



Business Board: Minutes

(Draft minutes published on 26th September 2022)

Date: 12th September 2022

Time: 2:30pm – 4:25pm

Present: Alex Plant (Chair), Andy Neely (Vice-Chair), Vic Annells, Tina Barsby, Belinda Clarke, Mike Herd, Faye Holland, Mayor Dr Nik Johnson, Aamir Khalid, Al Kingsley, Jason Mellad, Nitin Patel, Rebecca Stephens and Andy Williams

A minute's silence was observed in memory of Queen Elizabeth II.

100. Apologies for Absence and Declarations of Interest

Apologies for absence were received from Councillor Lewis Herbert.

Alex Plant declared a general non-statutory disclosable interest, as an employee of Anglian Water.

101. Minutes – 11th July 2022

While discussing the minutes of the meeting held on 11th July 2022, it was clarified that the second bullet point of Minute 89 (Budget and Performance Report) referred to the Chief Executive of the Combined Authority being invited to future Business Board meetings in an officer capacity, rather than as a member of the Business Board.

The minutes of the meeting held on 11th July 2022 were approved as a correct record.

The Business Board noted the Minutes Action Log.

102. Budget and Performance Report

The Business Board received the latest budget and performance report, which provided an update and overview of the revenue and capital funding lines within the Business and Skills directorate to 31st July 2022. Attention was drawn to the 2021-22 Growth Co underspend, which reflected slower than expected claims for grant payments managed by the GEG consortia through Growth Co, and the Section 73 Officer highlighted that the issues were being addressed as part of a detailed recovery plan.

While discussing the report, the Business Board:

- Sought assurances on whether the recovery plan for the Growth Co underspend was likely to succeed. Informing members that meetings were being held with the prime contractor, GEG, and its consortia around developing improvement plans and putting them into action, the Interim Associate Director for Business emphasised that the underspend was predominantly due to the slow defrayal of European Regional Development Fund (ERDF) grants despite a large pipeline of projects awaiting funding. A revised claim was being prepared for submission to the Department for Levelling Up, Housing and Communities (DLUHC) to demonstrate an increase on spend, while a more detailed report on Growth Works would be presented to the Business Board at its meeting in November 2022. Establishing that grants needed to be spent and recorded by the end of December 2023, members highlighted the importance of monitoring the recovery plan's progress.
- Expressed concern that expenditure and delivery may not match previously approved capital budgets, leading to targets or outcomes potentially not being achieved, and sought clarification on whether funds could rollover to subsequent years. Acknowledging there had been significant slippage in the capital programme over the previous year, the Section 73 Officer informed members that the Combined Authority had recently set up a Performance and Risk Committee (PARC) to investigate and address such issues, which would provide feedback to the Business Board, where relevant. Noting that there was a close parallel between current delivery performance reporting and financial performance reporting, he emphasised that objectives were being achieved, despite a lag in spending, and the forthcoming budget setting process and development of the Medium Term Financial Plan (MFTP) would include profiling of budgets and expenditure to address such issues.
- Queried whether capital underspend was a widespread problem or whether it was unique to the funds overseen by the Business Board, and the Section 73 Officer confirmed that similar issues had been experienced by constituent councils and other comparable local authorities.
- Sought clarification on whether there was evidence of the ongoing changes to the wider economic circumstances, including reduced levels of cashflow, affecting the ability of companies to make expenditure that they would then be able to reclaim. The Section 73 Officer informed members that such an issue had not been identified, noting that problems related to cashflow were usually evidenced by a timelier submission of invoices.

It was resolved unanimously to:

Note the financial position as of 31st July 2022 relating to the revenue and capital funding lines within the Business & Skills Directorate.

103. Strategic Funds Management Review – September 2022

The Business Board received an update on strategic funding programmes and their progress to 31st July 2022, including the Local Growth Fund (LGF), Recycled LGF, the Community Renewal Fund (CRF), the Levelling Up Fund (LUF) and the UK Shared

Prosperity Fund (UKSPF). Attention was drawn to funding issues that had been identified on two projects that had received funding from the LGF or recycled LGF, including the South Fenland Enterprise Park project, as set out in paragraphs 4.1 to 4.6 of the report, and the MedTech Mega Factory project, as set out in paragraph 5.5 of the report.

The Interim Associate Director for Business informed members that since the report's publication, DLUHC had notified the Combined Authority of a new rural prosperity fund that would serve as an addendum of the UKSPF, and which would provide an additional £3.2m for East Cambridgeshire, Fenland, Huntingdonshire and South Cambridgeshire.

