

Business Board		Agenda Item  3.2
10 July 2023		
Title:	Business Board Plan for Remaining Strategic Funds	
Report Officer:	Interim Associate Director Business, Steve Clarke	
Lead Member:	Interim Chair of the Business Board, Andy Neely	
Public Report:	Yes	
Key Decision:	KD2023/029	
Voting Arrangements:	A simple majority of voting Members	

### Recommendations:

A	The Business Board is asked to recommend the Combined Authority Board approves the proposed plan for allocating the Recycled Growth Funds and Enterprise Zone Income for 2023-24 and the following 3 financial years, subject to more detailed and costed business model being brought back to the Business Board.
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### Strategic Objective(s):

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

X	Achieving ambitious skills and employment opportunities
X	Achieving good growth
	Increased connectivity
X	Enabling resilient communities

### 1. Purpose

1.1	This paper presents proposed spend plan on the remaining Recycled Growth Funds and Enterprise Zone (EZ) income budgets for the Business Board to consider and seeks agreement for a recommendation to the CA Board for approval in July on the proposed plan.
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### 2. Proposal

2.1	<p>This paper contains the proposed shortlist of options discussed and agreed at the Business Board working group meeting held on the 25th May. Set out below is the recommended proposal on the preferred plan which combines some of the options discussed and proposed on the 25<sup>th</sup> May.</p> <p>The Business Board currently has £6.26m available over this and next three financial years that can be allocated, this funding is split between £3.39m Capital and £2.87m Revenue funding.</p>
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	<p>The working group input from members were most positive around three areas proposed that the Board should target most or all the funding available, these areas are:</p> <p><b>New Economy Team</b></p> <p>The first is to utilise some of the revenue funding to create a 'New Economy' team to champion, facilitate, attract and win funding for opportunities across Cambridgeshire and Peterborough, to deliver on the Priority Sector Strategies, some elements of the Economic Growth Strategy and their strategic implementation or action plans. There would also be thematic activity to coordinate and deliver which is common across all the strategies, for example Trade and Investment plus Innovation and Net Zero, against which resource may be allocated. In respect of the Sector Strategies there also may be a requirement for a high-level refresh in places where required but driving a key deliverable of a focussed implementation plan for each strategy. The resources proposed to be funded would comprise of new staffing employed and managed within the Economy and Growth directorate to be funded from within the available funding envelope.</p> <p><b>Team Cambridgeshire Business Support</b></p> <p>The second is the proposed use of revenue funding to resource internal staffing and deliver continued business support post Growth Works to be funded with part of the available funding for the next 3 years and this will be to enhance the base level Growth hub service which will transfer back from Growth Works contract to being under Combined Authority direct management from 1<sup>st</sup> January 2024. A 'Team Cambridgeshire' approach is being discussed and will be worked up with the Local Authorities as the approach to delivering a joined-up business support service between Combined Authority and its partners, taking account of the Growth Works review, draft final report has been shared to Business Board members separately.</p> <p><b>Capital Grants</b></p> <p>The third strand of the proposed plan is to assign the capital funds for flexible capital grants for businesses/organisations with the criteria yet to be determined. The key criteria for the grants are likely to be new job creation, and leverage of further investment, but potential focuses beyond those criteria which have been suggested include:</p> <ul style="list-style-type: none"> <li>• projects within or linked to the priority sectors,</li> <li>• export enablement for companies held back from exporting by equipment and facilities,</li> <li>• incentive grants for enabling or incentivising new companies to Inward Invest into Cambridgeshire and Peterborough,</li> <li>• small infrastructure projects which help with unlocking business investment sites but only where the growth is sustainable and would be unlikely to happen without support.</li> </ul> <p>The outline spending plan over three years for the elements listed above is proposed below and is within the available funding envelope:</p> <ul style="list-style-type: none"> <li>• Funding allocated to the delivery of New Economy team: <b>£1.15m</b> (Revenue)</li> <li>• Funding allocated to the delivery of Team Cambridgeshire (Business Support provision): <b>£1.719m</b> (Revenue)</li> <li>• Funding allocated to flexible Capital grants: <b>£3.3m</b> (Capital)</li> </ul> <p>It should be noted that the Growth Hub is currently funded from Government this financial year and, if Government choses to continue to fund Growth Hubs nationally for the following two years, there would be approx. £600k revenue within this proposed plan that could be reassigned, potentially to enhance the capacities of the New Economy team and Team Cambridgeshire Business Support, or to deliver a separate Business Board priority.</p> <p>The Business Board is asked to agree and recommend this proposal to the Combined Authority Board as its plan to spend remaining Recycled Growth Funds and EZ income over 4 financial years, subject to a more detailed costed business model for the revenue spend and more detailed criteria for the capital grant programme.</p>
2.2	<p>This proposed plan to allocate the Recycled LGF and EZ income across four financial years would deliver the following against strategic objectives:</p> <p><b>New Economy Team</b> – delivering on the recommendations within the Economic Growth Strategy and the associated Sector strategies, particularly around facilitation of activities and funding to achieve good growth across all the Combined Authority area, including specialist sector leads recruited in the priority sectors, Trade and Investment plus Innovation and Net Zero. Business Board Members are proposed to be Sector or thematic champions with the recruited resource to support the activities.</p>

