



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY
BUSINESS BOARD: MINUTES

Date: Monday, 24th September 2018

Time: 2.40-4.00pm

Location: Shire Hall, Cambridge

Present: Austen Adams, Tina Barsby, Douglass Cuff, William Haire, Aamir Khalid (Chair), Professor Andy Neely (Vice-Chair), Councillor Charles Roberts, James Palmer (Mayor)

1. APOLOGIES AND DECLARATIONS OF INTERESTS

Apologies had been received from Mark Dorsett, who would be attempting to participate in the meeting electronically.

It was noted that Councillor Roberts and James Palmer were members of the Combined Authority Board, but that there were no conflicts of interest in relation to the items to be considered.

2. MEMBERSHIP AND APPOINTMENT OF CHAIR AND VICE CHAIR

The Monitoring Officer requested nominations for Chairman. Charles Roberts nominated Aamir Khalid, and this was seconded by James Palmer. There being no further nominations, the Monitoring Officer declared Aamir Khalid elected as Chair.

The Chair welcomed everyone to the first meeting of new the Business Board. He asked for nominations for Vice Chair. From the Chair, he nominated Professor Andy Neely, which was seconded by Charles Roberts. There being no further nominations, Professor Andy Neely was appointed Vice Chair.

It was resolved unanimously to:

- a) note the membership of the Business Board shall comprise up to 10 members as follows:
 - i. Two public sector members
 - ii. Eight private sector members;
- b) note the appointments made by the Business Board at the meeting prior to this meeting for a period of three years until September 2021;
- c) appoint Aamir Khalid as Chair and Andy Neely as Vice Chair of the Business Board for a period of two years until September 2021.

3. TERMS OF REFERENCE AND CONSTITUTIONAL ARRANGEMENTS

The Monitoring Officer presented a report on the terms of reference and governance arrangements for the new Business Board.

The following points were noted:

- the Business Board would comprise eight private sector Members and two public sector Members. Each of the eight private sector members would be appointed for three years, with the Chair and Vice-Chair appointed for two years. Both the Member, Chair and Vice Chair positions could be extended by one successive term;
- the constitutional arrangements for the Business Board had to comply with the Local Enterprise Partnership governance and transparency: best practice guidance issued by the Ministry of Housing, Communities and Local Government, which supported LEPs in meeting the recommendations made by the Mary Ney review. The key focus was ensuring that LEPs were open and transparent, e.g. availability of agendas and reports in advance of meetings, publishing minutes, and the geography of the Combined Authority area. Members' attention was drawn to Sections 9 and 10, which specified that the appointments of private sector representatives was for a maximum of three years, and subject to a maximum of one successive term. The appointments to Chair and Vice-Chair were for a maximum of two years, and both appointments were for a maximum of two years, also subject to one successive term;
- that the Chair would be a voting member of the Combined Authority Board, and the Vice Chair would be a non-voting member of the Combined Authority Board, except when substituting for the Chair;
- minor corrections to the detail of the constituent authorities.

It was resolved unanimously to:

agree the terms of reference of the Business Board and constitutional arrangements, as amended, at Appendix 1 to the report.

4. FORWARD PLAN

Members considered the Forward Plan, which set out the items to be considered by the Business Board at forthcoming meetings, and was published to give both Members and the wider public information on the future work of the Board. All decision items would go on to the Combined Authority Board meetings for approval, which were open to the public.

Members noted the updated Forward Plan.

5. GOVERNMENT REVIEW OF LEPS – STRENGTHENED LOCAL ENTERPRISE PARTNERSHIPS

The Interim Director of Business and Skills advised that in July the government had launched a review of LEPS, with each LEP required to send a response by 28th September on the LEP geography issues. A response on the other issues did not have to be submitted until the end of October. Attention was drawn to Appendix A to the report, which gave a summary of activity in each of the geographical areas of the LEP. Appendix B contained the questions and the proposed responses, based on boundary of the Business Board being coterminous with the Combined Authority.

