagent.[53]

The general picture, confirmed repeatedly through interviews and surveys, is that early stage financing for life science companies in Cambridge is not in short supply.

Total venture funding into life sciences firms in London, Oxford and Cambridge, 2015 - 2020



But while the large volumes of venture investment into Cambridge have supported the area's vibrant ecosystem of private firms, Cambridge is home to relatively few publicly traded firms. We

[52] Start Cordon closes new £15 million venture fund to translate life science innovation into successful companies, Start Cordon. https://startcodon.co/ASSETS/UPLOADS/StartCodon_Press-Release_Fund-close-and-Novartis_161120.pdf

[53] Illumina Accelerator, https://www.illumina.com/science/accelerator.html

have identified just ten public life sciences firms headquartered in Cambridge, with a median market capitalisation of £186 million. Of these, only three went through an Initial Public Offering (IPO) in the last five years: Nuformix in December 2015; Acacia Pharma in March 2018; and Bicycle Therapeutics in May 2019. By comparison, Boston and its surrounding areas are home to more than 160 publicly-traded life sciences firms, around half of which have been through an IPO since 2015.[54]

The lack of public companies in Cambridge is in part because many of the breakout successes of the life sciences sector have been acquired before they were able to grow into large, independent global firms. Cambridge Antibody Technology, for instance, was sold to AstraZeneca even though it had developed a host of potential products that could have allowed it to become a major life sciences firm had it been able to navigate the capital-intensive tasks of late-stage development, manufacturing and commercialising these products.[55] Similarly, KuDOS Pharmaceuticals had developed a breakthrough treatment for breast and ovarian tumours that was undergoing clinical trials when the firm was acquired.[56] Most recently, Horizon Discovery announced its acquisition by PerkinElmer for £296 million, reducing further the number of independent publicly listed life science companies in the area.

In the 2017 UK Life Sciences Industrial Strategy, the authors stated an ambition that the UK should aim to create four life sciences firms with a market capitalisation of more than £20 billion this decade. The UK is currently home to only two such companies, AstraZeneca and GSK. Given that Cambridge is perhaps the UK's most advanced centre for life sciences, we could reasonably expect that the city and its surrounding area should be home to perhaps two of these four firms. However, leaving aside AstraZeneca, Cambridge's next two most valuable firms – Abcam and GW Pharmaceuticals – are collectively worth less than £5 billion.[57]

Cambridgeshire-HQ'd publicly listed life sciences firms

Company name	Market cap (£m)
AstraZeneca	108,509
Abcam	2,636
GW Pharmaceuticals	2,346
Bicycle Therapeutics	281
Acacia Pharma Group	177
Horizon Discovery Group	146
SDI Group	61
Sareum Holdings	26
Nuformix	15
Feedback	12

[54] The data used here are from Refinitiv Eikon and refer to public companies in the healthcare sector.
[55] Life Science Industrial Strategy, Office for Life Sciences. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/650447/LifeSciencesIndustrialStrategy_acc2.pdf
[56] While this transaction occurred in 2005, it's noteworthy that the prohibitive costs of conducting the clinical trials were cited by the then CEO as a reason for selling the firm to AstraZeneca. https://www.theguardian.com/business/2005/dec/24/3
[57] Data from Refinitiv Eikon

Notes:
- Market cap at 07 October 2020.

Source: Refinitiv Eikon

Supporting firms in accessing public markets is key to the long-term growth of companies in the life sciences sector. This is not only because the public markets provide much deeper pools of capital than is usually seen with venture and other forms of private funding, but, more importantly, venture funds typically seek to exit their investments within 5-10 years – providing little patience for the long-term investments that building a business of significant global scale requires. Without strong local public markets, the scale of venture capital investment seen in Boston will not be achievable as investment model that enables large scale venture investments at good valuations struggles to work. Moreover, the public markets provide a key societal good in democratising access to firms and a route to sharing in their successes by allowing individuals (or their pension funds) to purchase shares.

4.2 Funding – key points

- While investment in Cambridge life science companies looks strong compared to other European clusters, it is just a fraction of that in Boston and arguably insufficient to reliably build globally significant businesses.
- The poorly developed public equity markets and paucity of IPOs is holding back development of the sector in the UK, and Cambridge in particular.

4.3 Employment and Skills

The UK Office for National Statistics publishes annual estimates of employment within different Standard Industrial Classicisation (SIC) categories. We have combined several of these categories into a definition of life sciences. On this basis, we estimate the total life sciences employment in Cambridgeshire and Peterborough amounts to around 20,000 people. The vast majority of this employment is concentrated in Cambridge and South Cambridgeshire, and comprises roles focused on research and development into biotechnology and natural sciences.

Furthermore, comparing the same figures for other life sciences centres in the UK, the Combined Authority performs extremely favourably: We estimate that life sciences employment in Cambridgeshire and Peterborough is around 60% larger than in Oxfordshire, and around four times larger than in either Greater Manchester or Edinburgh.

Breakdown of life sciences employment in the combined authority

SIC code	Description	South Cam.	Cambridge	Peterborough	Huntingdonshire	East Cam.	Fenland	Total
72110	Research and experimental development on biotechnology	1,000	350	0	45	10	0	1405
72190	Other research and experimental	11,000	4,500	125	225	200	10	16,060

	development on natural sciences and engineering							
21100	Manufacture of basic pharmaceutical products	0	0	0	0	0	0	0
21200	Manufacture of pharmaceutical preparations	800	5	0	0	10	0	815
26600	Manufacture of irradiation, electromedical and electrotherapeutic equipment	100	30	0	0	0	0	130
32500	Manufacture of medical and dental instruments and supplies	150	75	45	100	10	0	380
46460	Wholesale of pharmaceutical goods	175	250	500	250	35	0	1210
All life sciences employment		**13,225**	**5,210**	**670**	**620**	**265**	**10**	**20,000**
								Source: ONS Nomis, 2018

Estimated life sciences employment by city

Location	Estimated life sciences employment
London	30,000
Cambridgeshire and Peterborough	20,000
Oxfordshire	12,500
Leeds	6,100
Greater Manchester	5,400
Edinburgh	5,300
Glasgow	3,600
Birmingham	3,500
Nottingham	3,200
Bristol	1,700
Cardiff	1,400
Newcastle	800
Aberdeen	700
	Source: ONS Nomis, 2018

4.3.1 The Skills and Talent Challenge

The positive growth prospects for the life sciences sector are set to create thousands of new jobs across the UK over the next decade. According to the Life Sciences 2030 Skills Strategy, the sector is likely to need 133,000 new roles across the UK to meet forecasted growth in demand and to

replace retirees by 2030. Around 90,000 of these jobs will be in the medical technology sector, with the remaining 43,000 in biopharmaceuticals.[58]

Filling these vacancies will not only be a challenge due to the numbers involved, but also because the skills requirements of the sector are evolving. A 2019 report by ABPI identified shortages of technical skills in immunology and genomics, areas of critical importance to the development of new medicines; as well as a shortage of technical skills, such as data science. There is likely to be a considerable shortfall in areas of interdisciplinary overlap between medical fields and data analytics, such as computational chemistry, chemometrics and chemoinformatics.[59]

While the Combined Authority is home to a large employment base and some of the world's most talented scientists, interviewees consistently mentioned skills shortages as an area of concern. In particular, retaining those working in bioinformatics and related fields is a challenge. As one interviewee working in this field said **'One of the issues we face is that data scientists and bioinformaticians are lured away to London by much bigger salaries. We can't compete on salary, but we simply aren't producing enough people with these skills to compensate'.**

It was also made clear to us in our interviews that skills shortages in the sector are not only related to scientific and technology fields, but also to more generalist skills in business management and entrepreneurship. As one industry leader commented, **'We need people with the commercial management skills to take companies to the next level, but these are few and far between. Buying them in is not the answer as they are just as rare, if not more so, in the rest of the UK'**. The shortage of commercial management skills was one of the most frequently commented-upon points.

4.3.2 The Combined Authority's Future Talent Pipeline

Much of the sector's future talent will still be enrolled in education programmes. Cambridge University, as the world's top-rated university in life sciences, is central to helping address the talent demands of the sector and shaping some of the sharpest minds, while Anglia Ruskin University is also a key player in addressing skills shortages.

The Higher Education Statistics Agency (HESA) provides data on undergraduates, postgraduates and other students enrolled in full time and part time programmes at UK higher education institutions. According to this data, there are currently 8,375 students enrolled in life science related programmes at the University of Cambridge in 2018 - 2019, compared with 8,065 in 2014 – 2015.[60] There are also an additional 10,965 students enrolled in these programmes at Anglia Ruskin University.

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[58] Life Sciences 2030 Skills Strategy, Science Industry Partnership. https://www.scienceindustrypartnership.com/media/2071/sip-life-sciences-2030-skills-strategy-print-version-final.pdf

[59] Bridging the Skills Gap in the Biopharmaceutical Industry, ABPI. https://www.abpi.org.uk/media/6657/190124-final-abpi-bridging-the-gap-in-the-biopharmaceutical-industry_v3.pdf

[60] Programmes related to Life Sciences are subjects aligned to medicine, biological sciences, physical sciences, mathematics, computer science and engineering and technology.

It is important to recognise that many students enrolled in subjects suitable for life sciences employment will not enter the industry after graduating. Many who do enter the combined authority's life sciences sector will migrate from other parts of the UK (and beyond). However, ensuring that a large proportion of Cambridge's newly graduated talent opt to remain in Cambridge after completing their studies will be an important component of meeting the labour needs of the life sciences sector going forward.

According to several people we spoke to during our interviews, some of the most talented individuals leaving university are increasingly opting to relocate to London over remaining in Cambridge. Indeed, data from the UK Office for National Statistics shows that the combined authority experienced a net negative migration of those aged between 25 and 30 over the last three years, with around 1,450 more young people moving out of the area than moving in.

London boroughs, including Lambeth, Wandsworth, Tower Hamlets and Southwark, are among the top destinations for this outward migration.[61] Indeed, looking at net migration to London boroughs alone over the last three years – not taking into account the other parts of the UK where Cambridge experiences a net positive flow of young people – the combined authority experienced a net loss of around 1,750 people aged between 25 and 30.

Migration into and out of the Combined Authority from other parts of the United Kingdom, 2017 – 2019 inclusive

Age	Moves to Combined Authority	Moves from Combined Authority	Net Internal Migration
0-5	4,156	4,162	-6
5–10	2,586	2,689	-103
10–15	1,691	1,951	-260
15-20	8,630	10,608	-1,978
20-25	27,447	28,720	-1,273
25-30	16,194	17,665	-1,471
30-35	10,632	10,490	142
35-40	6,917	6,800	117
40-45	4,163	4,040	123
45-50	3,063	3,212	-149
50-55	2,718	2,960	-242
55-60	1,964	2,446	-482

[61] Calculated from the Office for National Statistics Internal Migration Data: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/migrationwithintheuk/datasets/internalmigrationbyoriginanddestinationlocalauthoritiessexandsingleyearofagedetailedestimatesdataset

60-65	1,415	1,785	-370
65-70	1,033	1,342	-309
70-75	754	874	-120
75-80	406	388	18
80-85	287	303	-16
85-90	166	163	3
90-95	90	111	-21
95-100	25	25	0
Source: Office for National Statistics			

Top 10 destinations for outward net domestic migration from the combined authority of 25 – 30-year olds, 2017 – 2019 inclusive

Local Authority area	Moves in	Moves out	Net migration
Lambeth	235	509	-274
Wandsworth	180	408	-228
Tower Hamlets	215	440	-225
Southwark	167	387	-220
Islington	196	378	-182
Hackney	94	259	-165
West Suffolk	535	684	-149
South Kesteven	353	461	-108
Camden	231	332	-101
Westminster	133	229	-96
Source: Office for National Statistics			

Top 10 destinations for inward net domestic migration from the combined authority of 25 – 30-year olds, 2017 – 2019 inclusive

Local Authority area	Moves in	Moves out	Net migration
Central Bedfordshire	344	236	108
Nottingham	218	137	81
North Hertfordshire	399	320	79
East Hertfordshire	172	97	75
Sheffield	246	177	69
Southampton	123	56	67
Stevenage	127	65	62
King's Lynn and West Norfolk	568	509	59
Welwyn Hatfield	110	53	57

Boston	111	59	52
			Source: Office for National Statistics

4.3 Employment and Skills – Key Points

- There is a shortage of people with the technical skills to support the life science industry in the Cambridge area, especially in the convergence of AI and life sciences, seen as a key differentiator for the industry in the area
- There is a shortage of people with the commercial management skills required to grow a life science company

4.4 Universities

While the combined authority is home to several highly regarded universities and other higher education institutions, The University of Cambridge is a global leader. The University supports over 1,800 researchers and 18,000 students, and is rated by the 2020 Times Higher Education World University Ranking as the world's third best university.[62]

Cambridge University plays a vital role in supporting the strength of the life sciences sector across the combined authority (and beyond). A leader in the pharmaceutical industry noted **'We have multiple relationships with Cambridge University and have found the experience to be positive'.** This isn't limited to large companies- none of the people interviewed raised working with the universities as a particular challenge.

In addition to being the world's top-rated institution in the field of life sciences, many breakthrough discoveries that formed the foundation of the life science industry were made by the university's researchers – including the structure of DNA (alongside Maurice Wilkins of King's College, London); monoclonal antibodies; DNA sequencing; and phage display antibody production.

[62] World University Rankings 2020 by subject: life sciences, Times Higher Education.

Research publications produced by Cambridge University's academics across life sciences-related disciplines are some of the most impactful in the world. According to data from the CWTS Leiden Ranking, academics at the University of Cambridge produced more than 4,700 biomedical and health publications between 2015 and 2018. Just over a fifth of these papers were among the top 10% most cited in the field – the same proportion as the University of Oxford, the University of California and Harvard University.[63]

Top 20 universities worldwide for quality of biomedical and health sciences research publications

University	Country	# Papers	# Papers in top decile most cited	Top decile most cited as % of all papers
Massachusetts Institute of Technology	United States	2196	668	30%
University of California, Berkeley	United States	2240	488	22%
University of Oxford	United Kingdom	6151	1314	21%
University of Cambridge	**United Kingdom**	**4715**	**992**	**21%**
Harvard University	United States	24791	5133	21%
Stanford University	United States	8139	1621	20%
University of Colorado, Boulder	United States	1027	199	19%
University of California, San Francisco	United States	8892	1709	19%
Imperial College London	United Kingdom	4947	937	19%
University College London	United Kingdom	8073	1520	19%
University of California, San Diego	United States	6564	1165	18%
Cornell University	United States	6364	1118	18%
Columbia University	United States	6965	1224	18%
Yale University	United States	7231	1259	17%
University of Dundee	United Kingdom	1114	194	17%
Queen Mary University of London	United Kingdom	1733	302	17%
University of Glasgow	United Kingdom	2118	368	17%
University of Texas Southwestern Medical Center at Dallas	United States	4124	707	17%
Washington University in St. Louis	United States	6366	1085	17%
London School of Hygiene & Tropical Medicine	United Kingdom	1667	284	17%

[63] CWTS Liden Ranking 2020, https://www.leidenranking.com/downloads

Source: CWTS Leiden. Based on % of publications in the top decile for number of citations between 2015 and 2018. Excludes institutions who published less than 1,000 papers.

The university's strengths at the cutting-edge of life sciences research are also bolstered by its credentials in adjacent fields of artificial intelligence and machine learning. Cambridge University is home to the Cambridge Centre of AI Medicine, which brings together some of most influential scientists across the both AI and medicine to research applications of emerging technology in precision medicine, biomedical discovery and the design of clinical trials.[64]

The university's academic strengths in teaching and research produces a stream of intellectual property and spin-out companies. Around 25 new spinout life sciences firms from the University of Cambridge were formed in between 2014 and 2018 – more than those spun from universities in Manchester, Leeds and Edinburgh combined. These companies have to date received around £334 million of venture investment.[65]

The University of Cambridge is also closely involved with the provision of laboratory and research space that enables spinouts and other life sciences firms to grow. Indeed, Cambridge Science Park, the UK's first science park, was founded by Cambridge's Trinity College in 1970 and modelled on similar initiatives undertaken by American universities to spur greater links between higher education and industry. The park has since grown to accommodate 130 firms, including life sciences firms Bayer, Novogene and Amgen.[66] Similarly, St John's college founded the St John's Innovation Centre in 1987 to provide space for fast-growing firms in the high-tech sector. The success of the original centre spurred the subsequent development of several adjacent buildings, and the park is now home to several life sciences firms, including ProductLife Group, Endomag and Coalesce. The college announced plans in July 2020 to develop two new buildings on the site, totalling an additional 170,000 sq ft of office and R&D space.[67]

While Anglia Ruskin University lacks the prestige and capabilities of the University of Cambridge, it still ranks within the top 350 universities globally and, as stated above, there are 10,965 students currently enrolled in life science-related programmes at the university. In addition, the establishment of the University of Peterborough, which is set to welcome its first cohort of students in September 2022, potentially offer a platform for the creation of new technical and scientific degrees more closely aligned to the needs of the Combined Authority's life sciences firms.

4.4 Universities – Key Points

- The universities in Cambridge underpin the strength of the life science sector
- There is no strong sense among people from the corporate world that working with the universities is a challenge that needs to be addressed

[64] Cambridge Centre for AI in Medicine. https://ccaim.cam.ac.uk/
[65] Based on data from Beauhurst. https://www.beauhurst.com/
[66] Cambridge Science Park. https://www.cambridgesciencepark.co.uk/about-park/
[67] Two major new buildings proposed for St John's Innovation Park, Cambridge Independent. https://www.cambridgeindependent.co.uk/business/two-major-new-buildings-proposed-for-st-john-s-innovation-park-9117625/

4.5 Commercial Real Estate

For the most part, the Combined Authority's life sciences firms are found across the network of large and expanding science parks located around Cambridge and South Cambridgeshire. The growth of life sciences within these areas has kept the commercial property market buoyant and spurred further development. Since 2015, JLL has tracked more than 680,000 sq. ft. of publicly disclosed lettings of offices and laboratory space from life sciences firms within and around Cambridge – though as many of the smaller lettings in the sector are not disclosed, even this figure is likely to underestimate overall demand. Prime office rents in Cambridge have risen to £48.50 per sq. ft. per year at the end of Q2 2020, up almost 8% on a year earlier. Cambridge is now the UK's most expensive market for business accommodation outside of London. South Cambridgeshire however, offers more accessible rental rates.

