

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY
BUSINESS BOARD: MINUTES



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Date: Monday, 23rd September 2019

Time: 2.30pm – 5.15pm

Location: Alconbury Weald Enterprise Campus, Huntingdon

Present: Austen Adams, Aamir Khalid, James Palmer, Tina Barsby, Professor Andy Neely and Councillor John Holdich

The Chairman extended a special welcome to Alex Skinner, Director of Local Government and Finance. Alex advised that there were government departmental senior sponsors for all Business Boards, and Alex was the lead for Cambridgeshire and Peterborough. Alex works closely with BEIS colleague Kate Hallett.

75. APOLOGIES AND DECLARATIONS OF INTERESTS

Apologies were received from Mark Dorsett and William Haire.

Tina Barsby declared an interest as CEO of NIAB in relation to an Expression of Interest (EOI) for the Local Growth Fund (Minute 82).

Aamir Khalid declared an interest as CEO of TWI in relation to two EOIs for the Local Growth Fund (Minute 82).

Professor Neely declared an interest as a Member of Cambridge And in relation to an Expression of Interest (EOI) for the Local Growth Fund (Minute 82).

All Members declared an interest in Business Board Private Sector Board Members Expenses and Allowances Scheme (Minute 86), but the Interim Monitoring Officer confirmed that this was not an issue.

76. MINUTES OF THE MEETING HELD ON 22ND JULY 2019

The minutes of the Business Board meeting held on 22nd July 2019 were agreed as a correct record and signed by the Chairman, with the following correction:

P1 of the minutes: Declaration by Professor Andy Neely was in relation to his role in Cambridge And.

It was confirmed that the list of grants approved had been sent out, and all other actions had been completed.

77. COMBINED AUTHORITY UPDATE

The Business Board considered a verbal report on key headlines from the Combined Authority Board meeting on 31st July, highlighting items where changes had been made to the recommendations. This included:

- Business Board allowances had been approved, with Business Board Members eligible to claim mileage for travel to and from Business Board meetings.
- The proposed consultation response had been agreed for the A428 Black Cat to Caxton Gibbet scheme, subject to revisions requested by Board Members.
- The Business Board Constitution had been agreed, subject to additional revisions. It was agreed that a revised version of the Constitution would be circulated to Business Board Members. **Action required.**
- The ambitious Vision for Nature, planning to double the amount of land managed for nature, given that the county was typified by intensive agriculture. It was agreed that a link to the document would be circulated. **Action required.**
- Negotiations with Huntingdonshire District Council were ongoing regarding Alconbury Enterprise Zone. It was confirmed that the Memorandum of Understanding had been signed but there was still a debate as to whether it should be backdated. It was a very salient document because it would pump in significant amounts of money which could be used for the Business Board agenda.
- It was noted that Chris Twigg had been replaced as Head of Transport by Rowland Potter. Brian Hyland would be joining the Combined Authority on 9th October as Chief Business Board Officer. John Stenhouse would be leaving the Combined Authority in a few weeks' time to pursue an opportunity with Essex University. It was agreed that an organisation chart for the Combined Authority would be circulated. **Action required.**

It was resolved to:

Note the update.

78. BUSINESS ADVISORY PANEL UPDATE – SEPTEMBER 2019

The Board considered the minutes of the new Business Advisory Panel meeting held on 22nd August 2019. Members were reminded that the Business Advisory Panel was formed to provide the Business Board with independent advice from representatives of the business community, representing nearly 9000 businesses since the addition of the CBI.

Many of the areas discussed at the most recent meeting related to Brexit and the EU. Recruiting and retaining EU workers at all skill levels with settled status documentation was a particular hot topic. BEIS had recently requested greater support for the more vulnerable and hard to reach members of the EU workforce in the UK. A request had been made to the County Council's Library Services to see if their mobile libraries could

visit more remote location for the Visa checking services, and local authorities were being encouraged to make good use of EU Exit Funds.

A Business Board Member asked who was collating feedback from the business community on the impact of Brexit/EU issues. The Board was advised that there was a requirement to produce a weekly input of sentiment and information, and Members were encouraged to feedback through the Director of Business and Skills. There were two other avenues of feedback on Brexit, as officers were also reporting through the LGA and BEIS Growth Hub channels. It was confirmed that the communication methods did not include questionnaires, but both solicited and unsolicited feedback from businesses. A Member advised that Beverley Dixon, HR Director of the Shropshire Group, was very active nationally in this whole area of the impact of Brexit on EU workers, given that her employer one of the largest employers of EU workers locally.

