THE BUSINESS BOARD

BUSINESS BOARD

Monday, 27 July 2020

Democratic Services

Robert Parkin Dip. LG.
Chief Legal Officer and Monitoring Officer

Incubator 2
The Boulevard
Alconbury Weald
Cambridgeshire
PE28 4XA

14:30 PM

Virtual Meeting

AGENDA

PRIVATE MEETING

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Dawn Cave

Clerk Telephone: 01223 699178

Clerk Email: Dawn.Cave@cambridgeshire.gov.uk

Membership

The Board currently comprises:

Private Sector Members

Member	**Sector**
Austen Adams (Chairman)	Advanced Manufacturing
Tina Barsby	Agri-Tech
Mark Dorsett	Advanced Manufacturing
Faye Holland	Communications
Aamir Khalid	Advanced Manufacturing, Research & Development, and Small & Medium-sized Enterprises
Al Kingsley	Digital & Education
Nicki Mawby	Skills & Education
Jason Mellad	Life Science
Andy Neely (Vice-Chairman)	Skills & Education
Nitin Patel	Advanced Manufacturing and Small & Medium-sized Enterprises
Rebecca Stephens	Digital & Communications
Kelly Swingler	Skills & Education

Public Sector Members

Name	**Body**	**Position**
James Palmer *(Substitute:*	Cambridgeshire and Peterborough Combined Authority	Mayor

Cllr Steve Count)		
Cllr John Holdich *(Substitute: Councillor Wayne Fitzgerald)*	Cambridgeshire and Peterborough Combined Authority	Deputy Mayor and Portfolio Holder for Economic Growth

The Business Board is committed to open government and supports the principle of transparency. With the exception of confidential information, agendas and reports will be published 5 clear working days before the meeting. Unless where indicated, meetings are not open to the public.

For more information about this meeting, please contact Dawn Cave at the Cambridgeshire County Council on 01223 699178 or email dawn.cave@cambridgeshire.gov.uk.

Agenda Item No.1.2

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY BUSINESS BOARD: VIRTUAL MEETING MINUTES

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY

Date: Tuesday, 26th May 2020

Time: 2.30pm – 4.40pm

Present: Austen Adams (Chairman), Tina Barsby, Councillor John Holdich, Faye Holland, Aamir Khalid, Al Kingsley, Jason Mellad, Andy Neely, Mayor James Palmer, Nitin Patel and Rebecca Stephens

135. APOLOGIES AND DECLARATIONS OF INTEREST

The Chairman welcomed everyone to the Business Board meeting.

Apologies were received from Mark Dorsett.

Councillor John Holdich declared a non-pecuniary interest in the University of Peterborough item (Item 137), and reminded Members that he was a non-voting Business Board member.

Andy Neely declared an interest in the Local Growth Fund item (Minute 140).

136. MINUTES OF THE MEETING HELD ON 23RD MARCH 2020

The minutes of the Business Board meeting held on 23rd March 2020 were agreed as a correct record.

It was noted that all Action Log items had been completed with the exception of item 109 (CAM project), where an update from Graeme Bampton would be completed shortly.

A number of items had been completed since the March Business Board meeting, including:

Item 134 – more frequent update meetings had been scheduled, including an interim meeting on 22nd June.

Item 132/Coronavirus Update – it was confirmed that more information was now available via the Combined Authority's Business Support pages.

Item 132/Coronavirus Update – Members had requested an example proposal for funding applications, to support businesses in their applications for bank loans or grants. Having explored this, officers had concluded that there were other areas of support available, so it was proposed to close this action, with Business Board agreement.

It was noted that one to one work is taking place to assign leads to Business Board Members to work with officers, based on workstreams and key lines of activity, and also on stakeholder mapping so that messages could be better communicated (both in to the Business Board, and from the Business Board), through members' networks and business community contacts.

A member noted that the agenda front sheet did not accurately record current membership.

137. COMBINED AUTHORITY UPDATE

The Business Board considered a report on key headlines from the Mayoral decision making meeting held on 25 March 2020 and Combined Authority Board meeting held on 29 April 2020. The majority of actions from these meetings had been around governance. The Market Town Strategy had also been approved for Huntingdonshire, which was very welcome, and there was also an update on the Business Board governance review process.

As previously agreed, there were two presentations on key Combined Authority projects, the A10 and University of Peterborough. The presentations had been circulated in advance of the meeting.

With regard to the A10, a member asked for more information about the timescales and process. It was agreed that this information would be provided. **Action required.** The member praised the report and said it was a good presentation and, demonstrating a clear focus on the outcomes.

Members considered a presentation on the University of Peterborough, outlining progress to date and recent developments. The following points were noted:

- The reasons for the project, including the shortage of Higher Education provision and low GVA in the Peterborough area;

- In 2019, a survey commissioned through Opportunity Peterborough had sought information from leading Peterborough businesses, which helped shape the outline curriculum. The three faculties to be established in Phase 1 would reflect these priorities, namely Business Innovation & Entrepreneurship; Creative and Digital Arts & Sciences; and Agriculture, Environment & Sustainability. A fourth faculty has since been added, Health and Social Care and Education, which would help rebuild the NHS going forward;

- The target market was 18-24 year olds in the local demographic, especially those who would not usually engage in Higher Education. The University was very much business/industry led, and it was crucial that it met the demands of businesses in the local area;

- Maps, views and elevations showing what the University would look like;

- The Planning Application would be submitted in September, and the full Business Case would be considered by the Skills Committee and the Combined Authority Board in July. The scheme was still on track for enabling works to commence in Autumn 2020, with a view towards opening to students in September 2022.

A member asked if there were any plans to repeat the survey following the Covid-19 pandemic before the University opened, given the dramatic changes that had taken place. Officers agreed that it would be useful to rerun the survey, and there was also a wider piece of work around business engagement, working with businesses to further shape the curriculum. It was agreed that rerunning survey post Covid-19 would be very useful.

In response to a question about the legal challenge on the procurement of HE provider, officers outlined the nature of the challenge and what had happened so far, the process and possible outcomes moving forward, and timescales. It was noted that the project was already running to a tight schedule, but that the outcome of the legal challenge should be known by mid-June. It was confirmed that this type of legal challenge was very unusual in public procurement. The Mayor James Palmer expressed his disappointment that Peterborough Regional College had launched this challenge, given the importance of this project for Peterborough.

The Chief Officer for the Business Board advised that in response to the impact of Covid-19, CPCA would be investing a total of £250K in reviewing at Skills Strategy, specifically the socio-economic and skills impact of the pandemic, with a view to recalibrating need.

With regard to the University of Peterborough, he advised that Anglia Ruskin University (ARU) would be asked to undertake much more detailed work on the addressable market. It was acknowledged that the University would be very different post-Covid-19, and ARU were responding to the challenge of having a rigorous plan in place to capture the market and attract students.

It was resolved to:

(a) Note the Decision Statement of the Mayoral decision making meeting held on 23 March 2020 and Combined Authority Board meeting held on 29 April 2020 (Appendix 1);

(b) Note the Timetable of Combined Authority Updates to the Business Board (Appendix 2);

(c) Note the update on the University of Peterborough (Appendix 3); and

(d) Note the update on the A10 Upgrade (Appendix 4).

138. UPDATE ON THE BUSINESS BOARD AND WIDER COMBINED AUTHORITY RESPONSE TO COVID-19

Members considered an update on the Business Board specific and wider Combined Authority response to Covid-19. The three levels of response were outlined, which comprised:

- Short term – through repositioning the Growth Hub and providing specific expertise along with broader business support;
- Medium term – through repurposing the Business Growth Service with a recovery modified enhancement of it, renamed the Business Lions Recovery Programme;
- Long term – levelling up the economy, especially Fenland and Peterborough.

Initial actions included the launch of a £5.9M Covid-19 Capital Grant scheme, protecting jobs and creating new jobs, which had been completely allocated within one month. More recent actions included development of the Economic Recovery Sub-Group, focused on a longer term strategy for economic recovery, participation in a Local Recovery Forum and a City Centre Exit Strategy Group, looking to open high streets; there was also officer representation on the Oxcam Recovery Group and the M9 Mayoral Authorities Recovery Group, sharing experience and best practice. The government was currently seeking feedback from Mayoral authorities and LEPs to feed in to a strategy of longer term actions nationally.

The wider response from the Combined Authority included actions around Housing Development, looking at a package of measures for borrowers. The Mayor was also leading on work around transport, including calls for support to the bus sector in particular, which had resulted in £5M funding being secured for that sector.

The Chairman advised that he had recently attended a round table meeting chaired by Simon Clarke MP with the business community, where the Minister had congratulated CPCA on the speedy implementation of its Covid-19 Capital Grant Fund, which had been very well received. Officers advised that it was likely that the government would be replicating this Capital Grant Fund nationally with an ERDF grant from the National Reserve Fund.

A number of Members commented positively on their experience of the process of the Combined Covid-19 Mayoral Forum.

It was resolved to:

(a) Note the wider Combined Authority's responses to COVID-19, as described in the report;

(b) Note the Combined Authority's approval of the Recover Orient Adapt and Regrowth (ROAR) approach, set out in Appendix 1 to the report;

(c) Note the Combined Authority's approval of the interest-accruing repayment holidays to companies in receipt of a Local Growth Fund loans, covering repayments due between 24 March 2020 and 31 August 2020;

(d) Note the Combined Authority's approval of the adjustment of the current Small Capital Grant Scheme eligibility criteria on intervention rates, jobs output-value ratio to grant-value, including safeguarded jobs in output measures for grants, subject to consultation with BEIS where appropriate;

(e) Note the Combined Authority's approval of the approval of the allocation of £3million Local Growth Funding to the COVID-19 Capital Grant Scheme, from returned unallocated Local Growth Funding;

(f) Note the Combined Authority's creation of a £500,000 capital grant scheme aimed at supporting the smallest businesses in the Cambridgeshire and Peterborough Combined Authority area and delegation to the Director of Business and Skills, in consultation with the Mayor, the Section 73 and the Monitoring Officer, for the setting of detailed parameters and criteria for the scheme;

(g) Note the ongoing discussions between the Mayor and MHCLG and the Minister in support of Business Board objectives;

(h) Note the work ongoing for the potential development in the Housing and Development directorate for a package of measures for home buying borrowers in the CPCA's £40m revolving fund; and

(i) Note the support provided by the Mayor in raising the challenges of the local bus sector in conversations with the Secretary of State for Transport and the Buses Minister, Baroness Vere. The related government announcement of a package of support for the bus industry, of which the Combined Authority will distribute a proportion.

139. BUSINESS BOARD STRATEGIC FUNDS UPDATE

Members considered an update and overview of the revenue funding lines within the Business & Skills Directorate, to enable them to make informed decisions regarding the expenditure of these funds. The figures presented were to 31/03/20, and would be presented to Combined Authority Board in June, possibly with minor changes.

It was noted that the standard approach to underspend was that funds were taken back in to the Combined Authority Board central pot, unless specifically ringfenced. Potentially, some Business Board items will be used for Covid-19 activities, so there may be some instances where funding was not rolled over but would go toward Covid-19 expenditure.

It was confirmed that LGF funding was automatically rolled over as it was ringfenced. The report also set out the revenue funding for the skills side of the Business & Skills Committee. Officers asked whether members still wanted to receive this Skills information as part of their regular reports in future.

Arising from the report:

- A Member queried why there were such significant variations compared to the original budget in some of the outturns, e.g. for EU Exit Funding and LEP Capacity, which had not been presented previously to the Business Board. He suggested that a process needed to be agreed so that they were discussed at an earlier stage, rather than at the outturn stage. The reasons for the variations in the budgets specified were outlined, and members noted that two of the three major variations were due to the Covid-19, where additional funding had been received at a late stage, resulting in the carry forward. The third was due to an allocation from BEIS to develop LEP functionality, where the intention had been to roll forward the funding from the outset. It was also noted that there would be more frequent reporting going forward.

- It was noted that the CA Board had materiality thresholds in its financial reporting, and this was both percentage and absolute value based: for operational budgets this was £100K, for project based revenue budgets £250K, and for capital £500K, which were all roughly 2% of the respective gross budgets for the year. It was agreed that this would be a helpful trigger to include in future financial reports to the Business Board. The Chairman asked officers to develop a reporting format with sensible level of triggers on percentage basis (e.g. 5% of the original budget) with a related narrative to explain movement.

- It was clarified that the intention had always been to spend the £320K LEP Capacity fund over several year, as this was essentially a “Community Chest” type budget. It was suggested that the budgetary information should be presented over three years, with the current budget, the amount currently committed, the current balance, and a comparison of what was committed against the profile, and to monitor this on an ongoing basis.

- A member queried the sudden growth of salaries. Officers advised that this was a reporting anomaly: originally the starting budget for the Combined Authority at the beginning of the 19/20 financial year had been net of salaries, with salaries recharged to those cost centres at the end of year. This issue had been addressed for 2021, so going forward the Business Board would have the full figures rather than having the staffing costs at the end of year.

In conclusion, the Business Board requested that in terms of financial reporting going forward, they would like to see:

- more frequent reporting
- 5% thresholds on a line by line basis, with associated narrative
- Information on a three year rolling/period to date basis.

Action required.

It was resolved to:

Note the update and financial position relating to the revenue funding lines under the control of the Business Board.

140. LOCAL GROWTH FUND PROGRAMME MANAGEMENT REVIEW – MAY 2020

The Business Board received an update on the Local Growth Fund (LGF) programme performance since April 2015, including operational updates on the various streams of funding up to May 2020, including grants, loans and recycled funds from loans being repaid.

An announcement had been made by the Director of the Cities & Local Government Unit that the final payments against the LEP LGF allocations for financial year 2020/21 would be delayed. Combined Authorities and LEPs had been asked by government whether all spending was on track to be completed by 31/03/21. For CPCA, there was a £35M payment for 2020/21 outstanding due to be paid in May. Subsequently it had been confirmed that one-third of this would be withheld, pending a review over the summer to confirm all projects have robust plans to defray by the deadline. Projects continued to be monitored closely to ensure that they were on track to be fully committed by 31/03/21, and regular contact maintained with BEIS to assure them on the commitment to the completion date.

Since the last report had been presented, the Welding Institute Expansion was an additional project, and the final documents had recently been issued for the Illumina Accelerator project. With regard to the Eastern Agri-tech Growth Initiative, this was fully allocated and comprised five projects which were due to be considered by the Eastern Agri-tech Board in March 2020. However, consideration had been delayed due to Covid-19 issues, but were now being processed.

There were three projects in delivery which would not be taking their full allocation of funds, resulting in £6.8M needing to be allocated and spent before 31/03/21. Those projects, and the reasons why they were not progressing or taking their full allocation, were outlined.

Attention was drawn to the Project Risk Register. This was based on the third quarter return and did not reflect the most recent updates, but would be updated in time for the next meeting.

Discussing the report, Business Board members:

- queried paragraph 2.4 of the report, which in response to BEIS stipulation that all funding should be spent by 31/03/21, stated that "*this should not impact our willingness to contract"*. Officers responded that if projects were not defrayed by that date, the Combined Authority was not obliged to pay anyway, so there was not an issue with the one-third of funding that would be withheld;

- noting that only around £80M had been spent to date, asked officers how confident they were that the remaining funding would be spent within the final year. Officers confirmed that the majority of projects were predicted to spend within final year, and indeed some had already spent, and this information could be provided for the Business Board in a tabulated format. **Action required.** It had always been recognised that the majority of the fund would be spent in the final year. All projects were being strongly encouraged to ensure that funding was spent by 31/03/21;

- noting the considerable time constraints, asked if there were any new projects that could be contracted and spent by the deadline. It was confirmed that a number of projects that could be considered for returned or unallocated LGF were included in confidential Appendix E, and officers were comfortable that there was enough in the pipeline to be able to defray by 31/03/21;

- discussed the recommendation to the Combined Authority Board that the £320K unspent as a result of the West Anglia Training Academy liquidation would be put in the Adult Education Budget (AEB) Innovation Fund, to support residents and employers through the Covid-19 pandemic and its aftermath. This would be administered on a case by case basis.

It was resolved unanimously to:

(a) Note the updates for the Local Growth Fund programme to the Combined Authority Board;

(b) Note the Local Growth Fund Project Delivery Risk Register;

(c) Recommend to the Combined Authority Board approval of an allocation of £320,000 returned Local Growth Funding into the new Adult Education Budget Innovation Fund as capital match to that fund to support the Further Education (FE) Sector plus Apprenticeships and Retraining; and

(d) Note the proposed approach for allocating the remaining Local Growth Funding to remaining projects in pipeline.

141. iMET INVESTMENT UPDATE AND OPTIONS RECOMMENDATION

The Business Board received an update on recent events relating to the viability of the Greater Cambridge & Greater Peterborough LEP investment of £10.502M in the design and build of a vocational training centre at Alconbury Weald, that make the achievement of the original outcomes forecast unlikely.

Following the LEP investment in this project in 2016, ownership and management of the iMET Centre transferred to Huntingdonshire Regional College (HRC), with Urban & Civic retaining the freehold property rights. However, HRC subsequently ran into financial difficulty, and merged with Cambridge Regional College (CRC). The original outcomes for the Centre had largely failed to materialise, with the Centre operating at a considerable loss. The report set out a number of options to recycle and recover that asset.

In line with the Local Assurance Framework and National Guidance, the Combined Authority, as the Accountable Body for the LGF, was charged with approving clawback of funds on underperforming or non-compliant projects. However, the Business Board, as administrators of the LGF, should make recommendations to the CPCA on the risks and implications of recovery.

A complicating factor was that CRC was the current owner of the asset, but not the original applicant for the iMET LGF grant, as the asset was novated to CRC following the merger with HRC. However, CRC was the legal entity against which any action to recovery funds might be taken. Separately, CRC was in the process of applying for LGF funding for a separate project. As part of that application, CRC proposed using the full freehold value of the iMET building as match funding, transferring ownership of the building to the Combined Authority. Recovery of the original grant could place that organisation under serious financial pressure.

Confidential appendix 4 to the report set out several commercial options for reusing the asset and its net value should it be possible to liquidate the asset, to generate new and additional skills and jobs outcomes for the economy, and these potential options were discussed. It was proposed that the Chief Officer of the Business Board explored the viability and benefits of each option, in light of legal advice, and report back to the Business Board in July 2020.

In discussion, a member commented that ideally, the best outcome would be one in line with the original objectives of the project i.e. job creation. The merits and background of the different options were discussed.

It was resolved to:

(a) Note the recent position of iMET LGF investment; and

(b) Note the potential options available to the Business Board in relation to the iMET investment that will be explored further by the Chief Officer of the Business Board, complimented with legal advice and reported back to the Business Board in July 2020.

142. INTEGRATED BUSINESS & SKILLS INSIGHT & EVALUATION PROGRAMME

The Business Board received a report proposing the consolidation of all of the Business and Skills Directorate's activities, including the integration of currently separate activities, including current and planned Covid-19 elements, to create an Integrated Business & Skills Insight & Evaluation Programme.

In April, the Greater Cambridge Partnership (GCP) and CPCA jointly resourced and commissioned a study in to the impact of Covid-19. The results of this would help inform CPCA and partners in developing their focus and interventions to deal with Covid-19 issues going forward. Independent and specialist support would be commissioned through a procurement exercise by the end of June in order to undertake detailed research, review and evaluation, at a cost of around £189,000, from existing budgets. In order to resource this effectively, it was proposed that various disparate budgets were streamlined into one cost-effective resource. One output from this work would be a detailed report published in September, and an updated refresh was also planned in 2021.

The Chief Officer of the Business Board stressed that this was a major piece of work, and exceeded the scope of comparable initiatives by other LEPs. However, whilst it was costly due to the sheer volume of work to be revisited, including a full econometric refresh and the Local Industrial Strategy, there was a good chance that some of this expenditure would be recouped.

In response to a Member question, it was confirmed that there were five possible specialist organisations known to CPCA who were capable of undertaking this type of work within the given budget.

It was resolved unanimously to:

(a) Endorse the commissioning of an Integrated Business & Skills Insight & Evaluation Programme;

(b) Recommend the Combined Authority approve the consolidation of the SME Observatory budget and the of LGF Top Slice and BEIS Support Funding as detailed in Table 1, to resource the commissioning; and

(c) Note that a recommendation will be made, via the Skills Committee to the Combined Authority Board, to approve the consolidation of budgets details in Table 2 of the report, to resource the commissioning

143. CONSTITUTION REVIEW (APPENDIX 5 – BUSINESS BOARD)

The Business Board considered a number of proposed changes to the Constitution. Members were reminded that changes proposed following a governance review had been considered at the March 2020 Business Board meeting.

The appendix to the report set out the proposed changes in “Tracked Changes” format, and the report listed the changes and the rationale for them. Key changes included the introduction of the concept of “Reserve Members”, and clarification around the arrangements following resignations.

It was unanimously resolved to:

Recommend the Combined Authority approve the amendments to the constitution set out in Appendix 1 of the report.

(Andy Neely left the meeting)

144. NOMINATION OF BUSINESS BOARD REPRESENTATIVE FOR THE COMBINED AUTHORITY BOARD

Members considered a report that proposed the appointment of the Business Board Chairman as the Business Board Member of the Combined Authority Board, and the Vice-Chairman as the Substitute Member.

It was unanimously resolved to:

(a) Nominate the Chair of the Business Board to be the Business Board Member of the Combined Authority for the municipal year 2020/21;

(b) Nominate the Vice Chair of the Business Board to be the Substitute Member of the Combined Authority for the municipal year 2020/21;

(c) Recommend the nominations in (a) and (b) above to the Combined Authority.

145. NOMINATION OF BUSINESS BOARD MEMBER AS CHAIR OF THE EMPLOYMENT AND SKILLS BOARD

The Business Board considered a report which sought nominations for a Business Board Member to chair the Employment and Skills Board. One of the objectives of this appointment was to improve the interface and eliminate overlaps between the Boards, and also met the relevant Department for Education guidance.

It was resolved to:

Nominate Al Kingsley for the role of Chair of the Employment and Skills Board.

146. BUSINESS BOARD COMMUNICATIONS UPDATE

The Business Board received an update on Business Board related communications and Public Relations activity.

Officers advised that there were three main groups of communications activity since the start of the Covid-19 pandemic, including (i) an aggressive mailing campaign to client database, (ii) a thorough social media campaign and (iii) comprehensive mail articles and Press Releases, to spread the word and share updates on central government schemes, and the numerous schemes that had been launched and augmented; and also to actively publicise CPCA's interventions. The overwhelming success of the CPCA's Covid-19 Grants Scheme was testament to the effectiveness of the successful communications campaign.

In response to a query on the recruitment process for the communications team, it was noted that the business engagement role had been advertised and had a closing date of mid June. Members were encouraged to share the role advertised via the CPCA LinkedIn page, and officers agreed to update members on the recruitment campaign at the next activity update meeting. **Action required.**

It was resolved to:

Note the content of the report.

147. BUSINESS BOARD HEADLINES FOR THE COMBINED AUTHORITY

It was noted that the Chairman would be participating in the Combined Authority Board meeting on 3rd June 2020. Members were asked to contact the Chairman if there was any particular matter they wanted to raise with the Combined Authority Board.

148. BUSINESS BOARD FORWARD PLAN

It was resolved to:

Note the Forward Plan.

EXTRAORDINARY MEETING OF
CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY
BUSINESS BOARD: VIRTUAL MEETING MINUTES

Date: Thursday, 9th July 2020

Time: 12.08p.m. – 12.50p.m.

Present: Austen Adams (Chairman), Tina Barsby, Mark Dorsett, Councillor John Holdich, Faye Holland, Al Kingsley, Nicki Mawby, Jason Mellad, Andy Neely, Mayor James Palmer, Nitin Patel and Rebecca Stephens

149. APOLOGIES AND DECLARATIONS OF INTEREST

The Chairman welcomed everyone to the Business Board meeting.

Apologies were received from Aamir Khalid and Kelly Swingler.

Jason Mellad declared a non-pecuniary interest in the Accelerated 2021 Local Growth Funding Allocated to CPCA Business Board (Item 150), as the Chief Executive of Start Codon Limited.

150. ACCELERATED 2021 LOCAL GROWTH FUNDING ALLOCATED TO CPCA BUSINESS BOARD

Members considered a report on accelerated access to the 2021 Local Growth Funding (LGF) budget allocation, which had provisionally been offered to the Business Board amounting to £14.6 million; the allocation of this funding had been based on population levels and the impact of Covid-19 on the local economy. Attention was drawn to the background to the offer, which set out the process by which these funds were awarded. The criteria for submitting projects was capital only LGF projects with the ability to deliver spend within eighteen months, and outcomes related to jobs, growth and green recovery over the following eighteen months after that spend. The projects also needed to comply with and proceed through the Local Assurance Framework (LAF).

Members were advised of the confusion around the bidding process, which had resulted in other Local Authorities submitting their own bids. Attention was then drawn to Appendix B which detailed Business Board priority ranked projects and new projects from Local Authority partners. It was noted that only the top five ranked projects had been evaluated by Government against the set criteria, which had left three projects. After further evaluation of these three projects, it was proposed that the Peterborough University Phase 2 Innovation Ecosystem Project should be the primary project put forward for further evaluation.

Officers had met with a representative of the Cities and Local Growth Unit on 7 July 2020 to discuss the deliverability of the Peterborough project, which consisted of a Research Centre building on the new university campus and a set of slip roads from Frank Perkins way. Members noted the questions and answers provided at the meeting set out in Section 2.3 of the report. In focusing on the funding gaps, the Board was informed that

Peterborough City Council would provide £1.9m to part fund the construction of the slip roads, and the applicant for the research building would provide £1.5m of private sector funding. The process for procurement of the building contractor would be handled in parallel with the planning process to meet construction timescales. Appendices C and D covered these issues and the aspects for delivery.

The Chairman acknowledged that the tight timeframe had meant that the Board had not been consulted in advance. At this point in time, the Board was being invited to approve the proposal to deploy the awarded accelerated LGF to the Business Board's number one ranked priority project: Greater Peterborough Innovation Ecosystem, subject to successfully completing the LAF application process including ratification by the Combined Authority Board. This would therefore mean that this project would be presented to the Board in September for final recommendation to the Combined Authority for approval of funding. The Chairman reassured the Board that he had been consulted throughout the fast moving process.

One Member who had been involved closely in Phase 1 of the University of Peterborough project highlighted the positive aspects of this proposal. The alignment of courses which were employer/workforce linked and could be flexible to meet demand provided the best opportunity for success post Covid-19.

Another Member queried how the list in Appendix B had been identified as a scheme relating to the Peterborough Station Quarter was not actually on this list. The Director of Business and Skills explained that the Greater Peterborough Innovation Ecosystem project had not been on the list of projects considered by the Board previously, for the use of the small amounts of remaining and recycled LGF left for allocation. This was because the University project requirement for LGF was far greater than the funds remaining to be allocated, hence not considered against those funds. Instead, the University project was sitting in the LGF pipeline awaiting the new large-scale allocation of LGF4 funding in 2021. It was important to note that the Government requirement was for big strategic projects which could be brought forward and delivered by January 2022 to provide a high jobs impact through accelerated access to those 2021 LGF4 funds. This being the reason the University Project had been placed on the new priority list.

Peterborough Station Quarter and many other projects the Board was aware of did not meet this criteria. It was also important to note that all projects had to be evaluated through the LAF criteria. The Director of Business and Skills reported that he would be meeting Local Authority Leaders week beginning 13 July to explain this process.

One Member queried whether the Combined Authority would still receive the funding if a flaw was identified in the project as part of the LAF evaluation process. It was noted that Government would be unlikely to withdraw the £14.6m funding. Instead the Business Board would be invited to consider the College of West Anglia Construction Hub and the Huntingdon Clean Energy Park projects.

Another Member highlighted the fact that he recognised some projects in Appendix B but not others. He reminded Members that the Board had already approved many high quality projects for funding, and he queried why none of these project owners had not been contacted to see if they could extend or propose new projects through this additional funding. He also raised the need to learn from this process so that the Board could be prepared in the future for such fast-response asks from Government. The Director of Business and Skills explained that the Secretary of State for the Ministry of Housing, Communities and Local Government had made it clear that only new proposals would be considered, which was why no projects already funded and in delivery had been considered. He was surprised that some projects which had been identified by Local Authorities had not been raised with the Combined Authority in the past. The Chairman acknowledged this point particularly in relation to the Clean Energy Park.

The same Member queried the funding arrangements for Phase 1 University of Peterborough given that page 20 of the report stated that the project was fully funded. The Director of Business and Skills reminded the Board that £33.1m had been committed for Phase 1, which included £12.3m from the Combined Authority (to be considered by the Business Board at its July meeting), £12.5m from the LGF (already approved by the Business Board), £1.8m from Peterborough City Council and £6.5m from the academic partner.

Another Member queried whether enough was being done to engage new companies particularly small and medium enterprises in the LGF process. The Director of Business and Skills agreed to provide the Board with a list of all the projects. The Combined Authority had also carried out a significant amount of public relations and communications work to promote the LGF. The Chairman welcomed the proposal to share the full list of projects with the Board. It was also agreed to add a list of applicants as well. **Action Required.**

In agreeing the recommendations below, one Member raised the need to learn lessons from the process in order to have a compatible approach ready if something similar occurred in the future.

It was resolved unanimously to:

(a) Note the process by which projects were ranked, and the level of funds awarded for accelerated LGF;

(b) Formally accept the allocation of £14.6million accelerated LGF from Cities and Local Government Unit;

(c) Recommend that the Mayor formally accepts the allocation of £14.6million accelerated LGF from Cities and Local Government Unit, on behalf of the Combined Authority, in its role as accountable body which would be managed by the Business Board; and

(d) Approve the plan to deploy the awarded accelerated LGF to the Business Board's no1 ranked priority project: Greater Peterborough Innovation Ecosystem, subject to successfully completing the Local Assurance Framework application process including ratification by the Combined Authority Board.

Chairman

THE BUSINESS BOARD

BUSINESS BOARD ACTION LOG

This Action Log captures the actions arising from the recent Business Board meetings and updates members of the Board on compliance in delivering the agreed actions. It does not include approved recommendations requiring immediate action (which are recorded on the Decision Log) or delegated decisions (which are recorded separately and held by the Monitoring Officer).

BUSINESS BOARD MEETING HELD ON MONDAY 27TH JANUARY 2020					
Minute no.	Report title	Action to be taken by	Action	Comments	Status
109.	**COMBINED AUTHORITY UPDATE**	**Graeme Bampton**	While discussing the CAM project, Business Board members asked how they could provide support. **Action: The CAM Project Director agreed to provide members with a formal response.**	A further CAM project update will be provided to the Business Board at a future Activity Update meeting (following further project developments).	**ACTION CLOSED**

BUSINESS BOARD MEETING HELD ON TUESDAY 26TH MAY 2020					
Minute no.	Report title	Action to be taken by	Action	Comments	Status
137.	**COMBINED AUTHORITY UPDATE**	**Domenico Cirillo**	The Business Board requested information on the timescales and processes of the A10 upgrade. **Action: the Business Programmes Manager agreed to circulate further information.**	Further information was circulated to members on the details and timeline of the A10 project from Transport Team colleagues, including a link to a virtual information room.	**ACTION CLOSED**
139.	**BUSINESS BOARD STRATEGIC FUNDS UPDATE**	**Rob Emery**	Members requested that in terms of financial reporting going forward, they would like to see: • More frequent reporting; and • Information on a three year rolling/period to date basis. **Action: the Business Board Section 151 Officer agreed to produce future reports accordingly.**	This feedback has been incorporated into the Business Board Finance Update paper (July 2020) and will be included going forwards as a standing item on the agenda.	**ACTION CLOSED**

140.	**LOCAL GROWTH FUND PROGRAMME MANAGEMENT REVIEW – MAY 2020**	**Steve Clarke**	While discussing Local Growth Fund spending, members queried whether the remaining funds would be spent within the final year. **Action: noting that the majority of projects were predicted to spend within the final year, with some already having spent, the New Projects Coordinator undertook to circulate information in a tabulated format.**	A financial update for the LGF programme will be reported to the Business Board (July 2020).	**ACTION CLOSED**
146.	**BUSINESS BOARD COMMUNICATIONS UPDATE**	**Domenico Cirillo**	Members queried the recruitment for the Communications Team, the Deputy Chief Officer updated members that the Business & Market Engagement Officer role was now being advertised and encouraged members to share this with their networks on Linked In. **Action: the Business Programmes Manager agreed to further update members on the recruitment in due course.**	Interviews are currently taking place for the role, a further update will be provided when the position has been offered.	**ACTION ONGOING**

BUSINESS BOARD EXTRAORDINARY MEETING HELD ON THURSDAY 9TH JULY 2020					
Minute no.	Report title	Action to be taken by	Action	Comments	Status
150.	**ACCELERATED 2021 LOCAL GROWTH FUNDING ALLOCATED TO CPCA BUSINESS BOARD**	**Steve Clarke**	While discussing the engagement of new companies in the LGF process, particularly small and medium sized enterprises, it was agreed to provide the Business Board with a list of all the projects and applicants. **Action: the Strategic Funds Manager undertook to circulate a list to members.**	Awaiting update.	**ACTION ONGOING**

BUSINESS BOARD	**AGENDA ITEM NO: 1.3**
27 JULY 2020	**PUBLIC REPORT**

COMBINED AUTHORITY UPDATE – JULY 2020

1.0 PURPOSE

1.1 This report provides an update to the Business Board on the decisions taken by the Combined Authority Board at its Annual General Meeting on 3 June 2020 and provides updates to the Business Board on significant Combined Authority projects.

DECISION REQUIRED	
Lead Member:	**Austen Adams, Chairman of the Business Board**
Lead Officer:	**John T Hill, Director of Business and Skills**
Forward Plan Ref: Not applicable	**Key Decision: No**

The Business Board is recommended to:

(a) Note the Decision Statement of the Combined Authority Board meeting held on 3 June 2020 (**Appendix 1**);

(b) Note the CPCA update presentations on Soham Station and Affordable Housing Programme; and

(c) Note that future CPCA update presentations will now be covered at Business Board Activity Update meetings.

2.0 BACKGROUND

2.1 This report provides a brief update to the Business Board on the key decisions from the previous Combined Authority Board meeting held on 3 June 2020 for Business Board member information and consideration. This is set out in **Appendix 1**.

3.0 FUTURE COMBINED AUTHORITY UPDATES

3.1 Members are asked to note that future updates on Combined Authority programmes and projects will now be brought to Business Board Activity Update meetings.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the report.

5.0 LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the report.

6.0 APPENDICES

6.1 **Appendix 1**: Decision Statement for Combined Authority Board meeting held on 3 June 2020.

Background Papers	**Location**
None	Not applicable

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY | JAMES PALMER CAMBRIDGESHIRE & PETERBOROUGH MAYOR

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY
Decision Statement

Meeting: Wednesday 3 June 2020

Published: Monday 8 June 2020

Decision review deadline: Monday 15 June 2020

Each decision set out below will come into force, and may then be implemented at 5.00pm on the fifth full working day after the publication date, unless it is subject of a decision review. [see note on call in below].

Item	Topic	Decision
Part 1 – Governance Items		
1.1	Announcements, Apologies and Declarations of Interest	**Apologies were received from Jessica Bawden, representing the Cambridgeshire and Peterborough Clinical Commissioning Group.**
1.2	Minutes of the Combined Authority Board meeting 29 April 2020	**The minutes of the meeting on 29 April 2020 were approved as an accurate record.**
1.3	Petitions	None received
1.4	Public Questions	None received
1.5	Forward Plan – 22 May 2020	It was resolved to: Approve the Forward Plan

1.6	Membership of the Combined Authority	It was resolved to: a) Note the Members and substitute Members appointed by constituent councils to the Combined Authority for the municipal year 2020/2021 (Appendix 1); b) Appoint the Business Board's nominations as Member and substitute Member to represent them on the Combined Authority for the municipal year 2020/21 (Appendix 1). c) Confirm that the following bodies be given co-opted member status for the municipal year 2020/21: (i) The Police and Crime Commissioner for Cambridgeshire; (ii) Cambridgeshire and Peterborough Fire Authority; (iii) Cambridgeshire and Peterborough Clinical Commissioning Group. d) Note the named representative and substitute representative for each organisation as set out in the report. e) Agree that any late notifications of appointments to the Monitoring Officer shall take immediate effect.
1.7	Appointments to Executive Committees Appointment of Chairs and Lead Members	It was resolved to: Note and agree the Mayor's nominations to Lead Member responsibilities and the membership of the committees including the Chairs of committees for 2020/21 as set out in Appendix 1.

1.8	Appointment of Overview and Scrutiny Committee	It was resolved to: a) Confirm that the size of the Overview and Scrutiny Committee should be 14 members; two members from each constituent council and two substitute members for the municipal year 2020/2021; b) Agree the political balance on the committee as set out in Appendix 1; c) Confirm the appointment of the Member and substitute Member nominated by constituent councils to the Overview and Scrutiny Committee for the municipal year 2020/21 as set out in Appendix 2. d) Request that the Overview and Scrutiny Committee consider the co-option of an independent member from a Constituent Council.
1.9	Appointment of Audit and Governance Committee 2020-21	It was resolved to: a) Confirm that the size of the Audit and Governance Committee should be eight members; one member and one substitute from each Constituent Council and confirm the reappointment of the existing independent person for the municipal year 2020/2021; b) Agree the political balance on the committee as set out in Appendix 1; c) Confirm the appointment of the Member and substitute Member nominated by Constituent Councils to the Committee for the municipal year 2020/2021 as set out in Appendix 2 d) Appoint a Chair and Vice Chair of the Audit and Governance Committee for the municipal year 2020/2021.
1.10	Calendar of Meetings 2020-21	It was resolved to: Approve the Calendar of Meetings for 2020/2021 (Appendix 1).

1.11	Complaints Policy	It was resolved to: **a)** Approve and adopt the complaints procedures, subject to any amendments made by the Audit and Governance Committee **and to the Monitoring Officer refining the first paragraph of Section 5 regarding complainants' right to anonymity in consultation with the Mayor.** b) Notify the Local Government and Social Care Ombudsman of its decision to approve and adopt the revised complaints procedures. c) Note that the Monitoring Officer has delegated authority to make any changes recommended by the Local Government and Social Care Ombudsmen or resulting from the Audit and Governance Committee's function to monitor the complaints procedures.
1.12	Performance Report June 2020	It was resolved to: Note the June Delivery Dashboard
Part 2 – Finance		
2.1	Budget Monitor Report – June 2020	It was resolved to: a) Note the provisional outturn position against budget for the year to 31 March 2020. b) Approve the carry forward of budget underspends to increase the 2020/21 budget to deliver the outcomes identified. c) Update the 2020/21 budget and Medium Term Financial Plan in accordance with the proposed changes made following the COVID-19 MTFP response review.

Part 3 - Combined Authority Decisions		
3.1	Cambridge City Council £70m Affordable Housing Programme Forecast 2020-21	It was resolved to: a) Note the revised expenditure profile in respect of the £70 million Affordable Housing Programme led by Cambridge City Council, as part of the £170 million Affordable Housing Programme b) Approve a carry forward of £5,266,287 from the approved 2019/20 budget into the 2020/21 financial year c) Approve a budget of £15,270,231 for 2020/21, giving a total budget of £20,536,518 for the year once the carry forward
3.2	Wisbech Rail	It was resolved to: a) Note the headline conclusions of the draft Full Business Case that restoring a heavy rail link between Wisbech and Cambridge would be practicable and provide value for money; b) Delegate authority to the Transport and Infrastructure Committee to approve the final version of the Full Business Case; and c) Approve continued engagement with the Department for Transport, and other central government departments to explore the future funding of this project through the Restoring Railways Fund.
3.3	Peterborough - Transport Schemes, Studies and Monitoring	It was resolved to: Approve the release of £100,000 from the provisional allocation in the Medium Term Financial Plan.

3.4	Market Towns Programme Investment Prospectus 2020	It was resolved to: a) Agree the below scope of the Investment Prospectus to in delivery of Market Town Masterplans, and delegate authority to the Director of Business and Skills, in consultation with the Lead Member for Skills, to sign-off of the final version; b) Note that the Investment Prospectus will be launched to Market Town leads and partners in June 2020; c) Note that funding applications will be brought to the Combined Authority Board for approval from July 2020 onwards.
3.5	Combined Authority Retraining Scheme	It was resolved to: a) Approve the development and launch of the Cambridgeshire & Peterborough Retraining Scheme Pilot. b) Give approval to spend the allocated budget of £80,100 from the Department for Education.
3.6	Surrender of Lease - Alconbury	It was resolved to: a) Agree to the surrender of the Lease of the Alconbury site, and to approve the payment of £151,537.50 in respect of the cost of the surrender. b) Note the updates provided in this report relating to the work to engage with staff on approaches to agile working, and to identify possible alternative sites, c) Note that a further report will be brought back to the Combined Authority Board proposing a shortlist of locations for a permanent HQ for the Cambridgeshire and Peterborough Combined Authority.

Part 4 – Mayoral Decision		
4.1	Local Highways Maintenance Capital Grant Allocation 2020-21	a) The Combined Authority Board was consulted regarding the Mayor's intention to allocate grants totalling £22,554,000 to Cambridgeshire County Council (CCC) and Peterborough City Council (PCC) in line with the Department for Transport formula as set out below. b) **Having consulted the Board, the Mayor allocated** the grants as set below: CCC - £17,781,000 PCC - £ 4,773,000 Total - £22,554,000
By Recommendation to the Combined Authority **Part 5 – Business Board Recommendations to the Combined Authority**		
5.1	Local Growth Fund Programme Management June 2020	It was resolved to: approve of an allocation of £320,000 returned Local Growth Funding into the new Adult Education Budget Innovation Fund as capital match to that fund to support the Further Education Sector plus Apprenticeships and Retraining.
5.2	Business Board Constitution Review	It was resolved to: Approve the amendments to the Constitution set out in Appendix 1, **subject to specifying that the Director of Business and Skills had delegated authority to approve small grants to small and medium sized enterprises (SMEs) of up to £150k.**

Part 6 - Additional report added to the agenda after publication under Special Urgency arrangements		
n/a	Emergency Active Travel: Advance Payments to Highways Authorities	It was resolved to: a) Note and endorse the programme of work under way on temporary active travel measures; b) Agree payments of £2,093,346 to Cambridgeshire County Council and £781,654 to Peterborough City Council as local allocations under the Emergency Active Travel Fund; c) Agree that the payments can be made in advance of the Combined Authority receiving full payment from the Department for Transport.

Notes:

(a) Statements in **bold type** indicate additional resolutions made at the meeting.

(b) Five Members of the Overview and Scrutiny Committee may call-in a key decision of the Mayor, the Combined Authority Board or an Officer for scrutiny by notifying the Monitoring Officer.

For more information contact: Richenda Greenhill at Richenda.Greenhill@cambridgeshire.gov.uk or on 01223 699171.

THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM No: 1.4
27 JULY 2020	PUBLIC REPORT

UPDATE ON THE BUSINESS BOARD'S ACTIVITIES IN RELATION TO THE IMPACT OF COVID-19 ON BUSINESSES

1.0 PURPOSE

1.1. The purpose of this report is to provide an update on the Business Board's activities and gain feedback from Board Members on those activities and guidance for further activities going forward.

DECISION REQUIRED	
Lead Members:	**Faye Holland and Kelly Swingler**
Lead Officer:	**John T Hill, Director of Business & Skills**
Forward Plan Ref: **Not applicable**	**Key Decision: No**

The Business Board is recommended to:

(a) Note the activities of the Economic Recovery Sub-Group, as Chaired by the Chief Officer of the Business Board, in the development of a Local Economic Recovery Strategy

(b) Approve the appointment of the Business Board Sub-Group

(c) Nominate 6 Business Board members to join the Business Board Sub-Group

2.0 BACKGROUND

2.1 In May, officers reported on the tactical responses being made to target support to businesses impacted by the lockdown effects of the COVID 19 pandemic, including:

- Mayoral Combined Authority M9 discussions with the Ministry of Housing, Communities and Local Government (MHCLG)
- The Combined Authority's operational response for remaining 'open for business'
- New business board loan and grant provision and the Covid-19 capital grants scheme
- New growth hub services to support distressed businesses
- Chairing of the local economic recovery sub-group (ERSG)
- Publicity & communications with businesses
- Housing & development issues and interventions
- Transport issues and interventions
- Governance changes and regulatory flexibilities in decision making

3.0 LOCAL ECONOMIC RECOVERY STRATEGY

3.1 Moving forward, the Business Board resources are being focused on to the development of longer-term strategies, to help firms recover, rebound, and renew.

3.2 Insight and ideas have been collated to inform this strategy development from sources. These included:

- The M9 Group of Mayoral Combined Authorities
- The LEP Network
- The OxCam Group of LEPs
- The Local COVID 19 Economic Recovery Sub-Group
- The Cross-Whitehall Economic Recovery Working Group

3.3 The Business Board has already approved, at its last meeting, a large programme of economic surveying of business and econometric research to provide a complementary evidence base to the insight above, to help validate any strategy developed. This will build on an initial evidence gathering exercise, performed by Hatch Regeneris, included as **Appendix 1**.

3.4 Following guidance from central government, all the above inputs have been considered in the context of the following phases, for the development of a strategy:

- **Restart:** Optimising local economic performance whilst maintaining social distancing
- **Recover:** Preventing and addressing scarring, particularly of local labour and property markets
- **Rebound:** Addressing key barriers to local productivity (e.g. human capital, connectivity etc.)
- **Renew:** Supporting all areas to be the best that they can

3.5 As a result of all these inputs, an initial draft for a Local Economic Recovery Strategy has been produced as a set of initial ideas for discussion & development through the Economic Recovery Sub-Group and the Business Board. See **Appendix 2**.

3.6 It is recommended that these initial ideas are discussed and developed by a sub-group of Business Board Members through two half day workshops during August 2020.

3.7 The purpose of this sub-group is to seek specific input and insight from the Business Board in the development of the Local Economic Recovery Strategy, and to better support officers, in relation to:

- The focus and efficacy of the evidence base developed
- The overall structure and approach of the strategy
- The individual issues identified and the related interventions to address them.
- The ambition and scope of the strategy, especially in comparison to other Mayoral Combined authorities - see **Appendix 3** (West Midlands Combined Authority Economic Recovery Strategy).

3.8 This sub-group will be made-up of a minimum of 6 Business Board members and supported by CPCA officers. We are seeking nominations from the Business Board to resource this sub-group.

3.9 Please note - there is no intention for this sub-group to have any decision-making powers or for the group to continue long-term, as such formal Terms of Reference for the sub-group are not applicable.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no financial implications

5.0 LEGAL IMPLICATIONS

5.1 There are no legal implications

6.0 APPENDICES

6.1 **Appendix 1**: Hatch Regeneris Report on the Impact of Covid-19 on the Cambridgeshire & Peterborough Economy

6.2 **Appendix 2**: Local Economic Recovery – Initial Ideas for Discussion and Development

6.3 **Appendix 3**: West Midlands Combined Authority Economic Recovery Strategy

Source Documents	**Location**
Mayoral Decision-Making Meeting (25th March 2020)	https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/853/Committee/63/SelectedTab/Documents/Default.aspx

Appendix 1

Cambridgeshire and Peterborough

COVID-19: Understanding economic impacts and informing the response

HATCH REGENERIS

Contents Page

01 Executive Summary

01 Executive Summary

COVID-19 is the biggest economic shock to face the UK economy in living memory and will have major implications for prosperity in Cambridgeshire and Peterborough.

The last time the UK faced a global pandemic was over a hundred years ago. This means that there is no precedent that can be applied to the current crisis. Our research brings together the most up-to-date picture of COVID-19's economic effects and uses four layers of evidence to assess the impact of the virus.

Cambridgeshire and Peterborough		
Loss in GVA (2020)	£3.7b	
Year of GVA Recovery	2031	
Aggregate GVA Loss from 2020 to Year of Recovery	£21.7b	
Sector Recovery	% Share of GVA	Year of Recovery
Manufacturing	12%	2036
Professional, scientific and technical activities	12%	2031
Wholesale and retail trade, repair of motor vehicles	11%	2034
Real estate activities	11%	2025
Information and Communication	8%	2033

OBR and Hatch Regeneris Projections (2020)

Using Office for Budget Responsibility (OBR) estimates, GVA modelling for the area shows that COVID-19 will result in the loss of £3.7bn GVA across the Cambridgeshire and Peterborough in 2020. This represents a 13% reduction in annual GVA. Projections show 2019 GVA levels will not be reached again until 2031. This means that output growth will be significantly curtailed.

Sectors expected to see the greatest percentage decline in GVA this year are Education (-38%), Accommodation & Food (-36%), Construction (-30%) and Other Services (-25%).

The sectors that will see the greatest aggregate decline in GVA this year are: Education (-£722m), Manufacturing (£668m), Wholesale and retail (£517m), and Professional Scientific and Technical Activities (£447m).

Real-time data shows that lockdown has had an immediate impact on the region's labour market, its commercial property market and mobility patterns. These can be monitored to provide an early indication of the timing and shape of economic recovery.

Consultations have shown that although businesses have benefitted from the government's short-term economic response, they are fearful that this has simply delayed a painful readjustment. In the medium term, all businesses will be reliant on the supply chain being able to support a quick recovery. For some businesses, this may include a transition to local suppliers, who could be more resilient to future shocks. In the longer-term, there are likely to be significant structural and behavioural changes in the way business and the economy function.

Recommendations

Recommendations are presented in four areas:

- Business Support
- Infrastructure
- Placemaking
- Labour Market

Business Support

Short-term	Medium-term	Long-term
• Set up a single COVID business support site for the geography • Simplify and join up the application process for COVID business grant funding • Help small and micro businesses access business service providers	• Accelerate the delivery of long-term objectives around sustainability and the Green Economy • Provide an amended single business resilience survey, shared with all stakeholders	• Establish a programme to convert intellectual property and research into development propositions

Continue to monitor the economic impact of COVID-19 to inform discussions with government

Infrastructure

Short-term	Medium-term	Long-term
• Prioritise and bring forward enabling infrastructure, including transport projects • Accelerate delivery of funding, construction and new homes • Accelerate the fibre and 4/5G roll-out across the C&P area • Accelerate the work of the Land Commission	• Define zonal areas across the region in advance of the likely planning reforms to be put forward by MHCLG • Ensure that public sector materials and services procurement require significant local content. • Introduce a Local Procurement Portal.	• Invest in active travel, supporting people to access work in a healthy, sustainable and inexpensive way • Consider ways to preserve some of the benefits arising from transport changes during the lockdown, such as faster journey times and cleaner air

Actively monitor transport and infrastructure impacts – review programmes as needed

Placemaking

Short-term	Medium-term	Long-term
• Launch campaign for domestic visitors to Cambridge and the rest of the Cambridge and Peterborough area over the Summer • Support businesses to make best use of outdoor spaces for dining and events • Accelerate planned capital spending in town centres	• Capitalise on foremost outdoor attractions to promote region for tourism • Longer term campaign plan to promote visitors • Accelerate the delivery of medium-term projects around sustainability, better public realm and economic vibrancy in our town centres and villages	• Accelerate the delivery of long-term objectives around sustainability, better public realm and economic vibrancy in our town centres and villages

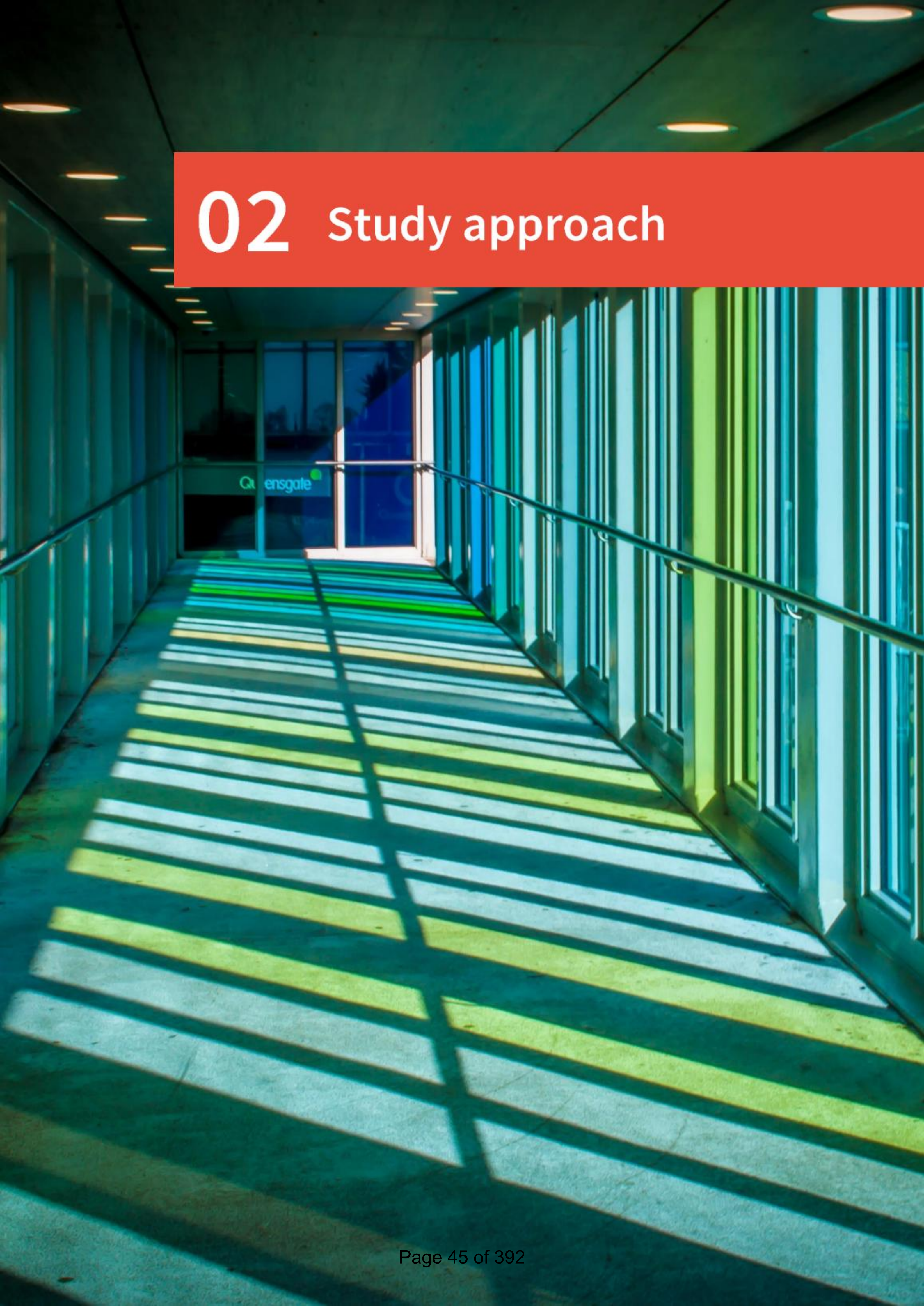
Monitor and support businesses in the 'event economy'

Labour Market

Short-term	Medium-term	Long-term
• Enhance role of apprenticeship & Skills Apprenticeship and Recruitment (STAR) Hub across the region - coordinating all skills activity and initiatives to connect as a one stop shop	• Replicate the Health and Care Sector Work Academy model to support skills and training in the sector. • Accelerate work with Government/ DfE to establish a localised National Retraining Scheme for Cambridgeshire and Peterborough	• Ensure Adult Education Budget continues to support viability of local skill providers in the medium to long term.

Continue to monitor the labour market impact of of COVID-19

02 Study approach

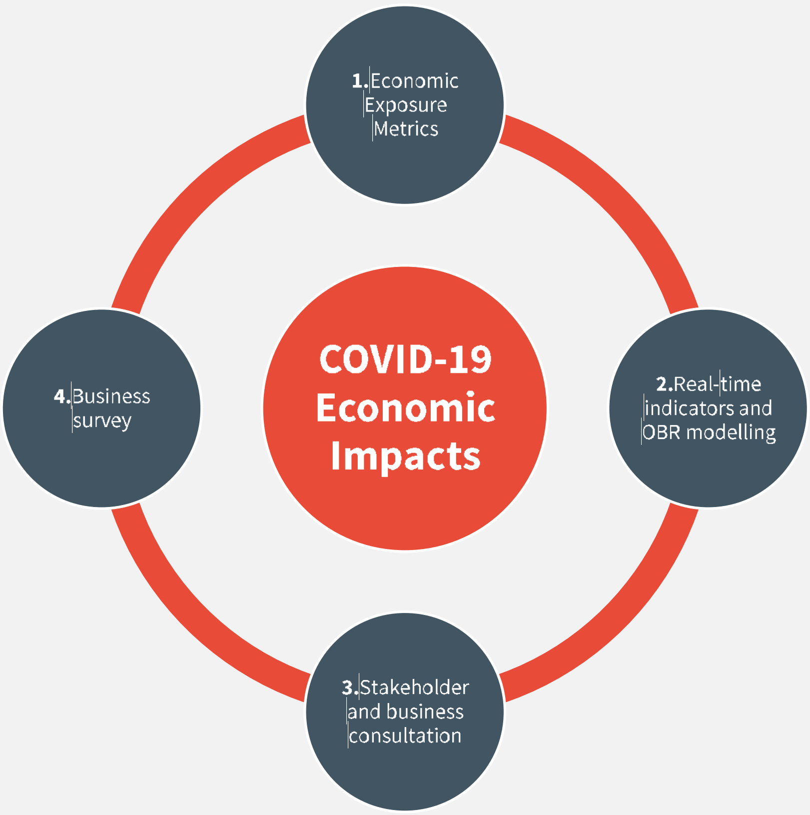


02 Study approach

In May 2020, Hatch Regeneris were commissioned by the Greater Cambridge Partnership (GCP) and Cambridgeshire and Peterborough Combined Authority (CPCA), to carry out a rapid assessment of the immediate impact of COVID-19 on the economy of Cambridgeshire & Peterborough. We were asked to assess the likely resilience of the regional economy over the medium to longer term and to provide advice on short, medium and long-term interventions to support people and businesses.

We undertook a four-stage analysis. These four stages provide a rounded view of the economic impacts to date. Economic exposure metrics (1) assess the region's baseline position to identify potential issues which are likely to be brought to the fore by lockdown and social distancing measures. These have been supplemented with real-time indicators (2) which provide a 'live' picture of impacts across a range of indicators and are supported by the Office for Budget Responsibility's coronavirus reference scenario which models the effect of lockdown on the region's output.

COVID-19 impact research framework



Economic data can only tell us so much and detailed consultations were held with 27 businesses and business representative organisations (3). This engagement has been used to understand how businesses have coped over the last 3 months and identify potential gaps in support and priorities for local partners. Consultations were complemented by analysis of the Combined Authority's Business Resilience survey (4) to understand support needs and uptake of existing public support.

Hatch Regeneris would like to thank those businesses and organisations who have been so generous in sharing their experiences with us.

This report is underpinned by an interactive evidence dashboard, covering the full suite of metrics referenced in this report. The dashboard provides a summary of regional and district impacts, together with real-time data designed to track recovery. As there is still great uncertainty with regards to the duration of lockdown and the speed of potential recovery, it could be many years before the full extent of impact is realised. To reflect this uncertainty and the pace of change, it is important that the evidence dashboard is updated regularly as new data becomes available.

Cambridgeshire and Peterborough Social and Economic impact Dashboard

03 Economic exposure to COVID-19

03 Economic exposure to COVID-19

Headline findings

1. Aspirations for continued high economic growth are unlikely to be met. The economic impact of the lockdown will be shaped by a number of issues:
    a. The business base in Cambridgeshire and Peterborough is dominated by micro and small businesses, with 97% employing fewer than 50 people. Experience from the 2008 downturn suggests that smaller businesses are generally less resilient in times of challenge.
    b. Notwithstanding this, experience over the last five years of growth shows that Cambridgeshire and Peterborough have had a resilient business base. The area has a 5-year survival rate (45%) above the national average (42%). This is driven by relatively high rates of business survival in South Cambridgeshire (50%), East Cambridgeshire (45%) and Huntingdonshire (48%).
    c. Self-employment across the region is low. Notable exceptions are Huntingdonshire and South Cambridgeshire. The self-employed typically have fewer resources to rely on during periods of economic distress and will feel the results of a downturn more quickly.
    d. Cambridgeshire and Peterborough entered this crisis with a highly active and strong labour market. However, there are significant geographic discrepancies within the region which will affect resilience during the downturn and recovery.
2. Inclusive growth will be more difficult to achieve. There is potential that the long-term fallout from COVID-19 could lead to worsening inequalities and exacerbate long-standing issues affecting the prosperity of residents across the region.
3. COVID-19 may change the evidential basis on which local planning decisions have been made. This is because demographic projections, employment forecasts, and growth assumptions help to determine decisions on land allocation. These potential impacts should therefore be monitored.

This section provides an updated economic baseline for Cambridgeshire and Peterborough. It builds on and updates the comprehensive evidence base developed through the Cambridgeshire and Peterborough Independent Economic Review (CPIER)[1].

[1] Cambridgeshire and Peterborough Independent Economic Review (CPIER). See https://www.cpier.org.uk/about-us/Commissioners.

The analysis brings together a range of datasets to give a renewed understanding of the key drivers of Cambridgeshire and Peterborough's current economic performance. The refreshed baseline has been designed to identify key areas of exposure in each of the region's three economies and the potential challenges exacerbated and brought to the fore by lockdown.

Exposure metrics are considered against the implications they might have for the future priorities for the region identified by the CPIER.[2]

The CPIER demonstrated that the Cambridgeshire and Peterborough area is home to **three overlapping market areas**:

- **Peterborough and surroundings** (including north Huntingdonshire)
- **The Fens** (including Fenland, some of East Cambridgeshire and part of Huntingdonshire)
- **Cambridge and South Cambridgeshire** (including southern parts of Huntingdonshire and East Cambridgeshire)

The three market areas provide a useful characterisation of the Cambridgeshire and Peterborough economy which makes it possible to identify individual challenges and opportunities in each of the three economies. Our research aligns with the CPIER and does not seek to define the market areas in terms of crude statistical geographies. Instead, this research presents data at local authority level to understand the economic implications of COVID-19 at a regional, market area and district level – providing insight for policy makers across all tiers of local government.

CPIER: delivery of regional priorities

The CPIER is the region's landmark economic study. It establishes Cambridgeshire and Peterborough's economic identity, details economic importance to UK PLC and makes the case for further devolution from central government.

The CPIER identifies a range of recommendations to define the economic future of Cambridgeshire and Peterborough. Broadly, these deliver three growth priorities:

1) **Continued high economic growth:** as part of the region's devolution deal there was a commitment to double economic output over a 25-year period. As noted in the CPIER, this was an ambitious target which could be achieved through significant employment growth and productivity gains.
2) **An inclusive economic future:** ensure a focus that future growth is spread more equitably across the region to enhance opportunities, improve outcomes and increase overall economic output.
3) **A blended spatial strategy:** the commission recommended a mixed approach to spatial planning, where the positives and negatives of each development scenario are carefully considered. Whilst economic data only provides a small part of this story, digital connectivity will become even more important, alongside physical infrastructure to deliver enhanced productivity.

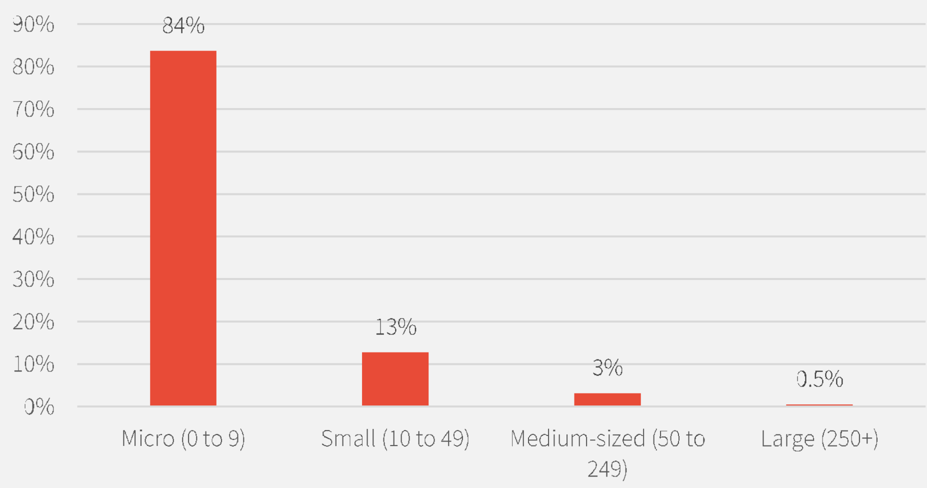
[2] This classification does not match perfectly with administrative boundaries, and is based on travel to work patterns, supply chain mapping and housing market analysis. It is also supported by a district level analysis of commuting patterns.

COVID-19 will impact upon all three future priorities and bring the challenges they seek to address into even sharper focus.

Continued high economic growth

Gross Value Added (GVA) is the primary measure used by government to understand the economic performance and contribution of the region to the UK economy. Understanding the implications that COVID-19 is forecast to have on the region's economic output is explored further in Chapter 3, however it is important to understand the tangible factors which underpin the region's prosperity and their exposure to lockdown and social distancing restrictions.

Cambridgeshire and Peterborough Businesses by Employment Size Band, 2019

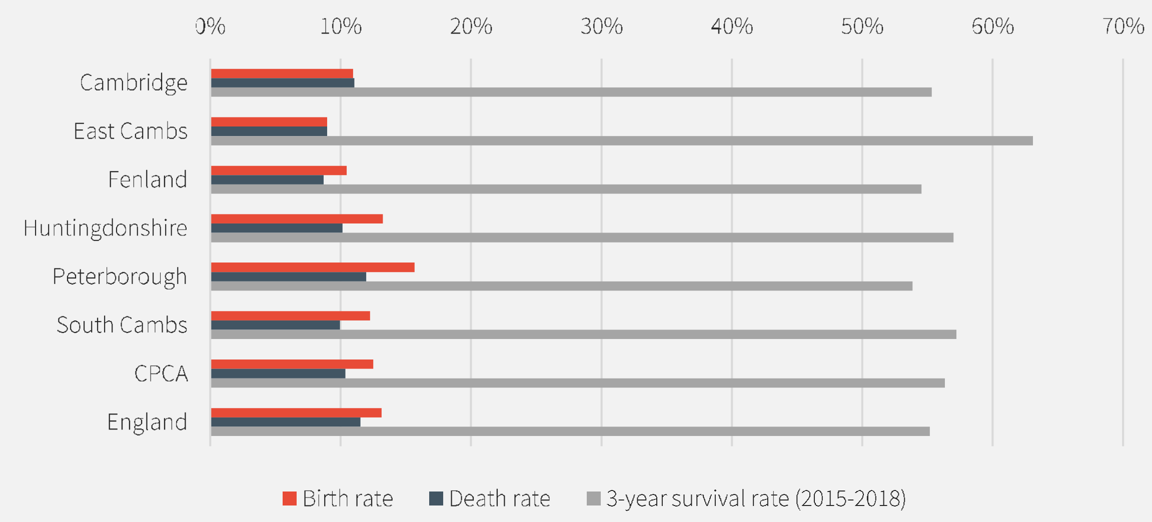


Source: ONS Business Counts, 2019

Business size is a key indicator of economic exposure to COVID-19, with smaller businesses typically being less resilient in weathering economic downturns. Cambridgeshire and Peterborough's business demography is heavily dominated by micro businesses which broadly mirrors the national average. 97% of businesses have less than 50 employees, meaning that many of these businesses may not have the cash to see out a lengthy lockdown period without having to reduce overheads. Many of the largest businesses are clustered around Cambridge, South Cambridgeshire and Peterborough.

Business survival data provides insight into the resilience and churn within the local economy as well as the proportion of new businesses. Cambridgeshire and Peterborough perform strongly against the national average in terms of survival rates – indicating a resilient business base in most of the area. Cambridgeshire and Peterborough has a 3-year survival rate (56%) above the national average (55%). This is driven by relatively high rates of survival in East Cambridgeshire (63%), Huntingdonshire (57%) and South Cambridgeshire (57%).

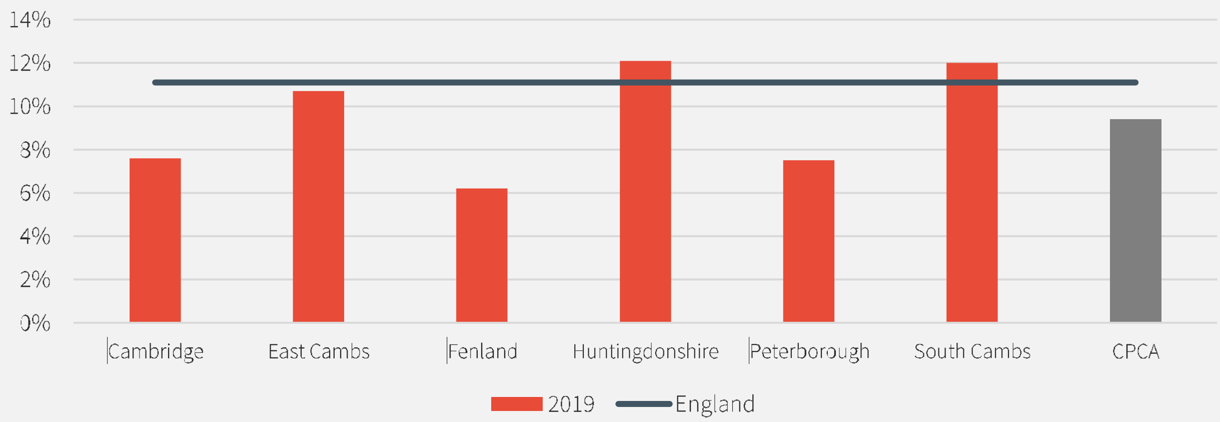
Business Demography, 2018



Source: ONS Business Demography, 2018

However, this picture is not universal. Greater Peterborough's highly entrepreneurial business population may mean that it is more exposed. Recently, the city can be characterised by high business churn rates - Peterborough has a higher rate of business creation (16%) and business closedown (12%) than the Cambridgeshire and Peterborough average (12% and 10% respectively). This has culminated in Peterborough having a lower three-year business survival rate (54%) than the England (55%) and Cambridgeshire and Peterborough (56%) average.

Self Employment (% of 16-64)



Source: Annual Population Survey, 2019

Self-employment across the region is low and this is unlikely to be a key determinant of economic exposure. Self-employed workers with annual profit of less than £50,000 have been able to claim up to £2,500 per month since their support scheme opened on 13 May and claims for lost earnings in March and April could also be made. However, only 9% of working age residents in Cambridgeshire and Peterborough are self-employed compared to 11% nationally. This is especially low in Cambridge (8%), Fenland (6%) and Peterborough (8%).

To a large extent, the degree of economic specialism will determine how successful a regional economy is. Although the CPIER report notes that there is a *'meta -trend towards the blurring of sectors at research and development level'*, it nevertheless endorses a largely sector based approach to growth and policy. CPIER showed that the Cambridgeshire and Peterborough economy had demonstrable specialisms and strengths in a number of strategic growth sectors. These sectors are marked by high growth and innovation:

- Agriculture and Food (Agri-tech)
- Life Sciences
- IT and Digital
- Manufacturing, Advanced Manufacturing and Materials
- Logistics and Distribution
- Education and Professional Services

At a district level, specialisms are more nuanced. As we explore in Section 4, this influences projected growth rates across geographies within Cambridge and Peterborough.

An inclusive economic future

Previous economic crises have raised income inequality and hurt the employment prospects of people with low educational attainment, while scarcely affecting those with advanced degrees (VoxEu, 2019). This is a variety of reasons, but one of the more important is that the more highly educated tend to more adaptable and mobile. There is potential that the long-term fallout from COVID-19 could lead to worsening inequalities and worsen long-standing issues affecting the prosperity of residents across the region.

Claimant Count and Unemployment Rate, 2019-20

	Claimant Count, March 2020	% Change, March 2019-20	Unemployment Rate (ages 16-64), 2019	% Change, 2018-2019
Cambridge	1.6%	+0.5	1.4%	-3.4
East Cambridgeshire	1.3%	+0.4	-	-
Fenland	2.8%	+0.8	-	-
Huntingdonshire	1.5%	+0.4	3.7%	+0.6
Peterborough	3.8%	+0.7	6.2%	+0.5
South Cambridgeshire	1.1%	+0.4	2.6%	-
Cambridgeshire and Peterborough	2.1%	+0.5	3.4%	-0.2
England	3.1%	+0.5	4.0%	-0.2

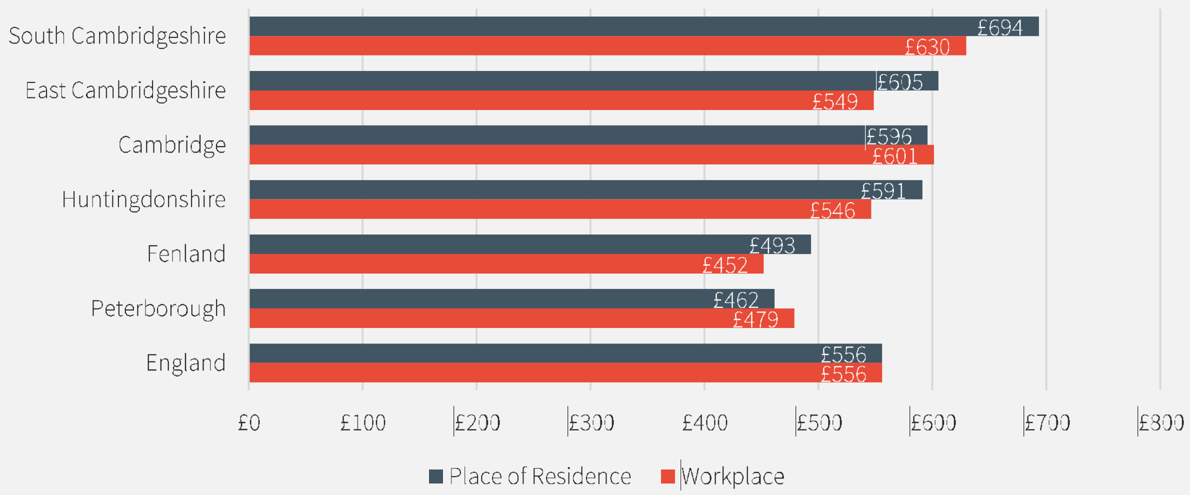
Source: Annual Population Survey, ONS Claimant Count, 2019

Note: '-' indicates data unavailable[3]

Generally, Cambridgeshire and Peterborough are entering this crisis from a position of strength and contain a highly active and robust labour market. As of March 2020, 2.1% of Cambridgeshire and Peterborough residents were claiming support compared to 3.1% nationally. Similarly, unemployment in the Cambridgeshire and Peterborough area (3.4%) is lower than the national average (4%).

However, there are significant geographic disparities within the region. Whilst Peterborough's unemployment rate stood at 6.2% in 2019, it was as low as 1.4% in Cambridge city. Although many jobs are currently being protected by the government's Job Retention Scheme, there are concerns that existing issues of unemployment could be heightened if the scheme is to end in October. This is explored further in Chapter 5.

Weekly Workplace and Resident Earnings, 2018

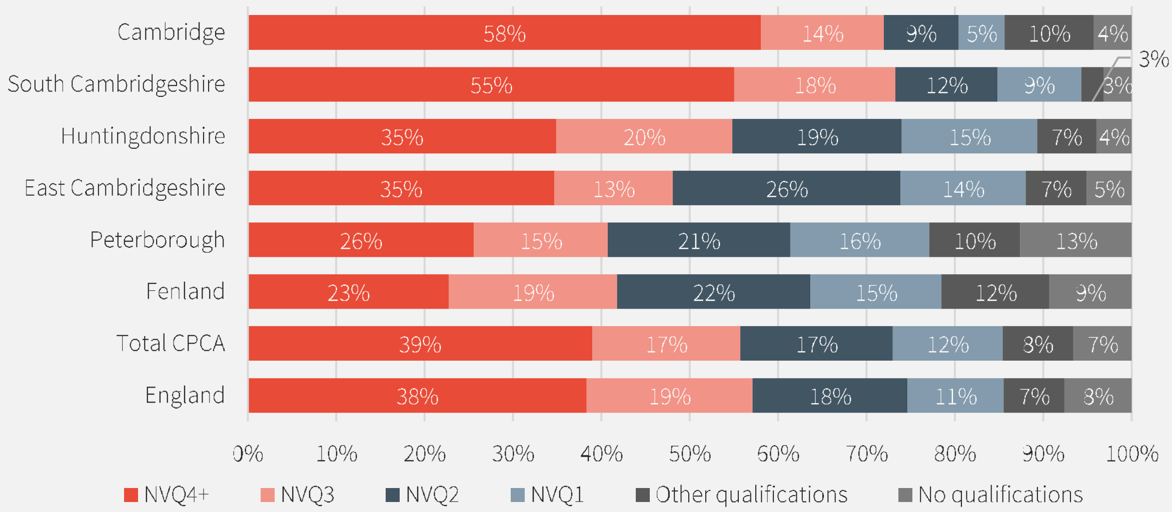


Source: Annual Survey of Hours and Earnings, 2018

Earnings are a useful indicator of an individual's wealth and productivity. They help to show disparities in outcomes, both at a geographic level and also with reference to residents and those who live outside the Cambridgeshire and Peterborough area. Weekly earnings vary widely across Cambridgeshire and Peterborough. The median earnings of residents in Fenland and Peterborough fall below the England-wide median (£556), at £493 and £462 per week respectively. By contrast, the median earnings of residents in South and East Cambridgeshire is £694 and £605, respectively – well above the national median. Should there be a recession, there is a risk that wages could be suppressed, affecting the financial resilience of households across the region.

[3] The relationship between the claimant count and unemployment rate is complicated. A full and comprehensive discussion can be found at https://gov.wales/sites/default/files/statistics-and-research/2019-01/differences-between-unemployment-and-the-claimant-count.pdf .

Highest Level of Qualification across Cambridgeshire and Peterborough (16-64 year olds)



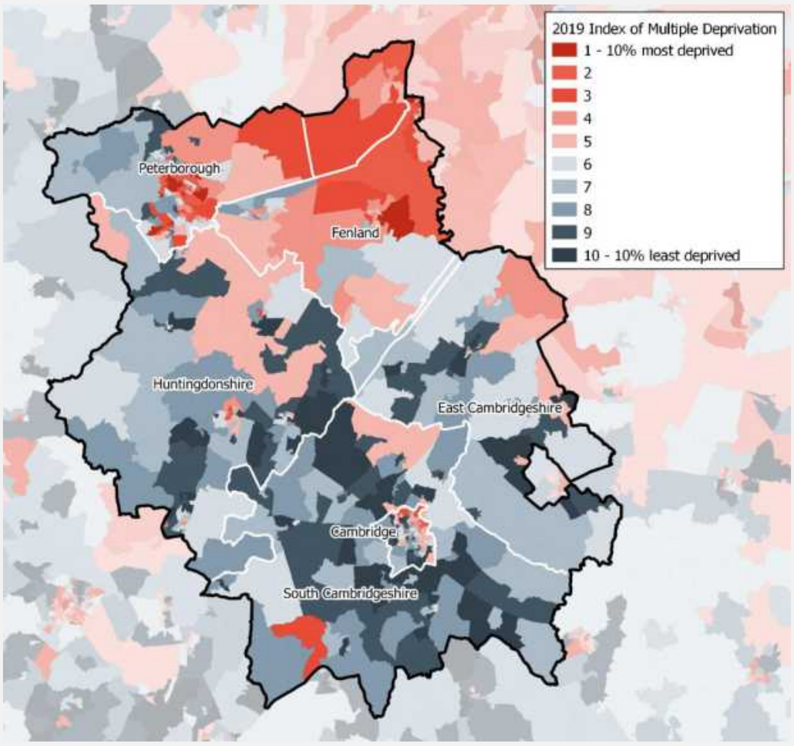
Source: Annual Population Survey, 2018

Looking at the level of qualifications, there is once again significant variation in performance across Cambridgeshire and Peterborough districts. While Cambridge and South Cambridgeshire have very high levels of NVQ4+ (Higher National Diploma or degree and above) qualifications (58% and 55% respectively), Fenland and Peterborough have much lower levels of educational attainment. Indeed, 13% of Peterborough's working age population has no formal qualifications, which is almost double the England average, whilst only 23% of Fenland's working age profile are qualified at NVQ level 4 and above.

This is relevant, as recent studies have drawn a direct link between COVID-related short-term job risk and levels of educational attainment (McKinsey, 2020). The research noted that: *"only around 24 percent of employees in the hospitality, retail, and construction sectors have a higher-education qualification; more than 50 percent of workers in each of these sectors do not have qualifications beyond GCSEs"*. This distribution of qualification outcomes is likely to be influenced by several factors, including the quality of local provision, sectoral make-up and the impact of physical growth and regeneration. They must also be considered in the context of evolving economies and the more sophisticated nature of future employer needs. All of this matters because it is those people with lower education and earnings who tend to be least resilient to economic downturns.

Deprivation is geographically distinct and most pronounced in northern Cambridgeshire and Peterborough areas. The northern districts of Cambridgeshire and Peterborough exhibit the highest levels of overall deprivation (across factors such as income, employment, education and health) across the region. Issues are particularly acute in Peterborough and Wisbech, where deprivation levels are in the top 10% nationally. Within Fenland, deprivation is also dispersed across rural areas, where population density is lower and settlements more remote. Towards the centre and southern end of the Cambridgeshire and Peterborough, deprivation is *generally* both less acute and extensive, with pockets observed in Huntingdon, Barnwell (Cambridge City) and Orchard Park (South Cambs). But even in the more affluent parts of the region, extreme deprivation can and does co-exist with relative affluence. This particularly true of long standing and persistent deprivation hotspots within the city of Cambridge.

Deprivation in Cambridgeshire and Peterborough



Source: IMD, 2019

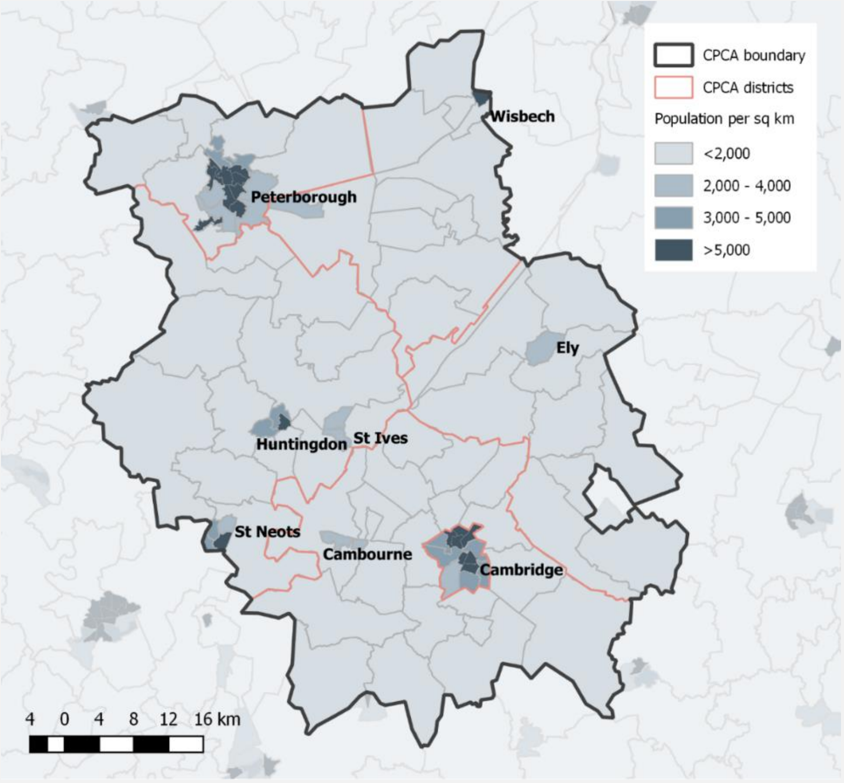
A blended spatial strategy:

Planning and strategic growth issues will be affected by the impact of COVID-19. The population of Cambridgeshire and Peterborough is highly concentrated, particularly in Cambridge and Peterborough, with a number of areas being home to more than 5,000 people per square kilometre. Other key towns such as Huntingdon and St Neots, are also significant population centres, whilst Wisbech has pockets of high population density. Largely, however, the Cambridgeshire and Peterborough is characterised by its rurality and large areas of sparse settlement and population distribution.

This distribution of population is not static and subject to change, as settlements continue to grow and physical regeneration takes place at key locations across Cambridgeshire and Peterborough. This is interesting in the context of local authorities that have some of the overall smallest populations but have seen some of the most pronounced growth – Fenland for example. Whilst this may alter the dynamics of population density, it is expected that this will be localised and centred on existing settlements.

COVID may change residential preferences, working patterns and the demand for employment space. This, in turn, will be conditioned by the demography of different areas. Looking at the younger and older ends of the demographic spectrum, Fenland has the greatest share of elderly people (65+ years), whilst Peterborough has largest proportion of young people, aged between 0-14 years old. This means, for example, that social and health care demands related to Covid are likely to be more acute in areas with an older population. Conversely, areas with a younger population may be more affected by a reduction in training and job opportunities in service and lower skilled occupations. This might also be a factor for those areas with a high student population, who may support their studies through part-time working.

Population Density, 2016



Source: ONS Mid-year population estimates, 2016

Cambridgeshire and Peterborough's occupational structure and ability to homework also indicates where the impact of lockdown is likely to be felt harder. Those areas with a greater degree of higher level and professional occupations will be better able to cope. ONS data (below) clearly shows that before the lockdown, homeworking was very much the exception rather than the rule for lower skills occupations. The impact of COVID-19 on residential and working preferences within the region will largely be determined by the strength of digital connectivity. On an individual level, it will also depend on whether jobs can be done remotely. There are significant connectivity challenges still to be addressed in more rural areas, and this could mean recovery is weaker. Conversely, it could also mean that the most connected areas experience the greatest changes in long term working and commuting preferences. This is because while workers in these areas have always had the greatest flexibility to embrace new working patterns, Covid 19 has shown employers and employees that there can be some benefits of remote working.

The other major policy question that emerges from this discussion is whether local partners need to support greater homeworking, whether resources should be focused on supporting those who cannot work at home, or whether a more nuanced policy mix is needed.

Cambridgeshire and Peterborough Occupational Profile, 2019 and Homeworking

Occupation	Cambridgeshire and Peterborough Occupational Profile	England Occupational Profile	% answering 'yes' to "ever work at home?"
Managers, directors and senior officials	11%	12%	47%
Professional occupations	25%	22%	45%
Associate prof & tech occupations	13%	15%	37%
Administrative and secretarial occupations	9%	10%	20%
Skilled trades occupations	9%	10%	18%
Caring, leisure and other service occupations	7%	9%	14%
Sales and customer service occupations	8%	7%	9%
Process, plant and machine operatives	7%	6%	6%
Elementary occupations	11%	10%	4%

Source: Annual Population Survey, 2019, ONS Coronavirus and homeworking in the UK labour market: 2019

Due to increased homeworking in the short and medium-term (and likely into the long-term), world-class connectivity across the region will be vital for economic resilience and recovery. Prior to COVID, business practises had already evolved to embrace network based solutions. COVID will accentuate the disadvantages that poorly connected areas currently face. Connecting Cambridgeshire therefore needs to play an important role in stimulating the market and in accelerating existing interventions.[4] These include:

- facilitating rollout through the Enabling Digital Delivery function;
- liaising with market investors regarding demographic, growth and new homes data for the Cambridgeshire and Peterborough area; and
- providing information about demand side incentives (such as gigabit broadband vouchers). Active support is already being provided for existing announced commercial delivery (Peterborough and Cambridge), with plans to facilitate further commercial delivery where possible in the market towns.