While discussing the report, the Business Board:

- Confirmed that although recycled LGF was required to be reallocated in line with the original criteria for LGF funding, there were no timeframes for such reallocation, and it was suggested that decisions on any reallocation could consider and promote the objectives of the Economic Growth Strategy.
- Observed a significant spike in actual job creation during June 2022 in the LGF Jobs Creation 2022 Monthly Performance table in Appendix 1 of the report, and the Interim Associate Director clarified that it mistakenly represented a quarterly figure that included April, May and June. Members subsequently expressed concern that the significant decrease in job creation compared to the first quarter had not been specifically reported, and emphasised that such fluctuations needed to be tracked and reported. Noting the variability in project reporting, the Interim Associate Director emphasised that cumulative job creation was the most important data to track in the long-term, and he confirmed that it continued to indicate progress in the right direction, although he acknowledged that a reduction in cumulative growth would need to be investigated.
- Clarified that the additional £3.2m announced for the rural districts was a total figure to be spent over the next two years, rather than a separate figure for each district. Noting that the additional funding had been unexpected, the Interim Associate Director informed members that it represented funding that the Department for Environment, Food and Rural Affairs (Defra) had previously managed for a European funding programme, and which the Government had committed to replacing or backfilling, along with all European funding that had been lost following the UK's withdrawal from the European Union.

It was resolved unanimously to:

Note all programme updates outlined in this paper.

104. Recycled Local Growth Fund Project Funding Awards

The Business Board received a report containing a grant request and project change request for two recycled LGF projects. Following a decision by the Business Board at its meeting in June 2022 to defer consideration of whether to grant funding to the Ramsey Food Hub project, subsequent investigations established that incorrect assumptions had been made by the external due diligence team, and therefore the proposed

allocation of funding had been revised to £1,158,525, as set out in paragraphs 2.6 to 2.9 of the report.

Following the MedTech Mega Factory project's failure to obtain the majority of its other funding, a project change request had been submitted for a reduction in recycled LGF from £2m to £1,321,100, in reflection of a reduction in the project's scope and change in its objectives. Combined Authority officers and the external due diligence team had both concluded that the change request should not be granted, as set out in paragraphs 2.12 and 2.13 of the report.

While discussing the grant request for the Ramsey Food Hub project, the Business Board:

- Queried why the external appraisers had made different assumptions and reached different conclusions with their original and subsequent scrutiny of the project. Noting that the initial consideration of applications had been carried out under tighter time constraints, the Interim Associate Director for Business acknowledged the importance of a robust appraisal process and informed members that the issue had been discussed with the external appraisers.
- Requested further details on the benefits that the project would provide to the local community. Emphasising that the project's high ranking was based on such strategic local benefits, the Interim Associate Director informed members that the produce feeding into the hub would be from local companies and farmers, while the employer was a local business, and he highlighted that the project formed part of a wider regeneration of the local community.
- Emphasised that in order to reduce inequality and promote sustainable growth, a wide variety of factors needed to be considered when making decisions, including economic, social, environmental and health impacts.

While discussing the project change request for the MedTech Mega Factory project, the Business Board:

- Observed that recommendation b) referred to a revised grant award of £1,321,100 for the project, whereas paragraph 2.12 of the report referred to an award of £1.2m. It was confirmed by the Interim Associate Director that the full grant request was for £1,321,100.
- Clarified that the project was considered to be a higher risk than when first considered by the Business Board, as its subsequent failure to obtain £10m funding from the Department for Business, Energy and Industrial Strategy (BEIS) was likely to make it more difficult to obtain an additional £3m of private sector investment. The Interim Associate Director also drew attention to the change in the project's scope and the challenges in achieving its outcomes.
- Suggested that the revised application could have scored differently in the initial consideration of applications, leading it to rank lower and not be allocated funding.
- Argued that failure to obtain funding from BEIS had removed the project's ability to leverage a significant amount of funding, and suggested that it would be preferable

to encourage a new application based on the scope and outcomes of the original project, rather than limit its impact through the proposed reductions. In noting the importance of promoting MedTech manufacturing in the UK, it was further argued that such a proposal should be based on an open invitation, rather than a specific offer to the original applicant.

It was resolved unanimously to:

- a) Recommend the Combined Authority Board approves the full grant request of £1,158,525 from the Recycled Local Growth Fund for the Ramsey Food Hub Project; and
- b) Recommend the Combined Authority Board rejects the change request submitted for a revised grant award of £1,321,100 for the MedTech Mega Factory project.

105. Sector Strategies Review

The Business Board received a report on the findings of a review of the four sector strategies for Cambridgeshire and Peterborough, which had been carried out by Metro Dynamics to identify key enablers and barriers to the strategies' implementation and delivery. The review had concluded that while most of the strategies' recommendations remained relevant and valid, their implementation had been challenging, with the barriers summarised in section 2.6 of the report, as well as Appendix 2. Three recommendations emerged from the review, including the appointment of Combined Authority Sector Champions, the creation of a Sector Reference Group, and the continued development of an integration plan that aligned with the Employment and Skills Strategy.