A Member queried the appendix on twin towns, which he felt was not written in an apolitical way. It was noted that this was sourced from the internet and not written by CPCA officers, but it made some valid points about the resurgence and benefits of twinning, and the focus on countries such as Poland, Spain and Portugal, where many migrant workers come from. Members discussed their experiences and views of twinning. It was agreed that the appendix should be removed from the report.

Noting the comment that banks were being more restrictive with lending, possibly due to businesses stockpiling, a Member commented that her experience was that the issue was that businesses were not borrowing because of uncertainty. Manufacturing in particular was suffering due to the fear of businesses failing. There was evidence that HMRC were delaying tax refunds which was causing cashflow issues with some SMEs.

There was a discussion about how representative the Business Advisory Panel was, and the value of using the feedback from the BAP as an evidence base, when some of the views were unsubstantiated or anecdotal. Looking specifically at the eight recommendations to the Business Board, the first three were objective, whereas the remaining points were statements which may or may not be representative. Officers advised that this was the type of information that BEIS and the CLG had asked the Combined Authority to collect. Members suggested that they would prefer firmer, evidence based recommendations. It was agreed that it would be helpful to invite the BAP Chairman to future Business Board meetings.

It was resolved to:

- a) note the minutes of the Business Advisory Panel meeting held on 22nd August 2019;
- b) consider the recommendations from the Business Advisory Panel as set out in Section 3 of the report.

79. OXCAM ARC UPDATE - SEPTEMBER 2019

The Business Board considered a report on OxCam Arc activities. This focused on the Productivity Group and collaboration between the Business Board the three Local Enterprise Partnerships who comprised the OxCam Arc. The four organisations were working on a combined submission for input into the Spending Review, concerning a Business Growth Service, an Inward Investment Service and an Integrated Skills Network. It was noted that the OxCam Arc involved just LEPs as involving all parties (District, County and Unitary authorities) would mean too many organisations and people were involved. Having a smaller number meant that the OxCam Arc could focus on both strategic vision and strategic need.

Peter Horrocks, Chairman of the South East Midland LEP (SEMLEP) was proposing that LEPs involved in the OxCam Arc consider a possible 'Arc Plus' option, incorporating some of the neighbouring LEPs, as a vehicle for achieving more autonomy, like the Northern LEPs. It was suggested that the southern/midland LEPs had not done as well as the North in terms of infrastructure. Business Board Members indicated that would welcome a move to 'Arc Plus'.

One Member commented that performance to date on Agritech had been poor to date, and it would be good to have the consideration of Agritech as an objective.

It was resolved to note current plans by the OxCam Productivity Group to develop three Strategic Outline Business Cases for input into the Spending Review, concerning:

1. A Business Growth Service
2. An Inward Investment Service
3. An Integrated Skills Network

80. CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY DIGITAL SECTOR STRATEGY

The Business Board considered a presentation on the Digital Sector Strategy from Bob Driver and Simon Mead of Cambridgeshire Wireless (CW). They set out CW's mission, interests, membership, mission and geography.

A year ago, CPCA asked CW to carry out a Digital Sector Strategy for Cambridgeshire and Peterborough. The process and breadth of consultation was noted. A balanced approach between private and public sectors was taken, and this had been narrowed down to ten recommendations, which were summarised.

There was a discussion on the difficulties arranging successful and productive networking events. Cambridgeshire has numerous networking organisations, especially in the tech sector, but regrettably these do not always involve or reach out to the right individuals and organisations, some of whom were seeking other partners globally to realise their ambitions, when their needs could have been met within the county. The value of promoting the digital supply chain and promoting the capabilities of successful but undersold organisations across the county was stressed. The value of demonstrators and digital catapults, and examples of real applications of technology outside the tech sector were discussed.

A Member noted that the Strategy document mentioned Agriculture, but there was nothing about the ambition around both Agriculture and Agritech: having a systems approach was really important in Agritech, and connectivity was really important.

It was resolved to:

Agree the adoption of the Digital Strategy with delivery of key priority interventions and authorise Officers to work with partners on business cases for delivery and funding sources.

81. LOCAL GROWTH FUND PROJECT PROPOSALS – SEPTEMBER 2019

The Business Board considered a report on a new application that had been submitted for Growth Fund funds, which included an independent external assessment. The proposal was for lab space for life science companies south of Cambridge. As the proposal was for less than £500K, it did not need to go through the Entrepreneur's Panel. It was noted that the Appraiser's report flagged up a number of issues. The application estimated that there would be 110 jobs created in Phase 1, but the returns were very modest (£3000 per annum).