	<p><b>Business Support ‘Team Cambridgeshire’</b> – the commitment to deliver doubling of GVA by 2040 and achieving Good Growth from Business Productivity, Enterprise creation and Inward Investment attracting new companies into all parts of the Combined Authority area are all key objectives of the Economic Growth Strategy and the Combined Authority Corporate Strategy and Business Plan.</p> <p>The Growth Works current business support programme will end on 31<sup>st</sup> December 2023. This strand of the proposal would ensure continued provision of an enhanced Growth Hub service, expanded to provide a broader offering of other strands of business support, which would be a major contributor to sustaining good growth, business innovation and productivity, creation (or safeguarding) of jobs, and investment in upskilling</p> <p>The expanded service would include a focussed theme on supporting companies in Cambridgeshire and Peterborough to start, or restart or grow their export element of their business.</p> <p><b>Capital Grants –</b></p> <p>The original criteria for the Recycled Growth Fund comprised mainly growth in Jobs and Growth in the economy across all the old Local Enterprise Partnership geography, but the proposed capital grant scheme criteria will be designed against the Economic Growth Strategy (EGS), which seeks sustainable economic growth while reducing inequality.</p> <p>This can be achieved by delivering good quality, well-paid, high-skilled jobs in an innovative, globally competitive business environment, in the locations where there is less support for the high-growth priority sectors (Agri-tech, AI Digital, Life Sciences, Advanced and Green Manufacturing), as well as protecting opportunities in our foundation sectors (Education, Health and Care, Retail, Leisure and Agri-food).</p> <p>The Grants will be targeted at investment across all objectives on the cohorts and places that need it most: accelerating local placemaking and renewal while contributing towards the Devolution Deal growth target to double the size of the economy from 2017 to 2040.</p>
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3. Background	
3.1	<p>The Business Board has been the responsible Programme Board for the Growth Funds including Local Growth Fund (LGF), Growing Places Fund, Getting Building Fund and the income from the share of Enterprise Zone income across Cambridgeshire, this includes the Recycled Growth funding that has or is being returned from earlier grants, Loans, and investments.</p>
3.2	<p>The Business Board discussed at its activity update meeting on 24th April potential options for investing the remaining Recycled Growth Funds budget and in tandem the Enterprise Zone income.</p> <p>Options proposed and discussed for suggested spending plan in meeting on 24th April are listed below but, whilst there was interest, none of these were fully concluded to be pursued and the working group suggested to review and augment:</p> <ul style="list-style-type: none"> <li>• Run an open call for projects based on criteria determined from the EGS and recommend to Combined Authority Board</li> <li>• Recommend funding be utilised to fund business support programmes – subject to new business case and procurement (unless managing in-house)</li> <li>• Recommend funding be allocated to businesses via an inhouse managed grants scheme, for example targeting key sectors or to encourage inward investment – subject to business case approval</li> <li>• Hold funding ready to be utilised as match funding to any larger priority projects that may get proposed as part of a new Combined Authority Devolution deal.</li> </ul> <p>The Business Board Members resolved at the meeting on the 24th April 2023 for Officers to do more work on the potential options and to hold off taking a decision to include the final review of the Growth Works programme and the associated analysis on the business support landscape.</p> <p>Following the Business Board held on 15th May 2023 it was agreed to hold a one-off working group to review possible options for Business Board to prioritise the focus and possible options for the remaining strategic funds. This working group helped refine and shortlist the options into a proposed funding spend plan for the wider Business Board to consider, agree and recommend to the CA Board in July.</p>
3.3	<p>The working group met on the 25<sup>th</sup> May and below sets out broadly the proposed shortlist of options agreed from the working group meeting held on the 25th May:</p>

Options discussed for suggested spending plan in meeting on 25<sup>th</sup> May are listed below:

- Open call for projects based on criteria determined from the Economic Growth Strategy (EGS)
- Fund business support programmes – external (for example via extension of Growth Works or new procurement)
- Fund business support resources – internal (managing in-house with an enhanced Growth Hub offer)
- Delivery of the priority Sector Strategies and EGS – fund internal capacity and resources with option of capital for some small project interventions
- Fund internal capacity and resources to deliver additional thematic support as per EGS around Innovation, Trade and Investment, Net Zero and Partnership development support.
- Deliver an inhouse managed grants scheme, for example targeting key sectors or to encourage inward investment – subject to business case approval
- Offer funding as match funding to any larger priority projects that may get proposed as part of a new Combined Authority Devolution deal.

## 4. Appendices

4.1 None

## 5. Implications

### Financial Implications

5.1 The Business Board currently has £6.26m available over this and the next three financial years, the combined funding available is split between £3.39m Capital and £2.87m Revenue funding. This is set out below:

The Board has c.£4million in the combined revenue/capital recycled Growth Funds budget in the next 4 years, as current planned expenditure from this budget winds down to zero and nominal income is forecast to be received.

Combined	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Later Years
<b>Opening balance</b>	<b>-11,144,193</b>	<b>-13,034,163</b>	<b>-5,339,739</b>	<b>-3,574,638</b>	<b>-3,831,316</b>	<b>-4,083,073</b>	<b>-4,330,024</b>	<b>-4,571,718</b>
<i>Forecast Expenditure</i>	3,802,462	9,268,602	2,376,028	0	0	0	0	0
<i>Forecast Income</i>	<b>-5,692,432</b>	<b>-1,574,179</b>	<b>-610,928</b>	<b>-256,678</b>	<b>-251,757</b>	<b>-246,951</b>	<b>-241,694</b>	<b>-2,345,371</b>
<b>Closing Balance</b>	<b>-13,034,163</b>	<b>-5,339,739</b>	<b>-3,574,638</b>	<b>-3,831,316</b>	<b>-4,083,073</b>	<b>-4,330,024</b>	<b>-4,571,718</b>	<b>-6,917,089</b>

The Business Board has unspent Enterprise Zone balance plus income which amounts to c.£900k per annum for next nineteen years. Currently the balance available is not all allocated to planned spend.

Forecast EZ income and expenditure	2022/23 £k	2023/24 £k	2024/25 £k	2025/26 £k	2026/27 £k	2027/28 £k
Total Income	<b>-£851</b>	<b>-£913</b>	<b>-£913</b>	<b>-£913</b>	<b>-£913</b>	<b>-£913</b>
Total Expenditure	<b>£691</b>	<b>£833</b>	<b>£415</b>	<b>£415</b>	<b>£415</b>	<b>£415</b>
Annual (surplus) deficit	<b>-£160</b>	<b>-£80</b>	<b>-£498</b>	<b>-£498</b>	<b>-£498</b>	<b>-£498</b>
<b>Cumulative Balance</b>	<b>-£255</b>	<b>-£753</b>	<b>-£1,251</b>	<b>-£1,749</b>	<b>-£2,248</b>	<b>-£2,746</b>

The anticipated phasing of spend over the 4 financial years is set out below and will be included as Subject to Approval (STA) budget if the recommendations are approved by the Combined Authority Board:

	Proposed MTFP Revenue Budget (STA - £1000's)	2023/24	2024/25	2025/26	2026/27	Total
	New Economy Team	230	460	460	0	1150
	Growth Hub 'Team Cambridgeshire'	0	573	573	573	1719
	Proposed MTFP Capital Budget (STA - £1000's)	2023/24	2024/25	2025/26	2026/27	Total
	Flexible Capital Grant Scheme	0	500	1400	1400	3300
	Approval of the plan put forward in this paper would allocate all the available budget for next 4 financial years, and so limit the Business Board’s ability to react to events within that time horizon except where existing resources could be pivoted within committed plans.  Draw-down and spend of the allocated funds will be subject to detailed business plans/cases being brought back to the Business Board to agree and recommend approval to the Combined Authority in future.					
Legal Implications						
6.1	None					
Public Health Implications						
7.1	None					
Environmental & Climate Change Implications						
8.1	None					
Other Significant Implications						
9.1	None					
Background Papers						
10.1	Business Board 13 March 2023 - <a href="#">Business Board agenda item 2.2 - part 5</a> Business Board 15 May 2023 - <a href="#">Business Board item 3.1 - part 5</a>					