

Business Board		Agenda Item
10 July 2023		3.3
Title:	Business Board Priority Sector Strategies	
Report Officer:	Interim Associate Director Business, Steve Clarke	
Lead Member:	Interim Chair of the Business Board, Andy Neely	
Public Report:	Yes	
Key Decision:	Yes KD2023/032	
Voting Arrangements:	A simple majority of voting Members	

Recommendations:	
A	The Business Board recommends that the Combined Authority Board approves the plan to create a 'New Economy' team using £1.15m revenue of recycled Growth Funds and Enterprise Zone income.
B	The Business Board recommends that the Combined Authority Board approves the release of the £1.15m subject to completion of the workplan for the new team resources.
C	The Business Board recommends that the Combined Authority Board delegates authority to the Executive Director for Economy and Growth in consultation with the Chief Finance Officer and Chief Monitoring Officer to utilise this financial year's funds to draw up a workplan, job descriptions and begin recruitment and make appointments of required resources.

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
X	Increased connectivity
	Enabling resilient communities

1. Purpose

- 1.1 There is a requirement for additional resource within the Economy & Growth Directorate to support the delivery and implementation of the Sector Strategies and the related Economic Growth Strategy developed through the Business Board. The Sector Strategies are a key component of delivering the Economic Growth Strategy in parallel. The Business Board commissioned 4 sector strategies:
- AgriTech
 - Life Science
 - Advanced Manufacturing & Materials
 - Digital Connectivity
 - High Performing Computing (An additional feasibility study as part of the Digital Strategy)
- These strategies looked to support already established high value sectors within the CPCA area, and action plans identified key areas of support & investment that would enable these sectors to grow within the area. All the strategies were reviewed and refreshed in 2021, to better reflect the economic picture at that point.
- To implement the action plans there is a requirement for additional support, the current team do not have the capacity to take forward the plans and identify the additional funding resources required to implement the recommendations. A 'New Economy' team approach is proposed with recruitment of new expert resources to champion each of the sectors and other critical themes such as Trade and Investment, Innovation adoption, plus Decarbonisation and Net Zero.

2. Proposal

- 2.1 The Business Board is reviewing a spending plan paper to this meeting which proposes the use of revenue funding available to allocate from its Enterprise Zones Income plus the Recycled Local Growth Fund. A recommendation in that spending plan is to allocate some of these remaining funds to a 3 year spend plan to support the delivery of the Priority Sector Strategies but also includes delivery of other inhouse Business Support and Grants is included as separate item to this Business Board meeting.
- The outline in this paper provides more detail to the proposal to utilise the identified funding to support recruitment of expert resources to facilitate, coordinate, attract funding and deliver many of the recommendations as set out in the sector strategies and to additionally cover key themes of Trade, Investment, and Innovation across all sectors including the foundational sectors and industries across Cambridgeshire and Peterborough as recommended from the Economic Growth strategy.
- The New Economy team would be directly managed within the Economy and Growth team at the Combined Authority, the initial proposed roles to be recruited are listed below:
- Economic Growth Champions (Sectors x4)
 - Trade & Investment Officer
 - Innovation and/or Business Decarbonisation (Net Zero) Officer
- Other admin support roles and functions will be considered from the budget as the implementation work plan is finalised and commenced.
- The proportion of available revenue budget proposed to be utilised is set out below:
- | Funding (Revenue) | 2023/24 | 2024/25 | 2025/26 | Total |
|------------------------|----------|----------|----------|-------------------|
| Recycled Growth Fund | £100,000 | £200,000 | £200,000 | £500,000 |
| Enterprise Zone Income | £130,000 | £260,000 | £260,000 | £650,000 |
| Total Annual Profile | £230,000 | £460,000 | £460,000 | £1,150,000 |
- The Business Board is asked to recommend that the Combined Authority Board approves the release of £1.15million revenue from across the available Recycled growth funds and Enterprise Zone income to deliver the following:
- Develop the Job Specification and requirements, recruit and embed resources

	<ul style="list-style-type: none"> • Produce implementation plans for the four priority sectors and additional foundation sectors with any refreshed recommendations included • Develop the work plan based on the implementation plans for the 'New Economy' team as part of Economy and Growth Directorate Business Plan. • Target modes and methods of achieving delivery of the implementation plans which includes bidding and lobbying for funding including support to the securing of a deeper devolution deal with Government. • Work with the Business Board members as 'Champions' for the Priority sectors, Foundation sectors, Trade, Investment and Innovation Themes. • Develop the propositions around investment opportunities within each sector and theme ready for pitching at Government or other public or private sector bodies • Provide regular updates to the Business Board and Combined Authority on all progress around the work of the team.
2.2	<p>By having expert resources in post there will be the opportunity to focus on the recommendations from each strategy report, prioritise the recommendations and identify funding or mechanisms to deliver the recommendations. Some recommendations may require refreshing and the resources would lead that process particularly where alignment is required to the refresh of the Cambridgeshire and Peterborough Independent Economic Review, and Combined Authority Corporate Strategy and Business plan.</p> <p>The delivery of the Combined Authority Economic Growth Strategy would also be in scope for parallel delivery of some of the recommendations which align with the Sector Strategies.</p> <p>It is anticipated that by implementing the recommendations contained within the priority sector strategies and the Economic Growth Strategy there will be:</p> <ul style="list-style-type: none"> • Growth in innovation within sectors • Growth in investment within sectors • Increase in jobs and GVA • Increase in recognition of the area as sector specialist lead