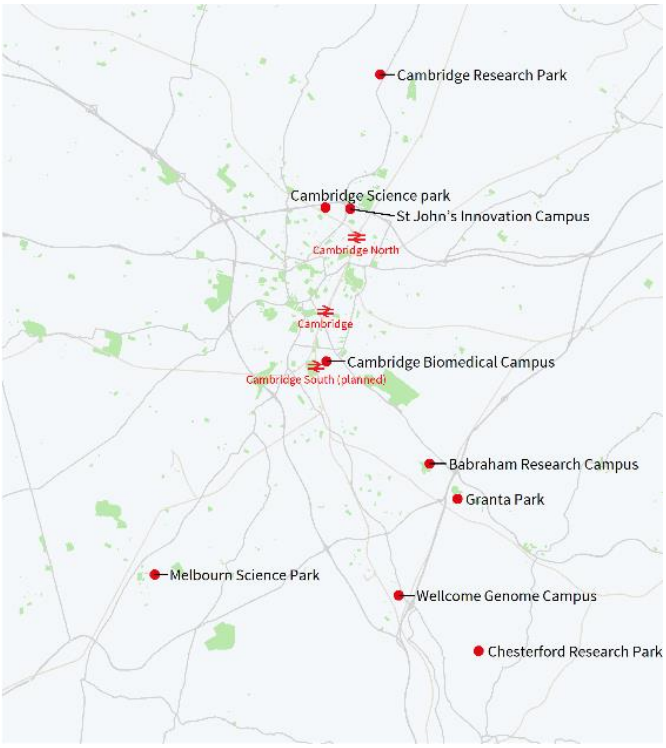
While higher office and laboratory rents may initially be expected to have a negative impact on the growth of the industry, this is not always the case. Increases in rents make the economics of developing new commercial life sciences facilities more viable - enabling the public sector to step away from a previously essential role in delivering facilities for life science companies and freeing up funds for other uses. For well-funded therapeutics and diagnostics companies, property costs are a small component of total expenditure compared with the costs of salaries or developing new products - so within limits, rising rents have a relatively limited overall impact. Conversely, consistently low rents can constrain business cases for developing new facilities and lead to a shortage of space to accommodate growth.

4.5.1 Cambridge's Life Science Parks

As discussed above, Trinity College-backed Cambridge Science Park and St John's Innovation Park are two of the oldest and most important commercial centres for life sciences firms within the combined authority. Cambridge Science Park recently expanded its offering to life sciences firms with the opening of the 40,000 sq. ft. Bio-Innovation Centre in 2019, delivered in part through an investment partnership between Trinity College and TUSPark, the development body of China's Tsinghua University. Construction is also underway on another plot which will deliver three office and R&D buildings, while consent has been given on a further building that could provide an additional 50,000 sq. ft. of Grade A office and specialist laboratory space.[68] However, Cambridge city represents only a fraction of the physical growth capacity of the Cambridgeshire cluster. By comparison all the parks in South Cambridgeshire are seeking to expand at much greater rates, with Granta Park alone seeking to bring to the market a further 1,000,000 sq. ft.

[68] Cambridge Science Park. https://www.cambridgesciencepark.co.uk/about-park/future/new-buildings/

Location of Key Life Sciences Business Parks in Cambridgeshire and Peterborough



North of the Cambridge Science Park and St John's Innovation Park lies the Cambridge Research Park, which provides a mix of office, laboratory and industrial space. Life sciences firms based on the park include Horizon Discovery Group, BioChrom and Stemcell Technologies.

On the southern fringes of Cambridge itself lies the Cambridge Biomedical Campus (CBC), the largest cluster of medical and life sciences research in Europe. The campus has been transformed since 2009, when planning permission was granted to develop 1.8 million sq. ft. of medical, laboratory and office space. Three hospitals are located on the campus, as well as several research institutes, charitable organisations and a growing number of life sciences firms – including AstraZeneca, GSK and Abcam. In February 2020, the government announced that Cambridge Biomedical Campus had been designated one of six new Life Science Opportunity Zones. The only one its kind in Cambridgeshire, the designation means that the campus will receive government support in attracting investment.[69] Many interviewees mentioned the opportunity presented by CBC and felt that its potential had yet to be realised. A common comment was summed up by one local business leader, **'Cambridge Biomedical Campus currently lacks vibrancy or a heart. It needs somewhere for people to gather and bump into each other'.** This is partly a reflection of the fact that the campus is still in its formative stages, but also presents an opportunity.

Transformation of CBC could be on the horizon with a new phase of development on the campus which has the potential to deliver an additional 800,000 sq. ft. of commercial and clinical floorspace, anchored around Abcam's global HQ. The Campus is also the proposed location of the Cambridge South train station which, subject to plans being approved, is set to open in 2025.

[69] £10 million boost to improve patient care with new technologies, Gov.uk. https://www.gov.uk/government/news/10-million-boost-to-improve-patient-care-with-new-technologies

Six miles south of Cambridge lies the Babraham Research Campus, which co-locates the Babraham Institute with early-stage life sciences firms across 300,000 sq. ft. of research, services and commercial floor space. The campus, which is backed by UKRI, is home to one of the oldest bioincubators in the UK and was created to provide space for young firms with an ambition to scale to an IPO – it specialises in proving pre-fitted space on a flexible basis. More than 60 life science firms are based on the site.[70] Near to the Babraham Research Campus is Granta Park, a 120-acre commercial park that houses the operations of Pfizer, Illumina, Medimmune and Gilead.

Further south lie both the Wellcome Genome Campus and the Chesterford Research Park. While the Wellcome Campus currently provides only a small amount of space for businesses, it does house the Sanger Institute, one of the world's foremost centres for genomics research; and the BioData Innovation Centre, a specialist facility that provides flexible space for genomics and biodata companies. Illumina, Congenica and Genomics England all have a presence on the Wellcome Campus.[71] The Chesterford Research Park, located three miles south of the Wellcome campus, provides a mix of office and labs space targeted at life sciences firms. Global firms including AstraZeneca and Charles River, as well as a host of local and smaller life sciences companies, have operations on the park.

Nine miles south-west of Cambridge is the Melbourne Science Park, which although currently majority occupied by its owner technology firm TTP, accommodates AstraZeneca and a number of smaller life sciences firms. This park is being marketed for sale in the last quarter of 2020 and will likely increasingly focus on life sciences.

4.5.2 The Shortage of Grow-on Space

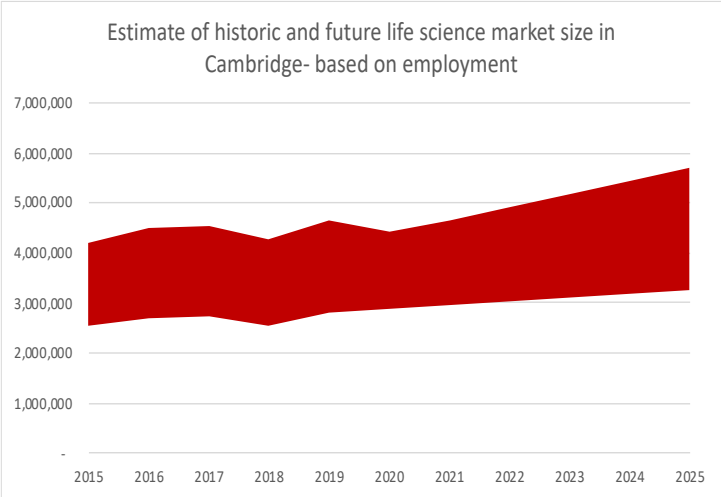
Between these nine science parks, the Combined Authority is home to the most mature property infrastructure for life sciences firms in Europe. However, vacancy rates are running at just a few percent and we heard repeatedly during our interviews that there is an acute shortage of space for start-up and scale-up firms. While facilities such as Babraham are intended to address the requirements of early-stage firms, the existing stock of specialist laboratory and flexible workspaces for these businesses across the combined authority has proven insufficient to meet the current level of demand. One of the key challenges at Babraham is that start-up companies on the site have grown to the point that there is no space to accommodate the next generation of businesses, in part because the growing companies themselves have nowhere to move on to. Derek Jones, CEO of Babraham Bioscience Technologies commented **'Because there is nowhere for the companies at Babraham to grow on to, it means the campus struggles to accommodate the start-up businesses it was intended for'**. However, supporting and encouraging requested expansions at adjacent sites like Granta Park could alleviate this problem.

4.5.3 The long-term position

There is a total of approximately 3.2 million square feet of space on the science parks in the Cambridge area that are dedicated wholly or predominantly to life sciences. Using employment

[70] The Economic Impact of the Babraham Research Campus, Babraham Reseach Campus. https://www.babraham.com/media/2077/brc-impact-report-210520-na-web.pdf
[71] BioData Innovation Centre. https://www.wellcomegenomecampus.org/aboutus/bic/

data over recent years and by estimating a range of space used per employee, we have estimated the amount of additional grow-on space needed by life science companies in Cambridge by 2025 to be up to 1.3M sq ft. This does not allow for inward investors which, with the right positioning of the Cambridgeshire cluster, could amount to as much again in realisable demand.



[Historic CAGR 2.6%, future CAGR 2.6-5.2%. Space/e'ee ranging from 150 to 250 sq ft]

Whilst we are aware of a substantial amount of life science space potentially in the development pipeline, much of this is meeting with resistance from planners and at best this would address the needs at the top end of the range, with no allowance for future growth. This suggests that the availability of space for life science companies will remain tight.

Both the UK government, via the Industrial Strategy for Life Sciences and Sector Deal, and the Combined Authority share an ambition to grow the life sciences sector in Cambridge. Much of this growth, however, will come from start-up and scale-up firms for whom high-quality and affordable laboratory and workspace is just as vital as sourcing capital and talented staff.

4.5 Commercial Real Estate – Key Points

- There is currently a shortage of start-up and grow on space for current firms and virtually no major opportunities to accommodate major inward investors in the Combined Authority area
- The current life science parks have the capacity to grow to absorb a 40% increase in employment in the sector, but resistance from planners will keep availability of space tight and the current infrastructure could struggle to accommodate growth beyond that

4.6 Hospitals and the NHS

Hospitals and healthcare infrastructure, along with universities, research institutes and private firms, are often another critical component of a successful life sciences cluster. Healthcare providers, including local NHS trusts, are likely to play an increasingly important role in supporting innovation in life sciences over the next decade, given the stated ambition of Life Sciences Industrial Strategy to make the UK one of the fastest adopters of innovative new forms of treatments.

The Cambridgeshire and Peterborough combined authority area is in the relatively unique position of facilitating close collaboration between internationally recognised research institutes, world-class universities and excellent hospitals. This is exemplified by partnerships such as the Cambridge University Health Partners (CUHP), which brings together the University of Cambridge, the Cambridge and Peterborough NHS Foundation Trust, Cambridge University Hospitals NHS Foundation Trist and Royal Papworth Hospital NHS Foundation Trust to collaborate on research and other initiatives to improve patient healthcare.

The expansion of the Cambridge Biomedical Campus has provided a potential hotbed for collaboration between hospitals, research institutes and universities because of the co-location of these entities on one site. For instance, researchers from Addenbrookes Hospital, one of the three hospitals located on the Campus, working alongside researchers from the Cambridge University announced in July 2020 that they had developed a new, 'game-changing' method to diagnose oesophageal cancer. The method relies on a Cytosponge test - a small pill on a string that the patient swallows, which then expands into a sponge when it reaches the stomach. A medical practitioner can then retrieve the sponge by pulling the string, which collects cells from the oesophagus as it's removed. The technique proved ten times more effective at diagnosing Barrett's oesophagus, a condition that can lead to oesophageal cancer, than conversional techniques. The research was funded by Cancer Research UK who, along with Addenbrookes Hospital and the University of Cambridge's Medical Research Council Cancer Unit, are also based on the Cambridge Biomedical Campus.[72]

Ensuring that these sorts of collaborative practises can be maintained and supported between the Combined Authority's life sciences firms, research institutes, universities and the five different NHS trusts that cover the Combined Authority will be imperative to extending the area's competitive advantage in the life sciences sector, as well as improving the healthcare outcomes of the local population. Supporting initiatives to foster partnerships on research, centralise and share data or trial innovative new medical interventions will be essential to building on the Combined Authority's strengths. Moreover, the design and master-planning of future developments should give due consideration to how schemes can better integrate healthcare providers, research institutes and life sciences firms.

4.6 Hospitals and the NHS – Key Points

- The Combined Authority area is in the unique position of facilitating close collaboration between internationally recognised research institutes, world-class universities and excellent hospitals.
- Supporting initiatives to foster partnerships on research, centralise and share data or trial innovative new medical interventions will be essential to building on the Combined Authority's strengths

[72] 'Sponge on a string' test to transform oesophageal cancer diagnosis, MRC Cancer Unit. https://www.mrc-cu.cam.ac.uk/news/sponge-on-a-string

4.7 Knowledge Networks & Organisational Structures

In addition to the area's hard infrastructure for life sciences, the Combined Authority is also supported by a soft infrastructure of formal and informal networks that connect scientists, researchers, academics, investors and other professionals. These networks play a vital role in the dissemination of knowledge, development of new initiatives and the provision of early-stage funding.

Key networks operating within the Combined Authority area include One Nucleus, which provides networking opportunities, events and training to those working in the life science sector across Cambridge, London and the East of England; and the Cambridge Network, a similar organisation focused on the broader high-tech sectors within Cambridge. Elsewhere, investor networks play a vital role in supporting early stage ventures with seed and angel funding - Cambridge Business Angels, for instance, has invested into Cambridge-based life sciences firms including Healx, Stemnovate and Arecor.

A major component of the informal networks is a core of very experienced and successful life science entrepreneurs in Cambridge, many of whom achieved their first success one or more decades ago. These individuals give their time and advice to support up and coming businesses and the development of the sector, which is an extremely valuable contribution to the industry locally. However, we heard during our interviews that because this network of mentors and experienced professionals is informal it relies on "knowing someone who knows someone". This model works very well in a relatively small industry, with many interviewees referring to Cambridge as being "like a village", but the life science sector in Cambridge has grown to the point where such an informal approach rarely functions to its best effect. Furthermore, a common comment from the interviews was that there is little visibility of the next generation of leadership for the sector that could pick up the reins when the current generation retires.

Similarly, while there are many networks and agencies that act as advocates for Cambridgeshire's strengths in life sciences, for outsiders looking to invest or grow in the area there is no single point of entry. According to insiders we spoke to during our interviews, this results in the knowledge networks for life sciences in the combined authority feeling fragmented and disorganised. "The Cambridge networks work very well when you are on the inside, but getting in can be a real challenge". Particularly concerning were comments made that **'for those looking to invest in life sciences in Cambridge, there is no obvious person or organisation to contact'**. Similarly, a couple of senior individuals interviewed referred to a comment from a visit by the CEO of one of the world's largest life sciences firms, who said he'd been given eight different sets of information about the sector in Cambridge, paraphrasing his comments as "you guys need to get your act together".

4.7 Knowledge Networks & Organisational Structures – Key Points

- Cambridge benefits from a wealth of experienced life science entrepreneurs who make a valuable contribution to supporting the industry.
- There is some concern that the next generation of leaders of the sector are not obvious.
- The informal nature of the networks in Cambridge has traditionally been a strength, but there are signs that the industry is growing to a scale where the informality does not work as well.
- Cambridge potentially misses out on opportunities by not having a coordinated front to present to the outside world.

5 Recommendations

Cambridge is home to arguably the most successful life science cluster outside of the United States. It could, therefore, be asked that if it has come this far without a coordinated strategy, why does it need one now?

As is evident from the previous chapter, while Cambridge is certainly home to a world-class life sciences sector, there are evidently improvements that can be made. Previous sections of this report have shown that other UK centres are advancing rapidly, especially London. Recent decisions by MSD and GSK to expand into King's Cross show that Cambridge is no longer the de facto location of choice for global life science firms – even for those, such as MSD, which is setting up specialist research and development-focused facilities. Furthermore, we would also contend that the Cambridge life sciences cluster is now reaching a scale and sophistication at which the existing ad-hoc and informal approach to supporting the sector will be less impactful. Throughout our interviews with those working in the sector, many interviewees commented that the Cambridge ecosystem was 'like a village'. While this was not intended as a critical comment, it's hardly a desirable description of a centre aiming to maintain and enhance its competitiveness vis-à-vis the likes of London, Boston and Beijing.

This section provides 11 recommendations to enhance Cambridge's life sciences sector structured around three themes of building companies of scale, optimising the network and enhancing talent and skills. While there are many more initiatives that could be included, we believe that focusing on a small number of impactful areas is more likely to be achievable and to galvanise the industry behind them, than a raft of smaller measures. Similarly, we have not attempted to provide a solution to the oft-repeated challenge of gaining access to the NHS or improving the flow of intellectual property out of the NHS. These goals may be impacted by of some of the initiatives listed below, but the challenges are so embedded and long-standing they require their own strategy. We understand the CUHP is doing just that so have avoided duplicating effort.

5.1 Building the Financial and Management Capacity for Growth

Cambridge is home to a world-leading community of firms that are not only at the cutting-edge of advances in medicine, but also in overlapping areas of technology including artificial intelligence and machine learning. As was discussed in previous sections of this report, applications of artificial intelligence within life sciences will transform all stages of healthcare and create enormous opportunities for value creation. Space is being created for new global behemoths to be forged at the apex of life sciences and technology, and Cambridge is extremely well-placed to take advantage of this. To realise the benefits of this shift, however, the Combined Authority must prioritise policies that support efforts by firms to scale, rather than simply be acquired early in their life cycle and subsumed into a parent company.

The UK Life Sciences Strategy sets the goal of the UK producing four companies with a market capitalisation in excess of £20 billion within the decade. The Combined Authority should aim for at least two of these firms to be based in Cambridge.

The presence of large-scale companies in the community has many benefits and, by targeting the creation of two, £20 billion companies, there will be many side effects, not least the creation of

companies that don't achieve the £20 billion target but are substantial, global businesses in their own right. The outcomes will be, among other things, the creation of a further waive of world-beating firms, job creation, skills development and a planned delivery of infrastructure.

The advantage of the two £20 billion firms aim is that it is simple, easy to rally around, fits with the UK Life Science strategy and, if even only partially achieved, will propel Cambridge even further up the global life science league tables.

Achieving this will require a concerted effort on multiple fronts. We recommend the following initiatives.

5.1.1 Establish a New £1 billion Life Sciences Innovation Fund

In June 2008, the state government of the Commonwealth of Massachusetts launched the Massachusetts Life Sciences Fund. The $1 billion ten-year fund aimed to transform the life sciences industry in the American state by investing in companies, infrastructure and programmes for training and skills development.

Over the next decade, the life sciences sector in Massachusetts experienced a Cambrian moment. Venture capital funding to life sciences firms ballooned from $700 million in 2010 to around $5.6 billion in 2018.[73] Over the same years, the number of life sciences firms jumped by 50%, and large pharmaceutical firms began to relocate to the area. Massachusetts is now home to 18 of the world's top 20 pharmaceutical companies.