[4] Connecting Cambridgeshire is the Cambridgeshire County Council led initiative designed to improve the county's digital connectivity

Digital Connectivity

	Superfast Broadband – May 2020	Full Fibre (FTTP or FTTH)	Below 2Mbps
Cambridge	97.69%	14.18%	0%
East Cambridgeshire	95.28%	6.02%	1.26%
Fenland	95.36%	22.46%	0.89%
Huntingdonshire	97.89%	6.21%	0.54%
Peterborough	98.78%	37.09%	0.15%
South Cambridgeshire	97.59%	15.19%	0.37%
Cambridgeshire and Peterborough	97.69%	18.19%	0.45%
England	97.17%	12.29%	0.32%

Source: Connecting Cambridgeshire, ThinkBroadband, 2020
Note: Cells shaded red indicate weaker performance against the England average.

Engagement with Connecting Cambridgeshire has shown that mobile coverage for voice and data (2G and 4G services) across parts of Cambridgeshire and Peterborough is variable, which is causing widespread concern amongst businesses and communities and is seen to be negatively impacting local economic growth. Connecting Cambridgeshire is supporting improvements to mobile network coverage so that people can make reliable mobile phone calls and use 4G across the whole geography of the county, including A and B roads, and rail services, by 2022.

There are no recognised "not-spots" in Cambridgeshire and Peterborough but there are partial not-spots where poor coverage is evident. A list of priority locations across Cambridgeshire and Peterborough, where better mobile coverage from all four networks would benefit the economy and communities, has been identified by comparing detailed local surveys commissioned by Cambridgeshire County Council and the latest Ofcom data.

04 Impact of COVID-19 on the region's economy

Impact of COVID-19 on the region's economy

04

Headline findings

1. According to calculations based on a modified version of the central forecast of the Office for Budget Responsibility, COVID-19 will result in the loss of £3.7b Gross Value Added across the Cambridgeshire and Peterborough in 2020. This represents a 13% reduction in annual GVA.
2. The aggregate loss in output attributable to the pandemic will be a minimum of £21.7b. This is based on projections which show 2019 GVA levels will not be restored until 2031 under historic GVA growth scenarios.
3. The sectors that will see the greatest percentage decline in GVA this year are: Education (-38%), Accommodation & Food (-36%), Construction (-30%) and Other Services (-25%).
4. The sectors that will see the greatest aggregate decline in GVA this year are: Education (-(£851m), Manufacturing (£789m), Wholesale and retail (£610m), and Information and Communications (£415m).
5. Online job postings for Cambridge and Peterborough have collapsed since lockdown began. Despite this, there has been an increase in the share of job postings in Human Health and Social Work Activities.
6. Similarly, commercial property transactions have effectively ceased since March. This reflects wider uncertainty within the market on the likely demand for new space.
7. Since lockdown, mobility has changed significantly as people and businesses have followed government guidelines. This has seen Town Centre footfall drop, with implications for retail, accommodation and the wider visitor economy.

This section presents our estimates of the impact of COVID on the economy, together with real time indicators of the lockdown's effect on the Cambridgeshire and Peterborough economy. The forecasting element uses officially endorsed data and will be important in helping the GCP and Cambridgeshire and Peterborough make the case for future support.

GVA Estimate Methodology

At this stage in the COVID cycle it is not possible to forecast the impact on GVA with any precision; there are simply too many unknowable factors. External estimates of the year on year impact of COVID-19 on GDP have ranged from a drop of 2.1% (KPMG) to a drop of 30% (Morgan Stanley).

For the purposes of a central estimate, we have used the OBR produced coronavirus reference scenario This reference scenario was produced six weeks ago and assumes a perfect V-shaped recovery. That is, GVA growth in Q4 2020 will rebound to levels seen in Q1 2020. In the weeks since the scenario was produced it is clear that this is unlikely and that sectoral impacts will vary.

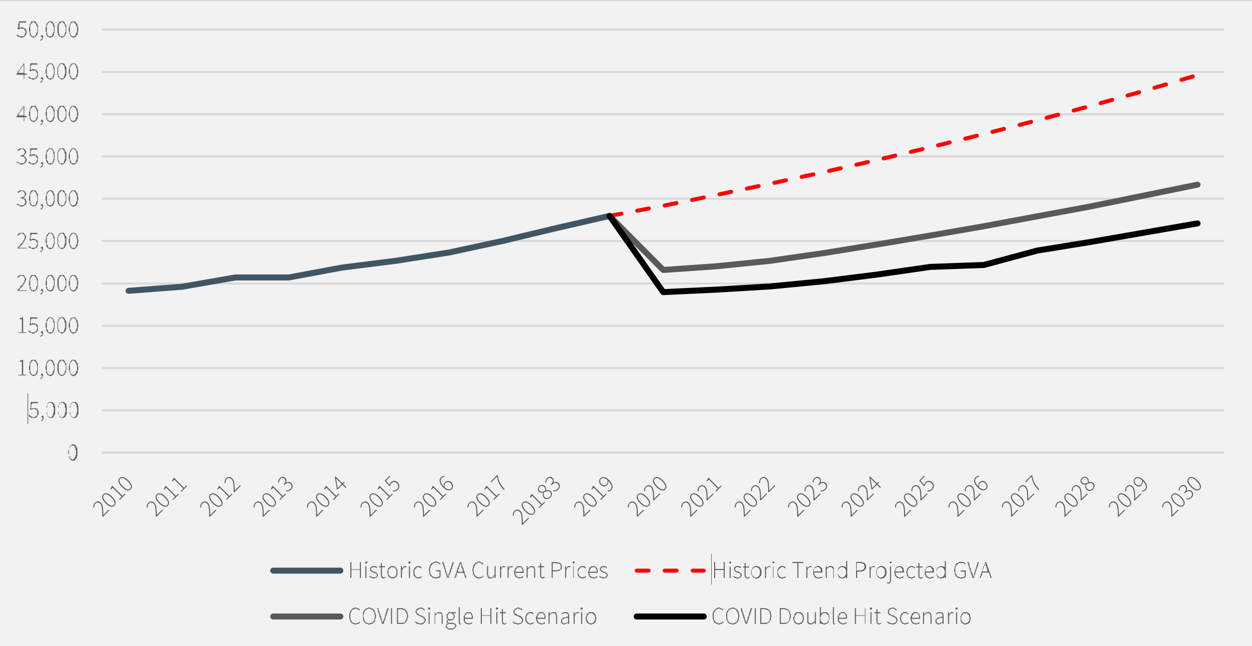
The OBR reference scenario is underpinned by the following assumptions:

- The share of output decline in each sector has been created by estimating the share of key workers and those who are able to work from home. This produced an estimate of employees in the sector who will continue to work through the lockdown period and in return an estimate output effect relative to baseline. As would be expected, the greatest sectoral impacts are in education, accommodation and food services, and construction, reflecting the almost total lockdown in these sectors.
- Once lockdown restrictions are eased, the impacts on output reduce proportionately.

Using this methodology, we have built a model that uses the OBR's initial sectoral impact estimates for Q2 2020 and rolled the loss rates out for four quarters on a decreasing basis to reflect the likely path of recovery. We have taken this approach to reflect the U-shaped recovery that most economists are now predicting. We have also added a second scenario that reflects the likely impacts of a second lockdown event. To determine future GVA growth rates we have used the OBR's regional GVA Projection for the region.

The chart shows that the decline in GVA during 2020 under a single lock-down scenario will be 13%, rising to 18% if a second lockdown occurs. When plotted against the OBR's projected growth rate of 4.6% it will take over a decade for the regional economy to recover to previous output levels.

Cambridgeshire and Peterborough GVA Impact: Single & Double Hit Scenario

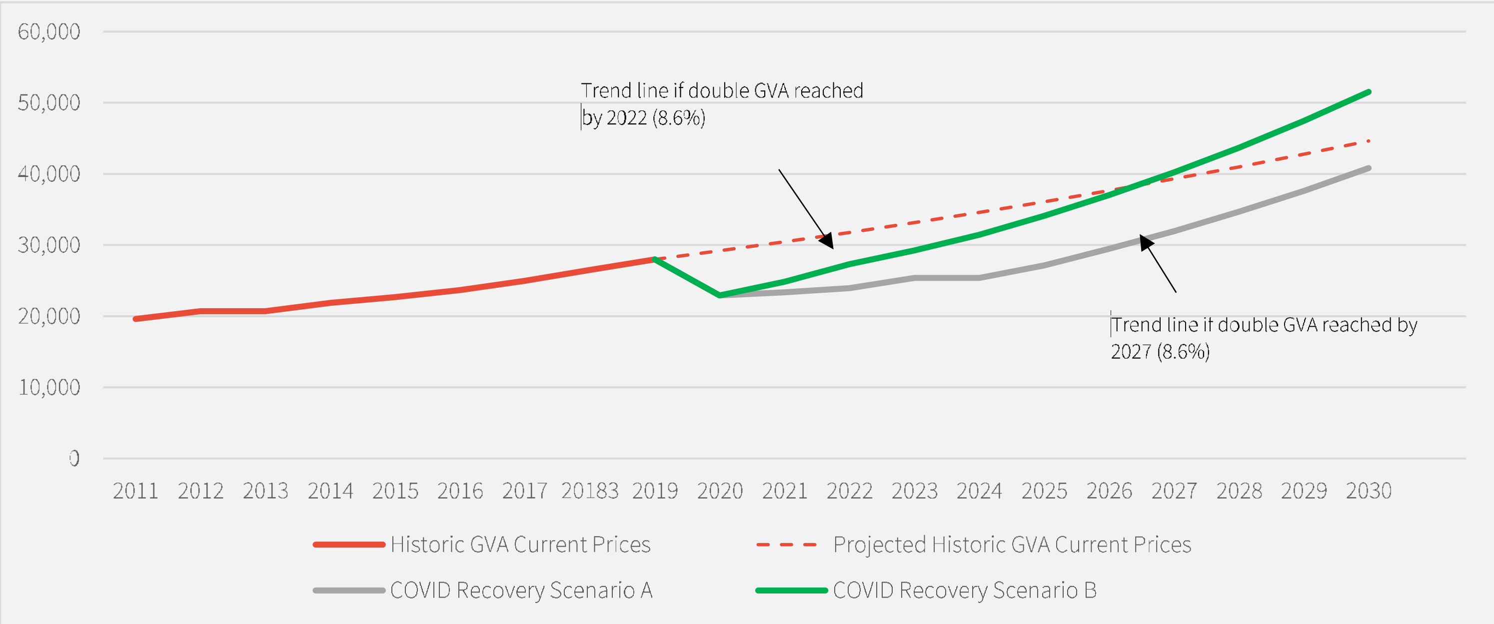


Source: Hatch modelling using OBR assumptions

In order to determine the GVA growth rate required for the Cambridgeshire and Peterborough economy to recover to its pre-COVID expected growth trajectory , we have modelled two scenarios. Scenario A shows the growth rate required by 2022 for the economy to bounce back to the pre-COVID growth trajectory by 2026. This shows that GVA growth would need to double from historic rates and reach

8.6%. To recover back to the same trajectory by 2032 would require a doubling of historic GVA rate growth by 2027.

Cambridgeshire and Peterborough – Recovery Scenarios



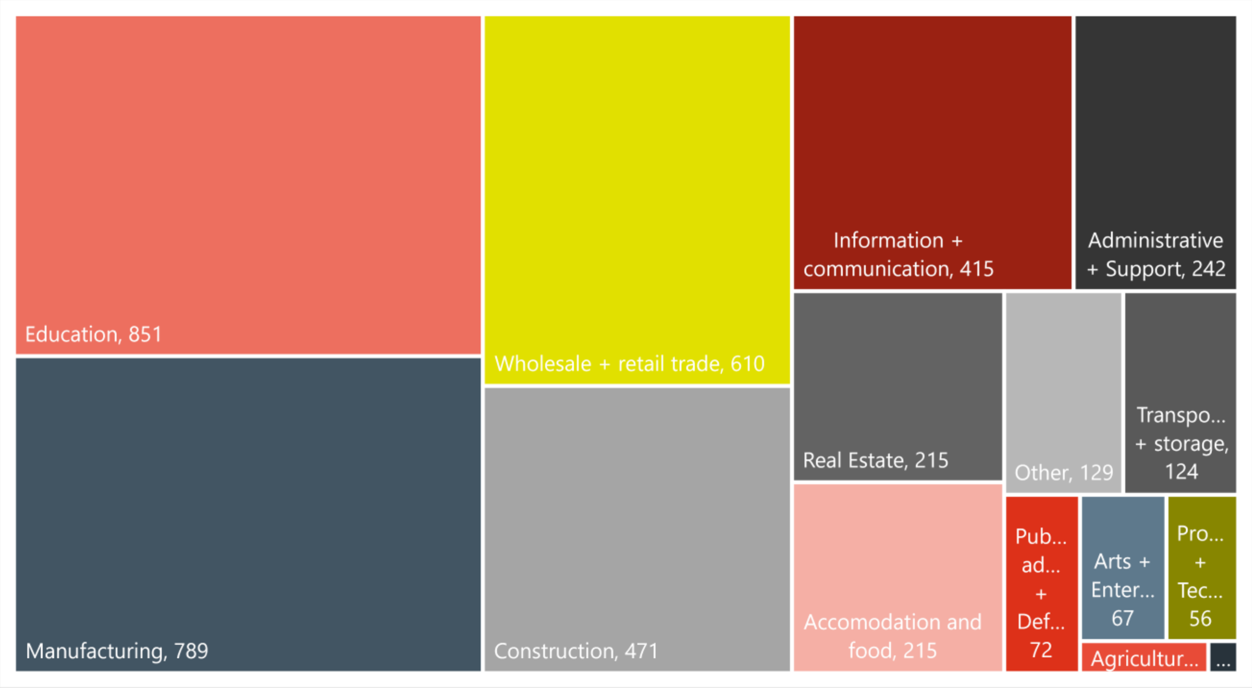
Source: Hatch modelling using OBR and OECD inputs.

These scenarios show the scale of GVA growth that will be required for the regional economy not just to recover the lost output in 2020, but to recover to previously expected output levels. To achieve a GVA growth of 8.6% per annum, it would be necessary not just to recover the output losses in individual sectors through short-term mitigating actions, but to help businesses to achieve a structural improvement in productivity growth, research and development and new product innovations.

Cambridgeshire and Peterborough Sectoral Impacts

The GVA model for Cambridgeshire and Peterborough indicates that total GVA losses in 2020 will reach £3.7bn, an annual decline of 13% which is equivalent to the national decline of 13%. By value, the largest loss will be in the education sector (£851m), with manufacturing (£789m) and wholesale and retail trade (£610m) contributing almost half of total output loss.

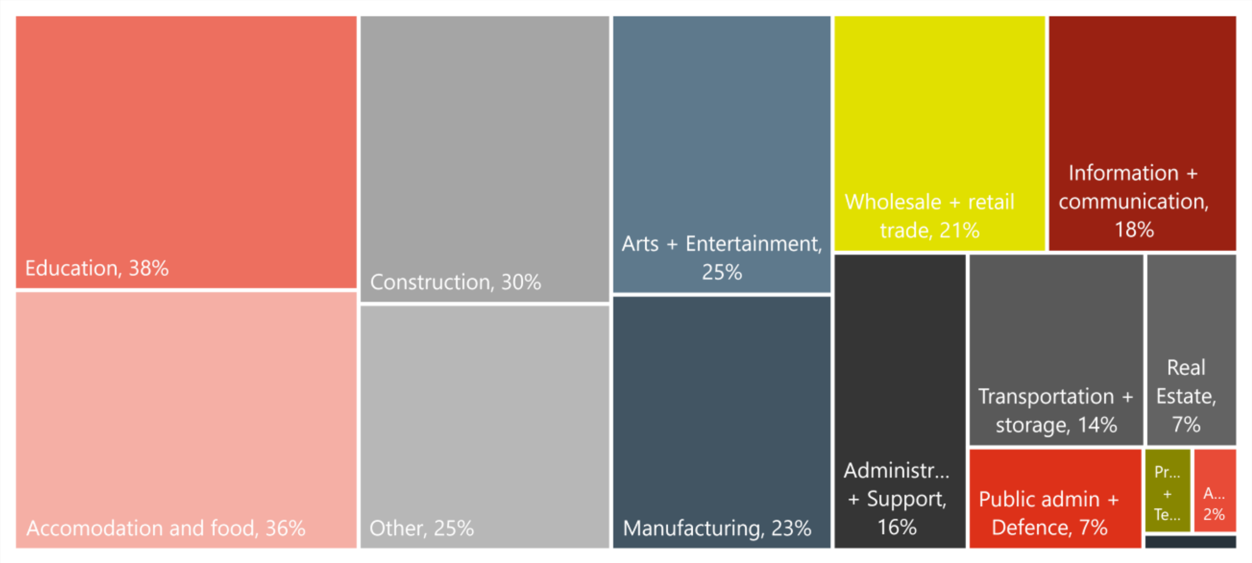
Cambridgeshire and Peterborough Sectoral Impact – Absolute Decline (£m), 2019-2020



Source: Hatch modelling using OBR and OECD inputs.

On a proportional basis (see below), education still has the greatest loss, estimated to lose 38% of 2019 output. The other sectors experiencing acute shrinkages will be accommodation and food (36%), construction (30%) and other (25%).

Cambridgeshire and Peterborough Sectoral Impact – Percentage Decline, 2019-2020



Source: Hatch Regeneris GVA Estimates Projections

- **The Education sector** constitutes 20% (against a year on year decrease of 38%) of the GVA loss in 2020. This reflects Cambridgeshire and Peterborough's pre-eminent position in the education business from the HE and FE sector through to the large range of foreign language and specialist schools. The government's initial analysis was that education would recover quickly once restrictions were lifted. However, it now appears the impacts will be longer lasting.
- **The Manufacturing sector** constitutes 18% of total GVA loss in 2020. This also reflects Cambridgeshire and Peterborough's national leading position with a number of publicly and privately-owned firms. It is expected that once restrictions are eased the manufacturing sector will return to work and this loss rate will start to reduce. However, there is some evidence that accelerated automation may mean that firms do not employ the same number of employees post-COVID, which will boost productivity figures but impact on sectoral GVA. Moreover, evidence from the CBI and the Cambridge and Peterborough survey suggests that many businesses may find it difficult to adapt to new social distancing rules.
- **Wholesale and retail** constitute 14% of the GVA loss in 2020 and this reflects Cambridgeshire and Peterborough's strength as a tourism destination. The combination of ongoing social restrictions likely to be imposed on retail and the lack of international visitors suggests this loss to be ongoing for some time.
- **Professional, scientific and technical activities** constitute 12% of the GVA loss in 2020. Much of this loss is likely to be linked to the temporary closure of research facilities and laboratories that are not involved in COVID research work. Across the country it is expected that these losses will be recovered quickly, and the same should hold for Cambridgeshire and Peterborough.
- **Human health and social work** is the one sector that will expand, expected to grow by 20%.

Cambridgeshire and Peterborough Spatial Impacts

We have also assessed the output losses by sector and proportionate GVA decrease by sector for each of the three market areas in Cambridgeshire and Peterborough. We have used the best available statistical fit for each geography, although it should be noted that this does not reflect the nuances outlined in the CPIER report. District level breakdowns are available in the appendices.

We present the sub-economies in the following way:

- Area 1: is Cambridge and South Cambridgeshire
- Area 2: is Peterborough
- Area 3: The Fens, East Cambs and Huntingdonshire

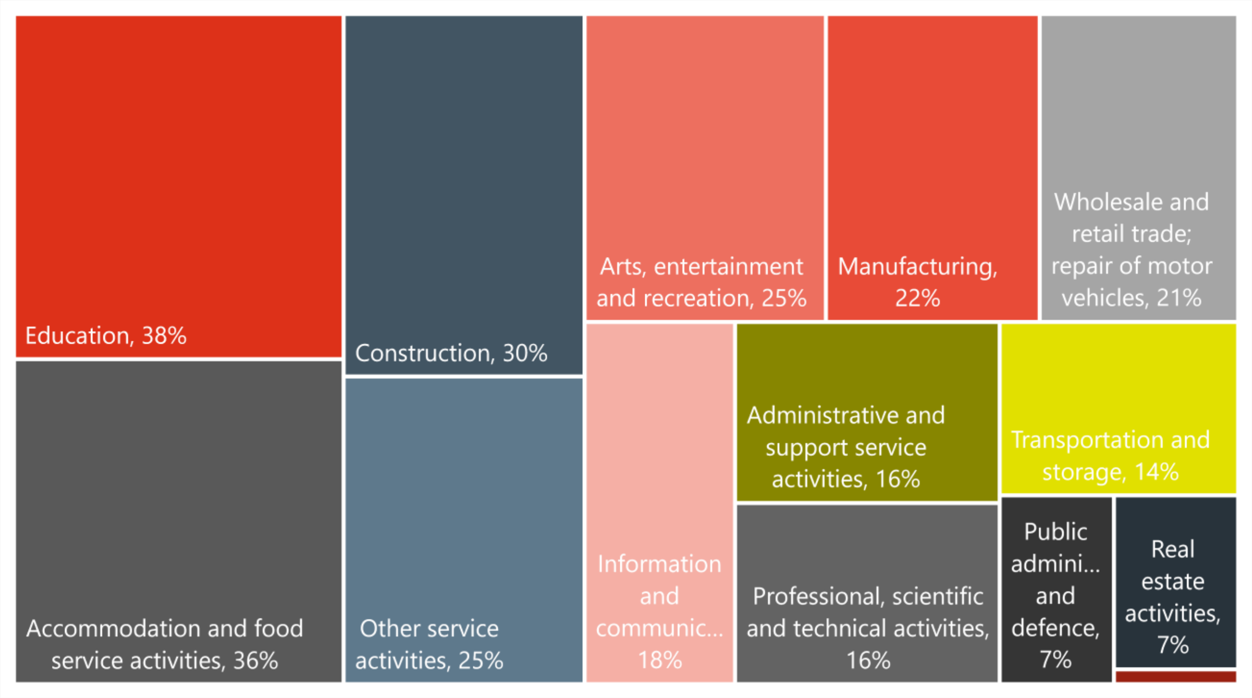
Area 1 (Cambridgeshire and South Cambridgeshire) shows large percentage reductions in education, accommodation and food, construction, services and the arts. By far the largest aggregate impact is seen in education. This is followed by professional and technical activities, manufacturing and IT. This pattern reflects the knowledge intensive nature of many activities in the area.

Area 2: (Peterborough) shows big percentage reductions in education, accommodation and food, construction, arts and entertainment, service and manufacturing. The greatest aggregate losses are in manufacturing, retail, and education. In part, this pattern reflects the higher value added of many manufacturers in the area.

Area 3: (the Fens, East Cambs and Huntingdonshire) shows big percentage reductions in education, accommodation and food, construction and manufacturing. The highest aggregate losses are however in manufacturing, retail and education.

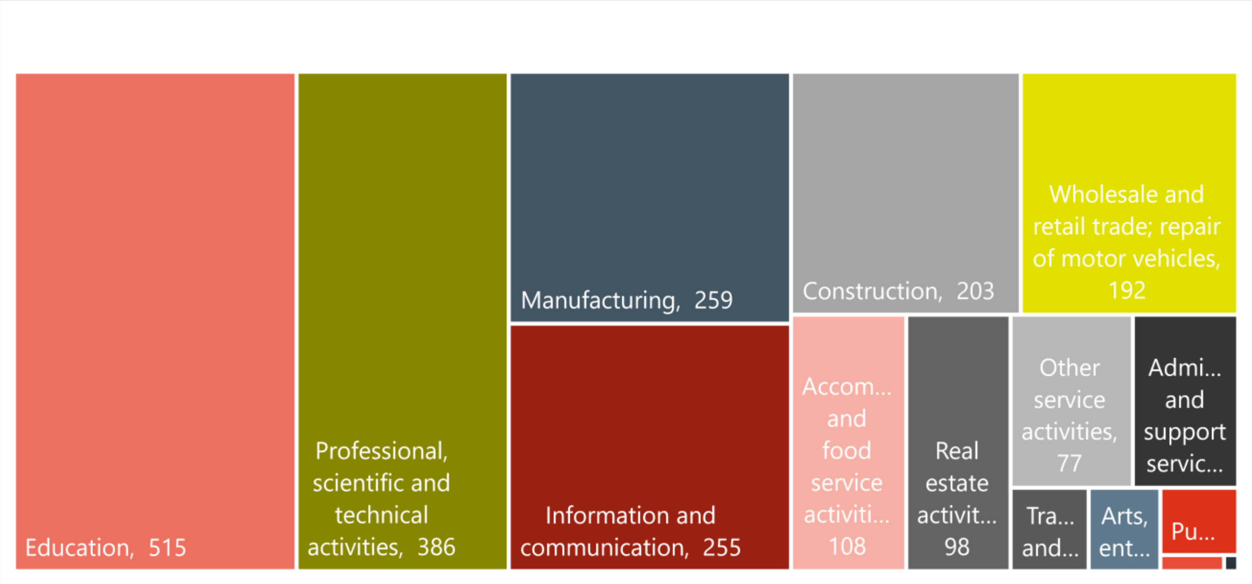
A persistant theme in all three areas is the importance of education and the leading role that manufacturing takes in generating higher value GVA.

Area 1: Cambridge and South Cambridge Sectoral Impact – Percentage GVA Decline, 2019-2020



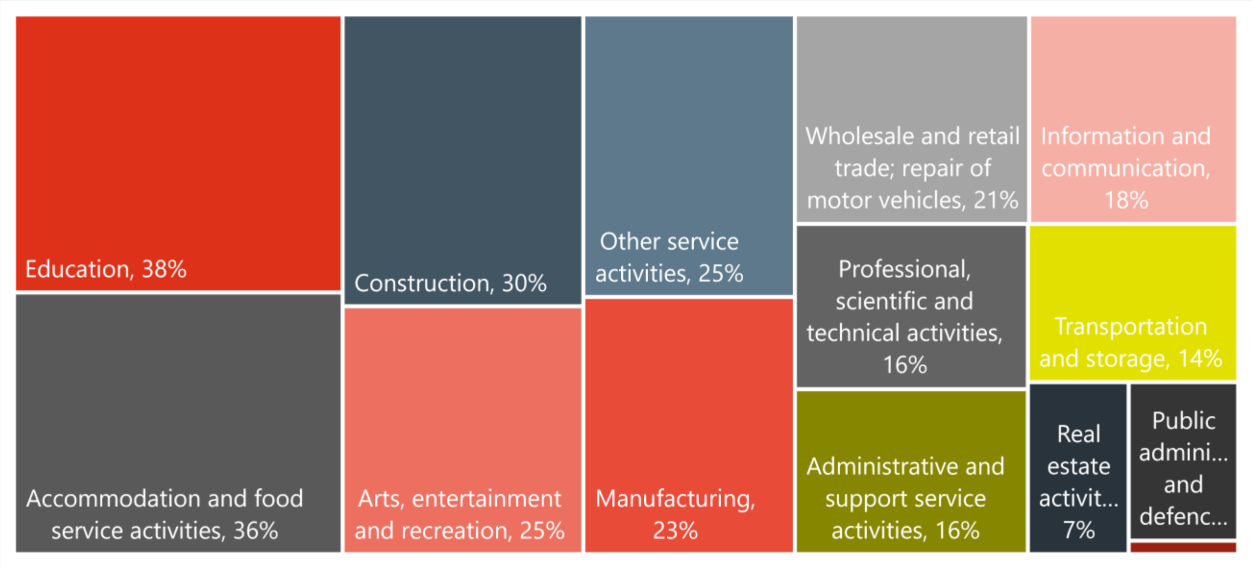
Source: Hatch Regeneris GVA Estimates Projections

Area 1: Cambridge and South Cambridge Sectoral Impact – Absolute GVA Decline (£m), 2019-2020



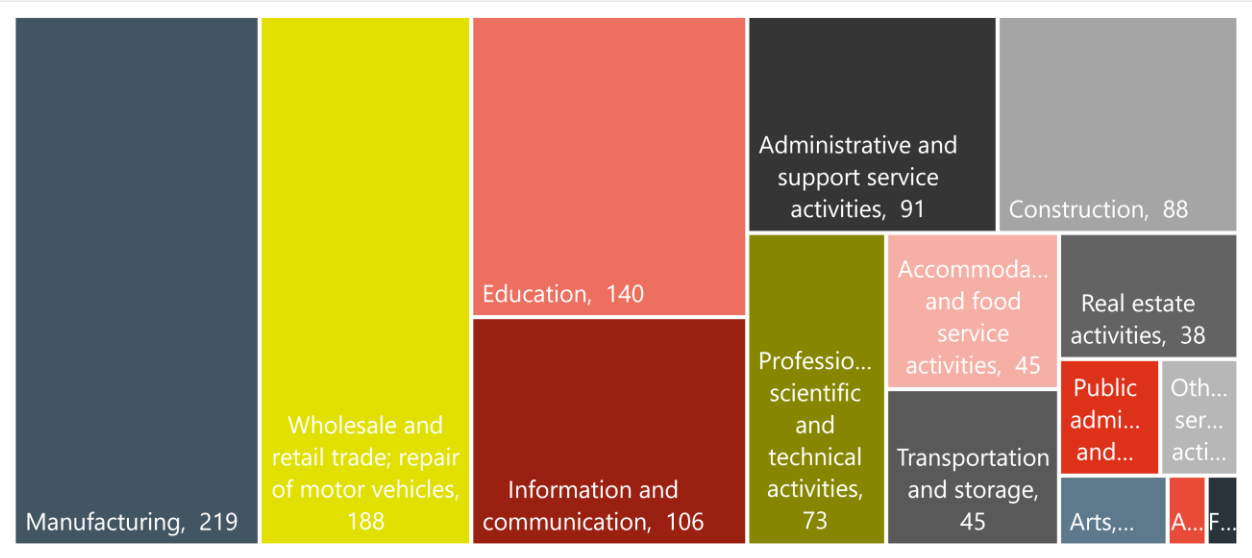
Source: Hatch Regeneris GVA Estimates Projections

Area 2: Peterborough Sectoral Impact – Percentage GVA Decline, 2019-2020



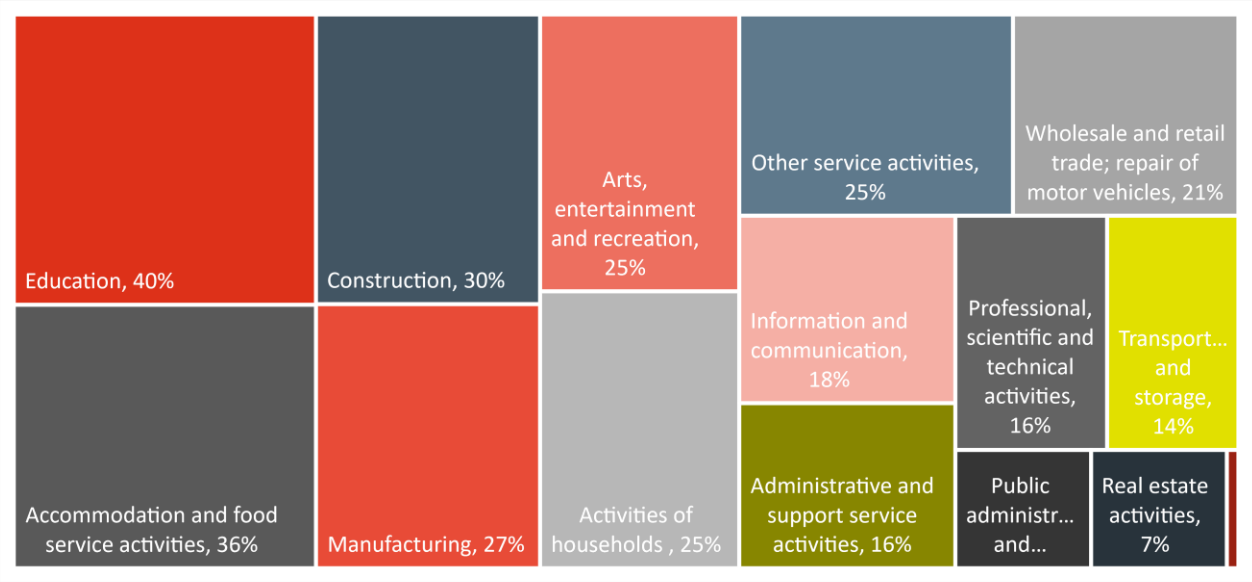
Source: Hatch Regeneris GVA Estimates Projections

Area 2: Peterborough Sectoral Impact – Absolute GVA Decline (£m), 2019-2020



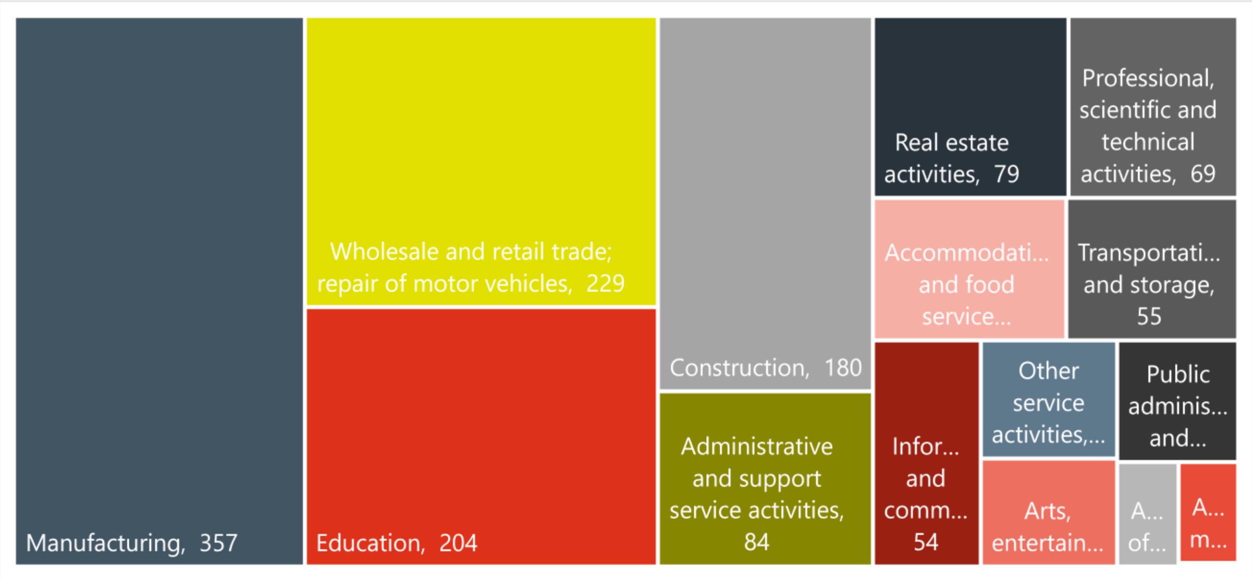
Source: Hatch Regeneris GVA Estimates Projections

Area 3: The Fens, East Cambs and Huntingdonshire Sectoral Impact – % GVA Decline, 2019-2020



Source: Hatch Regeneris GVA Estimates Projections

Area 3: The Fens, East Cambs and Huntingdonshire Sectoral Impact – Absolute GVA Decline (£m), 2019-2020



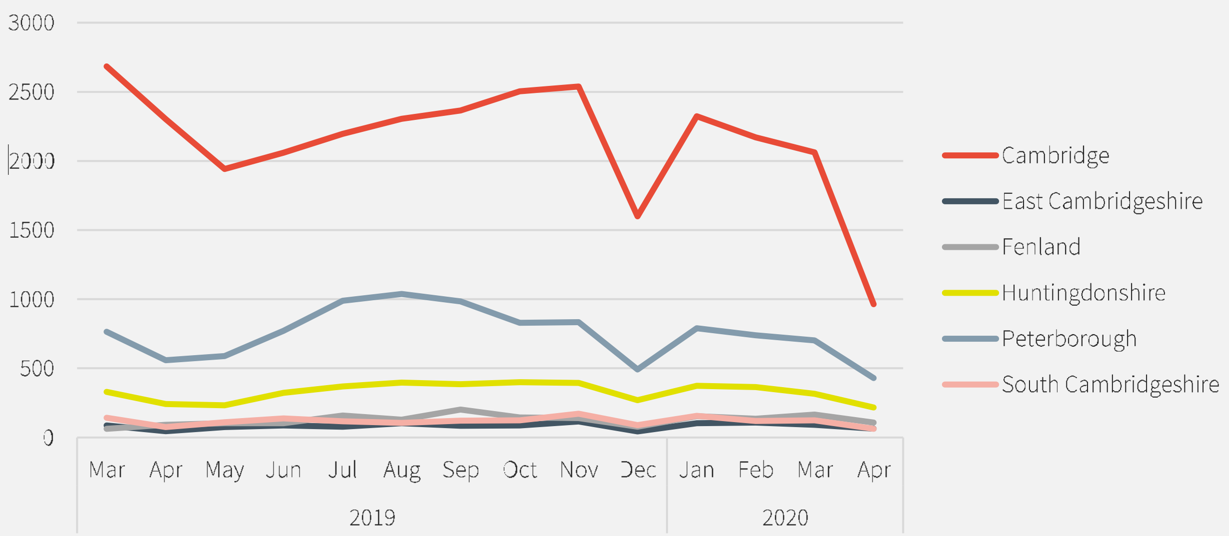
Source: Hatch Regeneris GVA Estimates Projections

Impact Measurements: Further Indicators

The economic modelling presented on the previous page is supplemented by research designed to measure real-time impact. Our accompanying dashboard provides the architecture to create a 'live' evidence base which can be regularly updated to capture future impacts on footfall, commercial property and labour market data. This moves the region beyond reliance on ONS datasets which can quickly become out of date.

Real-time labour market insight is provided by job postings data supplied by Burning Glass. The company's artificial intelligence technology analyses hundreds of millions of job postings and real-life career transitions to provide insight into labour market performance. For our purposes, the data provides a consistent longtitudinal dataseries of web-based job postings across the six districts.

Overall job postings by local authority, 2019 - present

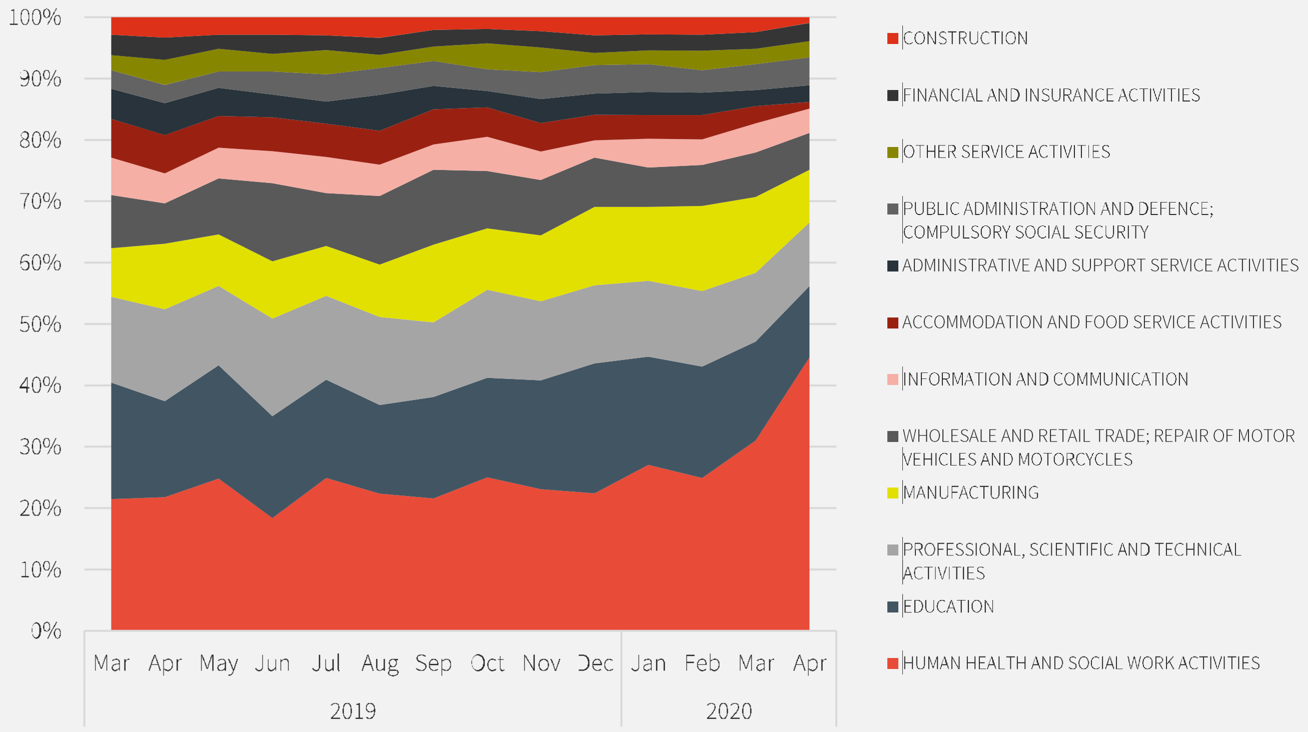


Source: Burning Glass

Here we can see how job postings declined markedly in both Cambridge and Peterborough at the start of the lockdown phase. The effect is less noticeable in Huntingdonshire, South Cambridgeshire and Fenland, where the total volume of web-based postings was always very low. This series can give decision makers an early indication of when the job market begins recovery, and whether there are any geographical disparities which need exploring.

The Burning Glass data also allows us to explore the sectoral composition of job postings. In the diagram below we can see marked contractions in the proportion of postings for Construction, Accommodation and Food Services, as well as in Education and some professional activities. At the same time there has been an expectedly large expansion in the proportion of Health and Social Work activities. Closer monitoring of this data should provide Cambridgeshire and Peterborough and GCP with an indication of when the immediate public health emergency is over, and when normal patterns of demand reassert themselves. In the medium to long term, the data should also show which occupations are seeing the strongest recovery, and if there are any fundamental changes in workplace roles.

Sector Share of Job Postings



Source: Burning Glass

Data on commercial real estate deal flow provides a real-time view on both sale and lease deal flow. The chart overleaf shows the total number of commercial and industrial property sales and leases in Cambridgeshire and Peterborough on a monthly basis, with an average of 41 transactions per month during calendar year 2019. At the start of the year, there was already a slight softening in deal flow and this was driven by underperformance in the Fenland and South Cambridgeshire markets, which both saw declines of up to 65% in transactions in January 2020 relative to January 2019. Since the lockdown was announced in March, there has been a collapse in deal transactions with 14 completed in March 2020, 5 in April and 3 in May (through 23 May), the majority being execution of leases (rather than freehold sales) on commercial sites. This may reflect reticence by businesses to execute on new office floorspace given the move towards virtual working.

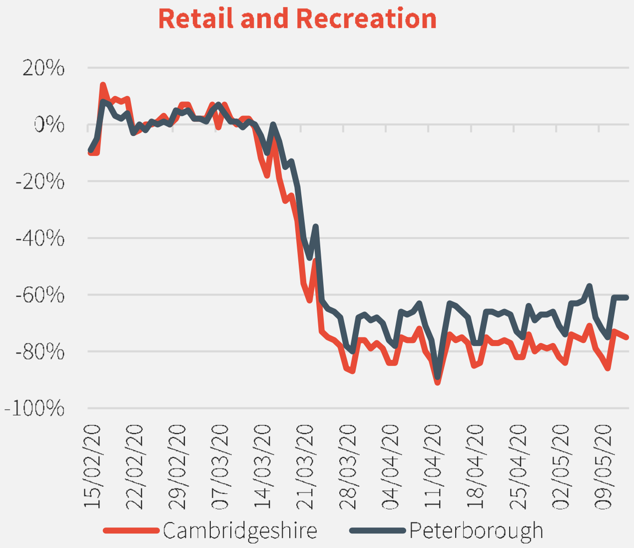
Commercial Property Transactions

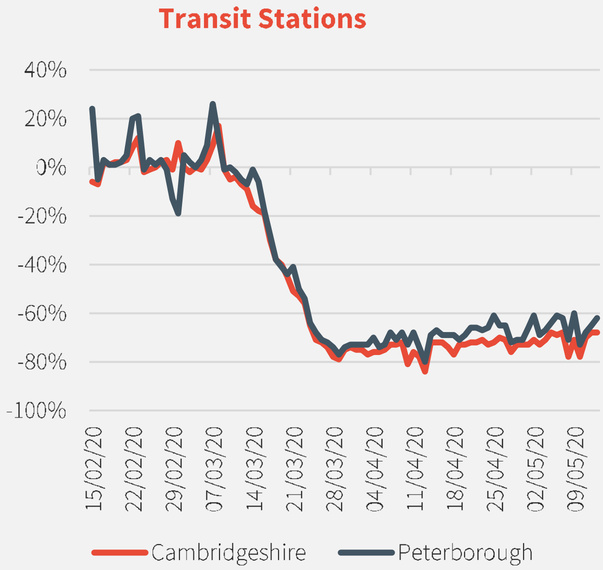
Source: CoStar, 2019-2020

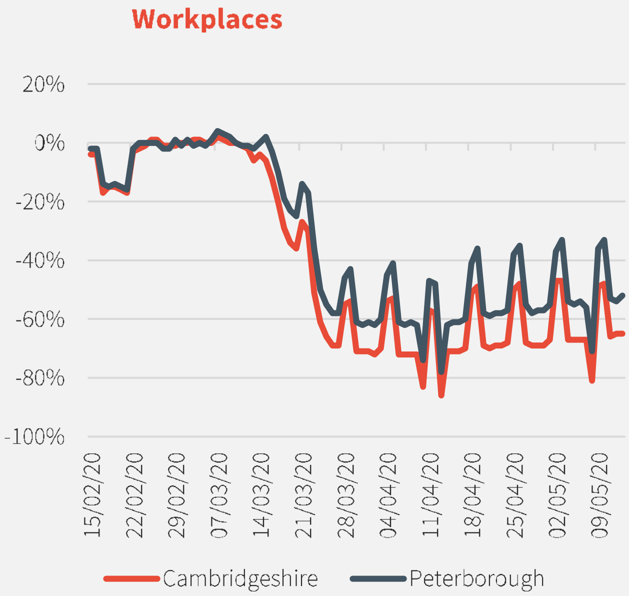
A real-time view of physical movement in areas of Cambridgeshire and Peterborough has been obtained using Google's Community Mobility data. This data uses mobile phone location proxies to determine the number of visitors to different categories of place against a pre-COVID baseline to show relative declines. As would be expected in both Cambridgeshire and Peterborough there has been a collapse in the number of visitors to retail and recreation locations; however, it does appear that there has been a slight upward trend in Peterborough since the beginning of the lockdown. The collapse in visitors to transit stations has been equally severe in both cities and in the last few days there has also been a very moderate increase.

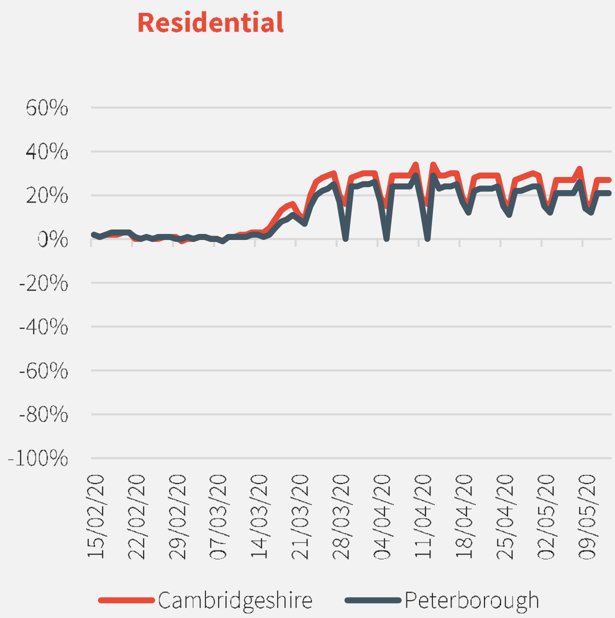
The reduction in visitors to transit stations is interesting when compared to the equivalent measure for workplaces. This chart shows that the decline in people going to workplaces before and since COVID has been less severe in both cities, which suggests people are driving or cycling to work. It is also worth noting that the decline in visitors to workplaces has been less severe in Peterborough, which may reflect a higher proportion of key workers continuing to work onsite.

Google Mobility Analysis









Source: Google LLC "COVID-19 Community Mobility Reports", 2020

It would be beneficial to continue to monitor the mobility data of these locations over the coming weeks and months as they will provide an early indicator of when parts of the economy start to recover, and (compared against other national locations) whether the Cambridgeshire and Peterborough economy is ahead or behind recovery elsewhere. This might allow for the design of more responsive business support packages and a better way of evaluating current initiatives.

05 Business impact

Business impact

05

To assess the impact of COVID-19 on businesses to date, the research draws together survey data and qualitative consultations with local stakeholders. Using the results from the CPCA's COVID Business Resilience survey, it is possible to observe impacts across a broad range of sectors. This has been complemented by structured consultations with businesses and business representative organisations to obtain a deeper understanding of the longer-term outlook and future support requirements. Our work prioritised consultations with industry leaders from the priority sectors identified in the CPIER.

It is worth noting that the impacts of COVID-19 on business are changing rapidly. The Combined Authority intends to leave its survey open to respondents indefinitely and we recommend that this analysis is regularly repeated to ensure that new impacts and trends are captured as quickly as possible.

Similarly, as survey data will only tell part of the story, we recommend that the consultations undertaken for this commission represent the start of a wider conversation with business. As interventions, recommendations and the public sector's role evolves, ideas should be tested with the business community on a regular basis. This will create a meaningful dialogue to ensure that interventions remain locally relevant.

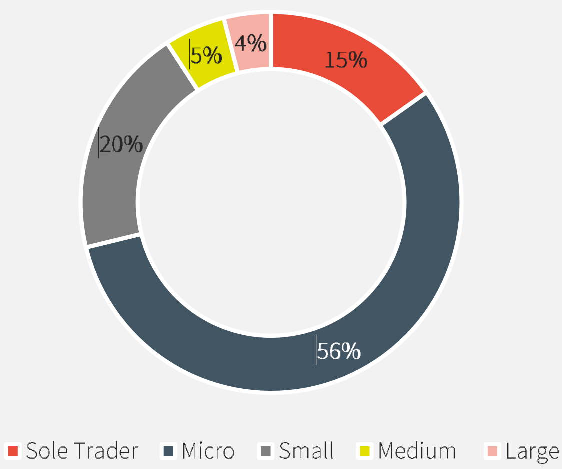
Headline findings

1. Consultations and the business survey suggest that while some businesses have been able to adapt to the new environment, for others the situation is critical with many either temporarily ceasing trading or running on a significantly reduced basis.
2. The survey shows that the Job Retention Scheme and other support packages have temporarily helped to mitigate some of these impacts. Over 50% of business survey respondents have furloughed or made redundant 'a significant number' of staff.
3. Many business owners have said that once temporary support measures are ended, redundancies are inevitable.
4. In the medium term, consultations have suggested that businesses will be reliant on a strong supply chain supporting a quick recovery. For some businesses, this could see a move towards more local suppliers to enhance their resilience to future shocks.
5. The evidence suggests that in the long-term, there is likely to be a significant reduction in opportunities for the region's young people. Paradoxically, consultees have suggested that there is also an opportunity for HE and FE to become more focused on local need by using virtual learning platforms.
6. Responses suggest that travel to work preferences may change forever, with the ability to work remotely leading to less commuting for some. At the same time, more support may be needed for those who have to attend work. Taken together, this means partners will need to think about the design of future transport interventions and the importance of digital connectivity.

7. This may have an impact on the design of future transport interventions and will heighten the importance of digital connectivity.

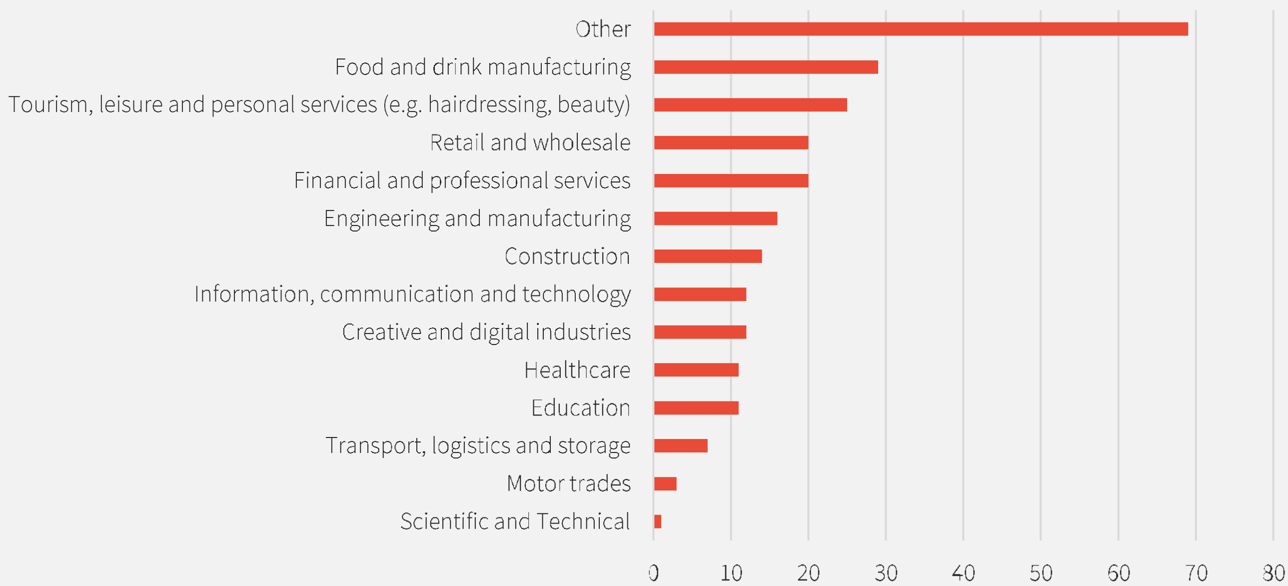
As of 15th May, the Business Resilience survey had received 275 responses. Of this, 23 responses were excluded from the overall analysis as they contained a business address which sat outside of the Cambridgeshire and Peterborough geography. To date, the respondent profile broadly reflects the business demography within Cambridgeshire and Peterborough, being heavily dominated by small and micro enterprises. Similarly, a wide range of sectors are represented.

Business Size Profile of Survey Respondents



Source: Cambridgeshire and Peterborough Business Resilience Survey

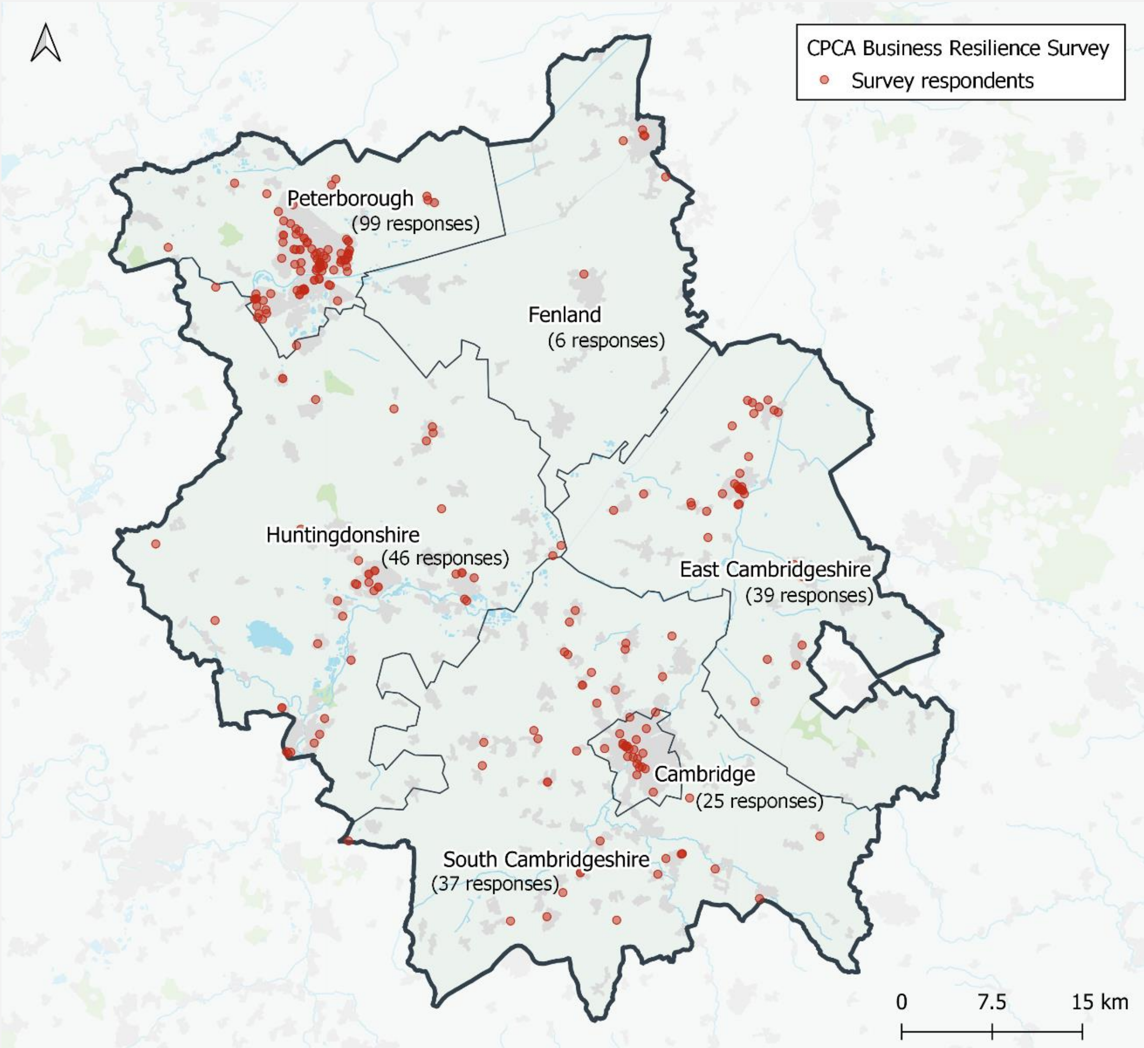
Sector Profile of Survey Respondents



Source: Cambridgeshire and Peterborough Business Resilience Survey

The geographic spread of respondents is less evenly distributed. To date, the survey has only received 6 responses from businesses located in Fenland, with Huntingdonshire and Peterborough-based businesses accounting for over half (58%) of responses. In order to bridge this gap, the consultation exercise prioritised consultations in under-represented areas.

Cambridgeshire and Peterborough Business Resilience Survey Responses by Area



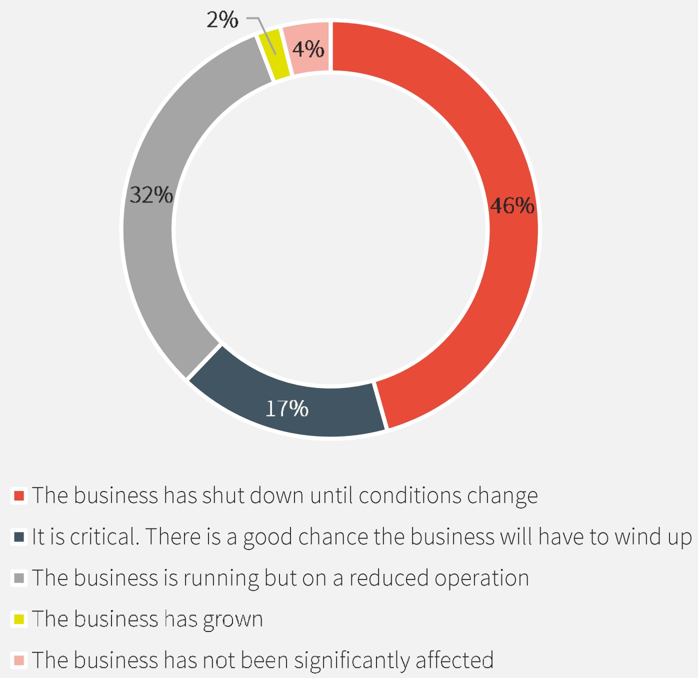
Source: Cambridgeshire and Peterborough Business Resilience Survey

Short-term impacts

The business survey reveals the scale of the economic challenge facing the region and the extent of the precarious financial position most businesses find themselves in. Almost half (46%) of respondents stated that their business had shut down until conditions change, with a further 17% believing that there

was a good chance that their business would have to be wound up. Only 6% of respondents suggested that their business had either grown or had not been significantly affected.
The Cambridgeshire Business Resilience Survey should provide a reasonable picture of sentiment and impact across the region. However, with 275 businesses responses, it cannot be regarded as statistically representative of the wider business base. This is because respondents are self-selecting, and the numbers are insufficient on either a randomised or a stratified sampling basis. However, the approach matches that used by other regional authorities and provides useful policy intelligence.

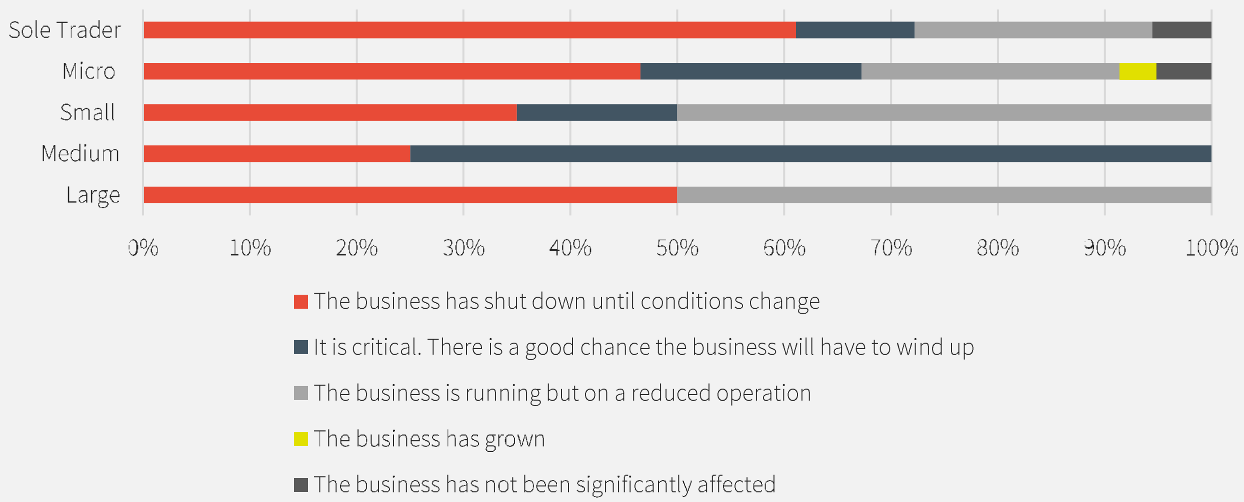
Responses to the Question: "Which best describes the overall impact of coronavirus on your business?"



Source: Cambridgeshire and Peterborough Business Resilience Survey

Sole traders have been particularly affected, with almost three quarters (72%) of respondents suggesting that the situation was either critical or that the business had shut down until conditions change.

Responses to the Question: "Which best describes the overall impact of coronavirus on your business?" by number of employees



Source: Cambridgeshire and Peterborough Business Resilience Survey

This picture was not reflected by face to face businesses consultations – most businesses were still trading, albeit on a reduced operation.[5] Many businesses said that they have adjusted quickly to remote working which has enabled them to continue to trade despite lockdown restrictions. For many consultees, the process had helped to accelerate the process of remote working and had helped to build trust that employees could work effectively without being physically present. Consultees in the retail, hospitality and visitor economy sectors said that they have been severely impacted due to the stringent trading regulations imposed by lockdown and the lack of tourists.

In focus: impact on Cambridge's visitor economy

Whilst all businesses have been impacted by COVID-19, Cambridge's visitor economy has been decimated. Although the sector has regional significance, the impacts are likely to be felt most sharply in Cambridge – which is in an international tourist location. In normal times, Cambridge attracts 8.1 million visitors per year and accounts for around 22% of local employment (Cambridge Economic Impact of Tourism Report, 2017).

The city relies heavily on international visitors (especially from Asia) and stakeholder engagement suggests that these numbers are unlikely to return in the short to medium-term. As a result, organisations such as VisitCambridge are looking at how to build the domestic market and encourage people to rediscover their local area. This will require a coordinated approach to rebuilding public confidence in leisure activities.

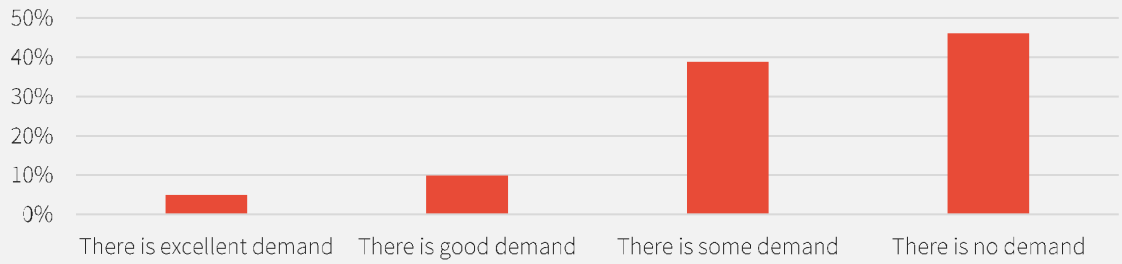
[5] This may be a refection of the respondent profile for the face-to-face consultation.

Based on the CPIER and the Local Industrial Strategy, the Visitor Economy is not currently regarded as a regional priority. Given the high number of jobs in this sector, local partners may consider updating these documents to provide strategic, targeted support to help the sector to recover as quickly as possible.

Consultations revealed that production-focused businesses had largely been able to continue operating on a limited basis, with many manufacturing companies quickly investing in social distancing adaptations to continue operating. Most consultees had made these modifications before the government's 'Working Safely During Coronavirus' guidance was released and have included additional hand washing stations, PPE, and temperature checks at the entrance of buildings as well as physical modifications to premises such as extra doors and one-way systems.

Despite many consultees being able to continue trading in some form, most noted that business had been affected, with a significant proportion of their traditional client base either temporarily shutting or not currently requiring services or products. This is reflected through the Business Resilience Survey which showed that only 15% of companies reported good or excellent demand for products or services.

Responses to the Question: "What impact has coronavirus had on demand for products and services?"



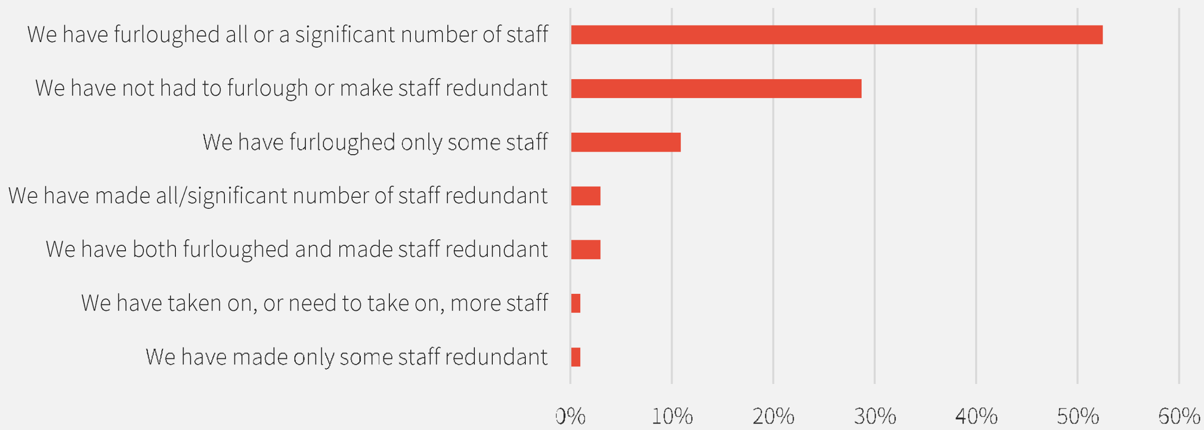
Source: Cambridgeshire and Peterborough Business Resilience Survey

Consultees reliant on public sector contracts have reported a significant drop off in demand. Those involved in providing specialist laboratory equipment to universities and the private sector also said demand had dropped. Part of the explanation may be that many university laboratories have also closed, limiting demand for supplies.

Several consultees noted the importance of the public sector as a key actor in supporting the recovery and stimulating the local economy. Longer-term, it was suggested that local procurement of major public interventions such as the Cambridgeshire Autonomous Metro should be considered to support local business and retain wealth within the region's economy.

Most consultees have looked at ways to reduce overheads. Whilst some had negotiated rent reductions, this was primarily achieved through high uptake of the government's Job Retention Scheme. In the short-term, this has helped companies to avoid making large scale redundancies. Only 7% of respondents reported making any redundancies compared to the 66% of respondents which have furloughed some or all their staff.

Responses to the Question: “Have you had to furlough or make employees redundant?”



Source: Cambridgeshire and Peterborough Business Resilience Survey

Respondents were overwhelmingly positive about the Government’s economic response to date. The timeliness of support and ease of accessing the Job Retention Scheme was unanimously viewed as a success. Similarly, grant payments distributed by district councils were also well received and efficiently distributed to beneficiaries. However, consultees noted issues with Business Rates Relief and the two principle loan schemes (Coronavirus Business Interruption Loan Scheme and the Bounce Back Loan).

Issues raised in relation to accessing financial support

Issues raised:

Government-backed loans (CBILs and Bounce Back Loans)

- Businesses are reluctant to take on loans due to the risk of being left with loans that cannot be paid back
- Whilst many businesses have now switched to the Bounce Back loans, several consultees noted difficulties getting the banks to loan the money

Business Rates relief

- Issues of high rateable values (especially in Cambridge City) means that many small businesses do not fall under the £51,000 threshold to qualify
- Many small companies that are not registered for business rates due to being based in shared workspaces and instead were eligible for a grant have found obtaining this and engagement with the district councils difficult.

[6]

[6] A discretionary fund has now been set up to accommodate certain small businesses previously outside the scope of the business grant funds scheme

There is a pressing need for local authorities to administer grants and process exemptions quickly and efficiently. Up to 90% of applications for business support grants have now been paid. The combination of local and national support has been critical for providing breathing space and has allowed several businesses to begin to re-integrate furloughed staff. Several consultees noted that this is likely to be a phased approach over several months. This means that the increased flexibility in the furloughing scheme – which allows companies to bring employees back part time – was regarded as 'a welcome change'. As an aside, we note that the newly agreed Discretionary Funding for local authorities is now in place. This should allow continued support for the region's businesses.

Medium-term impacts

Whilst the Job Retention Scheme has been widely accessed and well received, evidence suggests that it will fail to prevent significant redundancies in the medium-term. Businesses highlighted that there may not be roles for furloughed staff to return to for two principle reasons: (1) there is limited evidence to indicate a sufficient uptick in demand for services to maintain pre-COVID staffing levels and (2) new efficiencies generated through remote working mean that many roles will no longer be required in a post-COVID world. This is likely to result in major economic restructuring over the next decade which local authorities will play an important role in addressing through employment brokerage and support.

Impacts on the Manufacturing, Advanced Manufacturing, and Materials sector and the potential to 'onshore' supply chains

Manufacturing represents one of the region's key sectors. For the businesses consulted, it was noted that the crisis is likely to accelerate two trends: automation and a restructuring of supply chains. One consultee noted that COVID-19 has forced many businesses to re-evaluate what roles will be required in the future and the role that increased automation can play to make businesses leaner and more resilient.

Another consultee noted that COVID-19, combined with the uncertainty surrounding a future Brexit trade deal had made the business consider the potential of 'onshoring' their supply chain. Businesses with supply chains based in Europe stated that stricter lockdown restrictions had meant that processes which involved significant amounts of back and forth across the English Channel had been severely delayed and resulted in an inability to source materials. As a result, businesses are looking at methods of sourcing through a more local supply chain. This is seen to have several benefits including reducing carbon emissions and creating a supply chain which is more resilient to future pandemics and economic shocks.

To avoid making redundancies, businesses in Cambridgeshire and Peterborough will be reliant on their supply chains bouncing back quickly. To date, the evidence on supply chains presents a mixed picture. Whilst only 17% of survey respondents noted they could get all the supplies they need, almost a quarter (24%) said that they could no longer get supplies. Of the businesses which did not have supply chain availability issues, a number reported increased costs. Several consultees noted that whilst they had remained open, their supply chain had ceased trading in the first phase of lockdown. Many smaller manufacturing firms were confused as to whether they could (legally) remain open.

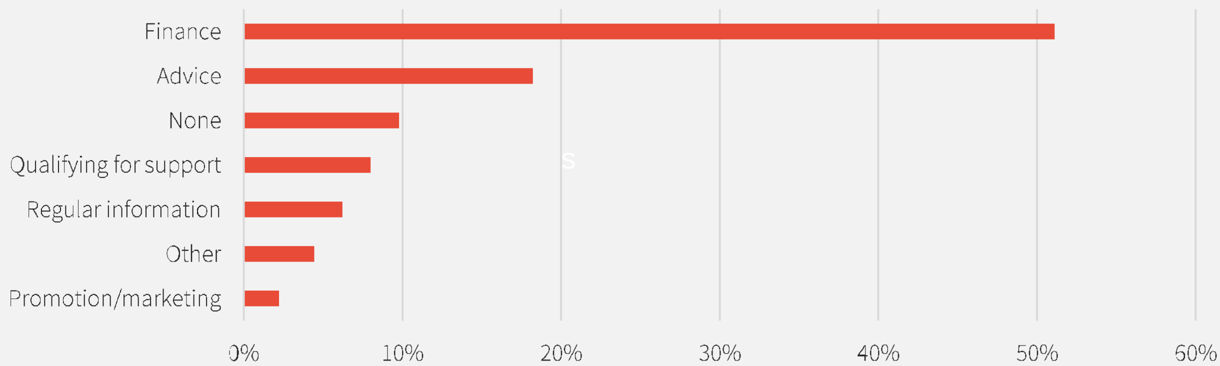
Responses to the Question: "What impact has Coronavirus had on the supplier network?"

Source: Cambridgeshire and Peterborough Business Resilience Survey

As a result, supporting the supply chain represents a primary concern for many manufacturing businesses – many of which are reliant on 'just in time' processes to operate effectively. Some of the larger firms consulted stated that their primary focus has been to support smaller businesses within their supply chain to safely re-open and access financial support. These informal networks have always existed across the region and harnessing these effectively can help to underpin Cambridgeshire and Peterborough's long-term recovery.

Consultation and survey responses confirmed that access to finance will be the defining factor for medium-term survival. Over 50% of survey respondents stated that they require additional financial support. Pressure on local resources is greater than ever, meaning that it is vital that local partners work together to coordinate resources across constituent public bodies to take a strategic approach to supporting businesses and catalysing recovery.

Coded Responses to the Question: "What other support do you need?



Source: Cambridgeshire and Peterborough Business Resilience Survey

Whilst many respondents requested revenue support in the short-term, capital grants from the Combined Authority have been successful to enable businesses to diversify activities and take advantage of new opportunities. The initial £3.5m COVID-19 Capital Grant scheme was heavily oversubscribed, with evidence from the consultation suggesting that there were also businesses that missed the deadline but would like to take advantage of a similar scheme in the future. It is suggested that regional partners continue to lobby government regarding the success of the programme, and also work with constituent local authorities to understand if additional funding can be found to extend the programme.

The following consultee feedback should also be considered:

1) **Accessible application process:** some consultees noted that previous funding streams had overly time-consuming application processes. Recent grant application forms had been much shorter and accessible which consultees hoped would continue.

2) **Build the change:** funding should be contingent on businesses addressing the wider social and economic fallout from the crisis. This could include commitments to providing work experience for local young people and undertakings around sustainability, community health and social value.

3) **Consider a wider audience:** some consultees noted that in the past, funding had been targeted at specific sectors, which deterred them from applying. Similarly, other consultees stated that visibility of local government support had been poor and that more could be done to encourage applications from businesses that may otherwise go under the radar. This could incorporate a more direct approach where officers actively promote funding streams through established business networks and events.

Longer-term impacts

Although for many consultees it was too early to understand the long-term impacts of COVID-19 on their business, there are key practices that are being adopted and considered now which will have significant policy implications for local partners.

Most consultees suggested that COVID-19 will change working practices forever. Businesses reported a range of benefits associated with increased remote working including enhanced efficiency, improved levels of wellbeing and reduced costs. One small business noted that whilst previously they spent around £10,000 per month on travel, they have successfully proved that they can do product demonstrations effectively via video conferencing – saving time and reducing the business' carbon footprint. Although consultees did not see commuting to an office becoming obsolete, around one in five anticipated travelling to work to be significantly reduced.

Commercial property

This will have implications for the local commercial property markets in each of the region's three economies. Many professional service businesses noted that they were evaluating whether they will require the same extent of space in the future. This could generate significant opportunities, especially in Greater Cambridge, freeing up floorspace for more businesses to benefit from the knowledge transfer effects associated with locating in urban centres whilst only paying for the minimum space required. In the Fens, and to some extent, Greater Peterborough, the opposite is potentially true, especially for manufacturing firms. Several businesses noted that having larger premises had helped them to embrace social distancing requirements and continue to operate safely.

In Greater Cambridge, it is anticipated that demand for high-specification laboratory space is likely to remain strong in the long-term. This is because the fundamentals underpinning Cambridge's success in the life sciences and related activities have not changed. Proximity, networks and the clustering effects seen in Cambridge have underpinned its economic success and these chance interactions will continue to be important to drive the city's knowledge economy in the long-term. A recent Cambridge Ahead workshop with Members indicated that demand still exists for Research and Development facilities, with suggestions that laboratory space and the Technology sector demand are also likely to remain strong.

Education

As shown in the OBR modeling, the education sector is forecast to take a significant hit. These impacts were reflected by consultations with both FE and HE representatives from across the region. The long-term challenges facing the sector and learners include:

- **Limiting opportunities**: Consultees suggested that there was a danger that work experience and new Apprenticeship vacancies would be affected – limiting vocational opportunities for school leavers. There was a concern that schools may not have time to incorporate broader employability skills into an already condensed curriculum which may result in children missing out on these important skills. It was noted that the local partners are likely to continue to play an important role in providing employment brokerage going forwards – with funding for the Skills Service and Form the Future being critical to support this process across the area.
- **Vocational training**: Practical courses such as construction have been severely affected. Whilst many courses have been able to move online, FE colleges noted that most vocational training has stopped in the short-term.
- **Finances**: Providers noted that COVID is likely to exacerbate long-term issues of funding. Many institutions have relied on international students as part of a summer school offer which has been decimated in 2020 – resulting in significant losses. However, it was noted that providers stand ready to accommodate additional future demand as part of predicted national retraining programmes.

Despite this, it should be noted that providers have mobilised quickly to ensure that most learning can continue and have had strong engagement as a result. One FE college commented that around 80% of their students are engaging with the college on any given day, with around three quarters engaging with material daily. Technology offers the opportunity for providers to provide a blended offer of remote and physical learning – helping to provide courses which can give learners the flexibility to work at their own pace. Similarly, through video conferencing, consultees noted that it may make business engagement easier and more efficient, with employers needing to donate a smaller amount of time. These trends may be particularly important for more remote communities in Fenland and East Cambridgeshire, where securing access to learning has been a persistent problem. However, in the longer term, transport and physical connectivity will remain vital in ensuring that young people have full access to all the opportunities the region can offer.

Infrastructure

Transport and digital infrastructure were highlighted as top priorities for immediate focus that could have the most impact in supporting the region's long-term recovery. As lockdown restrictions are relaxed, it will be important for transport authorities to continue to monitor ridership and unmet demand to plan services and interventions which are more responsive to how people are choosing to travel. Consultees noted that the primary focus should be to provide confidence for employees to return to the workplace. In Greater Cambridge, a number of consultees suggested that both cycling and Park and Ride should be part of the solution, which could include electric bikes located at Park and Ride stops. Consultees suggested that these short-term recovery interventions should be balanced against a joined-up, longer-term strategy regional strategy, which sets out the relevance of transport programmes in a post-COVID world. Most consultees were convinced that public transport will remain an important part of the policy mix.

The flexibility and robustness that many businesses have exploited is linked to digital infrastructure and wide availability of high-quality connectivity. In the midst of the crisis, a significant proportion of businesses have benefitted from the region's digital maturity, keeping places and people connected and the economy moving. This has been a silent success story and the work of Connecting Cambridgeshire should be celebrated; however, there is more that can be done. The government has set itself a goal to propel the UK towards a digital future, backed with an ambitious funding commitment of £5bn to support a gigabit revolution which will push full fibre and 5G connectivity nationwide by 2025. There needs to be a concerted effort to ensure that business is rapidly equipped with the digital capacity to continue to work productively from a range of locations.

06 Recommendations

06 Recommendations

The economic impacts of COVID-19 are complex and rapidly evolving – putting significant pressure on local authorities as the stewards of economic recovery. To inform their response, authorities should use this opportunity to review all exisiting plans, programmes and strategies and undertake a fitness for purpose assessment to evaluate their relevance in a post-COVID world. A report will be compiled alongside workshops with senior officers from partners in early July to support this process.

The recommendations included within this report are therefore additional to 'business as usual' and represent the short, medium and long-term priorities that partners might want to consider.

The evidence in this report captures the initial impacts of the first phase of lockdown and establishes a research framework to monitor future impacts as they come on stream. The accompanying dashboard provides the architecture to create a 'live' evidence base which can be regularly updated to capture future impacts on footfall, commercial property and labour market data. This moves the region beyond reliance on ONS datasets which are quickly out of date[7] – it could take up to 18 months for the business and employment impacts to be visible through traditional sources.

The Basis of the Recommendations

We believe that more could be done to speed up the recovery and limit long term damage to the local economy. Progress should be consensual. The ideal model should see agreement across the widest possible group of regional stakeholders, so that a strong and consistent message can be given to businesses, communities and central Government.

It should be recognised that the policy levers available to regional and local government are limited. These relate to existing capital and revenue budgets, business rate variation, and devolved skills projects and programmes. The forthcoming budget (expected July 2020) should clarify whethere there is to be a national recovery plan or a series of regional initiatives adminsitered by Local Enterprise Partnerships and Mayoral Combined Authorites. In the latter case, partners may be able to secure additional finance and support for the region.

Our recommendations are presented in four areas:

- Business Support
- Infrastructure
- Placemaking
- Labour Market

[7] This is intended to complement the work of organisations such as Cambridge Ahead. The Cambridge Cluster Insight resource provides an accurate and accessible source of growth data without attempting to define complex sectors using Standard Industrial Classifications (SIC codes) provided by the ONS.

Business Support

Short-term

Issue

Cambridgeshire and Peterborough are highly reliant on small and micro firms, made up of professionals and technicians. They will require ongoing, targeted support over the coming months.

Recommendations

- Set up a single COVID business support site for the whole geography to communicate with businesses. Supplement with social media.
- Wherever possible, simplify and join up the application process for COVID business grant funding. This could include setting up a single application form across Cambridgeshire and Peterborough, which are could then be passed on to districts".
- Help small and micro businesses access business service providers (accountants, website designers, restructuring experts, etc.) This should include advice to businesses on implementing social distancing arrangements.

Medium-term

There is no need to reinvent the narrative. An adapted LIS is appropriate given that strong evidence has been pulled together to support the current shortlist of sectors and interventions. However, there is an opportunity to do more, with extra precision and on a bigger scale.

One issue partner could explore is accelerating the delivery of long-term objectives around sustainability and the Green Economy.

Recommendations

- Develop an amended single business resilience survey, with insights shared with all stakeholders over 12-month cycle.

Long-term

Issue

During economic downturns one of the first areas to neglect is the commercialisation of research and IP. However, investment now is key as the commercialisation of new ideas will drive future growth and help with the medium and long-term recovery.

Recommendations

- Work with partners in Cambridge and Peterborough and globally to establish a programme or set of programmes to convert intellectual property and research into development propositions. This could be through the creation of new incubators, partnerships with global universities, or a C&P-wide led programme.

Infrastructure

Short-term	Medium and Long-term
Issue There is a need to accelerate the delivery of better more reliable public transport across the region to get people from their homes to their jobs/places of study. Relieving the congested transport network by accelerating the delivering of a transformative public transport network is vital to unlock thousands of new homes and jobs across the region.	**Recommendations** • Build on immediate response/recovery schemes to invest further in active travel, supporting people to access work in a healthy, sustainable and inexpensive. • Look at ways to preserve some of the benefits arising from transport changes during the lockdown, such as faster journey times and cleaner air.
Issue The GCP and CPCA represent key actors in the local economy and have significant power to drive recovery through a localised procurement approach and ensuring expenditure works harder to maximise social and economic outcomes. Major infrastructure projects such as the Cambridgeshire Autonomous Metro (CAM) offer the opportunity to retain wealth within the local economy by providing contract opportunities for local businesses **Recommendations** • Work with government to prioritise and bring forward enabling infrastructure projects (e.g. grid reinforcement in Cambridge Southern Cluster, CAM, water recycling facility at Milton).	**Recommendations** • Wherever possible, ensure that materials and services procurement require significant local content. Investigate whether it is practical to introduce a Local Procurement Portal to assist in this process. • Establish support and advice for local businesses to enable them to bid effectively for work in major infrastructure projects • Infrastructure schemes to provide jobs and training/apprenticeships opportunities • Actively monitor transport impacts and review programmes as needed

Short-term

Issue

Available housing and the cost of housing continues to be an issue. House building contributes high GVA multipliers and if combined with green design and infrastructure, will help to reorient the area.

Recommendations

- Accelerate the work of the Land Commission
- Wherever possible accelerate delivery of funding, construction and new homes

Issue

People working at home, particularly in more rural areas could benefit from fibre to the door and better mobile connectivity. Use this as an opportunity to roll-out digital infrastructure while traffic volumes are low.

Recommendations

- Work with Connecting Cambridge and other partners to accelerate the fibre and 4/5G roll-out across the C&P area

Medium-term

Recommendations

- Define zonal areas across the area in advance of the likely planning reforms to be put forward by MHCLG in Spring 2021.

Long-term

Recommendations

- Support Connecting Cambridgeshire and other partners to accelerate the fibre and 5G roll-out across the C&P area. Adopting this recommendation may offer an opportunity for apprenticeships to be developed in an important high technology area

Placemaking

Short-term	Medium and Long-term
Issue C&P economy is heavily reliant on international visitors to Cambridge during the summer months. International visitors may not be able to visit the area this Summer and in future. **Recommendations** • Launch campaign for domestic visitors to Cambridge over the Summer using assets including University campus and outdoor dining and events in Cambridge city centres. This campaign should also recognise that future demand may be dependent on developing a better leisure offer for residents. • Support businesses to make best use of outdoor spaces for dining and events purposes	**Recommendations** • Monitor and support businesses in the 'event economy' (i.e. those businesses who generate most of their income from one-off events) • Capitalise on foremost outdoor attractions to promote region for tourism; • Long term campaign plan to promote visitor economy
Issue Town centres were already struggling to cope with changes in the way High Streets are being used by people. This has been exacerbated by Covid and presents a major challenge to the future of market towns and other urban space. **Recommendations** • Wherever possible partners should accelerate planned capital spending programmes in town centres. Look at providing increased matched funding for FHSF bid, Town Investment Plans or Market Town masterplans.	**Recommendations** • Accelerate the delivery of long-term objectives around sustainability, better public realm and economic vibrancy in our town centres and villages

Labour Market

Short-term

Issue

Unemployment will increase and young people are likely to be most hit. Use investment in (green) infrastructure as a means of creating jobs and training young people. There will also be a need for comprehensive action on re-skilling in later life

Recommendations

- Enhance role of apprenticeship & Skills Apprenticeship and Recruitment (STAR) Hub across the region - coordinating all skills activity and initiatives to connect as a one stop shop.