The background to the issues that had arisen with the Greater Cambridge Greater Peterborough (GCGP) LEP were noted, and the impact this had had on the funding stream. Funding had been withheld and eventually transferred to the Combined Authority in April.

The government's aim was to reduce duality, i.e. communities served by more than one LEP. The GCGP LEP area included areas in the adjacent counties of Lincolnshire, Norfolk, Suffolk, Essex, Hertfordshire and Rutland. It was proposed that the LEP area should be coterminous with the Combined Authority area i.e. Cambridgeshire and Peterborough. The Combined Authority Board was therefore minded to support a reduction in the LEP area to mirror the Mayoral Combined Authority area. It was confirmed that the other authorities were aware of the Combined Authority's position.

The Mayor advised that he had been contacted by the leaders of West Suffolk and Rutland Councils who were concerned that funding for those areas, previously agreed by the LEP, may be withheld by the Business Board. Members commented that it would be helpful to know the size of that commitment. Officers explained that the expectation - but not the confirmed position - was that the funding for that broader geographic area would not expire until 2020. The total funding commitment carried over from the LEP to the new Business Board was approximately £47M, but the assumption was that allocations would need to be agreed by the Business Board, i.e. the Business Board would remain the accountable body and be making recommendations on unallocated funding to the broader geography until 2020. There were two significant provisional allocations within the wider geographic area: (i) Haverhill Research Park (£1.3M) in West Suffolk, and (ii) M11 Junction 8 improvements (£1M) in Uttlesford. There were no contractual obligations to those projects at the moment, and decisions on those allocations would come to the Business Board for recommendation to the Combined Authority.

In response to a Member question, it was confirmed that the only authority not already covered by an alternative host LEP was Rutland. There had been discussions with the Chief Executive of Rutland, and it was likely that Rutland would be included in a neighbouring LEP.

It was suggested that the funding notionally allocated by the previous Board to the wider geographic area was not for large amounts, and that this should be taken to full Business Case. However, looking forward, the Business Board may be more cautious about granting funding to areas covered by another LEP. The Mayor commented that the investment to the Haverhill Research Park would result in benefits to

Cambridgeshire and Peterborough, as it is part of the Cambridge Compass Enterprise Zone.

It was confirmed that the wider geographic area would still apply until Government made the decision to agree with the proposal on coterminosity.

It was resolved unanimously to:

- a) agree to submit a proposal to Government for the boundary of the Business Board to be coterminous with the Combined Authority Boundary;
- b) agree the response (attached to the report) for submission to the Government by 29 September and consideration by the Combined Authority on the 26 September;
- c) agree that any final amendments to the Government response can be made by the Chair prior to submission to the Government;
- d) note the deadlines and changes as set out in the Strengthened LEPs paper and that a report will be brought back to the Board addressing these requirements.

6. CAMBRIDGESHIRE AND PETERBOROUGH INDEPENDENT ECONOMIC REVIEW (FINAL)

The Interim Director for Business and Skills presented a report on the interim Cambridgeshire and Peterborough Independent Economic Report (CPIER) which had been published on 14th September 2018.

Members were advised that the CPIER had been led by an independent Commission, chaired by Dame Kate Barker, and composed of other leading economic, business and political figures. The Commission had engaged across Cambridgeshire and Peterborough, including two rounds of public consultation, and targeted sessions with local authorities and local communities. Nationally Cambridgeshire and Peterborough Combined Authority was seen as an exemplar, with some of the most robust evidence bases.

Members' views were sought on the CPIER in advance of the upcoming engagement sessions. There would be further opportunity for the Business Board to explore the Industrial Strategy at their induction session on 29th October, which would include presentations from John Hill, the new Director of Business and Skills, and a workshop with Mike Emerich of Metro Dynamics, an organisation involved in the development of the CPIER. Metro Dynamics would also be leading on the development of the Industrial Strategy, having been selected through a competitive process. There was a real appetite to progress the Industrial Strategy as soon as possible.

The Mayor commented that the Cambridge – Milton Keynes – Oxford corridor was not the only strategic corridor in the LEP area, but there were key corridors in all directions.

