

BUSINESS BOARD	AGENDA ITEM No: 3.3
23 MARCH 2020	PUBLIC REPORT

2020-24 Business and Skills Directorate Medium Term Financial Plan Review

1. PURPOSE

- 1.1. At its January meeting the Combined Authority Board approved the 2021-24 Medium Term Financial Plan; this includes the revenue budgets for the Business and Skills Directorate which includes those related to the Business Board.
- 1.2. This report presents the Business and Skills Directorate's Medium Term Financial Plan (MTFP) as amended by subsequent funding announcements, Board, and Officer decisions.

<u>DECISION REQUIRED</u>	
Lead Member:	Austen Adams, Chair of the Business Board
Lead Officer:	Robert Emery, Section 73 Officer, Business Board
Forward Plan Ref:	Key Decision: No
<p>The Business Board is recommended to:</p> <p>a) Note the Medium Term Financial Plan for the Business and Skills Directorate.</p>	

2. BACKGROUND

- 2.1. The Combined Authority is required to annually set a balanced budget for the next financial year, along with a sustainable medium term financial plan. As the Combined Authority is responsible for the undertaking of the Business Board this budget process must include the allocations for the Business Board.
- 2.2. The Combined Authority's budget and MTFP, as approved at the January meeting, is published on its website. For ease of reference the Business and Skills Directorate's budget has been re-presented here in a format similar that used in the Business Board's regular in-

year budget monitoring reports.

- 2.3. As these budget lines are those available for the Business Board to utilise, through their Chief Officer, to achieve their desired outcomes it is important that the Business Board has a sight of their funding over the medium term.
- 2.4. These budgets are funded by a combination of ring-fenced grants provided by Government, Enterprise Zone receipts which have been allocated by the Business Board, and core revenue funding from the CPCA's revenue funding.
- 2.5. The Combined Authority made the decision that the staffing structure and budgets will be managed at a corporate level by John Hill as Head of Paid Service. As such staff costs are only included where they are directly funded by a ring-fenced grant.

3. BUSIENSS AND SKILLS FUNDING LINES

3.1. Overview

The Business and Skills Directorate and the Business Board, for which it supplies the executive support, is focused on the Combined Authority's vision to double our economy. Its **strategic approach** in achieving this is to:

- **Improve the long-term capacity for growth in Greater Cambridge** to support the expansion of this innovation powerhouse and, crucially, reduce the risk of any stalling in the long-term high growth rates that have been enjoyed for several decades.
- **Increase sustainability and broaden the base of local economic growth**, by identifying opportunities for high growth companies to accelerate business growth where there is greater absorptive capacity, beyond the current bottlenecks to growth in Greater Cambridge.
- **Do this by expanding and building upon the clusters and networks** that have enabled Cambridge to become a global leader in innovative growth, creating an economy-wide business support eco-system to promote inclusive business growth.

- 3.2. The two tables below present the MTFP for the Busienss and Skills Directorate for the financial years 2020-21 to 2023-24, seperated by Business Board controlled and non-Business Board controlled, followed by a brief description of each project or programme.

Table 3.1

Para Ref.	Revenue MTFP – Business Board Controlled	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
3.3	EU Exit Funding	181.	-	-	-
3.3	Growth Hub	246.0	246.0	246.0	246.0
3.4	LIS Implementation	195.0	200.0	200.0	200.0
3.5	Local Growth Fund Costs	480.0	480.0	480.0	480.0
3.6	Marketing and Promotion of Services	75.0	-	-	-
3.7	SME Observatory	40.0	40.0	-	-
3.8	Trade and Investment Programme	100.0	-	-	-
3.9	EZ Funded Growth Company Contribution	230.0	279.0	418.0	-
	Total Business & Skills Revenue Expenditure	1,547.8	1,245.0	1,344.0	926.0

Table 3.2

Para Ref.	Revenue MTFP	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
3.10	AEB Devolution Programme	10,948.9	10,948.9	10,948.9	10,948.9
3.10	AEB Programme Costs	564.1	564.1	564.1	564.1
3.11	Careers and Enterprise Company (CEC)	80.5	-	-	-
3.12	Energy Hub	697.8	-	-	-
3.13	Health and Care Sector Work Academy	1,100.0	1,300.0	-	-
3.14	Market Town Implementation of Strategies	175.0	200.0	200.0	200.0
3.15	Rural Community Energy Fund (RCEF)	1,713.2	314.4	-	-
3.16	Skills Advisory Panel (SAP) (DfE)	75.0	-	-	-
3.17	Skills Brokerage	75.0	-	-	-
3.18	Skills Strategy Implementation	125.0	150.0	150.0	150.0
3.19	St Neots Masterplan	167.0	83.0	-	-
	Total Business & Skills Revenue Expenditure	15,721.5	13,560.4	11,863.0	11,863.0

3.3. Growth Hub including EU Exit Funding and Thomas Cook Task Force

The Growth Hub is a telephone based signposting service to local organisations providing advice and growth support. The Growth Service Outline Business Case approved in November 2019 proposed the outsourcing of this service from April 2020. The revenue from Business, Energy and Industrial Strategy (BEIS), the sponsors of the service, and the outflow of costs to a contractor will continue to be included in the MTFP.

Additional services provided under sub-contract, have been provided to businesses and individuals regarding the EU Exit to ensure continuity of trade and the stability of European National Workers as well as to support employees of Thomas Cook to secure new jobs. EU Exit activities are being supported by top-up funding within this financial year from MHCLG, which will carry forward into 2020/21. Thomas Cook employee support is funded through a budget allocated from BEIS, for LEP Capacity Building.