Business Board Members expressed a number of concerns, not least that the company was technically insolvent, and had a very low return for a very high risk proposal. It was also queried whether there was any evidence of a need for the lab space in the area. The appraiser had also pointed out that the applicants had chosen the wrong tax exemption, and in addition, there was potentially a State Aid issue. Board Members agreed that it would be good to get more information on the later stages.

Other Members suggested that the main aim of the Combined Authority was growth, and the proposal did deliver in this regard, as approximately 110 jobs would be created. It was also noted that the applicants had offered to fully underwrite the project personally, and if they secured the loan, they would own the asset. In this regard, there would be minimal risk to CPCA funding, and growth rather than return on investment was the key objective.

Responding, officers confirmed that within this area to the south of Cambridge there was a significant gap between demand and supply of good quality commercial space. It was agreed that the application should be deferred to a future meeting, pending receipt of further information.

It was resolved to:

Defer the Local Growth Fund application described in the report to the Business Board dated 23 September 2019 and request further information in order to make a final decision.

82. LOCAL GROWTH FUND UPDATE

The Business Board considered a report on the performance of the Growth Deals Programme to deliver new homes, jobs and skills across the LEP area for the period

ending 31st August 2019, and the current in-year position for both the Growth Deal and Growing Places Funds combined. The report set out an assessment of the pipeline of both current and expected projects.

At the end of August, the Local Growth Fund had nine projects in delivery with a contracted forecast spend total of £100.5M. The Kings Dyke crossing scheme had been red-flagged because the project lead had confirmed an overspend and time overrun. The Wisbech Access Strategy remained at amber flag due to concerns that some elements of the project may overrun the 31 March 2021 deadline.

The Investment Prospectus call for projects was launched in July and had elicited considerable interest. Ten Expressions of Interest (EOIs) had been received with a total grant/loan/equity value of £21.7M. Projects bidding for £1M or more would be ranked on a combination of the Entrepreneurs Advisory Panel score and the external appraisal and due diligence score. Projects would be assigned to one of three levels:

- recommended directly to the CA Board for approval;
- Deferred until the next Business Board meeting to be ranked against the next tranche of applications;
- deferred to the January Business Board meeting to be ranked against all remaining projects.

There was a discussion on the geography of bids, noting that Peterborough and Fenland proposals had been less successful in terms of progressing through the evaluation process. It was also noted that the latest call for EOIs could not be launched until the Local Industrial Strategy was launched in July. It was observed that there had been a hiatus of 18 months where there was no LEP in Cambridgeshire and Peterborough, and given the deadlines for expenditure, the area was at a disadvantage. It was confirmed that there had been discussions with BEIS over this. The Mayor made a personal plea for the effective 18 month freeze on LEP to be taken into consideration, and it was agreed that this would be formalised to the Secretary of State for BEIS, copied in to the Secretary of State for Housing, Communities & Local Government, and also to the Programme Lead in Fenland. **Action required.**

It was resolved unanimously to:

- (a) Recommend all the programme updates outlined in the report to the Combined Authority Board;
- (b) Agree the amended evaluation criteria for Major Projects as set out in Appendix 3 to the report;
- (c) Approve the continuation of the evaluation criteria for the other areas of funding as set out in Appendix 3 to the report;
- (d) Agree the process for ranking projects to manage oversubscribed pipeline to support robust decision making on funding highest quality projects.

83. STRATEGIC PARTNERSHIP AGREEMENTS

Members considered a report on the implications of the Government's Strengthened Local Enterprise Partnerships Review, which required local areas to reach solutions to

remove the overlap between LEPs. The Combined Authority Board proposed in September 2018 that the Business Board became coterminous with CPCA geography.

Over recent months, there had been discussions with those local authorities, County Councils and LEPs to be which the overlapping areas would be transferred. The process and timescales for the transfer were noted. It was agreed that Business Board Members would be provided with an up to date map. **Action required.** In response to a Member question, it was confirmed that the strategy for partnering with neighbouring LEPs would be considered once the transfers had all been completed.

It was resolved unanimously to:

- a) note the first five Strategic Partnership Agreements with neighbouring Local Authority to remove LEP overlaps;
- b) recommend that the Combined Authority Board approve the first five Strategic Partnership Agreements for Rutland County Council, West Suffolk Council, Kings Lynn & West Norfolk Council, New Anglia LEP and South East LEP;
- c) note that Lincolnshire County Council is included for a Strategic Partnership Agreement;
- d) note that the remaining seven Strategic Partnership Agreements are anticipated to be finalised and submitted for approval in January 2020;
- e) recommend that the Combined Authority Board approve the CPCA develop a LEP Partnership Strategy (to cover other contiguous and strategically important LEPs) once the remaining Strategic Partnership Agreements have been completed.