Professor Neely declared a non-pecuniary interest as he was an acquaintance of one of the commissioners involved in the Review. He commented that the CPIER was a really good piece of work, and it would be really helpful to know how Mike Emerich would be developing the Industrial Strategy, to reflect the varied nature of industry across Cambridgeshire and Peterborough, and also to have some idea about the data and evidence gap. Officers outlined the proposals for developing the Industrial Strategy, which would include mapping out the engagement process at a very early stage. The main points would include an innovation audit, skills strategy, and an analysis by geographical areas, looking at the companies in those areas. Members' comments on companies that should be included in the Industrial Strategy were welcomed. Professor Neely commented that it would be helpful to utilise existing networks e.g. Cambridge Network, Cambridge Wireless, etc, in this process. Officers advised that business-led sector specific strategies would be created, and a tender had gone out to attract sector specialists with experience in skills, innovation, etc. In response to a Member comment, it was confirmed that feedback from government indicated that the Combined Authority was in a good position to attract further funding because of the CPIER.

In response to a Member question, it was noted that there was noted that the sector specific strategy for Agritech would be led in-house by Martin Lutman, who was an expert in this field.

It was resolved unanimously to:

- a) note the publication of the Cambridgeshire and Peterborough Independent Economic Review (CPIER) as a major milestone in the development of our Local Industrial Strategy;
- b) provide any initial on the findings of the CPIER, in advance of the upcoming engagement sessions.

7. ASSURANCE FRAMEWORK

The Business Board considered a report on the Assurance Framework. It was noted that the Assurance Framework was necessary to set out the systems and processes which would be used to manage the delegated funding from government budgets effectively. The document would be updated to include further recent government guidance, such as the recent Review of LEPs, and brought back to a future Business Board meeting, for Members' consideration.

It was resolved unanimously to:

agree the current Business Board Assurance Framework.

8. GROWTH PROSPECTUS

John Hill, Director of Business and Skills, introduced a report on the Growth Prospectus. He advised that the Local Growth Fund was established by government in 2014 and distributed across England via LEPs. The Greater Cambridge Greater

Peterborough (GCGP) LEP negotiated three growth Deals, securing £146.7M to deliver new homes, jobs and skills in the LEP area.

The following points were noted:

- that this funding was for capital expenditure only, i.e. land, buildings, infrastructure and equipment, and could be given as either a grant or loan for equity investment;
- all funding must be spent by 31/03/21, but the Growing Places fund has no end date;
- Value Added needed to be demonstrated for businesses, jobs/skills and innovation outcomes;
- the Prospectus provided outline guidance on the areas where bids would be welcomed, and the criteria against which bids would be evaluated;
- a key question would be, if the Business Board did not fund it, would it happen?
- bids would need to be checked against State Aid rules.

The Growth Deal allocation from Government was awarded on the basis that the funding would be used to create 22,500 jobs and 10,440 new homes. While the programme was broadly on track to deliver the homes targets, it was behind on jobs outcomes with around 12,000 jobs currently forecast through contracted schemes. Whilst the jobs were clearly a focus, housing, skills and innovation, and the gross value added were also key factors. The option of making a second call in March, once the outcomes of the Industrial Strategy was known was suggested, and other feedback could also be taken into consideration e.g. any gaps left, and potentially the coterminous geography too.

Business Board Members' views were sought on the draft Growth Prospectus 2018/19, and moving forward, matching the funding allocation to meet the aspirations of the Industrial Strategy.

A Member queried what happened to provisional allocations, especially those outside the Cambridgeshire and Peterborough area. It was noted that those outline applications, would need to be determined by the Business Board upon receipt of a full Business Case. This process would run in parallel, alongside the new call for bids. If the Business Board concluded that those original outline applications did not meet the Board's aspirations, they could be rejected. Officers were already in dialogue with the relevant bodies, who were developing the business cases.

A Member commented that it was vital to get the Industrial Strategy in place, and for the Business Board to have full engagement with and ownership of that Strategy, and he expressed some concerns about shortcutting that process.