3.4. Local Industrial Strategy (LIS) Implementation

The LIS Implementation budget is a cost provision for the development and launch of business support interventions, defined in the LIS as being required to meet the CPCA's economic growth ambitions. The Local Economic Commission has been included within this expenditure line.

3.5. Local Growth Fund Costs

This line was not shown in previous versions of the budget or MTFP as the costs for running the Local Growth Fund (LGF), were included within the Corporate revenue budget. By showing these costs separately, we can ensure that all relevant costs are recognised and charged against the Local Growth Fund top-slice reserve.

3.6. Marketing and Promotion of Services

Provision has been made for a Business and Skills Marketing budget to ensure that the CPCA business and skills support interventions are well publicised. This line was revised to reflect the emerging strategy presented to the Skills Committee in January 2020.

3.7. SME Observatory

This is the programme, recommended by the Business Board at its January meeting, to

develop the Business Board's own criteria and characteristics for defining "High-Growth SMEs" for the region, based on our priority sectors, sub-economies and our various activities under the Business Growth Service. This will ensure we are targeting our other support services at the companies where it will create the most impact and generate the greatest outcomes.

3.8. Trade and Investment Programme

This is a pilot programme to test the ideas developed in the LIS for a larger scale inward investment service. An Outline Business Case in November 2019 and FBC in March 2020, will propose the outsourcing of these separate place-specific interventions into a single integrated, whole economy Business Growth Service from April 2020.

3.9. Enterprise Zone contribution to Growth Company

This line reflects the November Combined Authority Board's decision, based on the recommendation from the Business Board, to allocate funding from Enterprise Zone receipts to the proposed Business Growth Service.

3.10. Adult Education Budget (AEB)

The devolved Adult Education Budget funds a service providing improved adult education to raise mid-level skills in the north and east of the economy, to increase productivity and support business growth in these areas. Following on from the previous year of devolution planning, the provision of service delivery began in August/September 2019. The budget is divided into two distinct areas:

- AEB Devolution Programme – the full allocation of the grant that is due for receipt, less the programme costs, as detailed below.

AEB Programme Costs – provision of staffing and services to ensure delivery of the programme. This is the 4.9% top-slice of the AEB grant. As part of introducing clarity for corporate staffing costs and funded programmes, all staffing costs are included within this project. The staffing recharge will ensure that there is a net zero effect on the budget.

3.11. Careers & Enterprise Company (CEC)

The Careers & Enterprise Company (CEC) is the national vehicle used to drive the Skills Agenda and deliver the National Careers Strategy within education. The programme is linked to the Skills Brokerage service and is key to the success of delivering the Skills Strategy.

As with the AEB budget all staffing relating costs are included here as a recharge from the Corporate staffing budget.

3.12. Energy Hub

The Board has agreed to transfer this activity out of the control of the Combined Authority. Until the transfer happens, related costs are included in the Combined Authority's MTFP. Expenditure has been profiled to match the revised spending profile which is fully funded by the grant.

3.13. Health and Care Sector Work Academy

The Health and Care Sector Work Academy provides additional education and work-based training for employees both in, and looking to enter, the health and social care work field. Traditionally a low-skill, low-pay area of work, the intention is to up-skill employees to improve outcomes.

3.14. Market Town Implementation of Strategies

This budget line supports growth in our 11 market towns through the production of a Masterplan for each and funding to co-invest in the implementation of those plans. All

masterplans will be completed by March 2020. The St. Neots plan is shown separately in Section 7.14 of this report .

3.15. **Regional Community Energy Fund (RCEF)**

As with the Energy Hub, this activity has been agreed to be transferred out of the Combined Authority. Until this happens, related costs are included in the MTFP. Expenditure is in line with the funding received for the project.

3.16. **Skills Advisory Panel**

After the MTFP was approved by the CA Board, the Ministry for Housing, Communities and Local Government confirmed that the funding provided to enable high quality data provision to the Skills Advisory Panel would be continued in 2020-21. This funding will be used to

3.17. **Skills Brokerage, including Apprenticeship Levy**

The CPCA currently funds several pilot projects to establish the feasibility of a levy marketplace and skills brokerage to recover and scale apprenticeship levels to better meet business needs. The funding and provision of this service is under review with an enhanced proposal currently in development. To enable this review to be conducted with adequate depth and scope, part of the current contract will need to be extended to cover the 2019-20 academic year. The additional costs of this are £98k, which will require additional funding.

An Outline Business Case in November 2019 and Full Business Case (FBC) in March 2020, will propose the outsourcing of these separate place-specific interventions into a single integrated, whole economy Business Growth Service from April 2020.

3.18. **Skills Strategy Implementation**

The Skills Strategy Implementation budget is a provision for the development and launch of skills support interventions, defined in the Skills Strategy and carried into the LIS as being required to meet the CPCA's economic growth ambitions.

3.19. **St. Neots Masterplan**

The funding for this project had previously been included in the Market Town Implementation of Strategies line as referred to above.

4. **LEGAL IMPLICATIONS**

There are no direct legal implications.

5. **FINANCIAL IMPLICATIONS**

There are no direct financial implications.

<u>Source Documents</u>	<u>Location</u>
CPCA MTRP report	Agenda item 7.1, CA Board January 2020