Although the Massachusetts Life Science Fund was concerned with more than venture investment it is evident that the availability of capital is an important factor in the growth of the life sciences sector. Availability of capital plays a critical role in shaping business strategy. When a company develops its plans, it is rational for managers to consider the perceived availability of capital: low levels of funding encourage steady, organic growth, a particular type of company and business model and, sometimes, lower ambitions. Higher levels of funding do the opposite.

The availability of capital also spurs higher rates of business incorporation. For example, the Oxford Sciences Innovation Fund was established by the University of Oxford and several commercial partners to back science-based businesses. The £600 million fund has invested in almost 20 life sciences firms since 2015. In parallel, the number of spin outs from Oxford University has jumped: 28 firms were spun out from Oxford between 2014 and 2018, up from 13 during 2010 – 2014. The same pattern applies to Cambridge, before and after the advent of Cambridge Innovation Capital. Compare that with four universities (Nottingham, Birmingham, Warwick & Leicester), which together recorded the same biological science research power as Cambridge (i.e. the same strength of research base), but where there has been no significant investment fund available locally. In this case, there has been no growth in the number of life science spin outs.

[73] Based on data from CrunchBase. https://www.crunchbase.com/

Number of life sciences spinouts from universities in Cambridge, Oxford and the Midlands

	Biol Sci Resch Power-REF 2014	Pre OSI & CIC LS Spin outs 2010-2014	Post OSI & CIC LS Spin outs 2014-2018	% increase in spin outs
Oxford	761	13	28	115%
Cambridge	640	8	25	213%
Nottingham, Leicester, Birmingham, Warwick	652	9	9	0%

If the impact of the availability of capital on the growth of the life science sector is accepted, then increasing local funds should further stimulate sector growth beyond that which has been achieved since the advent of the CIC fund. Moreover, greater availability of capital should lead to greater company scale.

This report therefore proposes the development of a plan for a £1 billion fund. A £1 billion life science fund of this size for Cambridge is of sufficient scale to both encourage the development of companies with ambition to achieve scale and to further encourage start-up and spin-out formation. It would also attract companies to the Cambridge region, possibly from outside the UK.

5.1.2 Lead on the drive to improve UK public equity markets for life sciences.

American companies are able to scale in large part because they have access to deep pools of capital in the public equity markets. The public equity markets in the UK for life science companies lack the scale and sophistication of the American markets and consequently many high potential companies are either acquired rather than list or choose a US stock market listing, which may end in a relocation to that country. This situation is unlikely to change unless the volume and scale of activity increases.

Consequently, Cambridge should take a leadership role in considering what initiatives might stimulate an increase in the number and scale of life science companies listed on the London Stock Exchange and then look to drive the implementation of those initiatives.

This is clearly a far less tangible initiative, requiring organisation and leadership rather than a specific investment. However, to ignore this is to ignore one of the main reasons why the sector is being held back.

5.1.4 Create a "Future Leaders Programme" to Build Commercial Management Skills of the Sector

If scale-up companies are to be developed, they will need people with the commercial skills to lead them. The shortage of such skills was a repeated comment among interviewees. Consequently, initiatives should be considered to address this shortfall.

We recommend creating a world class initiative that develops the next generation of leadership talent. There are a number of programmes that could be reviewed as exemplars:

- *Saltire Fellows.* This is a Scottish initiative whereby future leaders in the life science industry are put forward for a 12-month programme that includes mentoring, on-the-job experience and lectures, including a period at Babson College in the United States. Each year a cohort of 10-15 is selected and that group remains in contact after the programme and creates a support infrastructure as they progress through to senior positions. https://www.scotland.org/study/saltire-scholarships
- *Kaufman Fellows*. This is a prestigious two-year programme established by the venture capital industry. Those enrolled in the programme work at venture capital firms, and are provided with a two-year structured curriculum as well as access to coaching, networking events and international summits. https://www.kauffmanfellows.org/

Cambridge is already fortunate in having a world leading business school which could provide the core of a programme and confer the relevant prestige to the programme. It is also well blessed with a large number of potential mentors to provide additional support.

5.1.5 Develop a culture that aspires to scale

As important as the availability of funding to grow life science companies of scale is the establishment of a culture where aspiring to build a multi-billion-dollar company becomes the norm. This might be achieved through a raft of initiatives, but one would be to actively celebrate those companies that are on track to achieve scale.

Each year an independent, highly regarded panel would select the 5-10 "Ones to watch" – companies with the potential to become one of the £20 billion companies. Such designated companies should receive a raft of tangible benefits such as: a significant cash award; fast tracked grant approvals; reduced cost facilities; an assigned mentor or team of mentors. Few, if any, of these companies would achieve a £20 billion but aspiring to do so would be a game changer for the sector.

5.2 Building Network Capacity for Growth

Common phrases that emerged during our interviews on the strengths of the Cambridge's ecosystem included, 'it's like a village' and it's 'very effective when you know where to go'. This small scale, intimate approach has served the community well, but the Cambridge is now at a scale where ad hoc and informal networks don't provide a complete enough infrastructure to effectively disseminate knowledge and promote the area to outsiders. Greater structure and coordination are needed. We recommend the following.

5.2.1 Develop a Coordinating Body for the strategic initiatives

If the strategy is to be successful a leadership team will need to be created with a salaried director role to lead implementation. Key aspects of the "Cambridge Life Science Strategy Director" role will be to:

- Drive forward the establishment of the £1B fund

- Instigate the “one’s to watch” initiative
- Ensure life science space planning is undertaken and monitored
- Develop and implement the Future Leaders programme
- Lead on securing research funding and national infrastructure projects
- Act as the main life sciences contact for the newly established agency to promote Cambridge Life Sciences (below)

This report therefore recommends the CPCA makes available funding for a Cambridge Life Sciences Strategy Leadership role and supports the creation of a strategy board. This is probably the single most important recommendation in this report and, if an appointment is well made, it would pay back the cost many times over.

We note that Cambridge University Health Partners (CUHP) has also recently created a vision paper for the local life sciences sector, along with some recommended steps to deliver that vision. The findings and proposals of the CUHP paper (included in Appendix 2) are consistent with this strategy and we recommend a combined approach to delivering a strategy for the sector.

5.2.2 Establish a Single Agency to Promote Cambridge around the UK and Internationally

A common comment was the need for Cambridge Life Sciences to have a “better front door”- an obvious entry point into the local ecosystem. We understand a new body, Cambridge &, is being established which could potentially take this role, supported by the Life Sciences Strategy Director. There is clearly no point in replicating an existing effort, so this report simply recommends supporting and assessing the effectiveness of the proposed Cambridge & initiative.

5.2.3 Leverage the Ox-Cam Arc, the UK Innovation Corridor and the Golden Triangle

While Cambridge is home to the UK’s most developed centre for life sciences, when grouped into the Golden Triangle it is part of one of the world’s foremost knowledge centres and preeminent clusters for life sciences. The Combined Authority has leveraged Cambridge’s position in this geographic grouping through partnerships with other local authorities in the Oxford-Cambridge Arc, an area that has world-leading capabilities not only in life sciences, but also in technology, advanced manufacturing, aviation and space tech. This has resulted in a clear set of economic priorities that stakeholders within the area are working towards and petitioning the UK government to support.

Similarly, the UK Innovation Corridor (linking King’s Cross to Cambridge)has even greater potential to be a world leading cluster because of its scale and existing connectivity. This report recommends the Combined Authority actively supports the Innovation Corridor initiative.

Efforts between the authorities should be coordinated to lobby central government for funding, promote the area for national and international investment, and partner on programmes to support the life sciences sector within the Golden Triangle.

5.3 Building Talent & Skills Capacity for Growth

A good supply of scientists and other highly skilled professionals will be fundamental to the growth of the life sciences sector. Analysis by AstraZeneca has suggested that growth in Cambridge's life sciences sector could create an additional 6,000 roles by 2032[74] and it could well be much greater than that if the growth initiatives in this report are successfully implemented.

Filling these roles will not only require that a sufficient supply of talent is provided, but also that those entering the sector are equipped with the right skills. Participants in the interviews conducted for this report consistently mentioned that Cambridge potentially faces an acute shortage of technical skills, especially in bioinformatics, data analytics and those working at a general technician level. We recommend the following.

5.3.1 Create New Technical Education Programmes to Support Skills Required by Life Sciences Firms

The combined authority, in partnership with the area's higher education institutions, should identify where education programmes could be created or better adapted to meet the needs of the life sciences sector. The establishment of the new University of Peterborough presents a once in a generation opportunity to create a suite of new scientific and technical degrees closely aligned with the needs of the combined authority's life sciences businesses. As the University ramps up its offering, it should be mindful of how emerging areas of skills shortages within the sector – including immunology, genomics, bioinformatics and data analytics – could form the basis of degree programmes or specific modules. Moreover, Anglia Ruskin University is already well placed to deliver graduates with the appropriate technical skills and should be supported to do so.

A programme of continuous engagement should also be put in place with combined authority's businesses to identify and track how their skills requirements evolve, and how this can be incorporated into the offerings of higher education institutions.

One challenge that may be made to our recommendations is that efforts to further enhance life sciences education within the combined authority will have little practical effect on the strengths of the local ecosystem, as many graduates will relocate to other centres in the UK and abroad after they complete their studies. We would respond by suggesting that the if the combined authority's graduates relocate to other parts of the UK, this will likely boost the strength of the sector overall, with long term benefits to Cambridge. Furthermore, the more Cambridge is seen to be the leading centre in the supply of new talent, the more likely it is that firms will opt to grow their headcount in the area over other parts of the UK. This will help create a virtuous circle, in which more jobs are created, and graduates increasingly opt to remain in the combined authority to take up these jobs.

5.3.2 Support for alternative routes into life sciences employment

Alongside efforts to expand and enhance life sciences programmes at higher education institutions, alternative routes into employment in the sector, such as apprenticeships, should

[74] Cambridge: Driving Growth in Life Sciences, AstraZeneca. https://www.astrazeneca.com/content/dam/az/media-centre-docs/article_files/articles-2018/Astrazeneca-Clusters-Report-Exec-Summary%20FINAL%202.pdf

also be encouraged. We understand that Anglia Ruskin University has already begun working with players in the life sciences sector to provide higher level National Vocational Qualifications, apprenticeships and other technical courses. The Combined Authority should look work with ARU and other providers to expand such offerings.

Currently, apprenticeships tend to be underutilised by smaller and medium enterprises, due to the requirement to provide training and additional administration cost that are often involved bringing in apprentices. Given that almost three quarters of life science firms across the combined authority employ fewer than 20 people, however, encouraging greater utilisation of apprentices within SMEs could have a significant impact on overall employment. Funding via the Apprenticeship Levy has already made it more economically viable for smaller firms to utilise apprentices, and we would recommend a concerted effort by the combined authority area to promote apprenticeships within the sector.

In addition, the combined authority's Skills Brokerage Service could play an important role in raising the profile of STEM subjects in schools, which will pay dividends to the life sciences sector over the medium to long term. Efforts should be made to ensure that local life sciences firms are appropriately engaged and represented in the programme.

5.3.3 Create new programmes to upskill in the tech- life science convergence

There is a considerable shortage of skills in the overlap between life sciences and emerging technologies, particularly artificial intelligence. This shortage will become more acute over the next decade, as applications of AI become more prevalent across all areas of healthcare. We recommend that the combined authority, in partnership with the area's higher education institutions, establishes programmes to upskill or retrain its workforce in the convergence between life sciences and technology.

National efforts are already underway to establish new educational programmes in AI. The UK Office for Students, for instance, last year launched a competition for universities to develop their own AI postgraduate conversion courses.[75] Such programmes will offer students from a diverse range of disciplines a path towards a career in AI. The combined authority should encourage the area's universities to provide such programmes, as well as promoting their uptake by students who've studied life sciences-related degrees.

Programmes should also be identified to support those already in the workforce to upskill in AI. The cutting edge of medicine and technological innovation will evolve and develop over the next decade – maintaining Cambridge's competitive advantage in these areas will require a commitment to lifelong learning and support for those looking to upgrade their skills.

5.3.4 Improve the Diversity and Inclusion of the Sector

As with other industries, promoting better representation of different ethnic, gender, demographic, socio-economic and other identity groups within life sciences firms must be a key

[75] Government backs next generation of scientists to transform healthcare and tackle climate change, Gov.uk. https://www.gov.uk/government/news/government-backs-next-generation-of-scientists-to-transform-healthcare-and-tackle-climate-change

priority for the sector. According to a 2020 study by executive search firm Liftstream, just 14.8% of board directors across 132 public and private life sciences firms in the UK are female. The same study also estimated that just 7.3% of board directors at these companies belonged to a racial or ethnic minority group.[76] Beyond the moral imperative of working to address such shortcomings, it should also be recognised that improving the representation of the sector will be a key mechanism to ensure the supply of talent: the more people from across different societal groups who see life sciences as an inclusive and lucrative sector to work in, the larger the supply of talent will be.

The combined authority should seek to improve representation in the life sciences sector by encouraging firms to publicly disclose as much data on the diversity of their workforces, at all levels, as possible. The combined authority should also consider prioritising funding to firms that can demonstrate a broad representation among their leadership, and have implemented rigorous diversity and inclusion strategies covering areas such as recruitment, retention and advancement policies.

5.4 Building Physical Capacity for Growth

5.4.1 Ensure future provision is made of facilities for scale-ups and start-ups

There is currently a shortage of grow-on space within the Cambridge area with the result that expanding companies are occupying facilities meant for start-ups, such as at Babraham. While there is currently land available to build further life science infrastructure, and indeed new space is being planned, it will be important to ensure that the availability of development land with the appropriate planning use is sufficient to meet the needs of at least a 40% increase in employment in the sector. A very conservative estimate of the new space required to accommodate such growth suggests that more than one million sq. ft. of additional life sciences space is required.

This report therefore recommends a detailed space planning exercise is undertaken, taking into consideration the amount of potential life sciences space that could be supplied at the existing and planned sites. This should then be matched against forecast demand along multiple growth trajectories and progress monitored. Planning and zoning decisions can then be made in the context of future demand so as to ensure the availability of land for life science developmet doesn't fall short of that needed.

Further to this, there is an immediate need for space to accommodate start-up companies. These are well catered for at Babraham campus, but there is currently no more space to accommodate them on site. The building of incubator facilities for start-up companies is less commercially viable than for more established businesses. Without space to accommodate start-ups it is likely that their creation could be slowed, they could end up in sub-optimal locations or be forced to move out of the area completely.

Consequently, consideration should be given to supporting the development of further start-up facilities.

[76] UK Life Sciences 2020 Board and Leadership Diversity, LiftStream, https://www.liftstream.com/life-sciences-diversity.html

Summary of Recommendations

Theme	Description	Recommendations to address
Building the Financial and Management Capacity for Growth	Cambridge and South Cambs are home to a world-leading community of start-up and scale-up firms, but very few home-grown global companies. To better support the life sciences ecosystem, the Combined Authority must prioritise policies that help firms to scale, rather than simply be acquired early in their life cycle and subsumed into a parent company.	Establish a new £1 billion Life Sciences Innovation Fund.
		Lead on the drive to improve UK public equity markets for life sciences companies
		Create a "Future Leaders Programme" to build commercial management skills of the sector
		Support the development of a culture that aspires to scale
Building Network Capacity for Growth	While the Combined Authority is home to a fantastic network of firms, entrepreneurs, scientists and advocacy groups, local efforts by these networks to promote and enhance the sector are often uncoordinated and overlapping – making them less effective. Policies should be adopted that help coordinate these efforts.	Develop a coordinating body for the strategic initiatives and appoint a "Life Sciences Strategy Director" to drive the implementation of these initiatives.
		Support the establishment of a single agency to promote Cambridge around the UK and internationally
		Leverage the Ox-Cam Arc, the UK Innovation Corridor (linking King's Cross to Cambridge) and the Golden Triangle
Building Talent & Skills Capacity for Growth	Realising the anticipated growth of the life sciences sector is dependent on addressing the dual challenges of both supplying enough scientists and other professionals to the sector, and also ensuring that these individuals are equipped with the right mix of skills. Policies should be adopted to address both challenges – encouraging greater uptake of life-science related subjects at all levels of education, creating new routes into life sciences employment, and upskilling workers in emerging tech-enabled roles.	Create new technical education programmes to support skills required by life sciences firms
		Support for alternative routes into life sciences employment
		Create new programmes to upskill in the tech- life science convergence
		Improve the diversity and inclusion of the sector
Building Physical Capacity for Growth	Ensuring future provision is made for facilities for scale-ups, start-ups and inward investing companies is dependent on a transformation in	*Implementing* life science employment growth within site areas currently consented for new buildings but stalled

	planners' appetite and openness to growth in the sector. Given the established dominance of South Cambs (240 vs 150 firms), the more accessible property and rental prices, and the longer term and more difficult to resolve constraints to the expansion sites in Cambridge city around transport and space availability, much greater, and more coordinated, effort between the Combined Authority and South Cambs District Council should be undertaken to expand out the existing South Cambs sites. However, this should be in a manner that minimises environmental and spatial impacts, by maximising the use of each site's assets as laid out in the recommendations and in descending priority.	*Densifying* life science employment within site areas currently consented for new building but with the potential to be utilised more effectively
		Intensifying life science employment within current buildings, by encouraging and incentivising firms from other sectors to relocate to alternative parks, freeing up space for life science firms and creating dedicated, and networked, life science villages
		Expanding life science employment through new planning applications within current sites' established employment areas
		Expanding life science employment through new planning applications adjacent to current sites' established employment areas

6 Next Steps

Following the receipt of this report, we would anticipate the establishment of a steering group to coordinate adoption of the recommendations and to develop detailed implementation plans. We would also propose the creation of a salaried director role to lead the further development and implementation of the strategy.

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9 About JLL

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Appendix 1: The Global Life Sciences Sector

Understanding the key trends and challenges in the global life sciences sector is important to understanding Cambridgeshire and Peterborough's place within it, and the opportunities and threats that are emerging. We have here provided a summary of the main trends shaping the sector, as well as key areas of investment.