While discussing the report, the Business Board:

- Expressed concern over the lack of progress in the delivery and implementation of the strategies' recommendations, and suggested that greater resources and ownership of the strategies were required, alongside a review process. It was argued that it was not necessary for the Combined Authority to have ownership of the strategies' implementations, and members suggested that the Combined Authority therefore should not appoint individual Sector Champions, and that partners would perhaps be more effective and committed in ownership of the implementation. Greater involvement of stakeholders with the strategies would also increase their connectivity and likelihood of alignment.
- Suggested that it would be appropriate to refresh the sector strategies, despite the original recommendations still being considered as relevant.
- Drew attention to the high number of recommendations across the sector strategies. It was observed that some of them were cross-cutting and duplicated in the various strategies, and suggested that it would be therefore more productive and efficient to consolidate them. Noting that other strategies, such as the Employment and Skills Strategy, had considered the sector strategies' recommendations in order to include them in their own implementation plans, the Interim Associate Director

acknowledged that consolidating some of the cross-cutting recommendations would allow the overall number to be reduced.

- Emphasised that the determination of priorities for the next phase of delivery should be considered within the context of the wider Economic Growth Strategy implementation plan. It was suggested that the wider Economic Growth Strategy provided a unifying focus that was lost in the various individual strategies, which were proving challenging to progress on their own, and emphasised the importance of tracking their delivery to ensure that progress was achieved. Members also argued that a Sector Champion that promoted all the sectors would assist in the development of multi-disciplinarity.
- Acknowledged the importance of establishing how the Mayor and other Combined Authority Board members, as well as the wider political community, could support the implementation and delivery of the sector strategies. It was suggested that similar strategic success had particularly been achieved in other regions of the country where a unified voice and direction had been established between the political and business communities.
- Observed that there was little awareness of the sector strategies among the relevant sectors, let alone the wider public, and it was suggested that this served to limit their impact and restrict the opportunity for stakeholders to participate and benefit. The Interim Associate Director informed members that the strategies were published on the Combined Authority's website and had been publicised in their early stages of development, although he acknowledged that more work could be on this.
- Expressed concern that the limited scope of stakeholder involvement review meant that the conclusions were potentially not reflective of the wider perspective, and cautioned against making sweeping judgements on this basis. Highlighting that the review had deliberately been carried out as a small, quick exercise designed to instigate wider considerations, rather than as an extensive and exhaustive investigation leading to in-depth analysis, the Interim Associate Director undertook to provide members with details of the stakeholders that had been involved in the review by Metro Dynamics. **Action required**
- Highlighted the knowledge and experience of individual Business Board members and suggested that they should have more involvement on a regular basis with the sector strategies, rather than only considering them when they were presented at formal meetings.
- Considered whether the sector strategies provided a suitable opportunity, alongside the development of the Combined Authority's broader strategy and policy position, to identify and express the region's priorities and opportunities to the new Government. Members suggested that the multi-disciplinarity and convergence of technologies was a unique selling proposition for the region, as was the ambition to become a global scientific super power and consolidate the position as a key contributor to growth of the national economy. Notwithstanding, it was suggested that attention should not only be placed on the cross-cutting potential of the region, and that it was arguably more important to emphasise the individual success of specialist industries that were specific to the region, such as artificial intelligence

and life sciences. The Interim Associate Director undertook to develop a communication to the new Government. **Action required**

It was resolved unanimously to:

- a) Consider the findings from the review of the Sector Strategies and Action Plans; and
- b) Determine the priorities for the next phase of delivery of the wider strategy development and agree the next steps.

106. Enterprise Zones – Proposed Cambourne Business Park Boundary Change

The Business Board received a report which presented a request from South Cambridgeshire District Council (SCDC) for a boundary change and the redesignation of Enterprise Zone status for Parcel A at Cambourne Business Park, as set out in section 3 of the report. Following the Business Board's deferral of making a decision on the matter at its previous meeting in July 2022, additional information had been included in the report to demonstrate how the changes would be of benefit to the business community. Although they would lead to the loss of three acres of Enterprise Zone land to affordable housing, that would be compensated by the increase in retained business rates, gross value added (GVA), and job creation over the next five years through the ongoing work by Life Science REIT to position Cambourne Business Park as the premier science park to the West of Cambridge.

While discussing the report, the Business Board welcomed the additional information and assurances that had been provided, and paid tribute to the work carried out by South Cambridgeshire District Council.

It was resolved unanimously to:

- a) Agree to the boundary change and redesignation of Enterprise Zone status for Parcel A at Cambourne Business Park; and
- b) Subject to recommendation (a), recommend approval to the Combined Authority Board.

107. Business Board Headlines for Combined Authority Board

The Business Board noted the headlines that the Chair would convey at the next Combined Authority Board meeting, which would include the recommendations agreed by the Business Board alongside a summary of the in-depth discussion on progressing the delivery of the sector strategies and linking them to the Economic Growth Strategy's implementation plan, and the agreement to communicate the region's priorities and opportunities to the new Government.

108. Business Board Forward Plan

Members expressed concern about the large number of agenda items scheduled for future meetings on the Forward Plan, and requested that consideration be given to reducing the number of agenda items in order to allow the Business Board to discuss matters in greater depth. Confirming that the next meeting was scheduled to be held on 14th November 2022, the Business Board noted the Forward Plan.

Chair
14th November 2022