Medium-term

Recommendations

- Possibility to replicate the Health and Care Sector Work Academy model to support skills and training in the health and care sector across the region.
- Accelerate work with Government/DfE to establish a localised and co-designed National Retraining Scheme for Cambridgeshire and Peterborough.

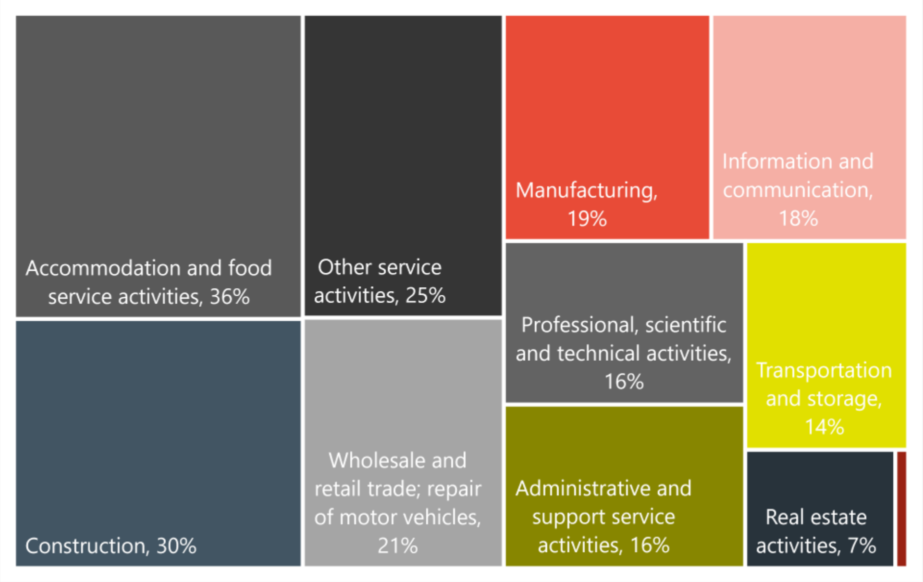
Long-term

Recommendations

- Ensure Adult Education Budget continues to support viability of local skill providers in the medium to long term.

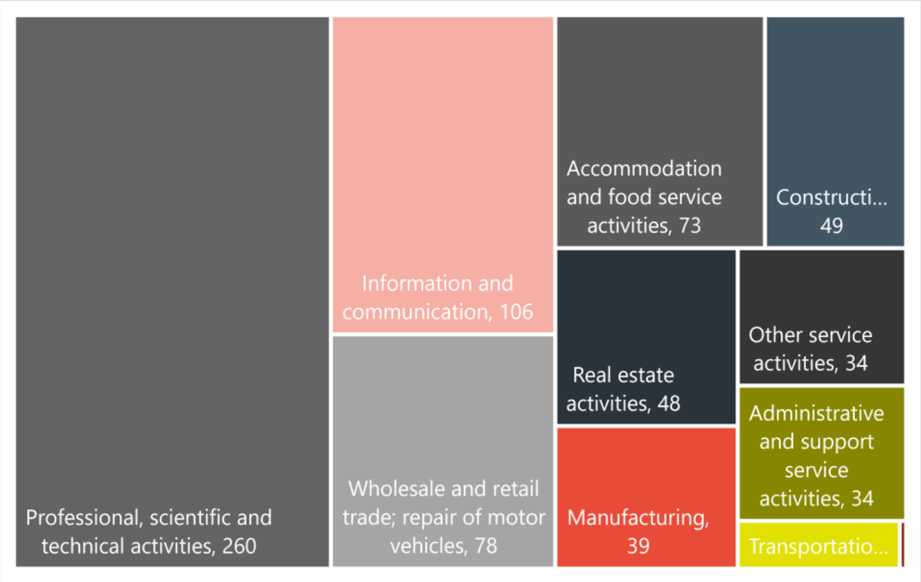
Appendix A - District GVA Profile

Cambridge Sectoral Impact – % GVA Decline, 2019-2020



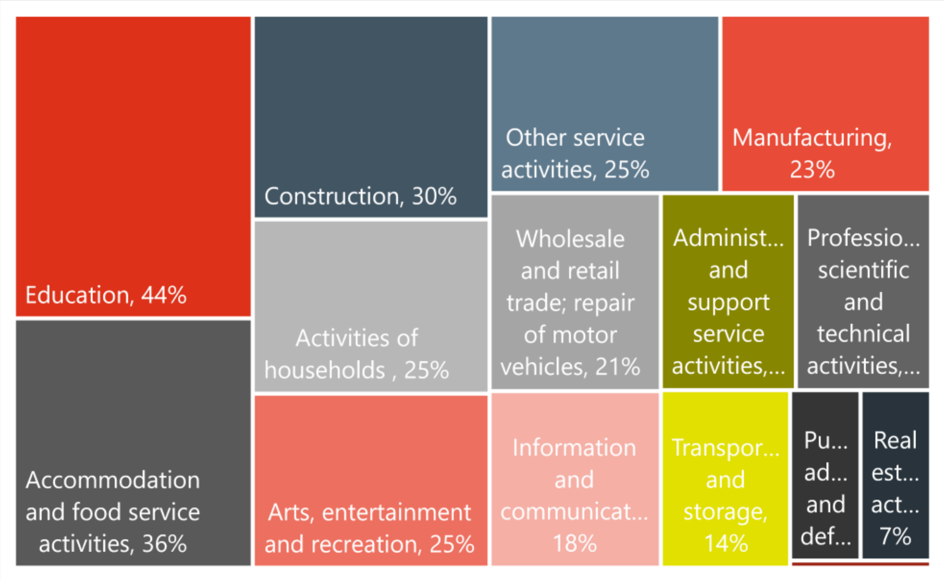
Source: Hatch Regeneris GVA Estimates Projections

Cambridge Sectoral Impact – Absolute GVA Decline, 2019-2020



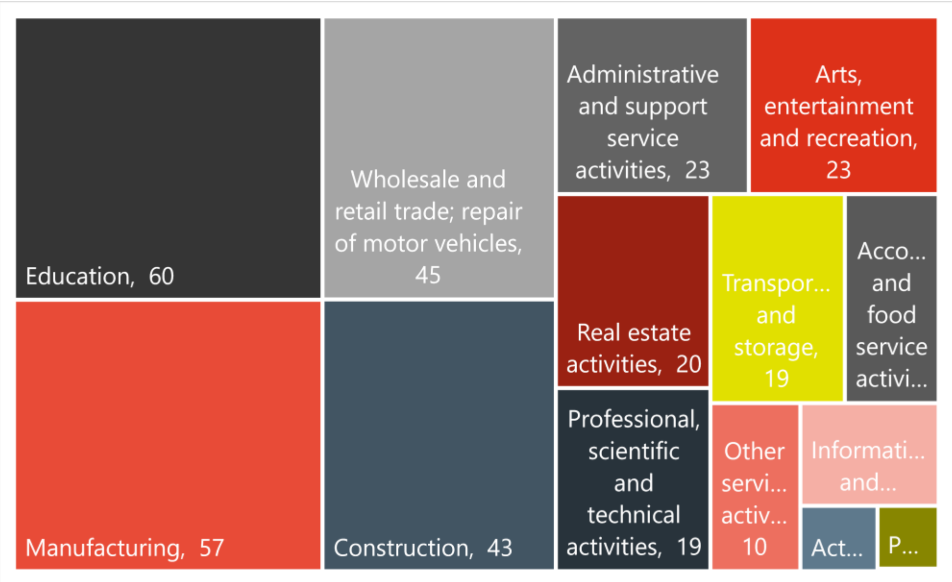
Source: Hatch Regeneris GVA Estimates Projections

East Cambridgeshire Sectoral Impact – % GVA Decline, 2019-2020



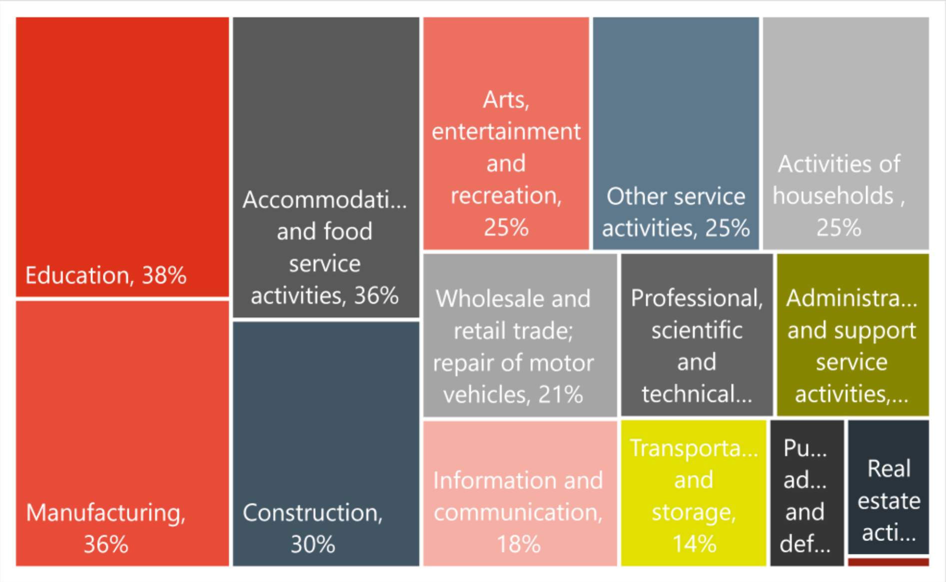
Source: Hatch Regeneris GVA Estimates Projections

East Cambridgeshire Sectoral Impact – Absolute GVA Decline, 2019-2020



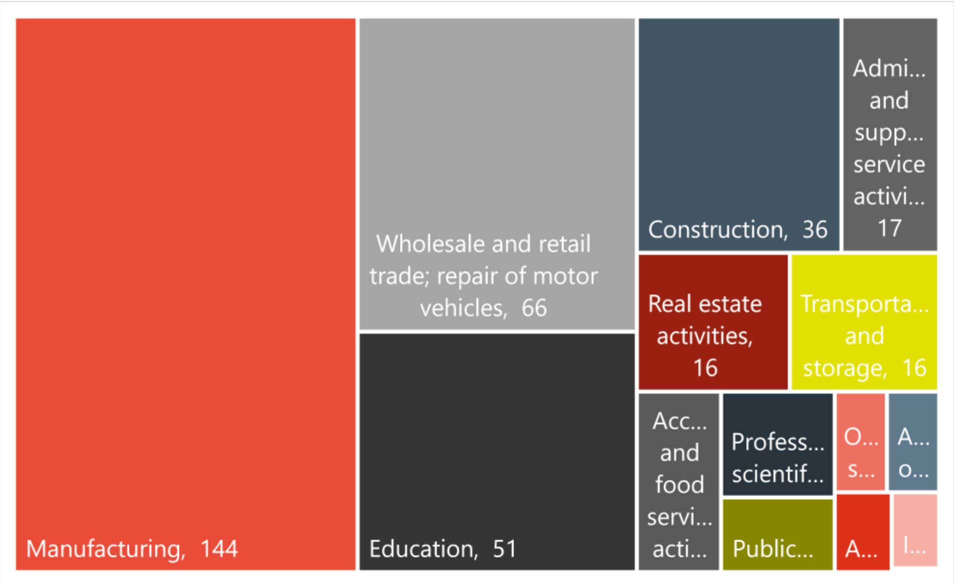
Source: Hatch Regeneris GVA Estimates Projections

Fenland Sectoral Impact – % GVA Decline, 2019-2020



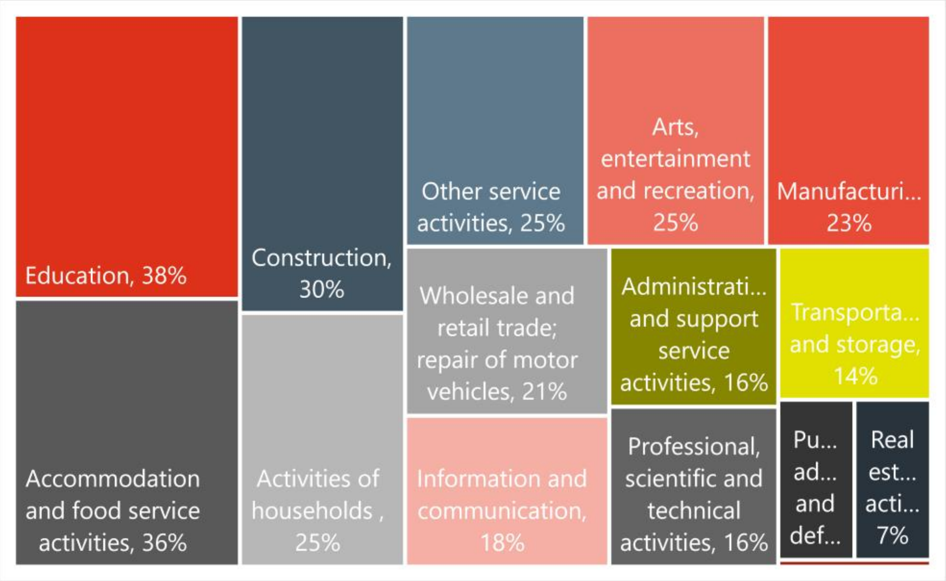
Source: Hatch Regeneris GVA Estimates Projections

Fenland Sectoral Impact – Absolute GVA Decline, 2019-2020



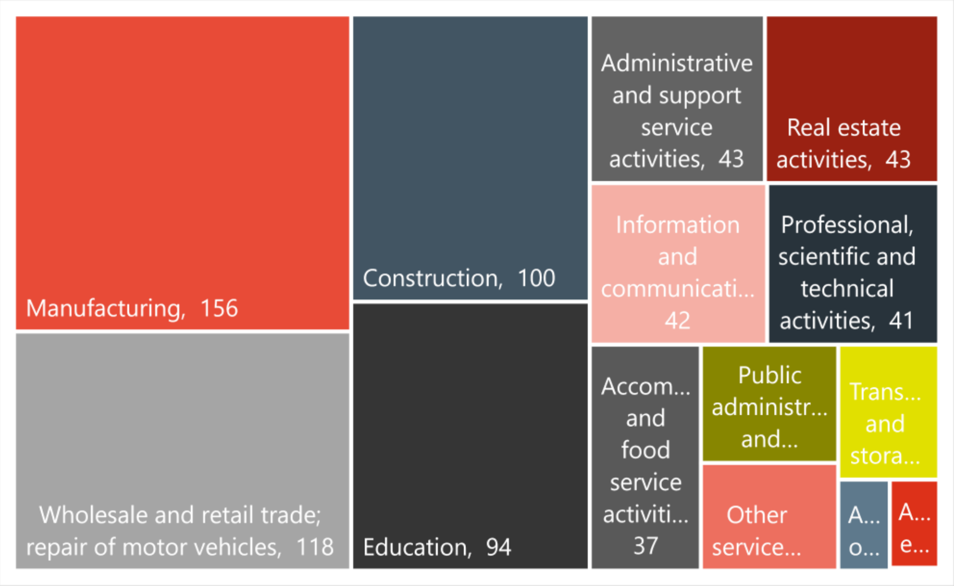
Source: Hatch Regeneris GVA Estimates Projections

Huntingdonshire Sectoral Impact – % GVA Decline, 2019-2020



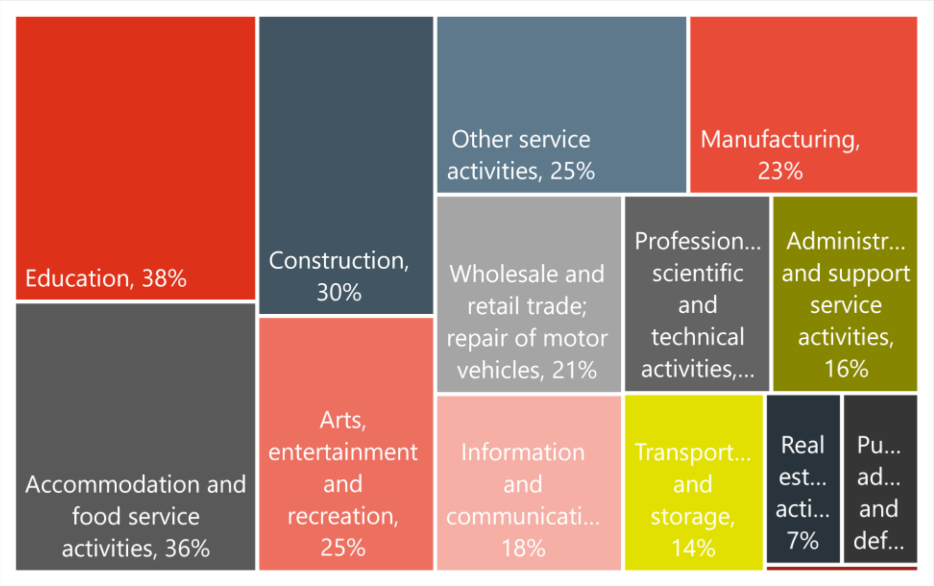
Source: Hatch Regeneris GVA Estimates Projections

Huntingdonshire Sectoral Impact – Absolute GVA Decline, 2019-2020



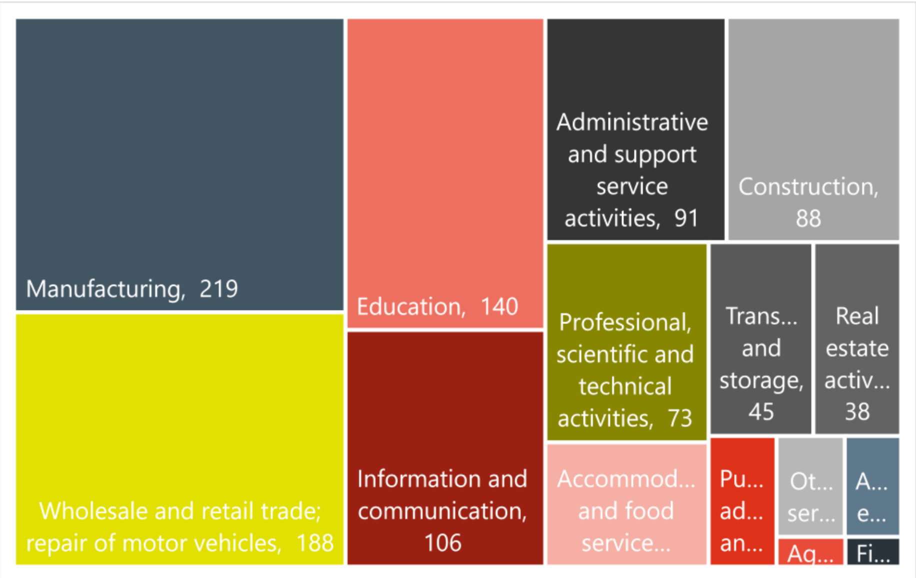
Source: Hatch Regeneris GVA Estimates Projections

Peterborough Sectoral Impact – % GVA Decline, 2019-2020



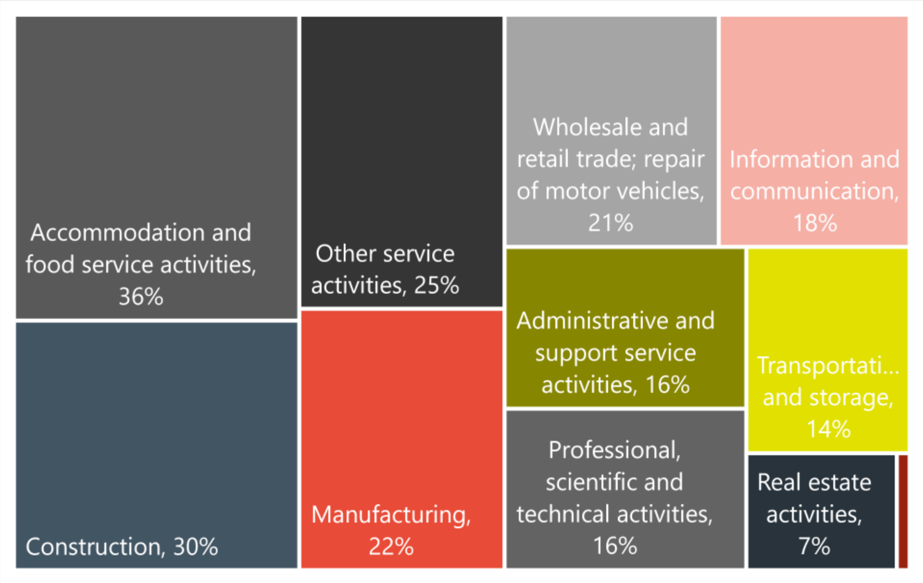
Source: Hatch Regeneris GVA Estimates Projections

Peterborough Sectoral Impact – Absolute GVA Decline, 2019-2020



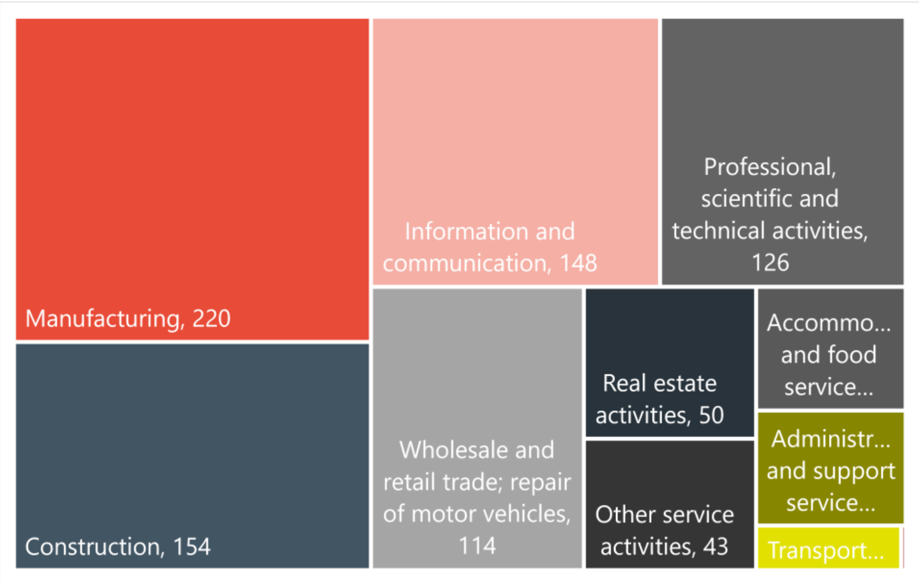
Source: Hatch Regeneris GVA Estimates Projections

South Cambridgeshire Sectoral Impact – % GVA Decline, 2019-2020



Source: Hatch Regeneris GVA Estimates Projections

South Cambridgeshire – Absolute GVA Decline, 2019-2020



Source: Hatch Regeneris GVA Estimates Projections

Appendix B - District Growth Summaries

Cambridge		
Loss in GVA, 2020	£806m	
Year of GVA Recovery	2030	
Aggregate GVA Loss, 2020 to Year of Recovery	£4.3b	
Sector Recovery		
	% Share of GVA	Year of Recovery
Professional, scientific and technical activities	25%	2031
Education	16%	2049
Human health and social work activities	12%	2020
Real estate activities	10%	2025
Information and communication	9%	2033

Fenland		
Loss in GVA, 2020	£273m	
Year of GVA Recovery	2031	
Aggregate GVA Loss, 2020 to Year of Recovery	£1.7b	
Sector Recovery		
	% Share of GVA	Year of Recovery
Manufacturing	20%	2036
Wholesale and retail trade; repair of motor vehicles	16%	2034
Real estate activities	11%	2025
Agriculture, mining, electricity, gas, water and waste	8%	2020
Education	7%	2049

South Cambridgeshire		
Loss in GVA, 2020	£910m	
Year of GVA Recovery	2033	
Aggregate GVA Loss, 2020 to Year of Recovery	£6.2b	
Sector Recovery		
	% Share of GVA	Year of Recovery
Manufacturing	17%	2036
Information and communication	14%	2033
Professional, scientific and technical activities	13%	2031
Real estate activities	12%	2025
Wholesale and retail trade; repair of motor vehicles	9%	2034

Huntingdonshire		
Loss in GVA, 2020	£615m	
Year of GVA Recovery	2031	
Aggregate GVA Loss, 2020 to Year of Recovery	£3.5b	
Sector Recovery		
	% Share of GVA	Year of Recovery
Manufacturing	15%	2036
Real estate activities	13%	2025
Wholesale and retail trade; repair of motor vehicles	12%	2034
Agriculture, mining, electricity, gas, water and waste	10%	2020
Construction	7%	2041

East Cambridgeshire		
Loss in GVA, 2020	£295m	
Year of GVA Recovery	2032	
Aggregate GVA Loss, 2020 to Year of Recovery	£1.9b	
Sector Recovery		
	% Share of GVA	Year of Recovery
Real estate activities	14%	2025
Manufacturing	12%	2036
Wholesale and retail trade; repair of motor vehicles	11%	2034
Agriculture, mining, electricity, gas, water and waste	11%	2020
Construction	7%	2041

Peterborough		
Loss in GVA, 2020	£832m	
Year of GVA Recovery	2030	
Aggregate GVA Loss, 2020 to Year of Recovery	£4.3b	
Sector Recovery		
	% Share of GVA	Year of Recovery
Manufacturing	14%	2036
Wholesale and retail trade; repair of motor vehicles	13%	2034
Financial and insurance activities	9%	2021
Human health and social work activities	9%	2020
Information and communication	8%	2033

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www.hatchregeneris.com

London: +44(0)207 336 6188 Manchester: +44(0)161 234 9910

Appendix 2

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY | JAMES PALMER CAMBRIDGESHIRE & PETERBOROUGH MAYOR

Local Economic Recovery Strategy

Initial Ideas for Discussion & Development Through the Economic Recovery Sub-Group & for Oversight with Political Leaders

Contents

To be completed

1. INTRODUCTION

In a recent letter from Simon Clarke to all Combined Authority Mayors, the Government has made it clear that it expects Mayors to lead economic recovery planning in their regions, using existing powers and funding, and collaborating closely with Local Enterprise Partnerships and other local partners, to support recovery. Looking further ahead, Mayors are also encouraged to continue to develop evidence-led thinking, to help ensure that the future national approach works for all places. In response, Mayor Palmer, of the Cambridgeshire & Peterborough Combined Authority (CPCA), has commissioned a large-scale COVID Impact Insight Programme, building on the recently co-commissioned work with the Greater Cambridge Partnership, the initial evidence from which has informed the ideas and proposals put forward in this paper. As the remaining evidence is gathered between July and September, and the post-lockdown impacts and longer-term scarring become clearer, these ideas are expected to be developed through the COVID emergency structures set up, especially the Economic Recovery Sub-Group (ERSG) of the Local Recovery Forum, and through *political oversight* with Leaders. The strong business influence within the ERSG (which includes all the main local business representative groups and the CPCA's Business Board) will also ensure effective *business consultation* and a subsequent *public consultation*, will aid community input and co-ownership, across our cities and towns.

The Local Economic Recovery Strategy for Cambridgeshire & Peterborough seeks to guide both national and local decision making, in regard to how recovery can be budgeted and macro-planned centrally, whilst being devolved in delivery to be tailored and implemented locally to produce the "great changes possible in our towns, cities and regions" that are now more important than ever; not just to recover, but to renew our economy and society. The evidence so far supports a range of ideas for new schemes and funding to;

1. **Reduce the rate of contraction of the job market** by helping firms to continue to retain workers when current furlough schemes end;

2. **Increase the rate of publicly supported job creation** through further Government investment in infrastructure, especially for levelling-up;

3. **Increase the rate of business funded job creation**, especially in Tech-firms, through business support and investment

4. **Accelerate a rebound in GVA**, both supporting local prosperity and reducing short-term pressures on the Exchequer

2. BACKGROUND:

2.1. Emerging Themes Across Other Local Economies

Within fora such as the M9 Group of Mayoral Combined Authorities, the LEP Network, the OxCam Group of LEPs and the Cross-Whitehall Economic Recovery Working Group, a number of themes have evolved during recovery planning nationwide. These include:

PHASES

1. **Restart:** Optimising local economic performance whilst maintaining social distancing

2. **Recover:** Preventing and addressing scarring, particularly of local labour and property markets

3. **Rebound**: Addressing key barriers to local productivity (e.g. human capital, connectivity etc.)

4. **Renew**: Supporting all areas to be the best that they can

PRIORITIES

1. **Impacts on <u>people</u>**: concern about the potential for a significant increase in unemployment, particularly as the Job Retention Scheme unwinds, causing:

    a. **local labour market scarring** relating to graduates, apprentices and employees
    b. especially in the **least resilient, highly impacted places**

2. **Impacts on <u>places:</u>**

    a. **High streets:** concerns about the reduction in footfall which is catalysing the decline of the retail sector
    b. **City centres:** <u>potential</u> long-term decline in national productivity and innovation resulting from behaviour change and lack of investment

3. Impacts on <u>businesses and sectors</u>

a. **Retail, Hospitality and Leisure**: continuing long-term social distancing and behaviour change present a threat to the current business model
b. **Manufacturing**: concerns about the disruption to international supply chains and/or persistent lack of export demand
c. **Commercial and residential property sector:** potential damage due to reduction in commercial demand and depressed homeowner market
d. **Construction**: the evidence of the past three contractions is that construction capacity, especially among SMEs, is permanently eroded after recessions[1]
e. **Transport**: continuing social distancing and potential behaviour change threaten a structural shift in the commercial operation for public transport
f. **Across sectors**: lack of growth investment and advice, especially for innovation-focussed and other high-growth potential SMEs.
g. **Visitor Economy:** immediate and long-term impacts of a fall in leisure, business and educational tourism and the subsequent damage to airport economies and their supply chains
h. **Education sector:** mitigating the impact across the FE sector but particularly Higher Educational institutions in established university cities who have thriving local supply chains and networks

4. Looking to the future

a. **Understanding emerging evidence** to establish which current assumptions and programmes will be most challenged
b. **Building on strengths** so that short-term support to meet need does not turn into underinvestment in our most competitive sectors and highest potential firms
c. **Seizing low-carbon opportunities** so that our response to immediate crisis can create opportunities to better address the more strategic climate change threat.
d. **Realising new opportunities in emerging sectors,** such as, Environmental, Energy and Digital with the evolution of Green Skills and Artificial Intelligence.

[1] Lyons Housing Review, 2014, chapter 7

3. A PARTNERSHIP BETWEEN CENTRAL & LOCAL GOVERNMENT

3.1. A National Framework, with Devolved Decision Making

The grand challenges the nation faces in terms of slowing the rate of contraction of the job market, speeding new job creation through public investment and faster business growth, whilst ensuring that our economy is supported to, not just recover, but renew, are ubiquitous.

Meeting these challenges will require significant investment nationally in big, new ideas, to address an unprecedented scale of economic and societal hardship. This will require the potential integration and refocusing of existing and planned national budgets, as well as new funding to create new and innovative forms of support and intervention. As demonstrated by the launch of the many emergency job retention and business stabilisation schemes, such a challenge can be met highly effectively through a national framework, funded centrally where decisions are able to be made at scale and pace, whilst being implemented through local government and other partners, to a prescribed set of simple rules.

However, a model that works well for short term, emergency measures for business survival, will not work for the more complex schemes required for recovery, rebound and renewal. For such interventions, a one-size fits all scheme, with a set of simplified rules, cannot discern, target and balance support between those sectors, firms, places and communities likely to play different roles in recovery.

3.2. The Need for Local Insight, Implementation & Agility

Many MCAs and some LEPs have already commenced significant local insight programmes to build a picture of the economic damage, scarring and recovery potential across their cities, towns, rural communities, sectors and business types. In the case of the CPCA, this involves surveys of businesses, stakeholders and current data sets, as well as significant new econometric research. Most plan to complete the work to generate an initial picture for September, ready to inform the implementation of new recovery schemes in the third quarter. As an example, the CPCA's programme will seek to provide a rapid assessment of the:

a. Immediate impact of COVID-19 on specific sectors, places, and types of business

b. Likely labour market scarring by sector, place, and business

c. Potential for recovery in each sector and potential labour flows between sectors

d. Skills gaps created by those labour flows and how best to address them

e. Places hardest hit and with the weakest potential for recovery

f. Underpinning weaknesses affecting place and sector recovery rates

g. Potential to strengthen and renew those places/sectors, to build future resilience

h. Types of firms hardest hit and their influence on the wider economy and recovery

i. Types of firms with greatest potential to scale and their potential to lead recovery

j. Potential to build the resilience of the hardest hit firms and accelerate the growth of the highest potential firms, to slow contraction and speed compensating growth

It is this granularity of insight that makes MCAs and LEPs, the Government's most effective partners, to enable the application and focus of broader schemes, within a national framework, to deliver highly specific and targeted interventions. In this way, local customisation and implementation, can be used to most effectively slow some sectors' contraction, speed growth in other sectors and target the firms with the greatest potential to stimulate regrowth, whilst levelling-up those places entering the crisis in the weakest condition, building their resilience for the future.

This customisation can embrace the sector, place, business and skills specific profiles of the cities, towns, and districts within individual MCAs and LEPs. It can additionally be used to coordinating across them to capitalise on the shared strengths and regional synergies for wider economies such as the OxCam Arc.

Economic recovery rebound and renewal will all take place locally, in individual businesses and places, and amongst real people at work and at home. For this next phase, the Mayors offer leadership, local economic insight, and a convening capability to best able to deploy the next set of Government interventions, to ensure recovery is both accelerated and sustained.

Finally, as with all rapidly deployed, complex and large-scale undertakings, involving hundreds of thousands of businesses and millions of people, initial assumptions and detailed plans will be tested and sometimes fail. Whilst taken as a given in business, the public sector sometimes struggles with accepting, orienting and adapting to this operational reality in delivery of services and major projects. Mayors, along with their valued partners in Local Authorities, City Deal Partnerships, Local Economic Partnerships and Business Groups and have been established to drive and deliver ambitious programmes locally, and are ideally placed to provide this agility; spotting problems, configuring solutions and adapting delivery, effectively and flexibly as market conditions shift and stability evolves, in different places, differently.

4. POTENTIAL ELEMENTS OF AN ECONOMIC RECOVERY STRATEGY

4.1. Building a Longer-Term Strategy Out of a Crisis Response

Having commenced the Restart Phase, Government has already launched new schemes to create the basis for the Recover Phase, aimed at addressing scarring, particularly of local labour and property markets.

These include;

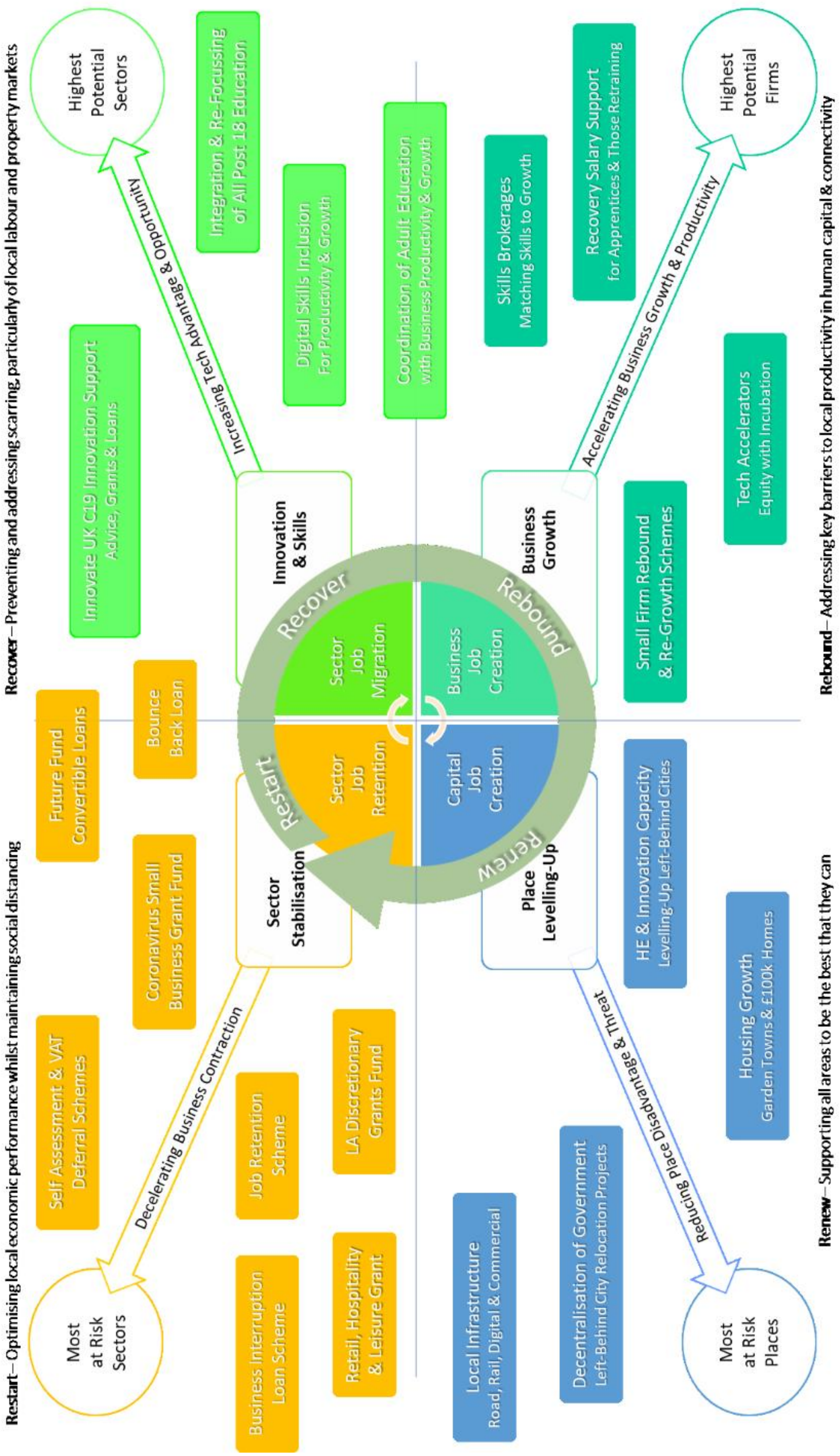
- **The Future Fund for convertible loans**
- **The Bounce Back Loan**
- **The Innovate UK C19 innovation support package of advice, grants & loans**

However, going forward and in preparation for the large-scale displacement of labour, particularly in the hardest hit sectors and places, resulting from the recessional impacts of COVID and the unwinding of the current schemes to stabilise the economy whilst in lockdown, further programmes will be needed as we progress through the Recover Phase. This initial draft for the Cambridgeshire & Peterborough Local Economic Recovery Strategy sets out ideas for further exploration and development. These are illustrated, across the four phases of Restart, Recover, Rebound and Renew, on the diagram on page 9.

The diagram puts into context, the Government's lockdown mitigation schemes (in what might be referred to as the Response Phase), relating to those sectors, such as leisure, hospitality and retail, that have been at most risk, and schemes that continue to provide support for labour market stabilisation. Moving clockwise, through the phases, it shows the most recent schemes launched as we move into Restart, such as the Future Fund, Bounce Back Loan and C19 Innovation Support Package. It goes on to propose a number of further schemes to be implemented in partnership between central and local government, some of which are already being piloted locally.

Building on the Government's success in decelerating economic and business contraction to stabilise employment, these are designed to address the next steps in the Recover Phase, for increasing the UK's technological advantage and creating opportunities for fresh innovation-based growth in those newly emerging UK dominant sectors.

Mapped by Ph


Restart – Optimising local economic performance whilst maintaining social distancing
Recover – Preventing and addressing scarring, particularly of local labour and property markets
Rebound – Addressing key barriers to local productivity in human capital & connectivity
Renew – Supporting all areas to be the best that they can
Most at Risk Sectors
Highest Potential Sectors
Highest Potential Firms
Most at Risk Places
Decelerating Business Contraction
Increasing Tech Advantage & Opportunity
Accelerating Business Growth & Productivity
Reducing Place Disadvantage & Threat
Sector Stabilisation
Innovation & Skills
Business Growth
Place Levelling-Up
Restart
Recover
Rebound
Renew
Sector Job Retention
Sector Job Migration
Business Job Creation
Capital Job Creation
Business Interruption Loan Scheme
Retail, Hospitality & Leisure Grant
Self Assessment & VAT Deferral Schemes
Job Retention Scheme
LA Discretionary Grants Fund
Coronavirus Small Business Grant Fund
Future Fund Convertible Loans
Bounce Back Loan
Innovate UK C19 Innovation Support Advice, Grants & Loans
Integration & Re-Focussing of All Post 18 Education
Digital Skills Inclusion For Productivity & Growth
Coordination of Adult Education with Business Productivity & Growth
Skills Brokerages Matching Skills to Growth
Recovery Salary Support for Apprentices & Those Retraining
Tech Accelerators Equity with Incubation
Small Firm Rebound & Re-Growth Schemes
HE & Innovation Capacity Levelling-Up Left-Behind Cities
Housing Growth Garden Towns & £100k Homes
Decentralisation of Government Left-Behind City Relocation Projects
Local Infrastructure Road, Rail, Digital & Commercial

4.2. Progression into Recovery & On to Renewal

Further steps and interventions are needed to consolidate the Recover phase by addressing the scarring to the labour market and attempting the large-scale retraining of millions of workers displaced between sectors as the economy shifts to adopt a different Post-COVID, recessional position. Key elements of recovery locally must address the key elements of the UK's Industrial Strategy.

PEOPLE

COVID will continue to expose weaknesses in digital capability and access for individuals, businesses, education, and skills providers, due to the continued need for, and tactical variations in social distancing. The risk of subsequent place-specific lockdowns will require effective local management that is rapid and agile. Further devolution of the focus and implementation of education and skills budgets will better enable the re-skilling and up-skilling the nation at a local level, building an inclusive economic recovery from the roots up. This will be essential for labour market re-organisation at scale, based on local place and sector intelligence. A 'one size fits all' solution for getting large volumes of people back to work, in a new, Post-COVID skills and economic environment, that will differ by place and sector, needs local decision making. This is likely to create a key role for digital and online channels in supporting this agility of delivery and response, harnessing the potential of digital channels and platforms to support the delivery of training and the re-skilling needed during recovery. Nationally devolved and local interventions should include:

1. **Integration & re-focussing of all post-18 vocational education** to better focus resources onto the specific labour flows in our economy, to fuel regrowth in those places and sectors with faster recovery rates, and strengthen resilience in the hardest hit.

2. **Digital Skills Inclusion** to raise productivity and inclusive growth, by up-skilling the local workforce to respond to the emerging new division of labour between humans, machines and algorithms, and to compete globally.

3. **Coordinating post-18 vocational education** with business growth stimulation through accelerated access to, and a more integrated design for the UK Shared Prosperity Fund.

BUSINESS ENVIRONMENT

In preparation for the Rebound phase, schemes will be needed to manage the volume of displaced workers moving between sectors and jobs, helping them to find the best new vocation for them and retrain to secure a job within it, as the economy builds-back and re-grows. Further schemes will be needed to accelerate business growth, that build on proven models used previously in the UK and internationally, to stimulate jobs growth through the 6% of fast-to-adapt and grow SMEs that make up nearly 50% of economic growth in the UK. It is these scale-ups and mid-sized (50-500 employees) firms that will be the vanguard of any economic recovery.

Local interventions to support businesses should include:

4. **Skills brokerages** that match displaced workers to training and new jobs, including:

    a. **Local Registration of talent** made or at-risk of redundancy, through access to real-time data on redundancies, enabling cities and towns to respond rapidly to changes in their local labour market.
    a. **Talent Secondment Schemes** for firms unable to retain staff after furlough, to place them with other firms, already in rebound and in need of talent.
    b. **Track & Trace Secondment Schemes** to strengthen local response capacity through training of additional capacity, currently redundant.

5. **COVID salary support schemes** for apprentices and retraining adults, including:

    c. **Extended Apprentice Furlough Schemes** to allow apprentices to continue learning.
    d. **Apprenticeship Salary Incentives** for small firms to take on new apprentices
    e. **Golden Hello's** to encourage all firms to take-on apprentices made redundant.
    f. **Apprenticeship Pathway Schemes**, based on Traineeships, to keep young people in training until more employers are ready to take-on apprentices

6. **Small firm rebound and re-growth schemes** including;

    a. **Scale-up coaching & investment for fast-to-adapt and hi-grow SMEs,** enabling the relatively small proportion of SMEs, that make up the majority of business growth in the UK, to lead the country out of recession
    b. **Start-up grants for employees transitioning to entrepreneurs,** including support for potential company start-ups and the self-employed sole traders, using mentoring, grants, incentives and leveraging other programmes such as AEB Funding to design specialised courses for aspiring entrepreneurs.
    c. **Start-up Share Spaces** using repurposed commercial property, freed up through recessional and remote working office downsizing, that provides an entrepreneur eco-system for mentoring, shared low cost, reconfigurable, and easy-in/easy-out office space, along with shared services, idea sharing, networking and virtual enterprise development.

INFRASTRUCTURE

Moving into the future resilience building, Renew phase, we acknowledge the established Government commitments to levelling-up and job creation through large-scale capital investment in HS2 and the recently announced Garden Towns. However, locally, stakeholders have recognised the clear and urgent need for additional job creation, capacity building and levelling-up investments. This should include a local programme of construction to support;

7. **Significant scaling of the decentralisation of Government**, out of London and the south east and into left-behind city relocation projects, such as the Peterborough Rail Station Quarter Scheme aimed at relocating 10,000 London and South East high-value jobs in the Civil Service and Professional Services.

8. **A pipeline of local rail, road, digital and commercial infrastructure** investments, including;

    a. **The Cambridgeshire Autonomous Metro** (CAM) Prototype Vehicle Programme and Infrastructure Development Company.
    b. **St. Ives transport interventions** to support the development of the A141
    c. **A rural gigabit voucher** to speed the digitalisation of the rural economy and consolidate remote working and the greening impact it provides
    d. **The Kennett Garden Village** with integrated enterprise and retail centres
    e. **Expansion of the CPCA's £100k Home Scheme** to accelerate recovery in the housing sector and create more affordable homes
    f. **The College of West Anglia Construction Hub** to help retrain workers transitioning towards the sector, within hard hit communities like the Fenland
    g. **Peterborough Eastern Industries** expansion, encouraging growth and investment in high-value manufacturing to raise productivity in the north.
    h. **Peterborough Bus Depo relocation** to free up start-up space to promote inclusive growth in one of the most deprived communities in the economy.
    i. **St Neots, St Ives and Huntingdon Commercial District Expansions,** at Winteringham and the St Ives and Huntingdon Bus Station Quarters, to create capacity in the south where re-growth will be soonest and strongest
    j. **Huntingdon Clean Energy Park** to aid the greening of the local economy
    k. **The low-carbon transition of public transport** enabling growth & the accelerated greening of the economy.
    l. **Low-carbon retrofitting schemes** for commercial vehicle and domestic housing, including scrappage
    m. **The Cambridge Corn Exchange** refurbishment to stimulate regrowth in domestic visitor economy, ahead of recovery of the international market.

PLACE

Inclusive Re-Growth as an Essential Component of Recovery.

Data from the Cambridgeshire & Peterborough Independent Economic Review (CPIER), updated by new econometric work ongoing to assess the extent of economic scarring resulting from the COVID Crisis, predicts that Peterborough and the Fens, will be one of the hardest hit economies in the UK. This is backed-up by the recent Centre for Cities study putting Peterborough as the 5th most “at risk” city in the UK from the economic impacts of COVID. This is partly due to education deprivation (Peterborough is in the bottom 10% of all UK cities) making the workforce less resilient and able to adapt. It is also partly due to its low-tech industrial base, which is characterised by increasing levels of food processing, administration and logistics employment, a waning high-value manufacturing sector and a reducing proportion of knowledge intense jobs. These factors combine to increase the chances of the city, also being one of the slowest to recover.

The evidence base clearly shows that Peterborough and the north of the Cambridgeshire & Peterborough economy more generally (including The Fens), while not conventionally thought of as being “in the north”, has been “left behind”. Recovering our growth ambition means that action must be taken to increase, higher value, more knowledge intense and more productive growth in places like Peterborough and The Fens. Changing the spatial distribution of economic growth and supporting an increase in innovation-based business growth across the whole of the CPCA economy, was a key recommendation from the CPEIR.

However, the emphasis on inclusive growth must be even more dominant in our Economic Recovery Strategy, when compared to our Pre-COVID Local Industrial Strategy.

IDEAS

The university and academic research sector will have a critical impact on business innovation and hence on longer-term economic recovery and on the building of our future economic resilience. It will do this by helping to provide the future workforce to enable our businesses to become more productive, knowledge intense and competitive, leading to greater prosperity.

- **The new University of Peterborough** will help to realise this. Phase 1 planning permission is about to be submitted and procurement for the constructor has commenced. However, new funding now, could bring forward Phases 2 and 3 into build between 2021-24, repositioning Peterborough to take much greater advantage of the longer -term recovery 2025-30. Government plans for sustaining and investing in the UK's university infrastructure will be key to recovery, but in doing so, as part of the COVID recover, rebound and renew cycle, the sector's consolidation and temporary contraction for regrowth, MUST incorporate the removal of the HE cold spots and the damage they inflict of left-behind cities like Peterborough. In the case of the Peterborough university project, whilst phase 1 has attracted £25m of local public sector investment (from CPCA and PCC) and up to £6.5m of private sector investment, phases 2 and 3 are more ambitious and aim to attract £65m of regional and central government funding to attract £30m from the private sector to finance the construction of the buildings to expand the university and create a research and innovation eco-system.

- **An expanded network of new Tech-Accelerators and Incubators** connecting the Cambridge knowledge base with the north of the area, is also a key component of spreading innovation-led growth, within a more inclusive economic growth model. These will build on recent CPCA investments with global innovation firms like Illumina in the Life Sciences sector and TWI in the high Value Manufacturing Sector in Cambridge, as well as partnerships with smaller local innovation firms such as Photocentric and Metalcraft in Peterborough and The Fens.

5. EXPLORING & DEVELOPING THE COMPONENTS OF THE STRATEGY

PEOPLE

5.1. Integration & Re-Focussing of All Post 18 Vocational Education

Post 18 education should be a lifelong learning experience available to all and enabling skills development to retrain and progress in employment, supporting the supply of skills to fuel business growth. This is not currently the case. Various forecasts put the increase in unemployment at above 2 million workers, many of whom will be unable to find new roles in the badly hit sectors they have previously resided. This in turn will create the requirement for retraining between sectors. The rapid configuration, accreditation and mobilisation of retraining programmes, matched to the inter-sector labour flows locally in each region, would be better achieved through the integration and, where possible through MCA devolution, of the Adult Education Budget, National Retraining Scheme, Apprenticeship Levy, National Skills Fund and all other Post-18 funding for vocational education.

Through the devolution of AEB, and the introduction of the business-led Skills Advisory Panels (SAP's), MCAs have demonstrated their ability to take on education budgets and apply them in a more business-growth-focused, agile and flexible way to achieve sector and local skills transformation. Through example projects like the CPCA Health & Care Work Academy they have also shown they can design and mobilise training programmes to transition workers at-scale between sectors.

However, reductions in adult education funding after 2010 have had a corresponding impact on adult learning participation; both having fallen by 45%. Hence, the new combined programme will need to redress this, if the forecast volumes of adults requiring support to move into new jobs as they transition between sectors, is to be supported. Bolstering current budgets could be aided in part, by creating as some MCAs already have, Apprenticeship Levy Marketplaces, transferring 25% of levy allocations from larger employers to SMEs, within and across sectors. These Levy Marketplaces should be rolled out across England and the proportion of levy transferrable, on to SME, non-levy payers and colleges, should be increased to 40%. Utilising levy transfer will also alleviate the need for employer co-investment, which has been seen as a barrier to Apprenticeships by the SME market and in turn will drive growth within a sector that has seen a decline in Apprenticeships since 2017.

This larger, combined budget could then be focussed onto the specific labour flows in each region, to fuel growth in those sectors with faster recovery rates. Many LEPs and MCAs have already begun to map these sector contractions and recovery forecasts, along with the skills needed to enable large proportions of the local workforce to migrate across sectors. Aligning an integrated portfolio of funding to these flows and the development of new and expanded FE provision to provide the new skills needed, will be more effectively achieved through locally devolved commissioning strategies in collaboration with local employers and FE providers.

For instance, short course reskilling will be critical for supporting economic recovery. This will need to include short courses at entry level to level 2, to support displaced workers at lower skills levels, likely to be hardest hit in sector contraction. However, it is important to also be ambitious in up-skilling our economy. This should include, especially in places currently lacking sufficient knowledge intensity, higher level courses focusing on entrepreneurship, R&D and innovation. This could be achieved through locally devolved flexibilities in Adult Education Budgets to allow L3 qualifications or modular units to those age 24 plus.

Post 18 vocational education will also need to involve greater employer involvement in creation of courses and the use of subject matter experts to ensure material is current and engaging. Specialist delivery teams will need to be configured by sector and place, that can adapt to an agile model of delivery; utilising regional facilities such as FE colleges and local independent training providers to provide a much more engaging, relevant and purposeful learner experience and impact. This would complement the traditional approach to FE, opening up new opportunities for both individuals and employers.

5.2. Digital Skills Inclusion to Raise Productivity & Inclusive Growth

While digital inclusion and connectivity are issues that have been identified previously, by the M9 Groups of MCAs, as critical to underpinning growth, productivity and an inclusive economy, the importance of this agenda has grown significantly through the emerging impact of COVID-19 on people, of all ages and backgrounds.

The requirement to stay at home, coupled with social distancing measures upon peoples return to work, has meant that the connectivity, hardware and skills to be digitally included are critical to maintaining any form of social and family connection, education, and financial security – beyond this many services essential to the wellbeing and support of residents have had to shift to online channels. Removing barriers which make it difficult for people to take up employment, education and training opportunities are paramount if we are to empower our people with the skills and resources, they need to take ownership of their futures.

There is a real risk that digital exclusion through the COVID-19 pandemic will exacerbate already significant and pernicious issues for some communities and groups of residents. This does however, generate positive opportunities for a strategic change in our approach to digital transformation within the education, skills and employment arena – that moves further and faster on an area which was important prior to COVID-19, but has been given a renewed sense of urgency. While basic digital skills are currently catered for in skills provision that already exists via AEB, there needs to be investment and further devolution to fund higher level digital provision to ensure our workforce are able to perform in a digitally focused world.

There is already a shortage of advanced and specialist skills, such as data analytics. The pandemic has accelerated the pace at which we have had to adapt to a more technically focused work environment and there is an urgent need to intensify efforts to boost the number of skilled workers. Digital skills are key to improving productivity, especially in rural areas, or those areas outside of major cities. Digital skills will support stability, enable future growth and support the Government and industry to deliver the UK's Industrial Strategy. Covid-19 has brought this requirement into sharper focus, the need and requirement for a higher level of digital skills is required now to enable organisations and individuals to remain competitive, productive and relevant.

Access to skilled workers is already a key factor that sets successful companies apart from failing ones. In an increasingly data-driven future this difference will become even more acute. Skills gaps across all industries are poised to grow in the Fourth Industrial Revolution. Rapid advances in artificial intelligence (AI), robotics and other emerging technologies are happening in ever shorter cycles, changing the very nature of the jobs that need to be done and the skills needed to do them, faster than ever before.

It is essential for local partners to take-on the responsibility for online and digitally enabled training to address the medium to long term training needs resulting from automation and the training for jobs for the future. This should include the design and commissioning of this activity from a single and flexible place-based funding pot. This will enable local partners to balance pre-existing needs and priorities with emerging in-need cohorts, to avoid further displacement and long-term distancing from the labour market. MCAs should be at the heart of this coordination and ensuring that support is locally customised and implemented. Many new roles generated as a result of the new division of labour between humans, machines and algorithms may emerge and our local workforce needs to be able to compete globally. This will, in turn, generate greater local demand for technical skills like programming and app development, along with skills that computers can't easily master such as creative thinking, problem-solving and negotiating. To enable this, our local digital inclusion programme should;

- **Pro-actively mitigate against digital exclusion** that will be a product of long-term disruption to traditional face to face delivery models

- **Address the digital exclusion of disadvantaged groups and communities** who are more likely to be impacted by a reduction in low skilled jobs following the withdrawal of the furlough scheme.

- **Harness the power of digital technologies and channels** in increasing the pace and scale of service transformations that positions education and employment support, providers and institutions in good stead for the future. Managing the potentially significant waves of demand for services and support as key milestones in future are reached, including the withdrawal of furlough, economic shocks and need for re-skilling of the population at scale.

5.3. Coordinating Adult Vocational Education with Business Growth Stimulation

In combining capital investment from the previous LGF with revenue support from the previous ESF, the new UK Shared Prosperity Fund offers new opportunities to raise aspirations, engender motivation and increase access to higher quality, more impactful learning for adults. It also offers the opportunity to provide the much-needed refresh of the FE estate and upgrade it for a permanent shift to more remote learning. Currently, the following typical programmes exist but are entirely unconnected and disparate, making them unable to combine to address a complex challenge such as Post-COVID, cross sector, retraining. Programmes such as these include current:

- ESF funded programmes to raise aspirations amongst the hardest to access, disengaged and furthest from employment, as well as programmes to raise workforce skills and progression at work, connecting employers with learners transitioning to higher skills levels or across sectors.

- ERDF funded programmes to build university and business R&D centres to act as hubs to develop local innovation eco-systems in left-behind cities, to support innovative SMEs and local sector clusters, to generate high value, knowledge-intensive growth and jobs.

- LGF funded capital investment programmes in FE facilities to increase sector specific skills provision, reduce digital inequality and ensure digital inclusion, as well as those to fund Tech Accelerators to provide incubation and equity investment for innovation-based start-ups.

The opportunity presented is, for the first time, to enable local economies to integrate the devolved revenue funding for adult vocational education and training, with devolved and regionally administered funds like UKSPF, as complementary components of a wider, deliberately designed skills eco-system. This could combine and coordinate funding for education, training, community outreach, and learner-to-employer skills brokering, with the capital investment needed to upgrade our FE estates, facilities and digital technology capabilities.

Co-ordinating an MCA devolved or regionally administered future UKSPF, with the proposed integration and re-focussing of all post 18 vocational education, could deliver a locally coherent and tailored skills and business growth eco-system to generate more and higher value jobs, coordinated with a skills provision programme to fulfil the workforce demand created by that growth.

Nationally, it has never been possible to connect job creation and growth stimulation with skills provision and the raising of aspirations amongst specific sector-cohorts or communities into one locally coherent and tailored programme. However, the potential devolution of UKSPF, coordinated locally through MCAs with an integrated and re-focussed post 18 vocational education budget provides exactly that opportunity.

5.4. Central Government Action to Enable Skills Funding Reform

To support local partners including the CPCA, local authorities, businesses and communities in the delivery of regional and local recovery, the following action is needed from HMG:

- **A devolved multi-year, place-based, funding settlement** to enable the delivery of integrated skills, work and education systems across our region, focused on the needs of our place. This should include funds such as increased AEB funding, National Skills Fund (due to start in 2021) National Retraining Scheme, and the UK Shared Prosperity Fund. Moving away from siloed funding packages would enable the genuine flexibility that will be required to meet the differing needs of each of our regions.

- **An outcome driven approach to funding settlements,** to replace the many current programmes and funding modes that are output driven which, although useful in quantifiably measuring performance, can constrain innovation, pushing providers towards safe, tried and tested (but not always the most effective) activity and delivery models.

- **Increased investment in skills infrastructure and the FE estate** including bringing forward some of the £1.5bn funding announced for college capital investment as part of the March 2020 Budget so it can be used now to support the reskilling required in key sectors fundamental to our regions.

- **Increased flexibility in the use of skills funding,** enabling individual places to maintain, scale up, and repurpose successful provision to support recovery. MCA’s, LEP’s and Government should review all opportunities to repurpose funding, this should include ESF reserves and programme underspends, the flexing of capital funds, and exploring with the European Commission any flexibilities in relation to EU funding.

- **Access to real-time data and intelligence to inform recovery planning** removing one of the key limiting factors in relation to recovery planning through access to real-time data and intelligence to provide focus for planning and quantify financial asks.

BUSINESS ENVIRONMENT

5.5. Skills Brokerages That Match Displaced Workers to Training & New Jobs

Creating a dynamic Skills Marketplace nationally, that is attuned to the labour flows, sector recovery and business growth dynamics of each city and town, is only possible through effective connectivity between businesses, skills providers, students and those retraining and upskilling. This will also need to include connecting all the above into the most appropriate funding for specific education and training needs, for both the business and the learner. As a pilot for such a connection, the CPCA has designed and is procuring the private sector to deliver a Skills Brokerage connecting all Skills Programmes, generating and directing Talent where needed, rebooting the Apprenticeships Market and driving up Recruitment with employers. An idea that could potentially be refined and replicated across England's LEPs and MCAs.

The service will target support to create pathways for young people and adults retraining for new or enhanced careers, into adult education, technical degrees and apprenticeships. It will include employer outreach, schools' careers advice and work readiness support to provide greater employer and skills provider visibility of talent to support recovering and re-growing businesses with recruitment and training. However, this will require much enhanced labour market information, intelligence and insight, regularly communicated into secondary provision across our area, so that young people can make informed career pathway choices.

Our future, local Skills Marketplace will need to be used to better harness the Apprenticeship Levy, Adult Education Budget, National Skills Fund, National Retraining Scheme and other potentially devolved Post 18 education budgets, to connect recovering and growing SMEs with funding and new talent. This will include spreading funding more effectively across place-based, sector-clusters through the creation of a Levy Pooling Mechanism. Within such a model, Skills and Talent Brokers would connect to a levy virtual wallet to support small, medium and micro businesses currently unable to take on an apprentice due to lack of funding, their size or specialist nature of the skills they need. These advisors would also work with large employers to gain commitments from them to pledge their unused levy into the virtual wallet for re-distribution to small and medium firms, in and across supply chains and place-based sector-clusters. If scaled into all MCAs and LEP areas, such Skills Brokerages could focus on the labour flows between sectors and the specific needs of towns, cities and rural areas, to speed growth in the fastest to recover sectors, as well as reduce the education deprivation that causes low productivity and will slow recovery in those hardest hit sectors and places. Skills Brokerages could also be a critical component in converting the offer of an apprenticeship for every 18-25 year-old into the reality of one.

5.6. A COVID Salary Support Scheme for Apprentices & Those Retraining

As the volume of learners rises dramatically and proportionally with the rise in unemployment and localised shifts of labour between sectors and skills levels, a large proportion of this expanded cohort will be adults with financial commitments and potentially young families to support. This means that funding to fully or part fund the courses themselves will not be enough to allow these sector-transitioning workers to take-up retraining and up-skilling.

While universal credit allows for those out of employment to train without impacting the benefit received, there is a need for some form of in-work salary subsidy to encourage firms to take-on more people to learn within the work environment, for example as apprentices. To aid more apprenticeship, such a new Salary Support Scheme could be used to focus on enhancing the national apprenticeship minimum wage for those over 19. Evidence suggests a direct correlation between success rates of apprenticeship programmes and the value of the wage paid to the apprentice. Hence, through such a scheme, not only would individuals be supported, but overall success rates of apprenticeships would be increased, boosting MLP which was at an all-time low during the 18/19 academic year, in part due to the unsuccessful apprenticeship reforms.

The Prime Minister has recently made a commitment to offer every 18-24-year-old an apprenticeship. However, beyond the offer, making apprenticeships happen is not just about the business affordability of training costs, it is also about the affordability of employment costs. Whilst levy and non-levy apprenticeship funding covers 95% of the training costs for apprenticeships, it leaves businesses to fund 100% of the employment costs. During a Post-COVID recession, many businesses will be unable to meet these costs. Hence, a grant to businesses to employ apprentices and those undertaking longer-term, in-company retraining, could serve to subsidise employment costs and enable more apprentices and those re-training, to be taken on by firms, especially SMEs. Without this critical support to employment costs, the number of 18-24-year-olds able to take up the Prime Ministers offer of an apprenticeship, will be significantly reduced.

More detail to follow on the idea of **Extended Apprentice Furlough Schemes** to allow apprentices to continue learning.

More detail to follow on the idea of **Golden Hello's** to encourage all firms to take-on apprentices made redundant.

More detail to follow on the idea of **Apprenticeship Pathway Schemes**, based on Traineeships, to keep young people in training until more employers are ready to take-on apprentices

5.7. Start-Up & Small Firm Rebound & Re-Growth Schemes

Coaching, Grants & Equity Investment For Fast-To-Adapt & Scale-Up SMEs

Enabling the relatively small proportion of fast-to-adapt and scale-up SMEs, that make up the majority of business growth in the UK, to lead the country out of recession requires a major rethink of current small business growth support. Current support relies mainly on LEP Growth Hubs, typically employing less than half a dozen advisors, who engage high volumes of firms but can evidence little jobs growth impact, especially when additionality and displacement are taken into account. However, Growth Hubs *have* contributed a valuable role through their predominantly phone-based services and have been particularly good at encouraging, informing, and connecting companies with other sources of support for improving growth. Some LEPs have reviewed existing ways of working and identified some key opportunities improvement, especially in considering the current Growth Hubs, noting they:

- Were set up to deliver against targets based on the "volume" of customers serviced rather than the growth created in GVA or jobs
- Deal disproportionately, with low potential, small and micro businesses rather than seeking out larger, high growth, high potential companies that the evidence shows are better placed to help grow GVA and jobs locally and nationally
- Spread public sector resource thinly over a large population of small, low potential firms, reducing average service time to less than three hours per business
- Have no clearly defined 'service offer' which contributes to a low level of awareness, and perception of value, amongst the business community

The proposed Business Recovery "Adapt & Grow" Service could retain the central role of the Growth Advisors, available as a free service for businesses across the economy. This could take the form of the telephone based and field staff, focused on engagement, diagnosis of need and brokering (EDB) to expert growth advice, providing the equivalent service to that currently provided by the Growth Hub as three-hour interventions. This will in effect be a by-product of the deeper intent of the proposed service, to target high growth potential firms and broker them to highly valued, growth coaching and growth investment in the form of grants and equity. In delivering EDB, these advisors will provide them with the same broad advice and signposting currently provided to Growth Hub customers.

However, in addition the key changes proposed are:

- **Prospecting of high potential scale-ups**, most able to help achieve inclusive-place-based, productive and international growth.

- **Positioning Growth Advisors as trusted and impartial brokers,** with a remit to help companies identify and overcome growth barriers, developing packages of coaching and growth finance for business leaders, brokered to experts in the firms' sectors and markets to help them break down those barriers and realise their growth.

- **Focusing Growth Advisors' on 'only what government can do'**, by spending more time understanding needs, encouraging, informing & connecting firms to sources of commercial advice and support

- **Leveraging the private sector advisory market** much more effectively through a pool of commercial exporting, business growth and productivity advisors and coaches, able to deliver deeper, broader and bespoke growth support services to each individual firm and its management team. The provision of a "Nudge Grant" for smaller firms should be considered, where it is needed to encourage them into taking up commercially available services from the private sector, which they would otherwise not normally use. This would better enable firms to Orient, Adapt & Regrow; coping with medium-and-long term shifts in markets and customer behaviours, such as:

    - Customer access being shifted towards online and distance buying.
    - Markets being impacted by long periods of social distancing.
    - Sectors being affected by supply chain consolidation & localisation
    - Post-COVID Opportunities for new offerings and modes of delivery
    - Permanent positive shifts in working practices, costs, and productivity

- **Providing grant and equity growth finance** for the coached firms, through a scheme that leverages HMG investment by 75%, by creating local growth equity funds in partnership with private sector investors and fund managers, ensuring that all investments are made 50:50 between the public and private investor, then requiring the supported firms themselves, to 50% match that joint investment made by the local public-private growth fund.

- **Developing a peer-2-peer, growth coached alumni as mentors**, extending the current DIT campaign idea of "if I can you can!" and harnessing it for business-led COVID economic recovery. This alternative approach will overcome the failure, of the current Be the Business Mentoring Scheme, to engage high volumes of the highest potential SMEs, by replacing large company directors and managers as mentors, who lack small business empathy and understanding, with peer SME leaders, and the "if I can you can" approach.

Start-Up Grants for Employees Transitioning to Entrepreneurship

Post-COVID labour market conditions, created by a significant increase in displaced workers coupled with an equally significant contraction in job opportunities will produce fierce competition for new, re-growth job. However, large-scale re-employment could also be supported by encouraging entrepreneurialism and self-employment to both young adults as well as mature, displaced workers.

Whilst there are many layers of existing support for potential **company start-ups** and the **self-employed sole traders**, the landscape needs to be simplified and localised to the specifics of our sub-economies and market towns to address and harness local opportunities. Both types of new entrepreneur can be supported through mentoring, grants, incentives and leveraging other programmes such as AEB Funding to design specialised courses for aspiring entrepreneurs.

From a financing perspective, Young Adults over recent years have faced similar challenges to establish themselves on the Housing Market but have successfully done so through programmes such as Help to Buy/Shared Ownership/Parental Guarantees etc. Similar models could be explored and developed locally, in partnership with HMG and HMRC to grant finance start-ups, alongside local interventions such as business rate discounts and local capital equipment grants. More mature displaced workers, who are some years short of retirement and keen to explore entrepreneurship, might also be encouraged to embark on a start-up venture through finance unlocked from their home-equity, through tax breaks or early access to pension pots.

Each of these cohorts of potential entrepreneur, offer an exciting mix of talent, attributes, and experience, and should be proactively harnessed for the benefit of local economies.

Start-Up Share Spaces

More detail to follow on the idea of Start-up Share Spaces using repurposed commercial property, freed up through recessional and remote working office downsizing, that provides an entrepreneur eco-system for mentoring, shared low cost, reconfigurable, and easy-in/easy-out office space, along with shared services, idea sharing, networking and virtual enterprise development.

PLACE

INFRASTRUCTURE

5.8. Greater Gov' Decentralisation & Left-Behind City Relocation Projects

There are 16 regional civil service hubs around England, providing modern offices and greater flexible working. The Government Estates Strategy published in 2018, set out plans for a total of "around 20" to be created, with an overall aim to reduce the office buildings in which central government operates from 800 to around 200. This is expected to save an estimated £2.5bn in running costs over 20 years.

The most recent of these regional hubs include those in the WMCA and CPCA. Together they have enabled 2,700 civil servants to move to new cost-saving sites, from other locations across each of those MCA areas, into bespoke buildings in the two cities of Birmingham and Peterborough. However, these regional hubs do not sufficiently address the much larger opportunity for potential HMG savings from across Whitehall and other London and South East locations that could be generated. They also fail to deliver the scale of physical regeneration and economic rejuvenation, that the infusion of relatively high skills and high wage jobs would have, particularly on those left-behind cities, that languish in the bottom 10% on both those metrics.

A much more ambitious, reinvention of the Governments' civil service regionalisation plans is necessary to:

- Generate savings that could be used to help protect jobs and stimulate growth
- Provide opportunities to transform many left-behind cities through the infusion of higher skilled and higher paid employment

Whilst reducing the number of office buildings in which central government operates from 800 to around 200 is a step in the right direction, the real metric should be that of the number of jobs regionalised out of London and the Greater South East, into cities with the greatest need for regeneration across the rest of England.

Close to shovel-ready projects such as the Station Quarter in Peterborough could provide a kick-start for such a wider programme. With a new 39 minute rail connection to Kings Cross the Station Quarter Development aims to convert a huge area of existing flat, hard standing station car parking, into multi-storey, freeing up enough space for new commercial office space for 20,000 workers. With land deals and planning permissions in-process, the catalyst for bringing such schemes in to development would be a strong demonstration of central government commitment in the form of:

- Capital Investment into MDCs or Joint Ventures to finance construction
- Clear intent on central government relocations out of London and the GSE.

5.9. A Pipeline Of Local Rail, Road, Digital & Construction Projects

The lesson of past downturns is that the construction sector shrinks, and competition, especially from the SME sector, reduces with each successive contraction. It should be an objective to anticipate and avoid such a scarring effect. This is particularly relevant to CPCA economy, which is a net importer of construction capacity, boosting costs without supporting local skills shortages and employment.

However, the construction sector has faced persistent and significant skills gaps. This shortage of individuals to the sector will be compounded by Brexit and the reduction of available workforce. Hence, any pipeline of projects needs to be supported with a sector skills strategy to ensure our infrastructure employment and skills opportunities can be accommodated by the local population.

MCAs should be encouraged and funded to post a committed three-year pipeline of construction projects to promote local market confidence and labour retention. This should be reinforced by Green Book reform aimed at simplifying and shortening the process of business case review. Early engagement with local supply chains would boost confidence and visibility of the procurement pipeline. With confidence in a three-year delivery plan, MCAs would be able to engage immediately with the local supply chain. Sectors for attention should be:

- **Roads**, with a focus on schemes already at an advanced business case stage
- **Rail**, with the same focus on projects with a business case developed
- **Housing & Construction**
- **Digital**, with a focus on investments that will enable more flexible working and travelling patterns, and on supporting town and city centres.
- **Energy & Climate**
- **Enterprise Growth Infrastructure**
- **The Visitor Economy**

Rail & Road

The Cambridgeshire Autonomous Metro (CAM)

By improving connections across Cambridgeshire and Peterborough, the CAM will expand the pool of skilled labour that can work in the region's tech cluster. By helping housing developments become viable, the CAM will also unlock housing in the region and further improve the ability for the cluster's workforce to expand. It will also increase the quality of life in the region, helping attract the experts and entrepreneurs needed to sustain the region's growth. This will foster the growth of the UK's leading cluster, part of a region that is already a net contributor to the UK economy, securing its international competitiveness and delivering benefits right across the UK economy. For this and similar projects, the government should set out clear commitment aimed at seeing delivery to a firm timetable over the next decade. That will give short term confidence and encourage labour retention; it will promote housing development and investment over the lifetime of current and updated Local Plans; it will give inward investors' confidence; and it will give greater certainty about the path to zero carbon transition. Clarity of commitment to strategic infrastructure like the CAM delivers a quadruple dividend: it supports confidence in the supply chain; it underpins the 2050 zero carbon objective by enabling a shift to more sustainable modes; it unlocks housing development; and it enhances the inward investment proposition for individual regions and cities.

More detail to follow on the idea **St. Ives transport interventions** to support the development of the A141

Housing & Construction

Stimulating the Housing Market

The Centre for Economics and Business Research think tank predicted in early June that ‘house prices will fall by 13 per cent by the end of the year’ due to the pandemic. It has revealed that the effect will vary across the country depending on how badly a region’s workforce was hit. The think tank predicts that house prices in Yorkshire and the Humber and Northern Ireland will fall most. In these regions the main industries of manufacturing, construction, retail and hospitality have been hit the hardest.

‘Although the government have offered up a vast package of support, this lack of demand will mean some businesses cease to operate,’ explains the CEBR, many workers will lose their jobs and a lot more will face a cut in incomes.’ ‘Housing is the single biggest expenditure item for most households, which means that the shortfall in incomes has a tremendous potential to disrupt the UK’s housing markets,’ the CEBR adds’’. The May 20 Nationwide housing data showed a month on month fall in house prices of 1.7%, further evidence of an ongoing market decline. The CEBR have not yet looked into the first half of 2021, where things might be anticipated as getting worse as there is normally a ‘time lag’ between general economic impacts and housing market impact, though of course there has to be some caution about using ‘normal’ in this situation.

To forecast the potential impact going forward, there is merit in looking at previous recessions and house price crashes, the most recent and significant being 2007. From Jun 2007 to Dec 2008, prices dropped 20% and recovered only after 6 years. New home sales declined from the beginning of the recession in December 2007 and failed to fully recover until 2012. This resulted in a significant loss of economic housing output and capacity. As the market for private sale units shrank with higher risk and uncertainty about the volume of sales, anticipated sale prices and any profit that might be achieved, housebuilders downsized their operations to match. The effect was the loss of capacity and production.

However, the following are specific initiatives to be developed that might reduce a repeat of the same impacts on the housing market:

- **Encouraging housebuilders to keep building at the same rate,** at least temporarily for 1-2 years to build majority or wholly affordable housing schemes instead of market housing. This could be achieved by providing an incentive as a tax credit for every additional unit or £ spent on building affordable housing above existing S106 requirements, to be set off against future profits from delivering and selling market housing when the economic recovery/upturn arrives. This would provide a future profits incentive to maintain activity in the short-term. However, grant levels will still effectively need to guarantee the housebuilder some immediate return. This might be achieved through an increase to the current level of grant. Within the C&P economy an average grant rate of up to £100k per unit would be required.

This would allow developers the opportunity to complete (and still start) building market units and convert them to a shared ownership or affordable rental tenure. Such a scheme would maintain developers cashflows, contractors' workloads and provide continuity for the housing market whilst simultaneously increasing the overall long-term pool of affordable housing and maintaining overall economic activity from the housing sector, avoiding the worst excesses of a contraction of the housebuilding industry. The CPCA already operates such a scheme under the branding of www.100khomes.co.uk. and there is potential to scale the concept further.

- **Softening the anticipated significant fall in market demand** and improving mobility of labour by providing a Stamp Duty Holiday on primary home residential property transactions below £500,000 could be a useful tool and would remove the largest structural cost of house moving. There should also be a significant benefit in removing one of the structural constraints around the mobility of labour which maybe a key feature in supporting the recovery of the UK economy.

- **Increasing market demand by improving access to mortgage finance,** including at high loan to value ratios. This could be achieved through increased access to 90% or 95% mortgages for both shared ownership and market sale purchases. This will reduce the size of deposits required but involves risk if house prices fall. Hence is unlikely to happen without Government taking on some of that risk with mortgage providers.

- **Stimulating new market demand through the creation of Mayoral Development Corporations to deliver new garden towns**. In Cambridgeshire & Peterborough there are potentially three new garden towns linked to the Mayors proposed Cambridge Autonomous Metro scheme. Each scheme could deliver approximately 6,000 new houses, including affordable houses & commercial space, all connected by the Mayors Cambridgeshire Autonomous Metro. This would require around £20m over the next few years to get the schemes to the stage where they might be built and could benefit from the potential of using a MDC for the portfolio to;

    - Harness the delivery expertise and leadership of the private sector

    - Demonstrating public-sector commitment to attract private investment

More detail to follow on the idea **The Kennett Garden Village** with integrated enterprise and retail centres

More detail to follow on the idea **The College of West Anglia Construction Hub** to help retrain workers transitioning towards the sector, within hard hit communities like the Fenland

Digital

More detail to follow on the idea **A rural gigabit voucher** to speed the digitalisation of the rural economy and consolidate remote working and the greening impact it provides

Energy & Climate

Low-Carbon Transition of Public Transport Enabling Greener Growth

With social distancing in place, the capacity of public transport is dramatically reduced. Over a period of several months, that effect will begin to be reinforced by lasting behaviours change. This will not only undermine efforts to move to more sustainable travel modes. It is also going to challenge the financial model for public transport. Where the public sector is exposed to fare revenue, there will be a gap to fill and that is a straightforward fiscal challenge. Private sector operators reliant on subsidy are relatively shielded from the fall in patronage. There is a hugely significant question about what were, before C19, commercial services. However, in reality, commercial services have always received large public subsidies through BSOG and the national concessionary fares scheme. Now, the government is supporting the commercial sector with further direct grants. Although those grants are time limited, it is unrealistic to expect that both the bus operators' financials and full operating timetables will be sustainable after they have run out. With the near certainty of further needs for subsidy, the time has finally come to fundamentally reshape public sector support to the bus industry. Cambridgeshire and Peterborough and Greater Manchester are currently moving towards decision points in the development of a franchising model for public transport. The effectiveness of franchising would be significantly increased if the MCA were able to deploy all bus subsidy – BSOG and concessionary fares, as well as direct route support – as a single targeted funding stream. In areas where employment growth and social inclusion require significant reshaping of the existing network and timetable, such a change would be an enabler of radical network improvements and better outcomes in terms of mode shift, and access to employment and study for left-behind communities.

Low-Carbon Retrofitting Schemes for Vehicles & Housing

To achieve a net zero-carbon objective by 2050, progress needs to be made rapidly towards decarbonising the private car and the home. There is good evidence that scrappage schemes have limited deadweight and can drive behaviour change and reduce emissions. The extent of the challenge involved in eliminating carbon emitting transport and domestic heating cannot be underestimated. Pump-priming the change with scrappage schemes can deliver measurable benefits by accelerating it, and domestic heating scrappage schemes would have immediate positive impacts in local supply chains.

Huntingdon Clean Energy Park

More detail to follow on the idea Huntingdon Clean Energy Park to aid the greening of the local economy

Enterprise Growth Infrastructure

More detail to follow on the idea **Peterborough Eastern Industries** expansion, encouraging growth and investment in high-value manufacturing to raise productivity in the north.

More detail to follow on the idea **Peterborough Bus Depo relocation** to free up start-up space to promote inclusive growth in one of the most deprived communities in the economy.

More detail to follow on the idea **St Neots, St Ives and Huntingdon Commercial District Expansions,** at Winteringham and the St Ives and Huntingdon Bus Station Quarters, to create capacity in the south where re-growth will be soonest and strongest

Visitor Economy

More detail to follow on the idea **The Cambridge Corn Exchange** refurbishment to stimulate regrowth in domestic visitor economy, ahead of recovery of the international market.

IDEAS

5.10. An Innovation Eco-System in the North of the Economy

As for a number of cities in the UK, the establishment of a university and associated innovation eco-system could produce the knowledge engine to drive the increased worker skills to raise business productivity, innovation, and knowledge intensity, capable of shifting the gradient of the economic recovery rate, in these left-behind places. However, replicating the “Cambridge Phenomenon” that has taken decades to organically evolve and develop requires a specifically designed and long-term programme of interventions that balance supply of improved human capital with the demand for it. This in turn requires indigenous and inward invested business growth, that is more knowledge intensive and higher value, requiring higher level skills. In the case of Peterborough and The Fens, this means the removal of the Higher Education Cold Spot, to generate more level 5, 6, 7 & 8 skills, focused on key and higher value growth sectors such as high-value manufacturing and digital. In comparison to the average city in the UK, and within a workforce of 103,000, Peterborough needs be able to mobilise 17,000 more workers at these higher skills levels, to become competitive as a place, and arrest four decades of decline in education, prosperity and health outcomes. But filling the higher-level skills gap in Peterborough and The Fens, will have limited impact without effective measures to significantly grow the business and industrial demand for those skills. This will require, concurrent development of the innovation and business support eco-system to grow indigenous high-value firms and attract-in new firms to the city. Such an eco-system, using the new university as its hub, has been designed and substantially funded through the CPCA, to be mobilise over the next year. This includes:

- New business clusters and networks, esp in manufacturing in the north
- £20m of growth coaching and growth capital for innovation-based firms
- A new Inward Investment Service to attract firms nationally & globally
- A skills brokerage to connect learners, and those retraining, with growth firms

Mobilisation of the last key enabling component for the transformation of productivity and prosperity in Peterborough & The Fens is critical. This will be a central multi-university research super-hub to act as the enabling core for an innovation eco-system to connect firms locally with global partners, knowledge and opportunities for growth. The combined impact of the Phase 1 University academic teaching facility, and the Phase 2 Multi-University Research Super-Hub and innovation eco-system, will be the creation of:

- 550 direct jobs in the 21/22 construction programme for both phases
- 321 direct jobs to staff both buildings in 22/23, rising to 718 by 25/26
- 1325 indirect jobs in 25/26 rising to a cum 14,170 by 29/30 & 31,500 by 34/35

It will also provide the key enabling component to arrest four decades of decline and reset the city’s potential rate of recovery.

5.11. An Expanded Network Of New Tech-Accelerators And Incubators

More detail to follow on the idea an expanded network of new Tech-Accelerators and Incubators connecting the Cambridge knowledge base with the north of the area, is also a key component of spreading innovation-led growth, within a more inclusive economic growth model. These will build on recent CPCA investments with global innovation firms like Illumina in the Life Sciences sector and TWI in the high Value Manufacturing Sector in Cambridge, as well as partnerships with smaller local innovation firms such as Photocentric and Metalcraft in Peterborough and The Fens.

Recharge the West Midlands

Kickstarting the West Midlands Economy: Our investment case to government

June 2020

Black Country LEP

Coventry & Warwickshire

Greater Birmingham & Solihull Local Enterprise Partnership

West Midlands Combined Authority

West Midlands Growth Company

Introduction

We need the Government's financial backing to deliver a rapid economic recovery. This document sets out the key immediate asks of the Government from the West Midlands, which total £3.2bn of investment over the next three years. The region generates £105bn of GVA and 5.5% of the UK's economic output. Our region can, and should therefore be a substantial part of the Government's plans for national economic recovery.

We are ready to deliver projects within this fiscal year (6-9 months) that will deliver immediate impact in the real economy. This plan will not only address the short-term risks of COVID-19 by creating and safeguarding jobs, but also takes into account the longer term improvements in regional innovation, competitiveness and resilience. We have already leveraged substantial investments for our proposals from both private and public sector partners. This isn't a plan just for now, or even the next five years, but will recharge our economy for long term growth.

Investing in the West Midlands will help deliver the government's priority of levelling-up. Our region punches above our weight on private sector-led innovation. We attract over £400/head of private sector R&D investment, higher than most other UK regions, but receive less than £100/head of public sector investment, one of the lowest of any region. Investing in the West Midlands will help create or safeguard 135,800 jobs, support 154,400 young people and workers, build 35,000 new homes, and support a rapid economic recovery for the region and the UK.

Trust in us to deliver the recovery. We already have the right partnerships and networks across the region, delivery infrastructure and links to key businesses to quickly deliver our plan. Before the current crisis, we were the fastest-growing region outside London. Our economic output has increased by 25% over the past five years. We have more than doubled the number of homes built annually since 2010, and increased the number of people in work by nearly 20% before the pandemic. Our distinctive strengths, from world-leading automotive innovation, green technology to health and life sciences, are globally competitive and set us apart from other regions. It is critical that we quickly regain this growth momentum, to avoid a steep rise in unemployment and long-term economic scarring.

We are facing one of our greatest challenges with COVID-19. We are home to one of the youngest and most diverse communities in the country, who now face the daunting prospects of unemployment, with the share of youth claimants doubling in May compared to the start of the year. Our exposure to sectors such as automotive, manufacturing, leisure and hospitality mean that the West Midlands will be disproportionately impacted by the current crisis. But these factors, plus the promise of HS2, Coventry City of Culture in 2021 and the Commonwealth Games in 2022, as well as our leadership in the growth sectors of the future are also our greatest strengths in recharging our economy.

Our clear and credible recovery plan delivers for businesses, the economy, the environment and the people who live here. Our plan drives benefits across the 'three LEP area' of the Black Country, Coventry and Warwickshire and Greater Birmingham and Solihull. It includes clear actions and investments in all three cities of the West Midlands - Birmingham, Coventry and Wolverhampton - and the four boroughs - Dudley, Sandwell, Solihull and Walsall. We are focused on supporting the people who will be particularly badly affected by the economic effects of COVID-19, helping them to retrain and find jobs.

We need your support, so that we as regional leaders, can deliver for all the people that we represent. We look forward to working with you to recharge the West Midlands.