3. Background

3.1	<p>In 2019 the Business Board commissioned the Local Industrial Strategy, this strategy identified 4 key sectors where the region had specialist knowledge & investment in, those were:</p> <ul style="list-style-type: none"> • AgriTech • Life Science • Advanced Manufacturing & Materials • Digital Connectivity <p>The Business Board in 2020 commissioned a series of independent, detailed sector strategies, with a refresh of these taking place in April 2021. Each of the strategy documents developed an action plan that identified key interventions that the CPCA should be taking forward to support the sectors in the future.</p> <p>Since April 2021 there has been little progress in terms of the key interventions, this has been due to lack of resources to facilitate and coordinate activities with private and public sector, and a lack of available funding for many of the key interventions, plus no completed or refreshed implementation plan for each of the sector strategies.</p> <p>In September 2022 a review was presented to the Business Board after being conducted by Officers with Metro Dynamics support, the review found the following barriers to delivery were highlighted during consultation:</p> <ul style="list-style-type: none"> • Lack of implementation/action plans • Lack of consistent personnel • High levels of competition for funding: funding to deliver against recommendations is limited • Lack of communication across the Combined Authority geography and delivery partners
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	<ul style="list-style-type: none"> Challenging operating context and short termism: the strategies were launched shortly before, or during, the Covid-19 pandemic, resulting in stakeholder groups prioritising shorter term activity rather than longer term strategic projects. <p>The Business Board report contained the following recommendations:</p> <ul style="list-style-type: none"> Appoint CPCA Sector Champions (both Board level and Officer resource support) Create a Sector Reference Group Develop Implementation Plans <p>All the recommendations above are still contingent on funding being allocated to enact and all the recommendations remain valid for this paper and its proposal but are being slightly broadened in this paper to include foundation sectors that underpin Cambridgeshire and Peterborough economy plus additional cross cutting themes of Trade and Investment, Innovation adoption, Decarbonisation and Net Zero.</p> <p>The four priority sector strategies were still considered relevant and were dovetailed into the Economic Growth Strategy approved and adopted by the Combined Authority Board in 2022.</p>
3.2	The Business Board has been engaged through its activity update meetings, working group on 25 th May and via the other paper at 3.3 on the agenda to this Business Board meeting.
3.3	<p>There is the option to do nothing regards adding resources towards delivering the work within the strategies, this would effectively rely on organic delivery through other partners who are also resource constrained which is unlikely to achieve many of the recommendations or outcomes for the Business Board and Combined Authority Board, this though would jeopardise the position of the region in particular Cambridge as a net contributor to the government purse.</p> <p><i>There is also the opportunity for the Combined Authority and its partners to work towards securing a second devolution deal with Government, there would be some risk to not achieving this without the additional resources being secured, which would be crucial in helping develop and prepare the deal with Government and put preparations in place for delivery.</i></p>

4. Appendices

4.1	None
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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 Business 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
Opening balance	-11,144,193	-13,034,163	-5,339,739	-3,574,638	-3,831,316	-4,083,073	-4,330,024	-4,571,718
Forecast Expenditure	3,802,462	9,268,602	2,376,028	0	0	0	0	0
Forecast Income	-5,692,432	-1,574,179	-610,928	-256,678	-251,757	-246,951	-241,694	-2,345,371
Closing Balance	-13,034,163	-5,339,739	-3,574,638	-3,831,316	-4,083,073	-4,330,024	-4,571,718	-6,917,089

The Business Board has unspent Enterprise Zone balance plus income which amounts to c.£900k per annum for next nineteen years. Currently the commitments against this are less than the full amount as shown in the table below.

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	-£851	-£913	-£913	-£913	-£913	-£913
Total Expenditure	£691	£833	£415	£415	£415	£415
Annual (surplus) deficit	-£160	-£80	-£498	-£498	-£498	-£498
Cumulative Balance	-£255	-£753	-£1,251	-£1,749	-£2,248	-£2,746

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.

The budget for the New Economy Team is planned to be spent over the first three years of the four-year period outlined, the table below shows the proposed split between the two sources of revenue available:

Proposed MTFP Revenue Budget (STA - £1000's)	2023/24	2024/25	2025/26	Total
Recycled Growth Fund	£100,000	£200,000	£200,000	£500,000
Enterprise Zone Income	£130,000	£260,000	£260,000	£650,000
Total Annual Profile	£230,000	£460,000	£460,000	£1,150,000

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 September 2022 – Item 3.1 Sector Strategies Review](#)
[Business Board September 2022 – Item 3.1 Sector Strategies Review Appendix 1](#)
[Business Board September 2022 – Item 3.1 Sector Strategies Review Appendix 2](#)