84. GREATER SOUTH EAST ENERGY HUB

The Business Board considered a report on the proposed governance processes for the Greater South East Energy Hub.

As part of the prioritisation exercise with the Cambridgeshire & Peterborough Combined Authority (CPCA), the role of Accountable Body for Greater South East Energy Hub had been identified as a non-priority project. Whilst an alternative Accountable Body was sought, a governance process must be established to enable the LEPs/lead local authorities to oversee the activities of the Hub and be involved in decision making, enabling CPCA to meet the requirements in the Memorandums of Understanding with BEIS. It was noted that the Business Board's representative on the Hub Board was Domenico Cirillo.

It was suggested that the key lesson learned was that CPCA should not be offering to undertake such roles unless there were significant benefits to the objectives of CPCA.

It was resolved unanimously to:

- a) recommend to the Combined Authority Board that the Energy Hub is transferred to a new Accountable Body which will be decided by the Hub Board;
- b) recommend the Combined Authority Board to agree to the establishment of the Greater South East Energy Hub Board in line with the Terms of

- Reference and included in the report, and authorise the Director of Business & Skills, in consultation with the Lead Member for Economic Growth, Chief Finance Officer and Monitoring Officer, to make minor amendments to terms of reference as required in their finalisation;
- c) agree to delegate authority to the Energy Hub Board for the use of the Local Energy Capacity Support Grant and Rural Community Energy Fund where the decisions do not impact Cambridgeshire and Peterborough Combined Authority staffing arrangements;
 - d) Note the draft Accountable Body Agreement and authorise the Section 73 Officer to make minor amendments and finalise the agreement.

85. LOCAL INDUSTRIAL STRATEGY DELIVERY PLANS

The Business Board outlined the changes to the Local Industrial Strategy Delivery Plans, specifically changes to the Strategic, Financial and Commercial Cases within the development of the Strategic Outline Business Case (SOBC) into an Outline Business Case (OBC), with a particular focus on the Growth Service, one of the key interventions.

In response to Member questions, it was noted that the Business Advice part of the Service would be very proactive and targeted, using a range of techniques and tools, whilst the £15M growth grants would be largely reactive. In terms of continued oversight by the Business Board, the Outline Business Case (OBC) would specify services in great detail, which in turn would become the procurement specification. Once procured, this would be the Business Board's biggest single contract. It was noted that the Manchester Combined Authority was operating a similar scheme, and there were a number of industry specific examples e.g. Aerospace, where there was targeted support.

Members noted the issues around financing, and the specific problem around the recycled Growing Places Funding needing to be treated as capital, and how this could be turned into working capital through the Growth Company.

(Councillor Holdich left the meeting)

A Member observed that the Growth Company would effectively hold a portfolio of equities from the various companies it invests in. Officers agreed to check if the company would be subject to financial regulations given the significant equity holdings.

Action required.

The primary change to the Commercial Strategy was to procure private sector providers to deliver the Business Growth Services, rather than in-house recruitment. The Mayor commented that it was very important to focus on the government objectives for the Combined Authority, rather than creating a large, resource-heavy organisation.

Members commended the proposals, commenting that the vision was very innovative, if complex.

It was resolved to:

- (a) Note the revised Financial Strategy;
- (b) Note the revised Commercial Strategy;
- (c) Approve the submission of an application to the Local growth Fund for equity investment into the Growth Company.

86. BUSINESS BOARD PRIVATE SECTOR BOARD MEMBERS EXPENSES AND ALLOWANCE SCHEME

A report was presented on the Business Board Members' Allowance Scheme, which was approved and adopted by the Combined Authority Board at its meeting on 31st July 2019.

Members noted that an Independent Remuneration Panel had made recommendations, but the Combined Authority Board had agreed a scheme which differed from those recommendations. The differences between the recommendations and the scheme adopted, and between the definitions of Expenses and Allowances, were noted. It was noted that the final allowances were based on the views of the Executive, following individual discussions with Business Board Members. It was suggested that the current Board Member recruitment exercise would provide an indication as to whether the remuneration was pitched at the right level: officers advised that applicants were being asked whether the level of remuneration affected their application.

It was resolved to:

Note the Members' Allowance Scheme for the Business Board at Appendix 2 to the report.