This plan is signed by the following:

Andy Street – Mayor of the West Midlands

Cllr Ian Brookfield – Leader of City of Wolverhampton Council and WMCA portfolio holder for economy and innovation

Cllr Ian Ward – Leader of Birmingham City Council

Cllr George Duggins – Leader of Coventry City Council

Cllr Patrick Harley – Leader of Dudley Metropolitan Borough Council

Cllr Yvonne Davies – Leader of Sandwell Metropolitan Borough Council

Cllr Ian Courts – Leader of Solihull Metropolitan Borough Council

Cllr Mike Bird – Leader of Walsall Council

Cllr Matthew Dormer – Leader of Redditch Borough Council – on behalf of the non-constituent authorities

Lee Barron - Regional secretary of TUC Midlands

Tom Westley - Chair of the Black Country Local Enterprise Partnership

Nick Abell – Chair of the Coventry and Warwickshire Local Enterprise Partnership

Tim Pile – Chair of the Greater Birmingham and Solihull Local Enterprise Partnership

Matthew Hammond - Chair of the West Midlands Growth Company

The Deal - Together in partnership with central government, we will reset, rebuild and recharge the West Midlands economy

This investment will help create or safeguard 135,800 jobs for our residents, support 154,400 young people and workers, build 35,000 new homes, and support a rapid economic recovery for the region and the UK.

Our areas of industry support have been adapted from the Local Industrial Strategy to take account of the impacts of Covid-19

Create green manufacturing jobs

Harness the potential of green technology and electrification to deliver green growth, improve the wellbeing for our communities and unlock 51,700 green jobs with investment of £614m

Highlights

- **Gigafactory** — A £250m battery 'Gigafactory' and £35m investment in the electric charging network to develop the battery and charging technology needed to adapt to electric vehicles across the UK, creating 10,100 high-value jobs and 29,700 job years in construction.
- **Fuel poverty retrofit** — £100m of funding to eliminate fuel poverty for 50,000 homes across the West Midlands by the end of 2022, including in the most deprived areas of the UK. This is estimated to create 26,000 jobs and safeguard 5,240 jobs.

Maximise job creation for local people from HS2 and other unique West Midlands opportunities

Accelerate and maximise the benefits of HS2, Commonwealth Games and City of Culture, and reinvigorating the cultural sector. Doubling down on these investments will unlock 33,000 jobs and growth across the region with investment of £306m

Highlights

- **Benefits of HS2** — £95m to accelerate the development of the first HS2 interchange north of London at UK Central, £70m to regenerate the wider Curzon Street and Digbeth area, through the Martineau Galleries development and £61m to develop the creative and cultural hub. These would bring forward the creation of 30,000 jobs and 4,300 new homes.
- **Reinvigorating the cultural sector** — A critical opportunity to help the cultural sector adapt to COVID-19 and reinvigorate the sector across the region through an £80m investment, creating and safeguarding up to 3,000 jobs.

Invest in healthcare innovation

Leverage the West Midlands' strengths as a centre for proving health innovation, build a more resilient medtech supply chain and improve health outcomes to create a healthier population, creating or safeguarding 3,200 jobs, with an investment of £137m

Highlights

- **Health innovation** — £60m investment in the Birmingham Life Sciences Park to catalyse future private investment of £200m, creating more than 700,000 sq ft of space for healthtechs and £54m investment to rapidly scale new health technologies and improve supply chain resilience. Together, these would create over 3,000 jobs and increase GVA by £480m.
- **Better health outcomes** — £23m in the Radical Health Prevention Fund to target key drivers of health inequality and to launch local screening and diagnostics hubs across the region to accelerate screening and improve local health outcomes.

Our recovery will be enabled by investment in our infrastructure, people and communities, underpinned by a business support programme for our high-potential businesses

Build better digital and transport links

Enhance our digital infrastructure and develop the most integrated multimodal public transport system, through an ambitious investment of £376m to drive productivity and create 4,200 job years in construction. Investing in sustainable, green transport projects will ensure HS2 is integrated into our transport network, and support economic and housing growth

Highlights

5G and fibre — £28m to develop accelerator hubs that will enhance digital connectivity and boost regional productivity, and £16m to accelerate the delivery of fibre connectivity in deprived areas, with 350,000 more homes and businesses benefitting from full fibre and 5G coverage.

Transport — Shovel-ready transport infrastructure schemes to improve metro, rail and bus services and roads in the region through an investment of £330m will deliver 3,900 job years in construction in the short-term and longer term benefits two to three times their costs, improve access to job opportunities and raise productivity across the region.

Regenerate and build brownfield land and building 35,000 new homes

Landmark investment of over £650m to bring forward at least 35,000 additional new homes – of which over 15,000 will be affordable – building on the West Midlands' nationally leading delivery of brownfield remediation, regeneration, housing supply and design innovation

Highlights

Brownfield regeneration and housing — £200m to power ahead in unlocking and accelerating our regional pipeline of brownfield sites, alongside additional new funding for a National Brownfield Institute. £400m investment in affordable housing for the region to tackle acute housing affordability, including a bold, new "Homes for Covid Heroes" key worker programme.

Advanced Manufacturing in Construction — £50m enabling funding to bring forward and support the delivery of land supply, skills, factories and technology that will accelerate the development and deployment of the latest advanced building techniques.

Get people back into work

Support thousands of young people and workers by equipping them with the skills needed for the future through apprenticeships, training, upskilling and employability schemes, through an investment of £550m

Highlights

Supporting young people — Help 38,400 young people obtain apprenticeships and work-related experience, 27,000 to complete their qualifications and receive training, and track and engage 45,000 in the labour market.

Retraining programmes — Retrain 20,000 workers for in-demand sectors such as health and social care, logistics, and business services and upskill 24,000 for jobs for the future.

Back our region's businesses

Our business support measures will reinforce and amplify proposed investments across the economy, help thousands of businesses adapt to the post-COVID environment, pivot to high-growth sectors and take to new market opportunities globally, creating 43,900 jobs through £532m investment.

Highlights

Boosting SME productivity and innovation — Our £442m investment through our programmes to help SMEs pivot to growth and 'Speed to Scale' programme to redeploy industrial engineering and research talent to develop globally competitive applied technologies will increase SME innovative capacity and productivity, and test and scale new products for high growth sectors, creating 37,900 jobs.

Business adaptation and productivity acceleration — Our £90m grant and voucher scheme will support 12,700 businesses across the economy adapt to COVID-19, boost their productivity and supercharge export capabilities, creating 6,000 jobs.

Create green manufacturing jobs

The West Midlands currently leads on the Industrial Strategy's Future of Mobility grand challenge building on its existing strengths in automotive innovation (e.g. the UK Battery Industrialisation Centre), and connected supply chains in rail, automotive and aerospace. Cementing this position will attract new investment and create and sustain highly-skilled jobs while boosting the international competitiveness of the region. These productivity benefits are complemented by inclusivity benefits when new technologies are applied to reduce fuel poverty and improve household energy conservation.

The current economic crisis arising from Covid-19 is an opportunity to reset our economy in a way that is more equal, inclusive and sustainable. By prioritising green growth, we can address the economic fallout whilst building a more climate resilient economy and achieving our net zero commitments. Our proposals will unlock 51,700 green jobs with investment of £614m. The proposed interventions involve:

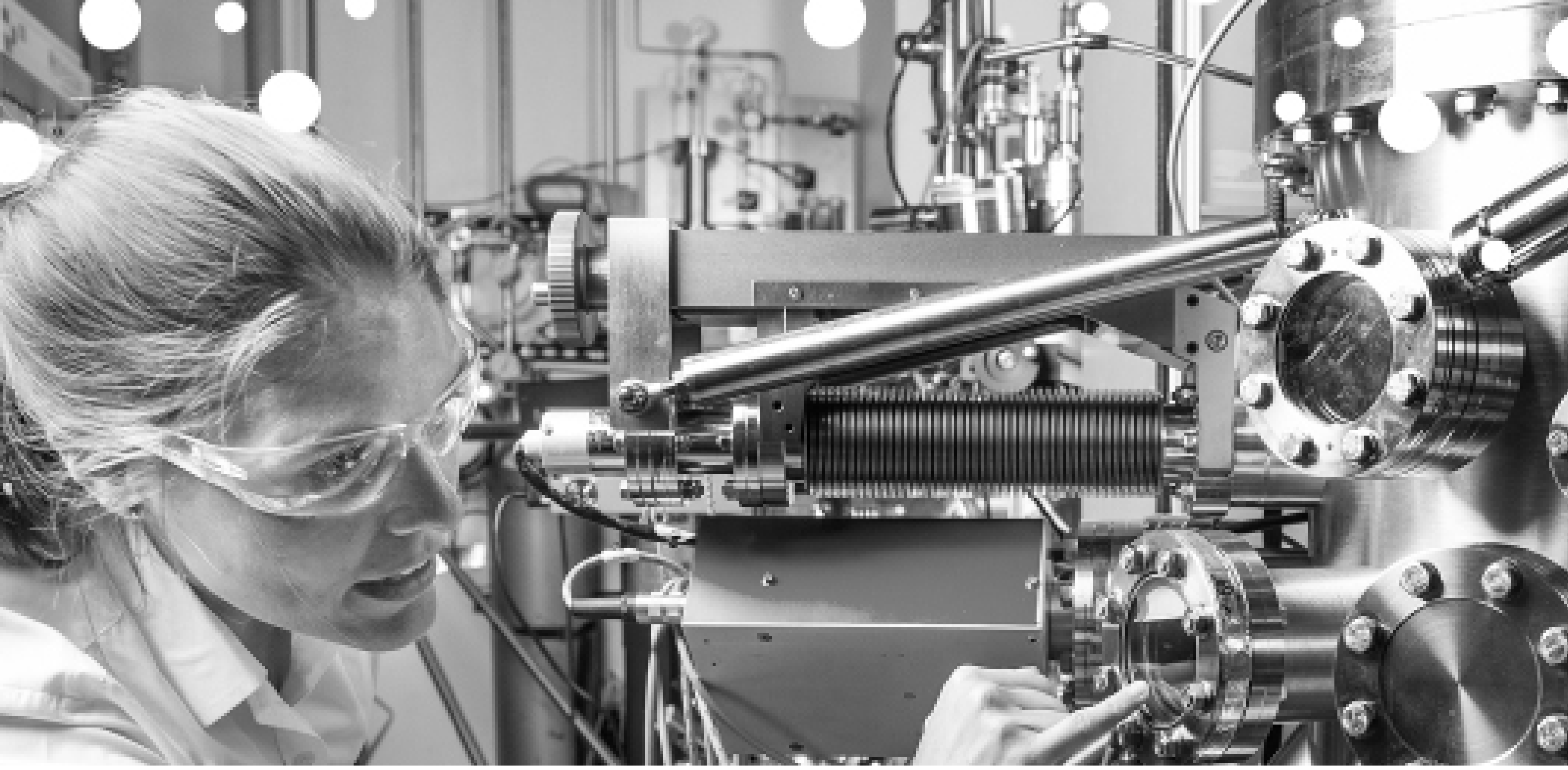
Building our battery manufacturing capability through the Gigafactory

- **£250m**
- **Summary**: A new battery manufacturing 'Gigafactory' in the West Midlands, leveraging private sector investment of £2bn. The West Midlands' customer proximity, existing expertise and facilities and speed to deliver positions positions the region well to support its cluster of automotive companies.
- **Benefits**:
  - Create 10,100 green jobs in the region.
  - Create 29,300 job years in construction in the short-term.
  - Secure the UK and our competitive advantage in high-tech automotive manufacturing, as well as new future mobility products, such as connected and autonomous vehicles and promote clean and carbon-free economic growth.

Accelerating cutting-edge electric automotive R&D capability through Operation Paperclip ✓

- **£85m**
- **Summary**: A £65m innovative programme for automotive and aerospace companies to retain highly-skilled staff engaging in strategically-important R&D activities. We will capitalise on our ability to mobilise quickly, building on the region's existing facilities and success of previous programmes such as the PARD (premium automotive 2003-06). We will also establish the £20m UK Mobility Data Institute (UKMDI) as an open source, open access research institute to aggregate and analyse the large volume of data being generated by projects, trials and testbeds related to mobility.
- **Benefits**:
  - Safeguarding or creating up to 5,500 jobs across the country and R&D capability in the sector through Operation Paperclip.
  - Increase of up to £1bn in GVA nationwide.
  - Up to 60 new products, processes or services nationwide.
  - Commercial exchange of data to accelerate development of new mobility products and services.
  - Support the Government's response to a range of mobility opportunities and challenges, focusing initially on the automotive industry.

✓ Ready-to-go project



Prototyping and testing an innovative very light rail transport solution for urban connectivity

- **£114m**
- **Summary**: A project to develop a novel autonomous, battery powered transport system at the Dudley VLR National Innovation Centre and then test it in Coventry. This will build on the West Midlands existing strengths in automotive technology and manufacturing.
- **Benefits**:
  - Accelerate the development of UK capability in very light rail through prototyping and testing of new solutions (including autonomous pods).
  - Reduce track construction costs by two thirds and enable much wider deployment of urban rail across the UK.
  - Support the Government's net-zero agenda by facilitating modal transfer from cars to public transport.

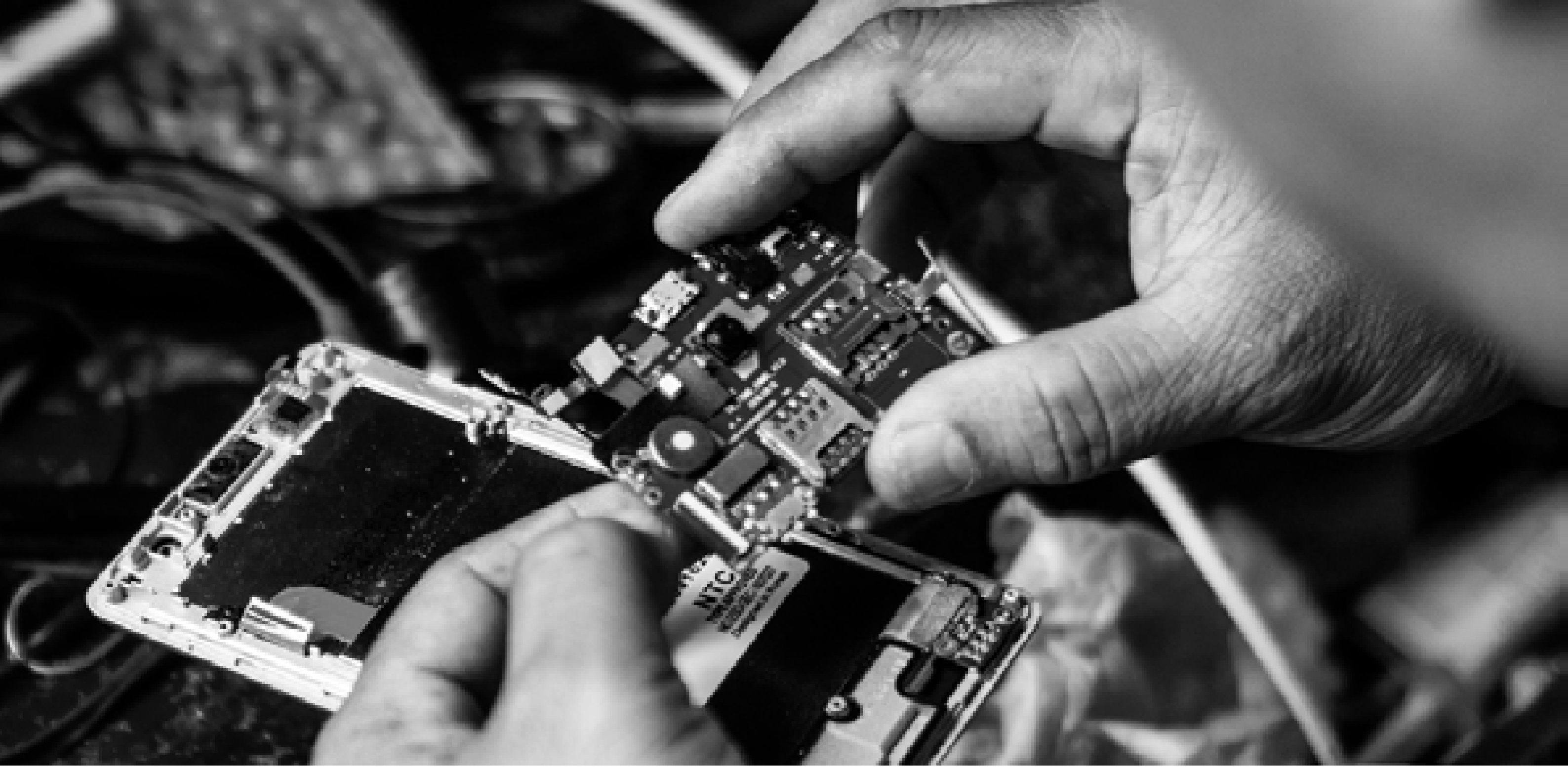
Developing electric vehicle (EV) charging infrastructure

- **£35m**
- **Summary**: Develop a public network of EV charging stations across the West Midlands, creating the conditions for growth in take-up and manufacture of EVs. The West Midlands is at the heart of the UK automotive sector, yet it ranks eighth out of 12 regions across the UK in terms of its supply of publicly accessible charge points for EVs.
- **Benefits**:
  - Create 390 job years in construction in the short term.
  - Accelerate the take up of EVs.

Reducing fuel poverty through a regional retrofit programme ✓

- **£100m**
- **Summary**: Funding for immediate energy efficiency measures on 6,000 homes and for scaling-up supply chains and demand stimulation. The West Midlands has the highest fuel poverty gap in the UK due to the high average age of housing stock in the region. It is also well-placed to deliver this intervention, given the concentration of energy companies and manufacturing capabilities available in the region.
- **Benefits**:
  - Eliminate fuel poverty for 50,000 households by the end of 2022.
  - 1000 jobs created immediately and graduate internship programme.
  - Scale-up to 20,000 new jobs and retrofit skills programme for 10,000 learners.
  - Increase the pace of carbon reduction from domestic dwellings and support achievement of the net zero objective.

✓ Ready-to-go project



Repowering the Black Country

- **£30m**
- **Summary**: Programme to accelerate decarbonisation and clean growth of the Black Country industrial cluster, stimulating private sector investment of at least £400m. The Black Country is one of seven clusters which has been working with the BEIS Industrial Cluster Decarbonisation Programme, and investing now will deliver accelerated impact due to its more flexible SME base and circular economy approach.
- **Benefits**:
  - Create 2550 and safeguard 2200 jobs
  - Accelerate reshoring of manufacturing jobs, ensuring £14.8bn in additional GVA over 10 years is clean, net zero growth
  - Unlock additional private sector funding of £400m
  - Create the world's first zero carbon industrial cluster by 2030


NOT TO BE MOVED
32
CAF

Maximise job creation for local people from HS2 and other unique West Midlands opportunities

The West Midlands has some unique opportunities as a result of investment in HS2 and through being host to the Commonwealth Games, the City of Culture in Coventry and other major cultural events.

By accelerating major infrastructure investments and by taking steps to support the cultural sector across the West Midlands, our proposals will maximise the value of the West Midlands' assets and existing investments to unlock inward investment and growth in the wider UK economy, whilst providing the region with the platform to compete globally. This public investment of £306m will create or safeguard 33,000 jobs.
The proposed interventions involve:

Accelerating the ambitious development plans around the HS2 Interchange station

- **£95m**
- **Summary**: Accelerate the ambitious development plans around the HS2 Interchange station, by releasing land currently planned to be used for car parking and by building new infrastructure such as access routes. This will accelerate the development of commercial development with high-tech manufacturing and innovation facilities, including a world class Health & Innovation Campus, by 3-5 years.
- **Benefits:**
  - Increase Gross Development Value by £3.2bn.
  - Increase GVA by £1.4bn.
  - Bring forward the creation of at least 16,000 net new jobs and 3,000 net new homes.
  - Open up the potential for early wins from HS2, such as a world class Health & Innovation Campus, commercial & housing opportunities.

Regenerating the Curzon Street/Digbeth area ✓

- **£131m**
- **Summary**: Regeneration of the wider Curzon Street and Digbeth area, including £70m for the Martineau Galleries development, which is a core gateway development that is part of the HS2 Curzon Street Masterplan. The proposal also includes a £61m investment into the Creative Quarter, which will accelerate the development of the Creative Content Hub and Studio UK - anchors to fuel high growth creative industries. The West Midlands is a creative hub, with Steven Knight's Mercian Studios soon to launch, and is already a proving ground for new kinds of digital content with the international games cluster in Leamington Spa and the large-scale WM5G test bed.
- **Benefits**:
  - Martineau Galleries will boost the local economy by £255m, create 8,000 new jobs and 1,300 new homes.
  - Create 10,800 job years in construction in the short-term.
  - Creative Quarter will enable content businesses to pivot and scale, attracting 10 new FDI projects per year in creative industries and creation of 6,000 jobs.
  - Creative Quarter will attract 50 new businesses to the region in the next 3 years to meet growing demand across the country and upskill 3,000 people in the Creative Sector in the next 3 years with a focus on levelling up the workforce.
  - Create a world-class innovation hub (StudioUK) to enable a digital technology first approach for recovery of the UK's media production sector.
  - Position the area for the potential development of the Birmingham Museum of Science and Industry, which will attract 2 million visitors and bring £30m to the local economy.

✓ Ready-to-go project

Reinvigorating the cultural sector through the Cultural Catalyst Programme

- **£80m**
- **Summary**: Provide critical support to the cultural sector to adapt business models and accelerate digitisation in response to COVID-19 and reopen at pace. This includes £50m for 'shovel ready' capital projects for arts and cultural venues in the region from Sandwell's Festival Site & Country Park to Stratford's Swan Theatre. This will reposition the region as a global destination and innovative leader in cultural offers and creative practice. This will transform the life chances and business potential of our young and diverse population, ensuring that the benefits are felt widely across the region.
- **Benefits**:
  - Create and safeguard 3,000 jobs in the creative and cultural sector.
  - Launch over 200 businesses.
  - Support the cultural industries to quickly adapt to a post COVID-19 environment by improving its long-term financial resilience.
  - Help the region to realise the £1.3bn economic benefit arising from the Birmingham Commonwealth Games and Coventry City of Culture.

Invest in healthcare innovation

Developing data-driven health and life sciences are a priority in the West Midlands Local Industrial Strategy. Following the advent of COVID-19 and its impact on the region, this package provides targeted support for high-growth sectors to address the productivity gap, improve health outcomes and reduce regional health inequalities. It also supports the Government's ambition to increase R&D intensity in areas with high potential for future growth by driving the development of an internationally recognised health technologies cluster which makes the most of the region's young, diverse population of over 4.2 million and a multi-disciplinary academic and clinical base, supported by major co-investments in infrastructure for health innovation. Our proposals will unlock 3,200 jobs with investment of £137m. The proposed interventions involve:

Developing the Birmingham Life Sciences Park into a substantial cluster of high-tech healthcare innovation

- **£60m** ✅
- **Summary**: Initial public investment of £60m to enable a business and incubation hub (the Precision Health Technologies Accelerator (PHTA)). This will provide the critical advanced facilities and infrastructure for co-creation, incubation and grow-on space dedicated to health technology businesses. As one of the Government's Life Science Opportunity Zones, the Park will provide a focal point for a regional health technologies cluster and immediately leverage significant inward investment and key regional strengths in medtech, digital health and clinical trials. This will enable the region to develop new technologies, tackle regional health inequalities, and provide vital infrastructure for sustainable business growth and productivity.
- **Benefits**:
  - Increase GVA by £400m.
  - Safeguard or create 1,600 jobs.
  - Engage with 500 companies in innovation.
  - Raise R&D industry investment by up to £100m.
  - Immediately leverage £45m of private sector capital investment and catalyse future private investment of £200m for >700,000 sq ft of space for new healthtech businesses over the next 7 years.
  - Provide infrastructure for long-term growth and inwards investment to rapidly develop innovative health technologies and scale for global markets.

✅ Ready-to-go project

Pivoting and scaling new health market entrants with ReSCue (Resilience in Supply Chains for Med Tech Manufacturing) ✅

- **£54m**
- **Summary**: The COVID-19 crisis has highlighted major challenges concerning medical equipment supplies, supply chain issues and the need for more rapid innovation and regional resilience. Furthermore, major job losses are predicted in traditional manufacturing sectors so there is an urgent need for sector diversification. The West Midlands proposes investment to rapidly pivot, create and scale health market entrants through an integrated cluster. This will provide businesses with access to a portfolio of technical assistance, infrastructure and training through tailored packages developed through a network of business support personnel. With the UK's second largest med tech SME cluster, the West Midlands is ideally placed to respond to challenges in its capability to create basic supplies and novel technologies.
- **Benefits**:
  - Increase GVA by £79m over 4 years
  - Create 1,470 jobs (350 direct, 870 indirect, 250 regionally safeguarded).
  - Enable our companies to exploit the opportunities in health afforded by COVID-19 and improve supply chain resilience.
  - Respond to new markets, regulation, supply chains and procurement.
  - Adapt through the integration of new technologies (e.g. digital) and innovations from outside the sector (e.g. manufacturing, advanced materials).

✅ Ready-to-go project

Creating Grand Central Diagnostics Hub at Birmingham New Street station

- **£13m**
- **Summary**: The West Midlands proposes to embed diagnostic and treatment services throughout the community and redefine care pathways to improve accessibility of screening and reach patients in communities that are harder to reach. Our region faces significant health inequalities and there is a need to provide quicker access to diagnosis and treatment to those with life-threatening conditions to ensure they can remain in employment as long as possible. There will be a number of centres across the region, starting with Grand Central Station and the retail complex. This presents a significant opportunity for the West Midlands, given it has the biggest tech sector outside London employing over 80,000 people across 13,500 tech businesses with a contribution of £5.4bn to the local economy.
- **Benefits**:
  - Alleviate pressure on the health system by reducing unnecessary visits to hospital and remove costs from the NHS.
  - Immediate action to reduce backlog of screening appointments.
  - Earlier diagnosis and treatment for cancer screening.
  - Support a healthy and engaged West Midlands workforce to control their own care.
  - Improving the health of the workforce and reduced work absence.
  - Lower carbon footprint from lower unnecessary journeys.

Reducing health inequality through the Radical Health Prevention Fund

- **£10m**
- **Summary**: Recyclable investment to target key drivers of health inequality, enabling a healthier workforce and more engaged citizens. Investments will support cutting edge advances in digital and data-driven health in the West Midlands and leverage private investment to accelerate innovation to address the wider determinants of health.
- **Benefits**:
  - Create 160 jobs.
  - Engage with 80 companies in innovation.
  - Help 30 innovations move from discovery to delivery.
  - Narrow the gap in health inequality outcomes (e.g. obesity, diabetes and improve access to service for BAME communities).

✓ Ready-to-go project

Build better digital and transport links

To support recovery, our package of digital and transport investments is designed to enhance our fibre and 5G infrastructure and accelerate development of the West Midlands public transport system - linked to the locally led HS2 Growth Strategy - Public transport is a vital public service, ensuring the mobility of key workers and providing resilience for our urban areas during this crisis. Our schemes will provide our network with the capacity it needs to support growth and a green recovery. Better connectivity will also improve people's access to job opportunities and raise productivity across the region. Our proposals will unlock 4,200 jobs years in construction with an investment of £376m.

We propose the following investments in digital and transport infrastructure

Providing incentives to extend the fibre network

- **£16m**
- **Summary**: Investment to stimulate private sector investment which accelerates the delivery of full fibre connectivity in less well-off parts of the West Midlands by utilising anchor tenancy models with local authorities.
- **Benefits**:
  - 483km of new fibre infrastructure leading to around 350,000 more homes and businesses in the West Midlands benefiting from full fibre and super-fast 5G mobile coverage.
  - Productivity benefits across local authorities and schools are estimated at around £50m.
  - Wider productivity boosts are estimated to be £200-290m over a seven year period. 5G will improve regional productivity and according to Barclays, is expected to boost the Midlands economy by £1.9bn of business revenue per annum by 2025.

Maximising the impact of the 5G application accelerator project with a digital innovation fund

- **£28m**
- **Summary**: To capitalise on the West Midlands' position as the UK's first large-scale, multi-city 5G test bed by establishing a digital innovation fund to support SMEs using the accelerator hubs in Birmingham, Coventry and Wolverhampton.
- **Benefits**:
  - Support digital companies facing significant equity gaps, particularly those at R&D stages.
  - Engage with 2,000 organisations in the next 5 years including 128 SMEs who will be product testing by March 2022.

Improving connectivity across the region by extending the Metro

- **£101m**
- **Summary**: Contribution to the cost of accelerating the East-West Metro extension from Wednesbury to Brierley Hill and the Eastside extension linking to East Birmingham to North Solihull from the HS2 station at Curzon Street.
- **Benefits**:
  - Support regeneration in areas of need through improved connectivity (e.g. with HS2) and reduced congestion.
  - Transform transit links alongside new high quality/ high density housing.
  - Support inclusive growth.
  - Encourage modal shift from private car.
  - Deliver local environmental and safety benefits.
  - Estimated overall scheme Benefit:Cost ratios are between 2.0 and 3.0.

Ready-to-go project

Providing attractive bus services through Sprint

- **£61m**
- **Summary**: Development of the Sprint network linking strategic centres and local communities to key areas of growth based on a bus rapid transit system (as an alternative to cars); the focus is on the A34 route between Walsall and Birmingham, and the A45 between Birmingham and Solihull.
- **Benefits**:
  - Improve journey times and reliability from the Black Country, through Birmingham City Centre, to Solihull and the Airport.
  - Increase the proportion of West Midlands residents able to access three or more strategic centres within 45 minutes by public transport.
  - Stimulate modal shift from car to Sprint and other public transport.
  - Improve access to the strategic cycle network.
  - Environmental benefits from the use of zero emission vehicles and reduction in car trips.
  - Estimated overall scheme Benefit:Cost ratio is 3.0.

Upgrading rail services

- **£84m**
- **Summary**: Investment in the West Midlands Rail Programme, including upgrading University and Perry Barr stations and delivering a step change in rail access, in part by bringing back closed lines and stations at Willenhall, Darlaston, Moseley, Kings Heath and Hazelwell.
- **Benefits**:
  - Provide improved access to the University of Birmingham, UHB and new Life Sciences Park.
  - Remediate land.
  - Increase passenger flow.
  - Reduce congestion on key route network.
  - Provide access to the Darlaston Enterprise Zone and help to unlock 8,000 new homes.
  - Estimated overall scheme Benefit:Cost ratios are between 2.3 and 9.7.

Enhancing local connectivity

- **£86m**
- **Summary**: Acceleration of various other projects to enhance local connectivity, including improvements to Dudley Interchange and the major roads network at Birchley Island and the A454 from Wolverhampton to Walsall.
- **Benefits**:
  - Remove barriers to growth, job creation and economic development by improving accessibility.
  - Reduce traffic related delays.
  - Improve safety.
  - Improve walking/cycling facilities.
  - Enhance public realm.
  - Increase capacity and passenger numbers.
  - Reduce exposure to harmful emissions.
  - Reduce severance.
  - Estimated overall scheme Benefit: Cost ratios are between 1.8 and 3.3.

✓ Ready-to-go project

Regenerate brownfield sites and build new homes

In recent years, the urban renaissance in the West Midlands has seen major investment in key infrastructure such as HS2, a national reputation for brownfield regeneration and bold new policymaking (eg affordable housing and AMC). The region has achieved a record increase nationally in the number of new homes delivered each year and has exceeded its targets agreed with the Government in the Housing Deal of 2018.

Our comprehensive recovery proposals are aimed at tackling both the immediate issues of unlocking stalled and difficult to deliver sites, alongside fundamental investments to provide the affordable homes, urban regeneration, inclusive growth and supporting infrastructure required post-pandemic. To achieve this, we will be accelerating a targeted investment of £674m to bring forward 35,000 additional new homes – of which over 20,000 are affordable. These will reinforce market confidence in the region as the place to invest and develop as we push ahead with our ambitious inclusive growth agenda to lead the nation's recovery. Our proposals involve:

Unlocking new housing and employment opportunities through the Urban Transformation Fund

- **£200m**
- **Summary**: The West Midlands will use this fund to enable rapid expansion of its brownfield regeneration programmes and to bring forward its pipeline of brownfield sites. The initial focus will be on development projects which can start on site within the next 6-12 months, showing immediate visible impact of recovery. Rapid decision making will de-risk projects and provide greater certainty to the market.
- **Benefits**:
  - Leverage further investment of up to £800m and increased market confidence.
  - Delivery of at least 15,000 new homes on urban brownfield sites.
  - Support 11,720 job years in construction in the short-term.

Delivering additional affordable housing through a new Regional Affordable Housing Fund

- **£400m**
- **Summary**: The West Midlands proposes a new affordable housing fund to enable a step change in affordable housing supply across the region that will meet the housing needs of residents and support economic recovery. This builds on the West Midlands' detailed understanding of the affordable housing challenges facing our region and track record of deploying devolved housing funds to tackle worsening affordability. A key part of this programme will be to establish a landmark £50m "Homes for Covid Heroes" programme delivering new homes for essential workers who have kept the country safe and supplied during the pandemic.
- **Benefits**:
  - Delivery of 20,000 additional affordable homes above and beyond those already assigned and planned for.
  - Support 23,400 job years in construction in the short-term.

Ready-to-go project

Making the West Midlands a national centre of excellence for brownfield regeneration, including through establishing a new National Brownfield Institute in Wolverhampton

- **£24m** ✓
- **Summary**: The development of a new National Brownfield Institute (NBI) to create a world-class brownfield regeneration industry cluster through multi-sector partnerships, based at the University of Wolverhampton. Funding is required to support capital investment and operating expenditure for three years to create the NBI, before external income enables it to become self-sustaining.
- **Benefits**:
  - Accelerated remediation and development of brownfield sites, especially across the West Midlands.
  - Better and quicker access to relevant high-quality data and research.
  - Greater collaborative research and development, leading to increased use of new technologies enabling brownfield development.
  - Creation of 250 job years in construction of the NBI in the short-term, with a multiplier effect throughout other related sectors over time.

✓ Ready-to-go project

Supporting the development and deployment of Advanced Manufacturing in Construction (AMC) through a new Regional AMC Accelerator Fund

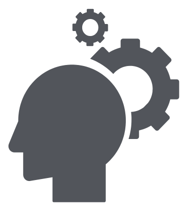
£50m ✅

- **Summary**: we propose a £50m enabling fund to accelerate the development and the use of Advanced Manufacturing in Construction techniques across the West Midlands. This fund will support the delivery of the land, skills, factories and technology that are needed to enable our AMC industry to grow and thrive. Our ambition is for the West Midlands to be the national and international epicentre of AMC – building from our unique manufacturing heritage and track record of housing and employment delivery. We are committed to transforming the way we build homes in the region and beyond, shifting the focus to precision manufacturing, mass production and customisation and ensuring high quality jobs and private sector investment flow from that.
- **Benefits**:
  - Strategic investment in the land, technology, skills and facilities needed for 21st century innovation in homebuilding and construction.
  - A new generation of built environment experts and a new pipeline of construction skills and careers opportunities focused on enhanced digital and manufacturing expertise.
  - Development of new skills and employment delivery, specifically high-level digital and manufacturing skills.
  - Local materials processing, manufacturing and consolidation processes, limiting import reliance.

✅ Ready-to-go project

Get people back into work

As home to a young and ethnically diverse population, our region has been disproportionately exposed to the negative jobs impacts of the economic crisis. There is a risk that without urgent intervention, young people and new graduates are at risk of entering the labour market during a severe downturn, exposing them to the risk of unemployment and longer-term scarring effects. Similarly, many older workers, including those in the automotive and manufacturing sector have lost their jobs or have been furloughed. Our skills packages will support 154,400 young people and workers who are vulnerable to unemployment through apprenticeships and retraining schemes to return them to work quickly, equipping them with the skills needed for the future, and tracking them to engage them in the labour market, through an investment of £550m over three years. Our proposals are tailored to the specific needs of our young people and workers, and complement vital national-level policy measures to avoid mass unemployment. Our proposals involve:



Supporting young people with training and getting into jobs ✓

- **£272m**
- **Summary**: £167m to redeploy existing Education and Skills Funding Agency (EFSA) and apprenticeship levy funding to provide apprenticeship wage subsidies and providing traineeships and work-related experience. £105m funding over three years to provide training opportunities in higher level 3-5 courses for young people who might otherwise be unemployed, enhance tracking schemes and provide additional tuition for young people whose learning has been disrupted by COVID. This is particularly crucial in a region where the NEET rate is already higher than the national average, and is likely to rise further during this crisis.
- **Benefits:**
  - 38,400 young people to benefit from apprenticeship wage subsidies and traineeships over three years.
  - 45,000 vulnerable young people to benefit from tracking schemes and remain engaged with the labour market.
  - 9,000 young people to benefit from funding for additional learning in 2020/21, and 18,000 to benefit from higher level 3-5 courses in priority skill areas over 3 years.

Getting the West Midlands back into work through retraining ✓

- **£33m**
- **Summary**: Boost to the adult education budget in 2020/21 to support furloughed and unemployed workers by offering opportunities to retrain into jobs in in-demand sectors that are recruiting in the region, such as health and social care, logistics, and business services, including developing a health and social care innovation hub in Sandwell. This will be complemented by boosting regional capacity to support job brokerage activity and better target effective employment support, including making the most of the job and training opportunities created by the Commonwealth Games. Getting people back into work quickly is especially critical in the West Midlands given that nearly 27% of workers in the region have been furloughed.

✓ Ready-to-go project

- **Benefits**:
  - 20,000 workers to benefit from retraining, enter new jobs and continue to support their families.
  - Improved effectiveness of job brokerage activity across the region, including maximising the job and training opportunities created through CWG.

Upskilling our workforce for jobs of the future

- **£245m**
- **Summary**: Our £60m Future Skills Future Jobs programme will deliver higher level 4-5 courses to support adults to develop skills to increase employability in future growth sectors, particularly in green growth and electrification, 5G and digital, health and life sciences, advanced manufacturing and construction etc. We are well-placed to deliver this, having already successfully delivered National Retraining schemes in digital and construction. In addition, we propose £185m capital funding to develop the technical facilities in FE Colleges needed to support retraining and the roll out of T-levels. This includes plans to deliver the transformative City Learning Quarter (CLQ) in Wolverhampton, which will bring together the City of Wolverhampton college, Adult education Service and city centre library, upskilling and connecting communities to jobs into high-growth sectors of the future.
- **Benefits**:
  - 24,000 adults (8,000 a year) to benefit from skills programmes that enable them to move into high-skilled jobs.
  - The capital investment in FE colleges will result in an immediate short-term creation of 600 construction jobs, but in the long-term will result in an increase in capacity of FE colleges to deliver new courses and T-levels in engineering and manufacturing, digital technologies and health and life sciences.
  - CLQ will help safeguard and create 2,300 jobs.

Ready-to-go project

Back our region's businesses

The region is home to thousands of SMEs, many of which form part of critical automotive and manufacturing supply chains that have been impacted by the crisis. Targeted regional support will help industries whose demand for products has been most severely impacted in the short-term, but whose capability is critical to the long term success of the West Midlands' economy. Our proposals will also help turbo-charge business growth, exports, and innovation in the West Midlands by bringing the best of our region's combined expertise in the growth sectors of the future, safeguarding or creating 43,900 jobs through an investment of £532m. Our proposals involve:

Quickly re-deploying industrial engineering and research talent to develop globally competitive applied technologies, in an ambitious 'Speed to Scale' programme

- **£382m**
- **Summary**: A huge programme of putting experienced industrial engineers and technicians to work on inventing and creating new globally competitive products and services in high-potential industry sub-sectors. Funding existing applied technology teams in universities and industry, with this new influx of talent, the programme will:
  - Provide facilities and equipment for project team working, rapid design and prototyping.
  - Finance development of new disruptive technologies with great flexibility for engineers and researchers to try new things with little red tape.
  - Focused on heat and energy, medical technology, mobility services and telco connectivity and security.
  - Help SMEs with financing and expertise to switch to manufacturing these new products, by providing expertise and financing.
  - Co-ordinate the joint working and staffing between manufacturers, researchers and the programme.
- **Benefits**:
  - Achieve GVA impact of £2.0bn and create 18,100 jobs.
  - Develop applied industrial technologies which will set up UK businesses to compete globally in 3-5 years and beyond.

Investing in Advanced Manufacturing Excellence Programme (Restart, Reposition, Transform)

- **60m**
- **Summary**: Programme to preserve our SME manufacturing base, help them adapt their supply chains to become more resilient, and to enable them to pivot to in-demand sectors. This customised support programme will leverage Made Smarter Adoption support structures, adapt learnings from the Made Smarter North West pilot and blend local knowledge and data from the West Midlands Business schools and our High Value Manufacturing Catapult Centres. We will provide leadership, technology, business and voucher support with an easy to navigate one stop shop front end provided by our growth hubs. In the West Midlands we cherish our manufacturing heritage and DNA and believe that every manufacturing business deserves the opportunity to survive and grow. We will make it easy for them to access the right support for them at their stage in the journey towards digitalised manufacturing, diversification and servitisation.

- **Benefits**:
  - Support 13,200 manufacturing SMEs to improve their productivity, leadership, profitability, resilience, reduce their energy use and lower their carbon footprint, and start and accelerate their journey towards the digitalised and servitised manufacturing future.
  - Create or safeguard 19,800 jobs.

Creating SME Recovery Programme (Pivot to Prosper and Productivity Factory)

- **£90m**
- **Summary**: A grant to support businesses pivot and adapt their business models to deliver transformation and a voucher scheme enabling businesses access professional services advice, and providing dedicated support through coaching, training and peer-to-peer mentoring schemes to support businesses to diversify business models, adopt new technology, and boost productivity. This is complemented by a comprehensive trade support programme that will prepare businesses to export post-Brexit and a longer-term training programme offering tailored trade support and advice to help businesses trade out of the downturn.
- **Benefits**:
  - Boost business turnover through new products and processes, with 12,700 businesses benefiting from the support schemes.
  - Create 6,000 jobs.
  - Contributing to achieving the government's ambition to raise the value of exports from 30% to 35% of GDP.
  - Boosting business investment, exports and productivity over the longer-term, contributing to positive spillover effects throughout the supply chain and positioning the UK as an innovation leader.

Enterprise Investment Growth Fund

- **Summary**: Work intensively with the Government to co-develop a large-scale equity fund, drawing on experience of focused equity funds. This will address the twin challenges of recapitalising viable firms that have been severely impacted in the short-term, ensuring they do not become overburdened with debt, hindering future investment and growth. Second, it will provide equity injections to high-growth potential firms linked to high quality wrap-around advice.
- **Benefits**:
  - Amplifies private sector investment in high-growth sectors.
  - Strengthens balance sheets so firms are positioned to invest and power economic recovery.
  - Accelerates and amplifies regional growth by linking large-scale equity investment to wrap-around public and private business support.

BUSINESS BOARD	AGENDA ITEM No: 2.1
27 JULY 2020	PUBLIC REPORT

BUSINESS BOARD FINANCE UPDATE

1.0 PURPOSE

1.1 To provide an update and overview of the revenue funding lines that are within the Business & Skills Directorate to assist the Board to enable informed decision making regarding the expenditure of these funds.

DECISION REQUIRED	
Lead Member:	**Austen Adams, Chairman of the Business Board**
Lead Officer:	**Vanessa Ainsworth, Finance manager**
Forward Plan Ref: Not applicable	**Key Decision: No**
The Business Board is recommended to: Note the update and financial position relating to the revenue and capital funding lines within the Business & Skills Directorate.	

2.0 BACKGROUND

2.1. The Business Board has requested a summary of the revenue and capital funding lines available within the Business & Skills Directorate, to assist in ensuring financial decisions relating to the revenue and capital funding lines under their control are well informed, financially viable, and procedurally robust.

3.0 BUSINESS & SKILLS REVENUE EXPENDITURE

3.1. A breakdown of the Business and Skills Directorate Revenue Expenditure for funding lines under direct control of the Business Board for the period to 31st May 2020, is set out in Table 1.1. The budget lines reported within the table are those with a direct relationship to the Business Board.

3.2. A breakdown of the Business and Skills Directorate Revenue Expenditure for funding lines under direct control of the Skills Committee for the period to 31st May 2020, is set out in Table 1.2 below. This data is provided for information purposes only, and full analysis is available in the Skills Committee Reports, **Appendices 1** and **2**.

4.0 BUSINESS & SKILLS CAPITAL EXPENDITURE

4.1. A breakdown of the Business & Skills Directorate Capital Expenditure for the period to 31st May 2020, is set out in Table 1.3 below.

4.2. A full breakdown of LGF Projects is contained within the LGF Update Programme Management Review Paper presented to this meeting. The balance remaining on the LGF Projects is addressed with the new projects that are being presented to this meeting in the Growth Deal Project Proposals paper.

4.3. Delivery of the Peterborough University project is under the control of the Skills Committee and CA Board but is included in the LGF programme monitoring arrangements as with all LGF funded projects.

4.4. St. Neots Masterplan has been delayed due to the Cycle Bridge being removed from the plan and new options are currently being explored.

5.0 LEGAL IMPLICATIONS

5.1. There are no direct legal implications

6.0 IMPLICATIONS FOR NATURE

6.1 There are no implications for nature

7.0 OTHER SIGNIFICANT IMPLICATIONS

7.1. There are no significant implications

8.0 APPENDICES

8.1. **Appendix 1** – Skills Budget Report

8.2. **Appendix 2** – Skills Performance Dashboard

Table 1.1 Business Board Revenue Projects	FY 20-21 Project Budget	Actual April 20	Actual May 20	Forecast Jun-20	Forecast Jul-20	Forecast Aug-20	Forecast Sept-20	Forecast Oct-20	Forecast Nov-20	Forecast Dec-20	Forecast Jan-21	Forecast Feb-21	Forecast Mar-21	FY 20/21 Total Spent / Forecast	FY 20/21 Balance Remaining
EU Exit Funding	£ 131,500	£ -	£ -	£ 45,000	£ 46,800	£ 39,700	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 131,500	£ -
EZ Funded Growth Company Contribution	£ 230,000	£ -	£ -	£ -	£ -	£ -	£ -	£ 230,000	£ -	£ -	£ -	£ -	£ -	£ 230,000	£ -
Growth Hub	£ 246,000	£ 10,281	£ 25,457	£ 20,299	£ 20,300	£ 20,300	£ 25,000	£ 20,666	£ 20,500	£ 20,299	£ 20,299	£ 20,300	£ 22,299	£ 246,000	£ -
Integrated Insight Evaluation Programme	£ 189,000	£ -	£ -	£ -	£ 50,000	£ -	£ 50,000	£ -	£ 50,000	£ -	£ 39,000	£ -	£ -	£ 189,000	£ -
LIS Implementation	£ 176,300	£ -	£ 7,000	£ 40,500	£ 35,000	£ -	£ 50,000	£ -	£ -	£ -	£ -	£ -	£ -	£ 132,500	£ 43,800
Market Towns Strategy Implementation	£ 222,900	£ -	£ 840	£ 100,000	£ 100,000	£ 22,060	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 222,900	£ -
Marketing & Promotion of Services	£ 145,000	£ -	£ -	£ -	£ 10,000	£ 10,000	£ 30,000	£ 10,000	£ 10,000	£ 30,000	£ 10,000	£ 25,000	£ 10,000	£ 145,000	£ -
St Neots Masterplan	£ 254,100	£ 22,722	£ -	£ -	£ 34,200	£ 50,000	£ 30,000	£ 50,000	£ 30,000	£ 7,178	£ 30,000	£ -	£ -	£ 254,100	£ -
Strengthening LEP's	£ 188,000	£ 825	£ 7,890	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 8,715	£ 179,285
Trade and Investment Programme	£ 100,000	£ -	£ 4,500	£ 20,000	£ 10,000	£ 10,000	£ 10,000	£ -	£ -	£ -	£ -	£ -	£ -	£ 54,500	£ 45,500
Grand Total	£ 2,043,300	£ 33,828	£ 45,687	£ 225,799	£ 306,300	£ 152,060	£ 195,000	£ 310,666	£ 110,500	£ 57,477	£ 99,299	£ 45,300	£ 32,299	£ 1,728,755	£ 268,585

Table 1.2 Skills Committee Revenue Projects	FY 20-21 Project Budget	Actual April 20	Actual May 20	Forecast Jun-20	Forecast Jul-20	Forecast Aug-20	Forecast Sept-20	Forecast Oct-20	Forecast Nov-20	Forecast Dec-20	Forecast Jan-21	Forecast Feb-21	Forecast Mar-21	FY 20/21 Total Spent / Forecast	FY 20/21 Balance Remaining
AEB - Grant Providers	£ 9,622,700	£ 477,081	£ 868,426	£ 1,674,366	£ 511,794	£ 1,285,270	£ 1,206,392	£ 771,696	£ 630,174	£ 506,453	£ 662,216	£ 479,751	£ 549,081	£ 9,622,700	£ -
AEB - ITP Providers	£ 2,000,000	£ 179,050	£ 159,314	£ 155,000	£ 145,000	£ 171,000	£ 170,636	£ 170,000	£ 170,000	£ 170,000	£ 170,000	£ 170,000	£ 170,000	£ 2,000,000	£ -
AEB Innovation Fund	£ 336,700	£ -	£ -	£ -	£ -	£ -	£ 75,000	£ -	£ 100,000	£ -	£ 150,000	£ -	£ 11,700	£ 336,700	£ -
AEB Programme Costs	£ 400,500	£ 25,000	£ 840	£ 30,044	£ 47,531	£ 49,531	£ 31,036	£ 34,036	£ 39,036	£ 39,036	£ 34,030	£ 36,030	£ 34,349	£ 400,500	£ -
Apprenticeship Levy	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Careers & Enterprise Company	£ 80,500	£ -	£ -	£ 9,833	£ 16,708	£ 6,708	£ 7,003	£ 6,708	£ 6,708	£ 6,708	£ 6,708	£ 6,708	£ 6,708	£ 80,500	£ -
Health and Care Sector Work Academy	£ 2,167,800	£ -	£ -	£ 127,800	£ 500,000	£ -	£ -	£ 500,000	£ -	£ 500,000	£ -	£ 540,000	£ -	£ 2,167,800	£ -
Skills Advisory Panel	£ 114,000	£ -	£ -	£ 15,000	£ 5,000	£ 25,000	£ 10,000	£ 10,000	£ 10,000	£ 10,000	£ 10,000	£ 10,000	£ 9,000	£ 114,000	£ -
Skills Brokerage	£ 84,000	£ -	£ -	£ 58,750	£ -	£ 9,000	£ -	£ -	£ -	£ -	£ -	£ -	£ 16,250	£ 84,000	£ -
Skills Brokerage (Subject to Approval	£ 23,000	£ -	£ -	£ -	£ -	£ 23,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 23,000	£ -
Skills Strategy Programme Delivery	£ 120,500	£ -	£ 2,520	£ 42,020	£ 20,000	£ -	£ 50,000	£ -	£ -	£ 5,960	£ -	£ -	£ -	£ 120,500	£ -
University of Peterborough	£ 4,200	£ -	£ 3,360	£ 840	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 4,200	£ -
University of Peterborough - Legal Costs	£ 150,000	£ -	£ 14,031	£ 15,000	£ 25,000	£ 25,000	£ 25,000	£ 25,000	£ 20,969	£ -	£ -	£ -	£ -	£ 150,000	£ -
Work Readiness Programme	£ 52,800	£ -	£ -	£ -	£ -	£ 52,800	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 52,800	£ -
Grand Total	**£ 14,986,800**	**£ 681,131**	**£ 1,048,491**	**£ 2,128,654**	**£ 1,271,033**	**£ 1,647,309**	**£ 1,575,067**	**£ 1,517,440**	**£ 976,887**	**£ 1,238,157**	**£ 1,032,954**	**£ 1,242,489**	**£ 797,088**	**£ 15,156,700**	**£ -**

Table 1.3 Business & Skills Capital Projects	FY 20-21 Project Budget	Actual April 20	Actual May 20	Forecast Jun-20	Forecast Jul-20	Forecast Aug-20	Forecast Sept-20	Forecast Oct-20	Forecast Nov-20	Forecast Dec-20	Forecast Jan-21	Forecast Feb-21	Forecast Mar-21	FY 20/21 Total Spent / Forecast	FY 20/21 Balance Remaining
COVID-19 Micro Grants	£ 500,000	£ -	£ 14,359	£ 75,000	£ 250,000	£ 160,641	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 500,000	£ -
LGF Projects	£ 67,692,933	£ 524,115	£ 1,685,086	£ 8,454,912	£ 15,010,489	£ 8,312,032	£ 4,675,000	£ 7,701,000	£ 6,921,093	£ 1,269,108	£ 1,600,000	£ 6,286,045	£ 858,713	£ 63,297,594	**£ 4,348,178**
Market Town Master Plan Implementation	£ 500,000	£ -	£ -	£ -	£ -	£ 500,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 500,000	£ -
Market Town Master Plan Implementation (Subject to Approval)	£ 5,000,000	£ -	£ -	£ -	£ -	£ -	£ 500,000	£ 500,000	£ 500,000	£ 500,000	£ 1,000,000	£ 1,000,000	£ 1,000,000	£ 5,000,000	£ -
Peterborough University - Capital	£ 12,300,000	£ -	£ 112,349	£ 250,000	£ 11,937,651	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 12,300,000	£ -
St Neots Masterplan	£ 2,886,000	£ -	£ -	£ -	£ 68,500	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 68,500	**£ 2,817,500**
Grand Total	**£ 88,878,933**	**£ 524,115**	**£ 1,811,794**	**£ 8,779,912**	**£ 27,266,640**	**£ 8,972,673**	**£ 5,175,000**	**£ 8,201,000**	**£ 7,421,093**	**£ 1,769,108**	**£ 2,600,000**	**£ 7,286,045**	**£ 1,858,713**	**£ 18,368,500**	**£ 7,165,678**

Appendix 1

SKILLS COMMITTEE	AGENDA ITEM No: 3.3
06 JULY 2020	PUBLIC REPORT

BUDGET AND PERFORMANCE REPORT

1.0 PURPOSE

1.1. This report provides budget and performance reporting to the Skills Committee.

DECISION REQUIRED	
Lead Member:	**Councillor John Holdich**
Lead Officer:	**John T. Hill, Director, Business & Skills**
Forward Plan Ref: n/a	**Key Decision: No**
The Skills Committee is recommended to: (a) Note the May budget and performance monitoring update;	**Voting arrangements** Simple Majority of all Members

2.0 BACKGROUND

2.1. Budget and performance reporting should be seen in the round.

2.2. At the June 2020 Combined Authority Board Meeting, the Board approved an updated Medium Term Financial Plan (MTFP), including balanced revenue and capital budgets for 2020/21. This report shows the actual expenditure to date and forecast outturn position against those budgets.

2.3. The outturn forecast reflects costs incurred to date, accrued expenditure and the impact on the current year assumptions made on staffing, overheads and workstream programme delivery costs as set out in the revised MTFP.

3.0 BUDGET

Revenue Budget

3.1 A breakdown of the Business & Skills Directorate 'Revenue' expenditure for the period to 31st May 2020, is set out in the table below.

Skills Revenue 2020/21							
Skills Revenue Programmes	**MTFP**	**Budget Adjustments**	**Revised 20/21 Budget**		**Actuals to 31st May 2020**	**Forecast Outturn (May)**	**Forecast Outturn Variance**
	£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
AEB Devolution - Grants	11286.0	336.7	11622.7		1345.5	9622.7	2000.0
AEB Devolution - ITP's	0.0	0.0	0.0		338.4	2000.0	-2000.0
AEB Innovation Fund	0.0	336.7	336.7		0.0	336.7	0.0
AEB Programme Costs	564.1	-163.6	400.5		25.8	400.5	0.0
Careers & Enterprise Company	80.5	0.0	80.5		-9.4	80.5	0.0
Health & Social Care Work Academy	1100.0	1067.8	2167.8		0.0	2167.8	0.0
Skills Advisory Panel	75.0	39.0	114.0		0.0	114.0	0.0
Skills Brokerage	75.0	9.0	84.0		0.0	84.0	0.0
Skills Brokerage - Subject to Approval	23.0	0.0	23.0		0.0	23.0	0.0
Skills Strategy Programme Delivery	125.0	-4.5	120.5		2.5	120.5	0.0
University of Peterborough	0.0	4.2	4.2		3.4	4.2	0.0
University of Peterborough - Legal Costs	0.0	0.0	0.0		14.0	150.0	-150.0
Work Readiness Programme (Hamptons)	0.0	52.8	52.8		0.0	52.8	0.0
Total Skills Revenue	**13328.6**	**1678.1**	**15006.7**		**1720.2**	**15156.7**	**-150.0**

3.2 The Forecast Outturn as set out in the table above shows an increase in expected costs for the year of £150k compared to the budget. The details are outlined in 3.3.b and 3.3.c below. 'Actual' figures are based on payments made and accrued expenditure where known. The year to date costs may therefore be understated due to the delay between goods and services being provided by suppliers, and invoices being raised and paid.

3.3 The budget adjustments identified above are due to a combination of the following:

(a) The AEB topslice budget was reduced reflecting a revised structure of the team, approved by the Skills Committee in April.

(b) The AEB innovation fund was created with half the 19-20 underspend on the AEB programme as presented to the Skills Committee in April.

(c) The Work Readiness Programme adjustment reflects the report presented to the Skills Committee in April.

(b) The remaining 6 adjustments are due to carried forward underspends (or deducted overspend) from 2019-20 budgets as approved by the June CPCA Board

3.4 Variances between the predicted revenue outturn position and the annual budget for the main budget headings are set out below:

(a) AEB Devolution Grants and ITP's are split for reporting purposes but not split within the MTFP. If both figures are taken together, there is no variance to the MTFP.

(b) University of Peterborough Legal Costs – These costs were identified late in 2019/20 and have been partially met by other budgets within Business & Skills. There has been an allocation within the Corporate budget to meet these costs but this will be the subject of an internal transfer. The costs are shown here for clarity.

Capital Budget

3.4 A breakdown of the Business & Skills Directorate 'Capital' expenditure for the period to 31st May 2020, is set out in the table below.

Skills Capital 2020/21							
Skills Capital Programmes	**MTFP**	**Budget Adjustments**	**Revised 20/21 Budget**		**Actuals to 31st May 2020**	**Forecast Outturn (May)**	**Forecast Outturn Variance**
	£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**
University of Peterborough - Business Case	11150	1150	12300		112.3	12300.0	0.0
Total Skills Capital	**11150.0**	**1150.0**	**12300.0**		**112.3**	**12300.0**	**0.0**

3.5 The University of Peterborough project is proceeding as planned and is the subject of a separate paper presented to this Committee.

4.0 PERFORMANCE REPORTING

4.1 The Cambridgeshire and Peterborough Devolution Deal is about delivering better economic outcomes for the people of Cambridgeshire and Peterborough and commits us to specific results. The Combined Authority needs to monitor how well it is doing that.

4.2 Appendix 1 shows the Skills Performance Dashboard, with an update on delivery against the following growth outcomes at the heart of the Devolution Deal (of which outcomes are embodied in the business cases which the Board and Committee consider):

- Prosperity (measured by Gross Value Added (GVA)
- Housing
- Jobs

4.3 These metrics are updated to align with the Board Performance Reports

4.4 Appendix 1 also shows the current RAG status for Skills' projects, as at the end of May 2020.

4.5 Since the last meeting in April, the three Red rated projects have been upgraded to Amber due to improvements whilst working within the COVID-19 outbreak. The status of the projects is at the end of May, as the June highlight reports have not yet been updated.

5.0 FINANCIAL IMPLICATIONS

5.1. There are no other financial implications other than those included in the main body of the report.

6.0 LEGAL IMPLICATIONS

6.1 The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.

7.0 SIGNIFICANT IMPLICATIONS

7.1 There are no implications for nature.

8.0 APPENDICES

8.1. Appendix 1 – Performance Dashboard.

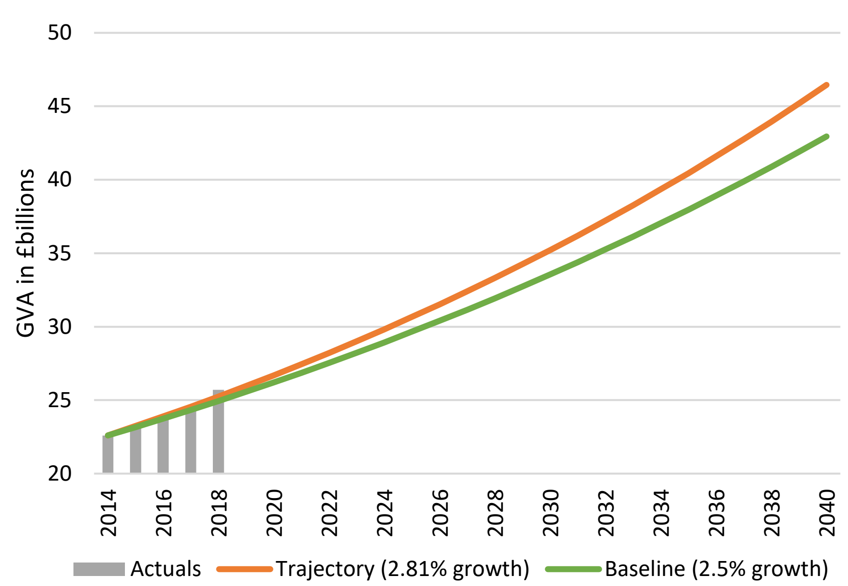
Background Papers	Location
None	N/A

Sources:
Baseline: Current trend without Devolution Deal interventions
Outturn data source: GVA and Jobs - Office of National Statistics (ONS);
Housing - Council Annual Monitoring Reports/CambridgeshireInsights.

SKILLS COMMITTEE

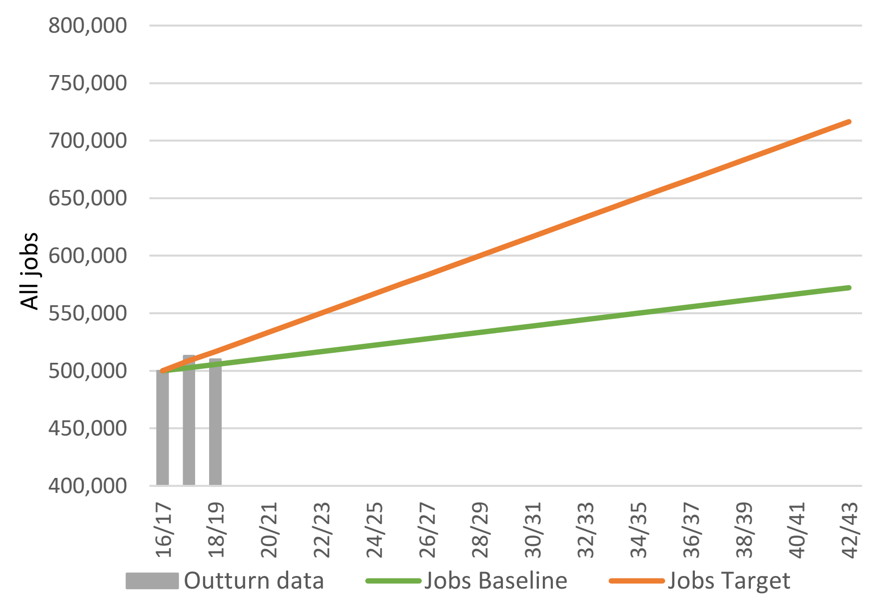
COMBINED AUTHORITY PERFORMANCE DASHBOARD
DEVOLUTION DEAL TRAJECTORY

GVA TRAJECTORY V BASELINE



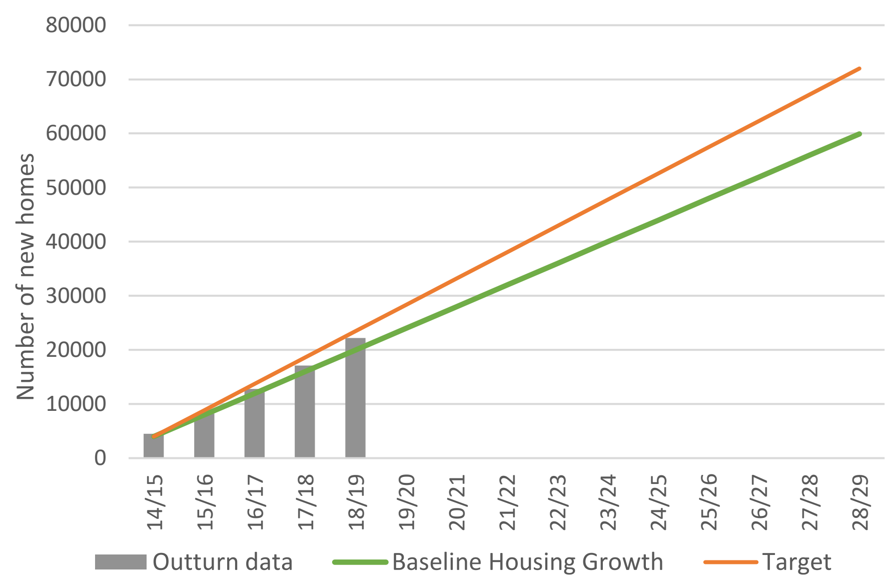
This has been updated in line with National Reporting standards. The CPCA Devolution Deal committed to doubling GVA over 25 years with 2014 as the baseline. To achieve this target the CPIER identified the region would require annual growth of 0.31% on top of the 2.5% baseline growth.

JOBS TRAJECTORY V BASELINE



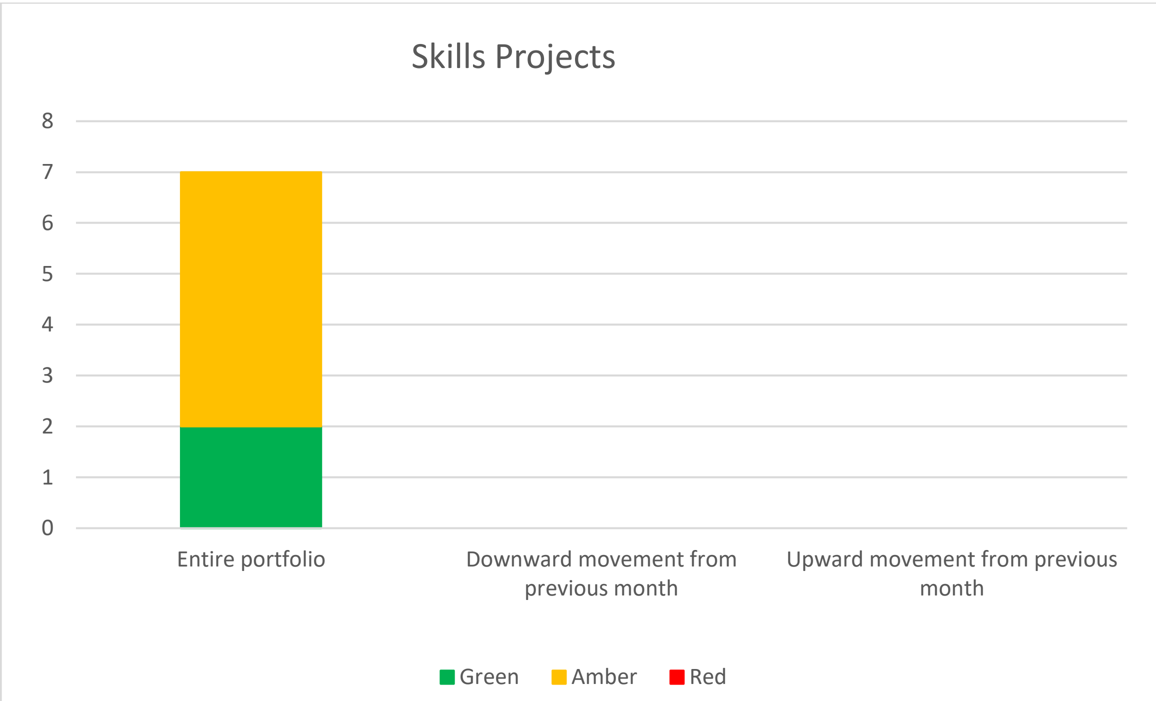
Target is derived through the CPIER by the GL Hearn report with a high growth scenario of 9,400 additional job growth per annum and a baseline of 4,338 jobs per annum.

HOUSING PERFORMANCE (*cumulative figures)



Devolution Deal target to deliver 72,000 new homes over a 15-year period. £170m affordable homes programme is expected to deliver over 2,500 additional homes.

Combined Authority Key Project Profile:



Skills projects	
Project	**RAG status**
Adult Education Budget (AEB)	Green
University of Peterborough	Green
Apprenticeships	Amber
Careers & Enterprise Company (CEC) Contract	Amber
HAT Work Readiness – Hamptons Academy Trust	Amber
Health & Care Sector Work Academy (HCSWA)	Amber
Skills Brokerage	Amber

Data as at the end of May 2020

BUSINESS BOARD	AGENDA ITEM No: 2.2
27 July 2020	PUBLIC REPORT

LOCAL GROWTH FUND PROGRAMME MANAGEMENT REVIEW – JULY 2020

1.0 PURPOSE

1.1. The Greater Cambridge and Greater Peterborough Local Enterprise Partnership (GCGP LEP) negotiated three successive Growth Deals with Government between 2014 and 2017, securing £146.7m to deliver new homes, jobs and skills across the LEP area. This report provides an update on the programme's performance since April 2015 for the Local Growth Fund (LGF).

1.2. To provide the Board with operational updates on the LGF progress to 30 June 2020 based on the following items:

(a) 2021/22 Accelerated LGF allocation
(b) 2020/21 LGF annual grant payment
(c) Financial update on programme spend
(d) Q1 2020/21 Quarterly Growth Deal return to Ministry of Housing, Communities & Local Government (MCHLG)
(e) Projects currently in delivery including pre-contract plus completed projects
(f) Change Request for Wisbech Access Strategy project
(g) COVID-19 Business Capital Grant and Micro Business Grant schemes
(h) Eastern Agri-Tech Growth Initiative update
(i) LGF Monitoring and Evaluation update
(j) Summary of LGF and Recycled Funds

DECISION REQUIRED	
Lead Member:	**Austen Adams, Chairman Business Board**
Lead Officer:	**John T Hill, Director Business & Skills**
Forward Plan Ref: Not applicable	**Key Decision: No**

The Business Board is invited to:

(a) Recommend that the Combined Authority Board note all the programme updates outlined in this paper.

(b) Recommend the Combined Authority Board approve the change request for the Wisbech Access Strategy project.

(c) Note the funding position and forecast for Local Growth Fund Projects in delivery.

(d) Note the summary of funding streams under management of the Board.

2.0 BACKGROUND

2.1 The Local Growth Funds must be spent by 31 March 2021 but programme outcomes can be delivered beyond 2021. Local Growth Funds can provide Grants, Loans or other forms of funding such as Equity Capital Investment.

2.2 In addition to the Local Growth Funding there is recycled funding as a result of the Growing Places Loan Fund successfully borrowed and repaid during the programme which has established a recyclable pot of grants and loans for projects delivering economic benefit across the region and this pot has no spend deadline.

3.0 2021/22 GETTING BUILDING FUND

3.1 The Business Board approved accepting the allocation of £14.6million from MHCLG at its Extraordinary meeting on the 9th July 2020 and developing the highest ranked project as the basis for this allocation.

3.2 Leaders Strategy Meeting on 15th July 2020 will discuss the decision to accept the offer of £14.6million from MHCLG.

3.3 A formal acceptance letter and final template of the project delivery details has been prepared for submission on the 17th July 2020 to Secretary of State and team at MHCLG.

4.0 2020/21 LOCAL GROWTH FUND ANNUAL GRANT PAYMENT

4.1 Officers returned the completed submission to Cities and Local Growth Unit on the 17 June 2020 for the Local Growth Fund Annual Grant Payment.

4.2 The Cities and Local Growth Unit local team have confirmed they will be reviewing this submission across the summer with release of staggered payments to the Combined Authority based on projects under contract with confirmed spend by end of March 2021.

4.3 The Cities and Local Growth Unit paid the Combined Authority two-thirds of the £35million payment for final year 2020/21 in May 2020.

4.4 The remaining third of 2020-21 LGF grant will be paid in stages to the Combined Authority subject to review in August 2020 and then again in October 2020 and beyond into early 2021 as required, but each payment will only be paid against projects which are confirmed as under contract with a spend profile that can be achieved by end of March 2021.

5.0 LOCAL GROWTH FUND PROGRAMME POSITION

5.1. On 6th July 2020, the Combined Authority's Local Growth Fund programme had 16 projects including the new COVID-19 capital grant scheme in delivery, listed in table below:

Local Growth Fund Projects in Delivery		
Project Name	**Start Date**	**End Date**
Whittlesey Access Phase 1 King's Dyke Crossing	01/07/2016	30/06/2018
Wisbech Access Strategy	01/05/2015	31/03/2021
Lancaster Way Phase 2 Grant	30/12/2017	31/03/2021
Hauxton House Incubator Development	15/07/2019	30/06/2020
NIAB - AgriTech Start Up	02/02/2020	31/03/2021
NIAB - Hasse Fen Extension	01/03/2020	31/03/2021
TWI - Innovation Network Ecosystem	14/05/2020	31/03/2021
Illumina Accelerator Global Expansion	10/06/2020	31/03/2021
3D Centre of Excellence	10/03/2020	31/03/2021
Start Codon - Healthcare & Life Science Accelerator	06/07/2020	31/03/2021
West Cambridge Innovation Park	03/07/2020	31/03/2021
Agri-Tech Growth Initiative	01/08/2015	31/03/2018
COVID-19-19 Capital Growth Grant Scheme	14/10/2019	31/03/2021
AEB Innovation Scheme	01/07/2020	31/03/2021
Skills & Training Space Expansion	12/06/2020	31/03/2021
Medtech Accelerator	30/12/2016	31/03/2021

5.2. As of the 6th July 2020, there were 8 projects approved for funding by the Business Board which are in contract/funding agreement negotiation, pre-commencement of delivery, with a total value of £28.5million (see table below). This means that the Business Board had allocated a total of £142.36million of the £146.7million available.

Local Growth Fund Projects to Contract		
Project Name	**Start Date**	**End Date**
Brampton Hub - Mobility, Fuels & Logistics Launchpad	TBC	31/03/2021
South Fens Enterprise Park Phase 3	TBC	31/03/2021
University of Peterborough	TBC	31/03/2021
TTP Life Science Incubator	TBC	31/03/2021
Smart Manufacturing Association	TBC	31/03/2021
Advanced Manufacturing Innovation Launchpad - Chatteris	TBC	31/03/2021
Ascendal New Technology Accelerator	TBC	31/03/2021
Cambridge Biomedical Campus - Multi Occupancy Building	TBC	31/03/2021

5.3. However there are two contracted projects, Wisbech Access Strategy and M11 Junction 8 improvements that will not now not be using some or all of their original allocation of LGF, and two approved pre-contract projects which will not now commence. This will return £3.7million to the LGF budget meaning, after other adjustments and approvals since the last update, the Fund has a total of £4.348million still required to be allocated to projects with spend before the end of March 2021. This remaining funding is to be considered for allocation to the 3 project proposals being presented to this Business Board meeting in a separate paper which can deliver spend of Local Growth Funds by end of March 2021.

5.4. The Wisbech Access Strategy project was presented to the Cambridgeshire County Council Highways and Transport Committee on 7 July 2020, where it was proposed and agreed that subject to the Business Board and CPCA Board approval three of the five schemes: Broad End Road (BER2); Elm High Road roundabout (EH1); and Elm High Road (EH7B) be progressed into construction with the remaining two schemes paused pending decisions relating to the proposed energy plant and Wisbech Rail progression. Therefore the LGF commitment would reduce to £6million returning £4.5million LGF funding for use on other projects. The remaining funds of £3.9million to complete these three schemes in phase 1 beyond March 2021, to be approved for release from the subject to approval lines in the Combined Authority's Medium Term Financial Plan (MTFP).

CHANGE REQUEST

5.5. Wisbech Access Strategy Project has formally issued a change request to the LGF fund and this has been considered by Officers as a reasonable request to adjust the overall awarded LGF from £10.5million to £6million for the scheme in terms of what can be delivered within the possible spending timeframe deadlines meaning that £4.5million is returned to the overall fund for reallocation. The Business Board is asked to recommend the Combined Authority approve the change request as per **Appendix A**.

Local Growth Fund Projects Withdrawn		
Project Name	**Start Date**	**Withdrawn Date**
M11 J8	02/04/2019	01/06/2020
Cambridge Northern Fringe - Sci Tech Container Village	TBC	12/05/2020
Wisbech Construction Careers Hub	TBC	15/06/2020

5.6. The total programme expenditure to the 6th July 2020 including completed projects is £76.142million. This is the total actually paid out to projects and runs well behind the combined project approval/allocation figure.

5.7. There are 21 completed Local Growth Fund projects (see table below) subject to evaluation over the coming months as part of the Local Growth Funding Monitoring & Evaluation plan agreed at the last Business Board meeting. The project in italics is the West Anglia Training Association which went into liquidation and the Local Growth Fund has repatriated £323,700 from the liquidator to add into the fund pot to be allocated.

Local Growth Fund Projects Completed		
Project Name	**Start Date**	**End Date**
Ely Southern Bypass	01/10/2016	01/06/2018
Bourges Boulevard Phase 1	04/01/2014	31/07/2015
Bourges Boulevard Phase 2	01/03/2016	31/03/2019
A47/A15 Junction 20	01/03/2016	31/03/2017
TWI (The Welding Institute) Expansion	01/09/2015	31/10/2016
Technical and Vocational Centre, Alconbury Weald	01/05/2015	31/03/2018
Cambridge Biomedical Innovation Centre	01/12/2015	31/10/2016
Peterborough Regional College Food Mfg Centre	07/01/2015	31/07/2016
Growing Places Fund Extension	07/08/2015	31/03/2019
Highways Academy	*01/03/2015*	*31/05/2016*
CITB Construction Academy	10/01/2016	29/10/2017
EZ Plant Centre Alconbury	*01/01/2016*	*31/03/2016*
Signpost to Grant	01/02/2016	31/03/2019
Lancaster Way Phase 1 Loan	01/12/2016	31/03/2021
Lancaster Way Phase 2 Loan	31/01/2017	31/03/2021
Manea & Whittlesea Stations	31/01/2017	31/03/2021
Terraview Loan	01/12/2018	30/04/2019
Soham Station	04/07/2019	01/07/2020
Haverhill Epicentre	01/07/2019	01/07/2020
Advanced Manufacturing Facility - Living Cell	26/03/2020	31/05/2020
Aerotron CAPEX Relocation Project	01/04/2020	01/06/2020

6.0 GROWTH DEAL MONITORING RETURN Q4 2019/20

6.1. The Business Board is required to submit formal monitoring returns to Government on Growth Deal performance and forecasts on a quarterly basis.

6.2. The return for Q4 2019/20 had its submission postponed to September 2020 by MHCLG due to COVID-19 but Officers have since submitted this return in June 2020.

6.3. The return for Q1 2020/21 has been prepared by Officers ready for submission and the dashboard is attached at **Appendix B** for Business Board members to note prior to be submitted to MHCLG.

6.4. The LGF team has been compiling and updating an Issue Log for all projects live in delivery or in pre-contract negotiation. This is being shared with MHCLG and Business, Energy & Industrial Strategy (BEIS) colleagues to appraise the situation regarding COVID-19 upon LGF delivery. Please note **Appendix C** LGF Project Delivery Issue Log.

6.5. Projects shown in amber have slightly delayed delivery but with resolutions agreed with delivery partners to complete schemes by delivery end date. The RAG rating of all transport projects remains Amber or Amber/Green. There are currently no projects red-flagged as at end of Quarter 1 30 June 2020.

Project RAG Ratings

Project Name	Prev Qtr Q4_1920	This Qtr Q1_2021	Project Name	Prev Qtr Q4_1920	This Qtr Q1_2021
Whittlesey Acess Phase 1 King's Dyke Crossing	A	G	The Growth Service	-	-
Ely Southern Bypass	G	G	NIAB - Hasse Fen Extension	G	G
Bourges Boulevard Phase 1	G	G	TWI - Innovation Network Ecosystem	G	G
Bourges Boulevard Phase 2	G	G	Illumina Accelerator Global Expansion	G	G
A47/A15 Junction 20	G	G	Advanced Manufacturing Facility - Living Cell	G	G
Wisbech Access Stategy	A	AG	Cambridge Northern Fringe - Sci Tech Container Village	G	N/A
TWI (The Welding Institute) Expansion	G	G	LGF Topslice	-	G
Technical and Vocational Centre, Alconbury Weald	G	G	Ascendal New Technology Accelerator	G	AG
Agri-Tech Growth Initiative	G	G	3D Centre of Excellence	AG	G
Cambridge Biomedical Innovation Centre	G	G	Aerotron CAPEX Relocation Project	G	G
Haverhill Innovation Centre	N/A	N/A	Start Codon - Healthcare & Life Science Accelerator	G	AG
Peterborough Regional College Food Mfg Centre	G	G	Advanced Manufacturing Innovation Launchpad - Chatteri	G	G
Growing Places Fund Extension	G	G	Smart Manufacturing Association	G	AG
Highways Academy	G	G	Cambridge Biomedical Campus - Multi Occupancy Buildir	G	AG
CITB Construction Academy	G	G	TTP Life Science Incubator	G	AG
EZ Plant Centre Alconbury	G	G	Wisbech Construction Careers Hub	AG	N/A
Signpost to Grant	G	G	University of Peterborough	G	G
Medtech Accelerator	G	G	South Fens Enterprise Park Phase 3	G	AG
Lancaster Way Phase 1 Loan	G	G	Skills & Training Space Expansion	G	G
Lancaster way Phase 2 Loan	G	G	Brampton Hub - Mobility, Fuels & Logistics Launchpad	G	AG
Lancaster way Phase 2 Grant	A	AG	West Cambridge Innovation Park	G	AG
Manea & Whittlesea Stations	G	G	AEB Innovation Scheme	N/A	G
M11 J8	AG	N/A	-	-	-
Terraview Loan	G	G	-	-	-
Soham Station	AG	G	-	-	-
Haverhill Epicentre	G	G	-	-	-
Forecast	G	N/A	-	-	-
COVID-19 Capital Growth Grant Scheme	G	G	-	-	-
Hauxton House Incubator Development	G	G	-	-	-
NIAB - AgriTech Start Up	G	G	-	-	-

7.0 COVID-19 BUSINESS CAPITAL GRANTS PROGRAMME AND MICRO BUSINESS CAPITAL GRANT SCHEME

7.1 The COVID-19 Capital Grant scheme and Micro Business Scheme are now closed due to unprecedented demand and all funds being awarded out to businesses.

7.2 The Micro Business Grant was funded out of Combined Authority Capital Gainshare funds and is being reported to the Business Board for information.

7.3 **Appendix D** provides further data on the breakdown of the grants awarded across the area and sectors.

7.4 The pipeline and outputs as of 30 June 2020 were:

	£m	Number
Budget Approved	£5,500.000	
Grant Awarded	£5,496,908.63	
Grant Declined	£10,738,759.77	
Grants Awarded		132
Grants Declined		244
New Jobs Created		287.5
Jobs Safeguarded		522

Region	Total Grants	Total Awarded	Jobs Created	Jobs Safeguarded
Huntingdonshire	47	£1,681,351.42	108.5	193
Cambridge City	18	£862,772.55	37.5	64.5
Kings Lynn & West Norfolk	12	£653,415.39	25	37
Peterborough City	19	£604,365.80	36.5	89
South Cambridgeshire	13	£569,125.28	29.5	49.5
Fenland	8	£539,463.69	20	25
East Cambridgeshire	9	£329,997.03	11	27.5
West Suffolk	3	£212,692.00	1.5	26.5
South Holland	2	£39,107.87	18	8
Uttlesford	1	£4,617.60	0	2

7.5 Micro Business Capital Grant Scheme

	£'000	Number
Budget Approved	£500,000.00	
Grant Awarded	£499,923.20	
Grant Declined	£623,095.88	
Grants Awarded		128
Grants Declined		119
Jobs Safeguarded		278.5

Region	Total Grants	Total Awarded	Jobs Safeguarded
Huntingdonshire	42	£166,720.51	102.5
Peterborough City	29	£108,252.56	61
South Cambridgeshire	16	£70,177.59	32
East Cambridgeshire	19	£69,924.67	36
Fenland	15	£56,022.94	34
Cambridge City	7	£28,824.93	13

8.0 EASTERN AGRI-TECH GROWTH INITIATIVE UPDATE

8.1 The Eastern Agri-Tech Growth Initiative currently has a total of 9 live projects across Business Board /New Anglia (NALEP) geography, which are on track to complete to their planned schedules. The Eastern Agri-Tech programme board meeting on 31 March 2020 did not go ahead because of COVID-19, and the decisions are now being considered by email procedures. The Programme Board has approved by email procedures an R&D project and awarded grant funding of

£50,500. The successful applicant is based in the South Kesteven District Council.

8.2 In June, the scheme received 2 completed Pre-Qualification Questionnaires; one business is based in the Huntingdonshire District Council area and the other in the Broadland District Council area (Norfolk). The combined indicative grant sought is £149,000. One is an R&D project and the other is a CAPEX project.

8.3 So far in July, the scheme received 2 completed Pre-Qualification Questionnaires; both businesses are in the New Anglia LEP area; 1 is in Norfolk and the other in Suffolk. The combined indicative grant sought is £95,000. Both are CAPEX projects.

8.4 The Scheme also received 3 new full applications - all 3 are located in the New Anglia LEP area. The combined indicative grant sought is £161,000. Two are CAPEX projects and the other is an R&D project.

8.5 There are currently 2 applications being appraised. Both applicants are in the Combined Authority/BB area. The combined grant request is just over £100,000.

8.6 In order to enhance the scheme and level across the same criteria as the R&D element of the scheme, there is a separate paper to this Board meeting on changing the intervention rate offered.

9.0 LOCAL GROWTH FUND MONITORING AND EVALUATION UPDATE

9.1 The LGF Monitoring and Evaluation plan was agreed by the Business Board at its meeting in January 2020.

9.2 The Monitoring of projects in delivery continues by the LGF team on a monthly and quarterly basis and COVID-19 has amplified the position of more regular engagement on most projects particularly those that have indicated issues and/or delays.

9.3 The LGF team will commence work on the phase one part of the Evaluation plan in the coming weeks as the procurement concludes to appoint a specialist contractor to provide data analysis support and impact reporting for each project. The phase one focuses on the historical awarded LEP projects which have been completed.

9.4 The new specialist contractor to support the evaluation work of the LGF team is being procured as part of the larger Business & Skills insight, data analysis and economic impact data research, plus strategy refresh work in light of COVID-19 through a framework procurement.

10.0 SUMMARY OF LGF FUNDING AND RECYCLED FUNDING

10.1 In table one in **Appendix E,** the LGF summary shows the total award of funds in previous years and for the current year with Management/Admin top-slice shown, then returned and underspent funds added back in to the fund, finally the table concludes the overall total awarded to date and the remaining balance to award to new projects.

10.2 In table two this shows all current live LGF projects with forecasted spend for this final year 2020-21. This table also includes the projects that have withdrawn this year. Wisbech Access Strategy project is shown in the table at the newly requested reduced amount of LGF.

10.3 Table three shows the to date and future summary of the recycled funding from LGF and Growing Places Fund (GPF) which has been loaned previously to projects and has been repaid or is being repaid over the future years as shown in the table.