In response to a Member question, it was confirmed that the provisional allocation was made on the basis that it may change going forward. It was noted that it had been

frozen for some time, and it would be good to get this process going again. Members also noted the proposed programme allocations for 2018-2021, including £39M for major projects – it was important to rekindle the enthusiasm of applicants. It was noted that one of the conditions of the Business Board was that it should have its own website (a microsite was satisfactory).

One Member observed that there was a danger that businesses would put a lot of work in to applications, before the direction of the Industrial Strategy was known. Mr Hill responded that the prospectus sets out to applicants broadly what was required, in advance of agreeing the Industrial Strategy. Whilst it would be possible to wait until February/March 2019, when the full criteria was available, there would be less time to spend the funding. It was confirmed that funding had to be spent, not just allocated, by March 2021. The pressures on the process were further exacerbated by there having been a hiatus for 18 months, whilst at the same time there were really good proposals out there with no route in to funding.

The Mayor suggested that the Business Board could be provided with an interim report on the direction that the Industrial Strategy was going in.

It was resolved unanimously to:

- a) agree the draft Growth Prospectus 2018/19 and the programmes contained therein, subject to final version to be signed off by Chief Executive (Acting);
- b) agree provisional allocations for each programme within the Prospectus, subject to review and cashflow within Growth Deal and Growing Places Fund budgets;
- c) agree processes for due diligence and appraisal, subject to review;
- d) note that applications and business cases will be brought to the Business Board for consideration and recommendation to the Combined Authority, from November 2018 onwards;
- e) receive an interim report on the Industrial Strategy be provided, setting out the direction of the Industrial Strategy.

9. GROWTH FUNDS UPDATE

Alex Francis, Growth Deal Manager, presented an update on both the Growth Deal and Growing Places Fund, which had both been transferred across to the new Local Enterprise Partnership arrangements from 1st April 2018. Expenditure to date, planned payments over the current financial year and monitoring arrangements were noted.

Members noted that £146.7M in growth deal funding had been allocated from government to deliver a six-year programme of new homes, jobs and skills across the LEP area. Additionally, £16.1M had been secured from the Growing Places Fund to establish a recyclable pot of grants and loans for projects delivering economic benefit across the region. The current programme position was noted, including all the

schemes and expenditure committed to date. The largest project currently being delivered was the Ely Southern Bypass (receiving £22M from Growth Deal).

Members noted the risks associated with King's Dyke in Whittlesey, a County Council project where there had been some issues, including protracted land purchases: the revised designs for the scheme had resulted in a considerable increase in costs, and the funding package had not yet been agreed or finalised by the County Council. To date, just over £1M had been claimed from Growth Deal from the Kings Dyke scheme. The Mayor explained that the Kings Dyke project was vital for the area, and a revised Business Case would be considered at the Combined Authority Board in November, to take into account the increase in costs. The Mayor urged the Business Board to uphold the Combined Authority's commitment to Kings Dyke.

The following points were noted:

- Ely Southern Bypass was shown as 'amber' because there may be some slight delays to the finish date, but it was very close to completion. Any financial risks on that scheme would be shared between the County Council and the contractor;
- A scheme to deliver a roundabout on Lancaster Way in Ely was linked to the longer term improvement on the A10, and this particular scheme was essential for Lancaster Way to expand into the next phase;
- the largest current Growing Places scheme was *Ely Area Capacity Enhancements*, where there had been some delays to payment arrangements but this was now broadly on track;
- the University of Peterborough project was currently undergoing a governance review.

In response to a Member question, it was confirmed that Growth Deal funding had to be spent by 31 March 2021, specifically spent by the project. There was a programme profile for the LEP's allocation, with much of the expenditure backloaded into 2020-21. When there had previously been underspends, dialogue with Government was necessary to roll it forward – there was no assumption that it would happen automatically.

It was resolved unanimously to:

agree the programme position to 31 August 2018

10. DATE OF NEXT MEETING

It was resolved unanimously to note the date of the next meeting – Monday, 26 November 2018 at 2.30pm, at East Cambridgeshire District Council offices, Nutholt Lane, Ely.

Chairman