The coronavirus pandemic has underscored the importance of a vibrant life sciences sector to public health, and focused the world's attention on critical efforts by governments, universities and life sciences firms to develop a vaccine. As the pandemic spread in the first half of 2020, precipitating historically unprecedented falls in output, life sciences firms demonstrated their resilience: across the major American, European and Asian equity indices, Life sciences firms have added around a quarter of a trillion dollars in market capitalisation since the start of the 2020.[77]

Even prior to the pandemic, moreover, the life sciences sector was experiencing a period of robust growth. Long term macro-economic and demographic trends, such as the ageing of the world's population, the growth of the consumer class in many emerging markets and the growing burden of chronic diseases that will accompany significant changes in demography, are creating new opportunities for the sector. Globally, the sector is expected to reach over $2 trillion in gross value by 2023, according to estimates from Accenture.[78]

Of these long term macro-economic forces, the implications of an ageing population are particularly pronounced. The share of the over-65s as a proportion of the world's population has doubled in the last fifty years. By the middle of the century, one quarter of the population of Europe and North America will be over the age of 65. Managing the more complex healthcare needs of an ageing population will be expensive, requiring a shift towards more proactive long-term health management and better utilisation of emerging treatment techniques and technologies.[79]

Key Global Firms in the Life Science Industry

Company Name	Country of Headquarters	Market Cap $bn	Number of Employees '000s
Johnson & Johnson	USA	390	132
UnitedHealth Group Inc	USA	314	325
Roche Holding AG	Switzerland	294	98
Novartis AG	Switzerland	213	109
Pfizer Inc	USA	211	88
Merck & Co Inc	USA	202	71
Abbott Laboratories	USA	194	107

[77] JLL analysis of Eikon data.
[78] New Science: BioPharma's New Growth Machine, Accenture. https://www.accenture.com/_acnmedia/Accenture/Conversion-Assets/Secure/pdf-no-index-2/Accenture-Life-Sciences-New-Science.pdf
[79] Transforming healthcare with AI: The impact on the workforce and organizations, McKinsey. https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/transforming-healthcare-with-ai

Thermo Fisher Scientific Inc	USA	185	75
Danaher Corp	USA	161	60
Abbvie Inc	USA	152	30
Medtronic PLC	Ireland	148	90
Eli Lilly and Co	USA	140	34
AstraZeneca PLC	United Kingdom	139	71
Amgen Inc	USA	138	23
Bristol-Myers Squibb Co	USA	138	30
Novo Nordisk A/S	Denmark	129	43
Sanofi SA	France	127	100
CSL Ltd	Australia	96	25
GlaxoSmithKline PLC	United Kingdom	91	99
			Source: Eikon, October 2020

1.1 Global Trends in Life Sciences

While the long-term outlook for life sciences is positive, firms in the sector are currently navigating a period of profound transition. The advance of new technologies, such as artificial intelligence, and cell & gene therapies are reshaping work in the sector. Declining returns on research and development activities are forcing the global pharmaceutical firms to reassess how and where research is undertaken. The competitive landscape is also becoming more nuanced as firms across the sector find new ways to combine, collaborate and compete with each other.

1.1.1 Technology and the Emergence of 'New Sciences'

Life sciences and technology are converging, leading to the emergence of 'New Sciences', which leverages technologies such as advanced analytics, artificial intelligence and new devices to generate new revenue streams, expedite research and development, and deliver better healthcare outcomes.[80]

Data, analytics and artificial intelligence

Applications of data and advanced analytics in the life sciences sector are upending traditional approaches to diagnostics, drug development and care delivery. According to research from Markets & Markets, the global life science analytics market is projected to be worth $42 billion by 2025, up from $22.1 billion in 2020.[81]

[8080] New Science: BioPharma's New Growth Machine, Accenture. https://www.accenture.com/_acnmedia/Accenture/Conversion-Assets/Secure/pdf-no-index-2/Accenture-Life-Sciences-New-Science.pdf

[81] Markets and Markets. https://www.marketsandmarkets.com/Market-Reports/pharmaceutical-life-science-analytic-market-174990653.html#:~:text=%5B301%20Pages%20Report%5D%20The%20global,13.7%25%20during%20the%20forecast%20period

Analytical techniques including statistical modelling, machine and deep learning, commonly referred as artificial intelligence (AI), are increasingly being applied in the sector to aid diagnosis, optimise clinical trials and accelerate the development of new medicines. Because AI software can process massive amounts of genomic, molecular, cellular and biology data, it can quickly identify new compounds, treatments, biological targets, pathways and clinical trial participants, as well as potentially predicting a new medicine's efficacy and safety.[82]

Firms pioneering these techniques include Healx, a Cambridge-based company that specialises in using artificial intelligence to repurpose existing medicines to treat other illnesses. Healx has created its own network of medical information, known as Healet, that unearths connections between discoveries using machine learning. This information is then used to identify where existing medicines, or combinations of them, could be repurposed to treat other illnesses. In December 2019, Healx announced a partnership with Boehringer to focus on rare neurological diseases, and has recently turned its attention to identifying potential treatments for covid-19.[83]

Elsewhere, Novartis has established Data42, an initiative aimed at using artificial intelligence to analyse the firm's massive clinical trials dataset to identify leads for new drugs.[84] Using insights gleaned from data, Novartis hopes that it will become possible to develop new drugs 'in silico' – using software, rather than from advances in labs. Similarly, GSK have recently established a £10 million AI lab at King's Cross, where its scientists and data specialists are collaborating on applications of AI with scientists from the Francis Crick and Alan Turing Institutes, as well tech giant Nvidia.[85]

Devices and the Medical Internet of Things

The Internet of Things (IoT) describes the network of sensors, actuators, wearables and other devices that can connect and exchange information over the Internet. The promise of the IoT is that by connecting more devices to the network, insights and operational efficiencies can be created in managing supply chains, generating energy and running public infrastructure.

Within life sciences, the growth of IoT offers particular opportunities for medical technology firms, as one key application of the IoT is embedding smart sensors into medical devices - enabling the remote capturing and monitoring of patient data. Bayer's Betaconnect autoinjector, for instance, pairs with users' phones to enable their data to be shared with medical professionals.[86]

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[82]Life Science Tech, Vision 2019, Accenture. https://www.accenture.com/_acnmedia/109/Accenture-Life-Sciences-Tech-Vision-2019.pdf

[83] Biotechs harness AI in battle against Covid-19, Financial Times. https://www.ft.com/content/877b8752-6847-11ea-a6ac-9122541af204?desktop=true&segmentId=7c8f09b9-9b61-4fbb-9430-9208a9e233c8

[84] The data42 program shows Novartis' intent to go big on data and digital, Novartis. https://www.novartis.com/stories/discovery/data42-program-shows-novartis-intent-go-big-data-and-digital

[85] Medicines giant GlaxoSmithKline launches £10 million Kings Cross artificial intelligence hub to find new cures, Evening Standard. https://www.standard.co.uk/business/glaxo-gsk-ai-machine-learning-kings-cross-a4538461.html

[86] Bayer wins FDA approval for MS electronic autoinjector and app, PM Live. http://www.pmlive.com/pharma_news/bayer_wins_fda_approval_for_ms_electronic_autoinjector_and_app_1195765

Applications of the medical IoT has the potential to create new revenue streams and transform med tech firms into service providers. Data collected by IoT devices could be used to monitor patients in real time, shape more personalised treatment programmes and enable predictive modelling of medical outcomes. However, it has also allowed non-traditional players to enter the sector. Many consumer wearables are now equipped with medical-grade sensors: Apple, for instance, was granted Grade 2 FDA approval in 2018 for its Apple Watch product, which can notify users and healthcare professionals if it detects an irregular heartbeat.[87]

1.1.2 Research and Development Challenges

While the fundamentals of the life sciences sector are extremely strong, the financial viability of investing in the development of new medicines is considerably challenging. Research and development activities in the sector are notoriously difficult, time-consuming and costly.

Over the last decade, pharmaceutical firms poured around $1.5 trillion into research and development.[88] Since 2010, however, Deloitte calculates that the average cost of developing a new drug has almost doubled to $2.2 billion, while the value of average forecast peak sales for a new treatment has more than halved. Consequently, expected return on investment from drug development has declined precipitously – falling from 10.1% in 2010, to just 1.8% in 2019.[89] Moreover, one third of the costs of developing a new drug are spent during the initial drug discovery phase, during which tens of thousands are molecules are screened, with only a small number ever making it to clinical trials.

The challenges with research and development are in part why firms are enthusiastically exploring applications of artificial intelligence in drug development, as well as bolstering their pipelines by acquiring other players. Moreover, it is causing pharmaceutical companies to rethink how they are structured and where they are located. The drive to become embedded in thriving life science ecosystems of academia and entrepreneurial companies is causing large pharmaceutical companies in particular, to question the wisdom of out-of-town campuses and instead set up shop in the leading life science hubs.

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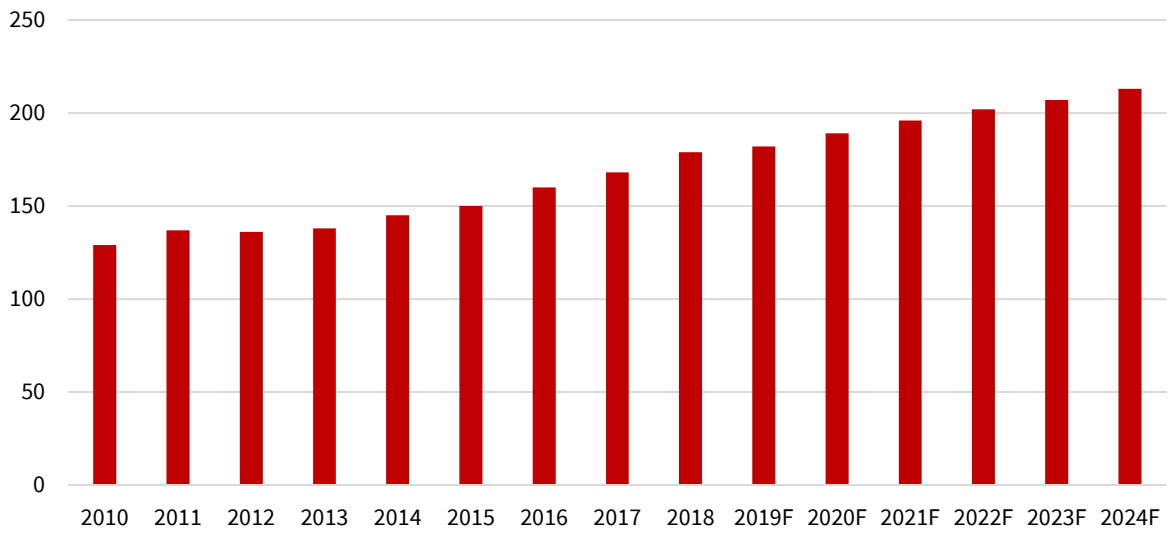
[87] ECG app and irregular heart rhythm notification available today on Apple Watch, Apple. https://www.apple.com/newsroom/2018/12/ecg-app-and-irregular-heart-rhythm-notification-available-today-on-apple-watch/

[88] Wold Preview 2019 to 2020, Evaluate Pharma. https://info.evaluate.com/rs/607-YGS-364/images/EvaluatePharma_World_Preview_2019.pdf

[89] Ten Years On: Measuring the Return from Pharmaceutical Innovation 2019. https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/life-sciences-health-care/deloitte-uk-ten-years-on-measuring-return-on-pharma-innovation-report-2019.pdf

Worldwide Total Pharmaceutical R&D Spend in 2010-2024, $bn



Source: Evaluate Pharma

1.1.3 Acquisitions, Partnerships and a Shifting Competitive Landscape

Technological advances and lower returns on research and development activities has spurred greater volumes of mergers and acquisitions in the life sciences sector. Around $1.6 trillion of mergers and acquisitions have taken place over the last decade, according to analysis by PharmaIntelligence.[90]

The momentum behind acquisitions will likely continue as larger groups look to make bets on emerging areas in cell and gene therapies, oncology and rare illnesses (see below). This was part of the rationale for the $74 billion merger of Bristol-Myers Squibb and Celgene in 2019 - Celgene had previously acquired Juno for $9 billion, a leader in cell therapies. Similarly, Roche acquired Spark Therapeutics, a specialist in gene therapy, at the end of 2019 for $4.4 billion.[91] UK-based Nightstar Therapeutics, a clinical-stage gene therapy company focused on treatments for inherited retinal disorders, was also acquired by Biogen for $877m in June 2019.[92]

Life sciences firms are not only looking to M&A as a route to expanding their pipelines or bolstering their competitive position, but also to augment their capabilities in emerging areas of technology. In 2019 alone, life sciences companies announced plans to acquire 37 technology companies. These deals included Thermo Fisher acquiring HighChem, a Slovakia-based developer of mass spectrometry software that analyses complex data and identifies small molecules and their

[90] A Decade of Biopharma M&A and Outlook for 2020, Pharma Intelligence. https://pharmaintelligence.informa.com/~/media/informa-shop-window/pharma/2020/files/whitepapers/ma-whitepaper.pdf
[91] A Decade of Biopharama M&A and Outlook for 2020, Pharma Intelligence. https://pharmaintelligence.informa.com/~/media/informa-shop-window/pharma/2020/files/whitepapers/ma-whitepaper.pdf
[92] Biogen closes $800m Nightstar Therapeutics acquisition, Pharmaceutical Technology. https://www.pharmaceutical-technology.com/news/biogen-nightstar-therapeutics-acquisition/

fragments. Elsewhere, Roche acquired Flatiron Health for $1.9 billion in 2018.[93] Flatiron Health specialises in using natural language processing, a form of artificial intelligence, to enable faster research into cancer treatments.[94]

Even if they're not acquiring other firms, many life sciences companies are establishing partnerships with technology specialists to enhance their capabilities. AstraZeneca and Novartis, for instance, both announced in 2019 that they were entering major partnerships BenevolentAI, a specialist technology firm that uses AI to help scientist identify new ways to treat diseases and personalise medicines.[95]

The convergence of fields

The increasing convergence of technology and life sciences is reshaping the sector. Not only are life sciences firms augmenting their technical capabilities, technology companies are expanding into life sciences. Verily Life Sciences, a subsidiary of Google's parent company, raised $1 billion in venture funding in 2019 – the largest ever single venture investment into a life sciences firm.[96] Google itself announced in 2019 that it was partnering with Sanofi to create a new innovation lab focused on personalised treatments.[97] Elsewhere, Microsoft and Novartis signed a multi-year collaboration agreement last year focused on applications of AI in healthcare.[98]

The growth of new sciences is also forcing life sciences firms to expand their stock of technical and digital talent. Novartis, for instance, now employs around 800 data scientists and bio-statisticians.[99] The competition for highly skilled talent, particularly in fields including statistical analysis, data science and software engineering, will also become more intense as life sciences firms and those from other sectors draw more intensely from the same technical talent pool.

Alongside this, the growth of new technology-led business models within life sciences have made the sector more attractive to venture and private equity investors. Consequently, flows of venture capital into start-up and scale-up firms have grown markedly in the last five years. In the UK alone, we estimate that more than $5.2 billion of venture funding was invested into life sciences firms between 2015 and 2020 – more than double the same figure for the five years prior.[100] Over time,

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[93] 2020 Global Life Sciences Outlook, Deloitte. https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Life-Sciences-Health-Care/gx-lshc-di-2020-global-life-sciences-outlook.pdf

[94] Roche to acquire Flatiron Health to accelerate industry-wide development and delivery of breakthrough medicines for patients with cancer, Roche. https://www.roche.com/media/releases/med-cor-2018-02-15.htm

[95] Intelligent Drug Discovery Powered by AI, Deloitte. https://www2.deloitte.com/content/dam/insights/us/articles/32961_intelligent-drug-discovery/DI_Intelligent-Drug-Discovery.pdf

[96] Alphabet's Life Sciences Tech Unit Verily Raises $1 billion from investors, Reuters. https://www.reuters.com/article/us-alphabet-verily-idUSKCN1OX1UJ

[97] Sanofi and Google to develop new healthcare Innovation Lab, Sanofi. https://www.sanofi.com/en/media-room/press-releases/2019/2019-06-18-07-00-00

[98] Novartis and Microsoft join forces to develop drugs using AI, Financial Times. https://www.ft.com/content/93e532ee-e3a5-11e9-b112-9624ec9edc59

[99] Novartis and Microsoft join forces to develop drugs using AI, Financial Times. https://www.ft.com/content/93e532ee-e3a5-11e9-b112-9624ec9edc59

[100] JLL analysis of data from CrunchBase. https://www.crunchbase.com/

increasing flows of investment into smaller firms may make it easier to develop and commercialise products independently of larger players – making it more difficult for larger firms to simply acquire innovation.

The upshot of all this is that the competitive environment for life sciences firms is becoming more complex and nuanced. The boundaries between technology and life sciences will continue to converge, redefining work processes and forcing life sciences businesses to augment their skills requirements. At the same time, growing levels of investment will support a more vibrant ecosystem of start-ups, scale-ups and smaller firms. Locations that are strong in both technology and life sciences and, moreover, can jointly harness those strengths, should be well positioned.

Partnerships between life sciences and technology firms

Life Sciences Company	Technology company	Partnership
AstraZeneca	ProtenQure	Multiyear collaboration to use quantum computing for drug discovery
BMS	Concerto HealthAI	Analysis of real-world oncology data to generate insights and real-world evidence
Gilead	Insitro	Use Insitro's platform for developing disease models for non-alcoholic steatohepatitis
Janssen	Iktos	Use Iktos's virtual design technology for discovery of small molecules
Merck	Iktos	Use Iktos's virtual design technology for discovery of small molecules
Novartis	Microsoft	Develop at AI innovation lab for personalised medicines
Pfizer	CytoReason	Standardisation and organisation of Pfizer's data for integration with the company's immune system model
Sanofi	Google	Develop an virtual innovation lab for analysis of real-world data

Source: Deloitte

1.2 Key areas of innovation

Three major areas of innovation and investment within life sciences currently are gene therapy, Immuno-oncology and oncology.

1.2.1 Gene Therapy

Large pharma companies will likely need to keep acquiring and making bets on cell and gene therapy companies.[101] According to Allied Market Research, the global gene therapy market valued at $584 million in 2016 and is estimated to reach $4.4 billion by 2023. Manufacturers are also preparing for growth in this market. In a flurry of M&A activity, manufacturers are expanding their gene therapy capability to drive the next major leg of industry growth.[102]

1.2.2 Immuno-oncology

Immuno-oncology line extensions are predicted to significantly contribute to growth. GlobalData estimates that the total immuno-oncology market will grow to $35 billion by 2024, up from $14 billion in 2019. Checkpoint inhibitors will drive the growth, growing from $10 billion in 2019 to $25 billion by 2024. The pipeline of immunotherapies is particularly active and includes almost 300 assets with 60 separate mechanisms being evaluated in Phase I or Phase II clinical trials, which is a significant jump from the four mechanisms in Phase III trials or under regulatory review. These immunotherapy trials are being conducted across 34 different tumour types, indication the broad-based application of this new approach to cancer treatment.[103]

1.2.3 Oncology

Despite its rapid growth, immuno-oncology is a fraction of the broader market for cancer drugs, which is expected to be worth $200 billion by 2022. According to the IQVIA Institute for Human Data Science, the U.S. market alone will reach $100 billion in 2020. By some estimates, 30 percent of the revenue growth in the pharma industry will come from oncology, and nine of the top 20 products will be oncology products[104]. Oncology is expected to remain the dominant therapy segment.