11.0 SIGNIFICANT IMPLICATIONS

11.1 None

12.0 FINANCIAL IMPLICATIONS

12.1 There are no direct financial implications.

13.0 LEGAL IMPLICATIONS

13.1 The Cambridgeshire and Peterborough Combined Authority Order 2017 granted the Combined Authority a general power of competence. This power permits the Combined Authority to make grants to providers in order to deliver the terms of the devolution deal signed with Government

13.2 The Business Board is responsible for programme direction of the Growth Funds. The Combined Authority, as the Accountable Body, maintains the legal agreements with project delivery bodies.

14.0 IMPLICATIONS FOR NATURE

14.1 None

15.0 OTHER SIGNIFICANT IMPLICATIONS

15.1 None

16.0 APPENDICES

16.1 **Appendix A** – Wisbech Access Strategy project change request

16.2 **Appendix B** - 2020-21Q1 LGF Return to CLGU Draft

16.2 **Appendix C** - LGF-Issue-Log 2020.07.07

16.2 **Appendix D** – COVID-19 Capital Grants and Micro Business Grants report

16.5 **Appendix E –** Summary of LGF And Recycled Funding

Background Papers	**Location**
i. Local Growth Fund Documents, Investment Prospectus, guidance and application forms	https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/
ii. Eastern Agri-tech Growth initiative guidance and application forms	https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/
iii. List of funded projects and MHCLG monitoring returns	https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/
iv. Local Industrial Strategy and associated sector strategies	https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/
v. COVID-19 Business Capital Grant Scheme	https://capitalgrantscheme.co.uk/

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY | JAMES PALMER CAMBRIDGESHIRE & PETERBOROUGH MAYOR

Project Change Request Form

This document should be used to seek approval to change one or more of the agreed parameters of the project e.g. budget, deadlines.

It can also be used for changes that have already happened.

The Change Request will be considered in line with the agreed parameters and delegations and may need to be referred to the Combined Authority Board, depending on the level of change being requested. Change should not be implemented until Project Board/CPCA approval is obtained.

<table>
<tr><th colspan="3">Details of change request</th></tr>
<tr><td>Project Name</td><td colspan="2">Wisbech Access Strategy</td></tr>
<tr><td>Project Manager</td><td>Project Director</td><td>Date of change request</td></tr>
<tr><td>Kristian Mobbs – Cambridgeshire County Council Project Leader</td><td>Andy Preston – Assistant Director Infrastructure & Growth, Cambridgeshire County Council</td><td>10th July 2020</td></tr>
<tr><td colspan="3">Details of change requested and impact to project</td></tr>
<tr><td colspan="3">This change request required for the project is to remove 2 of the improvement sites from the 5 included within the funding agreement. The 5 sites are known as;
EH7b Weasenham Road Rbt.
EH1 Elm Road / A47 Rbt.
BER2 Broadend Road Rbt
CR2 Cromwell Road Junction
SAR1 Southern Access Road
These have all completed preliminary design. Neither CR2 nor SAR1 are being progressed through detailed design due to the energy from waste facility proposal by MVV - Medworth Energy. The proposal, if approved, would have an impact on the traffic flows in the local area, as well as the proportion of Heavy Goods Vehicles present in this traffic. Additionally, the revised cost estimates at the end of the Preliminary Design Stage are in excess of the available grant.

Therefore there is a reduction in the number of sites to be delivered and the benefits these would deliver.</td></tr>
<tr><td colspan="3">Reason for change</td></tr>
<tr><td colspan="3">Until the MVV proposals are concluded neither CR2 nor SAR1 can progress as explained above. The original grant fund was provided on the basis that the detailed design and construction would be delivered for £10.5m. The revised estimate undertaken at the end of Preliminary Design was £16.1m.</td></tr>
<tr><td colspan="3">Other options considered</td></tr>
<tr><td colspan="3">The Southern Access Road and the works on Cromwell Road are within the same footprint as the MVV proposal and therefore clash.

Therefore the change request is to reduce the scope until the MVV proposal is concluded.</td></tr>
</table>

Costs/impacts of implementing the change

The revised estimates for the project after the Preliminary Design stage for the 5 sites has had an impact on the Benefit Cost Ratio (BCR) as well as the budget. This is illustrated below;

Site Ref	2017 BCR	2017 Cost Estimate	2019 BCR	2019 Cost Estimate
EH7b &EH1	3.21	£3.6m	2.2	£6.9m
BER2	2.74	£3.2m	-3.14	£3.0m
CR2	13.11	£0.7m	3.86	£3.4m
SAR1	17.79	£3.3m	12.08	£2.8m
Total	4.86	£10.8m	3.79	£16.1m

By removing CR2 and SAR1, due to the MVV Medworth proposal, this drops the BCR to -0.03. The remainder of the detailed design, utility diversions and construction costs is forecast to be £9.9m

This drop in the overall BCR to a negative figure has to be understood in the context of the project objectives and the individual site BCR's.

The £9.9m revised forecast for the 3 sites is to be funded via £6m of the £10.5m Growth Fund, (£4.5m estimated spend by 31st March 2021) and a further £3.9m earmarked from the CPCA Medium Term Financial Plan. The Budget Provision will be periodically reviewed.

The project objective is to open up areas for future development and meet the local plan for growth. EH7b and EH1 have to be delivered together, as the benefits are too interlinked and the improvements to these 2 junctions is needed on the basis of improving significant pinch points. The negative figure for BER2 is due to the need to add a significant new junction to the strategic network, which is a Highways England requirement to support the development of east Wisbech.

Risk of implementing the change and reviewers considering the change

The reduction in the BCR is significant, when considering, the original provision for funding. However, the local plan relies upon the delivery of these 3 junctions to proceed. The local plan also relies upon the development of the area CR2 and SAR1 access, however, the MVV Medworth proposal is for the same area and therefore materially changes the benefits originally put forward for development.

The future for CR2 and SAR1 will need to be decided once the Development Consent Order has been concluded.

It is also worth noting that none of the above includes any impact from COVID 19.

Reviewers – Please include the name of the person and job title with a signature (this can be electronic) e.g. Finance Manager, Project/Programme Manager etc

Name and Job Title	Signature
Andy Preston, Assistant Director Infrastructure & Growth	A J C Preston
Graham Hughes, Service Director, Highways & Transport	

Decisions/approval for change	
CPCA Director decision	
Name of Director:	
Decision:	
Signature:	
Date of Decision:	
CPCA Programme Board decision (if applicable)	
Decision:	
Date of Decision:	
CPCA Board decision (If applicable)	
Decision:	
Date of Decision:	

Please save evidence of approvals into the project folder on SharePoint

LEP Name	**Greater Cambridge and Peterborough LEP**
This Quarter:	**Q1_2021**

Growth Deal Performance	Area lead comments
G	

Deliverables Progress

Housing	This Quarter	15-17	Financial Year 17-18	18-19	19-20	20-21	21-22		Total
Houses Completed	**0**	200	200	0	0	0	-	-	**400**
Forecast for year	**870**	200	200	628	868	870	7,309		**10,075**
Progress towards forecast	**0%**		100%	0%	0%	0%	-	-	**4%**
Jobs									
Jobs Created	**0**	61	461	0	55	0	-	-	**577**
Apprenticeships Created*	**0**	0	0	0	0	0	-	-	**0**
Jobs including Apprenticeships	**0**	61	461	0	55	0			**577**
Forecast for year	**3,962**	51	403	871	692	3,962	23,815		**29,794**
Progress towards forecast	**0%**		114%	0%	8%	0%	0%	-	**2%**

* Apprenticeships included within jobs totals prior to 2017

Skills	This Quarter	15-17	17-18	18-19	19-20	20-21	21-22		Total
Area of new or improved floorspace (m2)	**0**	440	2,972	432	0	0	-	-	**3,844**
Forecast for year	**0**	440	2,380	0	0	0	7,544		**10,364**
Progress towards forecast	**-**		125%	-	-	-	-	-	**37%**
Number of New Learners Assisted	**0**	0	1,198	0	0	0	-	-	**1,198**
Forecast for year	**462**	0	125	181	179	462	550		**1,497**
Progress towards forecast	**0%**		958%	0%	0%	0%	-	-	**80%**
Transport									
Length of Road Resurfaced	**0.0**	0.0	6.0	10.0	0.0	0.0	-	-	**16.0**
Length of Newly Built Road	**0.0**	0.0	1.0	4.2	0.0	0.0	-	-	**5.2**
Length New Cycle Ways	**0.0**	0.0	2.5	17.0	0.0	0.0	-	-	**19.5**

Project RAG Ratings

Project Name	Prev Qtr Q4_1920	This Qtr Q1_2021	Project Name	Prev Qtr Q4_1920	This Qtr Q1_2021
Whittlesey Acess Phase 1 King's Dyke Crossing	A	G	The Growth Service	-	-
Ely Southern Bypass	G	G	NIAB - Hasse Fen Extension	G	G
Bourges Boulevard Phase 1	G	G	TWI - Innovation Network Ecosystem	G	G
Bourges Boulevard Phase 2	G	G	Illumina Accelerator Global Expansion	G	G
A47/A15 Junction 20	G	G	Advanced Manufacturing Facility - Living Cell	G	G
Wisbech Access Stategy	A	AG	Cambridge Northern Fringe - Sci Tech Container Village	G	N/A
TWI (The Welding Institute) Expansion	G	G	LGF Topslice	-	G
Technical and Vocational Centre, Alconbury Weald	G	G	Ascendal New Technology Accelerator	G	AG
Agri-Tech Growth Initiative	G	G	3D Centre of Excellence	AG	G
Cambridge Biomedical Innovation Centre	G	G	Aerotron CAPEX Relocation Project	G	G
Haverhill Innovation Centre	N/A	N/A	Start Codon - Healthcare & Life Science Accelerator	G	AG
Peterborough Regional College Food Mfg Centre	G	G	Advanced Manufacturing Innovation Launchpad - Chatteri	G	G
Growing Places Fund Extension	G	G	Smart Manufacturing Association	G	AG
Highways Academy	G	G	Cambridge Biomedical Campus - Multi Occupancy Buildir	G	AG
CITB Construction Academy	G	G	TTP Life Science Incubator	G	AG
EZ Plant Centre Alconbury	G	G	Wisbech Construction Careers Hub	AG	N/A
Signpost to Grant	G	G	University of Peterborough	G	G
Medtech Accelerator	G	G	South Fens Enterprise Park Phase 3	G	AG
Lancaster Way Phase 1 Loan	G	G	Skills & Training Space Expansion	G	G
Lancaster way Phase 2 Loan	G	G	Brampton Hub - Mobility, Fuels & Logistics Launchpad	G	AG
Lancaster way Phase 2 Grant	A	AG	West Cambridge Innovation Park	G	AG
Manea & Whittlesea Stations	G	G	AEB Innovation Scheme	N/A	G
M11 J8	AG	N/A	-	-	-
Terraview Loan	G	G	-	-	-
Soham Station	AG	G	-	-	-
Haverhill Epicentre	G	G	-	-	-
Forecast	G	N/A	-	-	-
COVID-19 Capital Growth Grant Scheme	G	G	-	-	-
Hauxton House Incubator Development	G	G	-	-	-
NIAB - AgriTech Start Up	G	G	-	-	-

Financial Progress

LGF Award	2015-16	2016-17	17-18	18-19	19-20	20-21	Total
	£21,100,000	£33,625,463	£23,664,705	£16,705,458	£15,875,346	£35,737,637	£146,708,609

	This Quarter	15-17	Financial Year 17-18	18-19	19-20	20-21	Total
LGF Outturn							
Actual	**£ -**	£ 37,238,889	£ 13,100,800	£ 19,297,072	£ 919,521	£ -	**£ 70,556,282**
Forecast for year	**£ 61,715,635**	£ 26,782,975	£ 34,455,055	£ 12,806,955	£ 6,659,657	£ 61,715,635	**£ 142,420,277**
Progress towards forecast	**0%**		38%	151%	14%	0%	**50%**
LGF Expenditure							
Actual	**£ 9,502,323**	£ 37,238,889	£ 13,100,800	£ 16,876,608	£ 4,722,079	£ 9,502,323	**£ 81,440,699**
Forecast for year	**£ 65,079,747**	£ 35,205,388	£ 31,237,231	£ 13,451,384	£ 7,599,541	£ 65,079,747	**£ 152,573,291**
Progress towards forecast	**15%**		42%	125%	62%	15%	**53%**
Non-LGF Expenditure							
Actual	**£ -**	£ 11,050,401	£ 22,676,132	£ 682,302	£ -	£ -	**£ 34,408,835**
Forecast for year	**£ 52,971,949**	£ 10,941,645	£ 6,627,615	£ 7,320,385	£ 17,614,527	£ 52,971,949	**£ 95,476,121**
Progress towards forecast	**0%**		342%	9%	0%	0%	**36%**
Total LGF + non-LGF Expenditure							
Actual	**£ 9,502,323**	£ 48,289,290	£ 35,776,932	£ 17,558,910	£ 4,722,079	£ 9,502,323	**£ 115,849,534**
Forecast for year	**£ 118,051,696**	£ 46,147,033	£ 37,864,846	£ 20,771,769	£ 25,214,068	£ 118,051,696	**£ 248,049,412**
Progress towards forecast	**8%**		+94%	+85%	+19%	+8%	**47%**

Contractual Commitments (manual entry)

	15-17	17-18	18-19	19-20	20-21	Total
Forecast	£ 36,150,465	£ 37,672,942	£ 8,732,797	£ 17,977,685	£ 46,174,720	£ 146,708,609
Actual	£ 34,979,061	£ 21,812,905	£ 18,899,250	£ 8,658,590	£ 58,070,471	£ 142,420,277
Variance	-3%	-42%	+116%	-52%	+26%	-3%

Commentary

Section 151 Officer Approved

Name **Rob Emery (Dept. S73 Officer for CPCA)**

Signature

Date:

Accountable Body Head of Paid Services Approval

Name **John T. Hill (Director of Business & Skills, Cambridgeshire and Peterborough Combined Authority)**

Signature

Date

LGF Project Name	Risk Status	Position	Status	06/07/2020 – Issue Updates
Medtech Accelerator - Health Enterprise East	GREEN		In Delivery	In Contract
Illumina Genomics Accelerator - Illumina	GREEN	**Delayed start**	In Delivery	In Contract
Ascendal New Technology Accelerator	AMBER	**Delayed start**	Pre Contract	Final Draft of Contracts in place awaiting meeting to agree
Logistics Launchpad - Endurance Estates - Brampton	AMBER	**Delayed start**	Pre Contract	Awaiting contract from Endurance Estates
Agri-Tech Growth Initiative - CPCA	GREEN		In Delivery	In Contract
Whittlesey Access Phase 1 King's Dyke Crossing	AMBER		In Delivery	Final payment being invoiced July 2020
Wisbech Access Strategy	AMBER		In Delivery	Change request being presented to BB 27/07/2020
Advanced Manufacturing Launchpad - Metalcraft	AMBER	**Delayed start**	Pre Contract	Contract with Metalcraft for final iteration
Hauxton House Incubator Development	GREEN		In Delivery	In Contract
NIAB - AgriTech Start Up Incubator	GREEN		In Delivery	In Contract
TWI Ecosystem Innovation centre - TWI	GREEN	**Delayed start**	In Delivery	In Contract
NIAB - Agri-Gate Hasse Fen extension	GREEN		In Delivery	In Contract
CUHP - Cambridge Biomedical Campus Multi Occupancy Building		**Delayed start**	Pre Contract	Review of contract before final sign off
3D Centre of Excellence Relocation - Photocentric	GREEN		In Delivery	In Contract
TTP Life Sciences Incubator	AMBER	**Delayed start**	Pre Contract	Marked up Agreement received for review. To be sent back on 7/7/2020 for final check and sign off by the Applicant
March Adult Edu Centre Expansion - Cambridgeshire Skills	GREEN	**Delayed start**	In Delivery	In Contract
West Cambridgeshire Innovation Park - Uni of Cambridge	AMBER	**Delayed start**	"In Delivery"	Agreement signed, and awaiting sign off by Monitoring team
Opportunity Peterborough - Smart Manufacturing Association	AMBER	**Delayed start**	Pre Contract	Awaiting Agreement from the Applicant- Due to be sent by 10th July
Sci-Tech village - U+I PLC	WITHDRAWN	**Major concern**	Withdrawn	Withdrawn
M11 J8 - Essex County Council	WITHDRAWN		Withdrawn	Withdrawn
Haverhill Epicentre - Jaynic	GREEN		Completed	Completed
Construction Skills centre - Wisbech College	WITHDRAWN	**Major concern**	Withdrawn	Withdrawn
Aerotron Relocation - Repair centre of excellence	GREEN	**On-track**	Completed	Completed
The Growth Service - CPCA	GREEN	**On-track**	Pre Contract	Procurement ongoing
Lancaster way Phase 2 Grant	GREEN		In Delivery	In Contract
Terraview Loan - Terraview	GREEN		Completed	Completed
Cambridge Healthcare & Life Science Start-up Accelerator - Start Codon	GREEN	**On-track**	In Delivery	In Contract
University of Peterborough phase 1 - JV with PCC	GREEN	**On-track**	Pre Contract	Progressing
South Fen Enterprise Park - Fenland District Council	AMBER	**On-track**	Pre Contract	Awaiting contract for FDC
Living Cell - Aracaris Capital Ltd	GREEN	**On-track**	Completed	Completed
Capital Growth Grant Scheme	GREEN		In Delivery	In Contract - no issues all funds allocated

Appendix C

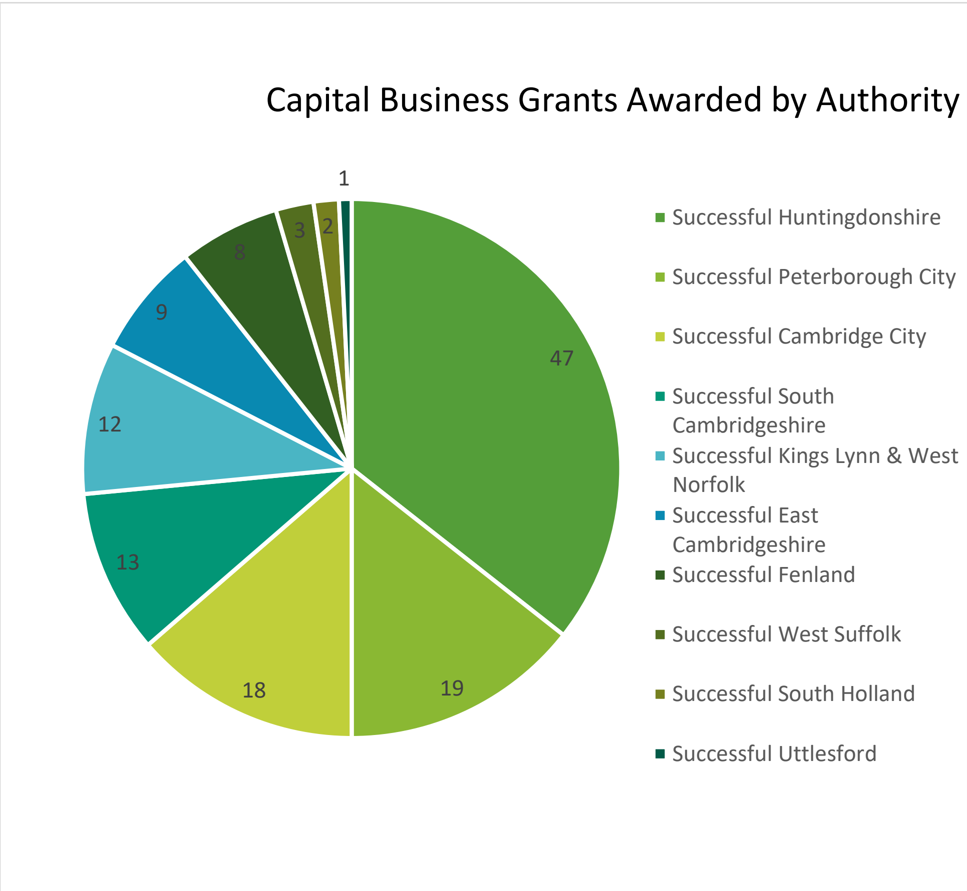
Appendix D

COVID BUSINESS CAPITAL GRANTS PROGRAMME AND MICRO BUSINESS CAPITAL GRANT SCHEME

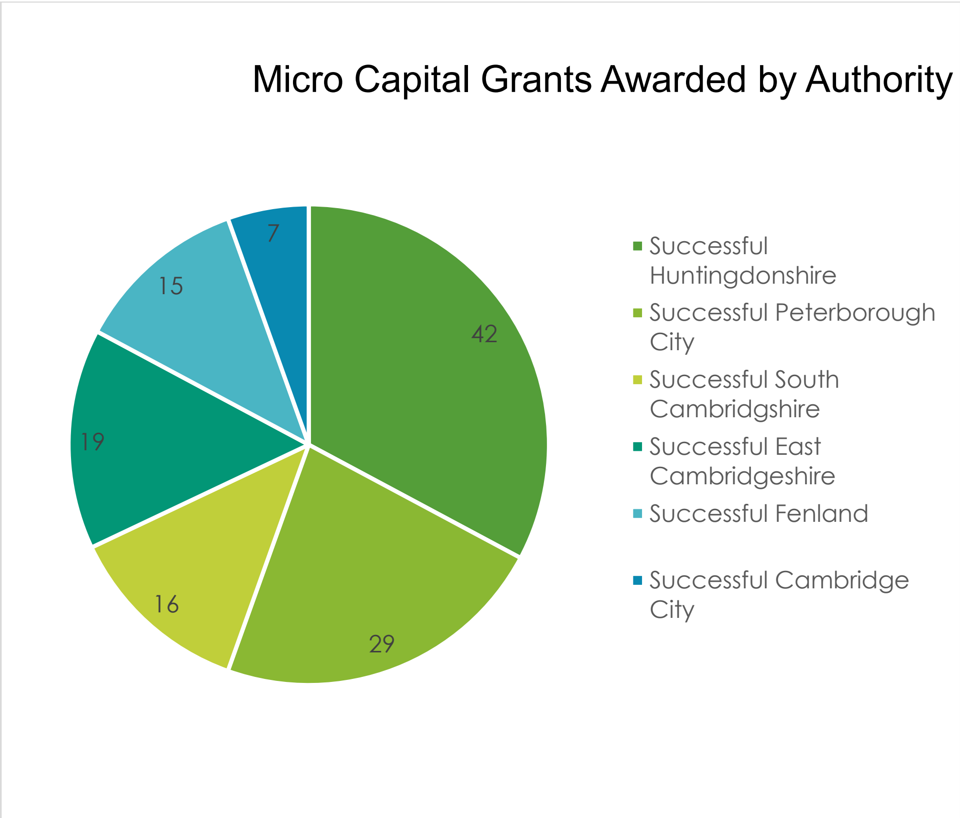
1. Introduction

1.1. In response to the COVID-19 crisis, the Cambridgeshire & Peterborough Combined Authority (CPCA) developed 2 grant schemes to support businesses across the CPCA Region.

- **The COVID Business Capital Grant Scheme**: The scheme was awarded £5.5m of Local growth Fund and offered capital subsidy to help Registered Limited Companies. The subsidy was in the form of grants between £2,000 and £150,000. For grants of £2,000 - £49,999, the CPCA agreed to fund up to 80% of the total equipment costs. For grants between £50,000 - £150,000 agreed to fund up to 50% of the total equipment costs. Eligible applicants were Small to Medium sized Enterprises (SMEs) employing more than 5 full time employees, who were registered with Companies House and had a turnover of less than €46m in the CPCA/Local Enterprise Partnership area. They were discretionary grants and each application was appraised externally to ensure projects met the criteria and that the outcomes were a good fit with the Local growth Fund; those being:
    - Job creation
    - Job retention
    - Apprenticeship creation



- **The Micro Capital Grant Scheme:** The grant scheme was funded through Gainshare to a value of £500,000 and offered capital support to sole traders and business employing no more than 5 full time employees, in the CPCA area. The grant subsidy was between £2,000 and £5,000 up to a value of 80% of the full costs of capital equipment. Again, these grants were discretionary and subject to external review to ensure they were viable and would support in maintaining businesses during the crisis.

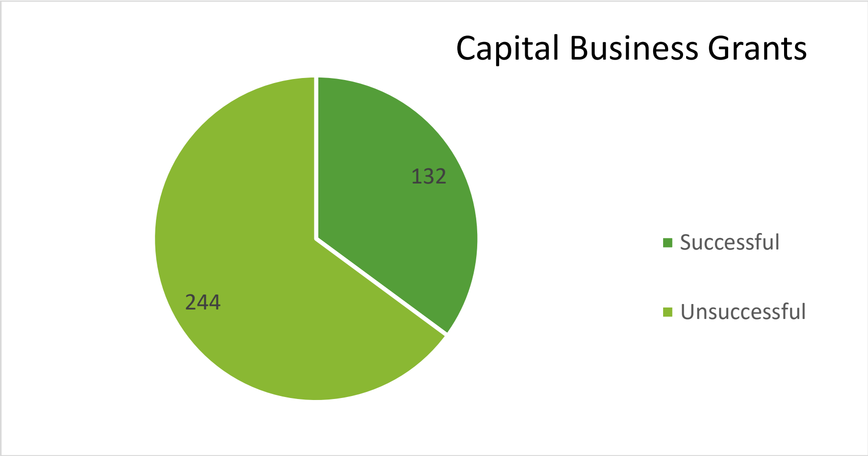


2. Delivery

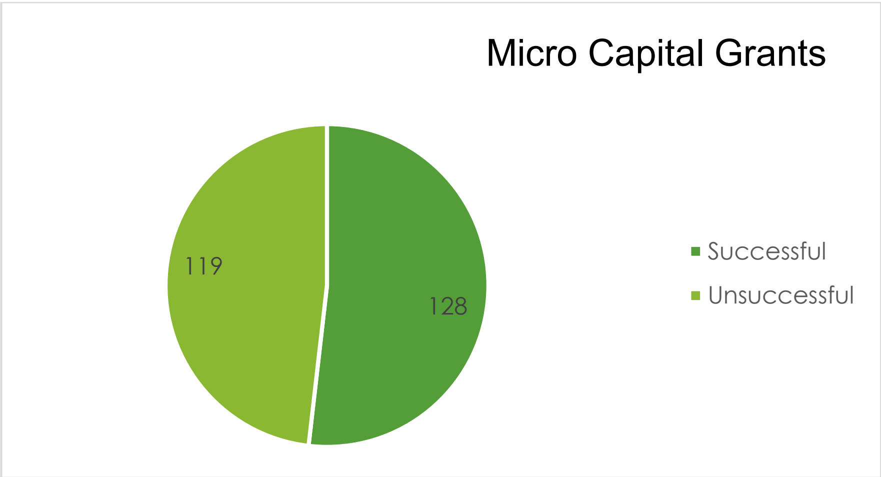
2.1. The agreement to fund the COVID response grants was given at the beginning of April 2020, and within 2 weeks we had established an application process supported using HubSpot, an innovative customer relations management tool to manage online application forms.

2.2. Applications were managed on HubSpot and the internal CPCA team engaged Deyton Bell to carry out the external appraisal of the applications. Several checks were carried out on each company applying to ensure they were legitimate applications and met the criteria of the individual schemes.

2.3. The Capital Business Grant ran for 6 weeks and in this time took a total of 376 applications.



2.4. The Micro Capital Business Grant ran for 8 weeks and in this time took a total of 247 applications.

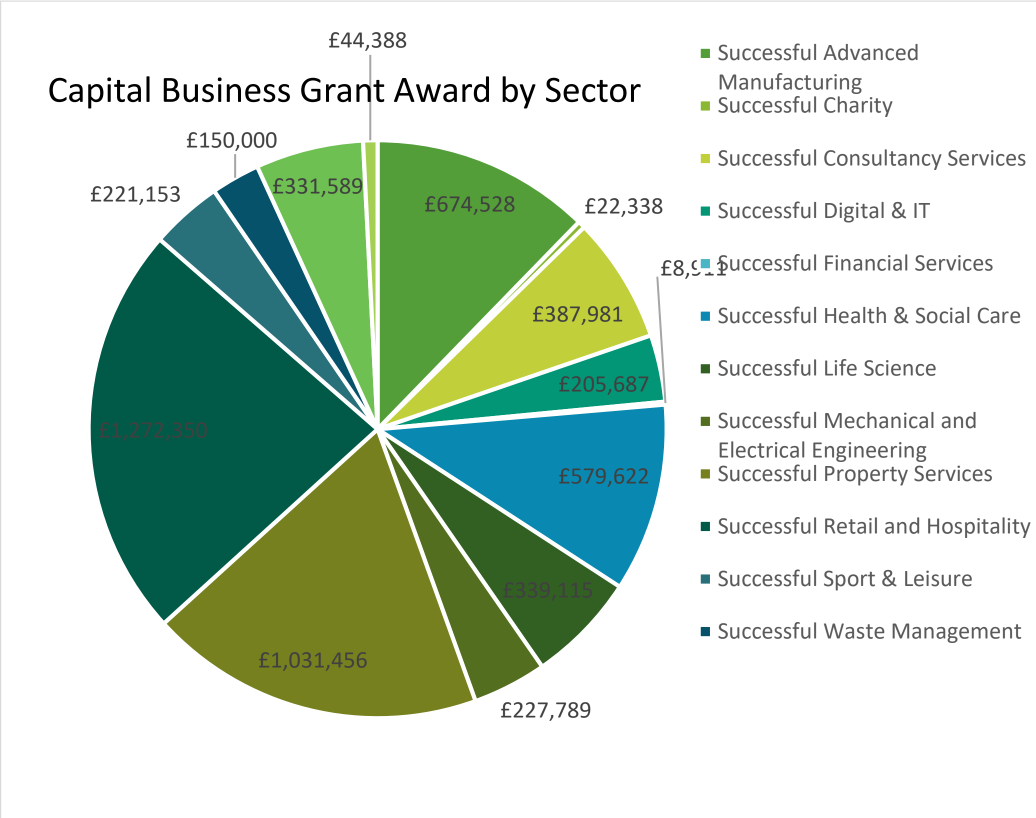


2.5. Both grant schemes were significantly over subscribed, we had 244 applications that were either unsuccessful or could not be processed due to the funds being exhausted on the capital business grant and 119 on the Micro capital Grant. In all cases the applicants were informed, and support was offered through the Growth Hub.

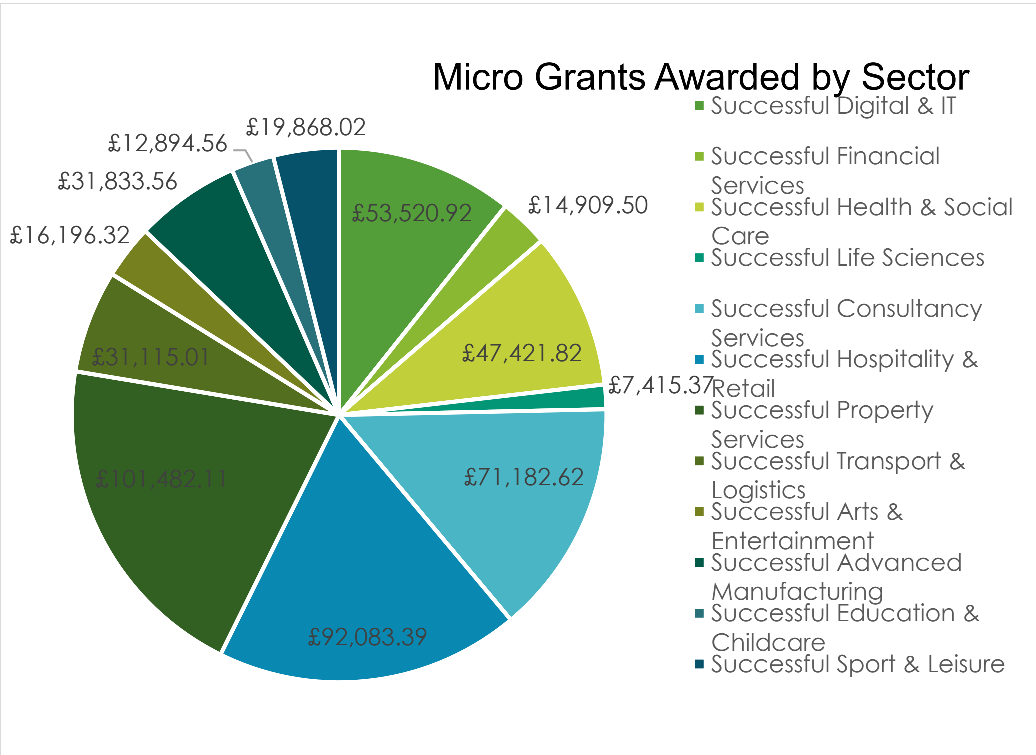
2.6. In total the grant schemes awarded £5,996,831.83 to companies across Cambridgeshire, Peterborough and the wider LEP area.

2.7. Various sectors benefited from the grant schemes which was excellent and shows the variety of businesses and entrepreneurs across the regions:

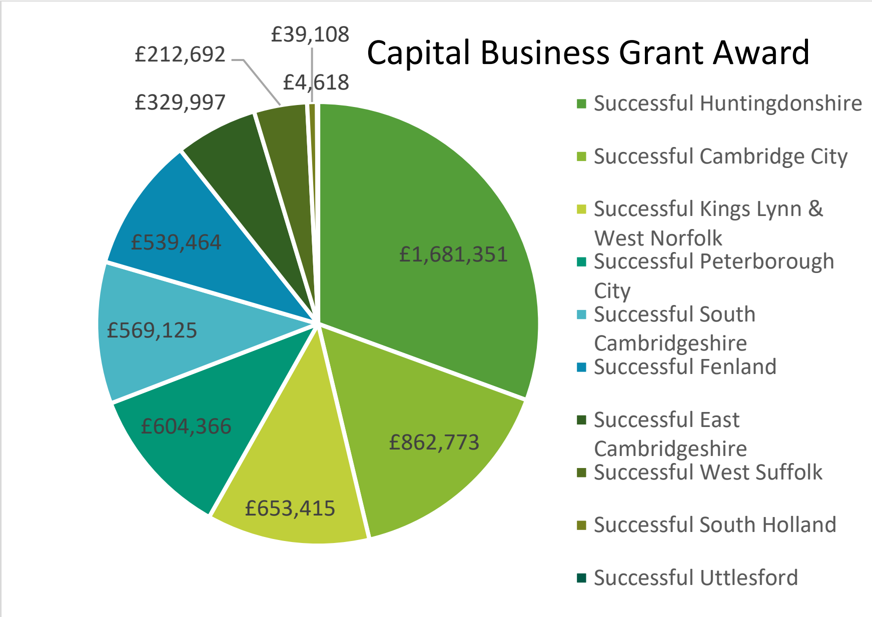
2.8. Capital Business Grant Scheme by Sector:



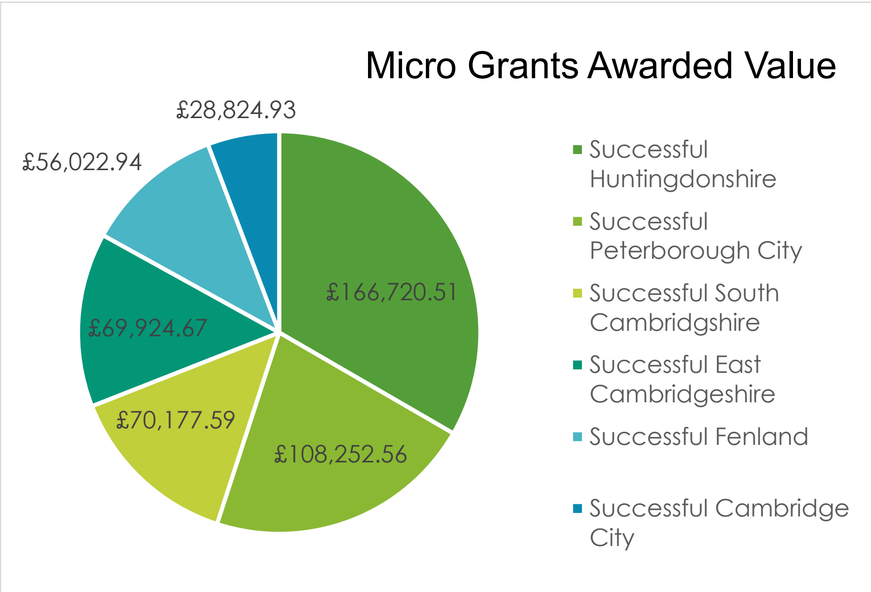
2.9. The Micro Grant Scheme by sector:



2.10. The Capital Business Grant, **£5,469,909:**



2.11. The Micro Capital Grant Scheme, **£499,923.20**:



3. Conclusion

3.1. The uptake and feedback from companies receiving funds through the grant schemes has been incredibly good. The Micro Capital Grant Scheme attracted much praise, due to the fact in many cases this was the only financial support these sole traders and small businesses had been able to access.

3.2. Case studies are being developed for both schemes and a robust monitoring and evaluation process has been established to measure the success of the intervention going forwards. The first report will be available at the start of 2021.

THE BUSINESS BOARD

Table 1 - Local Growth Funding summary:

CPCA Local Growth Funds	
Funding Received	
Local Growth Funding	£ 146,708,609
NALEP Contribution	£ 1,996,000
Total Funding Received	**£ 148,704,609**
Topslice @ 4% for 15/16 16/17 17/18	£ 2,535,447
Topslice @ 2% for 18/19 19/20 20/21	£ 1,366,369
	£ 3,901,816
Total Awardable Funds	£ 144,802,793
Funds Awarded	
Ely Southern Bypass (retained by DfT)	£ 16,000,000
2015/16	£ 24,428,839
2016/17	£ 29,635,725
2017/18	£ 845,000
2018/19	£ 300,000
2019/20	£ 66,080,132
2020/21	£ 3,323,700
Agri-Tech Grant	£ 5,596,000
Total Awarded Funds	**£ 146,209,396**
Underspends on completed Projects	£ 5,754,748
Overspends on completed Projects	£ 32
Total Funds Awarded	£ 140,454,616
Funds Available to be Committed	£ 4,348,178

THE BUSINESS BOARD

Table 2 - Live projects spending summary 2020-21:

LGF Capital Projects	FY 20-21	Actual April	Actual	Forecast Jun-	Forecast Jul-	Forecast Aug-	Forecast	Forecast Oct-	Forecast Nov-	Forecast Dec-	Forecast Jan-	Forecast Feb-	Forecast Mar-	FY 20/21 Total	FY 20/21
Advanced Manufacturing (Metalcraft)	£ 3,160,000	£ -	£ -	£ -	£ 1,000,000	£ -	£ -	£ 1,000,000	£ -	£ -	£ 1,160,000	£ -	£ -	£ 3,160,000	£ -
AEB Innovation Fund	£ 323,700														
Aerotron Relocation	£ 847,473	£ -	£ 847,473	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 847,473	£ -
Ascendal	£ 965,000	£ -	£ -	£ -	£ -	£ 965,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 965,000	£ -
Cambridge Biomedical MO Building	£ 3,000,000	£ -	£ -	£ -	£ -	£ 1,000,000	£ -	£ -	£ 1,000,000	£ -	£ -	£ 1,000,000	£ -	£ 3,000,000	£ -
Capital Growth Grant Scheme	£ 2,993,935	£ 15,537	£ 1,116	£ 250,000	£ 227,282	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 493,935	**£ 2,500,000**
COVID-19 Capital Grant Scheme	£ 3,000,000	£ 9,000	£ 283,391	£ 1,500,000	£ 750,000	£ 750,000	£ 1,000,000	£ 500,000	£ 707,609					£ 5,500,000	**-£ 2,500,000**
CPCA Growth Service	£ 5,407,000	£ -	£ -	£ -	£ -	£ -	£ -	£ 5,407,000	£ -	£ -	£ -	£ -	£ -	£ 5,407,000	£ -
Eastern Agritech Initiative	£ 1,695,800	£ 6,693	£ 29,372	£ 75,000	£ 200,000	£ 200,000	£ 200,000	£ 300,000	£ 200,000	£ 154,108	£ 200,000	£ 100,000	£ 30,628	£ 1,695,800	£ -
Endurance Estates	£ 2,400,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 1,200,000	£ -	£ -	£ 1,200,000	£ -	£ 2,400,000	£ -
Hauxton House - Grant	£ 215,790	£ -	£ 137,583	£ -	£ 78,207		£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 215,790	£ -
Haverhill Epicentre	£ 1,162,858	£ 492,886	£ 386,151	£ 283,821	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 1,162,858	£ -
Illumina Accelerator Global Expansion	£ 1,000,000	£ -	£ -	£ -	£ -	£ 500,000	£ -	£ -	£ -	£ -	£ -	£ 500,000	£ -	£ 1,000,000	£ -
King's Dyke Crossing	£ 299,092	£ -	£ -	£ 299,092	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 299,092	£ -
Lancaster Way Phase 2	£ 863,484	£ -	£ -	£ -	£ 200,000	£ 200,000	£ 200,000	£ 200,000	£ 63,484	£ -	£ -	£ -	£ -	£ 863,484	£ -
March Adult Education	£ 400,000	£ -	£ -	£ -	£ -	£ 200,000	£ -	£ -	£ -	£ 200,000	£ -	£ -	£ -	£ 400,000	£ -
NIAB - R&D	£ 2,442,195	£ -	£ -	£ -	£ -	£ 900,000	£ -	£ 94,000	£ 450,000	£ -	£ 90,000	£ 908,195	£ -	£ 2,442,195	£ -
NIAB - Waste	£ 599,850	£ -	£ -	£ 40,000	£ -	£ 100,000	£ -	£ -	£ 200,000	£ -	£ -	£ 259,850	£ -	£ 599,850	£ -
Photocentric	£ 1,875,000	£ -	£ -	£ -	£ -	£ 500,000	£ -	£ -	£ 800,000	£ -	£ -	£ 575,000	£ -	£ 1,875,000	£ -
Smart Manufacturing Association	£ 715,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 715,000	£ -	£ -	£ -	£ 715,000	£ -
Soham Station	£ 885,836	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 400,000	£ -	£ -	£ -	£ 485,836	£ 885,836	£ 0
South Fen Business Park	£ 997,032	£ -	£ -	£ -	£ -	£ 997,032	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 997,032	£ -
Start Codon	£ 3,342,250	£ -	£ -	£ -	£ -	£ -	£ 3,000,000	£ -	£ -	£ -	£ -	£ -	£ 342,250	£ 3,342,250	£ -
TTP Incubator	£ 2,300,000	£ -	£ -	£ -	£ -	£ 850,000	£ -	£ -	£ 750,000	£ -	£ -	£ 700,000	£ -	£ 2,300,000	£ -
TWI	£ 1,230,000	£ -	£ -	£ 7,000	£ 55,000	£ 150,000	£ 275,000	£ 200,000	£ 150,000	£ 200,000	£ 150,000	£ 43,000	£ -	£ 1,230,000	£ -
University of Peterborough	£ 12,500,000	£ -	£ -	£ -	£ 12,500,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 12,500,000	£ -
West Cambs Innovation Park	£ 3,000,000	£ -	£ -	£ -	£ -	£ 1,000,000	£ -	£ -	£ 1,000,000	£ -	£ -	£ 1,000,000	£ -	£ 3,000,000	£ -
Wisbech Access Strategy	£ 5,723,461	£ -	£ -	£ 6,000,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 6,000,000	**-£ 276,539**
Future Pipeline Projects	£ 4,348,178	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	**£ 4,348,178**
Grand Total	**£ 67,692,933**	**£ 524,115**	**£ 1,685,086**	**£ 8,454,912**	**£ 15,010,489**	**£ 8,312,032**	**£ 4,675,000**	**£ 7,701,000**	**£ 6,921,093**	**£ 1,269,108**	**£ 1,600,000**	**£ 6,286,045**	**£ 858,713**	**£ 63,297,594**	**£ 4,071,639**

THE BUSINESS BOARD

Table 3 - Recycled Local Growth Fund and Growth Places Fund:

Recycled Capital	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Later Years
Opening Balance	£ 9,188,924.28	£ 10,848,754.77	£ 10,858,754.77	£ 6,048,649.28	£ 2,891,749.28	£ 479,849.28	£ 1,187,949.28	£ 1,892,613.55	£ 2,226,613.55	£ 2,507,863.55	£ 2,691,863.55	£ 2,875,863.55
Current Forecast Expenditure	£ 1,340,169.51	£ 15,000.00	£ 5,057,155.49	£ 3,750,000.00	£ 3,750,000.00	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Income	£ 3,000,000.00	£ 25,000.00	£ 247,050.00	£ 593,100.00	£ 1,338,100.00	£ 708,100.00	£ 704,664.27	£ 334,000.00	£ 281,250.00	£ 184,000.00	£ 184,000.00	£ 2,024,000.00
Closing Balance	£ 10,848,754.77	£ 10,858,754.77	£ 6,048,649.28	£ 2,891,749.28	£ 479,849.28	£ 1,187,949.28	£ 1,892,613.55	£ 2,226,613.55	£ 2,507,863.55	£ 2,691,863.55	£ 2,875,863.55	£ 4,899,863.55

Recycled Interest	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Later Years
Opening Balance	£ -	£ -	£ 3,300.44	£ 181,532.29	£ 207,841.11	£ 112,063.68	£ 235,352.79	£ 326,937.55	£ 399,615.68	£ 677,477.19	£ 740,428.58	£ 798,122.25
Current Forecast Expenditure	£ -	£ -	£ 250,000.00	£ 250,000.00	£ 250,000.00	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Income	£ -	£ 3,300.44	£ 428,231.85	£ 276,308.82	£ 154,222.57	£ 123,289.11	£ 91,584.76	£ 72,678.13	£ 277,861.51	£ 62,951.39	£ 57,693.67	£ 307,725.09
Closing Balance	£ -	£ 3,300.44	£ 181,532.29	£ 207,841.11	£ 112,063.68	£ 235,352.79	£ 326,937.55	£ 399,615.68	£ 677,477.19	£ 740,428.58	£ 798,122.25	£ 1,105,847.34

To note: The profile of interest and capital shown above will change slightly because of COVID repayment holidays given to two projects – the overall amounts shown will not change but the yearly profile when the income arrives will push forward

BUSINESS BOARD	AGENDA ITEM NO: 2.3
27 JULY 2020	PUBLIC REPORT ***This report contains Appendices which are exempt from publication under Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and it would not be in the public interest for this information to be disclosed (information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in publishing the Appendices.***

LOCAL GROWTH FUND PROJECT PROPOSALS – JULY 2020

1.0 PURPOSE

1.1. The Business Board is responsible for allocating the Local Growth Fund subject to approval by the Combined Authority Board with the objective of creating new jobs and boosting productivity.

1.2. The Business Board is asked in this report to consider and make recommendations to the Combined Authority Board against applications that have been submitted for these funds and the pipeline of projects based upon the independent external assessment undertaken.

<table>
<tr><td colspan="2" align="center"><u>DECISION REQUIRED</u></td></tr>
<tr><td>Lead Member:</td><td>Austen Adams, Chairman of Business Board</td></tr>
<tr><td>Lead Officer:</td><td>John T Hill, Director, Business and Skills</td></tr>
<tr><td>Forward Plan Ref:
Not applicable</td><td>Key Decision: No</td></tr>
<tr><td colspan="2">The Business Board is asked to:

(a) Recommend that the Combined Authority Board approve funding for the project numbered 1, in table 2.11 below based on the project achieving the highest scoring criteria and external evaluation recommendation.

(b) Recommend that the Combined Authority Board approve a revised grant funding offer of £2,500,000, for the project numbered 2 in table 2.11 below based on the project achieving the second highest scoring criteria and external evaluation recommendation

(c) Recommend that the Combined Authority decline project numbered 3 in table 2.11 below based on the scoring criteria and this being the lowest scoring project</td></tr>
</table>

2.0 BACKGROUND

2.1. Growth Deal funding (Local Growth Fund LGF) is provided by Government to local areas to invest in projects that will create new jobs, increase productivity, and stimulate economic growth. A total of £146.7million has been provided to this area, with £4.348million remaining to allocate.

2.2. The Business Board approved the Growth Prospectus in July 2019 as the call for new project proposals against this remaining funding; Growth Prospectus 2019-21 Expressions of interest have been submitted to the Combined Authority and feedback provided to inform full applications. This prospectus made clear that the new opportunity for this round of bids to the Business Board aligned with the Combined Authority Local Industrial Strategy.

2.3. Following an initial internal assessment for suitability of the Expression of Interests received, there are 3 that were invited to submit Full Application Forms, have now completed the independent external assessment, and are being brought to this Business Board for consideration.

2.4. ENTREPRENEUR ADVISORY PANEL (EAP) - The EAP ran virtually on the 23rd and 24th June and 6th July 2020, to review presentations made by the project applicants and question the projects on rationale, strategic fit, and clearly defined, measurable outputs. The final evaluation scoring is included in the table at 2.11 below. The Business Board is asked to note that the project ranked third had the following concerns recorded from the panel about that project:

(a) Brexit/COVID-19 impact consideration – likely recession presents high level of risk
(b) Strategic Fit weaker as not strong evidence about market failure
(c) Value for money was considered questionable in respect of likely commercial space created and job numbers
(d) Deliverability of commercial space with timeframe for occupation was concern with suggestion around targeting advising maybe scale ups as well as start-ups could be focus
(e) Risk assessment feedback: *very risky project - need more to mitigate risks – reputation risk very possible; no mitigations of risk; reputational risk because of demand not coming back in market for a very long time; financial risk issues will be around commercial renting values*

2.5 Projects are also independently evaluated by our external appraisers and this results in a recommendation decision which is considered in parallel with the assessment scoring process.

2.6 Further details of the individual projects, including the external appraisal report and further supporting documents can be found in <u>confidential</u> **Appendices A, B, and C**. The scoring assessments have been completed for all projects including our external evaluators' matrix scores section.

2.7 The level of funds left to award means the Business Board cannot recommend all three projects to the Combined Authority for funding. This means the Business Board need to decide which of the projects from the three can be funded from the remaining funds. The scoring criteria and ranking is provided to assist in the decision making for the Business Board.

2.8 Officers’ recommendation is for the Business Board to recommend that the Combined Authority Board approve funding for the highest scoring project listed 1 in the table at 2.11. That approval would be subject to any conditions proposed by external Appraisal report.

2.9 Officers’ recommendation is for the Business Board to recommend that the Combined Authority Board approve funding for the second highest scoring project listed 2 in the table at 2.11, but with a revised grant funding offer of £2,500,000. The project has conditions proposed by the external Appraiser around what is practically possible to fund in this project in the timeframe to end of March 2021. Officer recommendation is to make this project applicant an offer of £2,500,000 Grant funding, instead of their original application of £2,997,360. That approval would be subject to any other conditions also proposed by the external Appraisal report.

2.10 Officers’ recommendation is for the Business Board to decline the project ranked 3 in the table at 2.11 below based on its lower ranking based on the final average assessment score.

2.11 Application Assessment Summary Table

Projects	EoI %	FAF %	EAP %	**Final averaged % assessment score**	**External Appraisal Recommendation**	**LGF Funding Request**	**LGF Funding Offer**	RANK
Remaining LGF Budget								
CAM Promoter Body	86.5%	85.4%	88.0%	**86.6%**	Recommended	**£ 995,000.00**	**£ 995,000.00**	1
CRC Construction & Digital Refurbishment	84.3%	74.5%	80.00%	**79.6%**	Recommended	**£ 2,997,360.00**	**£ 2,500,000.00**	2
Northstowe Development	94.4%	65.00%	76.00%	**78.5%**	Recommended	**£ 3,000,000.00**		3

3 FINANCIAL IMPLICATIONS

3.1 The financial implications (loan, investment, and grant amounts sought) are detailed in the appendices. There are sufficient uncommitted Local Growth Funds to meet the up-front funding requests in this report without impacting other CPCA funding sources. Detailed financial impacts of loan and investment arrangements will be negotiated with approved applicants based on recommendations from the appraisers and the Business Board.

4 LEGAL IMPLICATIONS

4.1 There are no direct legal implications but the assessment of applications for Local Growth Funding must be done in accordance with the process agreed by the Business Board at its meeting in September 2019.

5 SIGNIFICANT IMPLICATIONS

5.1 None.

6 IMPLICATIONS FOR NATURE

6.1 None.

7 OTHER SIGNIFICANT IMPLICATIONS

7.1 None.

8 APPENDICES –

- **Appendix A - Not for Publication** Application Project Info and external appraisal reports
- **Appendix B –Not for Publication** Application Project Info and external appraisal reports
- **Appendix C –Not for Publication** Application Project Info and external appraisal reports

Source Documents	**Location**
Local Growth Fund Documents, Investment Prospectus, guidance and application forms	https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/ Growth Prospectus 2019-21 Local Industrial Strategy

BUSINESS BOARD	AGENDA ITEM No: 2.4
27 JULY 2020	PUBLIC REPORT

EASTERN AGRI-TECH GROWTH INITIATIVE FUNDING REVIEW

1.0 PURPOSE

1.1. The Eastern Agri-Tech Growth Initiative has £1.695m left to award and spend period up to 31 March 2021.

1.2. The programme has been reviewed and to encourage take up of the grants in the remaining period the attractiveness and impact of the current grant offer to businesses requires change in criteria.

DECISION REQUIRED	
Lead Member:	**Austen Adams, Chair Business Board**
Lead Officer:	**John T Hill, Director Business & Skills**
Forward Plan Ref: Not applicable	**Key Decision: No**

The Business Board is asked to:

(a) Recommend to Combined Authority Board to approve a change in the criteria for the Eastern Agri-Tech Growth Initiative scheme raising the grant intervention rate from 25% to 50% on the Growth Grant part of the scheme.

(b) Recommend to Combined Authority Board to delegate authority to the Director of Business and Skills to make any further changes in criteria or operation of the scheme to ensure all funds are awarded by end of March 2021.

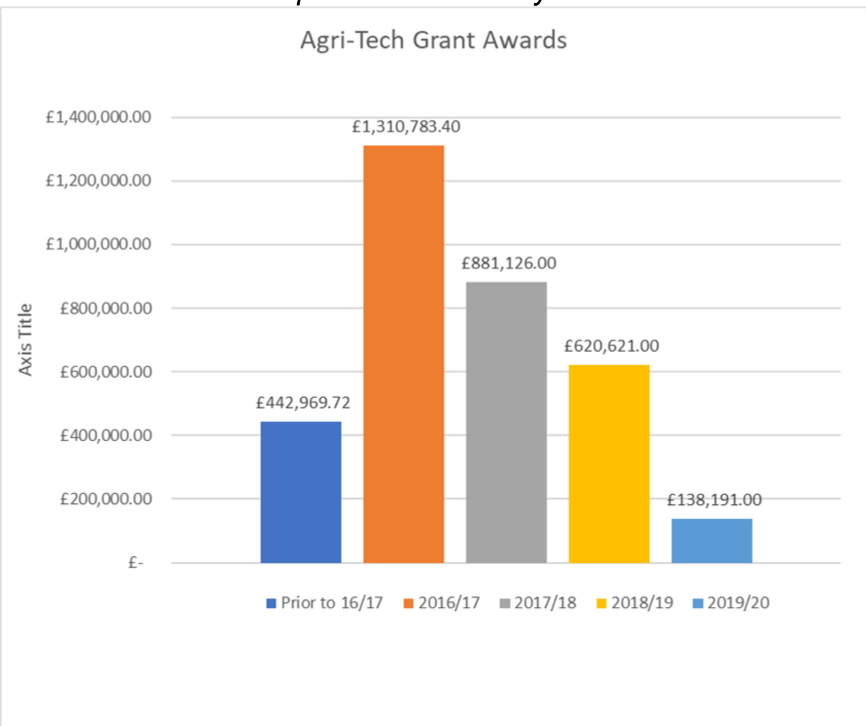
2.0 BACKGROUND

2.1 The Eastern Agri-Tech Growth Initiative supports small and medium enterprises (SME) in the Agri-Tech sector with growth projects or Research & Development projects. From the commencement of the Initiative in late 2013 to June 2020, a total of 100 Small and Medium-Sized Enterprises (SMEs) have been supported and the Innovation Hub created at Hasse Fen. The Combined Authority has awarded to date £5.596m through this programme. There are 18 live projects across Business Board /New Anglia Local Enterprise Partnership (NALEP) geography, which are on track to complete to their planned schedules.

2.2 NALEP has contributed another £1m to this last phase of the Initiative and the two tranches of £500,000 have been received by the Combined Authority.

2.3 The Board is also asked to note that whilst there is a pipeline of interested projects for this initiative the projected spend and delivery by the end of March 2021 requires considerations around grant attractiveness and offer to businesses to utilise the full £1.7m of current funding still to be committed. The table below sets out a breakdown of the last 5 years funding take-up. At its meeting on 25 November 2019 the Business Board approved a reduction in the Local Growth Fund allocated to the Initiative of £3.5m which left a new balance of £1.7m in the Initiative to deploy before end March 2021.

Table below shows spend over last 5 years:



3.0 EASTERN AGRI-TECH GROWTH INITIATIVE INTERVENTION RATE

3.1 The scheme has operated since 2013 firstly with Regional Growth Fund (RGF) then in 2015 the scheme was awarded funding from Growth Deal / Local Growth Fund. The criteria for the scheme has remained unchanged during that period and now is the time to review and enhance the intervention rate on the Growth Grants side of the scheme from 25% to 50% for businesses applying for two reasons:

- To 'level up' the two parts of the scheme so the Growth Grant offered equals the R&D grant, this requires raising the Growth grant intervention rate from 25% to 50% intervention rate so businesses require less match for particular projects;

- To make the growth grant in line with recent COVID Grant and MICRO Business schemes which makes the scheme more attractive to elicit new projects that may be wavering about going ahead and to drive more take up ensuring grant spend can be achieved by end of March 2021.

3.2 The Guidance notes for the scheme at **Appendix A** outline on page 6 the current criteria for the Growth fund part of the scheme states:

*Grants of between £10,000 and £150,000 are provided up to a maximum of **25%** of the total cost of the project. Applicants must be able to clearly demonstrate that they are able to provide the remaining 75% of the project costs from other sources of private sector investment, such as the company's own resources, commercial loans or other types of investment. Applications can only be made if the applicant is either already in discussions with financial providers or has the minimum 75% of match funding available. No application can be approved until all the required match funding has been secured.*

3.3 Officers plan to run a promotional campaign across the LEP area to attract the pipeline of applicants to ensure rate of award over coming months accelerates to achieve the award and spend by the end of March 2021.

4.0 SIGNIFICANT IMPLICATIONS

4.1. None

5.0 FINANCIAL IMPLICATIONS

5.1 The higher intervention rate could result in newly awarded Growth Grant projects achieving a lower outcome per pound invested compared to the earlier element of the scheme and will certainly result in a lower leverage of private sector funds. However, value for money considerations should take into account effectiveness, and achieving fewer projects at a higher intervention rate is better value than achieving nothing due to lack of demand for the grant scheme.

5.2 As this proposal would change the intervention rate, not the overall amount available within the Eastern Agri-Tech Growth Initiative programme there is no impact on the LGF more widely.

6.0 LEGAL IMPLICATIONS

6.1 The Combined Authority has authority under section 1 Localism Act 2011 to exercise a general power of competence. The Combined Authority can exercise this power by virtue of the Cambridgeshire and Peterborough Combined Authority Order 2017. This power permits the Combined Authority to make grants to providers in order to deliver the terms of the devolution deal signed with Government.

6.2 The Business Board is responsible for programme direction of the Growth Funds. The Combined Authority, as the Accountable Body, maintains the legal agreements with project delivery bodies.

7.0 IMPLICATIONS FOR NATURE

7.1 None

8.0 OTHER SIGNIFICANT IMPLICATIONS

8.1 None

9.0 APPENDICES

9.1 **Appendix A** – Eastern Agri-Tech Growth Initiative Guidance notes

Background Papers	**Location**
i. Eastern Agri-tech Growth initiative guidance and application forms	https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/
ii. List of funded projects and MHCLG monitoring returns	https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/

Appendix A

EASTERN AGRI-TECH GROWTH INITIATIVE

BACKGROUND INFORMATION AND KEY GUIDANCE FOR COMPLETING THE GRANT APPLICATION FORM

1. The Eastern Agri-Tech Growth Initiative is designed to provide a significant boost to the food and drink sector, including the agriculture industry and research cluster by investing in new market and supply chain development and the development, application and commercialisation of Research and Development (R&D).

2. The Agri-Tech Growth Initiative aims to create/protect local jobs, starting from January 2014.

WHAT FUNDING IS AVAILABLE?

3. The Agri-Tech Growth Initiative has two main funds:

   - An **Agri-Tech Growth Fund** which will provide grants of between £10,000 and £150,000 to enhance business and jobs growth. The Fund is aimed at supporting improvements in productivity through the introduction of new products or processes and encourage improvements to existing product/ processes and energy efficiency and reducing waste.

   - An **R&D and Prototyping Fund** which will provide financial assistance to attract innovative and novel technologies. Planned research critical to the development of new products or processes within the Agri-Tech sector can be supported with grants of between £10,000 and £60,000 to cover the costs of research and development.

4. Both Funds will operate until the money has been allocated and spent). Annex A gives examples of categories that could be considered for financial support. A list of categories that would not be considered for financial support is also shown in Annex A.

AM I ELIGIBLE TO APPLY?

Agri-Tech Growth Fund

5. The key eligibility criteria are as follows:
   a) Applications can only be accepted from a Small to Medium-sized Enterprise (SME) such as a sole trader, partnership, limited company or not for profit

business whose main business is in or related to the Agri-Tech sector. SMEs are defined as follows:

- a **medium-sized enterprise** employing less than 250 people and has an annual turnover not exceeding 50m Euro and/or an annual balance sheet total not exceeding 43m Euro.

- a **small enterprise** employing less than 50 people and has an annual turnover and/or annual balance sheet total not exceeding 10m Euro.

- a **micro-enterprise** employing less than 10 people and has an annual turnover and/or annual balance sheet total not exceeding 2m Euro.

To help potential applicants work out what their equivalent annual turnover and balance sheet amounts are in GB Pounds, please use the web link below. This will give potential applicants the current Euro/GB Pound exchange rate in place at the time when applicants are considering applying for support. The currency converter box will show the current month and year. Click on the bottom drop down and scroll down the list of currencies until you find “GB Pound Sterling”. Click on this and then click on the “convert” button. This will then show the appropriate rate.

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm

b) Applications will be considered from farmers and other small and medium sized businesses operating within the food and drink industry. This includes sectors such as food processing, as well as related industries such as process engineering, packaging, mechanical, electrical and software engineering. The scheme is also aimed at businesses that are involved in technologies which have the potential of application to the food and drink industry as the programme aspires to support innovation and its application to the food and drink industry. Each applicant will be expected to provide a clear indication of the beneficial change to productivity.

c) Applicants should be established in product markets that are likely to grow strongly in the medium term.

d) Applications cannot be accepted from subsidiaries of large companies.

e) Applicants must be intending to create permanent long term employment through new jobs, or protecting existing jobs.

f) The project and jobs created and/or protected with the funding given must be located within any of the following local authority areas:

Babergh; Breckland; Broadland; Cambridge City; East Cambridgeshire; Fenland; Great Yarmouth; Huntingdonshire; Ipswich; Kings Lynn & West

Norfolk; Mid Suffolk; North Hertfordshire; North Norfolk; Norwich; Peterborough; Rutland; South Cambridgeshire; South Holland; South Kesteven; South Norfolk; West Suffolk (formerly Forest Heath and St Edmundsbury) ; East Suffolk (formerly Suffolk Coastal and Waveney; and Uttlesford

g) Grants of between £10,000 and £150,000 are provided up to a maximum of 25% of the total cost of the project. Applicants must be able to clearly demonstrate that they are able to provide the remaining 75% of the project costs from other sources of private sector investment, such as the company's own resources, commercial loans or other types of investment. Applications can only be made if the applicant is either already in discussions with financial providers or has the minimum 75% of match funding available. No application can be approved until all the required match funding has been secured.

h) Applicants must be able to demonstrate that they have been able to secure all the funding they require from other financial sources, such as a loan or another grant scheme.

i) Applications will only be considered if an applicant can demonstrate that the project is investment ready and backed by a sound Business Plan and Project Plan:

Project Plan

A Project Plan is the key to a successful project and is the most important document that needs to be created when starting any business project.
The Project Plan (sometimes referred to as a Gantt chart) needs to show all of the activities that will be undertaken during the project (divided in to work packages or defined stages); the milestones; timescales and resources required to deliver your project.

Business Plan

A Business Plan is a written document that describes your business. It covers objectives, strategies, sales, marketing and financial forecasts.

A Business Plan helps you to:

- clarify your business idea
- spot potential problems
- set out your goals
- measure your progress

It can also help to convince customers, suppliers and potential employees to support you.

You will need a Business Plan if you want to secure investment or a loan from a bank or other type of investor such as a business angel.

R&D and Prototyping Fund

6. The key eligibility criteria are as follows:

a) The scheme is aimed at developing agricultural research and innovation. Applicants can be research institutes and SME businesses operating across the food and drink industry. This includes related industries such as process engineering and packaging. It also includes businesses that are involved in technologies, which have the potential of application to the agriculture and food industries such as electrical and mechanical engineering and software engineering. Funding is reserved for novel or new commercial applications of research that are currently not viable under current research budgets or corporate R&D priorities. Applicants must be able to demonstrate that R&D/prototyping activities would not otherwise happen without financial assistance. Annex B to these guidance notes sets out what types of research are eligible for support.

b) Applications can only be accepted where the planned innovation/research activity will be carried out within any of the following local authority areas: Babergh; Breckland; Broadland; Cambridge City; East Cambridgeshire; Fenland; Forest Heath; Great Yarmouth; Huntingdonshire; Ipswich; Kings Lynn & West Norfolk; Mid Suffolk; North Hertfordshire; North Norfolk; Norwich; Peterborough; Rutland; St Edmundsbury; South Cambridgeshire; South Holland; South Kesteven; South Norfolk; Suffolk Coastal; Uttlesford and Waveney.

c) Grants of between £10,000 and £60,000 are provided up to a maximum of 50% of the total project cost. Applicants must be able to clearly demonstrate that they have secured the required 50% match funding from other sources of private sector investment, such as the company's own resources, commercial loans or other types of investment. Applications can only be made if the applicant is either already in discussions with financial providers or has the minimum 50% of match funding available. No application can be approved until all the required match funding has been secured.

d) Applications will only be considered if an applicant can demonstrate that the project is investment ready and backed by a sound Business Plan and Project Plan. The business plan must include confirmation that the applicant business has a management team with relevant background and that appropriate Intellectual Property Rights have been or are in the process of being secured.

PROJECT PROPOSAL

7. For both the **Agri-Tech Growth Fund** and **R&D and Prototyping Fund**, projects must be capable of bringing significant improvements in agricultural/food production.

8. Applicants will be expected to provide a clear explanation about the project and an indication of the beneficial change and impact that the project will bring to productivity in agriculture and food production.

9. Applicants must explain why the grant is needed and what would happen to the project if funding was not provided and what the impact would be on their business and the sector if the project did not proceed. Applicants can apply for a grant from both Funds either as a combined application or separate ones.

10. For both the **Agri-Tech Growth Fund** and **R&D and Prototyping Fund**, applications will only be considered if the applicants provides a sound Business Plan and Project Plan

11. For both the **Agri-Tech Growth Fund** and **R&D and Prototyping Fund**, applications must include a project cash flow forecast with and without grant support.

JOBS (FOR GROWTH FUND ONLY)

12. Applicants must note that the number and type of jobs are an important part of the overall consideration as to whether the application is successful.

13. Applicants must provide:
    a) the number of new jobs that will be created as a direct result of the investment project; and,
    b) (where appropriate) the number of jobs that will be protected as a direct result of the investment project.

14. Protected jobs are those jobs that will be maintained as a direct result of the project. Jobs can only be considered protected where there is a real threat that they will be lost in the near future if the project does not proceed. Jobs created/protected (even where these have the same job title) should be entered on separate lines.

15. The number of jobs should be based on a Full-Time equivalent which is equal to one Full-Time job or two Part-Time jobs where: Full-Time= 30 or more hours per week; Part-Time = more than 15 hours, but fewer than 30 hours per week.

16. Each job should be included for the two years that we would expect the job to be maintained. Where jobs are maintained for longer than two years and beyond FY 2019/20 please record this in the narrative box below the table on the application form.

17. We would also like to know whether the new and and/or protected jobs are skilled, semi-skilled or unskilled positions and what type of new skills will be created by the project and whether the project would benefit the sector through enhanced employment prospects in the supply chain; locally or nationally or both and how. The National Vocational Qualification levels set out in the table in Annex C to these guidance notes might be a helpful reference point.

18. Finally we would like to know: whether the proposed project will support any new skills or upskilling opportunities (and if so what these are); will the project displace jobs. If so how many, where and what type.

STATE AID

19. The grant offered under the Agri-Tech Growth Initiative is classified as de minimis aid under European Commission state aid rules. You are entitled to a total of no more than €200,000 (Euro) de minimis aid from all public sector bodies in any three year period. If in the course of preparing your Agri-Tech application you are aware of, or become aware of any other aid received from other public sector bodies in the last three years, you must declare this and provide full details of such aid in your application. The onus is on individual applicants to know and fully disclose their respective State Aid position.

HOW DO I APPLY?

20. All applicants for either Fund must complete the Pre-Qualification Questionnaire (PQQ) which will determine whether you are eligible to apply for financial support. If after completing the PQQ you are eligible, you will be sent an application form (via email) and invited to apply.

WHAT WILL HAPPEN TO MY APPLICATION?

21. Depending on the location in which the project will take place, your application form should be sent to the Cambridgeshire & Peterborough Combined Authority (CPCA) or Norfolk County Council's Economic Development Team, where skilled project assessors will assess your application on behalf of the CPCA and New Anglia LEP. Our assessors will review your information and ask any further questions they may have.

22. The assessment may require a visit to the premises of the applicant business/organisation by one of our team.

23. If the project meets the criteria set out above and the application completes the assessment, it will be passed to our Agri-Tech Programme Board (Board) with a recommendation to either approve or decline. The Board will make the final decision whether to support the application or not. The Board include business people with experience and knowledge of the food and drink industry, including research, farming and food processing. **All eligible applicants will be invited to the meeting where their particular project will be considered. Each applicant will have the opportunity to give a short presentation and take questions from/provide clarification to the Board. The Board judges each application fairly and on its own merits. Applications are not judged or ranked against other applications.**

24. It is possible (and permissible) to apply for more than one grant (both as a previous successful applicant and new applicants) and at the same time. All applicants must take account of their respective State Aid position (please see paragraph 19).

25. We will notify you of the Board's decision whether to support or decline your application as quickly as we can. If your application is approved we will finalise due diligence and provide you with an agreement to review and sign before the project begins. This agreement will set out the key milestones and the dates for you to claim your funding. If your application is unsuccessful, we will let you know why your application has been declined. There is no opportunity to appeal the Board's decision.

26. We will also inform you if your proposed project does not meet the criteria (as set out above), at either the Pre-Qualification stage or during the assessment. Please note that applications that do not meet the criteria will not be submitted to the Board.

27. We aim to reach a decision about your application within 45 working days from receiving a full application with all supporting documentation.

28. We will keep you informed of progress with your application throughout the process.

PAYMENT OF GRANT

29. For both the Growth and R&D Funds, all successful applicants will be sent the claim form template to complete for each claim. The claim form will usually be sent to each successful applicant via email. An example of the template is attached to the Grant Offer Letter.

30. All grant payments are paid in arrears against defrayed expenditure incurred and paid for by each successful applicant. This means that we cannot make any grant payments until each supplier/contractor has been paid by each successful applicant

before claiming grant from the Agri-Tech scheme. As well as completing the claim form, the successful applicant must also provide supporting documents that confirm that the project costs have been defrayed. This will usually include invoices, time sheets and confirmation that payment has made to suppliers/contractor (e,g. bank statements/remittance advice notices).

31. The frequency and timing of when claims will be submitted for payment will be agreed between the successful applicant and Agri-Tech Programme Manager and reflected in the Grant Offer Letter.

32. The successful applicant will show the total amount of eligible project costs incurred in that particular clam period and seek reimbursement of the appropriate level of grant e.g. for Growth projects it is 25% of total project costs incurred and for R&D projects it is 50%. The Grant Offer Letter will confirm the total amount of grant awarded for the duration of the approved project. If the successful applicant is VAT registered and can reclaim the VAT from HM Revenue and Customs, then claims for payment of Agri-Tech grant must be submitted minus the VAT element.

33. Successful applicants will receive payment(s) via the BACS payment system in to the business account nominated by the successful applicant.

WHO SHOULD I CONTACT TO DISCUSS MY APPLICATION?

In the first instance you should contact Martin Lutman, Agri-Tech Programme Manager, on 01480 277180, or via email at:
martin.lutman@cambridgeshirepeterborough-ca.gov.uk

Alternatively you can contact your business advisor or the Economic Development Team at your Local Authority.

WHO SHOULD I SEND MY APPLICATION TO?

If you are an applicant located in/intending to carry out the proposed project in any of the following local authority areas: **Cambridge City; East Cambridgeshire; Fenland; Huntingdonshire; North Hertfordshire; Peterborough; Rutland; South Cambridgeshire; South Holland; South Kesteven; West Suffolk (formerly Forest Heath and St Edmundsbury) and Uttlesford**, you should email an electronic copy of your application pack (with all supporting documents please) to martin.lutman@cambridgeshirepeterborough-ca.gov.uk and also post a copy to:

Martin Lutman
Eastern Agri-Tech Programme Manager
Cambridgeshire and Peterborough Combined Authority
First Floor, Incubator 2
The Boulevard

Enterprise Campus
Alconbury Weald
Huntingdon PE28 4XA

If you are an applicant located in/intending to carry out the proposed project in any of the following local authority areas: **Babergh; Breckland; Broadland; Great Yarmouth; Ipswich; Kings Lynn & West Norfolk; Mid Suffolk; North Norfolk; Norwich; South Norfolk; East Suffolk (formerly Suffolk Coastal and Waveney),** you should email an electronic copy of your application to paul.maces@norfolk.gov.uk and also post a copy to:

Paul Mace
Economic Development Manager
Economic Development & Strategy
Floor 2 County Hall
Martineau Lane
Norwich NR1 2SG

Please also email an electronic copy of just your application form to martin.lutman@cambridgeshirepeterborough-ca.gov.uk

ANNEX A:

Examples of Categories That could be Considered for Financial Support

- agriculture, production
- horticulture
- drink
- process engineering
- packaging
- land based fish farms
- environmental land management & other ecosystem services
- pollution control and management on farms and horticultural businesses.
- pest management of plant and animal pests for farms and horticultural businesses
- non-food crops including biofuel, biomass, algae, fibres, biochemicals etc.
- downstream food processing where there is a solution from primary production
- livestock (except equine)
- animal nutrition
- agri-informatics
- ICT including software for data acquisition/management, satellite technology/data engineering related to Agri-Tech, excluding upgrades- there needs to be some degree of innovation rather than just buying in new kit.
- education/training related to farm based activities
- improvements to supply chain such as maintaining safety/quality of product raw ingredient

Examples of Categories That Would Not be Considered for Financial Support

- equine/equestrian
- forestry
- landscaping
- golf courses and other leisure uses of turf technology etc.
- hunting, shooting etc.
- land based leisure
- marine fisheries
- farm shops
- holiday lets and other leisure accommodation
- events, wedding and conferencing facilities
- restaurants or other catering businesses

ANNEX B: TYPES OF ELIGIBLE RESEARCH

(a) "research organisation" means an entity, such as a university or research institute, irrespective of its legal status (organised under public or private law) or way of financing whose primary goal is to conduct fundamental research, industrial research or experimental development and to disseminate their results by way of teaching, publication or technology transfer. All profits must be reinvested in these activities, the dissemination of their results or teaching. Undertakings that can exert influence upon such an organisation, for instance in their capacity of shareholders or members of the organisation, shall enjoy no preferential access to the research capacities of such an organisation or to the research results generated by it;

(b) "fundamental research" means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct practical application or use in view;

(c) "industrial research" means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts to complex systems, which is necessary for the industrial research, notably for generic technology validation, to the exclusion of prototypes;

(d) "experimental development" means the acquiring, combining, shaping and using existing scientific, technological business and other relevant knowledge and skills for the purpose of producing plans and arrangements or designs for new, altered or improved products, processes or services. These may also include, for instance, other activities aiming at the conceptual definition, planning and documentation of new products, processes or services. The activities may comprise producing drafts, drawings, plans and other documentation, provided that they are not intended for commercial use.

The development of commercially usable prototypes and pilot projects is also included where the prototype is necessarily the final commercial product and where it is too expensive to produce for it to be used only for demonstration and validation purposes. In case of a subsequent commercial use of demonstration or pilot projects, any revenue generated from such use must be deducted from the eligible costs.

The experimental production and testing of products, processes and services shall also be eligible, provided that these cannot be used or transformed to be used in industrial applications or commercially. Experimental development shall not include routine or periodic changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if such changes may represent improvements;

ANNEX C: JOBS

NVQ LEVEL	Academic NVQ Qualification Name	Vocational Qualification Name
Level 1	▪ GCSE/SCE/O-Level grades below C (or fewer than 5 at grades A-C) ▪ CSE Grades below 1 ▪ 1 AS level	▪ BTEC/SCOTBTEC/SQA First Certificate ▪ BEC/SCOTBEC-General Certificate/Diploma ▪ City & Guilds-Operative Awards ▪ CPVE Year 1 (Technician) ▪ LCCI/RSA/PEI- Elementary/First Level ▪ RSA Vocational Certificate ▪ Foundation GNVQ/GSVQ ▪ NVQ/SVQ Level 1
Level 2	▪ 5 or more GCSE/SCE/O-Level grades at A-C ▪ CSE Grade 1 ▪ 1 A Level ▪ 2 or 2 AS levels	▪ BTEC/SCOTVEC/SQA First Diploma ▪ City & Guilds Higher Operative/Craft ▪ LCCI Certificate/Second Level ▪ PEI Stage 2 ▪ Pitmans Intermediate Level 2
Level 3	▪ 2 or more A Level passes ▪ 4 or more AS Levels	▪ BEC/SCOTBEC ▪ BTEC/SCOTVEC/SQA National OND ▪ TEC/SCOTEC ▪ City & Guilds Advanced Craft ▪ LCCI Third Level Diploma

		▪ Pitmans Level 3 Advanced Higher Certificate ▪ RSA Stage 3 ▪ Advanced GNVQ/GSVQ ▪ Access to Higher Education Courses ▪ Advanced Awards in ESOL and foreign languages ▪ NVQ/SVQ Level 3
Level 4	▪ Teaching ▪ First Degree	▪ BEC/SCOTBEC ▪ TEC/SCOTEC Higher Certificate/Diploma ▪ LCCI Advanced Level ▪ RSA Advanced Certificate/Higher Diploma ▪ Diploma in Higher Education ▪ Nursing (SRN) ▪ Certificate in Higher Education ▪ NVQ/SVQ Level 4
Level 5	▪ Higher Degree	▪ Continuing Education Diploma ▪ Other high level professional qualification

ANNEX D: ANTICIPATED BENEFITS

The following list gives a selection of the type of benefits that would be expected to stem from the selected project to:

Farmers:

- Closer links and greater access to the skills and knowledge in agricultural colleges, higher education institutions and research institutes bringing new entrants to the sector and updating skills and practices
- A clearer understanding and greater access to the innovative new practices and technologies needed to improve productivity, competitiveness and environmental performance
- A quicker and easier framework for partnerships with the public sector

Agricultural technology companies:

- Stronger supply chain relationships with improved links to the research base from early stage research to later technology development
- A hub from which to access global markets
- Access to a trained and skilled workforce

Food processors, Manufacturers and Retailers:

- More resilient and stronger supply chains built on mutually beneficial priorities and collaborations
- Sustainable raw materials that match consumer demands

Research Institutes:

- Better recognition for research and its impact
- Increased collaboration and partnership opportunities with companies and the 3rd sector (including charities, voluntary organisations and social enterprises)
- Greater career opportunities and recognition

THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM NO: 3.1
27 JULY 2020	PUBLIC REPORT

UNIVERSITY OF PETERBOROUGH – FULL BUSINESS CASE – PHASE 1

1.0 PURPOSE

1.1. Following the approval and endorsement of the Outline Business Case for the new University of Peterborough in January 2020 and the recommendations outlined in the Action Plan adopted in May 2019, a Full Business Case (FBC) has been produced by the Combined Authority and Mace reflecting input from the selected Academic Delivery Partner, to demonstrate the economic impact and educational need for the creation of the new University of Peterborough. The Full Business Case comprises of the Strategic, Economic, Commercial, Financial and Management cases modelling the Green Book in line with the HM Treasury Central Government guidance on appraisal and evaluation.

1.2 This report provides the Business Board with the information required to note the recommendations to the Combined Authority Board and to approve and agree the FBC incorporating the legal documentation, financial investment and HE Partner Award.

1.3 As part of the FBC, it is necessary for the Combined Authority to enter into a Special Purpose Joint Vehicle (SPJV) to agree terms of investment on capital and land. The Combined Authority, Peterborough City Council and the Academic Delivery Partner (ADP) will form a special purpose vehicle (PropCo). The Peterborough HE Property Company (Prop Co) will be made up of Peterborough City Council for the transfer of the land, the Combined Authority's investment, and the HE ADPs further capital investment.

DECISION REQUIRED	
Lead Member:	**Councillor John Holdich**
Lead Officer:	**John T Hill, Director of Business and Skills**
Forward Plan Ref: 2020/014	**Key Decision: No**
The Business Board is recommended to note the report.	

2.0 BACKGROUND AND CONTEXT TO DATE

2.1 Following the reprofiling of the University of Peterborough project and approval by the Combined Authority Board in January 2020, it was agreed that an FBC be developed with the successful HE Academic Delivery Partner (ADP) to incorporate their business and operations plan to mobilise Phase 1. The FBC has been produced by Mace consultants with Combined Authority staff (procurement, legal, governance and finance) commenting on content.

2.2 The FBC demonstrates the commercial viability of the new University of Peterborough Phase 1 curriculum offer and business model. It stress-tests the model post COVID-19 through student demand data, business engagement strategies, key stakeholder engagement, communication and marketing strategies. It is predicated on:

- the successful Award of the HE ADP RIBA 3 designs to inform a full planning permission submission for the 4 acre site on Bishops Road, Peterborough; and
- A two stage JCT design and build contract for the main contractor to build Phase 1.

2.3 Due to the COVID-19 pandemic and the need for a national and regional skills recovery plan, it is imperative that the local labour market for skills is reassessed and redefined. The Business and Skills directorate are commissioning an Integrated Business and Skills Insight programme which will inform the Business and Skills recovery programme post COVID-19. The findings of the commissioned refresh work, will enable us to revisit the evidence base/data currently held within the Combined Authority's key documents including the Cambridgeshire and Peterborough Independent Economic Review (CPIER), the Local Industrial Strategy (LIS) and the Skills Strategy (SS).

2.4 The new University of Peterborough is key to the regeneration of the skills and education marketplace for higher value skills. It needs to focus on the skills gaps within the Peterborough, Fenland and Huntingdon areas. Our ability to support the skills recovery programme in HE will include widening participation and improving social mobility as well as our ability to grow and retain local talent. Currently the East of England is the 2nd lowest of all regions in the UK for participation in HE at 44%. The national average is 47%.

2.5 The HE academic offer will be tailored to the current and future demands of businesses in the City and wider area as well as leveraging new high value businesses to the region. The new University delivery model will be agile and flexible in its approach to delivery with a curriculum offer in health and social care, education, business, sciences, digitalisation and technologies as well as agriculture and environmental sustainability. Life Sciences addressed in the CPIER as a priority area will, following the pandemic become an area of need and growth. The plan for the qualifications to be provided, space required and staffing levels has been developed through the negotiated procurement process with the HE ADP and the development of the Shadow Curriculum Model referred to above to support the sub-economies of the region. The curriculum identified in the FBC has been expanded from 3 faculties outlined in the OBC shadow curriculum to include an additional faculty in Health & Social Care and Education. The 4 faculties now cover:

a. Business, Innovation, Entrepreneurship and Professional Services.
b. Creative & Digital Arts and Sciences.
c. Agriculture, Environment and Sustainability.
d. Health & Social Care and Education.

Future phases of the new University of Peterborough programme and the Post COVID-19 Skills Recovery Plan will see other curriculum areas added to the portfolio as the future phases are developed.

e. Engineering
f. Manufacturing and Advanced Materials
g. Logistics and Distribution
h. Life Sciences;

Phase 2 of the University Campus will be a Research and Innovation Centre and Phase 3 will address the growth and expansion of Phase 1 enabling the HE ADP to grow student demand and the curriculum offer. Future buildings:

1. Phase 2 (£10m): commercial research and development expansion, which can proceed independently of Phase 3 – 2,200 sqm – October 2020 to January 2022 (subject to Budget announcement 9th July 2020 – potential to accelerate delivery).

2. Phase 3 (£85m including land): growth from 2025 students up to 10,000 students on roll by 2029/2030. It comprises two further teaching focussed buildings Phases 3a and 3b, opening in 2025 and 2028. Spade in the ground (commencement of Phase 3) Q4 2021 - Completion of Phase 3a (for occupation) September 2025. Total build of Phase 3 is 13,500 sqm.

3. The £28.6M Phase 1 capital build annotated in the FBC is for a 5300 sqm building based on the original drawings and designs tabled at the public consultation in February 2020. The location of the building and the site plot identified in the OBC as land off Bishops Road, along the

Embankment site on the Wirrina car park remains unchanged. This site has been located with land zoned in the Local Development Framework as reserved for University. The total of the land contribution is £1.87M bringing the total budget for the build to £30.47M.

Employment outcomes:

a. Number of temporary jobs created: 50 in construction
b. Number of jobs created: 33 University staff initially.
c. Number of indirect jobs created: 66 in the University supply chain rising to 398.
d. A further 166 directly employed staff as the University Faculties grow.
e. Number of indirect jobs to be created: 14,000
f. Number of Apprenticeships to be established:
    i. Level 6 (over 3 years) – 4,383
    ii. Level 7 (over 3 years) – 677.

3.0 Economic Case

3.1 Four options have been identified for consideration in the economic case as follows:

1. **Business as Usual:** continuation of the current local provision described above.
2. **Do Minimum:** investment in capability building of Peterborough Regional College to achieve Taught Degree Awarding Powers (and perhaps University Title for the current University Centre Peterborough in due course).
3. **Recommended Option:** investment to tackle the characteristics of the addressable component of the current market failures in HE provision in Peterborough, targeted at infrastructure provision and capacity building.
4. **Do Maximum:** investment scaled to found, *ab initio,* a new University on a model similar to those founded in the 1960s (the so-called Robbins Institutions).

3.2 Do Maximum can be ruled out on the grounds it is unaffordable and unachievable within the constraints of the project. Quantitative economic appraisals of the remaining three options show that the Recommended option has by far the highest Benefit Cost Ratio (16, compared with 3 for the Do minimum option and zero for the Business as Usual). When coupled with the qualitative analysis of each option against the project objectives, this confirms the Recommended option as the preferred option and this conclusion easily survives sensitivity testing of assumptions on the scale of the costs and benefits of the Recommended option.

4.0 Commercial Case

4.1 This is a complex project that requires careful sequencing and coordination if the objectives are to be met. The ADP’s curriculum model has informed the designs for the phase 1 building development.