87. MONITORING AND EVALUATION FRAMEWORK

The Business Board received a report on the proposed Monitoring and Evaluation Framework. It was noted that the Framework was required by central government both to support effective decision making and to measure the impact of investment decisions, giving the Business Board a stronger evidence base on value for money.

The Business Board was responsible for a significant amount of public funding to drive inclusive growth, increase prosperity and improve productivity. Current government guidance favoured a joint approach with the Combined Authority, where applicable. The Framework provides a standardised approach to how returns were identified for potential investments, and how this information was reconciled in the accounting processes.

Business Board Members observed that the resource implications depended on how much had been allocated for investments already made. As the Framework was applied, it would potentially change how previously allocated money was evaluated. It was noted that there were contractual conditions which put the onus on the grant recipient to provide the necessary resources to monitor data. The Framework would not result in any additional resource implications for CPCA, over and above those staff

resources already working in this area. Board Members commented that it was very sensible to have alignment between the Business Board and the Combined Authority.

It was resolved unanimously to:

- (a) agree the extension of the 2019 Monitoring & Evaluation Framework to include all Business Board activities;
- (b) note the resource implications for effective Monitoring & Evaluation to be delivered.

88. EUROPEAN UNION EXIT CAPABILITY PROGRAMME

The Business Board received a report which updated Members on government funding to support business resilience following Brexit.

Kate Hallett from BEIS was invited to update the Business Board about the recent news that Thomas Cook had gone into administration, and the implications for the local area, given that the Thomas Cook Headquarters was located in Peterborough. She advised that government had made the decision to put in place a nationally led, cross departmental Taskforce to respond to the Thomas Cook situation. It would specifically look at the local impact, separate from the repatriation of customers, focusing on the 9000 UK based employees. The first meeting of the Taskforce would be on Tuesday 24th September.

The Mayor advised that the Minister had spoken to the relevant Mayors on conference call earlier in the day. Repatriation was going well, but the longer term concern for CPCA was for the 1100 Thomas Cook staff who were based in Peterborough. Fortunately, the local jobs market was strong, and there were opportunities. It was unclear how many would be made redundant immediately.

Officers outlined actions being progressed and proposed, including a proposal to open up the existing Small Grants scheme, and targeting it at Thomas Cook employees as an Entrepreneurs Accelerator Fund, providing grants of £2,000-£20,000, to help those employees seeking to start their own businesses. It could also be offered to those involved in the Thomas Cook supply chain locally. It was suggested that it may be worth checking with legal colleagues if there were any potential State Aid considerations.

There was a discussion around incentivising large local employers to offer opportunities to Thomas Cook employees, and also the skills requirements for new businesses. Officers confirmed that they had already been liaising with SERCO (who offered Skills Support for redundant workers), and the Regional Directors of both ACAS and Job Centres. It also noted that the Library service in Cambridgeshire had been very helpful in facilitating skills support. There were a variety of existing support schemes for new businesses, including the Prince's Trust scheme for those under 30, and a scheme aimed at female entrepreneurs. Whilst the Business Board could inject capital into new businesses, support was needed from government, especially to help individuals.

It was resolved to:

Note the two schemes to provide support to businesses for the Brexit Basics import and export documentation and associated challenges workshops and the retention and recruitment of EU workers programmes of support and to comment on them.

89. UPDATE ON BUSINESS BOARD MEMBER RECRUITMENT

Business Board Members considered a process and timetable for the recruitment of six additional Business Board members and the appointment of a permanent chair.

The recruitment advertisement was published on the CPCA website in August, supported by a promotional video. There had been a reasonable response but it had been agreed to extend the deadline until October to maximise the number of applications, with interviews scheduled for late October.

It was resolved to:

Note progress made against the agree process and timetable for the recruitment of additional Business Board Members.

90. BUSINESS BOARD HEADLINES FOR COMBINED AUTHORITY

The Interim Chairman, Austen Adams, advised that he would be attending the Combined Authority Board meeting on 25th September, partly to answer any questions on the recommendations going forward from the Business Board to the Combined Authority Board. It was confirmed that all report recommendations for endorsement by the Combined Authority had been agreed, with the exception of the deferred Local Growth Fund application.

91. FORWARD PLAN

A number of updates were noted, including the Combined Authority budget in November, which would be a late item.

It was resolved to note the Forward Plan.

In response to a Member question, officers advised that the Agritech Strategy was not as far developed as anticipated, but the procurement would have been launched by the time the November Business Board meeting takes place.

Chairman