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[101] 2020 Global Life Sciences Outlook, Deloitte. https://www2.deloitte.com/global/en/pages/life-sciences-and-healthcare/articles/global-life-sciences-sector-outlook.html
[102] 2019 Life Sciences Outlook, JLL. https://www.jll.co.uk/en/trends-and-insights/research/2019-life-sciences-outlook-innovation-is-alive-and-well
[103] 2019 Life Sciences Outlook, JLL. https://www.jll.co.uk/en/trends-and-insights/research/2019-life-sciences-outlook-innovation-is-alive-and-well
[104] 2019 Life Sciences Outlook, JLL. https://www.jll.co.uk/en/trends-and-insights/research/2019-life-sciences-outlook-innovation-is-alive-and-well

Appendix 2: Benchmarking UK life sciences in a global context

The competitive position of life sciences in the UK is supported by a world-leading research landscape and science base. The UK government invests more in health research and development than any market in Europe[105] – a competitive strength that will be bolstered by the recent government commitment to boost overall R&D spending to 2.4% of GDP by 2027. Four of the world's top 20 universities for life sciences are located in the UK (Cambridge, Oxford, UCL and Imperial), while UK research accounts for almost a fifth of the top 1% of global life sciences academic citations.[106] Around 14% of UK university graduates study programmes in natural sciences, mathematics and statistics – approximately double the proportion in the United States, France and Italy.[107]

To assess the maturity of the UK's life sciences sector in a global context, we have provided a summary of the UK's competitive position across several metrics, including research and development spending; the value of pharmaceutical and medical technology exports; participation in global research studies; foreign direct investment into life sciences; and capital raised from life sciences Initial Public Offerings (IPOs).[108] This is important because it provides the framework within which the Cambridge life sciences sector sits.

2.1 Government spend on health research and development

The UK government spend on health R&D was $3.0bn in 2017, making the country second only to the US in health R&D spend among comparator countries. As shown in the table below, the UK spend was approximately double that of Germany and Japan.

Government spend on health research and development, 2017

	Spend ($m)
USA	33,710
UK	**3,034**
Germany	1,670
Japan	1,275
France	1,099
Spain	1,048
Italy	914

[105] Life Science Competitiveness Indicators, Office for Life Sciences. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811347/life-sciences-competitiveness-data-2019.pdf

[106] Life science Industrial Strategy Update, Office for Life Sciences. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/857348/Life_sciences_industrial_strategy_update.pdf

[107] Life Science Competitiveness Indicators, Office for Life Sciences. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811347/life-sciences-competitiveness-data-2019.pdf

[108] Unless otherwise stated, the data presented here is drawn from the Office for Life Sciences' 2019 Life Science Competitiveness Indicators report. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811347/life-sciences-competitiveness-data-2019.pdf

Netherlands	250
Sweden	79
Belgium	67
Ireland	53

2.2 Global exports

UK exports of pharmaceutical products had a value of $33.3bn in 2017. While this places the UK fifth amount comparator countries, it should be noted that the value of UK exports was less than half that of Germany in the same year. The value of UK pharmaceutical exports was also considerably lower than that of Switzerland, the United States and Belgium.

The UK also performs poorly in international comparisons of medical technology exports, with the total value of medical exports reaching just $4.0bn in 2017, around one tenth of the value of exports from the United States, and around a fifth of that of Germany.

While the UK is very strong in discovering new products, it is evidently much less so in developing and manufacturing them.

Global exports of pharmaceutical products by exporting country, 2017

	Exports ($m)
Germany	84,192
Switzerland	71,706
USA	46,936
Belgium	45,604
UK	**33,299**
Netherlands	38,806
Ireland	39,246
France	32,151
Italy	26,981
India	14,276
China	14,986
Singapore	10,123
Canada	6,337
Japan	4,955
Republic of Korea	3,210
Mexico	1,490
Brazil	1,326
Russia	738

Global exports of medical technology products by exporting country, 2017

	Exports ($m)
USA	33,352
Germany	20,864
Netherlands	12,422
China	11,094
Mexico	8,118
Belgium	7,696
Japan	6,830
Ireland	5,714
France	4,747
Singapore	4,486
Switzerland	4,229
UK	**4,029**
Italy	2,854
Republic of Korea	2,385
Canada	1,583
India	911
Brazil	187
Russia	147

2.3 Share of patients recruited to global studies

The UK share of patient recruited to global studies across all trial phases in 2017 was just under 3%, placing it behind only the United States, Germany and Spain among comparator countries. The United States, however, is far and away the global leader – accounting for one third of patients recruited to global studies.

Share of patients recruited to global studies (all trial phases), 2017

	%
USA	32.6
Germany	3.3
Spain	2.9
UK	**2.7**
Canada	2.6
France	1.9
Italy	1.5
Netherlands	1.4
Australia	1.1
Switzerland	0.2

2.4 Life sciences foreign direct investment

The value of life sciences foreign direct investment into the UK reached £1.1 billion in 2018 – behind only the US, China and Ireland and up by more than a third on the previous year. Total life sciences foreign direct investment in the UK in 2018 was also three times the level recorded in 2014.

Life sciences foreign direct investment - capital expenditure

	Expenditure ($m)
USA	3,254
China	2,852
Ireland	1,764
UK	**1,107**
India	521
Germany	540
Switzerland	188
France	939
Canada	664
Republic of Korea	305
Australia	94
Japan	277
Italy	120
Russia	116
Sweden	6

4.1.5 Global life science Initial Public Offerings (IPOs)

The UK had two life sciences IPOs in 2018, equating to a 1% of the global life sciences IPOs. This is a comparable share to Germany, Japan and Switzerland. The United States had the largest share of life sciences IPOs in 2018, with 40%, followed by China, with around 19%. The relatively poor position of the UK and other European countries in this table should be a matter of concern for the industry as it is access to the deep pools of funding provided by the public equity markets that facilities a company to achieve scale.

Share of global life science Initial Public Offerings (IPOs) in 2018

	Global share of number of life sciences IPOs
USA	40%
China	19%
Republic of Korea	9%
Canada	6%
Sweden	4%
Australia	4%
India	4%
Nordic countries	3%
France	2%
Singapore	2%
Germany	1%

Japan	1%
Switzerland	1%
UK	**1%**

Appendix 3: Cambridge University Health Partners Life Sciences Vision

While the CPCA Life Sciences strategy work was being undertaken, Cambridge University Health Partners (CUHP) has also developed a vision for the future success of the life sciences sector in Cambridge. Although viewing the subject through a different lens, the approach to developing the sector and delivering the vision is consistent with the strategy set out in this document. The CUHP paper is included here for reference.

Life Sciences Cambridge

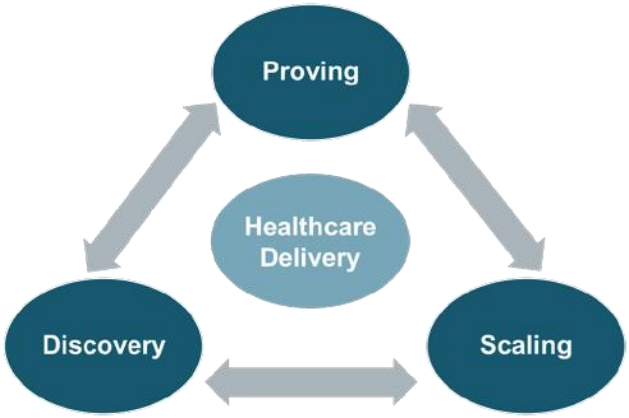
THE WORLD BEYOND 2030

- The **burden of global disease** has been shifted by forces of climate change, urbanisation and globalisation, increasing the value placed on science and innovation
- Healthcare is **personalized** and delivered through hybrid digital and physical **community based provider networks** with a focus on **prevention and early diagnosis**
- **Socioeconomic inequality and ageing populations** lead to increased pressures on public services and funding
- **Technology, digitalisation, data and artificial intelligence** have increased productivity across every sector
- **Digital and physical connectivity** facilitate knowledge transfers between sectors and places, resulting in increasingly complex systems and economies
- **Flexible and remote working** have become the norm, with individuals choosing when to work and where to live based on attractiveness and assets

OUR VISION

Accelerating the cycle of discovering, proving and scaling healthcare innovations to improve lives

- **Improving lives** by reducing the global burden of disease and disability with our local population at the centre
- **Discovery** powered by the *Knowledge Engine*, delivering breakthrough insights into the underlying mechanisms of disease, novel treatments and improved systems for care delivery
- **Proving the value of discoveries from Cambridge and beyond** in real world populations and health systems using integrated health, social and economic data
- **Scaling** breakthrough life science discoveries through the parallel development of versatile commercial models to deliver impact at pace



HOW WE WILL BE DISTINCTIVE

A concentration of exceptional expertise and experience with the culture, infrastructure and systems in place for collaboration and pace

- **Critical mass of research talent** in the key disciplines of the future with flexible career paths that encourage movement between academia, industry and funders
- **Concentration of companies** across different sectors and stages bringing global perspective and commercial skills
- **Intellectual entrepreneurialism and freedom of thought** to take risks and pursue novel directions
- **Proximity and physical co-location** of expertise across delivery, discovery and commercialisation
- Access to and ability to use integrated **high quality health, genomic, biological, social and economic data** including on local stable research ready population
- National and **global links** stretching beyond the personal making Cambridge as the gateway to global talent, knowledge and scale of data
- Access to **funding and facilities** that are appropriate to and support discovering, proving and scale up in a flexible manner with sharing of core technology

OUR PROPOSITION TO CORE STAKEHOLDERS

Ability to deliver globally differentiated and impactful outcomes in a place they want to be

- Local population: **world class personalised healthcare**, **jobs** in life sciences of every kind, **great place to live and work** that celebrates diversity
- Researchers, clinicians and professionals: ability work at **leading edge of science and care** with opportunities for flexible career paths and competitive remuneration
- Entrepreneurs: access to funding, expertise, talent, shared resources and **ability to rapidly prove** value; integrating discovery expertise with commercial operations
- Health and care providers: **local integration; commercial partnerships; and a population dataset** that enables value based care delivery and innovative treatments
- Research funders and investors: discoveries that **deliver impact sooner** in the real world; a growth mindset rooted in improving lives and valuing commercial skillsets

- Technology / life science companies: access to **ideas that cross boundaries**, a place where employees want to be that provides opportunities to rapidly test new concepts
- Developers / commercial agents: development of facilities in **full partnership** with focus on maximising long term benefit for all
- Local and national government: enhanced **UK global reputation and competitiveness**, through research business opportunities facilitated throughout the UK

HOW WE WILL JUDGE OUR SUCCESS

Translating our Vision to measurable outcomes that demonstrate our competitiveness not just in outcomes but in speed of obtaining them

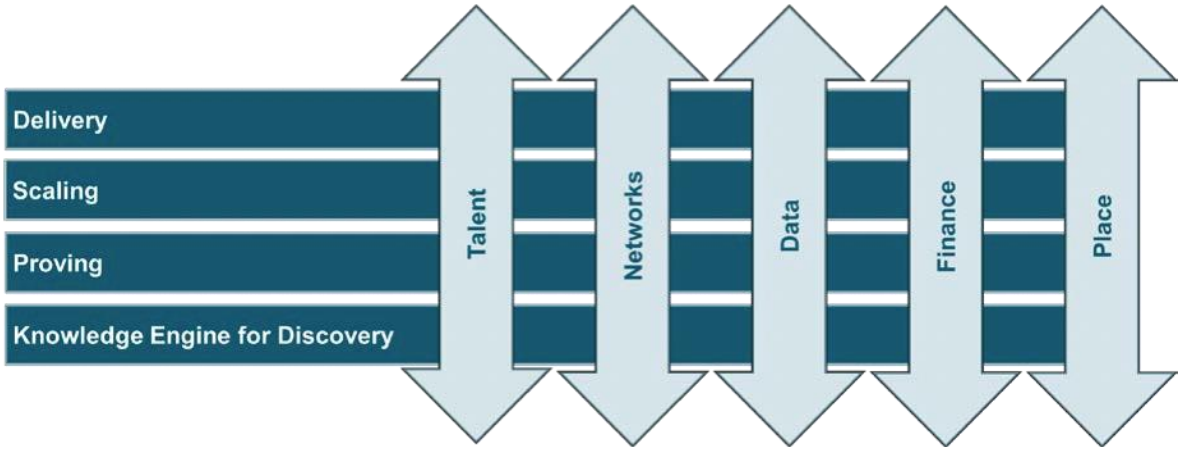
- **Improving lives**: Health status of our local population, number of treatments attracting national and global patients, number of patients treated with innovative / novel / pre-launch treatments
- **Discovering**: Patent files and high quality publications, number of breakthrough discoveries, conversion of patents to innovation or commercial success
- **Proving**: Enquiries run on key data assets, number of innovations being tested or trialled within healthcare providers, speed of proving impact
- **Scaling**: Time to market, funding available, size of IPOs **WHAT CAMBRIDGE WILL HAVE TO DO TO GET THERE**

  Addressing the gaps and continuing to improve the underlying five pillars (talent, networks, data, finance and place) that underpin the knowledge engine and scaling up resultant discoveries

  To deliver on this value proposition, compared with where we are today, Cambridge needs to:

• Continue to foster and develop the **culture** and **skills** required for discovery and beyond

- — Adapt to post-COVID-19 balance of remote versus co-located working
- — Commit to support specialisms beyond traditional life science knowledge engine – to include data, AI, machine learning, commercialisation
- — Create a culture that expects talent to move between and work across different institutions, take risk, value diversity and drive impact from discoveries
- — Have a competitive attitude towards remuneration



• Evolve our **mechanisms and supporting capabilities for partnerships** internally and externally to

- — Create the agile delivery model for formation of virtual and physical institutions around specific problems
- — Identify and develop core shared infrastructure and assets
- — Develop our Integrated Care System and Primary Care Networks in a way that optimizes care and facilitates discovery, proving and scaling of innovations
- — Create the standard legal and commercial arrangements that facilitate collaboration, the sharing of data and the co-development of IP
- — Connect talent within and across the cluster via networks and partnerships capitalising on the unique 'college' approach to interacting, working and living
- — Develop our common front door, concierge for researchers, industry or investors coming to Cambridge and work collectively on external promotion

• Put responsibly sourced, stewarded, robust and reliable **data** to work by

- — Using it explicitly to improve delivery of care, fuel discovery by connecting and data to drive health innovation and discovery
- — Identifying the highest value opportunities for further investment in creation, enrichment and combination of high quality data
- — Laying the groundwork for long term 'digital mimic' of the population; and the health system
- — Forming links and access arrangements to global data sources to expand power of insights

• Facilitate access to **finance** and funding mechanisms to empower public and private sector endeavours

- — Collaborate and invest in actively seek out and attract funding
- — Fill the gaps in current funding proposition e.g., cross over investors
- — Refine, report and promote the value proposition

• Develop our **place** via physical infrastructure to

- — Allow for the types of research and collaborations which are necessary providing flexible space to accommodate needs at different stages and fast tracking priority developments
- — Create fit-for-the-future healthcare facilities which support innovative models of care
- — Ensure local clusters are exemplars, with effective and sustainable long term transport solutions and infrastructure to support productive and liveable communities

THE ROLE OF THE CAMBRIDGE BIOMEDICAL CAMPUS (CBC) WITHIN THIS VISION

A compelling place to deliver world class healthcare facilitating breakthrough discoveries and a rapid pathway to global impact

Within the Cambridge cluster, the CBC will be the innovation district distinguished by the colocation of health and care delivery with research institutions and industry that benefit from this proximity

- Vibrant healthcare delivery is at the heart of any successful life science cluster. Access to patients, those that treat them and live with them and generate a deep understanding their needs is crucial for discovery, scale up and proof. In turn research and continuous service improvement benefits patient care.
- Given the current concentration of services Cambridge will continue to make CBC the healthcare campus for the region for public health, primary, mental health, private facilities and specialist care
- Physical proximity facilitates collaboration, exchange of ideas and a common sense of understanding and purpose. Therefore collocating the research and industry that benefits from collaboration with healthcare delivery and each other will be the priority including

- — Flexible facilities for disease themed teams or companies looking to conduct research, prove and scale up healthcare innovations
- — Dedicated collaboration space to enable the exchange of tacit knowledge and informal collaboration
- — University or foundations focusing on healthcare improvement research
- — Permanent disease / condition based research institutions
- — Additional commercial life science company headquarters both pre and post IPO

• Particularly in a modern age with options for virtual working, the CBC also has to attract talent by creating attractive work environments that are easy to access while also providing leisure and support facilities.

Appendix 4 – One-page CPCA Life Sciences Sector strategy summary

Cambridge and Peterborough Combined Authority Life Sciences Strategy

JLL

Summary of Recommendations

Cambridge has a long and proud history at the cutting edge of life sciences research and is the leading cluster outside London. Growth to date has arguably been through "constructive chaos", which has served the sector well. However, the cluster has reached a level of maturity where that approach may no longer be appropriate and Cambridge plays a crucial role within the UK Life Sciences sector, but has grown more slowly than other clusters in recent years. Hence it is important, recognising the role it plays, and value add it provides nationally, that there is continued support and investment from Government to ensure Cambridge continues to remain competitive'

Theme	Strengths & Weaknesses	Observations	Recommended Actions
Building the Financial & Management Capacity for Growth	Strengths: -start-up base and support system -funding for early stage companies Weaknesses -Series C+ funding -Few companies of scale -Lack of commercial leadership talent	To better support the life sciences ecosystem, the Combined Authority must prioritise policies that help firms to scale, rather than simply be acquired early in their life cycle and subsumed into a parent company.	• Establish a new £1 billion Life Sciences Innovation Fund • Lead on the drive to improve UK public equity markets for life sciences companies • Create a "Future Leaders Programme" to build commercial management skills of the sector • Support the development of a culture that aspires to scale
Building Network Capacity for Growth	Strengths: -multiple established networks -experienced entrepreneurs Weaknesses: -inefficient and confusing networks -lack of single voice to speak to govt and inward investment	Policies should be adopted that help coordinate networks and interactions with external parties..	• Develop a coordinating body for the strategic initiatives and appoint a "Life Sciences Strategy Director" to drive implementation • Support the establishment of a single agency to promote Cambridge around the UK and internationally • Leverage the OxCam Arc, the UK Innovation Corridor (linking King's Cross to Cambridge) and the Golden Triangle
Building Talent & Skills Capacity for Growth	Strengths: -top graduate and post doctoral talent -Existing high employment pool of 20,000+ Weaknesses: -Shortage of people with technical skills, especially in the convergence of AI and life sciences, seen as a key differentiator for the Cambridge industry	Work with education providers in the area to further develop education and training programmes and align with industry needs. University of Peterborough presents opportunity to create new scientific and technical degrees aligned with needs of areas life sciences businesses.	• Create new technical education programmes to support skills required by life sciences firms • Support for alternative routes into life sciences employment • Create new programmes to upskill in the tech life science convergence • Improve the diversity and inclusion of the sector
Building Physical Capacity for Growth	Strengths: -Well established and substantial specialist provision of space for life science companies Weaknesses: -Need for additional capacity - esp. grow on -Need to address transport & housing issues	Ensure planning policies make provision for facilities to enable growth of the sector. Coordination between the Combined Authority and Cambridge City Council/South Cambs District Council should be undertaken to expand out the existing Cambridge and South Cambs sites.	• Implement life science employment growth within site areas currently consented for new buildings but stalled • Densify life science employment within currently consented sites • Intensity life science employment within current buildings by encouraging firms from other sectors to relocate to alternative parks • Expand life science employment through new planning applications within and adjacent to established areas

Appendix 5

Cambridge and Peterborough Combined Authority Life Sciences Strategy

Summary of Recommendations

Cambridge has a long and proud history at the cutting edge of life sciences research and is the leading cluster outside the US. Growth to date has arguably been through "constructive chaos" , which has served the sector well. However, the cluster has reached a level of maturity where that approach may no longer be appropriate and Cambridge plays a crucial role within the UK Life Science sector, but has grown more slowly than other clusters in recent years. Hence it is important, recognising the role it plays, and value add it provides nationally, that there is continued support and investment from Government to ensure Cambridge continues to remain competitive' .