4.2 CPCA, PCC and the ADP will form a special purpose vehicle (PropCo) to build the new campus on the Embankment site within the terms of a suite of transactional agreements. Conditions Precedent in the transactional agreements state that the completion of the overall project is conditional on: LGF funding being awarded; planning permission being obtained; and the Building Contract being successfully procured.

4.3 Procurement of the contractor for the Design & Build is underway, utilising a competitive tender process and an industry standard form of contract (JCT).

4.4 The property will be leased to a new special purpose vehicle (UniCo) established as a wholly owned subsidiary of the ADP. The ADP will provide the skills, knowledge, experience and resources to make a practical reality of UniCo as the new higher education provider and ultimately with its own degree awarding powers and subsequently university title.

4.5 The Combined Authority carried out a Competitive procurement process and has identified the preferred bidder, the ADP, with whom we will deliver the new University of Peterborough. The process included securing a capital input by the ADP.

4.6 The deal will be documented through a suite of transactional agreements to be signed by all parties by the end of August 2020 and a CPCA Service Agreement will also be in place from August 2020 to give authority to the CPCA and its agent to act on behalf of PropCo in the design, and delivery of phase 1 of the new University.

5.0 Financial Case

5.1 The agreed budget of £30.47m the phase 1 capital build will be funded as follows

Funding Source	Amount (£)
CPCA Capital Investment	12,300,000
LGF Investment Funding	12,500,000
Land contribution by PCC	1,870,000
ADP Capital Investment (anticipated)	3,800,000
Total Funding (Phase 1 only)	**30,470,000**

5.2 A key project objective is to create a sustainable operating model for the University such that, after initial start-up costs, it will operate on a self-sufficient basis. The outputs from the financial model show that the new University breaks even from 2022/23, generating a marginal surplus each year, although sensitivity testing indicates that the operating model is vulnerable to almost any level of reduction in income. Initial start-up costs for running the University are anticipated to exceed the available budget and the ADP will meet the full costs of working capital to cover this anticipated £5.4m deficit through a loan to the new University. The model shows that the key financial risks for the ADP and its ability to fully establish the University are:

- The need to recruit at least the student numbers anticipated by the model and maintain target per student fee levels to generate sufficient income (particularly in the light of the impacts of Covid-19).
- Potential increased costs, particularly for asset maintenance.
- Securing start-up funding

5.3 The potential mitigations for these risks include contingency provision throughout the ten year period, as well as a suite of measure to control costs and/or increase incomes. Subject to these considerations it is anticipated that funds will be available to meet both the project budget and the requirements of the new University operating model.

5.4 The LGF investment was approved by the Business Board and Combined Authority Board based on the option to sell the 12.3m shares purchased with Local Growth Funding by 2028. This would rely on a buyer being found for the shares and would affect the balance of control between shareholders in DevCo but would have no direct impact on the project financials and deliverability.

6.0 Management Case

6.1 The project has a number of stakeholders including: planning consultees; neighbours; Members of Parliament; and PCC and CPCA. These key internal and external stakeholders will be managed under a strategy agreed between PCC and CPCA, outlined in the established communications strategy.

6.2 The project is led by CPCA in partnership with PCC who have agreed Heads of Terms for operation of the new University with the ADP. CPCA will provide funding, see 5.1 above to support the development of the university campus (which will be owned by CPCA, PCC and the ADP and leased to the new University) through existing capital monies and grants. PCC is working with CPCA to support the delivery and in particular is providing the land for phase one.

6.3 CPCA and PCC have put in place the resources needed to manage the work streams required to deliver the project, based on an understanding of the shared goals. CPCA have appointed external consultants to ensure the necessary capacity and capability is available for successful implementation of the project.

6.4 Project governance (set out in the main transactional agreements) has been established to reflect the current arrangements within each organisation. CPCA will, under a Service Agreement be granted authority by PropCo to manage the design, procurement and delivery of phase 1 within parameters agreed with PropCo. Responsibility for the delivery of phase 1 will be mandated to a Transition Board and Project Management Board until the suite of legal arrangements are signed in August 2020, thereafter it will be managed within PropCo.

The CPCA Service Agreement will remain in place for the term during which CPCA holds shares in PropCo. The strategy, framework and plan for dealing with change is embedded within the project governance arrangements.

6.5 The project plan has been developed around the following key dates: spade in the ground (commencement of phase one) Q4 2020; and completion of phase 1 (for occupation) September 2022. To achieve these milestones there are two key work streams: procure the ADP (substantially complete); and develop, design and procure a Main Contractor to deliver phase 1 infrastructure (design has reached Stage 2 and a short-list of prospective contractors has been agreed).

6.6 Responsibility for benefits realisation will sit with PropCo and the new University and a roadmap of milestones and steps towards them has been agreed by CPCA, PCC and the ADP in the Heads of Terms.

6.7 A detailed project risk register (including control strategies) has been developed based on the following risk categories: surveys and site constraints; commercial; design; legal; procurement; operational; and governance. The project team holds quarterly risk workshops and the risk register is reviewed monthly at the Project Management Board. Project assurance will be the responsibility of PropCo and new University for the building and HE operations respectively.

6.8 The project will adopt the BSRIA Soft Landings framework and follow the five Stages of the Soft Landings process. Stage 1: Inception and Briefing, Stage 2: Design Development is predicated on Stage one; while Stage 3: Pre-handover requires follow-through with Stage 4: Initial Aftercare. This will help solve any performance gap between design intentions and operational outcomes; the scope will be finalised and agreed with the ADP and the main contractor from September 2020.

7.0 Covid-19 impacts and opportunities

7.1 Following the impact of Covid-19 the ADP set up a COVID-19 task force and made an immediate move to online delivery. Its business model is less exposed to the potential impacts of COVID-19 than other Higher Education Institutions for a variety of reasons including pre-existing blended delivery, lower reliance on international students, low buildings overheads, low gearing and a broad curriculum offer. The ADP has already started the first phase of work on development of the portfolio of courses for the new University in Peterborough and their suitability post COVID-19, including engagement with key stakeholders.

7.2 Local demographics indicate HE is about to enter a period of growth in the market, not least due to the latent demand in the “cold spot” identified in the strategic case. It will particularly target:

- First generation HE students of all ages.
- People who are unemployed, retraining or upskilling (esp. post COVID-19)

- Large Corporates and bespoke apprenticeship programmes.

The ADP also has a strong track record in Degree Apprenticeships, built on a reputation for vocational based HE provision; a brand that will be further carried into Peterborough. They are undertaking a wide range of preparatory activities to develop the curriculum offer taking full account of the impacts of (and opportunities presented by) COVID-19 as they become clearer.

7.3 Extensive planning is underway and measures are already being implemented to ensure safe social distancing on campuses for as long as is required. The ADP will manage COVID-19 risks (the primary risk being lower than forecast student numbers) in a variety of ways including:

- Only recruiting staff as needed, including limiting senior staff costs.
- Flexible deployment of resources and management of costs.
- Using market intelligence to decide which courses to continue to develop.
- Careful planning of future building phases.
- Sharing costs with other locations operated by the ADP to create economies of scale.
- Prudent use of the contingency budget.

7.4 Recessional impacts may also drive students to study degrees that are sector specific via Degree Apprenticeships and higher-level degrees in companies that lead to jobs as an outcome. The ADP intend this to be a key feature of their curriculum offer. The ADP have drawn on previous experience of recessional impacts to develop contingency plans and are planning the curriculum offer based on this experience and engagement with local stakeholders.

7.5 There are potential positive impacts on student numbers, resulting from the forecast job losses over the coming months and high levels of unemployment medium term, as young people and older re-trainers look to move into university to avoid the peak period of unemployment. The vocational, practice-based nature of the ADP’s proposed curriculum is designed to be attractive to adult learners seeking to upskill, re-train or join HE and to fill local skills gaps.

7.6 A key potential impact of COVID-19 is that it might make young people who live locally, more likely to study nearer to home; the ADP curriculum offer is designed to fill the gap identified through the “cold spot” and will, therefore, enable more students in the region to study from home should they wish to do so.

7.7 The ADP is committed to develop new local, regional and national industrial partnerships targeting companies or organisations within the areas of its proposed curriculum. These partnerships will match the ADP’s key strengths to make the curriculum offer sustainable in the medium and long term.

8.0 ECONOMIC IMPACT AND NEXT STEPS

8.1 The new University aims to make a substantial positive economic impact in Peterborough and the wider sub-region, at the same time as delivering significant cultural and social benefits.

8.2 In the Outline Business Case the BCR was 46 with a total Net Present Benefits estimated to be just over £1.1 billion. These are primarily derived from the forecast for student numbers which was estimated to peak at just over 12,500 by 2028. The Full Business case is based on the ADP's final tender document and assumes just over 5,000 students by 2028, thus the Net Present Benefits have reduced accordingly to just over £400 million.

8.2.1 The preferred option delivers a Benefit Cost Ratio of 16 based on current costings and student numbers. While this is a significant reduction from the value in the Outline Business Case, it is still an exceptional return according to government guidance and benchmarks which defines the VfM category as:

- Poor VfM if the BCR is less than 1.0;
- Low VfM if the BCR is between 1.0 and 1.5;
- Medium VfM if the BCR is between 1.5 and 2.0;
- High VfM if the BCR is between 2.0 and 4.0; or
- Very high VfM if the BCR is greater than 4.0

However, reducing this project to a simple BCR number relies on the fact that the success or failure of this investment in Peterborough, relies on many factors. Simply assuming that such a high BCR value assures its success can lead to a false sense of comfort. The Economic Analysis is only one part of a well-informed decision.

8.2.2 In light of the risks outlined above, sensitivity testing has been carried out by adjusting key variables as follows:

- 50% reduction in staff and student numbers (NB: as staffing levels are forecast on a student-staff ratio, a change in one variable inevitably affects the other). There are further consequences for indirect employment that are also a function of the scale of the University.
- Complete elimination of the effects of new graduates entering the market.

8.2.3 Even allowing for these significant risks, the preferred option outperforms the other options and a strongly positive net present value and BCR is sustained. Therefore, there remains a strong economic case for investing in the new University in line with the Recommended option to generate direct and indirect benefits for the region. Further testing has been carried out to determine the impact of a substantial cost over-run on the construction of the phase 1 Building.

8.2.4 The benefits are not particularly sensitive to even very significant rises in the cost of the phase 1 building (although naturally any cost over-runs will challenge the basic affordability of the scheme). A critical point to note is that the key benefits stem largely as function of the ambitious student growth projections (which reflect market needs). Only this factor will generate a significant direct and positive economic impact. The critical sensitivity is therefore the extent to which the ADP can commit to delivering the project objectives and bringing the know-how and capabilities necessary to deliver this ambitious agenda

8.2.5 An initial economic appraisal of the project (Phases 1 and 3) shows that the key benefits to be delivered by the project include (in summary): £414,604,165 million in Net Present Value £25,073,715 million Net Present Cost £400 million Net Present Value Benefit cost ration of 165,000 additional students by 2028

8.3 A commercial risk register and mitigations post COVID-19 have been added to the Executive Summary to ensure that the project is COVID-19 proof.

8.4 A detailed project risk register (including control strategies) has been developed based on the following risk categories: surveys and site constraints; commercial; design; legal; procurement; operational; and governance. The project team holds quarterly risk workshops and the risk register is reviewed monthly at the Project Management Board.

8.5 The project will adopt the Business Services Research and Information Association (BSRIA)Soft Landings framework and follow the Stages of the Soft Landings process.

- Stage 1: Inception and Briefing,
- Stage 2: Design Development is predicated on Stage one;
- Stage 3: Pre-handover requires follow-through with;
- Stage 4: Initial Aftercare. This will help solve any performance gap between design intentions and operational outcomes.

9.0 THE PETERBOROUGH HE PROPERTY COMPANY (PROP CO)

9.1 Following the approval in January 2020 to enter into the Subscription and Project Management Agreement (Subscription Agreement) with Peterborough City Council (PCC) it is now necessary to formalise the Special Purpose Joint Venture (SPJV) between the Combined Authority, PCC, LGF and the ADP as shareholders, for the building and management of the University Campus. By decision on the 29th May 2020, Propco was incorporated in June 2020 as a company limited by shares, with CPCA as the sole shareholder. PCC will be allocated shares in Propco in accordance with the Propco shareholder agreement when the land transfer is ready to proceed.

9.2 Strategic Heads of Terms have been agreed through the negotiated tender process and a copy of these are annotated as an appendix of the FBC. They set out the key objectives and requirements of the project in terms of the delivery of the academic, regulatory and operational aspects of the new University.

9.3 Following completion of the legal agreements in August 2020, the three parties (PCC, CPCA and the ADP) will be governed by the suite of legal agreements which defines parties' contractual obligations in realising the New University of Peterborough. CPCA will, under the Service Agreement be granted authority by PropCo to manage the design, procurement and delivery of phase 1 within parameters agreed with PropCo. Responsibility for the delivery of phase 1 will be mandated to the Transition Board and Project Management Board until the suite of legal arrangements are signed in August, thereafter it will be managed within PropCo. The CPCA Service Agreement will remain in place for the term during which CPCA holds shares in PropCo.

9.4 The ADP (UniCo) will have sole responsibility for the operation of the new University reporting to PropCo on an annual basis in respect of the building condition and maintenance and review of the roadmap (which can be found in the Heads of Terms contained within the appendices of the FBC) which sets out the intended corporate and academic governance arrangements for delivery of higher education courses by UniCo (moving towards registration with the OfS degree awarding powers and University title).

10.0 MAIN CONTRACTOR PRECONSTRUCTION AGREEMENT

10.1 In May 2020, the CPCA issued a 2 stage JCT Design and Build procurement on behalf of PropCo, to source a main contractor for the Phase 1 build. An OJEU compliant notice was issued on Pro North and the first stage comprising of Standard Selection Questionnaires resulted in 19 returns. These returns were reviewed by a technical evaluation panel of 7 industry experts and a short list of 5 companies drawn up. The next stage of the procurement saw the Invitation to Tender go live on 25th June 2020 with returns due by 23rd July 2020. The evaluation and moderation of these tenders will take place by the technical review panel on 31st July 2020 resulting in the successful main Contractor being asked to enter into a Preconstruction Service Agreement in August 2020 to develop the design and agree a fixed price for the Phase 1 build.

11.0 FINANCIAL AND INVESTMENT IMPLICATIONS

11.1 The Combined Authority has approved the overall budget figure of £12.3M as capital investment to the project. This finance model is annotated within the FBC. The aims and objectives for Phase 1 include securing the £28.6M build costs, which includes the additional funding to be invested by the HE Partner to increase the size and features of the building as well as a subsidy to operational costs in the early years.

Therefore the funding arrangements of Phase 1 are:

Funder	Amount	Purpose
CPCA	£12.3M	Mobilisation of the University Programme of delivery, land preparation, planning permissions and capital investment into the building of Phase 1 to opening in September 2022.
LGF	£12.5M	LGF investment in Stage 1 of Phase 1 building.
PCC	£1.87M	4 acres of land for the Phase 1 site to be invested at a value of £465,500 per acre.
ADP	£3.8M	Increase in size and features of the building to reflect breadth of Curriculum and addition of fourth faculty.
TOTAL	**£30.47M**	

11.2 A key project objective is to create a sustainable operating model for the University such that, after initial start-up costs, it will operate on a self-sufficient basis. The outputs from the financial model show that the new University breaks even from 2022/23, generating a marginal surplus each year, although sensitivity testing indicates that the operating model is vulnerable to almost any level of reduction in income. Initial start-up costs are anticipated to exceed the available budget and the ADP will meet the full costs of working capital to cover this anticipated as £5.4m deficit through a loan to the new University. The model shows that the key financial risks for the ADP and its ability to fully establish the University are:

- The need to recruit at least the student numbers anticipated by the model and maintain target per student fee levels to generate sufficient income (particularly in the light of the impacts of Covid-19).
- Potential increased costs, particularly for asset maintenance.
- Securing start-up funding

11.2.1 The potential mitigations for these risks include contingency provision throughout the ten year period, as well as a suite of measure to control costs and/or increase incomes. Subject to these considerations it is anticipated that funds will be available to meet both the project budget and the requirements of new University operating model.

11.2.2 A shortfall in funding of £5.4m will be required to be bridged to support the start-up costs for the new University. The shortfall is to be funded by a loan to UniCo from the ADP assumed to be repayable at a rate of 2.5% over 5 years. This results in a total repayment of £5.75m which is included within the operational and financial models.

11.3 As Phase 1 funding is on progress and on track, the next step is for us to explore further funding options for the Masterplan to achieve campus growth.

12.0 LEGAL IMPLICATIONS

12.1 The University of Peterborough is a key project identified in the Combined Authority's Business Plan 2019/20. The proposed legal arrangements for the delivery of the project are set out at above.

12.2 The recommendations in this Report accord with the Combined Authority's a general power of competence set out at Part 4, Article 11 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251)

12.3 The meeting shall be conducted in accordance with Parts 2 and 3 of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020.

13.0 APPENDICES

13.1 **Appendix 1** – Full Business Case [The appendices to the Full Business Case are not reproduced here due to their volume but are available in the report presented to the Skills Committee on 6th July 2020 - https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1992/Committee/66/Default.aspx]

Background Papers	**Location**
"University of Peterborough – Outcomes of Review and Reflect leading to the progression of an Outline Business Case" (Report to Combined Authority Board – 29th May 2019)	https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/855/Committee/63/Default.aspx
"University of Peterborough – Progress Update Paper" (Report to Skills Committee – 11th November 2019)	https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/884/Committee/66/Default.aspx
"University of Peterborough – Outline Business Case – Phase 1" (Report to Skills Committee – 17th January 2020)	https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/885/Committee/66/Default.aspx
"University of Peterborough Outline Business Case – Phase 1" (Report to Combined Authority Board – 29th January 2020)	https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/851/Committee/63/Default.aspx

A new University for Peterborough

Full Business Case

Contents

Executive summary

<u>Strategic Case</u>

Peterborough is a recognised cold spot for Higher Education. To address this, Cambridgeshire and Peterborough Combined Authority (CPCA) and Peterborough City Council (PCC) are committed to securing a new higher education provider for the City in readiness for the Academic Year 2022/23 with the aim that it will become a university, subject to regulatory approvals, by 2032 ("the new University").

This Full Business Case is concerned only with the phase 1 development of the new University:

1. Development of a phase 1 university building on the Embankment site in Peterborough, which will be leased to and occupied by the new University.
2. Procurement of an Academic Delivery Partner (ADP) to provide the skills, knowledge, experience and resources to establish the new University.

The intention is for the new University to be fast-growing between 2020 and 2028 (supported by subsequent phases of infrastructure development), at which point there will be an independent review to evaluate the benefits and feasibility of the University becoming independent from the ADP.

Beyond this project, CPCA is seeking further funding in the form of accelerated and expanded access to the national £387m 2021/22 Local Growth Fund allocation to ensure that the improvement in higher-level skills and knowledge capacity the new University will bring is accompanied by the necessary parallel stimulation and supply of higher value jobs to provide opportunities for the increased number of higher-level skilled people. This will include investment in subsequent phases of the new University to support the development of an innovation eco-system in the region.

The strategic policy framework within which CPCA works and the rationale for the University for Peterborough project flows from the Cambridgeshire and Peterborough Independent Economic Review and related documentation including in the CPCA skills strategy and Local Industrial Strategy. The project supports national policy as expressed in the review of Higher Technical Education and the Government's Industrial Strategy and is consistent with the primary recommendations in the Augar Review of Post-18 Education funding.

A new University will make a substantial positive economic impact in Peterborough and the wider sub-region, enabling the region and the UK to compete in an ever more dynamic global economy through innovation and creating knowledge-intensive businesses. It will deliver significant cultural and social benefits. It is a Mayoral priority within CPCA's Business Plan and a key intervention within the Local Industrial Strategy and Skills Strategy, to address the current disconnect between work and qualifications. Expanded HE provision will be an essential component in realising ambitions to: establish the foundations for raising aspirations and attainment; support business skills needs; improve productivity; stimulate structural economic change; and enhance well-being.

The top-line objectives for the new University are:

- Accelerating economic growth in the local economy.
- Increasing productivity by job-ready degrees that support the local economy.
- Increasing GVA through meeting business, student and employer aspirational needs.
- Creating an effective progression route for technical learning.
- Re-skilling and up-skilling the workforce to meet technical skills market needs.

Peterborough and the wider region are under-served by current providers and there is a net-outflow of students from the East of England. Current HE provision consists of Peterborough Regional College (around 500 qualifications per annum) and Anglia Ruskin University (bespoke provision of around 400 qualifications per annum). There is no HE provision in Fenland or North Huntingdonshire, largely due to their dispersed rural character and poor transport networks.

Addressing provision to under-represented and under-employed groups will be critical in meeting local labour market demand and provides an uncontested HE market space (unemployment rates in the sub-region are higher than the national average, the local population has grown at a faster rate than the national average and a lower proportion of 18-24-year olds are in full-time education).

The University, therefore, has the opportunity to provide a unique offer to serve the cold spot, attract under-represented groups and redress the imbalance with the rest of the CPCA region.

Various efforts over the last 20 years to produce a commercially viable HE provision of sufficient scale and quality have failed and a different approach is required. The intention of the new University is to address the cold spot through an increase in the number of HE entrants from the sub-region by attracting and retaining students locally, in particular people who do not currently participate in HE but who would participate and remain locally if suitable provision was available. Based on the CPIER and related analyses it is clear that the first tier of University strategy must be to craft a sustainable portfolio of taught courses that addresses the characteristics of the cold spot before building research expertise.

CPCA is determined to make these investments, to encourage others to make such investments and to bring the positive benefits of HE to the people of the sub-region. This will not only address the labour market needs of the sub-region, it will give the area an opportunity to reinvent its economy; raising aspirations locally and supporting business skills needs.

The main benefits of the new University stem from establishing a Phase 1 University Campus in Peterborough, for 2,000 students by September 2022 and include:

1. 10,000 new learners assisted (Levels 5 and 6 over five years).
2. 50 temporary construction jobs, 33 university jobs initially (rising to 199), 66 initial supply chain jobs (rising to 398), 14,000 indirect jobs and 5,060 apprenticeships over 3 years.

<u>Economic Case</u>
Four options have been identified for consideration in the economic case as follows:

1. **Business as Usual:** continuation of the current local provision described above.
2. **Do Minimum:** investment in capability building of Peterborough Regional College to achieve Taught Degree Awarding Powers (and perhaps University Title for the current University Centre Peterborough in due course).
3. **Recommended Option:** investment to tackle the characteristics of the addressable component of the current market failures in HE provision in Peterborough, targeted at infrastructure provision and capacity building.
4. **Do Maximum:** investment scaled to found, *ab initio,* a new University on a model similar to those founded in the 1960s (the so-called Robbins Institutions).

Do Maximum can be ruled out on the grounds it is unaffordable and unachievable within the constraints of the project. Quantitative economic appraisals of the remaining three options show that the recommended option has by far the highest Benefit Cost Ratio (16, compared with 3 for the

Do minimum option and zero for the Business as Usual). When coupled with the qualitative analysis of each option against the project objectives, this confirms the recommended option as the preferred option and this conclusion easily survives sensitivity testing of assumptions on the scale of the costs and benefits of the recommended option

Commercial Case

This is a complex project that requires careful sequencing and coordination if the objectives are to be met. The ADP's curriculum model has informed the designs for the phase 1 building development.

CPCA, PCC and the proposed ADP will form a special purpose vehicle (PropCo) to build the new campus on the Embankment site within the terms of a suite of transactional agreements.

Procurement of the infrastructure will involve selection of a Main Contractor to deliver the physical capital works via a Design & Build procurement route utilising a competitive tender and an industry standard form of contract (JCT). There is a wealth of potential main contractors and subcontractors who operate in the region and therefore interest in this scheme is expected to be high, which will typically result in competitive pricing.

The property will be leased to a new special purpose vehicle (UniCo) established as a wholly owned subsidiary of the ADP. The ADP will provide the skills, knowledge, experience and resources to make a practical reality of UniCo as the new higher education provider and ultimately with its own degree awarding powers and subsequently university title.

Following a comprehensive procurement process an Academic Delivery Partner has been selected as the ADP for the project and Heads of Terms have been agreed to form the basis of the legal documentation to be entered into between the ADP, CPCA and PCC for delivery of the project.. The ownership structure of the new University will reflect the commitment of resources by CPCA, PCC and the ADP.

The deal will be documented through a suite of transactional agreements to be signed by all parties by the end of August 2020 and a CPCA Service Agreement will also be in place from August 2020 to give authority for CPCA and its agent to act on behalf of PropCo in the design, procurement and delivery of phase 1 of the new University.

Signing of the main contract between PropCo and the Main Contractor for construction is scheduled for January 2021. T

Financial Case

The agreed budget of £30.47m the phase 1 capital build will be funded as follows:

Funding Source	Amount (£)
CPCA Capital Investment	12,300,000
LGF Investment Funding	12,500,000
Land contribution by PCC	1,870,000
ADP Capital Investment (anticipated)	3,800,000
Total Funding (Phase 1 only)	**30,470,000**

A key project objective is to create a sustainable operating model for the University such that, after initial start-up costs, it will operate on a self-sufficient basis. The outputs from the financial model show that the new University breaks even from 2022/23, generating a marginal surplus each year, although sensitivity testing indicates that the operating model is vulnerable to almost any level of reduction in income. Initial start-up costs are anticipated to exceed the available budget and the ADP will meet the full costs of working capital to cover this anticipated as £5.4m deficit through a loan to the new University. The model shows that the key financial risks for the ADP and its ability to fully establish the University are:

- The need to recruit at least the student numbers anticipated by the model and maintain target per student fee levels to generate sufficient income (particularly in the light of the impacts of Covid-19).
- Potential increased costs, particularly for asset maintenance.
- Securing start-up funding

The potential mitigations for these risks include contingency provision throughout the ten year period, as well as a suite of measure to control costs and/or increase incomes. Subject to these considerations it is anticipated that funds will be available to meet both the project budget and the requirements of new University operating model.

The LGF investment requires repayment by 2028. *The LGF investment was approved by the Business Board and Combined Authority Board on the proposed repayment by 2028 in the original LGF application, which stated that there would be an option in 2025 or 2028 to review the grant investment repayment in light of its agreed outputs and outcomes. The CPCA proposes that this will only be done after consultation around best value options and market interest for disposing of the shares in the PropCo either to the ADP or a third party in accordance with the terms agreed in the shareholders' agreement.*

Management Case

The project has a number of stakeholders including: planning consultees; neighbours; Members of Parliament; and PCC and CPCA. These key internal and external stakeholders will be managed under a strategy agreed between PCC and CPCA, outlined in the established communications strategy.

The project is led by CPCA in partnership with PCC who have agreed Heads of Terms for operation of the University with the ADP. CPCA will provide funding to support development of the university campus (which will be owned by PropCo and leased to the new University) through existing capital monies and grants. PCC is working with CPCA to support the delivery and in particular is providing the land for phase one.

CPCA and PCC have put in place the resources needed to manage the work streams required to deliver the project, based on an understanding of the shared goals (set out in the Subscription Agreement which shall be superseded by the shareholders' agreement). CPCA have appointed external consultants to ensure the necessary capacity and capability is available for successful implementation of the project.

Responsibility for the project will be mandated to the Transition Board and Project Management Board until the full suite of legal agreements are entered into. Thereafter responsibility will sit with PropCo who will enter into a Services Agreement with CPCA to manage the delivery of the scheme. The strategy, framework and plan for dealing with change will be embedded within the legal agreements.

The project plan has been developed around the following key dates: spade in the ground (commencement of phase one) Q4 2020; and completion of phase 1 (for occupation) September 2022. To achieve these milestones there are two key work streams: procure the ADP (substantially complete); and develop, design and procure a Main Contractor to deliver phase 1 infrastructure (design has reached Stage 2 and a short-list of prospective contractors has been agreed).

Responsibility for benefits realisation will sit with PropCo and the new University and a roadmap of milestones and steps towards them has been agreed by CPCA, PCC and the ADP in the Heads of Terms.

A detailed project risk register (including control strategies) has been developed based on the following risk categories: surveys and site constraints; commercial; design; legal; procurement; operational; and governance. The project team holds quarterly risk workshops and the risk register is currently reviewed monthly at the Project Management Board. Project assurance will be the responsibility of PropCo and new University for the building and HE operations respectively.

The project will adopt the BSRIA Soft Landings framework and follow the five Stages of the Soft Landings process. Stage 1: Inception and Briefing, Stage 2: Design Development is predicated on Stage one; while Stage 3: Pre-handover requires follow-through with Stage 4: Initial Aftercare. This will help solve any performance gap between design intentions and operational outcomes; the scope will be finalised and agreed with the ADP (as tenant) and the main contractor from September 2020.

<u>Covid-19 impacts and opportunities</u>

A wealth of established and emerging evidence predicts that as a result of the Covid-19 crisis Peterborough and the Fens, will be one of the hardest hit economies in the UK. This is partly due to education deprivation and partly due to the region's low-tech industrial base; factors that combine to increase risks of the region also being one of the slowest to recover.

Therefore, a more inclusive recovery and regrowth strategy is needed for region's economy; one which increases higher value, more knowledge intense and more productive growth and shifts the spatial distribution of economic growth and to support an increase in innovation-based business growth across the whole CPCA economy. This will be more important than ever in the recovery following the Covid-19 crisis.

In common with a number of cities in the UK, the establishment of a university and associated innovation eco-system could produce the knowledge engine to drive these changes and ensure Peterborough is not one of the "left-behind" towns following the Covid-19 crisis.

Following the impact of Covid-19, the ADP set up of a Covid-19 task force (and made an immediate move to online delivery. Its business model is less exposed to the potential impacts of Covid-19 than other HEIs for a variety of reasons including pre-existing blended delivery, lower reliance on international students, low buildings overheads, low gearing and a broad curriculum offer that is likely to be more resilient to the impacts of Covid-19. The ADP has already started the first phase of work on development of the portfolio of courses for the new University in Peterborough and their suitability post Covid-19, including engagement with key stakeholders.

Local demographics indicate HE is about to enter a period of growth in the market, not least due to the latent demand in the "cold spot" identified in the strategic case. It will particularly target:

- First generation HE students of all ages.
- People who are unemployed, retraining or upskilling (esp. post Covid-19)
- Large Corporates and bespoke apprenticeship programmes.

The ADP also has a strong track record in Degree Apprenticeships, built on a reputation for vocational based HE provision (The ADP is the largest provider of Degree Apprenticeships in the UK and a thought leader in their development); a brand that will be further carried into Peterborough. They are undertaking a wide range of preparatory activities to develop the new University of Peterborough offer taking full account of the impacts of (and opportunities presented by) Covid-19 as they become clearer.

Extensive planning is underway and measures are already being implemented to ensure safe social distancing on campuses for as long as is required. The ADP will manage Covid-19 risks (the primary risk being lower than forecast student numbers) in a variety of ways including:

- Only recruiting staff as needed, including limiting senior staff costs.
- Flexible deployment of resources and management of costs.
- Using market intelligence to decide which courses to continue to develop.
- Careful planning of future building phases.
- Sharing costs across the business to create economies of scale.
- Prudent use of the contingency budget.

Recessional impacts may also drive students to study degrees that are sector specific via Degree Apprenticeships and higher-level degrees in companies that lead to jobs as an outcome. The ADP intend this to be a key feature of the new University of Peterborough offer. The ADP have drawn on previous experience of recessional impacts to develop contingency plans and are planning the new University of Peterborough offer based on this experience and engagement with local stakeholders.

There are potential positive potential impacts on student numbers, resulting from the forecast job losses over the coming months and high levels of unemployment medium term, as young people and older re-trainers look to move into university to avoid the peak period of unemployment. The vocational, practice-based nature of the ADP's proposed curriculum is designed to be attractive to adult learners seeking to upskill, re-train or join HE and to fill local skills gaps.

A key potential impact of Covid-19 is that it might make young people who live locally, more likely to study nearer to home; new University of Peterborough is designed to fill the gap identified through the “cold spot” and will, therefore, enable more students in the region to study from home should they wish to do so.

The ADP is committed to develop new local, regional and national industrial partnerships targeting companies or organisations within the areas of its proposed curriculum. These partnerships will match the ADP's key strengths to make new University of Peterborough sustainable in the medium and long term.

1 Strategic Case

1.1 Introduction

Peterborough has been recognised for many years as a cold spot for Higher Education. Cambridgeshire and Peterborough Combined Authority (CPCA), working with Peterborough City Council (PCC), is committed to securing a new higher education provider for the City in readiness for the Academic Year 2022/23. The project is defined as follows:

> *"The University of Peterborough will be a high-quality employment-focused University for the city and region. It will acquire an international reputation for innovative technological approaches to face to face learning and in applied technology and science. It will be characterised by outstanding student satisfaction and response to local needs. The curriculum will be led by student and employer demand as well as developing opportunities in the technological, scientific and business areas. Its buildings will be architecturally leading, flexible and environmentally friendly. The curriculum, academic community and buildings will reflect a desire to be the greenest university possible".*

This document provides the Full Business Case for Phase 1 of the proposed approach to secure a viable, new University for Peterborough. Phase 1 comprises:

1. Development of the first university building on the Embankment site in Peterborough.
2. Enter into a joint venture and property/finance transfer to The Peterborough HE Property Company (Prop Co) with PCC and the Academic Delivery Partner (ADP)
3. Contracting with the preferred ADP to establish the University and provide the skills, knowledge, experience and resources to make a practical reality of the new higher education provision.
4. Procure a main contractor to deliver the phase 1 University building for opening September 2022.

The intention is for the new University to be fast-growing between 2020 and 2032 (supported by further infrastructure development phases). A review undertaken by the Academic Delivery Partner (ADP) and CPCA expected to take place in 2028 will evaluate the benefits and feasibility of the University becoming independent from the ADP with its own degree awarding powers and ultimately University Title.

Improving the higher-level skills and knowledge capacity within the human capital of a place ultimately has little or no effect without the parallel stimulation and supply of higher value jobs to provide opportunities for the increased number of higher-level skilled people. One component of such a stimulation and supply system is an innovation eco-system.

Replicating the "Cambridge Phenomenon" that has taken decades to evolve organically and develop requires a specifically designed and long-term programme of interventions that balance supply of improved human capital with demand for it. This in turn requires indigenous and inward business growth that is more knowledge intensive and higher value, requiring higher level skills.

In the case of Peterborough and The Fens, this means addressing the HE cold spot to generate more level 5, 6, 7 & 8 skills, focused on key, higher value growth sectors such as high-value manufacturing and digital. In comparison to the average city in the UK, and within a workforce of 103,000, Peterborough needs be able to mobilise 17,000 more workers at these higher skills levels, to become competitive as a place, and arrest four decades of decline in prosperity and health outcomes.

Filling the higher-level skills gap in Peterborough and The Fens, will have limited impact without effective measures to grow significantly the business and industrial demand for those skills. This will require, concurrent development of the innovation and business support eco-system to grow indigenous high-value firms and attract new ones to the city.

Such an eco-system, using the new university as its hub, has been designed and substantially funded by CPCA, to be mobilised over the next year. Beyond this project, funding is being sought in the form of accelerated and expanded access to the national £387m 2021/22 Local Growth Fund allocation. Taken together this will include:

- A central, multi-university research super-hub to act as the enabling core for an innovation eco-system to connect firms locally with global partners, knowledge and opportunities for growth.
- New business clusters and networks, especially in manufacturing in the north of the region.
- £20m of growth coaching, mentoring and capital for innovation-based firms.
- A new local Foreign Direct Investment agency to connect into DIT to attract high value firms globally.
- A skills brokerage service to connect learners, and those retraining, with growth firms.
- A network of new Tech Accelerators and Incubators connecting the Cambridge knowledge base with the north of the area.

1.2 Strategic context

1.2.1 About CPCA

CPCA was established in 2017 under a Devolution Deal with central Government. Its purpose is to ensure Cambridgeshire and Peterborough is **a leading place in the world to live, learn and work**.

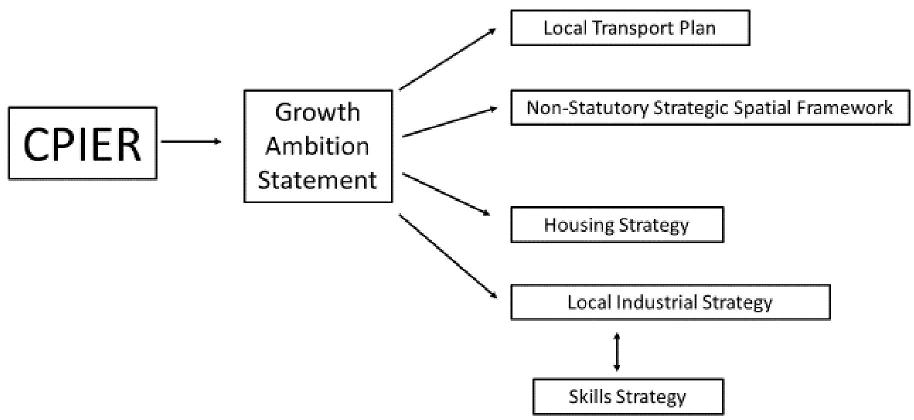
It brings together the area's councils and is chaired by a directly elected Mayor. The Mayor and Combined Authority have statutory powers and a budget for transport, affordable housing, skills and economic development, made up of funding devolved from central Government. The Mayor also has powers to raise monies through local taxes, although these have not been used to date. CPCA's 2017/18 accounts are available at cambridgeshirepeterborough-ca.gov.uk/news/combined-authority-draft/.

The Devolution Deal for Cambridgeshire and Peterborough sets out key ambitions for the Combined Authority; CPCA's mission statement is "**to deliver a leading place to live, learn & work by 2030"**. The Deal, which runs for 30 years, also sets out a list of specific projects which CPCA and its member councils will support over that period. CPCA is publicly accountable for how it uses its devolved funding to meet the Devolution Deal commitments.

CPCAs' business plan can be found at cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/CPCA-Business-Plan-2019-20-dps.pdf and includes the following strategic goals and business aims:

- Doubling the size of the local economy.
- Accelerating house building rates to meet local and UK need.
- Delivering outstanding and much needed connectivity in terms of transport and digital links.
- Providing the UK's most technically skilled workforce.
- Transforming public service delivery to be much more seamless and responsive to local need.
- Growing international recognition for our knowledge-based economy.
- Improving the quality of life by tackling areas suffering from deprivation.

The strategic policy framework within which CPCA works is summarised below (CPIER is the Cambridgeshire and Peterborough Independent Economic Review).



CPCA's Board brings together the Leaders of the councils in the area under the chairmanship of the Mayor and is also attended by the Police and Crime Commissioner, Chairman of the Fire Authority, Chairman of the Business Board and a representative of the NHS. Further details of CPCA's formation, structure, partners and ambitions can be found at cambridgeshirepeterborough-ca.gov.uk/about-us and cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/Constitution-2019-10-24.pdf. CPCA's governance includes a number of Committees and the Business Board:

- **Overview and Scrutiny Committee:** to scrutinise decisions by the Combined Authority or the Mayor.
- **Audit and Governance Committee:** to review the Combined Authority's financial affairs, internal control, corporate governance arrangements and risk management.
- **Employment Committee:** formed following September 2017's Combined Authority Board meeting to provide a focus on employment initiatives in the region.
- **Housing and Committees Committee:** to make recommendations to the Combined Authority Board on: Housing Strategy; the Housing Investment Fund; and the programme of housing projects.
- **Skills Committee:** to make recommendations to the Combined Authority Board on the Skills Strategy and the skills budget, innovation fund and Adult Education Fund.
- **Transport and Infrastructure Committee:** to make recommendations to the Combined Authority Board on: the Local Transport Plan; Bus Strategy; the transport revenue budget, including any transport levy; the annual programme of strategic transport projects and the associated capital investment budget; borrowing powers exercised as the Local Transport Authority; and creation of the key route network
- **Business Board:** constituted in September 2018, the Business Board is the Local Enterprise Partnership (LEP) for the region. It gives commerce a stronger voice in developing CPCA's plans and decision making, particularly the Local Industrial Strategy (LIS) and advising CPCA on achieving its growth ambition.

1.2.2 Policy alignment

National Policy

The UK needs a dual training system where vocational education and training is well known and highly recognised worldwide due to its combination of theory and applied training, embedded within real-life work environments. Central Government has outlined in its Industrial Strategy the need to see more people equipped to acquire intermediate and higher-level technical skills that the economy needs now and in the future. A simplified qualifications system is needed that everyone understands and has confidence in is key to this reform.

The Government's proposed Post 16 reforms aim to streamline qualifications for students through the Post 16 Review of qualifications at level 3 and below in England (www.gov.uk/government/consultations/review-of-post-16-qualifications-at-level-3-and-below-in-england) to create a coherent system with clear, high quality progression routes for students of all ages, including the National Retraining Scheme. These need to support the recommendations of the Augar Review into Post-18 Education funding and the review of Higher Technical Education. The Government's Level 4 and 5 reforms (www.gov.uk/government/publications/review-of-level-4-and-5-education-interim-evidence-overview) present an opportunity to ensure that technical/vocational learning is available in Peterborough.

It is clear that Government HE policy is concerned with increasing the supply of higher-level technical skills, ensuring genuine inclusiveness in higher education provision and participation and supporting the expansion of agile modes of learning including distance and virtual learning approaches to enable increased participation. All of these are strong drivers for the approach to be adopted for the development of a new University for Peterborough.

This in turn supports the UK Government's Industrial Strategy (www.gov.uk/government/topical-events/the-uks-industrial-strategy) which articulates the national strategy to achieve a vision of:

- The UK having the world's most innovative economy.
- Good jobs and greater earning power for all.
- A major upgrade to the UK's infrastructure.
- The UK being the best place to start and grow a business.
- Prosperous communities across the UK

A new University will make a substantial positive economic impact not only in the City but in the wider sub-region supporting these national policy frameworks, enabling the region and the UK to compete in an ever more dynamic global economy through innovation and creating knowledge-intensive businesses. At the same time it will deliver significant cultural and social benefits that are inherent in the aims of these national policies.

CPCA Skills Strategy

The CPCA Skills Strategy provides a framework for expenditure against strategic priorities focused on learning that delivers sustained job outcomes, productivity and economic growth. Devolution of skills budgets provides scope to embed an approach that coordinates local resources and establishes priorities.

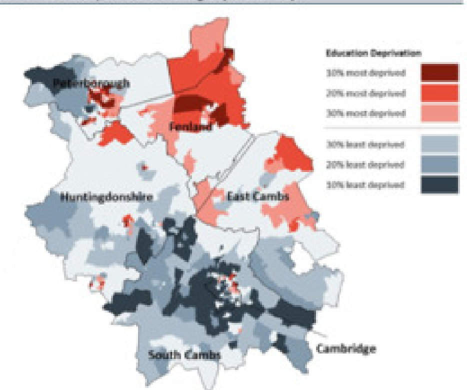
The Cambridgeshire and Peterborough region plays an important role in the UK economy. Although the area is home to large and globally significant businesses, small/medium businesses dominate the local landscape. The region comprises three distinct economies with differing sector specialisms and differing social and economic skills needs:

- Peterborough and surroundings (including north Huntingdonshire).
- The Fens (including Fenland, some of East Cambridgeshire and part of Huntingdonshire).
- Greater Cambridge (Cambridge and South Cambridgeshire, including southern parts of Huntingdonshire and East Cambridgeshire)

Broadly speaking, Greater Cambridge has the highest levels of skills and the best educational outcomes; Greater Peterborough and the surrounding area experiences lower levels of employment and greater economic inactivity (suggesting an economy marked by longer term issues relating to engagement and long-term alienation) and the Fens has lower labour market performance, related to the accessibility of both jobs and training. Levels of education deprivation are shown in the figure below and are concentrated in the north and north-east of the region in particular.

Education deprivation is concentrated in the north-eastern areas of the CPCA. Peterborough and Fenland in particular although there are small clusters in Huntingdon and Cambridge. By contrast significant areas of Huntingdonshire, South Cambridgeshire and Cambridge are lowest in education deprivation.

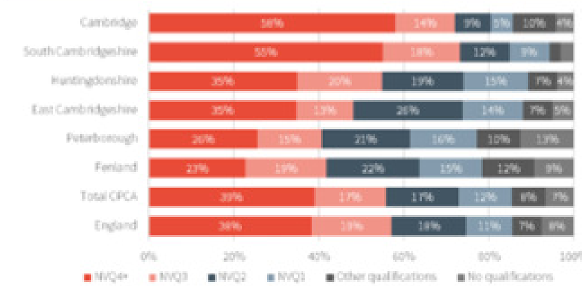
Figure 4.17 Education, Skills and Training Deprivation Map



Source: IMD, DCLG, 2015

Distribution of qualification outcomes

Figure 4.14 Highest level of qualification across CPCA (16-64 yr. olds)



Source: Annual Population Survey, 2017

Peterborough is a recognised cold spot for HE provision in the region, which results a higher level skills gap amongst the working population (see section 1.2.5 below):

It is imperative that, to achieve inclusive growth, CPCA concentrates efforts on closing the skills gaps, and overcomes the barriers and challenges to progression by developing bespoke life-long learning for all ages through a tailored approach. Key to success will be growing local talent (alongside attracting new talent to the area). The CPCA Skills Strategy, therefore, sets a strategic direction to enable sustainable futures by creating a culture of positive change within the skills arena following three key themes:

1. Achieve a high-quality offer tailored to the needs of the three sub-economies.
2. Empower local people to access education and skills to participate fully in society, to raise aspirations and enhance progress into further learning or work.
3. Develop a dynamic skills market that responds to the changing needs of local business.

The University will be catalyst for action under all three themes. It is a Mayoral priority within CPCA's 2019-20 Business Plan as well as a key intervention within the Local Industrial Strategy and the Skills Strategy, to address the current disconnect between work and qualifications. Furthermore, expanded higher education provision will be an essential component in realising the ambitions set out in the Cambridgeshire and Peterborough Independent Economic Review (CPIER www.cpier.org.uk/final-report/) to: establish the foundations for raising aspirations and attainment in Peterborough and the surrounding region; support business skills needs; improve productivity; stimulate structural change in the sub-regional economy; and enhance the well-being of the local population.

Moreover, young people in Peterborough and surrounding areas often leave school/college/ university without possessing some of the practical skills to function in the modern workplace. There

Classification - Public

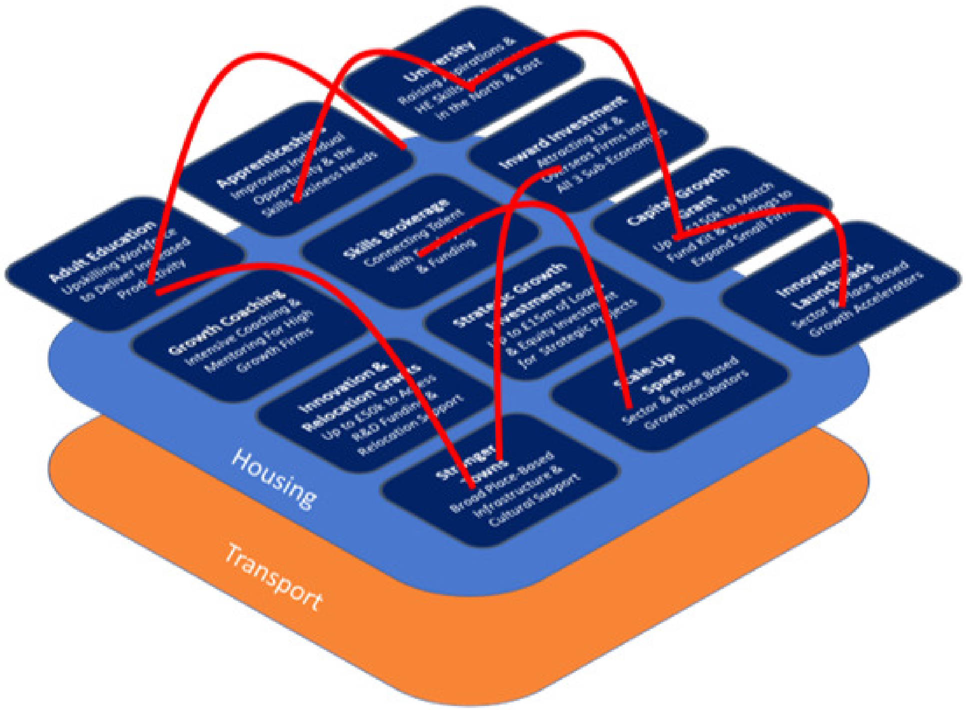
is concern also that the teachers/academics lack knowledge of vocational career pathways and technical curriculums and that there is currently a disconnect between schools/colleges and employers/businesses. CPCA's strategies focus on activity-based transitions that are outcome based and business-focussed within the key sectors of Construction, Logistics, Agriculture/Food, Life Sciences, ICT/Digital, Health and Social Care to create pathways to further study in either FE or HE.

Based on recent economic data/evidence collected from the CPIER and the Hatch Regeneris' Skills Strategy Evidence Base Report (www.cambridgeshirepeterborough-ca.gov.uk/assets/Employment-and-Skills/Cambridgeshire-and-Peterborough-Combined-Authority-FINAL-DEC-2018-Appendix-A.pdf), CPCA's Skills Strategy (www.cambridgeshirepeterborough-ca.gov.uk/assets/Employment-and-Skills/Skills-Strategy-Final-Version-5.6.19.pdf) has identified a need for a University for Peterborough. CPCA is committed (as a devolution priority) to supporting the establishment of expanded HE provision in Peterborough, with a course mix driven by the requirements of local residents and businesses.

The University curriculum offer needs to support raising aspirations to grow the student numbers from the local area, meet student expectations and meet the needs of the local economy. CPCA's policy is to prioritise skills interventions, including supporting the establishment of a new University for Peterborough with provision driven by local employer demand for skills in both public and private sectors, encouraging apprenticeships. Through the LIS, CPCA is also working to activate employer demand and motivate learners and their families to raise their aspirations.

The establishment of a new University is, therefore, an integral element of the wider CPCA Skills Strategy and Local Industrial Strategy implementation, as illustrated in the diagrams below.

The new University project has no direct delivery dependencies on the CPCA's other skills and economy interventions, although a number of these other programmes will support the University curriculum offer; e.g. Skills Brokerage (linking) business with schools, the CEC contract (linking careers advice in schools with Enterprise Advisors in schools), delivery of the Adult Education Budget linked to the National Retraining Scheme and the DWP Health and Care Sector Work Academy.



1.2.3 Objectives

CPCA's ambition is to create a new University for Peterborough that will deliver a step-change in life-chances for young people in Peterborough and beyond. Key to the success of the new University will be its ability to grow and retain local talent alongside attracting and retaining new talent to the area. Through this project, CPCA is committed to raising personal and community aspirations along with improving social-mobility and contributing to inclusive social and economic growth. CPCA will continue to promote and support skills provision that meets employer demand and motivates learners and their families to aspire to building prosperous futures for themselves and their communities, harnessing lifelong learning.

The top-line objectives for the new University are:

- Accelerating economic growth through an increase in student numbers educated for higher value jobs which CPCA intends to stimulate and grow in the local economy.
- Increasing productivity by job-ready degrees that support growth in the local economy.
- Increasing GVA through meeting business, student and employer aspirational needs.
- Creating an effective progression route for technical learning maximising the variety of providers and funding sources.
- Re-skilling and up-skilling the workforce to meet technical skills market needs.

Specific quantitative objectives for the new University include:

- The University starts provision of education to students at the start of Academic year 2022/23 with students registered to receive an award of the ADP (as it will not yet have its own degree awarding powers).

- Prepare and submit registration of new University with the Office for Students (OfS) in the 2022/23 academic year, with the new University anticipated to be eligible for registration with the OfS as a Higher Education provider by the beginning of the academic year 2025/26.
- Subject to the conclusions of comprehensive review by CPCA and the ADP, securing Unlimited Degree Awarding Powers following the 2028/29 academic year and eligibility to apply to OfS for university title (as the "University of Peterborough") in accordance with the Framework by the beginning of the academic year 2031/32.
- Up to 2,000 students for the 2022/23 academic year, rising to 3,000 by 2024/25 and 4,000 by 2025/26 with an aspirational target (subject to availability of the necessary capital funding) of up to 12,500 students by 2030/31.

Beyond phase 1 of the project, it is intended that:

- Phase 2, when constructed, will be an 'Advanced Manufacturing and Materials Research Centre/Innovation Hub' used for educational research and development (with no teaching taking place in the Phase 2 building(s)).
- Phase 3 will comprise plans for two further teaching-focused buildings to be constructed in two sub-phases with the first projected to open in 2025 and the second in 2028 (subject to the necessary funding being obtained).

As described above, improving higher-level skills and the knowledge capacity must be accompanies by parallel stimulation and supply of higher value jobs to provide opportunity for the increased number of higher-level skilled people, including development of an innovation eco-system in the region.

There is considerable evidence of best practice in developing and managing place-based innovation ecosystems, which has been used by CPCA to build a strategy to develop such an eco-system for Peterborough and the Fens. It includes actors and components able to:

- build on the regional master plan provided by the LIS, which identifies the threats and challenges facing the regional economy and its key sector-clusters, along with the potential skills and innovation interventions to overcome those challenges. It has clear targets for ecosystem-level innovation outcomes in terms of inputs, such as volume of R&D and knowledge generation, and outputs such as the value and volume of new products and services created and launched into market, delivering outcomes in terms of new, higher value, jobs created;
- operate locally with connectivity to a truly global, sector-based collaborative network in materials and high value manufacturing sectors, and through selected Innovation Partners' 700 Industrial Member companies across 4500 sites in 80 countries, with combined revenues of £35bn and a combined annual R&D activity of £1.5bn pa into which to connect;
- enable the flow of information, resources, talent, and solutions between complementary firms across networks, through our selected Innovation Partners' R&D collaborations, consultancy and training services with Industrial Members, rolled out to Peterborough's local network of 200 manufacturing firms, managed by Opportunity Peterborough;
- connect firms through formalised innovation partnerships such as membership of broad R&D programme, or individual projects, innovation alliances (e.g. joint R&D centres jointly staffed by business and universities). Such innovation creation platforms must extend into commercialisation partnerships and market-entry joint ventures and hubs, to ensure market-specific product and service launch and innovation-based growth; and

- provide a clear central coordinating service, facilitating cross-industry collaboration and providing professional services in both management advice and technology applications, capable of managing the ecosystem-level service provision, e.g. the use of facilities and management of an extensive portfolio of R&D, as well as the provision of commercialisation, incubation and growth services.

To drive growth and job creation in the key sectors for the region's economic recovery and re-growth, Phase 2 of the new University will establish an Advanced Manufacturing & Materials Research Centre to extend university delivery into research PhDs and produce the core infrastructure around which to develop an innovation eco-system to drive business research across Peterborough and The Fens.

CPCA and its selected Innovation Partner will build an innovation eco-system around the Centre to drive innovation-based growth in local business clusters. The facility will be managed by the Innovation Partner, as an established global player in promoting business investment in research and innovation. The Partner, to be announced before September 2020, has worked with over 1,000 businesses across the globe to raise over £325m for collaborative R&D between academia and business in just 10 years. CPCA will partner with this global innovation capability to transform the resilience, productivity and knowledge intensity of the local economy of Peterborough and The Fens, which has suffered from low research investment and absence of a research and innovation eco-system, which in turn has led to a four-decade erosion in productivity and high value, knowledge intensive industry. To reverse this trend CPCA will form a novel partnership with business and academia to:

- construct the Research Centre building within the new University campus through the requested accelerated access to 2021/22 LGF funding;
- connect the Centre into a CPCA funded £20m Business Growth Service, launching in October 2020, to support 3,000 firms to grow through innovation, business coaching, mentoring and access to growth capital;
- create a unique Global-Local Innovation Network consisting of the Innovation Partner's 700 Industrial Members across the globe, with over 500,000 employees and a joint R&D investment of over £1.5bn pa, connected into a new CPCA funded Manufacturing Network of 200 firms across Peterborough & The Fens; and
- curate a Multi-University Innovation Super-Hub, securing inward investment from 5 universities into Peterborough from the Golden Innovation triangle, formed by the London-Stansted-Cambridge Growth Corridor and the OxCam Growth Corridor, to create 8 university specialist Innovation Centres within the Super-Hub, with a combined R&D portfolio of £10m per annum

All parties involved acknowledge that these objectives and timelines are subject to reasonable adjustment to reflect issues arising from the impacts of Covid-19 (see section 3.3 in particular).

CPCA further anticipates that the new University will have:

- a substantial positive economic impact on Peterborough City and the surrounding region such that investment in the new University will generate direct, indirect and induced impacts across a wide range of industries, supply chains and the wider consumer economy;
- a positive regenerative effect to support the transformation of Peterborough itself into a regional centre improving the experience of all citizens and visitors to the area, including

generating new oppportunities for graduate-level employment and encouraging both local participation in HE and the local retention of graduates to benefit the wider economy;

- a transformational effect on the life-chances and well-being of its students and raise aspiration more broadly within Peterborough and the surrounding region. We anticipate that this will include:
    - Improving life-chances, health and well-being outcomes of students and, over time, the wider community;
    - building confidence and capability among the graduates of the new university and potentially encouraging innovation and entrepreneurship;
    - enhancing the capabilities of those graduates who continue to live and work in and around Peterborough to improve their productivity and earning potential; and
    - attracting and retaining investment locally to create more opportunities for the people of Peterborough and the surrounding region to benefit from higher education and contribute to the on-going success of the region.

1.2.4 Current position

While the CPCA region has an enviable HE profile thanks in part to the presence of institutions and universities that have a world-class reputation, Peterborough has been recognised for many years as a cold spot for Higher Education (e.g. Peterborough and Fenland have around a quarter of the number of HE entrants of South Cambridgeshire)[1].

Current HE provision in Peterborough consists of:

1. **Peterborough Regional College:** has around 4,500 students and a broad course offering with particular HE teaching specialisms in engineering and construction, primarily at the Park Crescent campus, including **University Centre Peterborough (UCP)**, a 100% owned subsidiary of Peterborough Regional College, providing around 500 qualifications per annum across business, engineering, digital, finance, construction management and accounting disciplines. The curriculum is modelled on education pathways and not sufficiently linked to employment or business needs, despite there being a number of applied degrees on offer. UCP does not have degree awarding powers and currently degrees are validated by Anglia Ruskin University.

2. **Anglia Ruskin University**: a satellite campus located in Guild House, Peterborough, with bespoke provision of around 400 qualifications per annum in health, social care and education. It is intended that this provision will be transferred to the Phase 1 new University at the embankment site that is the subject of this FBC.

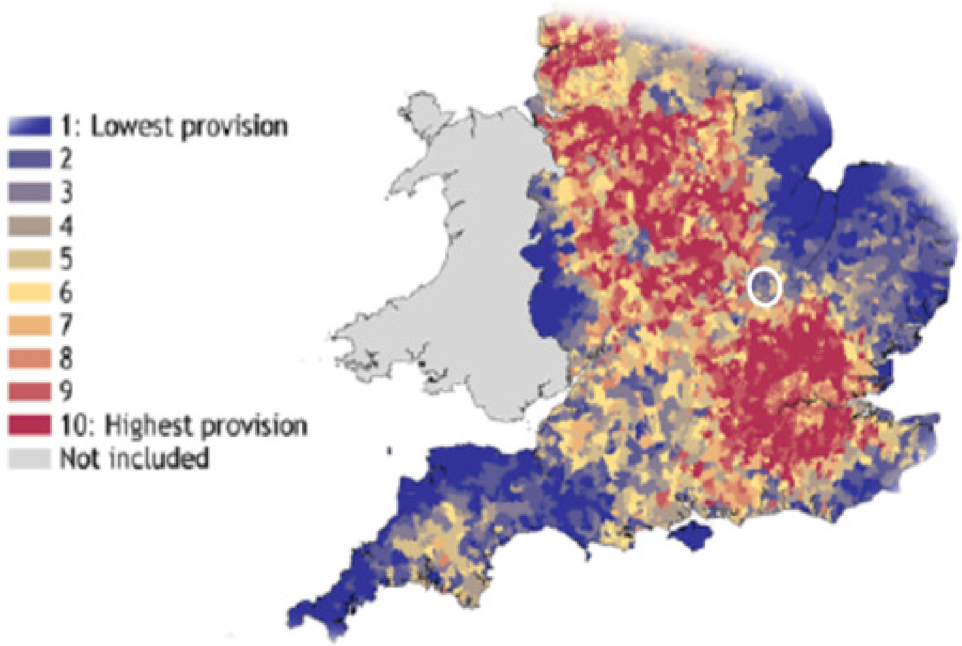
There is no HE provision in Fenland or North Huntingdonshire. The dispersed rural character of, and poor transport networks in, Fenland in particular make it challenging to establish HE operations in these areas. The sparsity of population and travel to learn times (rather than distances) have tended to inhibit the creation of viable provision, in the absence of flexible modes of delivery to compensate for these characteristics of the region.

1.2.5 Case for change

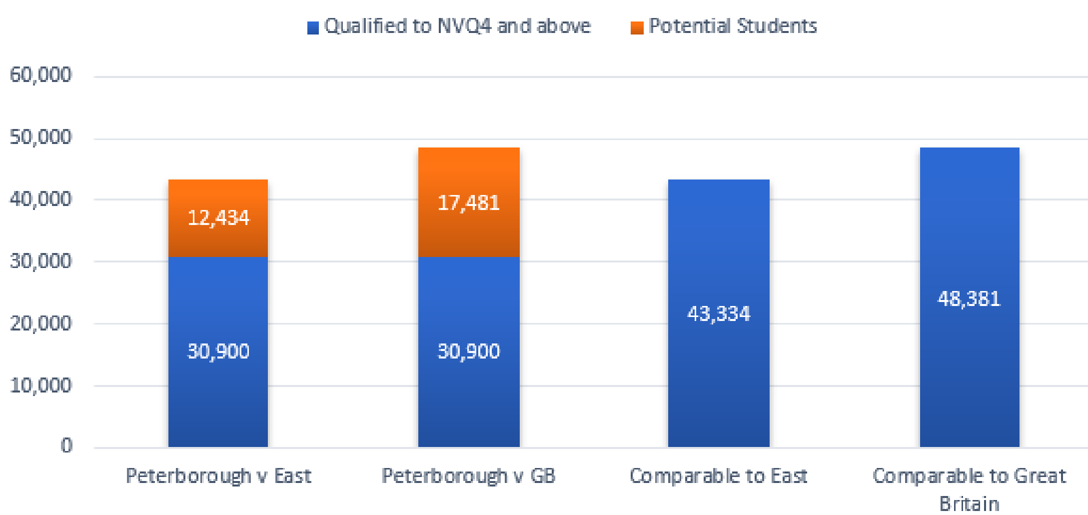
<u>A Higher Education "cold spot"</u>

[1] Hatch Regeneris CPCA Skills Strategy Evidence Base, December 2018

To be effective the University must address the characteristics of the higher education cold spot in the region (see figure below, sources: HESA and ILR 2012/13).

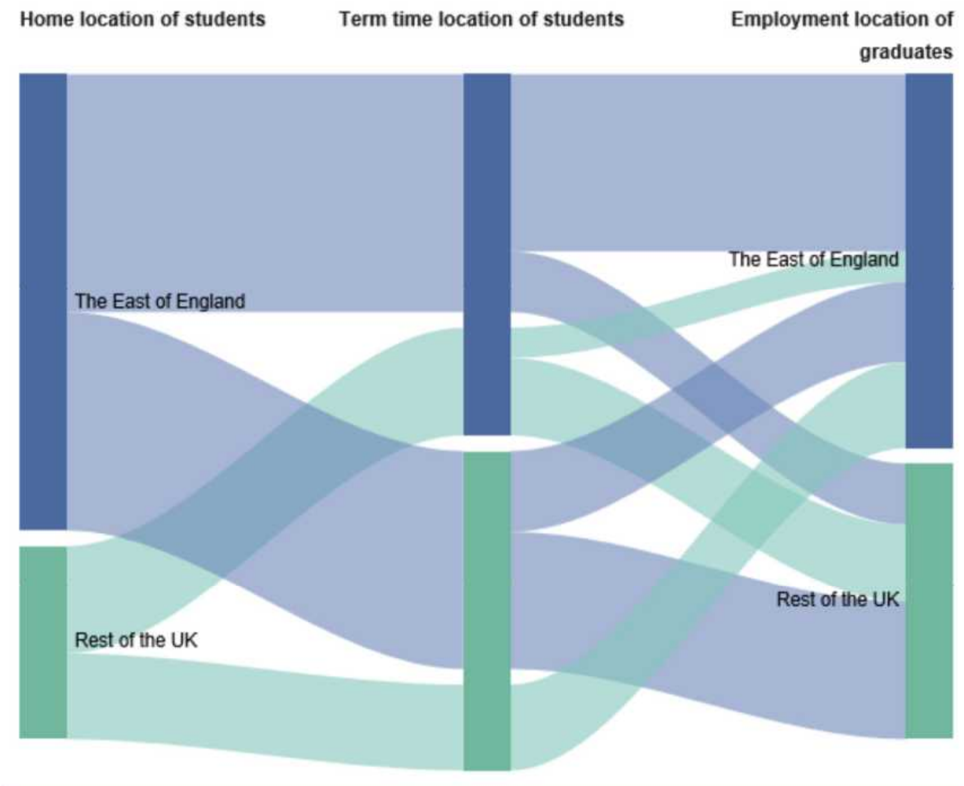


If Peterborough matched the East of England an additional 12,000 people aged 16-64 would have an NVQ Level 4 qualification or above and if Peterborough matched the UK, 17,000 more people would have such a qualification (see chart below).



There is no doubt, therefore, that, as a higher education cold spot, Peterborough and the wider CPCA region north of Cambridge is under-served by current providers. Furthermore, there is a net-outflow of students from the East of England with many fewer local students returning to the region after graduation; and, equally, many fewer students who study in the East settling in the region after studying here, effectively denuding the region of graduate talent (see HESA Destination of Leavers Survey figure below with additional interpretation in the footnote[2].

[2] The groupings from top to bottom on destination:



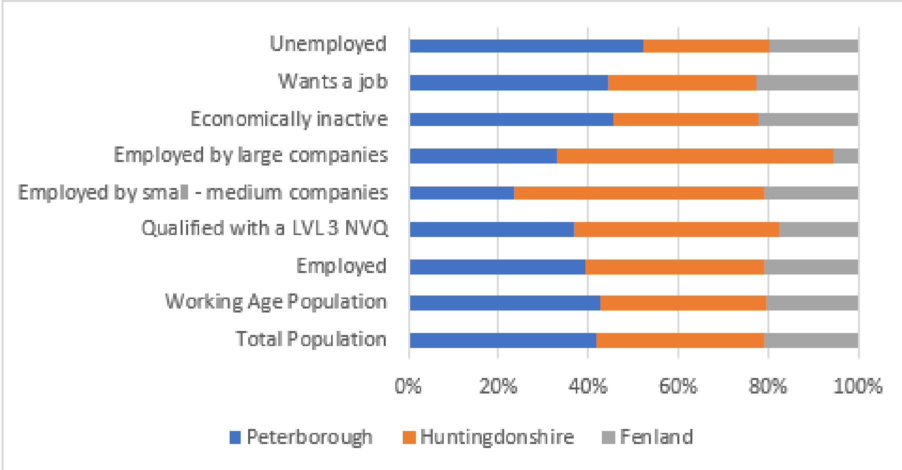
Source: HESA Destination of Leavers Survey, 2014/15

Note: Populations cover those HE graduates in employment who have had a postcode in the selected region during their time in HE. This includes their home address, term-time address and employment location.

Peterborough has a working age population of c 125,000 of whom 95,300 are employed. Unemployment rates in Peterborough are 4.7%, which is higher than the national average of 3.5%; approximately 5,000 people are unemployed and approximately 24,400 are economically inactive, of whom approximately 6,500 would want a job. These proportions are broadly mirrored in Huntingdonshire and Fenland; the chart below gives more detail on the labour market position across the sub-region.

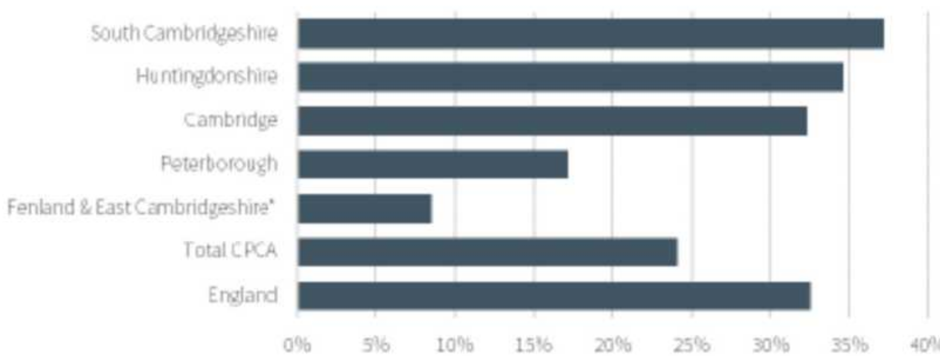
1. East of England (EE) students, who study in the East and stay after graduation
2. UK students (out of EE region) who study in the East and stay after graduation
3. EE students who study out of region but return after graduation
4. UK students (out of EE region) who study out of region but move into region after graduation
5. EE students who study in the East and leave the region after graduation [Net Loss]
6. UK students (out of EE region) who study in the East and leave after graduation
7. EE students who study out of region and do not return to the region after graduation [Net Loss]

Categories 5 and 7 outweigh categories 2 and 4. The net effect is a drain on the region. However, these groups are not the target market for the University– these students are already travelling in/out of region for a specific higher education experience which is already available. To compete directly for these students with their current institutions of choice would be fool-hardy given the imbalance in resources, infrastructure and brand equity. This route would lead to a “Red Ocean” of brutal competition.



Peterborough/Huntingdonshire/Fenland labour market demographics [Source: Official Labour Market Statistics]
NB the population with NVQ level 3 qualifications will overlap with several other sub-sets.

The local population has grown at a faster rate than the national average, which will in due course translate to a bigger local market for students. Moreover, the CPCA area has only 24% of 18-24-year olds in full-time education, compared to 33% nationally and in Peterborough the proportion is very much lower than any other part of the region except Fenland and East Cambridgeshire.



Proportion of Young People aged 18-24 in full-time education
Source: Hatch Regeneris CPCA Skills Strategy Evidence Base

Addressing provision to under-represented and under-employed groups is critical as there may already be unfilled vacancies and employment opportunities within the region for which there is a dearth of suitably qualified applicants. This is uncontested market space where competition in HE (which is burgeoning) is largely irrelevant. The University has the opportunity to provide a unique offering to serve the cold spot, to attract under-represented groups and to redress the balance between Peterborough and the rest of the region. The economic impact of developing a strategy to serve this need would in turn be very considerable.

During the last four decades, Peterborough's population has doubled, and with it, the level of employment available. However, due to the much lower than average (nationally) supply of Level 4-6 skills, it has proved impossible to grow or attract in, sufficient high-value firms to maintain the city's productivity levels. This has created a degradation in the average value of jobs, wages and health outcomes that has significantly retarded the north of the CPCA region's economic growth potential, and its ability to contribute to region-wide productive growth.

The need for a new approach

After failed efforts over the last 20 years, to produce a commercially viable HE provision, of sufficient scale and quality, to attract sufficient volumes of students to meet demand for higher value skills to enable productive growth, a different approach is required.

University Centre Peterborough/Peterborough Regional College

In June 2016 UCP/PRC was awarded £720,000 of Greater Cambridge and Greater Peterborough LEP funding to support the development of the University; £120,000 to support project management and £600,000 to develop Taught Degree Awarding Powers (TDAP). In September 2017 CPCA awarded UCP/PRC a further £668,604 to support project management, curriculum development and marketing. In March 2018 a further £9.7 million was approved towards validation of the UCP/PRC Business Case bringing the total funding approved by March 2018 to £13.53 million.

The project then entered a period of considerable turbulence and challenging relationships between key stakeholders. By July 2019 £1.1 million had been invested without good evidence of progress and significant concerns arising that the goal of increasing student numbers to 2,000 by 2022 would not be achieved. CPCA, therefore, commissioned independent reviews to look at the progress made. While progress had been achieved[3], there were significant risks and implications of continuing with the programme without a review of progress and strategy (further reinforced by changes in the HE landscape and the need to future-proof on-going investment and ambitions for the University).

Gleeds were commissioned to perform a Technical Review as to whether the Strategic Outline Business Case submitted to the CPCA in 2018 was fit for purpose and whether a sufficiently robust assessment could be produced, detailing the options for establishing a new University, to allow the commitment of CPCA funds into a procurement of new buildings and facilities on the Embankment site.

The Gleeds Review suggested the project set out in this Outline Business Case as a credible way forward to deliver CPCA and PCC aims, highlighting the following in particular:

- A robust plan in place to deliver the University on time on the Embankment site with 2,000 students by 2022 in an iconic building.
- The plan will allow the delivery of a curriculum that meets the needs of both students and employers, and with new and progressive delivery models, such as degree apprenticeships and 2 year degree programmes.
- The plan includes strategies to raise the amount of revenue and capital funding currently available for the project (£13.83 million from the CPCA) to as much as £20 million.

[3] Progress identified included:

- Registration to Office for Students to apply for Degree Awarding Powers.
- An agreed high-level vision across all stakeholders providing an underpinning for the new university, and a definition for the new University.
- CPCA has instituted very rigorous and robust monitoring and evaluation of UCP's programme delivery.
- CPCA has instituted rigorous and robust accountability systems for financial awards made to UCP.
- Shadow University governance arrangements were in place (chaired by Sir Les Ebdon).
- Restoration of positive working relationships with between CPCA and UCP, PRC and PCC.
- The development of 28 curriculum courses that have been validated by the ADP.
- A draft joint (CPCA/UCP/PCC) Communications Strategy developed.
- Three credible strategic reviews of the project by independent 3rd Parties.

To achieve these goals the plan includes a market comparison of potential academic partners to work with the CPCA and PCC to deliver the University by September 2022 and on to 2030.

Accordingly, the conclusion drawn was that UCP/PRC could not continue to be automatically considered to be the preferred or exclusive Academic Delivery Partner without challenge and comparison with the market.

Institute of Technology

There has been previous discussion about the option of an Institute of Technology (IoT) to fill the gaps in technical provision, particularly to develop STEM (science, technology, engineering and mathematics) skills. Successful IoTs are built on successful FE/Technical Colleges and successful school provision of vocational learning and these conditions are not currently present in Peterborough. Peterborough already has the Greater Peterborough University Technical College (14-19) and IMET (Innovation, Manufacturing, Engineering and Technology) at Alconbury. The UTC specialising in Engineering and with strong business engagement recently received a "Requires Improvement" rating from Ofsted at its first inspection with lack of pedagogy and teaching specialism in technical delivery cited as a key factor. IMET opened in September 2019 to 15 students and is operated by Peterborough Regional College and Cambridge Regional College. PRC was also rated "Requires Improvement" by Ofsted in June 2019 and student numbers in vocational learning have fallen significantly.

The way forward

The only viable solution to the cold spot, therefore, is to increase HE provision in Peterborough and the intention of the new University for Peterborough is, accordingly, to increase the number of HE entrants from the north and north-east of the CPCA region by attracting and retaining students locally (after graduation). In particular, it will need to engage people who do not currently participate in HE but who would participate and remain locally if suitable provision was available (i.e. not compete for students who migrate out of region and do not return, nor for students who already migrate into the region but do not stay). Furthermore, flexible modes of HE delivery will be necessary to compensate for the characteristics of the region (particularly sparsely populated rural areas) and this is a critical reason why the University must establish itself on an agile basis and not be entirely concentrated in Peterborough.

The Cambridgeshire and Peterborough Independent Economic Review (CPIER), makes direct reference to the development and scale of investment required in the new University.

> *"…the purpose of the University in Peterborough ought to be strongly rooted in the local and sub regional economy. This should mean drawing on existing strengths in manufacturing and engineering… local economic benefits of university research tend to be magnified when local firms are technologically close to the university."*

Such effects inevitably develop over time and are not to be expected from an institution in its first phase of development, although the long-term vision, mission and growth trajectory must be lay the foundations for this critical link between research and business (current and future). CPIER continues:

> *"As the UK moves towards the digitalisation of industry, new types of jobs are being created at the interface between manufacturing and IT. Artificial intelligence is also likely to revolutionise manufacturing. There are niches to be found here, [that] local businesses … would be keen to support. Water management is another area where Peterborough has specialisms and is particularly relevant*

for fen areas. We warn those planning for the university to resist the temptation to try to develop an outstanding university on a shoestring – any such institution will require high-levels of investment in advanced machinery to be credible. Putting clear financial heft behind the proposal and hiring excellent people from successful universities will be needed to prevent the university from languishing in mediocrity or failing given the present apparent increased supply of university places relative to demand."

It is important to be realistic about the early phases of development of the new University. In particular, research strength has been concentrated selectively in fewer universities over the last 20 years (in reality, the top 6 institutions account for the vast majority of research funding and activity). The creation of an *ab initio* research strategy for the new University must recognise this fundamental dynamic. The scale of research activity will, therefore, initially be modest and flow from the investment of time by the new University in developing the necessary human capital, infrastructure and resources to address this longer-term strategic ambition. Staff recruitment is correctly identified in the CPIER analysis as a critical success factor. However, both time and investment will be needed to recruit and engage those staff. Most critically, such development must flow from an established sustainable model of provision that can underpin the recruitment of researchers and address the demographic challenges that make Peterborough a cold spot in the first place.

It is, therefore, necessary to be clear that the first tier of University strategy must be to craft a sustainable portfolio of taught courses that addresses the characteristics of the cold spot and then to recruit and build the human capital, infrastructure and research expertise. The University's future graduates may be among those who fundamentally re-shape the business landscape of the region and collaborate on exactly the type of research/industry challenges which CPIER recognises. To reach that point, the University itself will need visionary leadership to attract top academic talent and a sustainable business model to attract and underpin substantial levels of future investment. The critical challenge facing the new University for Peterborough will be to provide a firm foundation for an ambitious longer-term strategy and investment programme.

Research by Opportunity Peterborough has helped identify a broad scope of discipline areas that the new University will need to consider, including:

- Agri-tech;
- Business
- Education and Professional Services;
- Construction;
- Engineering
- IT and Digital;
- Life Sciences
- Science
- Mathematics
- Sustainability
- Arts and Creative
- Health and Social Care
- Law
- Manufacturing and Advanced Materials
- Logistics and Distribution;
- Travel, Leisure and Hospitality.

It is clear from the scale and scope of these sectors that the new University has a range of opportunities to consider (without spreading itself too thinly during the initial phases of its development).

A UK wide survey of foreign direct investment found that digital technology, climate change and healthcare and wellbeing were ranked as the three highest potential opportunities for investment over the long term, with 25% of investors citing employee skills as the key factor which influenced their decisions[4].

Wider impacts

A higher education experience is one of the most powerful and transformational investments which can be made both by individual students and by civil society more broadly. Moreover, universities in cities help build community cohesion and drive up educational standards and attainment e.g. with lecturers/professors becoming governors at local schools.

CPCA is determined to make these investments, to encourage others to make such investments and to bring the positive benefits of higher education to the people of Peterborough and the surrounding region.

A new University will, therefore, offer much more to the people of Peterborough and the region. It will give Peterborough and surrounding areas an opportunity to reinvent its economy as the city continues to grow in population, creating a virtuous circle for continued growth of the economy and the new University, raising aspirations locally and supporting business needs for skills.

1.3 About the project

1.3.1 Scope

Recognising the resource and timescale constraints and the very high risks that would accompany any attempt to found a new University of Peterborough on a model similar to those founded in the 1960s (the so-called Robbins Institutions), the core strategy for the University is based on directly tackling the characteristics of the addressable component of the current market failures (the “cold spot”) without unnecessary direct competition with existing providers. The hallmarks of this strategy, based on a clear understanding of the market needs in and around Peterborough and by balancing resource constraints, include:

- A clear focus on under-represented groups and those “left behind” i.e. those who cannot or will not travel to existing providers.
- A solution based on a limited physical experience i.e. the capital available will support only a modest campus development (at least) initially.
- A phased approach which evolves with the needs of the region and is facilitated by successive successful phases of development i.e. a model in which viable provision is established early and becomes the foundation for reinvesting in later phases.
- The development of highly effective, collaborative and cooperative relationships between education providers to build a clear pipeline of opportunities, to raise aspiration, to identify and promote role models and to create a source of competitive advantage.

This Final Business Case is concerned only with the phase 1 development of the new University for Peterborough comprising:

1. Development of the first university building on the Embankment site in Peterborough City centre (this site will be built in phases as the University establishes and grows).
2. Enter into a joint venture and property/finance transfer to The Peterborough HE Property Company (Prop Co) with PCC and the Academic Delivery Partner (ADP) with legal documentation consisting of:
    - Prop Co Articles of Association.

[4] Building Back Better – Attractiveness Survey UK – Ernst and Young, May 2020

- Shareholders' Agreement in respect of PropCo
- CPCA Services Agreement*.
- Land transfer Agreement.
- Agreement for Lease with agreed form lease.
- Any other ancillary documentation required to implement the provisions of the Heads of Terms.

3. Contracting with the preferred ADP to provide the skills, knowledge, experience and resources to establish the new University and to achieve degree awarding powers and University Title consisting of.
    - Articles of Association for the new University
    - Collaboration Agreement.
4. Procure a main contractor to deliver the phase 1 University building for opening September 2022.

CPCA, PCC and the ADP will enter into agreements under which they will become shareholders' in a new special purpose vehicle (PropCo). The site for the phase 1 building, will be transferred by PCC to PropCo in exchange for shares in PropCo. Funding will be provided by CPCA of up to £24.8m (including the Local Growth Fund (LGF) funding along with the ADP's investment of up to £6.5m (at the time of writing the Full Business case this was a £3.8 million investment; which has formed the basis on which the design has been developed) with the shareholdings to reflect each of the investors contributions to Prop Co. On this basis (which is subject to agreement of the contract sum with the main contractor in January 2021), PropCo will be owned 75.38% by CPCA, 19.76% by the ADP and 4.86% by PCC, with protections in place for PCC and the ADP's minority interest.

Given that PropCo has no staff to manage the delivery of Phase 1 build, CPCA will enter into a Services Agreement between CPCA and PropCo in order for CPCA to manage the procurement, the contract management and administration of the financial management on behalf of PropCo in relation to the delivery of Phase 1 of the new University of Peterborough.

PropCo will build the new campus on the Embankment site and lease the phase 1 building to the new University (which will be a separate new special purpose higher education vehicle (UniCo). UniCo will be created by the ADP as a company limited by guarantee and will eventually become the "University of Peterborough". The ADP will have responsibility for Unico, including the academic governance of UniCo from September 2022 at least until UniCo has the ability to deliver its own awards. It is intended that PropCo will grant a lease of the phase 1 buildings to UniCo, for an initial rent-free period of 10 years (see section 3 below for more detail).

This is a complex project that requires careful sequencing and coordination if the objectives are to be met (see section 1.2.3 above). The critical elements are:

- The formal process for developing a new University with all its attendant functions and services – the complexity of such a development requires that CPCA procures a suitably capable Academic Delivery Partner (ADP) with the know-how and capabilities to join with CPCA to realise its objectives (the procurement process for the ADP is a complex and substantive undertaking in its own right).
- The scoping, design and construction of the new HE building on the Embankment site to meet the enhanced needs of the ADP (which in addition to the three faculties, the ADP has now added a fourth faculty (Faculty of Health and Education) growing from their Guild House activity).

- The development of a Masterplan for the Embankment Site is essential to underpin future phases of development to support the development and growth of the new University. Future phases (not in scope for this Full Business Case) are expected (subject to available capacity on the Embankment site) to be:
    - Phase 2 will be an 'Advanced Manufacturing and Materials Research Centre/Innovation Hub' used for educational research and development.
    - 'Phase 3' will comprises two further teaching focused buildings to be constructed in two sub-phases); the first projected to open in 2025 and the second in 2028 (subject to the necessary funding being obtained).
    - This is intended to enable potential growth of the University up to 5000 students by 2027/28 in phase 2 and 6363 by 2030/31 in phase 3
- Once CPCA has assembled the necessary funding for the future phases, PCC will make available the land for phases 2 and 3, which will be transferred to either PropCo (at the current market value at the time of transfer), or another property investment vehicle incorporated for the purpose.
- The contractual and commercial relationships necessary to assemble resources between the public authorities partnering to develop the University and between those public authorities and the ADP (see section 3 below).

1.3.2 Benefits

The main Benefits of the project stem from establishing a Phase 1 University Campus in Peterborough, for up to 2,000 students by September 2022/23, with a curriculum and delivery model that is designed to meet the skills needs that growth in the Greater Peterborough business base will generate. The plan for the courses to be provided, space required and staffing levels has been developed and adopted by the ADP from the Shadow Curriculum Model referred to above to support Greater Peterborough and the Fen's key sectors, adding in a fourth Faculty.

A curriculum model developed and adopted by the ADP which in turn has driven the revised space model and brief for the phase 1 development (and is now reflected in the RIBA 2 design).

The key benefits to be delivered by the project include:

1. New learners assisted (on courses to full qualification) 10,000 (Levels 5 and 6 over five years).
2. Employment
    a. Number of temporary jobs created: 50 in construction
    b. Number of jobs created: 33 University staff initially.
    c. Number of indirect jobs created: 66 in the University supply chain rising to 398.
    d. A further 166 directly employed staff as the University Faculties grow.
    e. Number of indirect jobs to be created: 14,000[5]

[5] Comprising jobs created in;

- Businesses supplying the University, its staff and students.
- Spin-out/start-up businesses created by University staff and students.
- Inward Investors re-locating/starting business in the CPCA area due to the enhanced attractiveness of the talent pool and improved availability of required skills.
- Indigenous businesses achieving faster and more sustained growth resulting from the lowering of the highest barrier to growth reported by local businesses – poor availability and challenges in recruiting "out-of-area" suitably qualifies staff.

f. Number of Apprenticeships to be established:
   i. Level 6 (over 3 years) – 4,383
   ii. Level 7 (over 3 years) – 677

Sections 2.2 and 5.5 describe how these benefits will be assessed and (where applicable) quantified.

1.3.3 Risks, constraints and dependencies

The main risks associated with achieving the project outcomes are set out in the risk register at Annex 6.1 together with measures to mitigate and manage them. The main risks are summarised in the tables below for each of the phase 1 infrastructure works and the ADP procurement and delivery. A more detailed assessment of the risks posed by the impacts of Covid-19 is provided in a separate section of this FBC (section 3.3); the allocation of risk between PropCo and the main contractor will be agreed through the second stage of the procurement process.

The table below summarises the key constraints that have been placed on the project and within which it must be delivered:

Constraints	
Timing	A requirement to start on site in Q4 2020 and deliver the scheme by September 2022. This has led to the need to find a site for phase 1 that can be secured and has few development constraints. In order to meet the Q4 Start and accommodate the delays as a result of the extended negotiated procedure with the ADP up to receipt of the final tender, it will be necessary to commence on site with an enabling package for removal of UKPN redundant cable and low value site enabling works under the pre-construction service agreement with the main contractor. The increased size of the phase 1 building as a result of the needs of the ADP to meet the needs of their curriculum and the delays up to receipt of final tender on 21st April 2020 from the ADP have meant that there is no further terminal float in the overall programme. The programme does not allow for any further delay in contract award of the Academic Delivery Partner or for an extended construction duration as a result of Covid 19.
Procurement	**Academic Delivery Partner Procurement** - Timing of the project requires an overlap of ADP procurement and development of the design for the phase 1 building; which has remained in order to update the RIBA 2 design through negotiation and to commence the development of the RIBA 3 design (Employers Requirements) that will be used as the basis for procurement of the main contractor in the second of a two stage process the first of which will be based on the agreed RIBA 2 re design following negotiation with the ADP. RIBA 3 design is under development with the ADP following their appointment in June to ensure that there is an agreed set of Employers Requirements to procure the works with the main contractor.

The employed population of Peterborough is 94,000, supplemented by a further 50,000 in its wider commutable catchment area. Current growth is at 3.3% in the city creating up to 15,510 new jobs over the coming five years. With at least 10,000 additional graduates being pumped into the workforce over the same period there is the potential to shift this growth towards higher-value jobs to raise productivity. To support this, the CPCA is launching its Growth Service to create a further 4,692 high-value jobs over the same 5 years, through access to growth coaching for higher-value indigenous companies as well as attracting-in new inward investing firms targeting:

- Advanced manufacturing firms from across the UK and Europe.
- Government departments and professional services firms from London, capitalising on the new 39 minute train journey time to Kings Cross.

Constraints	
	Main Contractor phase 1 - Selection of two stage procurement strategy for the main contractor to appoint a contractor under a preconstruction service agreement ready to commence agreement of the contract sum from sign off of this FBC.
Capital funding	The design of phase one assumes a budget of £28,599,600 based on £24.8m CPCA Funding, now secured by CPCA (made up of £12.3m CPCA and £12.5m LGF) and balance funded by the ADP, which at the time of the final tender was £3.8m to be secured through negotiation of final documentation and agreement of the contract sum with the main contractor in January 2021 (the Heads of terms agreed with the ADP outlines funding of up to a maximum of £6.5m). CPCA funding is used for capital costs of the Phase 1 Building (excluding active IT equipment, which will be paid for by the ADP - CPCA have agreed with the ADP that all start-up costs will be paid for by the ADP). PropCo has been incorporated by CPCA as a wholly owned subsidiary following sign off of an Officer Decision notice (ODN) that will allow the transfer of the balance of LGF funds which have not been expended from the 1 April 2020 to the point of transfer to purchase shares in PropCo. (CPCA will set up a project bank account to allow transfer of funds).
Outcomes	Up to 2,000 students for the 2022/23 academic year, rising to 3,000 by 2024/25 and 4,000 by 2025/26 with an aspirational target (subject to availability of the necessary capital funding) of up to 12,500 students by 2030/31.
Design	Design has been based on an accommodation schedule within the agreed revised capital budget which currently exceeds CPCA available budget by £3.8m; which is to be provided by the ADP (see above) to meet their enhanced requirements.
Land	Clean title for land required to construct Phase 1 from PCC including indemnification from covenants and Rights of light.

The table below summarises the key dependencies that are outside the scope of the project on which its ultimate success depends:

Dependencies	
Adjacent development	Local transport projects and third-party development on land earmarked for future phases of the University.
Land	Additional land beyond that required for Phase one
Funding	Funding for future phases Phase 2, 'Advanced Manufacturing and Materials Research Centre/Innovation Hub' used for educational research and development (with no teaching taking place in the Phase 2 building(s)). Phase 3 will comprise plans for two further teaching-focused buildings to be constructed in two sub-phases with the first projected to open in 2025 and the second in 2028 (subject to the necessary funding being obtained).

Infrastructure risks

Risk Identification						Assessment					Mitigation			
ID	Title / Description (Cause)	Phase	CATEGORY Infrastructure or Higher Education Partner	Effect	Category	Likelihood	Cost Effect	Time Effect	Quality	Assessment	Management Plan	Action Owner	Due Date	Status
009	LGF Grant spend not occurring before the deadline of September 2020.	Phase 1	Infrastructure	LGF Grant Funding is lost and lack of budget for the building expectations.	3. Commercial - Funding	2	5	5	4	50	*LGF Monies defrayed by September 2020 will suffice as long as we can demonstrate that we will spend the money by September 2021. Propco needs to be incorporated with project bank account set up by end August 2020. '*	CPCA	01 Sep 20	1. On Track
074	Building Phase 1 cost exceeds agreed budget within PropCo	Phase 1	Infrastructure	Unable to complete the building	6. Design	2	2	5	3	50	Ensure robust Fixed Price is agreed within the HOT agreement with ADP for maximum capital cost. Pinsent Masons to agree mechanism in Main transactional agreement.	All	01 Jan 21	1. On Track
056	Highways improvement and entrance improvement requirements	Phase 1	Infrastructure	Additional project costs	6. Design	3	3	4	2	48	widening by 1m design progressing no issues expected from PCC following early discussion	CPCA /PCC	01 Jul 20	1. On Track
069	Ability to achieve September 2022 opening date based on increased building size and changes to design.	Phase 1	Infrastructure	Inability to open on September 2020 date.	4. Programme	3	4	4	4	48	Design team have been working to revise scheme in collaboration with CPCA and HEP provider. Pressures now on the design and procurement as float has been eaten up on this re-design. Review during RIBA 3 and SQ	All	01 Jan 21	1. On Track
073	COIVD 19 - affects construction duration due to impact of social distancing / and risk on supply chain supply and insolvency	Phase 1	Infrastructure	Misses the 2022/23 Academic year	6. Design	3	4	4	4	48	Review with main contractor on Award of second stage under PCSA	All	30 Aug 20	1. On Track

Academic Delivery Partner (ADP) risks

Risk Identification						Assessment					Mitigation			
ID	Title / Description (Cause)	Phase	CATEGORY Infrastructure or Higher Education Partner	Effect	Category	Likelihood	Cost Effect	Time Effect	Quality	Assessment	Management Plan	Action Owner	Due Date	Status
049	Inadequate engagement of local industry by ADP	Phase 1	ADP	Reduces benefit of university and undermines Financial and Economic case	8. Procurement	3	2	2	4	48	Partnership approach by members of UniCO and PropCo and link up with other parties such as opportunity Peterborough	CPCA /PCC	01 Sep 22	1. On Track
087	Staff numbers in Academic and Professional services do not relate to student numbers as they are calculated as a % not in proportion to each other	Phase 1	ADP	Diseconomies of scale possible which could lead to lower margins	15. Operational	3	2	2	4	48	Current operational model based on flat figure that will be developed against curriculum model - this approach provides ADP with flexibility in the model	CPCA	22 Jun 20	1. On Track
075	Covid-19 - changes how ADP uses its physical assets to deliver its courses	Phase 1	ADP	ADP changes their teaching styles to suit COVID-19 effects.	2. Commercial - Viability	2	4	4	4	32	Too early to determine if any change will actually occur. May need to consider size of spaces in the design. Add review of implications in FBC	CPCA / ADP	22 Jun 20	1. On Track
086	Operating model not sustainable	Phase 1	ADP	The Shadow Financial Model forecast a target surplus of at least 10% each academic year, whereas the ADP template runs a marginal surplus which reaches no higher than 0.3%. Risk that ADP Operating model is not sustainable	15. Operational	2	4	2	1	32	CPCA /PCC to review opportunity in ADP model & review of covenant strength of ADP - Review with ADP minimum and maximum target range of surplus	CPCA	22 Jun 20	1. On Track
088	Staff to Student ratio higher than might be anticipated	Phase 1	ADP	Reduces Student Satisfaction	15. Operational	2	4	4	1	32		CPCA	01 Sep 22	1. On Track
089	Start up cost higher than SCM reduce surplus	Phase 1	ADP	Increases timeline of the breakeven point and could divert cost away from other activities that might be considered lower than anticipated in terms of funding in the financial	15. Operational	2	4	2	2	32	Review with ADP minimum and maximum target range of surplus - flexibility with in the operating model built in by ADP	CPCA	22 Jun 20	1. On Track

1.4 Strategic fit of the ADP deal

The ITN Final Submission from the chosen ADP has been assessed against CPCA's objectives for the new University (see above). That submission provides a good strategic fit with those objectives. Moreover, the ADP has a strong regional presence and will work collaboratively with CPCA and other key stakeholders to achieve the stated objectives for the project. The ADP is one of the largest providers of degree apprenticeships in England, collaborating with over 200 partner employers to train over 1,000 apprentices (2019). It has seen growth in applications over the last 2 years in technology, combined sciences, combined arts, biomedical sciences, computer sciences and education subjects that exceed the HE sector as a whole. The ADP has a strong focus on attracting local students, with a high proportion of first generation HE students. Headline student population statistics for the ADP for the 2019/20 intake include:

- 79% of students UK domiciled (8% EU, 13% overseas)
- 72% undergraduates
- 79% full time and 21% part time

- 45% aged 18-24
- 44% of undergraduates are first generation HE students
- 30% identify as BAME students
- 6% studying degree apprenticeships

Over the last four years the ADP has consistently increased the proportion of students from low participation areas (38.2%) whereas the sector remained stable (27%). The ADP has significantly increased apprenticeships numbers from 416 to 1527 and applications for the ADP's existing courses in Peterborough continue to rise (in 2020/21 the increases were 21% for Nursing and 533% for Midwifery).

The ADP will be able to commence provision in the 2022-2023 academic year. The ADP has set out intake targets that are consistent with the volume of students sought for the new University by CPCA, although to meet the target student numbers a fourth faculty, Health and Education, has been added through the transfer of students from the ADP's existing provision at the Guild House, Peterborough. This transfer of existing students means the net increase in intake will fall below CPCA's initial aspirations with corresponding (albeit modest) impacts on the economic case (see section 2 below). Growth of the University is planned in a phased manner in line with the capital funding available for the phase 1 physical campus, with the proceeds of the potential Guild House sale being committed towards future development phases.

The ADP has made a commitment to securing Office for Students registration for the new University for the 2022-23 academic year, with an interim name of the new University, alongside a longer-term aspiration become the "University of Peterborough" by September 2032, subject to conditions for transition being met.

The nuances and practicalities of the agreement with the ADP inevitably generate risks that could adversely impact on achievement of the project objectives, in particular:

- The longer-term student forecast contains a lower volume of students than anticipated in the Outline Business case (OBC); 5,176 FTEs compared to the original aspirational target of 12,500 by 2030-2031. Given concerns about the market, particularly in the light of Covid-19, this represents a reasonable level of caution. The ADP's shared service model also helps to minimise costs as a potential mitigation for reduced student numbers, should that risk materialise.

  Equally, as set out in section 3.3, the impact of Covid-19 could lead to higher numbers of students studying from home, which fits well with the business model for the new University and could, therefore, deliver student numbers in excess of those included in the ADP's forecasts. This is further supported by the ADP's analysis of HE demand for the region, which predicts an increase in the number of 18 year olds over the next 5 years and therefore, even with a static participation rate of 44%, the number of students entering HE will increase (by 13% to 6,105 in 2025). With a participation rate of 47% (the England average) student numbers rise by 20% to 6,521 in 2025. Higher levels of growth could lead to a shortfall in capacity during phase 1.

  As described in section 3.3, the ADP is well placed to ensure that the new University's offer is responsive to the demands of employers and students alike; the ADP's proposed curriculum model fits well with early indications of growth in demand for HE arising from the impacts of Covid-19 (e.g. in health and care). It's existing infrastructure and approach enables a flexible and agile approach to planning and delivery including blended learning models, bespoke employer-led degrees and Degree Apprenticeships and options for increased remote/distance learning if campus capacity is reached before further development phases are available. Covid-19, therefore, presents both threats and opportunities for HE in Peterborough.

- The proposed curriculum and segmentation of forecast student numbers deviates significantly from the Shadow Curriculum Model underpinning the OBC. The ADP's proposals envisage a much higher proportion of students on campus relative to the total target student population. This may reflect a more traditional model of delivery than envisaged in the OBC, which in turn, risks a deviation in focus away from serving under-represented groups in HE such as those who cannot or will not travel to existing providers. Accordingly, CPCA will keep under review the ADP's recruitment plans to ensure that course selection is not unduly or unrealistically competing with other institutions and to determine whether appropriate measures are being taken to reach under-represented and local groups of students. Moreover, CPCA recognises that if provision relies on a higher proportion of on-campus teaching, the resulting capital and funding implications may prove to be unaffordable (particularly for future phases). CPCA will, therefore continue to encourage and support the ADP to ensure that phase 1 establishes a coherent recruitment strategy and sustainable curriculum/delivery model, including further development of the strategy for engagement with local businesses to ensure that provision meets the needs of the region rather than excessively relying on the 'import' of students from out of region. Moreover, as described in section 3.3, the impacts of Covid-19 provide further opportunities to explore new business models and modes of delivery and the ADP is well placed to do so given its existing infrastructure, low reliance on buildings and agile approach to course development.
- The marginal surplus generated by the Operating Model proposed by the ADP (see section 4 below) is unlikely to create sufficient reserves for future capital investment or adequate headroom to underpin borrowing for building projects in line with aspirations for future growth phases. CPCA has developed a strategy to secure the funding required for phases 2 and 3 of the new University (expected to require £18m and £50-80m respectively). The cornerstone investments for phases 2 and 3 are being sought from governmental sources (phase 2 from accelerated access to the £387m national LGF pot for 2021/22), which will leverage additional investment from a combination of some or all of the following: institutional investors; international business angel networks; local pensions schemes; equity-based crowdfunding; larger local business willing to provide forward commitments of revenue funding in the form of sponsored, fee paid and apprenticeship levy funded student volumes; and Peterborough City Council through the contribution of further land on the campus site.

These and other financial case risks are assessed in more detail in section 4, together with a sensitivity analysis of the financial model, together with possible mitigations. In particular, the lease of the phase 1 facilities to the new University will include a right for PropCo to terminate it or step into UniCo if UniCo or the ADP are making insufficient progress. The Collaboration Agreement will include terms to ensure an organised termination of the ADP's involvement with UniCo, provided always that UniCo will remain entitled to occupy the facilities on a rent-free basis during the period required to teach out students enrolled on the ADP's courses in Peterborough. The transactional documentation will also include further remedies for any failures by the ADP to achieved the plans set out in those documents including ADP working with CPCA, PCC and PropCo (with the aspiration for there to be a long term continuing relationship between the new University and the ADP beyond the achievement of University Title to support the long-term sustainability of UniCo as a university) to:

- establish an investment model for UniCo to meet the initial start-up costs and fund/finance the working capital requirements. The forecast £5.4m shortfall in funding to support the start-up costs for the new University is to be funded by a loan from the ADP to UniCo, assumed to be repayable at a rate of 2.5% over 5 years;
- establish a viable business model and financial framework for UniCo that will secure its independence;
- create a strategy for UniCo to be implemented by PropCo that will ensure it is able to maintain the quality of its estate and underlying assets;
- ensure the financial model for the new University can support any annual repayment requirements;
- ensure that UniCo is not reliant upon levels of financial support beyond tuition fees and earned income and that to the extent that it is required to borrow, its gearing does not adversely affect its ability to maintain a sustainable and viable financial model as required to meet the initial and ongoing conditions of registration as a higher education provider with the OfS; and
- create a sustainable growth strategy based on reinvesting surpluses to identify and leverage new opportunities for taught programmes, research and knowledge transfer (see above outline of CPCA's strategy to secure funding for phases 2 and 3 of the new University).

In summary, therefore, the deal agreed with the ADP fits with the strategic objectives for the project. However, material risks remain that will be managed so far as possible through the contractual terms, the governance arrangements and ongoing positive relationships between the public authorities and the ADP through the delivery phase of the project to ensure continued confidence (not least given the uncertainties and opportunities arising from Covid-19) that the ADP will be able to deliver a sustainable new higher education provider that has substantial economic impact, a positive regenerative effect and a transformational effect on the life chances and well-being of its students.

2 Economic Case

2.1 Option identification

Critical success factors (CSFs) for the project can be grouped into three broad headings:

- Factors relating to the selection of an Academic Delivery Partner (ADP) of appropriate standing.
- Factors relating to the development of the University (after appointment of an ADP)
- Factors relating to the design and delivery of the physical infrastructure.

2.1.1 Critical success factors

ADP Selection CSFs

1. **Academic Standing:** The Academic Partner must be able to demonstrate means of compliance with the full requirements of “Securing Student Success: Regulatory Framework for Higher Education in England” published by the Office for Students (www.officeforstudents.org.uk).

2. **Commitment to CPCA Vision: scale, scope, reach, focus:** The aspirations of CPCA for the new University are extensive and include characteristics relating to:

    a. the character of the provision (outward-looking and industry-focused);
    b. scale (up to 2,000 students for the 2022/23 academic year, rising to 3,000 by 2024/25 and 4,000 by 2025/26 with an aspirational target - subject to availability of the necessary capital funding - of up to 12,500 students by 2030/31); and
    c. subject to the conclusions of comprehensive review by CPCA and the ADP, securing Unlimited Degree Awarding Powers following the 2028/29 academic year with eligibility to apply to OfS for university title (as the "University of Peterborough") in accordance with the Framework by the beginning of the academic year 2031/32.

3. **Achievement of a Viable Operating Model and Sustainable Funding Structure:** The new University will focus on a limited number of initial discipline choices to create a portfolio of courses which can achieve critical mass. This will ensure that:

    a. Each discipline area is underpinned by a minimum scale staff team to avoid the challenge of having staff spread over too many disciplines and being too few in number in some disciplines to build a critical mass of teaching and research capability (the “minimally viable department size”).
    b. Each discipline will be able to recruit a viable cohort of students such that the numbers of students recruited when all years of provision are running will be economically viable and capable of supporting an efficient staff to student ratio (the “minimally viable intake”).
    c. Each discipline is supported by the physical resources necessary to maintain the quality of the experience and to enable the new University to establish a clear funding model to underpin investment in, and maintenance of, its facilities.

4. **Commitment to the Phase 1 Brief and Design:** CPCA leading on developing the new University campus Building at the Embankment Site which has been updated following input from the ADP to reflect their curriculum proposals and investment in the build, and matching those to the revised accommodation schedule to be delivered in phase 1.

Factors relating to the development of the University

5. **Ability to Recruit Staff:** The quality of the University will be critically dependent on the calibre of its staff. Recruiting and retaining staff within the new University will be the first critical challenge for the ADP.
6. **Ability to Recruit Students:** Student recruitment, marketing and admissions processes and systems to include UCAS support, direct entry and employer-sponsored routes are vital to the success of the new venture. It is anticipated that the focus of these services will be positive, proactive, out-going and engaging to reach out to under-represented groups, to engage with their needs and win their active participation in the University
7. **Ability to engage with local businesses and industry:** Large corporates represent a significant group of stakeholders with which the new University will need to interact as a priority and will present an opportunity for both course development, industrial collaboration/placement opportunities and future employment destinations for graduates. Building effective networks with these large corporates will be a critical success factor for the University.
8. **Curriculum Development to Fit the Target Market:** The ADP will need to support fully the curriculum from inception to maturity and retirement/renewal of individual courses and the support required may also include learning technologists and materials production services to support blended and distance learning, enabling of virtual learning environments etc., in particular to ensure the agility and flexibility required in the wake of the impacts of Covid-19.
9. **Creation of the Academic Infrastructure:** Student and academic services and systems will need to be established to provide a full range of transactional, advisory, welfare and other student-facing services along with regulatory and academic policy support including assessment, examinations, and graduation. Library and learning resources, operational and support functions all need to be provided. To achieve its ambitions of obtaining degree awarding powers and University Title, the new University will need to employ its own teaching staff and for it to have its own academic governance arrangements independent of the ADP.
10. **Establishment of systems and processes locally to achieve independence:** Strategic planning, finance and governance services and systems development – full Head Office/Vice-Chancellor's Office functions – need to be established to lead the new University through its start-up and establishment phases and to prepare the ground for full independence.

Factors relating to the design and delivery of the physical infrastructure

11. **Meeting the Budget:** The Phase 1 building including the external landscape and supporting infrastructure must be delivered within the budget of £28,599,600 million based on £24.8m CPCA Funding, now secured by CPCA (made up of £12.3m CPCA and £12.5m LGF) with the balance of £3.8m funded by the ADP, to be confirmed on agreement of the fixed price as part of the main contractor procurement in January 2021. It should be noted that the design has been developed to meet the revised budget on the basis of the £3.8m funding from the ADP. This will need to be achieved by balancing the quantum, time and quality aspects of the project to ensure that the size of the building is maximised to accommodate the necessary student and staff numbers with reasonable space standards; is of a good quality to attract students, academics and create a strong identity within the city and region; perform well

sustainably and in-use minimise operational costs and can be built efficiently within the set programme.

12. **Meeting the Programme:** The Phase 1 building must be open for business to students in September 2022. This will need to be achieved by a detailed programme management that will correlate all key interdependencies, such as achieving planning consent, design freeze, tendering and procurement etc, in addition to delivering an efficient building form and utilising readily available components that will minimise the risk of construction over-runs. The master programme assumes the following critical path milestones are achieved to meet this key Milestone:

    a. Award of ADP June 2020.

    b. Planning application submitted in July 2020 for determination in September 2020.

    c. FBC approved in July 2020.

    d. Main Contractor enters into a pre-construction service agreement and commences design and agreement of contract sum In August 2020.

    e. CPCA/ADP and PCC sign Main Transactional Agreements in August 2020.

    f. Main Contractor agrees contract sum in January 2021.

    g. Completion for operation in September 2022

    The above dates do not allow for any further delay arising as a result of Covid-19 impacts on the construction programme.

13. **Delivering the Spatial Brief:** The Phase 1 building must deliver the spatial requirements and the student and staff capacities emerging from the updated curriculum model provided by the ADP ensuring that the spatial standards used deliver a good quality student and staff experience and support pedagogic innovation.

14. **Ability to Expand:** The Phase 1 building must be designed and located to enable a clear strategy for future expansion as the campus grows to capacity by 2032. The project must deliver a clear logistics strategy that seeks to minimise impact on operational buildings during the building of future phases, and critically the experience of students and staff using these buildings.

15. **Respond Positively to Stakeholder Consultation:** The Phase 1 building, and wider masterplan, must respond to the output from a wider stakeholder consultation to ensure a project that can be delivered successfully and one that achieves a high-level of 'buy-in' within the city and region without detriment to budget, programme or operational aspects of the project. This will be critical both for the successful delivery of all phases of the project to 2032 and to ensure that partners in the city and region are supportive of the University as it develops.

16. **Obtaining Planning Consent:** The Phase 1 building must achieve planning consent by end of September 2020 to meet the inter-related requirements of the project programme and open for business in September 2022. This will need to be achieved through a close and collaborative working partnership with the local planning authority and the ADP identifying issues early to inform the design process and minimise the risk of a refusal and pre-commencement conditions.

17. **Attract and Retain Students and Staff:** retaining the higher value knowledge transfer within local networks and businesses. The Phase 1 building – including its external landscape and supporting infrastructure – must be designed to a good quality and have a strong identity or 'brand' that will attract and retain students and staff. This will be achieved through good quality architecture, building services, IT/AV systems and landscape and will be critical to ensure good feedback from the early student intake to support the growth of the University in the years ahead.

18. **Be Adaptable and Flexible:** The Phase 1 building, including its environmental systems, must be designed to be adaptable to respond the changing needs in the future, including the input of the HE provider, and changes in the spatial requirements as the University grows and develops. In addition, the building should be designed to be flexible providing 'generic' spaces that can accommodate a range of functions – from teaching and learning spaces to administrative spaces – and support a range of capacities, pedagogical styles and working environments with minimal alterations to the physical asset.

2.1.2 Options

Academic delivery options

Four options have been identified for consideration in the economic case in the Outline Business Case as follows:

1. **Business as Usual:** in this option the public sector stakeholders adopt a passive role in the development of university level education in Peterborough. The two current providers of Level 6 qualifications in Peterborough (see section 1.2.4 above) would continue to develop course provision and student numbers unassisted by local public sector stakeholders. These current local providers include: (i.e. UCP providing around 500 qualifications per annum and the ADP providing around 400 qualifications per annum).

2. **Do Minimum:** in this option the public sector stakeholders would invest in capability building of Peterborough Regional College, to build both course content and delivery capability, as well as systems and processes to enable PRC to achieve Taught Degree Awarding Powers (and perhaps University Title in due course), but without any capital investment in new facilities on the Embankment site.

3. **Recommended Option:** in this option the public sector stakeholders' investment is targeted to tackle the characteristics of the addressable component of the current market failures in HE provision in Peterborough (the "cold spot"). That investment will be targeted at infrastructure provision and capacity building, by procuring an experienced Higher Education (HE) Provider, with the know-how to facilitate the development of an independent University for Peterborough, with capital investment focused on the provision of the premises from which to provide both direct and indirect curriculum delivery.

4. **Do Maximum:** in this option the public sector stakeholders' investment would be scaled to found, *ab initio,* a new University of Peterborough on a model similar to those founded in the 1960s (the so-called Robbins Institutions).

The following subsections present a summary analysis of these options against the project aims and objectives, including indicating:

- Any options likely to fail to deliver the project objectives or sufficient benefits.
- Any obvious impracticalities inherent in any of the options.

- Any options that are clearly unfeasible, unaffordable or too risky

Business as Usual

The economic analysis of this option includes no local public sector stakeholder investment and forecasts student number growth at levels commensurate with those observed in the two local providers over the last 5 years. However, it is considered highly unlikely that without any investment or wider strategic leadership, the incumbent and existing providers can change direction sufficiently to meet the needs of the City and region as set out in the strategy case above. It would continue the current disjointed provision and suffers from the limited local capability and capacity highlighted in the Ofsted finding that PRC “Requires Improvement”. It would not therefore achieve the objectives adopted for the project and is included in the economic appraisal primarily as the baseline against which to assess other options. In reality there is no do-nothing option that has any credible possibility of achieving the desired economic and social impacts.

Do Minimum

This option is based on the previous strategy of investment in building the capability of UCP/PRC to develop Taught Degree Awarding Powers, without accompanying capital investment in new facilities. It includes support for project management, curriculum development and marketing. Based on the findings of the Gleeds review, it is considered likely to under-perform against the project objectives, thus perpetuating the HE “cold spot” and not addressing regional needs. As with the Business as Usual option it would continue the current disjointed provision and not address the Ofsted findings regarding PRC’s capability and capacity issues. Nevertheless, this option must be included in the economic appraisal as the only available do minimum option.

The economic analysis of this option includes revenue investment from the CPCA in PRC capability building at a level of £1,000,000 per annum over the next three years. This is based on the levels of investment previously committed to develop Taught Degree Awarding Powers for PRC, which had anticipated approximately £2.73 million further investment in PRC over the next 3 years (with an uplift for optimism bias and contingency). The quantifiable costs and benefits of this options are explained in further detail in the economic appraisal presented below.

Recommended Option

This option is as described in the strategic case sections above and includes both capital investment in new facilities on the Embankment site and potential revenue investment to mitigate commercial risks of the start-up and scale-up phase of a curriculum that meets local economic needs and local student demand. The focus of the strategy underpinning this option is to increase HE provision in Peterborough and increase the number of HE entrants from the north and north-east of the CPCA region by attracting and retaining students locally (after graduation). In particular, it aims to engage people who do not currently participate in HE but who would participate and remain locally if suitable provision was available and to use flexible modes of delivery to compensate for the characteristics of the region (particularly sparsely populated rural areas). As described above the key characteristics of the new University in this option include:

- A clear focus on under-represented groups and those who do not travel to existing providers.
- A limited physical experience on a modest initial campus development.
- A phased approach which evolves with the needs of the region.

This option does not target conventional markets. The ADP will use a Digital first approach including development of their website for the new University, which will be incorporated into the ADP’s undergraduate prospectus for the 2022 entry.

In practice, serious resource constraints are not a barrier to success; most innovation is born in the balancing and breaking of constraints. This principle is fundamental to the design of the New University.

The approach is to secure the involvement of a new ADP to bring the know-how to create a new University experience, to invest modestly in a new University building on the Embankment site and to focus attention on engaging with the local businesses to design an offer that addresses the needs of the region. This option has arisen from the Gleeds review referred to above, which concludes that it is a credible and viable option for delivering the new University objectives within the required timeframes.

The economic analysis of this option includes new capital investment from all three local public sector stakeholders to the level of £24,800,000 along with provision of land by PCC (valued at £1.87m) and an anticipated £3,800,000 investment from the ADP to fund the building of a university building. Revenue and working capital requirements of the new University itself will be matters for the ADP to finance based on anticipated revenues from tuition fees and other income. The intention is that the initial capital investment will fund capital works, with the ADP investing their own capital in start-up costs and establishment of a financially sustainable new university without the need for on-going subsidy. The quantifiable costs and benefits of this option are explained in further detail in the economic appraisal presented below.

The capital cost associated with the provision of teaching space and associated infrastructure has been estimated by CPCA/PCC and ADP within the assumed budget of £28,599,600 and on which basis the design has been developed. The budget is based on £24.8m CPCA Funding, secured by CPCA (consisting of £12.3m CPCA and £12.5m LGF) with the balance funded by the ADP, which is to be secured on signing of the main transactional agreements and agreement of the contract sum with the main contractor in January 2021 (at the time of the final tender this ADP contribution was estimated as £3.8m and the Heads of Terms agreed with the ADP include the prospect of ADP capital funding up to a maximum of £6.5m). In addition to the capital investment of up to £6.5m by the ADP, the ADP has made provision for start-up costs and subsidy to sustain ongoing operations. Further capital investment has been planned by the ADP for provision of IT and AV active equipment within the start-up costs.

The underlying objective is to ensure fee income generated from the intake of students will be sufficient to sustain ongoing operations and will permit short-term financing of operational working capital requirements.

Do Maximum

It is conceivable that the new University of Peterborough could be developed on a model similar to those founded in the 1960’s, the so-called Robbins Institutions. The target markets for the University would include those students who already travel out of region (and potentially, a proportion of the national market which currently travels to study) and who would consider a new offer based in Peterborough; i.e. the conventional market for HE which has evolved over the last decade with increased participation rates, a focus on progression routes and a balance between local recruitment and, usually, a residential experience. Competition for these students is very intense and recruitment routes via UCAS and marketing methods are exceptionally well-developed. The new University would need to establish itself very rapidly to compete directly within this market.

The following factors in particular consideration rule this option out of further consideration in the economic appraisal:

1. The new University would need to have a prospectus ready by April 2021 to meet the timescales set out in the objectives for the project. Applications for entry in September 2022, will open in September 2021 and close around mid- January 2022. Any student seeking to attend a UK University will have been exploring options during 2021. The period from April to September 2021 is a critical marketing window for the 2022/3 intake. To be able to make a competitive offer, the new University would need to have its core provision established to a high level of detail. It is not considered possible that the development work on a new University of this scale could be completed in sufficient detail and with adequate rigour to have a credible prospectus ready during the early months of 2021.
2. To compete directly with established providers, the new University would have to offer a minimum level of staff and facilities to attract the attention of prospective applicants (this is not the same as attracting entrants given that there is considered to be over-supply in the sector now that student number controls have been removed). At the very least, there would be an expectation among prospective students about the range of facilities to be provided on campus including general and specialist spaces, social learning and library spaces, campus catering and retail outlets. A high standard of competitive residential accommodation would be necessary, and students are increasingly expecting a level of service from campus-based services both transactional/regulatory (Registry functions) and pastoral (counselling, well-being etc.). While many of these functions will be necessary in any institution, the critical challenge would be to establish a critical mass of such facilities to compete with established providers. The reference point is the “competitive set” and, for students already travelling, the “evoked set” will include a large number of institutions with a well-established, well-resourced and highly credible offer. It should also be noted that staff expectations of the new University will also be relevant here in that competing directly for staff with established providers will inevitably raise questions of providing from the outset the research infrastructure to support their work.
3. There are severe resource constraints that limit the strategic scope for developing a new University. While competing directly for students would reflect a trajectory recognisable to most Universities today, many established institutions and those formed in the 1960s benefited from an ambition to raise participation rates. They did not directly compete but benefited from a general expansion of the market. Moreover, their development timescale was very much longer and it is only comparatively recently, and with the benefit of a legacy of generous funding, that Universities are experiencing challenging open market competitive dynamics. Space requirements is one example of this phenomenon. Many universities benefit from an academic estate which reflects a traditional model of higher education (more elite, less consumerist) and is a legacy of the associated funding model (generous public capital and revenue funding). A full-service institution serving c. 2,000 students would likely need a campus area of c. 19,000 m^2 on opening to appear competitive with established providers (not including onsite residential provision which could easily reach a similar scale). The underlying capital required to invest on this scale would be at least need £94 million and, in all probability, a lead time of at least 5 years to ensure that all aspects of the provision were planned to a competitive and credible standard. To expand the new University to potentially 12,500, as envisaged in the medium-term vision for a new University of Peterborough, would therefore, likely require upward of £500 million of up-front investment.

Therefore, the Do Maximum option has been ruled out on the grounds of affordability (only a fraction of the required funding is available), inability to meet the required timescales and lack of credible strategy (the above strongly suggest that the initial strategy should not be designed with a view to importing students to Peterborough; the competitive dynamics and resource implications are far too severe).

Infrastructure (phase 1 building location)
An option appraisal has been undertaken to assess the best location for the Phase 1 building within the overall site boundary of 55 acres. Prior to undertaking the detailed assessment, it was agreed that all feasible options must:

- be deliverable within the title constraints of the site in the given timescales;
- be located with land zoned in the Local Development Framework as reserved for University;
- avoid substantive alterations to existing infrastructure or facilities;
- be able to accommodate a minimum of 5,300m^2 of space (space driven by assumed budget referred to in financial case); and
- be deliverable within the assumed budget of £28,599,600 million based on £24.8m CPCA Funding (see above).

The infrastructure options appraisal has been undertaken only in relation to the cost of the physical infrastructure to enable the plot (services to the plot, decontamination of the plot and the area of the land for accommodating car parking and landscaping) on the basis that the other costs of the build will be the same in all options[6].

All options considered deliver the desired outcomes of the project given that the use/scale of the building is the same for each option. A summary of the appraisal of the site options considered is provided below.

Given that the variable across all options is constrained by the available budget and only varied by the site infrastructure any option that might exceed the budget has not been considered. Infrastructure options have, therefore, been assessed based on their ability to meet some or all of the criteria described below. These requirements identified that four possible locations were feasible:

[6] given the structure of the Heads of Terms (see below) any saving on the land value purchase will not increase the available capital to spend on the building; however this does detract from the available capital to deliver phase one building.

A - Wirrina Car Park;

B – Bishops Road;

C – NW corner

D- Opposite the Regional pool

Further details of all four options A- D are provided in Annex 6.2 together with a summary of the assessment of each option against the criteria outlined below:

- Meets the spending objectives for the physical infrastructure to enable the plot (services to the plot, decontamination of the plot and the area of the land for accommodating car parking and landscaping) pending confirmation of assumptions on contamination and services infrastructure capacity (surveys currently underway).
- Meets or exceeds all other criteria over the other options.
- Good opportunity to allow expansion of future phases.
- Well served by existing infrastructure with services available within the site vicinity and an existing “bell mouth” road access in place. The site is serviced by an existing car park that provides the opportunity for re-use or repair thus reducing the financial impact.

The assessment was informed by a full desk top analysis of the constraints and opportunities of the site and each option was assessed against several key criteria greed by the project team as noted below:

1. Heritage impact
2. Title impact
3. Visibility / Identity
4. Access to city amenities
5. Cost impact (infrastructure + public realm)
6. Landscape impact
7. Geotechnical
8. Impact on residential
9. Campus growth
10. Logistics (Construction)

Preferred option

Option A (the Wirrina Car Park) remains the preferred option and can accommodate the increase in building size from 3,500m^2 to 5,300m^2 required to accommodate the ADP’s curriculum proposals with an increase in funding required (to £28,599,600), noting that the current available funding from CPCA is £24.8M with a balance to be provided by the ADP. This site has the following clear benefits:

- The increase in building area to accommodate the size of building to meet the requirements of the ADP curriculum can be contained within the phase one site.
- The Phase 1 Building which achieves the desired outcomes within the budget of £28,599,600.
- Maximises available capital for building.
- Good visibility (identity) and accessibility to/ from the city centre.
- Minimises expenditure on infrastructure and external works.
- Minimises impact on adjacent residences.
- Minimal ecological impact on the existing site.
- Supports a logical growth of the campus in future phases, minimising disruption to phase 1.

2.2 Value for money

2.2.1 Economic appraisal

There are broadly three direct quantifiable benefits from the proposed options:

1. Increased employment as a direct result of the creation of the University as staff are recruited by the new institution.
2. Employment created in the wider economy as an indirect result of the creation of the new University.
3. Graduate level employment that rises as new graduates enter the workforce and graduate level jobs are created or attracted to the region.

Economic appraisals of the Business as Usual, Do Minimum and Recommended options have, therefore, been conducted on the following basis:

a. Direct staff employment follows the forecasts from the ADP's final tender document. For the purposes of the appraisal, all forecasts assume only Phase 1 costs and student numbers.

b. Indirect employment is anticipated to be 200% of the direct employment reflecting the buying power of the institution, its staff and its students.

c. Average GVA per employee for direct and indirect jobs is estimated at £42,000.

d. Average graduate salary in 2018 is 34,000, average non-graduate salary is 24,000. Grad salaries inflate at 3.5% per annum, non-graduate at 2.5%. GVA from graduate employment is calculated as 161% of total salary uplift (difference between graduate and non-graduate earnings).

e. For the Do Minimum option, further growth is projected arising from the proposed intervention (+1%) making the combined growth factor +3% above the baseline.

f. The expectation is that all qualifying graduates will enter a job attaining the average graduate salary (average of salary for all UK workers with a degree-level qualification or above) and thereby contribute the associated GVA (total cumulative GVA is forecast on this basis).

g. Additional corporation tax revenues from enhanced GVA are forecast at 1.36% of the GVA generated.

h. PAYE from new jobs created has been estimated based on tax rates for 2019/20 per graduate level job.

i. National Insurance Contributions from new jobs has been estimated at 11.1% of salaries per employee

The key Inputs for each option are summarised in the table below:

Input Costs (Fiscal Costs)	Business as Usual	Do Minimum	Recommended
Capital Investment	£0.00	£0.00	£24,800,000
Revenue Investment	£0.00	£3,000,000	£0.00
Land Value	£0.00	£0.00	£1,870,000
Total Fiscal Costs	**£0.00**	**£3,000,000.00**	**£26,670,000.00**

The economic appraisal analyses and the outputs from each are provided at Annex 6.3. The key outputs from these appraisals are summarised in the table below:

Appraisal Outputs	Business as Usual	Do Minimum	Recommended
Total Net Present Benefits	0	£7,793,658	£414,604,165
Total Net Present Costs[7]	0	£2,844,500	£25,073,715
Net Present Value	0	£4,949,158	£388,652,870
Benefit Cost Ratio[8]	**N/A**	**3**	**16**

2.2.2 Risk appraisal

The key risks with respect the economic appraisal all lie in the ability of the ADP to deliver the predicted student numbers contained in their final tender and reviewed in more detailed in this Full Business Case.

The economic appraisal is vulnerable to fluctuations in the numbers of students recruited and graduated by the University as highlighted in the sensitivity analysis below. The ability to recruit locally based staff may also be a factor that erodes the impact of the new University. A further concern could be the extent to which graduate level employment is available locally and whether the

[7] CPCA grant only rather than total public sector contribution.
[8] Given by Net Present Total Benefits/Net Total Costs

new University is able to generate the scale and quality of graduates required to meet local economic needs. These sensitivities have been tested and the net impacts reported below.

The impacts of Covid-19 on student numbers are, as yet, unclear, with factors that point simultaneously to both short term reduction in intakes and potential increases in demand for local provision if students are less wiling/able to travel. A more detailed assessment of the potential impacts of Covid-19 impact on the ADP's proposed business model is provided in section 3.3 of this FBC.

The ADP has also provided an analysis of HE demand in the region, which predicts an increase in the number of 18 year olds over the next 5 years leading to a 13% increase in students entering HE by 2025 with a static participation rate of 44%, and a 20% increase if the participation rate grows to the England average of 47%. Further demographic analysis suggests also that this new demand is likely to be from groups who are more likely to stay in the region to study and then subsequently to work.

2.2.3 Preferred option

The economic appraisal of the three options presented above shows that the Benefit Cost Ratio (BCR) for the recommended option still far outstrips the alternatives. This review confirms the recommended option as the preferred option in this Full Business Case.

In the Outline Business Case the BCR was 46 with a total Net Present Benefits estimated to be just over £1.1 billion. These are primarily derived from the forecast for student numbers which was estimated to peak at just over 12,500 by 2028. The Full Business case is based on the ADP's final tender document and assumes just over 5,000 students by 2028, thus the Net Present Benefits have reduced accordingly to just over £400 million.

The preferred option delivers a Benefit Cost Ratio of 16 based on current costings and student numbers. While this is a significant reduction from the value in the Outline Business Case, it is still an exceptional return according to government guidance and benchmarks which defines the VfM category as:

- Poor VfM if the BCR is less than 1.0;
- Low VfM if the BCR is between 1.0 and 1.5;
- Medium VfM if the BCR is between 1.5 and 2.0;
- High VfM if the BCR is between 2.0 and 4.0; or
- Very high VfM if the BCR is greater than 4.0

However, reducing this project to a simple BCR number belies the fact that the success or failure of this investment in Peterborough, relies on many factors. Simply assuming that such a high BCR value assures its success can lead to a false sense of comfort. The Economic Analysis is only one part of a well-informed decision.

2.2.4 Sensitivity analysis

In light of the risks outlined above, sensitivity testing has been carried out by adjusting key variables as follows:

- 50% reduction in staff and student numbers (NB: as staffing levels are forecast on a student-staff ratio, a change in one variable inevitably affects the other). There are further consequences for indirect employment that are also a function of the scale of the University.
- Complete elimination of the effects of new graduates entering the market.

The key outputs from these appraisals are summarised in the table below:

Sensitivity Tests	Recommended Baseline	Sensitivity to 50% drop in numbers	Sensitivity to failure to create graduate jobs
Total Net Present Benefits	£414,604,165	£207,302,083	£92,965,915
Total Net Present Costs	£25,951,295	£25,951,295	£25,951,295
Net Present Value	£388,652,870	£181,350,787	£67,014,620
Benefit Cost Ratio[9]	**16**	**8**	**4**

Therefore, even allowing for these significant risks, the preferred option outperforms the other options and a strongly positive net present value and BCR is sustained. Therefore, there remains a strong economic case for investing in the new University in line with the recommended option to generate direct and indirect benefits for the region.

Further testing has been carried out to determine the impact of a substantial cost over-run on the construction of the phase 1 Building. The outcomes from this appraisal, which tested a doubling of the construction costs, are set out in the table below:

Sensitivity Tests	Recommended Baseline with Construction Costs Doubled	Sensitivity to 50% drop in numbers with Construction Costs Doubled	Sensitivity to failure to create graduate jobs with Construction Costs Doubled
Total Net Present Benefits	£414,604,165	£207,302,083	£92,965,915
Total Net Present Costs	£51,902,590	£51,902,590	£51,902,590
Net Present Value	£362,701,575	£155,399,492	£41,063,325
Benefit Cost Ratio[10]	**8**	**4**	**2**

The benefits are not particularly sensitive to even very significant rises in the cost of the phase 1 building (although naturally any cost over-runs will challenge the basic affordability of the scheme).

A critical point to note is that the key benefits stem largely as function of the ambitious student growth projections (which reflect market needs). Only this factor will generate a significant direct and positive economic impact. The critical sensitivity is therefore the extent to which the ADP can commit to delivering the project objectives and bringing the know-how and capabilities necessary to deliver this ambitious agenda.

[9] Given by Net Present Total Benefits/Net Total Costs
[10] Given by Net Present Total Benefits/Net Total Costs

3 Commercial Case

3.1 Structure of the deal

3.1.1 Procurement strategy

Academic Delivery Partner (ADP)

As a publicly funded project the selection of the Academic Delivery Partner has been subject to statutory public procurement regulations and must adhere to stipulated requirements. Prior to adopting an appropriate strategy, the key client deliverables and key outcomes identified several areas which must be satisfied, namely:

1. Timeframe: CPCA required the procurement of the ADP at the earliest opportunity to inform the design of the phase 1 building and for approval of Full Business Case.
2. Complies with public procurement processes and in line with CPCA procurement guidelines.
3. Seeks formal feedback from the marketplace to ensure formal expressions are received on which the procurement process can be progressed.
4. Provides the best opportunity to allow dialogue with the bidders on the proposed solution.
5. Allows sufficient time to prepare documentation to publish formal procurement processes. (which includes details of the tender processes at publication).
6. Establishes an option should only one tenderer be interested. As a general rule, the procurement of goods, services and works non-competitively directly from a sole provider should be avoided where possible. However, it is recognised that in some instances, a single source tender is appropriate and can be justified in the context of the regulations. The regulations permit clients to negotiate contracts otherwise caught by those rules without placing a contract notice or running any form of competition in certain limited, very narrowly defined, circumstances in which it is considered not appropriate, or not practicable, to have a competition. This is referred to as “the negotiated procedure without prior publication”. The specific exemptions are contained permit clients to negotiate the purchase with a single provider.
7. A procurement that allows negotiation due to the specific nature, complexity or legal or financial make-up of the contract or the risks attaching to it.

Following consideration of all OJEU procurement options (Open, Restricted, Competitive Dialogue, Competitive with negotiation and Innovation partnership) the Open, Restricted and Innovation partnership procedures were discounted due to their unsuitability for procurement of the ADP on the following basis:

- Open procedure – Most suited for simple procurement of commodity products which do not require a complex tender process. Due to the bespoke needs of CPCA this option was discounted.

- Restricted procedure – discounted on the basis that there is no ability to alter the specification or for further negotiation with tenderers. The use of pre- and post-tender negotiation under this procedure is strictly prohibited, and therefore discounted as it would not serve CPCA’s best interests.

- Innovation Partnership – More suited towards establishment of long-term partnerships which allows ongoing development and subsequent purchase of new and innovative products, with initial tender proposals based on limited high-level information. This did not meet the requirements or aims of securing an academic delivery partner.

Upon review of the remaining procurement options available, the preferred strategy for the procurement of the ADP was developed on the following basis:

- **Publication of a Prior Information Notice (PIN)** and associated Advert in the Education press (see cambridgeshirepeterborough-ca.gov.uk/news/hunt-for-higher-education-partner-to-support-development-of-new-trailblazer-university-of-peterborough/) as a call for competition requiring all interested operators to inform the contracting authority of their interest in the Contract. Stating that the Contract will be awarded without publication of a further call for competition. CPCA also published the PIN notice.
- Following expiry of the PIN the Combined Authority progressed with a **Competitive Procedure with Negotiation**.
- The Competitive Procedure with Negotiation was proposed for the selection of the ADP on the basis that:
    - Suppliers can be prequalified based on their financial standing and technical/ professional capability.
    - Ability to specify the entire requirement now such that the bidders will be able to tender, deliver and fully proceed the bid without the need for negotiation.
    - The route meets CPCA selection requirements.

The benefits of this approach were:

- Use of a PIN ensures that the procurement process can be determined by likely number of bidders without abortive process based on a call for competition.
- It provides more time for CPCA to conclude actions/ decisions required to inform the procurement action.
- It provides time for PCC to review and approve tender documentation and procurement action prior to publication.
- It provides opportunity for CPCA to consider procurement with one provider if only one bidder expresses interest.
- It maintains publication of formal Expression of Interest within the Original CPCA 1 timeframe and award of the preferred ADP by the end of Q2 2020.
- It allows for requirements of the tender to be agreed as part of a negotiated procedure.
- It allows the timeline for procurement of the ADP procurement and the development of the design and planning submission for building one to be separated, to allow more time for the procurement of the ADP, accepting the low risk that the ADP seeks changes to the design of the building which requires redesign or delays submission of planning.

The procurement process described above elicited responses from 11 parties who showed interest in the ADP opportunity when first advertised. Owing to the extensive, complex and stringent requirements it was always likely that some of the smaller entities would be unable to submit even an Expression of Interest and, accordingly, many felt unable to submit formal expressions of interest and did not participate further in the procurement.

Three prospective bidders submitted Expressions of Interest, which demonstrated reasonable levels of engagement with the substantive requirements included in the Call for Competition Notices and associated documentation. This process demonstrated positive interest and competency within the market, however, owing to technical short-comings, one bidder was disqualified early in the process.

Of the two remaining in contention, only one was able to successfully complete all stages of the process and satisfy all the requirements of the tender, to produce a compliant and sufficiently high-quality bid.

Following the successful annulment of a challenge received during the OJEU standstill period, the formal procurement of the ADP was completed on the 11 June 2020. The outcome is that a Higher Education Corporation, OfS Registered Higher Education Provider was appointed as the ADP. The ADP will provide the skills, knowledge, experience and resources to make establishing a new higher education provider in Peterborough, ultimately holding degree awarding powers and University Title a practical reality. The full scale and scope of the offer includes:

- **Capital Investment –** The ADP has committed to provide up to £6.5m of capital investment to integrate their existing nursing provision (provided at Guild House) into the phase 1 provision on the new University campus (this investment is currently expected to be £3.8m, subject to confirmation of the final contract sum for the construction contract).
- **Cashflow- support –** A forecast £5.4m shortfall in funding to support the start-up costs for the new University is to be funded by a loan from the ADP to UniCo.
- **Staff recruitment** – an initial Development Team will be formed by the ADP to work with CPCA and key stakeholders. The Development Team will include senior leadership, academic subject specialists and professional service support. The ADP will be responsible for making available for the new University a full complement of staff and procuring relevant services, with further detail to be agreed as the transactional agreements are finalised.
- **Curriculum design and development** work including development of a learning and teaching strategy with reference to the ADP’s Curriculum Model of teaching and learning to take place off-campus and programme validation arrangements (with the ADP awarding its degrees to students of the new University, pending it being awarded degree awarding powers). The ADP will undertake full market research and product development to ensure the curriculum portfolio meets the vision for a University in Peterborough. Depending on the outcomes of such market analysis, the ADP will fully support the curriculum from inception to maturity and retirement/renewal of individual courses. The support required may also include learning technologists and materials production services to support blended and distance learning, enabling of virtual learning environments etc.
- **Intellectual Property** - The ADP will retain all rights in its background intellectual property rights. The ADP and the new University, both acting reasonably and in good faith, will enter into binding arrangements regarding the licence of the ADP’s background intellectual property rights to the new University during the term of the contract and during the new University’s transition to an independent University of Peterborough on terms to be agreed by the ADP and the new University. If the new University requires use of the ADP’s background intellectual property beyond its transition to an independent University of Peterborough, The ADP and the new University will negotiate in good faith and acting reasonably the terms of the required licence. All foreground intellectual property rights in materials developed by the ADP exclusively for the new University will belong to the ADP and the ADP will grant a perpetual, royalty free, non-exclusive licence to the new University to use such foreground intellectual property rights. If Unico develops its own foreground intellectual property rights by its own staff or third party contractor (excluding the ADP) then if it licenses such intellectual property to the ADP such license will be on market terms to be agreed by the new University.

- **Staff workload planning, resource scheduling and timetabling** – linked to curriculum modelling and business model prototyping.
- **Student recruitment, marketing and admissions** processes and systems to include UCAS support, direct entry and employer-sponsored routes to be developed. It is anticipated that the focus of these services will be positive, proactive, outgoing and engaging to reach out to under-represented groups, to engage with their needs and win their active participation in the new University.
- **Student and academic services and systems development** – a full range of transactional, advisory, welfare and other student-facing services along with regulatory and academic policy support including assessment, examinations, graduation. It is anticipated that these services will be fit for purpose with respect to the diverse needs of the student population (segmentation) – the service orientation should be capable of responding to the "segment of one".
- **Library and learning resources services/systems** – physical and virtual resources and associated services including licensing.
- **Strategic planning, finance and governance services and systems development** (including full Head Office / VCO functions) – to be transitioned from the ADP to an independent "University of Peterborough" as part of the Roadmap, with further detail to be agreed as the transactional agreements are finalised.
- **Full range of 'soft' FM and ICT services** and resources required to operate the new University effectively and to deliver an excellent student experience. Such soft FM/ICT services may include cleaning, security, catering and reception services, network connectivity and infrastructure (Janet), business and academic IT and AV systems and software[11].

IT Infrastructure	Main Contractor (phase 1)	Academic Delivery Partner (ADP) Unico
Core ICT Infrastructure ICT (data) cabling and ancillary items such as distribution frames and equipment racks	Y	
Ongoing Maintenance of core ICT Infrastructure		Y
Other ICT packages Network Wireless Connections 4G/5G mobile Phone enhancement (the scope of which remains to be agreed) Digital /Audio Visual systems		Y

[11] UniCo will be responsible for 'hard' FM services under the Lease. Such hard FM services may include signage (external and internal), future maintenance registers, asset registers, statutory inspection records etc, project works move and churn, QHSE control of works / permits, risk management, statutory compliance, structure and fabric, MEP installations, 'life safety systems', fixtures fittings and equipment, ICT installations, highways and paths and external hard landscaping. In order to ensure UniCo's compliance with its maintenance obligations, the Lease will contain a schedule of maintenance and obligations on UniCo and PropCo to conduct an annual review of the condition of the Building. In the event that UniCo fails to remedy any maintenance issues following the annual review, the Lease will contain a right for PropCo (acting reasonably and following an appropriate process) to step-in and perform the required maintenance together with a contractual requirement for UniCo to reimburse PropCo for the costs of it undertaking such maintenance by way of service charge.

IT Infrastructure	Main Contractor (phase 1)	Academic Delivery Partner (ADP) Unico
Local Server and storage systems (Design input from ADP)		
Ongoing maintenance of other ICT Packages		Y
Software Business and academic software solutions and licences. (Input from ADP)		Y
End User Devices laptops, printers and PCs (Input from ADP)		Y
External Connectivity Internet and HE network (JANET)		Y

Infrastructure

Procurement of the infrastructure is split into two categories:

1. **Land:** the proposed development plot 'The Embankment, off Bishops Road Peterborough' forms part of the agreement between Cambridge and Peterborough Combined Authority (CPCA) and Peterborough City Council (PCC) where PCC have committed to providing land for use in the development of the new University. The valuation of the land has been agreed; subject to finalising the acreage. At the time of writing the necessary due diligence and valuation for Phase 1 of the University is ongoing. It is proposed that the agreement will also allow for future growth of the University beyond phase one on the Embankment site and that the Heads of Terms will reflect how this is achieved. The procurement of the land from PCC may require an Advertised Sale via a notice in the local press (public owned land for disposal under reg: 1972).
2. **Main Contractor**: procurement of the main contractor will be required to deliver the physical capital works, which will broadly include:
    a. Off plot Utilities, highways works associated with Phase 1.
    b. On plot infrastructure works, utilities, road, car parks, landscape and ancillary buildings.
    c. Building and internal fit out (including IT and AV).
    d. Procurement of infrastructure for use in operation of the building by the ADP.

Following approval of the Outline Business Case a supplier event was held to look at the market opportunity for developer led delivery and operation of the asset for phase one or delivery by the main contractor and operation by the ADP. The opportunity for both routes has been allowed for in the ADP procurement. However due to feedback from the supplier event; which suggested that while there are alterative options to design, build and maintain the phase 1 and future phases of the university, the general consensus is to maintain programme was for a Design and Build tender for Phase 1.

Since the supplier event there has been the further impact of Covid-19; which has had to be considered in the selection of the preferred procurement route, to support contractors cash flow during procurement where possible without undue burden on project cost; gain feedback on the design and buildability to increase the likely hood of availability of materials and labour for installation and, once appointed, ensure fair payment across the supply chain. Any impacts on construction cost arising from the need to incorporate social distancing measures into operating procedures are, as yet, unknown.

Procurement of the main contractor has commenced with the publication of a Selection Questionnaire through an OJEU restricted procedure. The purpose of this is to seek interest from the market and establish a short list of up to 5 main contractors who will progress at their cost into the first stage of a two stage process; with award of a single contractor in August 2020. Following approval of a further iteration of the FBC in late 2020, the selected contractor will work with the CPCA /PCC and its advisors to develop the design, procure works packages and agree a fixed cost for approval in January 2021.

A two-stage procurement route approach has been necessitated by the need to:

a. Maintain programme for opening of the new University in September 2022.
b. Identify a single contractor capable of working with PropCo and its advisors following sign-off of this FBC.
c. Attract a suitable main contractor capable of constructing phase 1 by identifying a procurement route that allows the main contractor to receive payment for developing the design and procurement of the works packages up to agreement of a fixed price.
d. Respond to the impact of Covid-19 on the construction market in terms of payment and design development input by the main contractor.
e. Enhance the opportunity for the identification and elimination of the associated financial and construction risks prior to entering into contract, through engagement with their supply chain, and specialist input on sequencing and buildability.

3.1.2 Service streams and required outputs

Annex 6.4 sets out the selection criteria for the ADP as published in the call for Expressions of Interest and Invitation to Tender, which in turn reflect the project's required services and outputs. In summary the selection criteria were:

- Formal definition of the ADP to meet the ultimate objective of establishing an independent University of Peterborough with degree awarding powers and University Title.
- Commitment to the vision for an Independent University in Peterborough including the growth trajectory set out in the project objectives.
- Commitment to develop the operational capabilities of the University including staff and student recruitment and support, curriculum design and development and all support functions.
- Commitment to the long-term success of the University including branding and performance requirements
- Commitment to resourcing and addressing working capital requirements.
- Commitment to the programme for establishing and growing the new University.

The minimum expectations and outcome of the finalised deal are as stated in section 3.1.1 above.

3.1.3 The contracts

Academic Delivery Partner

Form of contract and key features of the deal

Finalisation of the contractual documentation arising from procurement of the ADP is taking place in parallel with preparation of this FBC through a negotiated process that has led to agreed Heads of Terms with drafting advised on by Pinsent Masons (CPCA legal advisers). A copy of the Heads of Terms is attached at Annex 6.5 and includes details of the proposed structure of the contractual arrangements.

The purpose of the Heads of Terms is to form the basis of negotiation between the ADP, CPCA and PCC up to contract award. The ownership structure of the new University will reflect the commitment of resources by CPCA, PCC and the ADP. The structure for delivery agreed between the ADP, PCC and CPCA is outlined below:

- CPCA, PCC and the ADP will be joint venture partners in respect of a new special purpose vehicle ("**PropCo**") into which the land will be transferred by PCC, together with the Local Growth Funding (LGF), the CPCA PropCo Contribution (capital and revenue funding from CPCA) and ADP financial continuation of between £3.8 and £6.5m (depending on final build costs). PropCo will develop on the land the building and campus intended to be used by the new University. Since approval of the OBC, CPCA has signed an Office Decision Notice (ODN), to allow incorporation of PropCo, initially with CPCA as a single shareholder. The incorporation of PropCo along with a project bank account is required to be in place so that LGF monies can be defrayed into PropCo account by the end of August 2020[12].
- The ADP will establish a separate new special purpose higher education vehicle ("**UniCo**"), which it is intended will eventually be the University of Peterborough, subject to the outcomes of the independent review. It will be established by the ADP as a charitable company limited by guarantee. A Collaboration Agreement will include arrangements for a revised ownership structure for UniCo when it is capable of fully independent operation from the ADP (if desired by the parties at that time).
- It is intended that PropCo will grant a lease of the Building to UniCo, the terms of which include a 10 year rent-free element during the start-up phase (see above).

To date CPCA and PCC have approved working together to deliver the project with CPCA establishing PropCo and investing funds into PropCo and PCC working to secure transfer of the the land to PropCo. As there have been delays in securing the transfer of the PCC's land into PropCo the company has been established with CPCA as the sole shareholder and a subscription agreement entered into between CPCA, PropCo and PCC which commits PCC to transfer the land a later date, at which point it will receive shares in the company in proportion to the value of this investment.

The subscription agreement between CPCA and PCC describes the commitment between parties who will work together toward realisation of the new university buildings. The ADP also intends to participate as a shareholder of PropCo in return for an investment of up to £6.5m (currently anticipated to be £3.8m)). At the point of the transfer by PCC of the land into PropCo, a shareholders’

[12] This requirement has arisen as a result of delays to the procurement of the ADP meaning that the expenditure of the LGF Grant cannot meet the March 2021 deadline; to safeguard the funding it must be transferred to PropCo before September 2020. LGF funds will be drawn down by CPCA from 1 April 2020 and the balance transferred to PropCo before the end of August 2020; based on the current spend profile in line with the Revision B master programme the LGF funding is targeted to be expended by September 2021.

agreement will be entered into with all participating shareholders (including the ADP) to document the governance of PropCo together with operational parameters for the company and exit provisions in the case of default or sale of shares.

CPCA have signed an Office Decision Notice (ODN) since approval of the OBC, to allow incorporation of PropCo with CPCA as a single shareholder. The incorporation of PropCo is now complete, with a bank account being put in place in order that LGF monies can be defrayed into PropCo account by the end of August 2020; this requirement has arisen as a result of delays to the procurement of the ADP meaning that the expenditure for the LGF Grant monies cannot meet the March 2021 deadline; in order to safeguard the funding it has to be transferred into PropCo before September 2020. LGF funds will be drawn down by CPCA from 1 April 2020 and the balance transferred into PropCo before the end of August 2020; based on the current spend profile in line with the Revision B Master programme the LGF funding is targeted to be expended by September 2021.

The main transactional documents will be as follows:

- Articles of Association of (UniCo), the newly formed higher education provider established as a wholly owned subsidiary of the ADP.
- Collaboration Agreement between the new University of Peterborough, the ADP and PropCo in relation to the development, operations, governance of and milestones to be met by the new University of Peterborough..
- Articles of Association of PropCo (as a joint venture between CPCA, PCC and the ADP).
- Shareholders' Agreement between CPCA, PCC, the ADP and PropCo in relation to PropCo.
- CPCA Services Agreement in relation to the services to be provided by CPCA to PropCo in managing the development of the university building project and ongoing operation of PropCo as landlord of the completed building. The CPCA Service agreement will be in place from August 2020 to give authority for CPCA and its agent to act on behalf of PropCo in the design, procurement and delivery of Phase 1 of the new university.
- Land Transfer from PCC to PropCo.
- Agreement for Lease with agreed form lease between PropCo and the new University of Peterborough.
- Any other ancillary documentation required to implement the provisions of the Heads of Terms.

The basis of these legal agreements is set out in Heads of Terms approved by the parties. It is intended that these agreements be signed by all parties by the end of August 2020.

Contractual issues
The full scale and scope of the requirements has been shaped in negotiation and includes the requirements outlined above, albeit with attendant risks described in more detail in section 1.4 and other sections of this FBC. The basis of the agreement with the ADP is set out in the Heads of Terms that will form the basis of the transactional agreements currently being drafted for execution in August.

Payment mechanisms
In accordance with the agreed the Heads of Terms, CPCA, PCC and the ADP will enter into a Joint Venture (PropCo) which will hold the property from PCC, LGF

Investment monies, CPCA funding contribution and capital investment from the ADP capped at £6.5m for the construction works of the phase 1 building. Additional investment associated with the University start-up capital requirements will be provided by the ADP via a short-term loan.

A separate Special Purpose Vehicle will be established by the ADP (UniCo) as the new higher education provider which is intended to ultimately become the University of Peterborough. The agreement of rent and rent-free periods and the basis on which these will be paid by UniCo to PropCo has been agreed between parties through the ADP negotiated procurement; a 10 year rent-free period will apply.

Accountancy Treatment

CPCA, PCC and the ADP will enter into a Joint Venture (PropCo), which will hold the property from PCC, LGF investment monies, CPCA capital contribution and the ADP capital contribution. All the assets will sit within PropCo which will be a local authority-controlled company and therefore, be incorporated into the financial statements of the local authorities accordingly.

Building/Infrastructure

Form of contract

The construction works are proposed to be delivered via a Design & Build procurement route using a two-stage tendering process and an industry standard form of contract. The current contract form is intended to utilise a JCT Design & Build form with client amendments.

This contract form is an industry recognised and widely used contract, which ensures all parties are familiar with the structure, risk apportionment, key provisions and contractual procedures/mechanisms. It is typical for clients to amend this form to insert additional provisions surrounding risk apportionment and payment. As such CPCA have procured the services of Pinsent Masons to provide professional legal advice to provide the necessary client amendment to this form of contract.

A design and build procurement route will provide PropCo with a fixed price lump sum offer for the construction of the works, which will reduce PropCo's exposure to potential overspend within the construction work. By adopting a two-stage tendering process, CPCA's client team will work with the contractor on an open-book basis to ensure competition is maintained throughout the second stage, and that risks are appropriately managed. Long-lead items and works packages will be reviewed with the Main Contractor to verify competition throughout the supply chain, and to offer greater financial certainty to all parties. This process will assist in ensuring Contractor's risk pricing is reduced and PropCo achieve value for money.

In order to meet the Q4 2020 spade in the ground, it will be necessary for PropCo to place order with utilities supplier in August 2020 as there is a three month lead in for the works – works would be carried out by the Main Contractor to remove redundant cable, along with minor enabling works on the site on land provided by PCC to PropCo ahead of entering into the building contract, following which an order will be placed with UKPN for removal of the cable in November 2020

The signing of a pre-construction service agreement with the Main Contractor will permit them to develop design and agree a fixed contract sum by January 2021.

Key features of the deal

The main contract will ensure a single point of responsibility from the Main Contractor to PropCo for the design and construction of the phase 1 building in accordance with the specified Employer's Requirements. The contract provides the following key outcomes:

- Time certainty through fixed start and completion dates.
- Cost certainty through a fixed price lump sum.
- Clear identification of liquidated damages for late completion.
- Agreement on change management processes.
- Single point of design and build responsibility by the main contractor.
- Regular payment provisions and fair payment provisions throughout the supply chain.
- Agreed apportionment of risk between Client and Contractor.
- Provisions for 3rd party interests, including collateral warranties.

Contractual issues

Covid-19 continues to have a significant impact on businesses across the construction industry and whilst case law is not yet established on how construction contracts will deal with its impacts, the current JCT suggests this is a relevant event; entitling the contractor to an extension of time. In response to this, Pinsent Masons have provided legal advice and the proposed contract amendments include provisions for pandemics to allow the main contractor assured extension of time. This will provide comfort to the contractor by avoiding exposure to late completion and liquidated damages that arise as a result of delay outside of their control. This should benefit PropCo by the avoidance of inflated risk pricing to cover such events.

Payment mechanisms

PropCo will appoint the main contractor and make payment under the agreed form of contract. A specific project bank account will be set up based on the JCT project bank account principles to ensure sufficient project funds are available for the construction of the phase 1 building, protected against misappropriation, and providing security for the Main Contractor and their supply chain of appropriate funding and regular payment. This will be formalised in a trust deed included within the main contract.

PropCo will be responsible for paying for the design, procurement and delivery of the phase 1 building under the agreed contract to the consultant team and the Main Contractor. The project bank account will be operated by CPCA on behalf of PropCo and will act as a mechanism to facilitate direct payment from PropCo to the main contractor and the top five suppliers (in terms of contract value), to be named within the Contract Particulars. This mechanism will safeguard regular payment to the supply chain, which under current economic circumstances is paramount in safeguarding performance. The bank account will also provide a mechanism, if required, for all supply chain members to be paid directly in accordance with the fair payment charter, if PropCo deems that payment is not being made regularly throughout the Contractor's supply chain.

The payment mechanism for the construction works associated with the provision of the new buildings will be set out in the form of contract used, and subsequently in accordance with the payment terms dictated under the Housing Grants Construction and Regeneration Act 2011. It is typical for such payments to be based on interim monthly valuations of progress completed on site and applied for via the Main Contractor's Interim Applications for Payment. These applications will be verified by CPCA's appointed Quantity Surveyor through valuation/inspections on site, validated through the necessary payment notices and paid in accordance with the contract terms.

Further payment amendments are proposed via advice from Pinsent Masons, to ensure that the contractor signs up to the fair payment charter and that prompt payment is made throughout the whole supply chain.

Accountancy Treatment

As no PFI or similar arrangements are proposed for construction of the phase 1 building, no accounting treatment questions arise for presentation in this FBC. PropCo, a local authority controlled joint venture company, will own the asset once constructed and this will be incorporated into the financial statements of the local authorities accordingly.

3.1.4 Risk apportionment

Academic Delivery Partner

The risk register at Annex 6.1 provides details of the risk apportionment between CPCA/PCC (PropCo) and the Academic Delivery Partner (ADP) agreed in the Heads of Terms and to be finalised in detail through the full legal documentation. In summary:

- all costs associated with the procurement of the ADP; acquisition of the land; design procurement and delivery of phase one building until August 2020 will be the responsibility of CPCA/PCC; and
- the ADP, , from practical completion of the development will assume responsibility for operation of the University including hard and soft facilities management services, pending securing the independence ultimately sought for the University.

In addition, a more detailed assessment of the potential impacts of Covid-19 on the ADP's business model is provided in section 3.3.

Infrastructure

The apportionment of risk for the infrastructure construction phase will be agreed as part of the procurement strategy prior to the procurement of the main contract and sub-contract packages. The apportionment of risk (yet to be agreed) will allocate risk appropriately to mitigate risk to the client by whom the contractor is appointed (PropCo). The risk register appended at Annex 6.1 identifies several key infrastructure risks for the delivery of the Phase 1 building, noting the risk likelihood, severity, and time and cost impact, and proposed mitigation strategy.

3.1.5 Implementation timescales

The implementation timetable has been prepared by CPCA's advisors as the basis of the legal documents between CPCA, PCC and the Academic Delivery Partner (ADP) that will be taken forward in developing the university campus in Peterborough and the establishment of a new higher education provider that is intended to ultimately become the University of Peterborough.

The timeline of events follows the approved project master programme (Revision B) to meet the key project milestones to achieve spade in the ground in Q4 2020. The programme makes no allowance for delay in contracting with the ADP or for impact of Covid-19 on the construction duration, which remains a risk to the overall scheme. The timetables for finalising and contracting with the ADP and with the Main Contractor are set out in Annex 6.6:

3.2 Deliverability

Academic Delivery Partner

As outlined in section 1.4 above, the ITN Final Submission from the ADP provides a good strategic fit with the project objectives. However, the agreement with the ADP inevitably generates risks that could adversely impact on achievement of the project objectives, in particular:

- Whether higher than anticipated levels of growth in student numbers will be able to be accommodated by the ADP.

- Whether the form of provision proposed will reach under-represented and local groups of students and meet the needs of the region's businesses.
- Whether the marginal surplus generated by the Operating Model proposed by the ADP will be sufficient to generate a sustainable, independent University in the long term (taking into account future growth phases).

These and other risks described in more detail in other sections of this FBC will be managed through negotiation of contractual terms, governance arrangements and ongoing positive relationships between the public authorities and the ADP through the delivery phase of the project to ensure continued confidence (not least given the uncertainties arising from Covid-19) that the ADP will be able to establish a new University which has the positive economic, regeneration and social impacts sought by CPCA.

Detailed assessments of deliverability of CPCA's objectives for the new University are set out elsewhere in the FBC, most notably in sections 3.3 and 4, which address the risk arising from the financial model and Covid-19 impacts respectively. CPCA concludes that, given the safeguards/mitigation plans set out in those sections and the governance arrangements described in section 5, the project is deliverable, and the risks associated with it are manageable.

Critical to mitigating the risks inherent in the project as proposed, will building and sustaining strong, productive relationships between the public sector partners and the ADP relationships at all tiers of those organisations. A shared vision and a common understanding of how to achieve it, will be the best way to avoid these risks

<u>Infrastructure</u>
The OBC proposed a phase 1 building of 3500m^2 Gross Internal Area, derived from a notional fixed £20m budget at the time. Following negotiations with the ADP, it became apparent that the ADP would require a larger building to accommodate their student numbers and proposed activity. A revised design proposal has been prepared for a phase 1 building based on a 5300m^2 Gross Internal Area; a multi-use educational facility suitable for a mixed use of working, learning, teaching, collaborating, and eating. The building will include all associated external landscaping and infrastructure, all delivered within the available cost envelope (currently assumed to be £28.6m). The revised larger building is a more appropriate size for a building of this nature, and allows more flexible use of the building as an adaptable asset for the future.

A summary and elemental cost summary of how the budget is derived is shown below. The construction works costs have been benchmarked against known industry data for similar size and quality educational buildings and are aligned with the median cost parameters.

Elem Ref				Cost Target £	£ / m^2 GIFA
0	Facilitating Works			180,000	34
1-10	Building Works			17,615,541	3,324
	Works Cost Estimate		**£**	**17,795,541**	**3,358**
11	Fees & Surveys			2,553,499	482
12	Client Project Costs			1,032,900	195
13	Client Contingency (applied to 0-10 and 12)	10%		1,882,844	355
	Cost Limit (Excluding Construction Inflation)		**£**	**23,264,785**	**4,390**
14	Inflation; to mid-point construction 4Q21 (applied to 0-10 and 12)	3.0%		564,853	107
	Cost Limit (Including Construction Inflation)		**£**	**23,829,638**	**4,496**
	VAT Assessment (applied at the prevailing rate)	20%		4,765,928	899
	Estimated Outturn Costs		**£**	**28,595,565**	**5,395**
	"Say"			**28,600,000.00**	

GIFA*
5,300 m2

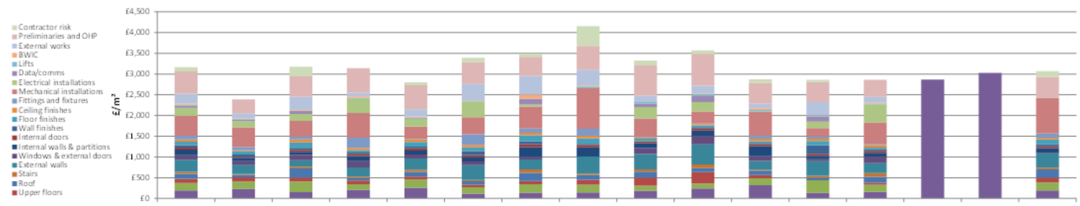
Budget Cost Plan **University of Peterborough - Phase 1 Development**

Elemental Summary **14 April 2020**

			Cost Target £	£/m2
0	Facilitating Works		180,000	34
1	Substructure		1,032,900	195
2	Superstructure		5,616,506	1,060
3	Internal Finishes		1,129,600	213
4	Fittings, Furniture & Equipment		503,500	95
5	Services		4,568,000	862
6	Prefabricated Buildings & Building Units		N/A	N/A
7	Works to Existing Buildings		N/A	N/A
8	External Works		1,361,359	257
		Sub-Total	**14,391,865**	**2,715**
9	Main Contractor's Prelims	13%	1,870,942	353
10a	Main Contractor's OH&P	5%	813,140	153
10b	Main Contractor's Risk	3%	431,756	81
10c	Main Contractor's Design	2%	287,837	54
		Construction Total (Exc. Inflation)	**17,795,541**	**3,358**
11a	Project / Design Team Fees - RIBA Stage 1-2 (CPCA Stages 1-4)		449,642	85
11b	Project / Design Team Fees - RIBA Stage 1-4 (Includes re-design work and CPCA Stage 5)		681,279	129
11c	Project / Design Team Fees - Client monitoring role (CPCA Stage 6) - As per framework fee	1.39%	322,578	61
11d	Legal Fees		300,000	57
11e	Surveys, Statutory Fees and Additional Services		550,000	104
11f	Section 106, Section 278 and other conditions (allowance)		250,000	47
12	Client Direct Project Costs (loose furniture, café, ICT)		1,032,900	195
13	Client Contingency (applied to 0-10 and 12)	10.0%	1,882,844	355
14	Inflation; to mid-point construction 4Q21 (applied to 0-10 and 12)	3.0%	564,853	107
		Total (Exc. VAT)	**23,829,638**	**4,496**

A benchmarking exercise has been undertaken to investigate the estimated build cost against a range of similar HE projects to ensure market buildability. The benchmarking data represents an average cost per typical building element, represented as a cost per m^2 of Gross Internal Floor Area. The benchmarking data excludes site specific abnormal elements such as facilitating/demolition works, and external works, to allow a fair comparison. This benchmarking indicates an average build cost (£Nett/m^2) of approximately £2932/m^2 (excluding site facilitating and external works), and this is supported by wider industry benchmarking mean averages of £3026/m2 (BCIS data). The phase 1 construction cost estimate is £3,067/m^2, which supports the conclusion that the proposed phase 1 building can be delivered to a suitable standard within the current budget, and within typical cost parameters for a HE building. The benchmarking exercise is shown below.

University of Peterborough
General Teaching New Build (Base date: 1Q20 (334) / Location: Peterborough (99))
Average Build Cost - Excluding external works



	Average	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7
	GIFA	21,892 m2	5,943 m2	7,437 m2	6,451 m2	4,075 m2	10,300 m2	3,055 m2
Substructure	£190	£227	£154	£210	£258	£116	£142	£143
Frame	£181	£182	£251	£131	£197	£153	£197	£188
Upper floors	£103	£103	£99	£93	£72	£60	£83	£118
Roof	£116	£56	£219	£61	£112	£87	£192	£113
Stairs	£51	£19	£43	£33	£58	£30	£85	£36
External walls	£292	£217	£154	£217	£268	£358	£238	£408
Windows & external doors	£106	£93	£127	£155	£95	£86	£59	Inc.
Internal walls & partitions	£136	£83	£80	£121	£94	£108	£241	£226
Internal doors	£49	£26	£41	£52	£54	£51	£72	£57
Wall finishes	£57	£52	£52	£31	£40	£93	£72	£26
Floor finishes	£86	£75	£127	£65	£111	£90	£146	£134
Ceiling finishes	£52	£29	£76	£48	£63	£62	£60	£62
Fittings and fixtures	£92	£77	£63	£250	£11	£251	£97	£167
Mechanical installations	£476	£477	£383	£596	£302	£412	£536	£979
Electrical installations	£197	£147	£168	£341	£179	£378	£46	Inc.
Data/comms	£49	£29	£69	Inc.	Inc.	Inc.	£133	Inc.
Lifts	£25	£21	£7	£20	£31	£26	£11	£42
BWIC	£26	£20	£17	£35	£23	£12	£90	£23
External works								
Preliminaries and OHP	£536	£337	£489	£589	£579	£533	£453	£569
Contractor risk	£107	Inc.	£238	Inc.	£68	£97	£70	£479
Construction (£/m2)	**£2,932**	**£2,270**	**£2,858**	**£3,049**	**£2,616**	**£3,002**	**£3,023**	**£3,771**

	Project 8	Project 9	Project 10	Project 11	Project 12	BCIS Average 20yr	BCIS Average 25yr	Stage 2 Cost Plan
	3,042 m2	2,810 m2	2,430 m2	17,216 m2	1,934 m2	Varies	Varies	5,300 m2
Substructure	£187	£239	£318	£133	£157	£2,864	£3,026	£195
Frame	£117	£118	£165	£303	£173	Included	Included	£185
Upper floors	£200	£277	£82	Inc.	£47	Included	Included	£125
Roof	£140	£96	£107	£64	£145	Included	Included	£198
Stairs	£59	£91	£25	£45	£90	Included	Included	£40
External walls	£367	£483	£203	£353	£240	Included	Included	£336
Windows & external doors	£143	£200	£113	£48	£149	Included	Included	£18
Internal walls & partitions	£121	£129	£247	£81	£102	Included	Included	£118
Internal doors	£38	£49	£50	£46	£44	Included	Included	£40
Wall finishes	£11	£38	£27	£207	£39	Included	Included	£57
Floor finishes	£60	£41	£46	£106	£36	Included	Included	£112
Ceiling finishes	£27	£28	£55	£51	£67	Included	Included	£44
Fittings and fixtures	£17	£17	£71	£55	£28	Included	Included	£95
Mechanical installations	£443	£291	£576	£205	£515	Included	Included	£862
Electrical installations	£273	£225	£13	£153	£439	Included	Included	Included
Data/comms	£87	£145	Inc.	£127	Inc.	Included	Included	Included
Lifts	£35	£39	£33	£23	£18	Included	Included	Included
BWIC	Inc.	£20	£43	£7	£20	Included	Included	Included
External works						Excluded	Excluded	
Preliminaries and OHP	£722	£770	£502	£483	£408	Included	Included	£506
Contractor risk	£121	£82	£82	£53	Inc.	Included	Included	£136
Construction (£/m2)	**£3,169**	**£3,380**	**£2,758**	**£2,543**	**£2,717**	**£2,864**	**£3,026**	**£3,067**

The procurement route proposed is typical for a project of this size and nature and is typically preferred by Main Contractors over a single-stage tender process, as their efforts in developing design are paid under a PCSA. Construction projects of this nature are desirable to a Main Contractor within the current construction market which has been further increased as a result of Covid-19, which will affect short to medium-term pipelines of work for main contractors, and a high level of competition is expected. The project construction timescales are achievable, although tight, and the works are generally viewed as low risk, which should be reflected in the Main Contractor's commercial offer. However, it is anticipated that the Covid-19 pandemic could affect priced risk and programme duration as a result of the need to maintain social distancing / increased lead-in on materials and risk of supply chain liquidity.

CPCA on behalf of PropCo has commenced procurement of phase 1 under an amended Design and Build form of contract. Following feedback from the supplier event, this was more attractive to the market prior to the Covid-19 pandemic and continues to be preferable. This is due to the ability of the main contractor to influence design, minimise their own and sub-contractor risk under the two stage procurement route, and to be paid for their efforts in establishing the design and works via a pre-contract services agreement.

Prior to tender issue there has been strong appetite from the market through initial expressions of interest, and attendance at the pre-tender briefing meeting, held by CPCA. Within the surrounding regions there is a wealth of experience from the construction market for delivering similar schemes through this procurement model. The site location is well served by key transportation links and the site itself is generally unrestricted, which bodes well for acquisition of labour and materials. There is a strong supply of main contractors, and subcontractors who operate in the area and therefore interest in this scheme is expected to be high throughout the supply chain, which will typically result in competitive pricing. We, therefore, expect a high level of interest for the project from a large number of suitable contractors whom have a strong portfolio of construction projects in the HE and

Local Authority sectors. An initial review of key Contractors with suitable experience of design and build Higher Education projects is identified below:

Contractor	Regional Office Location
Balfour Beatty	Manchester
BAM Construct	Birmingham
Bouygues (U.K.)	Birmingham
Bowmer & Kirkland	Derby
Galliford Try	Leicester
Interserve	Leicester
ISG Plc	Cambridge
John Sisk	St Albans
Kier	Corby
Mace	London
McAleer & Rushe	London
McLaren Construction	Birmingham
Morgan Sindall	Rugby
Multiplex Construction	London
Osborne	London
Vinci Construction	Cambridge
Wates Group	Cambridge
Willmott Dixon	Milton Keynes

Following the issue of the Supplier Questionnaire the following contractor's have formally expressed interest:

Contractor
BAM Construct
Bowmer & Kirkland
Clegg
Farrans
Galliford Try
Geoffrey Osborne
Gilbert-Ash
Henry Bros
Interserve
ISG Plc
John Graham
Kier
McLaren Construction
Morgan Sindall
RG Carter
SDC
VINCI
Wates
Willmott Dixon
Wates Group
Willmott Dixon

3.3 Covid-19 impact assessment (Academic Delivery Partner)

Data from the Cambridgeshire & Peterborough Independent Economic Review (CPIER), updated by new, ongoing econometric work to assess the extent of economic scarring resulting from the Covid-19 crisis, predicts that Peterborough and the Fens, will be one of the hardest hit economies in the

UK. This is supported by the recent Centre for Cities study putting Peterborough as the 5th most "at risk" city in the UK from the economic impacts of Covid-19.

This is partly due to education deprivation (Peterborough is in the bottom 10% of all UK cities), resulting in a less resilient and adaptable workforce. It is also partly due to the region's low-tech industrial base, characterised by increasing levels of administration and logistics employment, a waning high-value manufacturing sector and a reducing proportion of knowledge intense jobs. These factors combine to increase risks of the region also being one of the slowest to recover.

Therefore, a more inclusive recovery and regrowth strategy is needed for region's economy. To recover the region's growth ambitions requires action to be taken to increase higher value, more knowledge intense and more productive growth. Changing the spatial distribution of economic growth and supporting an increase in innovation-based business growth across the whole of the CPCA economy, was a key recommendation from the CPEIR and formed the basis of the following three priority goals of the Local Industrial Strategy; this will be more important than ever in the recovery following the Covid-19 crisis:

- 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.
- To 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.
- To do this by replicating and extending the infrastructure and networks that have enabled Cambridge to become a global leader in innovative growth, creating an economy-wide business support and innovation eco-system to promote inclusive growth

In common with a number of cities in the UK, the establishment of a university and associated innovation eco-system could produce the knowledge engine to drive the increased worker skills to raise business productivity, innovation, and knowledge intensity, capable of accelerating the economic recovery rate, in these "left-behind" towns.

3.3.1 Immediate Impact on the ADP's business model

The ADP is a large university operating at scale across several campuses (including Peterborough) with a shared cost model. The ADP has a long history of successful financial management. Its financial model is not heavily geared, consistently returns a surplus and the University has taken difficult decisions quickly when required. The ADP's business model rests on quick decision taking and being a first mover in the market, for example:

- First new medical school for 12 years.
- First to invest heavily into Degree Apprenticeships (now largest UK provider of these and a thought leader in their development).
- Early mover into Policing degrees.

The ADP delivers bespoke portfolios and delivery models for customers, for example:

- The ADP's London campus offers flexible courses (e.g. 2 days per week) and has grown from 1,500 to around 6.500 students in 4 years
- Offering employer focussed courses

- Degree Apprenticeships that are in tune with the market and able to respond very quickly to opportunities and requests

Following the impact of Covid-19 the ADP's set up a Covid-19 task force (September 2020 Delivery Project) and made an immediate move to online delivery. Its business model is less exposed to the potential impacts of Covid-19 than other HEIs, for example:

- The ADP is not heavily reliant on international students (see numbers in section 1)
- It has dispersed campuses (with limited competition) and Covid-19 is likely to see more students staying in the region to reduce travel, allowing them to study from home.
- The ADP has low building overheads (compared to other HEIs) as a result of its employer and employment-based curriculum.
- The ADP's strong base in health and public services is in tune with growing interest.
- While the ADP has taken significant one-off steps to respond to 'most likely scenario' it has not made redundancies and has not incurred any additional debt.
- The ADP has long experience in distance learning and has already successfully blended delivery with a viable strategy for September 2020 across all campus activity, providing clear reasons to bring students onto campus to further enhance their experience of working in small groups, using specialist facilities and equipment etc. This learning will have matured and embedded into delivery well before the new University opens in Peterborough in 2022.
- The ADP has heavily invested in learning technology, for example their learning management system (Canvas) is state of the art and able to support and deliver an outstanding educational experience.

3.3.2 Target market segments

The ADP has launched a Mobilisation Strategy and is finalising mobilisation plans (operational activities) across 8 workstreams (monitored on a monthly basis through the ADP's Steering Group) covering the following areas of work

- Course development
- Curriculum approval
- Learning resources and Infrastructure
- Workforce development and employee relations
- Legal, Finance and Governance
- Marketing and recruitment including admissions
- Stakeholder engagement
- Student support including SU

As prospective ADP, they have already started the first phase of work on development of the portfolio of courses for the new University in Peterborough and their suitability post Covid-19, including engagement with key stakeholders (schools, colleges, businesses, community groups). An initial report on market segments has been produced drawing on this.