Theme	Strengths & Weaknesses	Observations	Recommended Actions
Building the Financial & Management Capacity for Growth	Strengths: -start-up base and support system -funding for early stage companies Weaknesses -Series C+ funding -Few companies of scale -Lack of commercial leadership talent	To better support the life sciences ecosystem, the Combined Authority must prioritise policies that help firms to scale, rather than simply be acquired early in their life cycle and subsumed into a parent company.	• Establish a new £1 billion Life Sciences Innovation Fund • Lead on the drive to improve UK public equity markets for life sciences companies • Create a "Future Leaders Programme" to build commercial management skills of the sector • Support the development of a culture that aspires to scale
Building Network Capacity for Growth	Strengths: -multiple established networks -experienced entrepreneurs Weaknesses: -inefficient and confusing networks -lack of single voice to speak to govt and inward investment	Policies should be adopted that help coordinate networks and interactions with external parties..	• Develop a coordinating body for the strategic initiatives and appoint a "Life Sciences Strategy Director" to drive implementation • Support the establishment of a single agency to promote Cambridge around the UK and internationally • Leverage the Ox-Cam Arc, the UK Innovation Corridor (linking King's Cross to Cambridge) and the Golden Triangle
Building Talent & Skills Capacity for Growth	Strengths: -top graduate and post doctoral talent -Existing high employment pool of 20,000+ Weaknesses: -Shortage of people with technical skills, especially in the convergence of AI and life sciences, seen as a key differentiator for the Cambridge industry	Work with education providers in the area to further develop education and training programmes and align with industry needs. University of Peterborough presents opportunity to create new scientific and technical degrees aligned with needs of areas life sciences businesses.	• Create new technical education programmes to support skills required by life sciences firms • Support for alternative routes into life sciences employment • Create new programmes to upskill in the tech- life science convergence • Improve the diversity and inclusion of the sector
Building Physical Capacity for Growth	Strengths: -Well established and substantial specialist provision of space for life science companies Weaknesses: -Need for additional capacity- esp. grow on -Need to address transport & housing issues	Ensure planning policies make provision for facilities to enable growth of the sector. Coordination between the Combined Authority and Cambridge City Council/South Cambs District Council should be undertaken to expand out the existing Cambridge and South Cambs sites.	• Implement life science employment growth within site areas currently consented for new buildings but stalled • Densify life science employment within currently consented sites • Intensity life science employment within current buildings by encouraging firms from other sectors to relocate to alternative parks • Expand life science employment through new planning applications within and adjacent to established areas

Appendix 6

Digital Sector Strategy April 2021 Update

	Key questions	Key answers	Key interventions
To the CPCA Digital Sector	How can the CPCA Digital Sector continue to access high-quality, diverse talent?	Collaborate on high-quality digital training for young people and teachers, and reskilling for adults. Develop a region-wide culture of employer engagement in education.	-Digital businesses to engage with existing STEM skills development and career guidance programmes.
	How can Digital Sector businesses innovate and grow in a post-Covid CPCA?	Much of CPCA's success in innovation is based on its culture of networking. Access to networking is essential for idea-sharing, inspiration, customer acquisition, hiring and encouraging investment.	-When social distancing guidance relaxes, digital businesses to engage in large-scale networking activities that promote knowledge transfer and customer acquisition, e.g. Cambridge Tech Week.
To CPCA	Is CPCA digital infrastructure fit to deliver a world-class digital sector? Is the digital infrastructure fit for a post-Covid world?	CPCA must guarantee internationally competitive networks that combine the speed and security needed to work from home. Covid-19 has changed the use of telecommunications networks, and while they have coped they are not yet world-class. High Performance Computing (HPC) resource is in high demand and an area in which CPCA is lacking.	-Target 1GB/s broadband speeds across the region by 2022. -Prevent any future housing or infrastructure project to take place without the installation of ultra-fast internet connectivity. -Commit to an HPC Roadmap to retain CPCA's primacy in fields such as supercomputing and AI.
	How can CPCA produce high-quality, diverse talent that meets the needs of the digital sector?	Ensure high-quality digital training for young people and teachers, and reskilling for adults. Develop a region-wide culture of employer engagement in education. Attract talent into the region with affordable housing and high quality local amenities.	-Ensure high quality digital education and training opportunities, ranging from digital literacy, advanced programming skills up to doctorates, as well as reskilling programmes, are available and accessible for young people, teachers and adults throughout the region.
	How can a thriving, local digital sector enable a prosperous community across the whole of CPCA?	A thriving digital sector has complex supply chain demands that can be met by local businesses, if potential customers are aware.	-Fund opportunities for digital businesses to meet local suppliers through face-to-face networking and intra-regional programmes, e.g. Cambridge Tech Week.
	How can CPCA become the best place to start and grow a digital business?	Starting and growing a business requires an idea, talent, space, finance, suppliers, customers - to name a few! Such things are present in the region to a degree, but CPCA needs to improve signposting, access and quality.	-Develop high-quality, supportive business premises across the region for start-ups. -Establish a CPCA Digital Innovation Fund with a particular focus on convergence activities and businesses setting up outside of Cambridge. -Increase the visibility and accessibility of financial information throughout the region.
	How can the digital sector deliver good jobs and greater earning power for more CPCA citizens?	While the digital sector grows, other industries are also digitalizing their processes. Encouraging the adoption of digital technologies in key sectors for CPCA such as life sciences, manufacturing and agriculture will increase the number of skilled jobs in the region.	-Establish Leadership Councils for Technology in Manufacturing, Logistics and Agriculture. -Establish "Launchpads" (sector-specific business premises) for the development and trial of digital technologies in key sectors. -Fund high-impact networking and knowledge transfer activities between the digital sector and industry, e.g. Cambridge Tech Week. -Expand on projects such as "Digital Manufacturing on a Shoestring" which support the uptake of digital manufacturing among SMEs.
To the UK Government	How can the UK Government apply CPCA's strengths to its goals of becoming an innovative economy?	The City of Cambridge is the most innovative city in the UK, producing almost three times the number of patent applications per capita than any other city. The UK Government must support CPCA in promoting this attractive brand overseas.	-The UK Government must position the CPCA brand as a global innovation powerhouse to encourage inward investment by technology companies into the country.
	How can the UK Government capitalize on CPCA's strengths in digital to meet the Grand Challenges?	The UK Government must look to CPCA for leadership on Artificial Intelligence. The City of Cambridge is already home to the world's foremost Artificial Intelligence departments – Amazon, Microsoft, Samsung - as well as innovative AI start-ups.	-Coordinate the energies of the public and private sector to cement CPCA as a global centre of expertise in Artificial Intelligence.

THE BUSINESS BOARD

Agenda Item No: 3.2

Local Enterprise Partnership Review

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Director of Business & Skills, John T Hill
Key decision:	No
Recommendations:	The Business Board is recommended to:

(a) Note the Terms of Reference for the Local Enterprise Partnership Review that were cleared by the Minister for Small Business and the Secretary of State for Business, Energy and Industrial Strategy;

(b) Note the Chief Officer of the Business Board's interpretation of the potential options the Terms of Reference provide for Review outcomes; and

(c) Note the potential implications of the Local Enterprise Partnership Review on the form and function of the Business Board.

1. Purpose

1.1 To appraise Business Board members of the potential implications of the Local Enterprise Partnership (LEP) Review.

2 Background

2.1 The Government has announced a review of the LEPs to consider their form, function and geographies going forward. The Terms of Reference for the LEP Review have been approved by Paul Scully, Minister for Small Business, as well as the BEIS Secretary of State.

2.2 The Chief Officer of the Business Board has been actively monitoring the development of the Terms of Reference and sentiment around the scope and potential/desired outcomes, amongst Government officials and LEPs.

2.3 The Government has stated that “it is central government policy change, not LEP performance, that is the key driver of the review”. In particular, the policy change that contributed to the triggering of the Review was the transfer from LEPs to local authorities of the delegated role of administration of local growth investment; previously through the LGF and now through the Levelling Up Fund (LUF) and Communities Renewal Fund (CRF).

2.4 This leaves LEPs with a significantly diminished function (mainly business support through the Growth Hubs), but also leaves the Government without a mechanism to effectively connect the “voice of business” into decisions now made on local recovery, renewal and growth investment. Hence, the review will need to provide solutions as to:

(i) Whether to enhance the BEIS funded business support function (the review is described as a BEIS Review) to significantly increase its impacts in recovery and regrowth.

(ii) How to connect the business voice back into LUF, CRF and the future UK Shared Prosperity Fund decision making.

3 Officer Analysis of the LEP Review Terms of Reference

3.1 The Government set out a commitment in the March 2021 Budget to work with local businesses on the evolution of LEPs to ensure local businesses have clear representation and support in their area. This will also include consideration of LEP form, function and geographies. The Terms of Reference are included in Appendix 1.

3.2 Some key statements include:

3.2.1 “Government intends to build future institutions by evolving from existing LEPs rather than starting from scratch”.

Chief Officer Analysis:
This potentially enables options to reform current LEPs as independent legal entities, or merge them into other organisations, such as combined authorities, county councils or chambers.

3.2.2 “Evolved LEPs will be even more business-led whilst continuing to ensure strong engagement with local authorities in their area”.

Chief Officer Analysis:
This potentially enables options to solve the “democratic deficit” that has concerned some Local Authorities, unhappy with the 2017 Reform that reduced the political member proportion of seats on LEP boards. One solution to this, is a structure like that of the CPCA Business Board, that gives businesses full control of LEP boards, but with ratification by elected Members. This could work for counties and combined authorities.

3.2.3 “Evolved LEPs will focus on the long-tail of low productivity, helping SMEs to grow and to export whilst attracting inward investment to into their regions. Better aligning business support services with skills, innovation, net zero, trade and export support”.

Chief Officer Analysis:
This potentially enables, BEIS in particular, to extend the business support functions of LEPs.

3.2.4 “Evolved LEPs might have influence over future investment decisions”.

Chief Officer Analysis:
This potentially enables options for the reconnection of the business voice to CRF Lead Authorities, such as counties and MCAs. It might also lead to those authorities being delegated Lead Authority status for LUF should LEPs be integrated into them, in a manner that solves the “democratic deficit”.

3.2.5 “What form do the evolved institutions need to take? This will include consideration of what the future accountability and governance framework will need to contain, perhaps within a national framework. It will also consider how these institutions could work alongside MCAs”.

Chief Officer Analysis:
This potentially enables options for LEPs to merge into MCAs – something the CPCA has successfully achieved. There is potential for the CPCA to be put forward as a model for this.

3.2.6 “It will consider the balance between central and local ownership and constraints on reform given many LEPs’ have company status”.

Chief Officer Analysis:
This potentially enables options to transfer ownership of the LEP Network from central government to local government, through merger with local authorities, necessitating removal of the independent status of LEPs as Companies Limited by Guarantee - a status required of them in the 2017 Review.

3.2.7 “Departmental ownership: LEPs are currently managed by the Cities and Local Growth Unit spanning MHCLG and BEIS. Given the change of emphasis brought about by policy change, consideration will be given to which government department should sponsor and support evolved LEPs”.

Chief Officer Analysis:
This potentially enables the option for transfer of LEPs to BEIS. The review is described as a BEIS Review and the functions remaining with LEPs are substantially business advisory support (Growth Hub) funded through BEIS, now that their role in MHCLG local investment administration has been transferred to Local Authorities.

3.2.8 Geography: At what spatial scale should these institutions operate? This will include consideration of the most effective size and number of institutions, drawing from the existing 38 LEPs and their regional groupings, with potentially more strategic institutions over wider geographies, and without overlaps, taking account of the importance of functional economic areas”.

Chief Officer Analysis:
This potentially enables the option of merging multiple LEPs into single larger LEPs over larger strategic areas, such as in the OxCam Arc.

3.2.9 “Representation: How can we make sure that the membership truly represents the full array of business interests, retaining and attracting the best talent? This will include consideration of the composition and breadth of business membership, including SMEs and sectoral diversity. It will look specifically at how we can attract more young, entrepreneurial and diverse business leaders, as well as the important role FE/HE and Social Enterprise play”.

Chief Officer Analysis:
This potentially enables options, should the Local Authorities be substantially removed from LEP/Business Boards, to broaden business involvement in specific and more inclusive ways.

3.2.10 “Relationship with Local Government: Both LEPs and Local Government value their current relationships and are keen for these to remain impactful and relevant. With the change of remit and intent to increase business focus, we will need to consider the future relationship with Local Government, including on boards and how accountability will work”.

Chief Officer Analysis:
This potentially enables options for structures similar to that of the CPCA, where an independent business voice consisting of boards substantially made up of business representatives, are free to propose strategy, but with decisions and recommendations being ratified by a higher Board made up of democratically elected representatives.

3.2.11 “People implications: The review will ensure that proper and sensitive account is taken of the implications for those employed in LEPs. It will also consider implications for executive teams and how to retain the support from c1500 business leaders currently engaged in LEP Boards and Sub Boards”.

Chief Officer Analysis:
This potentially enables options to be put in place to manage the potential impacts on existing LEP board members, as well as the TUPE implications on staff.

3.2.12 “Funding: What level of funding do the evolved LEPs require? This will include consideration of how institutions should be funded going forward. This will also look at how skills and business support funding will flow in future”.

Chief Officer Analysis:
This potentially enables options for further resources to fund the evolved functions recommended by the Review, especially around skills and business support.

4 Proposed Engagement

4.1 “*Engagement with LEPs by the Review team will include consultation with Mayors, LEP Board Chairs and Chief Executives between March and June, as well as visits to selected LEPs.”*

Chief Officer Analysis:
This enables the CPCA to engage and request a special visit to explore the benefits of our models for governance within an MCA structure and delivery of a higher impact business support service to potentially replace and enhance Growth Hubs more widely.

5 Implications and Impacts

5.1 Reduction of Business Board influence on local strategic investment.

5.1.1 LEPs more generally, have already lost their access to dedicated strategic funding, via the Local Growth Fund and EU funding. The LUF and CRF that replace them are now centrally allocated to local authorities direct, through competitions favouring prioritised local areas. In this respect, LEPs in general no longer have direct influence over local strategic investment decisions.

5.1.2 In the case of the Business Board, and due to the Combined Authority's status as a "Lead Authority" for the CRF, it can still provide input into local decision making, and, subject to the Combined Authority Board approval, will be integrated into the process for the selection of bids to go forward into national CRF competitions.

5.1.3 CPCA Lead Authority status does not extend to the LUF, and a change in MHCLG policy would be required to enable this. However, there is a sound argument to be put forward through the LEP Review, as to the value added to LUF decision making, by MCAs with Business Boards. Such a model brings to bear the political and strategic economic convening role of Combined Authorities, together with the political mandate of Mayors and the business voice of a Business Board.

5.2 Retention of a Coterminous Business Board Boundary with the CPCA

5.2.1 There is the potential through the Review to reconsider the most effective size and number of LEPs and their regional groupings, with the potential to create more strategic bodies presiding over wider geographies and functional economic areas. In line with this, and in relation to Government's announcement of the formation of a single OxCam Growth Body, consideration will be given to whether the CPCA Business Board should be merged into a larger OxCam Business Board.

5.2.2 Currently the OxCam Arc consists of three OxCam Growth Boards, each with their own LEP. It is envisaged that these three Growth Boards will form part of the governance structure for the single Growth Body. Hence, there is the potential for the Business Board to remain part of the CPCA. A joint position on this is expected to develop through the three Growth Board Chairs.

Significant Implications

6 Financial Implications

6.1 The LEP review is likely to be the underpinning work for the future funding landscape of the Business Board however it is too early in the process to establish any detailed financial implications.

7 Legal Implications

7.1 None

8. Other Significant Implications

8.1 It is possible that the LEP Review might recommend the Business Board be transferred into another body or merged with other LEPs into a joint body.

8 Appendices

8.1 Appendix 1 – Local Enterprise Partnership Review Terms of Reference

9 Background Papers

9.1 None

Terms of Reference – Evolving the form, functions and geographies of Local Enterprise Partnerships to respond to changes in Central Government policy.

Overview

1. The government set out a commitment at the March 2021 Budget to work with local businesses and Local Enterprise Partnerships (LEPs) on the evolution of LEPs:

   "We will also be working with local businesses on the future role of Local Enterprise Partnerships. We want to ensure local businesses have clear representation and support in their area, in order to drive the recovery. We will work with Local Enterprise Partnerships over the coming months, with a view to announcing more detailed plans ahead of summer recess. This will also include consideration of Local Enterprise Partnerships' geographies."

2. Government has determined its policy to entrust Local Authorities with the responsibility to bid directly for allocations from the Levelling Up Fund, the UK Community Renewal Fund and the Community Ownership Fund and for subsequent delivery.
3. This will be a government-led review into the role of LEPs going forward, supported by engagement with businesses, and in particular a programme of conversations with the LEP Network. We will work with LEPs, local businesses and others between now and the Summer to consider the form, functions and geographies required for evolved LEPs to best support productivity and growth going forward.
4. The performance of LEPs and the LEP network since the Strengthened LEPs Review of 2018 has progressed significantly, formally assessed twice through the Annual Performance Process.
5. The contribution of LEPs during the pandemic, notably in business intelligence, Ministerial Roundtables, skills support leveraging the involvement of FE/HE, through the Growth Hub network, from delivery of Growth Deal 3 programmes and the rapid turnaround of bids for the Getting Building Fund has been acknowledged by Ministers. It is therefore policy change, not LEP performance, that is the key driver of the review.
6. These terms of reference set out the scope of the review, questions to resolve, governance of and planned engagement between government officials and stakeholders.

Aim

7. To come to a detailed resolution by the Summer, to inform advice to Ministers and the Spending Review, on how to evolve LEPs to best support and represent businesses in places.

Starting assumptions

8. Local Authorities will have decision-making and delivery responsibilities for local growth capital funding, taking this over from LEPs. This does not necessarily preclude a future role for LEPs in shaping and influencing local growth funding processes pending the outcome of this review.
9. LEPs will retain responsibility and accountability for current Local Growth Fund, Getting Building Fund projects and the funds allocated.

10. Government wants to build on the strategic influencing role LEPs have played, and have a strong role for business leaders driving the local growth agenda in their areas.
11. Government intends to build future institutions by evolving from existing LEPs rather than starting from scratch.
12. Evolved LEPs will be even more business-led whilst continuing to ensure strong engagement with local authorities in their area.

Questions to consider

First tranche:

13. **Objectives:** What is the purpose of evolved LEPs and how can they effectively support and represent local businesses? This will include consideration of how institutions could address the long-tail of low productivity, help SMEs to grow and to export and to attract high value inward investment to our regions.
14. **Functions**: What functions will the evolved LEPs need to provide to effectively fulfil the objectives? This will include consideration of how we better align business support services with skills, innovation, net zero, trade and export support in places, recent institutional effectiveness and overseas comparators. It will also look at how best to harness LEPs' strategic influence across these themes and what influence they might have over future investment decisions. It will also look at how to make these functions even more business-led and shaped, and what role business should play in advising Local and National Government.
15. **Form:** What form do the evolved institutions need to take? This will include consideration of what the future accountability and governance framework will need to contain – perhaps within a national framework – that replaces the existing assurance frameworks. It will also consider how these institutions could work alongside MCAs – currently many LEPs are intertwined in MCAs where they exist. It will consider the balance between central and local ownership and constraints on reform given many LEPs have company status. The role of the LEP Network in this new model will also be considered to ensure continuity of the relevant key elements of the MoU between the Network and CLGU.
16. **Departmental ownership:** LEPs are currently managed by the Cities and Local Growth Unit spanning MHCLG and BEIS. Given the change of emphasis brought about by policy change, consideration will be given to which government department should sponsor and support evolved LEPs.
17. **Geography:** At what spatial scale should these institutions operate? This will include consideration of the most effective size and number of institutions, drawing from the existing 38 LEPs and their regional groupings, with potentially more strategic institutions over wider geographies, and without overlaps, taking account of the importance of functional economic areas.

Second tranche (to address once the first tranche have been considered):

18. **Representation:** How can we make sure that the membership truly represents the full array of business interests, retaining and attracting the best talent? This will include consideration of the composition and breadth of business membership, including SMEs and sectoral diversity. It will look specifically at how we can attract more young, entrepreneurial and diverse business leaders, as well as the important role FE/HE and Social Enterprise play.

19. **Relationship with Local Government:** Both LEPs and Local Government value their current relationships and are keen for these to remain impactful and relevant. With the change of remit and intent to increase business focus, we will need to consider the future relationship with Local Government, including on boards and how accountability will work.
20. **People implications:** The review will ensure that proper and sensitive account is taken of the implications for those employed in LEPs. It will also consider implications for executive teams and how to retain the support from c1500 business leaders currently engaged in LEP Boards and Sub Boards.
21. **Funding:** What level of funding do the evolved LEPs require? This will include consideration of how institutions should be funded going forward. This will also look at how skills and business support funding will flow in future.
22. **Implementation**: How do we best transition from the current model to this future structure? This will include people, legal and operational considerations in implementing this new model, how to deal with in flight capital projects etc.

Proposed engagement

23. Officials will work with Local Enterprise Partnerships, other business representative organisations, Mayoral Combined Authorities and others to hear views on these questions.
24. This will include a series of themed discussions with the LEP Network Board Chairs and Chief Executives between April and June alongside regular informal discussion with the LEP Network and visits to selected LEPs. The LEP Network Chair will lead this series of meetings for the LEP community, supported by the LEP Network Board Chairs and CEOs who will also provide subject matter leads and expertise.

Governance

25. This will be a government-led review into the future role of LEPs.
26. As outlined above, advice to ministers will be informed by a joint project between Government officials and LEPs to consider the questions outlined in this Terms of Reference, as well as engagement with other business organisations.
27. The lead minister for the review will be Minister Scully.

Output

28. Ministers expect to set out their future proposals by the Summer and we then expect a new operating model to be in place, at least in part, by financial year 2022/23.

THE BUSINESS BOARD

Agenda Item No: 3.3

Business Board Nomination to the Greater Cambridge Partnership Executive Board

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Director of Business & Skills, John T Hill
Key decision:	No
Recommendations:	The Business Board is recommended to:

(a) Nominate Austen Adams, as the Chair of the Business Board, to be a non-voting co-opted member of the Greater Cambridge Partnership Executive Board;

(b) Nominate Dr Andy Williams as the Business Board's substitute member of the Greater Cambridge Partnership Executive Board;

(c) Note that the nominations at (a) and (b) above are subject to approval by the Greater Cambridge Partnership Executive Board;

(d) Note that the Greater Cambridge Partnership will be asked to consider putting in place an arrangement to allow the substitute member to routinely attend Executive Board meetings in an informal non-voting capacity; and

(e) Note that a further report will be brought to the Business Board on the issue of Business Board nominations to the Greater Cambridge Partnership Joint Assembly.

1. Purpose

1.1 To invite the Business Board to nominate Austen Adams, as the Chair of the Business Board, to be a non-voting co-opted member of the Greater Cambridge Partnership (GCP) Executive Board, and for Dr Andy Williams to be nominated as the substitute member.

2 Background

2.1 The former Greater Cambridge Greater Peterborough Local Enterprise Partnership (GCGP LEP) had nomination rights to the Executive Board of the GCP. The current representative for business on the Executive Board was appointed on an interim basis while the former LEP was being reconstituted as the Business Board.

2.2 The GCP have confirmed in correspondence that the Business Board may ask the Executive Board to replace the current business representative, who is not a member of the Business Board, by way of further nomination.

2.3 On 19th October 2020, an extraordinary Business Board meeting was convened, where the Business Board unanimously approved the following recommendations:

a) Nominate the Chair of the Business Board to be a non-voting co-opted member of the GCP Executive Board;

b) Note that the Chair of the Business Board will be co-opting Dr Andy Williams of AstraZeneca as a non-voting member of the Business Board; and

c) Propose to the GCP that it invite Dr Andy Williams to join the GCP Executive Board as a second non-voting member from the Business Board.

2.4 This was followed up at the GCP Executive Board meeting held on 10th December 2020, where the following decisions were made:

a) Ask the Business Board to reconsider this matter and make a nomination that is consistent with the GCP Executive Board's Standing Orders and Terms of Reference (as summarised in paragraph 4.4 of the report); and

b) Confirm that, subject to the above, it will consider whether it wishes to use the discretion available to the Chairperson and voting members (as summarised in paragraph 4.5 of the report) to allow both the Business Board nominee and the substitute member to attend the GCP Executive Board, should the case be made to do so.

2.5 The Chief Executive of the GCP wrote to the Chair of the Business Board on 11th January 2021, conveying the decisions made at the meeting on 10th December 2020.

2.6 Dr Andy Williams was until recently an active member of the GCP Joint Assembly. To retain his expertise and input, it is proposed to take up the suggestion that the GCP Executive Board be invited to consider whether both the Business Board's nominee and substitute should be allowed to routinely attend the meetings of the Executive Board.

2.7 The Business Board is being asked to formally approve the nomination to enable the GCP to approve this request at the next Executive Board meeting on 1st July 2021.

2.8 The Business Board has the right to nominate three representatives to the Joint Assembly, and the GCP Chief Executive has asked the Business Board to whether it proposes any change to the business representatives on the GCP's Joint Assembly. A report will be

brought to the next meeting of the Business Board regarding its representatives on the Joint Assembly.

Significant Implications

3 Financial Implications

3.1 None.

4 Legal Implications

4.1 None.

5 Appendices

5.1 None

6 Background Papers

6.1 Nomination to the Greater Cambridge Partnership Executive Board (Agenda Item 1.2, Business Board meeting on 19th October 2020
https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/2011/Committee/69/SelectedTab/Documents/Default.aspx

THE BUSINESS BOARD

Agenda Item No: 3.4

Format of Business Board Meetings

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Deputy Monitoring Officer, Rochelle Tapping
Key decision:	No

Recommendations:

The Business Board is invited to:

(a) Consider and comment on the recommendation from the Audit and Governance Committee, 'that there should be a presumption that meetings of the Business Board are carried out in public (unless otherwise determined by the Chair)'; and

(b) Recommend the preferred format of Business Board meetings to the Combined Authority.

1. Purpose

1.1 On 5th March 2021, the Audit and Governance Committee considered the draft revised Local Assurance Framework. During that meeting, the Committee expressed concern that meetings of the Business Board were held in private and requested that the Business Board made recommendations to address this concern.

2. Background

2.1 The Audit and Governance Committee considered the revised Assurance Framework on 5th March 2021. The minutes of that meeting record the following:

> Committee members raised concerns around the open and transparent nature of the Business Board. Members felt there was a conflict between the Nolan Principles outlined within the Assurance Framework and the statement that all meetings of the Business Board would be private, except for the Annual General Meeting and other

meetings as the Chair deemed necessary.

The Committee were advised that there was no requirement within the National Assurance Framework to have the Business Board meetings held in public. The degree of openness was thus a decision for the CA Board, as the accountable body. The Committee were strongly of the opinion that the Combined Authority's policy of openness, in line with the Nolan Principles, should apply equally to the Business Board. The presumption should be that the Business Board would hold meetings in public, except where the Chair deemed there were reasons of confidentiality not to do so.

2.2 The committee resolved to:

(a) Recommended to the CA Board that the word 'not' be removed at point 4.1.7 of the Assurance Framework to read: 4.1.7: All other meetings of the Business Board shall be open to the public unless determined otherwise by the Chair.

2.3 On 24th March 2021, the Combined Authority considered the revised draft Local Assurance Framework, as recommended by the Audit and Governance Committee. In order to facilitate the decision of the committee detailed at 2.2 above, the Business Board would first need to consider and agree to the proposed change, prior to implementation by the Combined Authority. In consequence, the Combined Authority resolved to:

(f) Refer the recommendation of the Audit and Governance Committee, 'that there should be a presumption that meetings of the Business Board are carried out in public (unless otherwise determined by the Chair)', to the Business Board for comment and consideration.

2.4 The complete reference from the Assurance Framework, including the proposed amendment associated with the recommendation at 2.2 above is outlined in the Appendix. The Business Board is asked to consider and comment upon the presumption expressed by the Audit and Governance Committee and recommend the preferred format for future meetings of the Business Board to the Combined Authority.

Significant Implications

3 Financial Implications

3.1 None

4 Legal Implications

4.1 The National Assurance Framework sets out requirements for all Local Enterprise Partnerships (LEPs). In relation to meetings, the only requirement is for the Annual General Meeting of the Business Board to be in public. There is no requirement for all meetings of the Business Board to be held in public.

4.2 Any further revision to the Assurance Framework would need to be sent to the Ministry of Housing, Communities and Local Government for approval. The revised draft of the

Assurance Framework, presented to the Business Board at its extraordinary meeting on 3rd March 2021, is yet to signed off.

5 Other Significant Implications

5.1 None

6 Appendices

6.1 Appendix 1 – Proposed Amendment to the Assurance Framework

7 Background Papers

7.1 Audit and Governance Meeting paper 5th March 2021

7.2 Audit and Governance Committee Meeting Minutes 5th March 2021

7.3 CA Board Minutes March 2021

Appendix 1 – Proposed Amendment to the Assurance Framework

Reference from the Assurance Framework with proposed amendment as a tracked change (removal in strikethrough):

4.1.7 All other meetings of the Business Board shall ~~not~~ be open to the public unless determined otherwise by the Chair. This enables commercially confidential items to be discussed and for open and frank exchanges of information and views to be expressed that might not otherwise be expressed in an open forum. This forms an important element within the Combined Authority governance arrangements.

THE BUSINESS BOARD

Agenda Item No: 3.5

Business Advisory Panel Update

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Director of Business & Skills, John T Hill
Key decision:	No
Recommendations:	The Business Board is recommended to:

Approve the proposed changes to the Business Advisory Panel's Terms of Reference, including changes to its membership and functions, as detailed in Appendix 1.

1. Purpose

1.1 To seek the Business Board's approval for the proposed reconfiguration of the Business Advisory Panel's (BAP) membership and associated revisions to its Terms of Reference, to ensure the BAP continues to deliver effective support to the Business Board.

2 Background

2.1 The BAP's original Terms of Reference were approved by the Business Board at its meeting on 22nd July 2019. The BAP was set up as an opportunity to feed in the views of the wider business community, through connectivity with the local divisions of national business organisations, such as the Federation of Small Businesses (FSB), Institute of Directors (IoD), Confederation of British Industry (CBI) and Chambers of Commerce (CoC), as well as place-based organisations, such as Opportunity Peterborough (OP) and Cambridge Ahead (CA).

2.2 The initial meetings were relatively successful, although the Business Board was keen to develop the BAPs role and interface into Business Board meetings over the course of 2020. However, as a result of Covid-19, meetings were suspended in February 2020 on the basis

that the BAP role was subsumed into the operations of the Covid-19 Local Economic Recovery Sub-Group (ERSG).

2.3 The ERSG has been instrumental in connecting CPCA officers, local authority officers and leaders from all local business organisations into a regular (fortnightly) forum, able to share insight on economic and sectorial impacts, and to collaboratively co-create an Economic Recovery Strategy for Cambridgeshire and Peterborough.

2.4 The combination of participants and practical outcomes focus of this new group has delivered effective results that the Business Board had envisaged from the BAP.

2.5 On this basis, CPCA officers have proposed that the BAP be reconfigured into the same membership as ERSG (including both business organisations and Local Authority officers) to replicate the more dynamic and powerful role the ERSG has been able to deliver throughout the Covid-19 pandemic. This would enable the BAP to deliver greater value and support to the CPCA Business Board in a manner that is closer to the design and operating model of the ERSG.

2.6 Additionally, the Terms of Reference have been further amended to ensure the BAP provide a link into the OxCam structures for the Business Board, bringing insight to the Business Board on what ideas are evolving from within the OxCam development initiatives and transmitting out into the OxCam the Business Boards ‘business voice’ on the development of ideas. This will allow the BAP to provide reports to the Business Board on OxCam activity and providing recommendations on various Oxcam initiatives, into the OxCam North Growth board, via the Business Board.

2.7 Furthermore, CPCA officers have sought the view of local Department for Business, Energy and Industrial Strategy colleagues, who are supportive of the proposed BAP membership reconfiguration, and agree that as the landscape evolves, it is sensible to consider how best the Business Board maintains strong relationships with all its stakeholders, including changes to ensure the BAP remains an effective mechanism and bolsters the Business Board’s ability to provide coordinated responses to the Government on behalf of the whole area.

2.8 As we emerge from Covid-19, CPCA officers will reconvene BAP meetings from July 2021, in synchronisation with the schedule for Business Board meetings.

Significant Implications

3 Financial Implications

3.1 None

4 Legal Implications

4.1 None

5 Other Significant Implications

5.1 None

6 Appendices

6.1 Appendix 1 – Revised Business Advisory Panel Terms of Reference

7 Background Papers

7.1 Business Advisory Panel Update – July 2019 (Agenda Item 1.5, Business Board meeting on 22nd July 2019): https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/872/Committee/69/SelectedTab/Documents/Default.aspx

Terms of Reference of the CPCA Business Advisory Panel (Updated May 2021)

Functions

The Business Advisory Panel will fulfil the following functions:

- A consultative business group, representative of the business community and local authorities, to inform the Business Board, CA and partners on the issues, needs and opportunities facing the Combined Authority Area's Business community.

- To consider and review local strategy and provide practical business feedback and guidance via the Business Board on prioritisation, development, and effective implementation.

- To provide a link into the OxCam structures for the business board, bringing insight to the Business Board on what ideas are evolving from within the OxCam development initiatives and transmitting out into the OxCam the business boards 'business voice' on the development of ideas.

- To provide reports to the Business Board on OxCam activity and also providing recommendations on various Oxcam initiatives, into the OxCam North Growth board, via the Business Board.

Business Advisory Panel Membership and Composition

The membership of the Business Advisory Panel should be representative of the Combined Authority's business community and consists of representatives of local business groups and local authorities in the area.

Membership of the Business Advisory Panel will be by invitation through key business groups.

Business Advisory Panel meetings will take place bi-monthly with dates set at the start of each year. Daytime meetings will typically last for 2.5 hours given the breadth of issues to be considered. The format will typically be a presentation on one or two key topic areas and discussion followed by agreed follow up actions. Where appropriate, briefing papers will be provided 5 days in advance of meetings to allow members to gain an understanding of the issues to be debated.

Business Advisory Panel Member Representation

Business organisations will be requested to identify and agree the representatives they wish to put forward to be Panel members.

To ensure attendance levels remain consistent at BAP Meetings, deputy representatives are encouraged who may attend subsequent meetings if the main representative is unable to do so. Other observers and guest speaker can be invited to attend when considered appropriate by a simple majority of members.

The Chair and Vice Chair have been agreed by the Panel. Panel Members and Chair will be subject to formal approval of the Combined Authority Business Board.
The Panel will report into the Business Board.

Membership

Membership of the Panel will be kept under review, and additional members can be suggested by existing members and the Business Board and agreed by a simple majority. Membership of the Business Advisory Panel will consist of the following, with a representative to be nominated from each organisation:

- Cambridgeshire & Peterborough Combined Authority
- Cambridgeshire Chamber of Commerce
- Federation of Small Businesses
- Confederation of British Industry
- Cambridge Ahead
- Cambridge Network
- Institute of Directors
- Make UK
- UKTI Export Champion & Apprenticeship Ambassador
- Allia Business Centres
- NFU
- Cambridgeshire County Council
- Cambridge City Council
- Peterborough City Council
- Opportunity Peterborough
- Greater Cambridge Partnership
- South Cambridgeshire District Council
- East Cambridgeshire District Council
- Huntingdonshire District Council
- Fenland District Council

Bilateral flow of information

The Business Board and Business Advisory Panel will work together to exchange updates, information and market intelligence bilaterally. To provide insight for the Business Board on matters that either restrict or increase the growth of SME's in the Combined Authority area, that would enable the Business Board to better meet the objectives laid out in local strategy.

The Business Advisory Panel can amplify information from the Combined Authority and The Business Board to their members. Conversely, the Business Advisory

Panel can relay information back to the Business Board on the issues, needs and opportunities facing the Business community in the Combined Authority area. Where possible, an evidence base should be provided to demonstrate the importance of these topics to the Business Board.
In situations where the Business Advisory Panel wish to make a specific and actionable recommendation to the Business Board, these recommendations should also be supported by evidence-based feedback/research from an appropriate proportion of their membership audience. This, in turn, will strengthen these recommendations.

THE BUSINESS BOARD

Agenda Item No: 3.6

Business & Market Engagement Update

To:	Business Board
Meeting Date:	12 May 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Business and Market Engagement Officer, Ed Colman
Key decision:	No
Recommendations:	The Business Board is recommended to:

(a) Note the update on recent Business and Market Engagement activity; and

(b) Note the forward plan of communications activity for the Business Board.

1. Purpose

1.1 The purpose of this report is to give Business Board Members an update on planned, ongoing and past communications activity.

2. Background

2.1 This update provides a summary of communications work completed between March and April, while looking ahead to opportunities up until the end of June. The update also identifies planned opportunities for Business Board members to play a more visible role in Business Board communications through a series of project visits following the end of the pre-election period and the mayoral election.

3. Communications Strategy

3.1 In March 2021, the Business Board endorsed the Communications Strategy presented by the Business and Market Engagement Officer, who has started to enact the activity within the strategy in partnership with the wider Combined Authority Communications Team.

3.2 To date, four opinion pieces have been published by members of the Business Board, a new tagging system has been implemented on the website and arrangements are being made for a series of business visits following the mayoral election on May 6th 2021.

3.3 It was agreed the strategy would be treated as a live document and continually reviewed and updated to reflect the Business Board's priorities and workstreams. An updated version of the strategy, including a breakdown of what has been delivered since the strategy's adoption in March, will be included in the Business and Market Engagement Update to be presented to the Business Board in July 2021.

4. Communications Activity – March – May 2021

4.1. Appendix 1 of this report details communications outputs from March 2021 up 30th April 2021. During this period, advice was followed from the legal team to ensure activity remained compliant with the pre-election period.

4.2. Some of the notable highlights include:

(a) Growth Works Capital Grants: High level communications to celebrate the award of £2.025 million in Grants to 32 businesses, which will create 321 jobs and £11.184m in capital expenditure. This was followed up by three case studies to show grants were awarded across the region and across industry sectors.

(b) Local Growth Fund Interactive Maps: Two interactive maps have been built and are now live on the Combined Authority's website. The first map shows where investments have been made across the region and their forecast outputs, while the second shows this on a district basis. Following the pre-election period, we will launch a campaign to raise awareness of LGF grants, utilising these maps and content from business visits.

(c) Growth Works Skills Portal: The launch of the Growth Works with Skills digital talent platform to help employers, learners and workers across the region. Targeted communications to each audience to encourage them to register for the portal.

(d) Community Renewal Fund (CRF): Targeted communications to businesses to explain what the CRF is, followed up two webinars for prospective applicants. The first was to provide an overview of the CRF and its eligibility criteria and the second was to facilitate co-working between prospective applicants.

(e) Growth Hub Peer Networks: Communications to highlight the positive impact of the Growth Hub's Peer Networks Programme. We produced three detailed case studies from business leaders that completed the course, which have been used in our press release, on social media and will be used to market the second cohort of the Peer Networks.

5. Planned Activities: May 2021 – July 2021

5.1. Appendix 2 of this report provides a summary of the future opportunities to raise the profile of the Business Board, Business and Skills directorate and our future interventions.

5.2. Some of the notable plans include:

(a) Local Economic Recovery Strategy (LERS): A series of infographics, short videos and social media graphics to demonstrate why the LERS is important to learners, leaders and workers across the region.

(b) Business Board Interactive Annual Report: Production Bureau Ltd have been commissioned to design and build the interactive 2020/21 annual report for the Business Board. In late May, Business Board Members will be invited to help shape the dashboard which will also contain case studies and the 2021/22 delivery plan.

(c) Business Board Interactive Map: Building on the Local Growth Fund Maps, we want to build an interactive digital map underpinned by case studies to show all Business Board investments across all projects. This will also include future and past scroll, so the user can see planned interventions in the LERS and LIS as well.

(d) Local Growth Fund Case Studies: Business Board Members have been asked for the types and location of businesses they would be interested in visiting. Working with colleagues in our Growth Funds Team, we are currently finalising the arrangements for these visits.

(e) COVID-19 Capital Grant Scheme: This campaign was initially planned for April but was delayed due to the pre-election period. We have a series of case studies with business who received grants and a series of social media animations to highlight the success of the campaign.

Significant Implications

6. Financial Implications

6.1 There are no direct financial implications arising from the report.

7. Legal Implications

7.1 There are no direct legal implications arising from the report.

8. Other Significant Implications

8.1 There are no other significant implications arising from the report.

9. Appendices

9.1. Appendix 1 - Business Board Communications Report (March 2021 – May 2021)

9.2. Appendix 2 - Business Board Communications Forward Plan (May 2021 – July 2021)

10. Background Papers

10.1 None

Date	Project	Key Messages	Communications Activity
March 2021	Business Board Co-opted Members	Business Board Members agree to appoint both Mike Herd of The Alpha Group and Dr Andy Williams of Astra Zeneca.	Press release, social media posts and uploading on bios for both co-opted Members to the Combined Authority website.
March 2021	Growth Works Inward Investment Alpha Vet Technology Cambridge Global HQ	Alpha Vet Technology, who already have a global team spanning across Australia, Switzerland and the United States, will be creating a global HQ and 18 new jobs in the region.	Press release, social media posts and interviews with the Managing Director of Alpha Vet Technology, Steve Donegal.
March	Local Economic Recovery Strategy	The Business Board, the region's Local Enterprise Partnership, have approved an updated version of the Local Economic Recovery Strategy (LERS) for Cambridgeshire & Peterborough. How the context of the LERS has changed.	Press release, targeted email to partners and stakeholders, social media posts and the design of digital content on the LERS to go live in May.
March 2021	Growth Works with Skills Digital Portal	A new digital talent platform has been launched by Growth Works with Skills to help employers, learners and workers across the Cambridgeshire and Peterborough region.	Press release, targeted emails to each audience category with bespoke calls to action, social media posts.

April 2021	MidLife MOT Campaign	Our midlife MOT is free online support to encourage people in their 50s and 60s to make more active planning in the key areas of work, wellbeing and money.	Targeted comms aimed at both employees and employers, encouraging individuals to take up our support and employers to better support their employees.
April 2021	Community Renewal Fund	Raising awareness of and then facilitating co-working amongst potential bidders for the UK Community Renewal Fund.	Targeted email and two webinars.
April 2021	Growth Works Grants	Growth Works have awarded £2.025 million in Grants to 32 businesses, leading to 321 jobs and £11.184 million in capital expenditure.	Press release followed by three detailed case study features.
April 2021	Peer Networks	Business leaders share their experiences from our first round of Peer Networks and encourage their peers to sign up for our second cohort.	Social media posts, marketing emails and a press release centred on three detailed case studies from our first cohort.

Appendix 2 - Business Board Communications Forward Plan (May 2021 – July 2021)

Date	Project	Key Messages	Communications Activity
May 2021	Local Economic Recovery Strategy	Refreshed version of the LERS published, this gives us an opportunity to show how the Business Board will use the report to help stimulate the region's recovery.	Infographics to raise awareness of the flagship interventions. Sector specific targeted communications to business leaders, could include Members within these areas.
May 2021	Growth Works Launch Webinar	Session for Growth Works to share how they intend to create over 5,000 new jobs, 1,400 new apprenticeships and generate significant inwards investment in the region over the next three years.	Webinar, follow up communications, monthly update emails and regular social media updates.
May 2021	COVID-19 Capital / Micro Grant Scheme	How much was paid out to how many companies, how many were jobs created and protected by the funding the Business Board allocated to these schemes.	Infographic and case studies to show the impact of both the Capital and Micro Grant Schemes. Business Board Members to visit businesses who received grants.
May 2021	Local Growth Fund Case Studies	The Business Board has funded a range of projects in and around Chatteris, this piece would highlight the impact they will have as individual projects and on regenerating the towns.	Press release, infographic, and video.

June 2021	Adoption of sector strategies and their importance	Our commitment to the industries where we are strongest and how we are supporting these core sectors.	Opportunity to work jointly with member organisations to highlight sector-specific Business Board projects.
July 2021	Business Board Digital Annual Report / Delivery Plan	Launch of the Business Board's digital interactive annual report and delivery plan	Launch of a bespoke online digital platform for the Business Board featuring interactive maps, case studies, videos infographics, strategy documents and an introduction BB Members and Officers.

THE BUSINESS BOARD

Business Board Forward Plan

Business Board Meeting – 12th May 2021							
	Report Title	Decision Maker	Decision Expected	Decision	Purpose	Report Author	Lead Member
1.	Minutes of the Meeting Held on 16th March 2021 and the Extraordinary Meeting Held on 4th March 2021	Business Board			To approve the minutes of the last meeting as a correct record.		
2.	Strategic Funding Management Review – May 2021	Combined Authority Board	30th June 2021		To monitor and review programme performance, evaluation, outcomes and risks.	*Steve Clarke, SRO LGF and Market Insight & Evaluation*	Chair
3.	Future Funding Strategy	Combined Authority Board	30th June 2021		To endorse the proposed future strategy for maximising funding and impacts from the Levelling-Up (LUF) and Communities Renewal Fund (CRF).	*John T Hill, Director, Business & Skills*	Chair
4.	Manufacturing & Materials Research & Development Centre Project Change Request and Revised Business Plan	Combined Authority Board	30th June 2021		To approve the project change request and revised Business Plan for the Manufacturing & Materials Research & Development Centre.	*Mahmood Foroughi, SRO Higher Education*	Chair
5.	Growth Works Management Review – May 2021	Combined Authority Board	30th June 2021		To monitor and review programme delivery and performance.	*Alan Downton, Interim Programme Manager, Nigel Parkinson, Growth Co Chair*	Chair

6.	Sector Strategies	Combined Authority Board	30th June 2021		To approve and adopt strategies for the Life Sciences, Advanced Manufacturing and Digital Sectors in Cambridgeshire & Peterborough.	*Steve Clarke, SRO LGF and Market Insight & Evaluation*	Chair
7.	Local Enterprise Partnership Review	Business Board			To update members on the latest position regarding the national LEP Review.	*John T Hill, Director, Business & Skills*	Chair
8.	Business Board Nomination to the Greater Cambridge Partnership Executive Board	Business Board			To confirm member nominations to represent the Business Board on the GCP Executive Board.	*Domenico Cirillo, Business Programmes & Business Board Manager*	Chair
9.	Format of Business Board meetings	Combined Authority Board	30th June 2021		To consider a recommendation from the Audit and Governance Committee on format of Business Board meetings.	*Rochelle Tapping, Deputy Monitoring Officer*	Chair
10.	Business Advisory Panel (BAP) Update	Business Board			To update members on the BAP and Terms of Reference reconfiguration.	*Domenico Cirillo, Business Programmes & Business Board Manager*	Chair
11.	Business & Market Engagement Update	Business Board			To update members on latest PR activity.	*Ed Colman, Business & Market Engagement Officer*	Chair

12.	Forward Plan	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 19th July 2021							
	Report Title	Decision Maker	Decision Expected	Decision	Purpose	Report Author	Lead Member
1.	Minutes of the Meeting Held on 12th May 2021	Business Board			To approve the minutes of the last meeting as a correct record.		
2.	Budget and Performance Report	Business Board			To provide an update and overview of MTFP funding lines within the Business & Skills Directorate.	*Vanessa Ainsworth, Finance Manager*	Chair
3.	Strategic Funding Management Review – July 2021	Combined Authority Board	28th July 2021	Decision	To monitor and review programme performance, evaluation, outcomes and risks.	*Steve Clarke, SRO LGF and Market Insight & Evaluation*	Chair
4.	Growth Works – Inward Investment Service	Combined Authority Board	28th July 2021		To review opportunities for further funding for the Inward Investment service.	*Alan Downton, Interim Programme Manager*	Chair
5.	Agri-Tech Sector Strategy	Combined Authority Board	28th July 2021	Decision	To approve and adopt the strategy for the Agri-Tech Sector in Cambridgeshire & Peterborough.	*Steve Clarke, SRO LGF and Market Insight & Evaluation*	Chair

6.	Opportunities to develop the Greater South East Energy Hub	Combined Authority Board	28th July 2021		To note the accountable body and Business Plan for the Greater South East Energy Hub, including opportunities for a green supply chain and skills requirements.	*Alan Downton, Interim Programme Manager*	Chair
7.	Skills Strategy and Implementation Plan	Business Board			To note the CPCA Skills Strategy and Implementation Plan.	*Fliss Miller, SRO Workforce Skills*	Chair
8.	Combined Authority Implications of the LEP Review	Combined Authority Board	28th July 2021		To note the outcomes of Government's national LEP Review.	*John T Hill, Director, Business & Skills*	Chair
9.	Business Board Annual Report and Delivery Plan	Combined Authority Board	28th July 2021		To approve the Business Board Annual Report for 2020-21 and Annual Delivery Plan for 2021-22.	*Domenico Cirillo, Business Programmes & Business Board Manager*	Chair
10.	Business Board Performance Assessment Framework	Combined Authority Board	28th July 2021		To approve the outline framework for Business Board Performance Assessment.	*Domenico Cirillo, Business Programmes & Business Board Manager*	Chair
11.	Expenses and Allowances Scheme	Combined Authority Board	28th July 2021		To approve the updated Business Board Member Allowance Scheme.	*Rochelle Tapping, Deputy Monitoring Officer*	Chair
12.	Annual Performance Review (APR) Update	Combined Authority Board	28th July 2021		To update members on the outcomes of the end of year LEP Annual Performance Review for 2020/21.	*Domenico Cirillo, Business Programmes & Business Board Manager*	Chair

13.	Climate Change Commission Report Update	Business Board			To update members on the latest Climate Change Commission Report and Business Board response.	*Domenico Cirillo, Business Programmes & Business Board Manager*	Chair
14.	Business & Market Engagement Update	Business Board			To update members on latest PR activity.	*Ed Colman, Business & Market Engagement Officer*	Chair
15.	Forward Plan	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 14th September 2021							
	Report Title	Decision Maker	Decision Expected	Decision	Purpose	Report Author	Lead Member
1.	Minutes of the Meeting Held on 19th July 2021	Business Board			To approve the minutes of the last meeting as a correct record.		
2.	Budget and Performance Report	Business Board			To provide an update and overview of MTFP funding lines within the Business & Skills Directorate.	*Vanessa Ainsworth, Finance Manager*	Chair

3.	Strategic Funding Management Review – September 2021	Combined Authority Board	29th September 2021	Decision	To monitor and review programme performance, evaluation, outcomes and risks.	*Steve Clarke, SRO LGF and Market Insight & Evaluation*	Chair
4.	Growth Works Management Review – September 2021	Business Board			To monitor and review programme delivery and performance.	*Nigel Parkinson, Growth Co Chair*	Chair
5.	Enterprise Zones Programme Update	Combined Authority Board	29th September 2021		To provide members with an update on the Enterprise Zones Programme.	*Domenico Cirillo, Business Programmes & Business Board Manager*	Chair
6.	Business & Market Engagement Update	Business Board			To update members on latest PR activity.	*Ed Colman, Business & Market Engagement Officer*	Chair
7.	Forward Plan	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 9th November 2021 **(Public meeting)**							
	Report Title	Decision Maker	Decision Expected	Decision	Purpose	Report Author	Lead Member
1.	Minutes of the Meeting Held on 14th September 2021	Business Board			To approve the minutes of the last meeting as a correct record.		

2.	Budget and Performance Report	Business Board			To provide an update and overview of MTFP funding lines within the Business & Skills Directorate.	*Vanessa Ainsworth, Finance Manager*	Chair
3.	Strategic Funding Management Review – November 2021	Combined Authority Board	24th November 2021	Decision	To monitor and review programme performance, evaluation, outcomes and risks.	*Steve Clarke, SRO LGF and Market Insight & Evaluation*	Chair
4.	Business & Market Engagement Update	Business Board			To update members on latest PR activity.	*Ed Colman, Business & Market Engagement Officer*	Chair
5.	Forward Plan	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 11th January 2022							
	Report Title	Decision Maker	Decision Expected	Decision	Purpose	Report Author	Lead Member
1.	Minutes of the Meeting Held on 9th November 2021	Business Board			To approve the minutes of the last meeting as a correct record.		

2.	Budget and Performance Report	Business Board			To provide an update and overview of MTFP funding lines within the Business & Skills Directorate.	*Vanessa Ainsworth, Finance Manager*	Chair
3.	Strategic Funding Management Review – January 2022	Combined Authority Board	26th January 2022	Decision	To monitor and review programme performance, evaluation, outcomes and risks.	*Steve Clarke, SRO LGF and Market Insight & Evaluation*	Chair
4.	Growth Works Management Review – January 2022	Business Board			To monitor and review programme delivery and performance.	*Nigel Parkinson, Growth Co Chair*	Chair
5.	Business & Market Engagement Update	Business Board			To update members on latest PR activity.	*Ed Colman, Business & Market Engagement Officer*	Chair
6.	Forward Plan	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 15th March 2022							
	Report Title	Decision Maker	Decision Expected	Decision	Purpose	Report Author	Lead Member
1.	Minutes of the Meeting Held on 11th January 2022	Business Board			To approve the minutes of the last meeting as a correct record.		

2.	Budget and Performance Report	Business Board			To provide an update and overview of MTFP funding lines within the Business & Skills Directorate.	*Vanessa Ainsworth, Finance Manager*	Chair
3.	Strategic Funding Management Review – March 2022	Combined Authority Board	30th March 2022	Decision	To monitor and review programme performance, evaluation, outcomes and risks.	*Steve Clarke, SRO LGF and Market Insight & Evaluation*	Chair
4.	Business & Market Engagement Update	Business Board			To update members on latest PR activity.	*Ed Colman, Business & Market Engagement Officer*	Chair
5.	Forward Plan	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 10th May 2022							
	Report Title	Decision Maker	Decision Expected	Decision	Purpose	Report Author	Lead Member
1.	Minutes of the Meeting Held on 15th March 2022	Business Board			To approve the minutes of the last meeting as a correct record.		

2.	Budget and Performance Report	Business Board			To provide an update and overview of MTFP funding lines within the Business & Skills Directorate.	*Vanessa Ainsworth, Finance Manager*	Chair
3.	Strategic Funding Management Review – May 2022	Combined Authority Board	25th May 2022	Decision	To monitor and review programme performance, evaluation, outcomes and risks.	*Steve Clarke, SRO LGF and Market Insight & Evaluation*	Chair
4.	Growth Works Management Review – May 2022	Business Board			To monitor and review programme delivery and performance.	*Nigel Parkinson, Growth Co Chair*	Chair
5.	Business & Market Engagement Update	Business Board			To update members on latest PR activity.	*Ed Colman, Business & Market Engagement Officer*	Chair
6.	Forward Plan	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	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?