Key strengths of the ADP that help to mitigate the risk posed by Covid-19 include:

- its range of provision, not being reliant on one or two markets;
- employer engagement;
- flexibility, adaptability and agility in response to changing market conditions;
- ability to invest in short courses

- expertise and capacity in marketing and recruitment activity; and
- existing use of virtual Open Days, Virtual Applicant Days and Virtual Q+

While the ADP procurement process did not allow for conversations with industry, this work has now started through the ADP's stakeholder engagement workstream to further develop industry partnerships in Peterborough and the wider region. The ADP is using both existing contacts and those in CPCA's networks. Opportunity Peterborough provides another route to engage with local businesses, to create awareness and develop courses that will ensure the current and future talent pool in the region is trained and work-ready. Specific activity will focus on the different market segments identified below.

<u>18-24 year olds from the local demographic</u>

Population estimates of the numbers of 18-24 year olds in the region indicate HE is about to enter a period of growth in the market, not least due to the latent demand in the "cold spot" identified in section 1 (approximately 24% of 18-24 year olds in the region are in full time education, compared to around 33% nationally).

Area	Population (18-24 year olds)
Peterborough	14,184
Cambridgeshire	59,133
East Cambridgeshire	5,497
Fenland	7,082
Huntingdonshire	11,526
Total	**97,422**

The ADP's analysis of HE demand in the region, predicts an increase in the number of 18 year olds over the next 5 years leading to a 13% increase in students entering HE by 2025 (up to 6,105) with a static participation rate of 44%, and a 20% increase (up to 6,521) if the participation rate grows to the England average of 47%. Demographic analysis suggests also that this new demand is likely to be from groups who are more likely to stay in the region to study and then subsequently to work.

The ADP will use its existing footprint to leverage demand (e.g. Guild House and Nursing provision. Its approach is to bring in a team quickly to create demand, build intelligence and assess local need and infrastructure. This will create the relationships in the schools/colleges and wider community.

The ADP has started the recruitment process for a Student Recruitment Manager who will be based in Guild House and will be engaging with the community, adopting a marketing approach of 'think local, act local'. By 2021, the ADP will have additional marketing staff e.g. student recruitment and outreach officers, events officers, etc

<u>First generation HE students of all ages</u>

The ADP will undertake a segmentation exercise to identify key segments followed by communications and marketing activity to build awareness with first generation and 21+ prospective students (likely to be radio and regional TV). They will leverage their digital capability to widen reach including Virtual Open Days, Virtual Applicant Days and Virtual Q+A's. Their stakeholder comms plan will focus on creating demand (working with community groups).

<u>People who are unemployed, retraining or upskilling (esp. post Covid-19)</u>
The ADP's Canvas platform is robust and effective and they will be looking at options of 'tasters'; short programmes that will help build student confidence through bite size chunks of learning and online delivery. Virtual Open Days etc will again have a part to play here. The ADP will work in partnership with other providers e.g. CWA.

<u>Large Corporates and bespoke apprenticeship programmes.</u>
The ADP has a strong track record in Degree Apprenticeships, built on a reputation for vocational based HE provision; a brand that will be further carried into Peterborough. Key activities and interventions to target this market segment will include:

1. Leveraging the ADP's existing Degree Apprenticeships course list:
    a. While these require post-Covid-19 review, those listed continue to be UK wide standards that prevail in the market and are likely to remain relevant.
    b. The ADP specialises in focusing these on the needs of individual companies and sectors, for example:
        i. The Chartered Manager Degree Apprenticeships adapted by ARU for the charity sector.
        ii. The Civil Engineering Site Manager Degree Apprenticeships adapted for Kier.
2. The ADPS approach to Degree Apprenticeships in Peterborough will include:
        i. Immediately deploying an existing and experienced member of the ADP's Consultancy team to lead the short-term conversation and strategy in Peterborough including desk-based Industry and Business research, contributing to evolving plans via the Curriculum Development and Stakeholder Engagement workstreams and finding quick wins in the market and planning approaches.
        ii. By March 21 (18 months prior to opening) recruiting a full time Consultant to work with businesses in Peterborough to design and deliver Degree Apprenticeships and learning needs.
3. Leveraging their successful approach to Degree Apprenticeships in Peterborough as exemplars, including:
    a. ensuring the approach is always market led, collaborating with industry including listening to business needs and then providing co-designed solutions (work with Sanger/Welcome Trust bringing The Bioinformatics Degree Apprenticeship to market;
    b. creating long term partnerships from small starts (e.g. BBC and Amazon Web Services in Digital Marketing);
    c. operating at scale (e.g. as part of a consortium of commercial partners and HEIs to deliver Police Degree Apprenticeships;
    d. educating organisations on how to use and get the best from their Apprenticeship Levy;
    e. working with IFA, ESFA, UUK and others to influence policy; the ADP sits on and develops Industry Trailblazers for new Apprenticeship standards with the ESFA, (e.g. as founders of the Digital Marketing Trailblazer with the Post Office and as key members of the 'Building' Standards trailblazer) and is active in the Cambridge Ahead Skills Group.

3.3.3 Impact of social distancing

If social distancing represents even a medium-term expedient, most organisations will run out of space and capital before they can correct their buildings to become Covid-secure and still deliver the same capacity. With estimates varying between 75% and 90%, the net reduction in operating capacity anticipated is beyond the resources of almost all organisations. Nor is it easy simply to accept that the experience in, say, a 30 seat room with 8 people will be the same, or that to put 8 in one room and stream the class to other settings will be considered fair or equitable. Social distancing, therefore, fractures normal practices to levels at which they become a major resource challenge.

As outlined above, the ADP is mitigating risks such as these and is already delivering a range of activity in response to Covid-19 impacts including:

- return to campus planning;
- an agile working and transformation group;
- auditing buildings to ensure that can safely accommodate staff and students;
- communicating with returning students and applicants around a blended September;
- RAG rating all courses for suitability to deliver in different modes;
- timetabling students in a blended mode on campus (splitting the day into blocks)

This best practice will be shared with the new University of Peterborough. In addition, the Phase 1 building will not be at capacity until 2025, ensuring space will available should social distancing be needed into the medium term. Other contingencies include options to use other buildings in Peterborough and/or region e.g. Guild House.

3.3.4 Covid-19 sensitivity test on current operating model

The ADP has committed to managing the new University of Peterborough operating model to ensure it does not fail, managing risks in a variety of ways, outlined above and also to include

- Only recruiting staff as needed, including limiting senior staff costs.
- Flexible deployment or resources and management of costs within the operating model (see risk analysis in chapter 4 above.
- Using market intelligence to decide which courses to continue to develop; those that are not likely to be viable will not be taken forward. Equally, where interest from stakeholders has suggested new courses, the ADP are receptive to moving quickly to create and meet demand
- Careful planning of future building on the Peterborough campus (both timing and configuration) in the light of actual growth in student numbers.
- Sharing costs across the ADP's business will create economies of scale from which the new University of Peterborough will benefit.
- Prudent use of the contingency in the model.
- Monitoring and contingency planning around the journey to independence with clear millstones to check progress, monitor risk and provide accountability.

The Heads of Terms include flexibility (recognising the uncertain times), for example, if student numbers drop and income reduces, the ADP will reduce the cost base accordingly. By operating a shared service model and only employing new staff when demand dictates, the ADP is confident in its ability to manage a financially viable product.

Recessional impacts

Recessional impacts may also drive students to study degrees that are sector specific via Degree Apprenticeships and higher-level degrees in companies that lead to jobs as an outcome. The ADP intends this to be a key feature of the new University of Peterborough offer.

Previously, when recession hits the employed population the ADP have seen that their student mix changes. In the period leading up to and during recession they see fewer employed students join part time courses with more switching to full time study. As industry starts to come out of recession and the employment market picks up, part time numbers start to increase and those students studying vocational degrees become much sought-after individuals from employers.

ARU's market know-how and extensive experience of delivering courses in different modes of study and being able to react to market forces will position them well to utilise this flexibility to deliver the new University of Peterborough successfully. As the second largest of any public university provider in the UK in delivering Degree Apprenticeships, the ADP has a track record of listening, working in partnership and responding positively to employers to shape the curriculum content.

The ADP's proposed portfolio of courses for phase 1 is vocational, employment specific and driven to meet market needs. By offering courses at different levels (level 3 through to level 7) through a variety of study modes (full time, part time, blended) they will have flexibility to cater for different student needs. For example, in their School of Engineering and the Built Environment the ADP runs a combination of full time, placement, part time day release and block release courses leading to foundation degree, honours degree and degree apprenticeship qualifications. Students are able early in their course to move between the different modes of study as the marketplace dictates. At the ADP's London campus, they offer degree courses over two days per week to meet the needs of the student demographic (over 90% mature students), combined with the needs of industry and employers. Students are developing their qualifications and capability while often retaining part time work commitments alongside their full-time studies. This personalised approach to study will be a key feature at the new University of Peterborough's.

From September 2020, the ADP will be delivering face-to-face tuition, supported by online technologies. This experience of responding and succeeding in adversity will play a key part as we develop the new University of Peterborough curricula. Greater use of online technologies and a shift towards a blended delivery approach will suit particular market segments such as those students balancing family and work commitments. The blended delivery mode is one that the ADP uses successfully with Degree Apprenticeships, bringing students together on campus to create a community of learning whilst delivering content that students benefit from through face to face delivery. Learning and professional competence go hand in hand through the delivery process for PSRB accredited courses including Degree Apprenticeships, where theory and practice are inter-related. Offering career relevant courses whether they be in health, business, agri-tech or the creative and digital sectors will be a key selling point as these course lead to future employment.

There are potential positive potential impacts on student numbers, resulting from the 2m forecast job losses over the coming months and high levels of unemployment medium term, as young people and older re-trainers look to move into university to avoid the peak period of unemployment

The vocational, practice-based nature of the ADP's proposed curriculum is designed to be attractive to adult learners seeking to upskill, re-train or join HE. The new University of Peterborough is intended to be a new 'skills engine' for Peterborough and its region, undertaking activity directly with businesses through Degree Apprenticeships and work-based learning, and through community-based activities and work with local FE providers by providing access courses as a stepping stone to HE.

The 2016 Digital Skills Report showed that the shortage of digital skills represents a key bottleneck for industry and is linked to one in five of all vacancies. There is a mismatch in the types of skill offered by the labour market and those demanded. Over the set-up phase of the project, the ADP will be working with FE providers to ensure the courses being delivered support the skills needed in the 'new normal', that they are delivered in bite size chunks of learning using digital technologies wherever possible and that they provide a grounding to further study and employment.

The ADP also see the reduction in employment levels due to job losses as the stimulus for 18–24 year olds to invest in their future at a time when jobs may be in short supply. The 50+ institutions in the region offering post-16 education provide a 'HE ready' group of students able to engage with the new University of Peterborough industry focussed HE portfolio. The new University of Peterborough's offer is designed to tackle local skills gaps in digital technologies and more specifically advanced and specialist IT skills. There are skill shortage vacancies in Professional, Associate Professional and Technical occupations. Therefore, equipping the next generation of students with relevant technical and practical skills as well as developing their managerial and leadership skills (including people and personal skills) at a time of reduced employment, will be an investment for the future recovery of the economy. Covid-19 has increased interest in health-based courses and this will benefit the new University of Peterborough's offer.

Local provision

Importantly, a key potential impact of Covid-19 is that it might make young people who live locally, more likely to study nearer to home; The new University of Peterborough is designed to fill the gap identified through the "cold spot" and will, therefore, enable more students in the region to study from home should they wish to do so. The ADP has a diverse mix of students and have experience of delivering an educational experience that supports the needs of local students. The ADP will adopt a 'think local, act local' marketing approach and will build their track record of working with underrepresented groups identified by the Office for Students (OfS); the majority of the ADP's students fall at least into one group of disadvantage.

Partnerships

The development of the University of Peterborough's curriculum will be undertaken in conjunction with key stakeholders, using expertise within the ADP to drive curriculum development forward and using many of the methodologies the ADP already uses to engage employers. Course design phase will ensure employer input is firmly embedded through the design and approval process. The ADP's active curriculum model, 'live' briefs and course design intensive process are designed ensure the courses are meeting the needs of both students and employers with a focus on developing the skills needed to seek and be successful in employment.

The ADP is committed to develop new local, regional and national industrial partnerships targeting companies or organisations within the areas of its proposed curriculum. They will prioritise engagement of local companies including Caterpillar, BGL, Bauer Media, Peter Brotherhood and Perkins Engines. These partnerships will match the ADP's key strengths to make the University of Peterborough's sustainable in the medium and long term, comprising

- Short term partnerships with local/regional companies that have the potential to bring immediate results. These partnerships are highly likely to result in employer engagement in curriculum design and enhancement, student placements, internships and local graduate employment opportunities.

- Medium-term tactical partnerships in response to needs across the education portfolio.
- Long-term strategic partnerships with 1-2 companies in each curriculum area who are keen to engage with the new University across teaching, placements, employability, and further business opportunities including corporate education, research and knowledge transfer.

4 Financial Case

4.1 Financial model and appraisal

4.1.1 Project budgets and funding

The project budget (capital) has been identified and agreed by CPCA for phase 1 of the new University, informed by the RIBA Stage 2 design and cost plan completed by CPCA's design team and is summarised below

Elem Ref				Cost Target £	£ / m² GIFA
0	Facilitating Works			180,000	34
1-10	Building Works			17,615,541	3,324
	Works Cost Estimate		**£**	**17,795,541**	**3,358**
11	Fees & Surveys			2,553,499	482
12	Client Project Costs			1,032,900	195
13	Client Contingency (applied to 0-10 and 12)	10%		1,882,844	355
	Cost Limit (Excluding Construction Inflation)		**£**	**23,264,785**	**4,390**
14	Inflation; to mid-point construction 4Q21 (applied to 0-10 and 12)	3.0%		564,853	107
	Cost Limit (Including Construction Inflation)		**£**	**23,829,638**	**4,496**
	VAT Assessment (applied at the prevailing rate)	20%		4,765,928	899
	Estimated Outturn Costs		**£**	**28,595,565**	**5,395**
	"Say"			**28,600,000.00**	

GIFA*
5,300 m2

The agreed budget incorporates design and survey information from the CPCA's design team, in addition to allowances made for client direct costs, it represents the maximum budget currently available for the design and construction of the physical infrastructure, agreed at £28.6m comprising the following;

- Facilitating Works – all site clearance, remediation, services diversions required to facilitate the main construction works to take place.
- Building works – all substructure, superstructure, internal works, finishes, fittings furniture and equipment, services, external works, and the associated management and supervision by the Main Contractor.
- Fees & Surveys – all design fees applicable by the professional consultants forming the design team, including building control and legal support, plus all associated professional reports and surveys.
- Client Project Costs – the associated client direct costs consisting of loose furniture, wayfinding signage, café fit out, specific ICT enhancements.
- Client Contingency – contingency funds applied to the facilitating works, building works and client direct costs to cover increased costs resulting from progression and maturity of the design and associated project risks.
- Inflation – accounting for increases in building costs to the mid-point of construction
- VAT applied at the standard rate as applicable.

The phase 1 capital build is to be funded through multiple streams comprising a combination of capital investment and secured loans. The table below, sets out the proposed sources of funding for the capital investment required by the project.

Funding Source	Amount (£)
CPCA Capital Investment	12,300,000
LGF Investment Funding	12,500,000
The ADP'sCapital Investment (anticipated)	3,800,000
Total Funding (Phase 1 only)	**28,600,000**

The underlying basis of the funding model is that CPCA's commitment will be solely capital funding for the construction of the Phase 1 building including £12.5m funding secured from the Local Growth Fund (LGF), which is required to be spent by March 2021. In order to ensure these terms are met, CPCA have confirmed that the funds will be defrayed into the PropCo project bank account by August 2020. The LGF funding terms also stipulate that the LGF capital is repaid in full by September 2028 through a single lump sum payment. The impact of this on project cash flow is identified in section 4.1.2 below.

The Academic Delivery partner will provide a capital contribution to the construction shortfall, capped at £6.5m. It is currently anticipated that this contribution will be £3.8m (subject to confirmation of the construction contract costs through procurement of the Main Contractor). The initial investment for start-up costs and the ongoing operational cashflows will additionally be the responsibility of the ADP; CPCA will have no responsibility or obligation to underwrite such cashflows.

4.1.2 Financial model and appraisal(s)

<u>PropCo/CPCA</u>

For the phase 1 project it is essential that funding is available to proceed with completion of the design and to secure a Main Contractor for the construction and delivery of the phase 1 building, for August 2021. A cash-flow forecast has been prepared to identify the impact on PropCo's finances and forecast the anticipated funding requirements. CPCA is currently committed to a cumulative cost of £1.87m and, following approval of this FBC, it will assume a further commitment of £480,000 for completion of the phase 1 design, the payment of cost overruns will be agreed between parties in finalisation of the main agreements

PropCo will need to ensure sufficient funds are allocated to enable payments in line with the agreed fee draw down schedule. The most significant financial milestone occurs in November 2020, when it is expected that PropCo will enter into a binding contract with the Main Contractor for the design and construction of the phase 1 building. To ensure appropriate funds are available to enter into this contract, a separate Project Bank Account is to be set-up by PropCo, with the investment of each shareholder held in the account. This will ensure that PropCo has the required funds to cover the construction costs, providing certainty of payment for the Main Contractor and their supply chain, and ensuring that cash funds are readily available for PropCo to make payments as required. A full cash flow forecast for the Phase 1 construction is included at Annex 6.7.

The key funding milestones are shown in the table below.

Period	Financial Milestone	Cost	Cumulative
Jul '19 - Feb '20	Original Budget Approval to Spend	£539,570	£539,570
Mar '20 - Jul '20	Spend to completion of FBC	£1,334,696	£1,874,266
Aug 20' - Oct '20	Finalisation of design	£479,650	£2,353,915
Nov '20 - Onwards	Commitment to Contract Sum	£26,241,650	£28,595,565

The funding sources, as identified above, are all secured with the exception of ADP's financial contribution (expected to be capped at a maximum contribution of £6.5m) which is agreed within the Heads of Terms and awaiting execution of the main transactional agreements. This introduces a critical risk to funding the capital costs of the project, i.e. the risk that the £6.5m contribution cap could be insufficient to meet any increase in construction costs (e.g. arising from Covid-19 impacts).

<u>UniCo/ADP</u>

A key project objective is to create a sustainable operating model for the new University such that, after initial start-up costs, the University will operate on a self-sufficient basis. The fundamental principles of a sustainable operating model include:

- Effective control of costs in relation to tuition fee income (this is at the core of the operating model).
- Recognition that estates/asset maintenance must be prioritised to avoid backlog maintenance liabilities that add to corporate risk profiles and undermine the core of the operating model.
- Ensuring all operational costs are covered by generated incomes, and any surpluses generated support reinvestment in new facilities to support further growth.

The operating model for the new University has been developed based on forecasts of student and staff numbers provided by the ADP, and includes the following working assumptions:

Income:

- Tuition fee income is forecast based on a range of full time and part time courses proposed by the ADP, including undergraduate and postgraduate courses both on-campus and off-campus.
- The average tuition fee is based on £9,000 per student FTE (after allowing for both premium fee levels and bursaries/hardship grants and other fee discounting practices).

Staffing:

- Staff will be provided on a 26:1 student to staff ratio.
- The above ratio accounts for all Faulty Staff, Heads, Academic Directors, HR, Finance, Academic Registry, Student Services, ICT heads, Marketing, Vice Chancellor's Office, Marketing and Admissions.
- Staff provision is split between academic staff and faculty professional services staff on a 3:1 ratio.
- Additional staff for the development phase have been included (19 professional staff, 5 academic staff and 1 Project Manager).
- Staff costs will be on an average full time equivalent £65,000 for Academic staff and £35,000 for Professional services staff, allowing for a range in grades and levels of seniority.

Non-Pay Costs:

- Non-Pay costs cover costs such as advertisement, printing, stationary, books, consumables, scholarships, bursaries, staff non-pay costs (travel, development and employee related costs), contract and professional fees.
- Costs are calculated at 35% of faculty staff costs.
- OfS will require student support arrangements which will include scholarships or bursaries within the Access and Participation Plan.

Estates OPEX:

- Estates running costs have been calculated on a rate of £200/m^2 of Gross Internal Floor Area (GIFA) (5300m^2 for phase 1), increasing in line with the proposed growth over subsequent phases to a; total GIFA of 13,658m^2 by 2028/29
- This rate is to include all operational running expenditure such as cleaning, utilities, rates, and insurances

Asset & Estate Maintenance:

- Long-Term maintenance costs are assumed to be 1% of generated income on a rolling basis to maintain the estate. This figure has been generated based upon the current ADP values of Long Term Maintenance as a percentage of income.
- Rent & lease costs are assumed to be £140/m^2, following an initial rent-free period of 10 years.

Other Costs:

- It assumed that the non-pay costs associated with indirect professional services costs are 29% of income. This includes the indirect costs associated with professional services.
- 2% inflation rate is applied to pay and non-pay costs.

ICT Start-up Costs:

- Software and infrastructure costs are included for the start-up phase as a year zero cost.
- Contingency is built into the model and continues at £1m per year from 2023/24 onwards.

Shortfall:

- A shortfall in funding of £5.4m will be required to be bridged to support the start-up costs for the new University. The shortfall is to be funded by a loan to UniCo from the ADP assumed to be repayable at a rate of 2.5% over 5 years. This results in a total repayment of £5.75m which is included within the operational and financial models.

The operating model does not generate sufficient surplus cash necessary to pay off capital provided by the LGF investment, nor does it account for any repayment of LGF investment funds. *The LGF investment was approved by the Business Board and Combined Authority Board on the proposed repayment by 2028 in the original LGF application, which stated that there would be an option in 2025 or 2028 to review the grant investment repayment in light of its agreed outputs and outcomes. The CPCA proposes that this will only be done after consultation around best value options and market interest for disposing of the shares in the PropCo either to the ADP or a third party in accordance with the terms agreed in the shareholders' agreement.*

The financial model attached at Annex 6.8 forecasts revenues and expenditure for the period to 2030/31 in line with the longer-term ambitions of CPCA. Initial start-up costs are anticipated to exceed the available budget and the ADP will provide working capital to cover this anticipated as

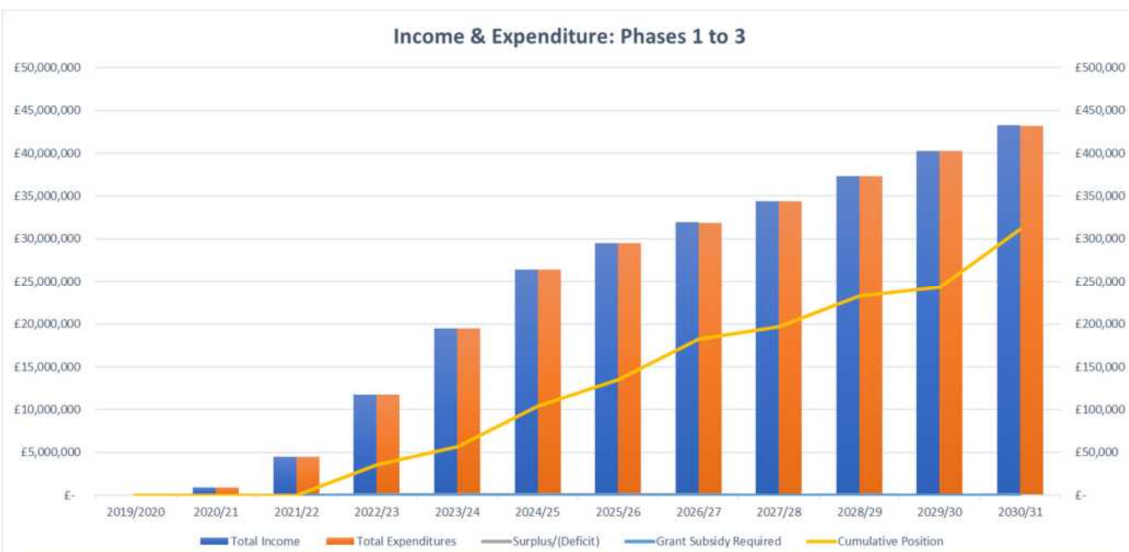
£5.4m deficit through a loan, as set out above. Provided that the broad scale of recruitment envisaged by the curriculum model proposed by the ADP is achieved and costs are controlled, this should be a matter of effective cashflow management and short-term financing.

The costs associated with facilities management have been provided by the ADP and are based upon a rate of £200/m^2 benchmarked against the ADP's internal data. These costs have been reviewed against internal cost data provided by CPCA's professional advisors (Mace FM Limited) and benchmarked against reputable and well-established independent industry data, with the conclusion that these costs represent fair and reasonable allowance. The costs associated with facilities management include all aspects of hard and soft facilities management, incorporating: insurances; routine maintenance; security; cleaning and waste management; energy usage; telephone communications; and general real estate management.

Mace FM Limited have advised that as a rule of thumb a cost of 1% of capital expenditure per has historically been applied to public sector projects under a design, develop, construct and operate contract to determine affordability prior to agreement of contracts. This relates to major replacements only and is in addition to the routine maintenance costs incurred in preserving the assets to ensure they reach their optimum life expectancy (covered by the facilities management costs). In this financial appraisal long term maintenance has been based on 1% on this basis.

The financial operating model presented includes the operational costs and incomes of the new University building only. The capital costs of the project and associated building phases are to be funded from other sources as set out above.

The financial outputs from the operating model are summarised in the chart below, with further details of project cash flow are provided in the tables.



	Start Up Phase			Phase 1		
Academic Year	**2019/2020**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Total Income	£ -	£ 927,600	£ 4,472,400	£ 11,780,500	£ 19,499,425	£ 26,410,000
Total Expenditures	£ -	£ 927,600	£ 4,472,400	£ 11,745,000	£ 19,478,500	£ 26,362,700
Surplus/(Deficit)	£ -	£ -	£ -	£ 35,500	£ 20,925	£ 47,300
Cumulative Position	£ -	£ -	£ -	£ 35,500	£ 56,425	£ 103,725
Grant Subsidy Required	£ -	£ -	£ -	£ -	£ -	£ -

	Phase 2			Phase 3		
Academic Year	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
Total Income	£ 29,532,375	£ 31,921,625	£ 34,365,400	£ 37,346,550	£ 40,264,725	£ 43,249,850
Total Expenditures	£ 29,500,900	£ 31,874,900	£ 34,350,700	£ 37,310,900	£ 40,253,500	£ 43,182,200
Surplus/(Deficit)	£ 31,475	£ 46,725	£ 14,700	£ 35,650	£ 11,225	£ 67,650
Cumulative Position	£ 135,200	£ 181,925	£ 196,625	£ 232,275	£ 243,500	£ 311,150
Grant Subsidy Required	£ -	£ -	£ -	£ -	£ -	£ -

The start-up phase identifies the requirement for £5.4m working capital prior to opening to students in phase 1 (2022/23). This will be funded by a short-term loan secured by the ADP, to be repaid over a 5-year period, and is included within the financial operating model shown in Annex 6.8.

The operating model shows sufficient revenues are generated throughout to cover operational costs, on a broadly breakeven basis from 2022/23 and revenues generated appropriately thereafter to fund the ongoing operational expenditures, with a marginal profit delivered year on year which reaches no greater than 0.3%.

The operating expenditures run very close to the revenues generated and there is a linear relationship between revenue and expenditure, which indicates that economies of scale and operational efficiencies are not anticipated.

Continued growth in revenue is predicted over subsequent project phases as a direct result of increases in student numbers and income generated via tuition fees. The reported revenues are based on student numbers identified by the ADP across a range of course types including full time, part time and distance learning-based tuition.

The cumulative position is illustrated by the yellow line within the chart, demonstrating that only a marginal surplus is generated in the model. The start-up phase does not generate any surplus, and the revenues identified are only sufficient to cover expenditures. Throughout each phase approximately £100,000 surplus is generated, culminating in a total of £311,000 at the end of Phase 3, which would be insufficient to fund any future infrastructure expansion plans, which in turn will require capital investment from alternative sources.

4.1.3 Risk analysis

Whist the shadow financial model set out in the OBC targeted a surplus to be generated each academic year, the financial model provided by the ADP shows only a marginal surplus in each year and does not generate significant financial returns. This is a direct result of reduced targeted student numbers and increase staff costs within the ADP's model.

The differences from the OBC financial model and the associated risks are analysed in summary below:

- The shadow financial model included higher turnover figures as a result of higher **student numbers**, whereas the ADP's model is based on lower student numbers, and as student numbers grow as a result of future growth, increased revenues are offset by increased operational costs. The absence of **economies of scale** as student numbers increase leaves scope in the model for greater efficiencies in operational expenditure. The current model, therefore, represents a worst-case scenario in this respect.

- The ADP's model sets **staff costs** at a much higher rate than the shadow financial model, starting at 56% of income, and rising to 64% of income (the shadow financial model limited staff costs at 52% of income). This also leaves scope for future cost reductions that could further improve the outcome of the financial operating model. Conversely, the financial model is very sensitive to **cost inflation** (e.g. University staff pay increases), which may reduce the scope for economies of scale and operating efficiencies to yield financial savings.
- Costs for asset maintenance are shown as 1% of income. The shadow financial model set asset maintenance at 5% of IRV, which is more typical for Higher Education. There is a risk that 1% of revenue will result in **underfunding of building maintenance**, with resultant deterioration of the asset. Should maintenance costs be increased to 5% of IRV this would have a detrimental impact on the operational model and further funding may be required if the **contingency provision** is insufficient (see below). The ADP and CPCA are continuing to develop the details of the main transactional agreements, including flexibility in building design to meet requirements of the University and the portfolio of courses intend to be offered. As the design progresses is finalised there may be opportunity to **review the costs associated with long term maintenance** that could result in an improvement on the current forecast figures.
- The financial model does not include any **rent payments** to PropCo (i.e. it assumes a 10-year rent-free period). At the end of the 10 year rent free period PropCo will agree, as part of the rent review defined in the agreement to lease, any rent to be paid; PropCo will determine how this income will be used. Rent payments beyond the rent-free period will adversely affect the model in that period and, given the marginal operating surplus in the first 10 years this could result in a deficit once rent payments fall due.
- The operating model indicates the £5.4m start-up costs being funded by a short term (5 year) loan, based upon a 2.5% interest rate. There remains a low risk to the project that this **interest rate** may not be achievable, resulting in a higher loan repayment. Conversely, there may be opportunity under the current economic conditions for betterment in the 2.5% interest rate assumed.
- The financial model includes an ongoing **contingency** provision throughout the ten year period, averaging approximately £1m per annum. Given the other risks inherent in the financial model, this contingency provision will be a critical tool for management of financial risk in the operation of the new University, including the risks described above. If the contingency is not required, it represents a potential opportunity to provide betterment to the financial model.

A key risk under in current climate (most notably the **impacts of Covid-19**) that the level of student fees assumed may not be achievable and that students may expect a reduced tuition fee should additional distance learning and e-learning principles be applied. A reduction in revenues would negatively impact the operational model, should staff numbers and staff expenditure remain unchanged, and could lead to an annual deficit.

Conversely, as described in detail in section 3.3, the impact of Covid-19 could lead to higher numbers of students studying from home, which fits well with the business model for the new University and could, therefore, deliver student numbers in excess of those included in the ADP's forecasts. Furthermore, the ADP's analysis of HE demand in the region, predicts an increase in the number of 18 year olds over the next 5 years leading to a 13% increase in students entering HE by 2025 with a static participation rate of 44%, and a 20% increase if the participation rate grows to the England average of 47%.

Sensitivity testing of the operating model shows that a 1% net loss of revenue will translate into a cumulative deficit of approximately £300,000within 3 years (i.e. by the end of Phase 1). If revenues fall by 3%, that deficit exceeds £1m and at 5% approaches £1.9m. Therefore, the sensitivity of the model to fluctuations in revenues is very high. Flexibility in the operating cost base has been identified by the ADP as a scalable factor and a contingency budget is included in the model, however there are likely to be other calls on such contingencies and with such low initial margins, operating costs may be set too high to create a sustainable model. Further attention will be given to these variables during detailed negotiations with a view to achieving a target surplus in a range acceptable to both partners and which will help to mitigate these risks.

As a matter of principle for on-going operations once the main transactional agreements have been finalised, the new University pedagogy will need to be managed by the ADP to ensure that the predicted revenue generated from tuition fees is realised and the costs are managed to match the student numbers and hence reasonable and sustainable surpluses achieved. A more detailed assessment of the potential impacts of Covid-19 on the ADP's business model is provided in section 3.3.

Furthermore, the Collaboration Agreement will include terms to ensure an organised termination of the ADP's involvement with UniCo, provided always that UniCo will remain entitled to occupy the facilities on a rent-free basis during the period required to teach out students enrolled on the ADP'scourses in Peterborough. As outlined in section 1.4 above, the transactional documentation will also include further remedies for any failures by the ADP to achieved the plans set out in those documents including ADP working with CPCA, PCC and PropCo (with the aspiration for there to be a long term continuing relationship between the new University and the ADP beyond the achievement of University Title to support the long-term sustainability of UniCo as a university).

The LGF investment requires repayment by 2028. As the surpluses forecast by the financial model would not provide sufficient funding to support this repayment, it is proposed that this will be funded by selling CPCA's equity investment in PropCo either to the ADP or a third party as provided for in the Heads of Terms.

As outlined above, the operating model does not generate sufficient surpluses to build reserves to fund the expansion of the new University in phases 2 and 3 nor is there adequate headroom to underpin borrowing to fund such expansion. Alternative funding strategies for the future expansion phases will therefore need to be developed by CPCA to facilitate further growth in student numbers. A key risk is that such funding is not obtained and, therefore, the physical infrastructure to allow the phase 2 and 3 expansions cannot be completed, which in turn would impact adversely on the student numbers and income assumed financial model.

4.2 Affordability

The project funding position is outlined in the table below, with project funds generated from a combination of CPCA's own funding and Local Growth Fund investment, supported by financial contribution from the ADP. All figures are inclusive of VAT and other tax requirements.

Funding Source	Amount (£)
CPCA	12,300,000
LGF investment Funding	12,500,000
ADP's anticipated capital investment	3,800,000
Total Budget	**28,600,000**
Construction Works (Phase 1 building, inc. Client Directs and Contingency)	28,600,000
Land Acquisition (gifted at £1.87m value by PCC as part of PropCo)	0
Total Expenditure	**28,600,000**
Balance	0

The land acquisition will be invested by PCC with an approximate value of £467,500 per acre, totalling £1.87m, which will form the PCC contribution to PropCo. The final value of land is yet to be agreed against Section 123, and will determine the extent of PCC's shareholding in PropCo.

The capital expenditure and financial investment from CPCA and the LGF for the Phase 1 construction project is capped at £24.8m with the remaining investment provided by the ADP. The current anticipated investment required by the ADP is £3.8m and it is agreed that the ADP's financial contribution for the build will be capped at £6.5m (independent of short-term loans secured for the start-up costs). The table below demonstrates how the Phase 1 capital spend will be utilised. As described in section 3 above, the construction and project cost has been benchmarked against other HE projects of similar scope and size and supports the conclusion that the proposed phase 1 building can be delivered to a suitable standard within this budget, and within acceptable cost parameters for a HE building.

Elem Ref				Cost Target £	£ / m² GIFA
0	Facilitating Works			180,000	34
1-10	Building Works			17,615,541	3,324
	Works Cost Estimate		**£**	**17,795,541**	**3,358**
11	Fees & Surveys			2,553,499	482
12	Client Project Costs			1,032,900	195
13	Client Contingency (applied to 0-10 and 12)	10%		1,882,844	355
	Cost Limit (Excluding Construction Inflation)		**£**	**23,264,785**	**4,390**
14	Inflation; to mid-point construction 4Q21 (applied to 0-10 and 12)	3.0%		564,853	107
	Cost Limit (Including Construction Inflation)		**£**	**23,829,638**	**4,496**
	VAT Assessment (applied at the prevailing rate)	20%		4,765,928	899
	Estimated Outturn Costs		**£**	**28,595,565**	**5,395**
	"Say"			**28,600,000.00**	

GIFA'
5,300 m2

Conclusions

Project affordability is, therefore, critically dependent on:

1. securing the LGF investment capital funding within the project bank account;
2. the capital funding from the ADP being sufficient to close the funding shortfall required for the proposed phase 1 building (up to £6.5m has been agreed through the procurement);
3. ARU securing the start-up loan on adequate terms to bridge the cash-flow gap indicated in the financial model; and
4. risks associated with income (student numbers) and expenditure being able to be mitigated through cost control, increased income and/or use of the contingency provision.

Subject to these considerations, at this stage of project development and implementation, it is anticipated that funds will be available (as described above) to meet both the project budget and the requirements of new University operating model.

With respect to the infrastructure works, no cash-flow implications are anticipated for CPCA or PCC as all funding to be provided by them (including LGF grant) will be in place before the construction phase goes ahead and liability is sat with PropCo.

5 Management Case

5.1 Stakeholders

The stakeholder analysis associated with the new University project can be split into two phases: first the design procurement and delivery of phase 1; and second the set up and operation of the new University (phase 1).

The stakeholder analysis described in the OBC remain broadly unchanged, albeit with the inclusion of the ADP following contract award.

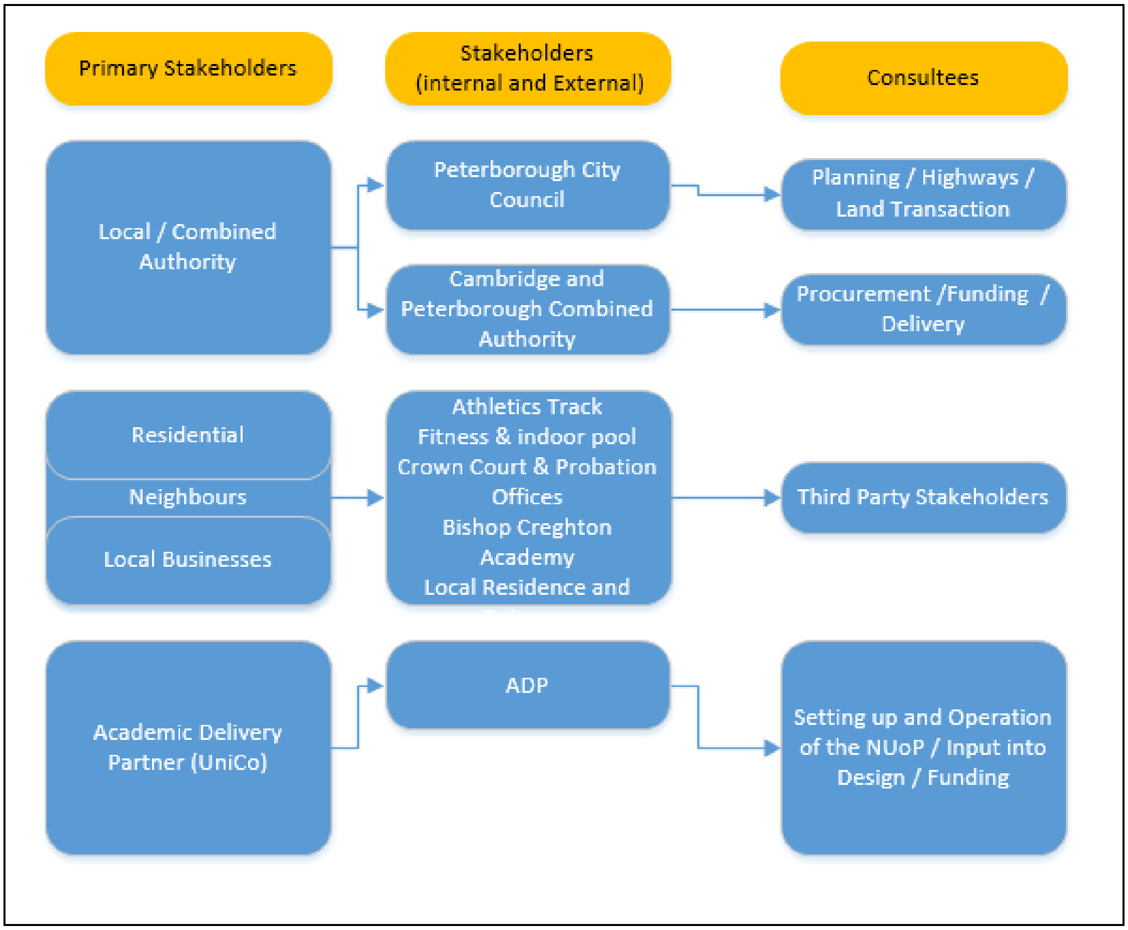
This FBC describes the approach to stakeholder management during the design, procurement and delivery phase and in the setup and operation of the University.

Design Procurement and Delivery of Phase 1

The communications strategy will be managed by CPCA, as service provider to PropCo, with support from the external consultants in the design procurement and delivery of the university phase 1.

The project has a number of stakeholders, summarised in the following categories.

1. Peterborough City Council (PCC) and Cambridge & Peterborough Combined Authority (CPCA).
2. Neighbours including local residents and owners.
3. Academic Delivery Partner.



These key internal and external stakeholders will be managed by CPCA and its appointed team of consultants led by Mace, in consultation through the design procurement and delivery of phase 1 on behalf of PropCo. The stakeholders will be managed under an agreed communications strategy underpinned by the PropCo collaboration agreement, between PCC, CPCA and the ADP.

Set up and Operation of the New University of Peterborough

From award of the contract and signing of the collaboration agreement at the end of August 2020, the ADP will be responsible for the management of associated stakeholders to achieve the objectives of the new University, working with employers and stakeholders in the communities the University will serve. This will be led and managed by the ADP in consultation with PCC and CPCA.

5.2 Achievability

CPCA and PCC have put in place the resources needed to manage the work streams required to deliver the project, based on an understanding of the shared goals. Those goals and the resource requirements for CPCA and PCC are set out in the Collaboration Agreement as part of the PropCo agreements and the Service Agreement for delivery of phase 1. Both authorities have to date provided resources in line with those requirements and both are, therefore, confident that the project is achievable based on their readiness and the available resources to meet the requirements of both agreements.

CPCA have appointed external consultants, where required, to ensure the necessary capacity and capability is available for successful implementation of the project including:

- Design, project and cost management and education specialists: as described with in the project management section below.
- Legal support: Pinsent Masons.
- Fundraising: Dayton Bell who wrote LGF bid.

Further external support or internal resources will be secured and deployed should any capacity/capability shortfalls be identified, subject to governance approvals, to ensure the project is fully resourced for successful delivery. At the time of writing the only additional resource requirement identified is for post-project evaluation.

PCC have provided resources to support the project, including through their Interim Development Director and internal legal support.

The ADP has put in place the resources needed for project delivery based on the timeline from contract award (see section 3 above). The ADP has provided details of the resource profile as an indication of current thinking of resource planning including the recruitment and employment of Senior Management, Academic and Professional staff, based on the proposed student numbers and staffing forecasts within their final submission. With the recruitment of the Principal starting within six months of the contract award starting with appointment of the Principal 12 months before opening of the new University. The ADP is committed to added value in recruitment as set out in the following extract from their final submission:

Economic: *We will ensure we adopt a 'think local' policy for recruitment of staff and procurement of* resources to XXX-X*, so that we develop a circular economy and keep as much wealth as possible in the local area*

Social: *Our Recruitment Policy already supports applications from individuals with protected characteristics and this will also be embedded in recruitment of staff at XXX-X. We believe XXX-X needs to a place where the community feels welcome*.

5.3 Project management

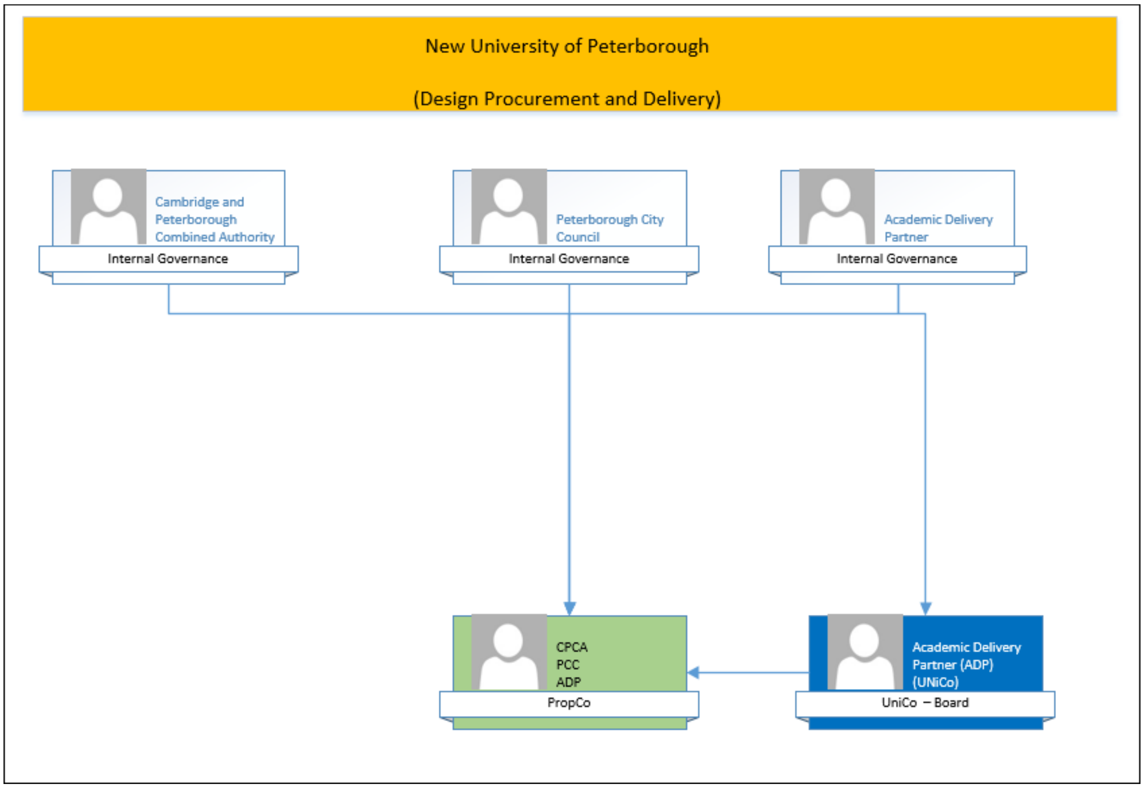
5.3.1 Structure and Governance

Project governance has been established to reflect the arrangements within each organisation and specific terms of reference for the project will be mandated by each organisation.

- CPCA governance requires all decisions to be mandated by the CPCA Board. All decisions required for the project will be submitted to the CPCA Skills Committee and the Business Board and then taken to the CPCA Board for final approval.
- PCC governance arrangements require all decisions to be mandated by PCC Board in the same way that CPCA do.
- ARU governance is led by its Vice-Chancellor's Group (VCG) which acts as a forum for discussion of strategy and direction, and determination of high-level priorities for approval by the Board of Governors. The University Executive Team (UET) is the formal, senior decision making body of the University (under delegated authority from the Board) and the wider Corporate Management Team (CMT) acts as a forum for discussion and development of strategy and operational delivery, bringing together all Director-level appointments whom are based at the main campuses of the University. One member of CMT will be the Principal

of the new University of Peterborough reporting directly to the Vice-Chancellor and leading the Peterborough Development Team, working closely with the CPCA and key stakeholders.

Following completion of the legal agreements in August 2020, the three parties (PCC, CPCA and the ADP) will be governed by the suite of legal agreements which defines parties' contractual obligations in realising the New University of Peterborough. This is outlined in the diagram below:

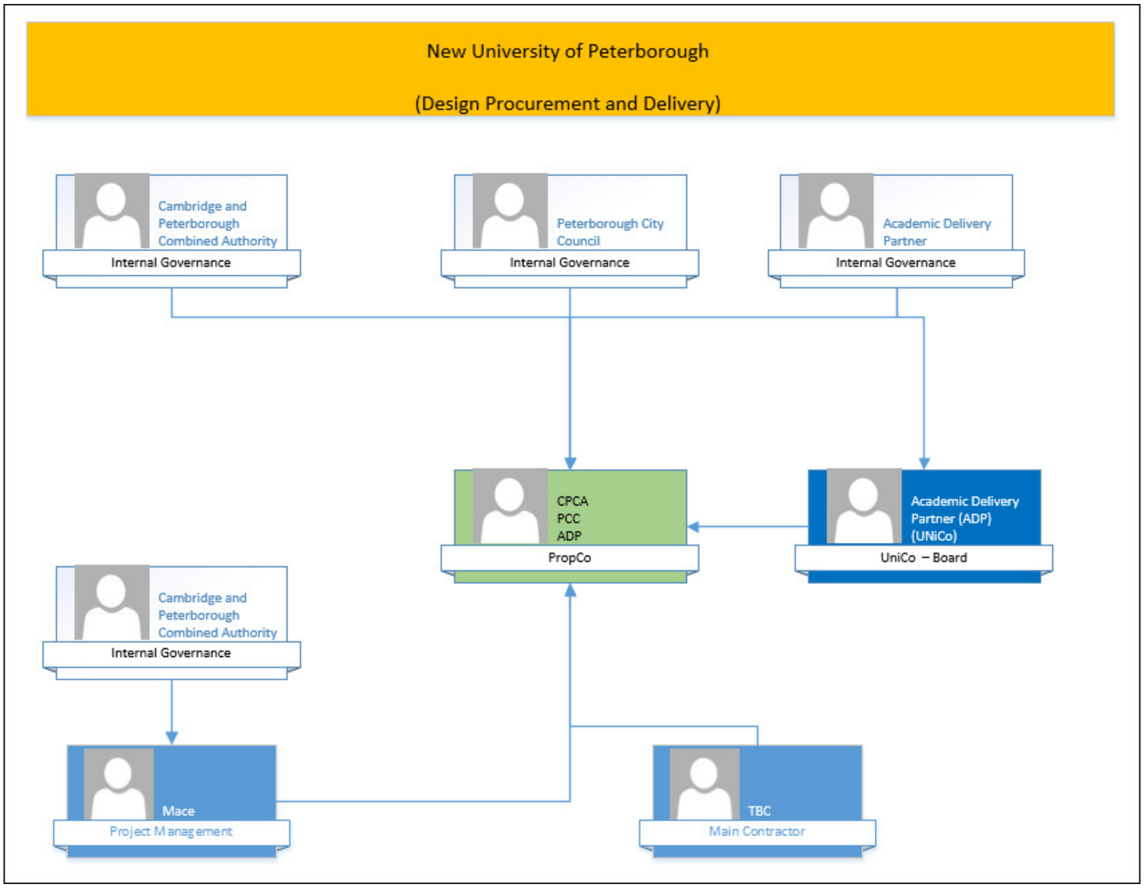


CPCA will, under the Service Agreement be granted authority by PropCo to manage the design, procurement and delivery of phase 1 within parameters agreed with PropCo. Responsibility for the delivery of phase 1 will be mandated to the Transition Board and Project Management Board until the suite of legal arrangements are signed in August, thereafter it will be managed within PropCo The CPCA Service Agreement will remain in place for the term during which CPCA holds shares in PropCo.

The main contractor will report to the Board of PropCo via the contract administrator (Mace) in respect of the agreement of the contract sum, enabling works and delivery of phase 1.

Day to day management and progress meetings will be managed by the contract administrator and will include the ADP (as tenant) and the Main Contractor for delivery of the phase 1 building.

The organisational structure for the delivery of phase 1 is outlined below.



5.3.2 Roles and Responsibilities

Cambridge and Peterborough Combined Authority (CPCA)

The new University project is led by CPCA in partnership with PCC and this relationship is formalised through the Subscription Agreement and will be documented in more detail in the main transactional documents to be executed in August 2020

CPCA (led by Kim Cooke, Skills Strategy Manager/Lead for new University) is providing leadership for development of this project and to ensure a professional team is in place to support the design, procurement and contract administration for delivery of the infrastructure for the new University.

CPCA will provide funding to support the development of the new university through existing capital monies and grants and further grant applications to be made to support future phases.

Peterborough City Council (PCC)

PCC is working with CPCA to support the delivery of the new university in partnership with CPCA and this relationship is formalised through the Subscription Agreement and in particular is providing the land for phase one of the project.

ARU

As described in section 3, the ADP will provide the skills, knowledge, experience and resources to make a practical reality of UniCo as a new higher education provider and ultimately a university with degree awarding powers and University Title. They are also a JV partner providing finance for development.

This includes responsibility for:

- Staff recruitment

- Curriculum design and development
- Staff workload planning, resource scheduling and timetabling
- Student recruitment, marketing and admissions
- Student and academic services and systems development
- Library and learning resources services/systems
- Strategic planning, finance and governance services and systems development (including full Head Office / VCO functions)
- Full range of 'soft' FM and ICT services and resources

Consultant team

CPCA and PCC are supported by professional team of consultants, procured by CPCA to develop the master plan for the proposed site and support procurement of the ADP and Main Contractor. Mace limited will remain in contract with CPCA to take responsibility for the management of the design procurement and delivery of Phase 1. The core design team will be novated to the main contractor on completion of RIBA 3. Novated consultants will include MCW, CPW, S&W and LUC, the remaining consultant's commissions will end on completion of the RIAB 3 design.

The Consultant team consists of:

1. **Mace Limited** – project management, cost management and facilities management
2. **Moses Cameron Williams (MCW)–** architecture
3. **Couch Perry Wilkes (CPW)** – mechanical and electrical engineering, environmental
4. **Smith and Wallwork (S&W)** – structural and civil engineering
5. **Land Use Consultant's (LUC)** – landscape design
6. **CPB Projects** – Education
7. **PTS Consulting** – IT consultancy
8. **Pegasus** – planning consultant
9. **Hewdon** – economic consultants

5.3.3 Project Plan

Since approval of the OBC, the key milestones have largely be achieved on programme despite longer negotiated process as part of the procurement of the ADP and accommodating the increase of building area from 3500m^2 to 5300m^2 arising from changes required by the ADP, resulting in a revisit of RIBA 2 design, delay to planning submission and increase in the construction duration. These delays have largely been accommodated by using up the terminal float in the programme and postponing submission of planning until after submission of the FBC with determination remaining ahead of contract award.

The project plan has been developed around the following key dates:

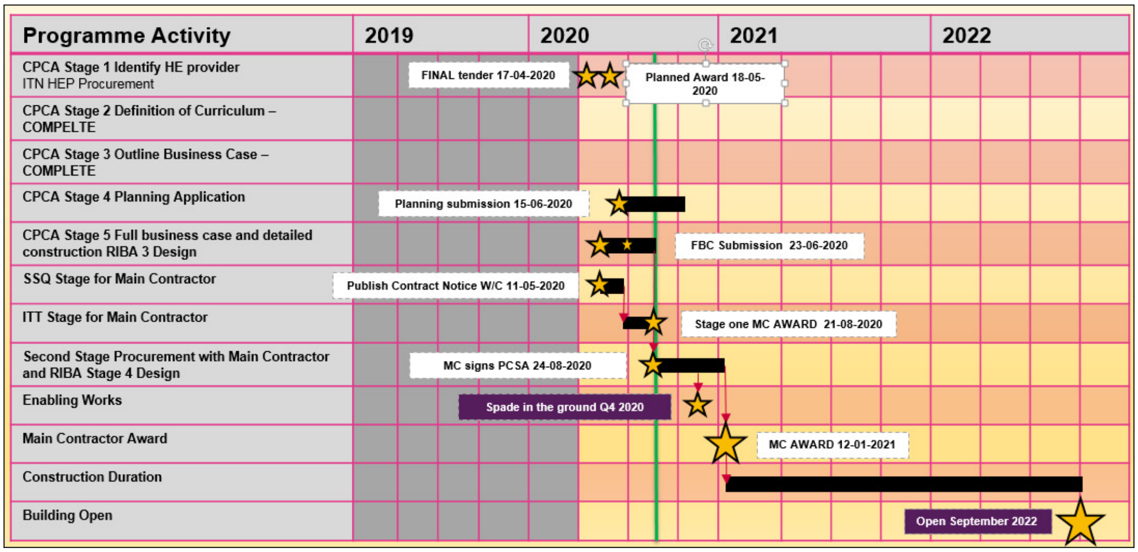
1. Spade in the ground (commencement of phase one) Q4 2020
2. Completion of phase 1 (for occupation) September 2022.

To achieve these milestones there are three key work streams:

1. Develop, design and procure a Main Contractor to deliver phase 1 infrastructure.
2. Sign off of the Full business case with delegated authority to develop design and procure a main contractor
3. Enter into SPJV (special purpose Joint venture between PCC, CPCA and the ADP) by January 2021 to provide sufficient time to deliver phase one for September 2021.

To meet the key dates it has been necessary to twin track these workstreams, in particular development of the brief for, and procurement of, the ADP and development of the design and planning determination for phase 1. These two work streams have come together into one unified workstream slightly later than outlined in the OBC, due to the extended procurement phase for the award of the ADP, to be achieved at the end of August 2020 subject to approval of this FBC, after which the project will be progressed under the SPJV.

The illustrative programme below shows the current work streams; the critical path requires that the ADP is awarded the contract and is able to sign the main transactional documents with CPCA, PCC and the ADP by the end of August following approval of the FBC in July. This will be followed by award of the first stage of the Main Contractor procurement with a single contractor to achieve spade in the ground in Q4 2020 and satisfaction of all the conditions precedent by January 2021 concluding with appointment of the Main Contractor to deliver the phase 1 building by September 2022. The full project plan is attached at Annex 6.9.



5.4 Change management

The strategy, framework and plan for dealing with change will be embedded in the legal documents.

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Change management will take place under two scenarios: delivery of phase 1 of the new university by PropCo and subsequently the operation of the university by the ADP (UniCo).

The key principles are that PropCo will delegate authority to CPCA and its agent to manage the delivery of phase 1 under the Service Agreement. Should change be required that is outside that mandated to CPCA under the Services Agreement then authority will need to be sought from PropCo.

The ADP (UniCo) will have sole responsibility for the operation of the new University reporting to PropCo on an annual basis in respect of the building condition and maintenance and review of the roadmap which sets out the intended corporate and academic governance arrangements for delivery of higher education courses by UniCo (moving towards registration with the OfS degree awarding powers and University title). The parties agree to review each of the roadmap, milestones and steps towards them on an annual basis to consider whether the plan remains achievable and compliant and where it is not believed to be so, to agree changes to be made.

5.5 Benefits realisation

The benefits sought from the project are a critical element of CPCA's programme under the Devolution Deal. Benefits realisation arrangements, within overall project governance, must, therefore, ensuring benefits are realised over the life of the project.

The objectives and benefits of the project will be realised at key project milestones as follows:

1. Completion of the main transactional agreements which will formally launch the project. CPCA via its officers and the Skills Committee will oversee this step. The incorporation of UniCo is "Step 1" of the Roadmap set out in the Heads of Terms.
2. The strategy for identifying, planning and tracking the detailed benefits (outlined in earlier sections of this FBC) is set out in Collaboration Agreement and includes:
    a. UniCo will start to provide education at the beginning of academic year 2022/23 ("Step 2" of the Roadmap).
    b. UniCo will register with the Office for Students by the beginning of academic year 2025/26 ("Step 3" of the Roadmap).
    c. UniCo will be granted unlimited taught degree awarding powers (TDAP) by the beginning of academic year 2028/29 ("Step 4" of the Roadmap).
    d. UniCo will be granted University Title by the beginning of the academic year 2032/33 ("Step 5" of the Roadmap).
3. Meeting KPIs, milestones and targets agreed with the ADP prior to opening in 2022. The Roadmap in the Heads of Terms will evolve into a formal Benefits Roadmap/Register and be underpinned by SMART KPIs. Changes will be evaluated by reference to this FBC and the Benefits Roadmap to ensure that project decisions are consistent with the benefits sought and that benefits ownership is integral to the working of the partnership.
4. Meeting the agreed milestones and targets for design and delivery of the physical Infrastructure. This will be managed via Propco in line with the agreed programme for completion of the phase 1 building.
5. Following opening, maintaining agreed KPIs, milestones and targets within the operational plan agreed with the ADP.

Responsibility for benefits realisation will be for PropCo and UniCo within their respective spheres of responsibility.

<u>Infrastructure</u>
The agreed infrastructure milestones and targets will be reported against at monthly PropCo Board meetings by CPCA who will be granted authority under the service agreement to act on behalf of PropCo to manage the delivery of phase 1 to practical completion and close out of 12 months defects.

<u>Academic Delivery Partner Benefits Realisation</u>
Milestones, targets will be set out in the Collaboration Agreement. These will be audited under the terms of the Collaboration Agreement and will be reviewed on an annual basis. The next two years will be critical to the success of the new University. Pending formal establishment of UniCo ("Step 1"), The ADP will establish shadow arrangements. CPCA will ensure that the recruitment planning and early stage development is consistent with this FBC prior to UniCo becoming fully responsible for realisation of the academic benefits. CPCA will then monitor progress (including benefits realisation) in line with the arrangements set out in the Collaboration Agreement and points 1-5 above.

5.6 Risk management

A detailed project risk register (including risk control strategies) has been developed (attached at Annex 6.1) based on the following risk categories:

1. Surveys and Site Constraints
2. Commercial
3. Design
4. Legal
5. Procurement
6. Operational
7. Governance

The top-level risks and control measures are outlined in preceding sections of this FBC. The Risk register has been split into two to provide a more detailed understanding of the risks associated with construction of the phase 1 building and the risks associated with the setting up and operation of the new University. A more detailed assessment of the potential impacts of Covid-19 on the ADP's business model is provided in section 3.3.

The costs associated with the delivery of the project and risk of it not completing prior to establishing the Joint Venture is the responsibility of each party

CPCA, PCC and the ADP will enter into agreements under which they will become shareholders in PropCo. PropCo will deliver the development and carry the risk of delivery subject to the risk assumed by CPCA in acting as services provider to PropCo and interface with the consultant team. it is intended that, under the Service Agreement, PropCo will delegate authority to CPCA for the management of risk associated with the design, procurement and delivery of the phase 1 building within parameters set by PropCo.

Day to day responsibility for risk management will be the responsibility of the Project Manager, who will hold quarterly risk workshops with members of the project team and the PropCo Board. The risk register will be reviewed at least monthly by the PropCo Board. These monthly risk reviews will be an integral part of monthly reporting to PropCo by CPCA.

Where management of risk requires interventions beyond the authority delegated to CPCA by PropCo, decisions will be referred to PropCo for agreement on how risks are to be mitigated in line with the governance of PropCo as set out in the Shareholders' Agreement. Project assurance

CPCA's Assurance Framework can be found at cambridgeshirepeterborough-ca.gov.uk/assets/Combined-Authority/Cambridgeshire-and-Peterborough-Combined-Authority-Assurance-Frameworkv3final-002.pdf. It sets out how the seven principles of public life shape the culture, processes and practice within CPCA in discharging its responsibilities in the administration of the Cambridgeshire and Peterborough Investment, incorporating the Single Pot funding.

At project level, project assurance (phase 1 onwards) will be conducted under the main transactional agreements and, once the conditions precedent are satisfied, responsibility for project assurance will transfer to PropCo and UniCo for the building and HE operations respectively.

5.7 Post-project evaluation

The project will adopt the BSRIA Soft Landings framework and follow the five Stages of the Soft Landings process. Stage 1: Inception and Briefing, Stage 2: Design Development is predicated on Stage one; while Stage 3: Pre-handover requires follow-through with Stage 4: Initial Aftercare.

The benefit of this approach is that it will help solve any performance gap between design intentions and operational outcomes by appointing soft landing champions who will agree the roles and responsibility of the client, contractor and professional team.

This process will commence from Royal Institute of British Architect (RIBA) stage 2 and run through to completion of the construction of phase 1 and into the occupation and aftercare stages.

Design

Workshops will be held with the project team to review learning from previous projects and develop a design that will work from the point of view of the manager and users. This will include agreement and review of an energy strategy and commissioning (for incorporation into relevant tenders) as well as review of proposed systems for usability and maintainability.

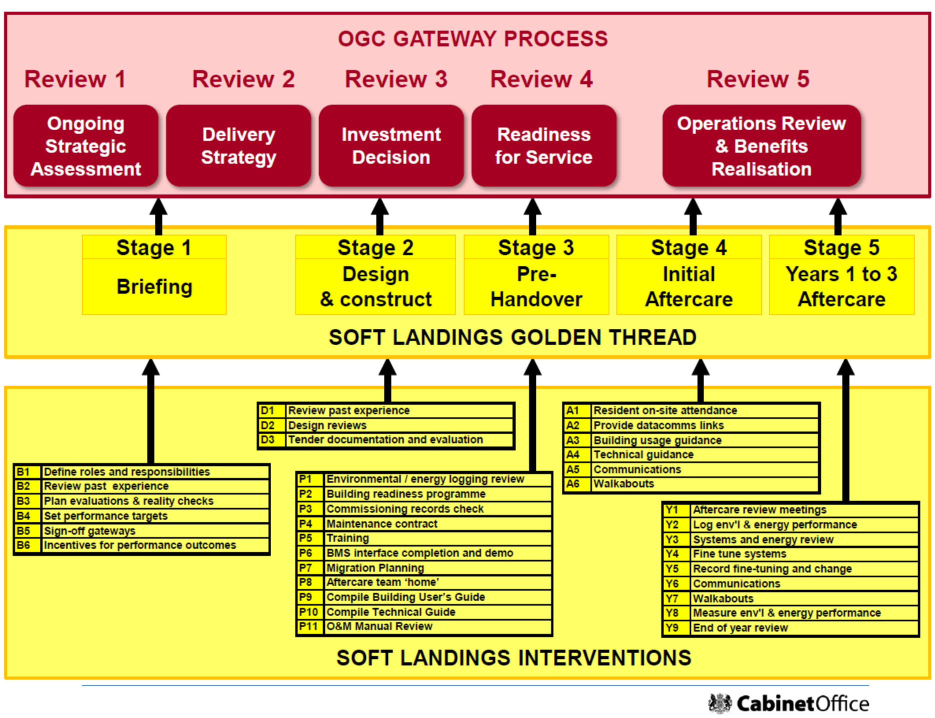
Construction

Soft landings considerations will be incorporated into the project plan, employer's requirements and the role and responsibilities of the contractor's soft landing champion up to and following completion of the phase 1 building.

Operation in use

The contractor will be required to provide: comprehensive operation and maintenance manuals; escorted tours of completed facilities to demonstrate functionality; Building Information Modelling models to assist with future maintenance; and aftercare for an agreed period post-handover. The contractor will carry out post occupancy evaluation.

Key Milestones for Stage reviews of the Soft Landing Process



6 Annexes

6.1 Project risk register

6.2 Campus site options

6.3 Economic appraisal outputs

6.4 ADP selection criteria (EoI and ITT)

6.5 Academic Delivery Partner Heads of Terms

6.6 Contracting timescales (ADP and Construction)

6.7 Construction cashflow forecast

6.8 Financial model

6.9 Project plan

BUSINESS BOARD	**AGENDA ITEM NO: 3.2**
27 JULY 2020	**PUBLIC REPORT**

CORPORATE GOVERNANCE FOR GROWTH COMPANY

1.0 PURPOSE

1.1 On 27th November 2019, the Cambridgeshire and Peterborough Combined Authority (CPCA) Board endorsed the 'Business Growth Service Outline Business Case' and agreed to the establishment of the Growth Service Management Company, initially to be a wholly owned subsidiary of Angle Holdings Limited.

1.2 This paper seeks approval of the corporate governance arrangements for the Growth Company (Growth Co).

DECISION REQUIRED	
Lead Member:	**Austen Adams, Chairman of the Business Board**
Lead Officer:	**John T Hill, Director of Business & Skills**
Forward Plan Ref: Not applicable	**Key Decision: No**

The Business Board is asked to endorse:

(i) The Corporate Governance Arrangements for Growth Co, as set out in section 3 of the report;

(ii) The Growth Co Business Case, as set out in Appendix 1; and

(iii) The Growth Co Business Plan, as set out in Appendix 2.

2.0 BACKGROUND

2.1 On 27th November 2019, the Cambridgeshire and Peterborough Combined Authority (CPCA) Board endorsed the 'Business Growth Service Outline Business Case' and agreed to the establishment of the Growth Service Management Company initially to be a wholly owned subsidiary of Angle Holdings Limited.

2.2 The Business Case sought support from the Combined Authority for local business growth and development and to do so through a new subsidiary of the CPCA called Growth Co. Growth Co will act as a fund management and contracting vehicle to procure the private sector to deliver growth coaching, skills brokering and inward investment promotion as well as managing an allocated amount of Local Growth Fund finance which may be used as grant or equity investment in businesses in the area.

3.0 STRUCTURE AND GOVERNANCE

3.1 Growth Co will initially be wholly owned by Angle Holdings Ltd. via an initial allocation of 100 shares of £1 each issued to Angle Holdings Ltd on incorporation. Once the conditions on the LGF investment are met, specifically that the ESF and ERDF funding mentioned in 3.3 being confirmed, the Growth Co will issue 5.407m additional shares to the CPCA in return for the £5.407m LGF investment. At this point, the CPCA will become the majority shareholder and will operate control directly rather than through Angle Holdings Ltd. The Full Business Case will set out full details of the contractors and financial.

3.2 As Growth Co will initially be a subsidiary of Angle Holdings Ltd, it falls under the shareholder agreement approved by the Combined Authority Board in July 2019. That agreement contains a deed adherence and accession and when executed, Growth Co will become a subsidiary of Angle Holdings Ltd.

3.3 As identified above, the release of the LGF investment is dependent on the two EU funding bids (ESF and ERDF) being approved. The CPCA is awaiting formal notification of its ESF grant offer and it is imminent. The CPCA submitted an outline application for the ERDF and it was approved. MHCLG then requested a full application, which was duly submitted but due to COVID 19, MHCLG ceased all appraisals and these are only just being processed now. Therefore, a delay in attaining this funding, although there is a relatively high confidence level in the CPCA attaining this.

3.4 The business case for establishing the Growth Co is provided at **Appendix 1**. **Appendix 2** contains the business plan. The business provides a framework for the strategic operations of the proposed Growth Co, specifically:

a) Benefits and advantages of Growth Co

b) Governance structure for the Growth Co

c) Financial overview of the Growth Co

d) Board and management structures

3.5 The shareholder agreement for Angle Holdings Ltd requires Combined Authority consent prior to adoption of the business plan.

3.6 The directors of Growth Co will consist of an Independent Chairperson, the Deputy Chief Officer of the Business Board and the Chief Finance Officer for the CPCA. It is proposed that the Independent Chairperson will have specialist knowledge in high growth & scale up businesses and an in depth understanding of interventions in the business and skills arena, while removing the risk of conflict of interest and will be recruited following an open and transparent recruitment process. No less than 3 directors will be sufficient for quoracy of Board decisions. The shareholder agreement requires Combined Authority consent to the appointment of Directors. A company secretary will also be appointed.

3.7 Members or officers of the CPCA who are appointed directors of a company have a fiduciary duty to the company, which could conflict with responsibilities to the CPCA. Where a conflict is identified the director's substitute Member, or deputy officer, will act on behalf of the CPCA. They have the powers and duties of company directors while they are appointed directors, and as directors, they are answerable to the membership of the company in accordance with the company's articles of association. The Growth Co Board of Directors will be responsible for the strategic direction and success of the company. Growth Co will seek to enhance CPCA's reputation and brand for high standards. Growth Co will establish and maintain an effective service and financial performance management reporting system which will include reports to Angle Holding Ltd and the CPCA Board as applicable.

3.8 Growth Co will be subject to any audit and inspection requirements of the CPCA.

3.9 There are a number of key documents that need to be drafted for the Growth Co which will include:

- the articles of association
- the share subscription agreement
- the management agreement
- investment agreement
- services agreement

Delegated authority is sought for these documents and any other relevant legal documents pertain to Growth Co, to be developed and drafted. Those documents will be brought back to the Skills Committee for recommendation to the Combined Authority Board, for approval to adopt and/or approve entering into these agreements, as applicable.

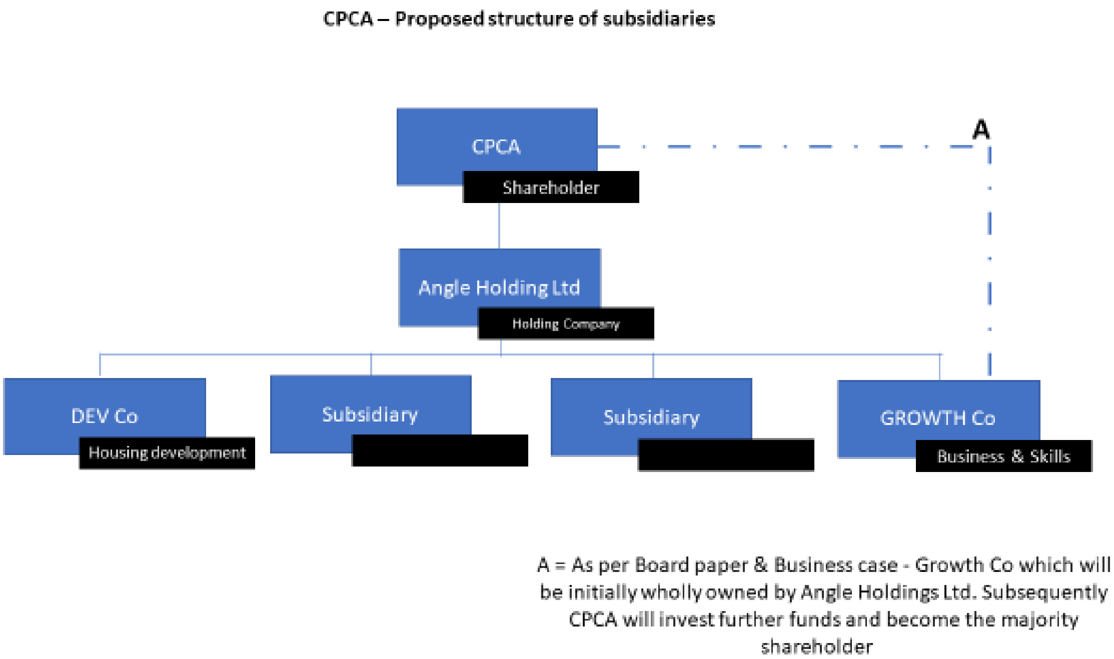


Figure 1 – CPCA and how the subsidiaries sit below it

4.0 FINANCIAL IMPLICATIONS

4.1 The Business Growth Service is a three-year contract, spread over four financial years.

4.2 This table shows the projected funding and expenditure profile.

	Year 1	Year 2	Year 3	Year 4	Total
Funding	£7.3m	£7.35m	£8.84m	£3.41m	£26.92m
Expenditure	£2.99m	£10.19m	10.16m	3.33m	£26.69m

Table 1 – Projected income & expenditure

4.3 There will be initial set up costs, which will be incurred between the Skills Committee, BB Board and CA Board meetings in July 2020 and the date when the Growth Co commences trading, potentially September 2020. It is proposed that the CPCA funds the work which includes but may not be limited to Incorporation (£1,300), Article of Association for growth Co (£7,000), Shareholder Agreement for Growth Co (£10,250) and report on duties of directors, indemnity agreements and presentation to the directors (1,500). This totals appx £20,050. Costs already included and accounted for in the Pinsent Masons legal costs which are being met by CPCA budgets within the 20/21 MTFP. The costs are divided across two budget lines and they are skills strategy implementation and LIS Implementation.

4.4 The Business Plan in Appendix 2 details.

- Cash flow
- Proposed operating costs
- Proposed costs including overhead recharge from Growth Co to CPCA

5.0 LEGAL IMPLICATIONS

5.1 By virtue of Section 1 Local Government Act 1999 a Combined Authority is a best value authority. Best value authorities are permitted to trade, through a company, to carry out their functions for a commercial purpose. The creation of the company structure permits the Combined Authority to make a profit.

5.2 Growth Co will initially be a subsidiary of Angle Holdings Ltd and will be bound by the shareholder agreement, therefore some decisions will require Combined Authority Consent or consent of Angle Holdings Ltd Board.

6.0 EQUALITIES AND HEALTH AND SAFETY

6.1 Growth Co will adopt and adhere to all equalities and Health and Safety policies and procedures.

7.0 APPENDICES

7.1 **Appendix 1** – Business Case for Setting Up the Growth Company

7.2 **Appendix 2** – Business Plan for Setting Up the Growth Company

Source Documents	**Location**
CA Board report (31st July 2019) – Housing Development Company: Approval of Shareholder Agreement	https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/846/Committee/63/Default.aspx
CA Board report (27th November 2019) – Local Industrial Strategy Delivery Plan – Business Growth Service Outline Business Case	https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/849/Committee/63/Default.aspx

Appendix 1

Business Case for setting up the Growth Service Management Company ("Growth Co")

Executive Summary

1.1 Introduction

This Business Case assesses the business and financial basis for the setting up of the Growth Service Management Company (Growth Co) which will act as a fund management and contracting vehicle to procure the private sector to deliver growth coaching, skills brokering and inward investment promotion as well as managing an allocated amount of Local Growth Fund finance which may be used as grant or equity investment in businesses in the area.

The Local Government Act 2003 restricts local authorities from making a profit from its services, although they are able to offset on costs. The Localism Act 2011 enables local authorities to undertake activities to make a profit but only if delivered within a company

This business case is supported by a Business Plan for the Growth Co, in Appendix 2.

1.2 Core Purpose

The CPCA was established in 2017 under a devolution deal with the Government. In order to achieve its purpose of ensuring Cambridgeshire and Peterborough is a leading place in the world to live, learn and work, the CPCA produced its 'Growth Ambition Statement' with a focus on growth as part of its 'Local Industrial Strategy'.

To deliver on this strategy, a comprehensive Growth Service has been designed to fuel growth in Business & Skills across all three of our sub-economies. The vehicle to accommodate this service will be a dedicated Legal Entity.

Under the CPCA's ownership and control, the purpose of the Company (Growth Co), will be to manage the Growth Service, its Delivery Fund and with it, procure the delivery of the Growth Service itself from the private sector.

1.3 Strategic Objectives

The Business Board does not have significant revenue funding at its disposal to finance the procurement of the Business Growth service, in addition to its Core LEP activities between 2020/21 and 2022/23. Hence, the aim of the Business Board is to free-up and leverage a proportion of its MTFP, to create a revenue fund to enable it to procure the Business Growth Service. To achieve this, the Business Board has devised a strategy to build a Growth Service Delivery Fund of £19.5m to deliver the Business Growth Service. Growth Co seeks:

- To deliver value for money

- To deliver against the CPCA’s overall Vision and Values
- To contribute to CPCA’s Corporate objectives
- To deliver sustainable and inclusive business growth

1.4 Financial Summary

1.4.1 The Business Growth Service is a three-year contract, spread over four financial years.

1.4.2 This table shows the projected funding and expenditure profile.

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Total**
Funding	£7.3m	£7.35m	£8.84m	£3.41m	£26.92m
Expenditure	£2.99m	£10.19m	10.16m	3.33m	£26.69m

Table 1 – Projected income & expenditure

1.4.3 The Business Plan in Appendix 2 details.

- Cash flow

1.5 How will Growth Co be funded?

Growth Co will be financed as follows:

1.5.1 In early 2020, the Combined Authority was successful in its application to the Business Board for £5,407,000 capital investment from the LGF to be made into the Growth Co.

1.5.2 The shares in Growth Co held by the Combined Authority will be managed by the Combined Authority and the Combined Authority will exercise all shareholder voting rights. The value of the shares and any dividend will be ringfenced for the objectives of the Business Board as part of the Single Pot approach to the LGF.

1.5.3 Subsequently, the Combined Authority will apply for £7,248,556 of revenue funding from European Structural and Investment Funds ("**ESIF**") including both European Regional Development Fund at £5,204,000 ("**ERDF**") and European Social Fund ("**ESF**") programmes at £2,044,556, which it shall provide as grant to the Growth Co.

1.5.4 The Combined Authority shall itself allocate £2,265,000 of revenue funds from its own budget to be paid to the Growth Co. This comprises £738,000 from Growth Hub, £150,000 from CA Skills Implementation, £150,000 CA LIS Implementation and £927,000 from CA Enterprise Zone Receipts.

1.5.5 £3,000,000 of the funds will be used by the Growth Co to provide grants to fund growth coaching services delivered by third party coaches during the contract duration. This will be match funded by service users, so that the services delivered by third party coaches will be funded 50% by the grants from the Growth Co and 50% from fees paid to the third-party coaches by the service users.

1.5.6 One of the funds that the Growth Co will be charged with managing is the Small Business Capital Growth Investment Fund from the LGF. This is a pot of £12,000,000 which the Growth Co will use to provide grant to businesses and to make equity investments into businesses of between £150,000 and £250,000 in return for a commensurate amount of equity in those businesses. The Growth Co will exercise all shareholder rights for these shares acquired in equity investments, although the value and any dividend received will be ringfenced for Business Board objectives as with the equity investment into the Growth Co itself.

2.0 INTRODUCTION

2.1 Purpose of the Business Case

The purpose of the business case is to assess the case for setting up the Growth Co as a subsidiary of Angle Holdings Ltd and the CPCA.

2.2 Reasons for establishing a wholly owned company

2.2.1 Single focused vehicle: The vehicle would have a single focus on delivering growth to the region. The proposed portfolio of growth support will better enable our academic ideas and inventions to be more rapidly commercialised and spun-out, whilst ensuring our most exciting entrepreneurs are supported to scale-up new services, products, and markets.

2.2.2 To ensure growth is inclusive, meaning delivering the benefits of economic growth to everyone across our economy. Currently, areas have high levels of disparity, with pockets of both urban and rural deprivation. The Local Industrial Strategy and its delivery is an opportunity to address the inequalities that are undermining economic growth. We will ensure that new growth in the future promotes an inclusive and diverse economy, with good jobs and greater earning power for all. We will ensure that all communities are able to benefit from the opportunities of economic growth and greater collaboration. An inclusive growth strategy which improves absolute standards of living is vital for the long-term economic sustainability of our economy; as such it represents a risk mitigation strategy as well as an opportunity.

2.2.3 Enabling the doubling of our economy in a way that increases inclusivity of place-based growth, improves productivity and facilitates better global market access for our businesses cannot be done through more of the same quality and quantity of business support. The volume of engagement with firms must be increased along with the intensity of support and the ambition of outcome impacts. To support this, we need an approach to targeting firms and offering growth support to them, that is tailored to the very different needs of our three sub-economies and each individual customer.

2.2.4 A vehicle that is able to develop and deploy more efficiently and more effectively new and innovative forms of growth support to encourage individual business leaders, sectors, and places to join to build an economy-wide business support eco-system to enable one another.

2.2.5 Ability to sell for profit in the future: Having separate vehicles means that the CPCA has the flexibility to sell its ownership (wholly or partly), of any vehicle to a third party, hopefully for a profit, if it no longer wishes to engage in the activities or just realise the value that has been created within a vehicle.

3.0 OPTIONS APPRAISAL

The Local Government Act 2003 restricts local authorities from making a profit from its services, although they are able to offset on costs. The Localism Act 2003 enables local authorities to undertake activities to make a profit but only if delivered within a company.

A brief summary of the options considered is provided in the table at Appendix A.

At the CA Board meeting on 27th November 2019, the Business Growth Service Outline Business Case was presented and as part of that, the incorporation of the Growth Co was approved.

4.0 STRUCTURE AND GOVERNANCE

4.1 Growth Co will initially be wholly owned by Angle Holdings Ltd. via an initial allocation of 100 shares of £1 each issued to Angle Holdings Ltd on incorporation. Once the conditions on the LGF investment are met, specifically that the EU funding has been confirmed, the Growth Co will issue 5.407m additional shares to the CPCA in return for the £5.407m LGF investment. At this point, the CPCA will become the majority shareholder and will operate control directly rather than through Angle Holdings Ltd. The Full Business Case will set out full details of the contractors and financial information.

4.2 Consent to the appointment of directors of Growth Co is reserved to the Combined Authority. The Growth Co Board of Directors will be responsible for the strategic direction and success of the company. Growth Co will seek to enhance CPCA’s reputation and brand for high standards. Growth Co will establish and maintain an effective service and financial performance management reporting system which will include reports to Angle Holding Ltd and the CPCA Board. Growth Co will be subject to any audit and inspection requirements of the CPCA.

4.3 The directors will consist of an Independent Chairperson, the Deputy Chief Officer of the Business Board and the Chief Finance Officer for the Combined Authority. The Independent Chairperson would bring the specialist knowledge while removing the risk of conflict and will be recruited following an open and transparent recruitment process. No less than 3 directors will be sufficient for quoracy of Board decisions.

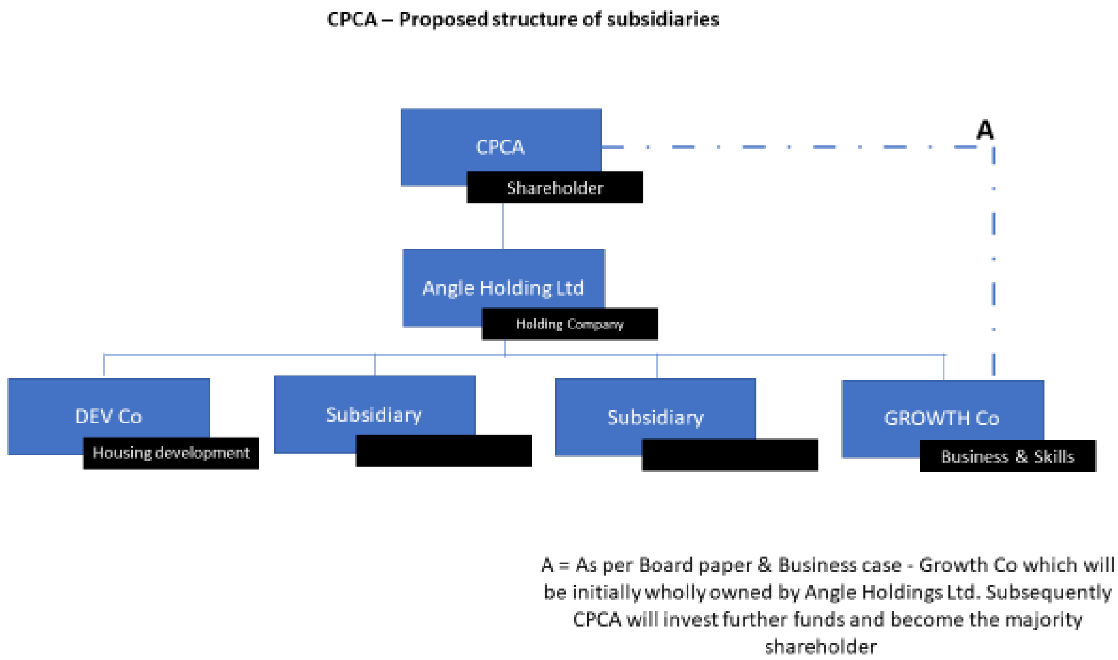


Figure 1 – CPCA and how the subsidiaries sit below it

5.0 FINANCIAL CASE

5.1 Set Up Costs

5.1.1 There will be initial set up costs, prior to incorporation and the date when the Growth Co commences trading, potentially September 2020. It is proposed that the CPCA funds the work which includes but may not be limited to Incorporation (£1,300), Article of Association for growth Co (£7,000), Shareholder Agreement for Growth Co (£10,250) and report on duties of directors, indemnity agreements and presentation to the directors (1,500). This totals appx £20,050. Costs already included and accounted for in the Pinsent Masons legal costs which are being met by CPCA budgets within the 20/21 MTFP. The costs are divided across two budget lines and they are skills strategy implementation and LIS Implementation

5.2 Operating costs

This table below details the proposed operating costs of the Growth Co.

Column1	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13
	20/21		21/22		22/23		23/24		Comments
	Inflation	102%		104%		106%		108%	
CPCA Seconded/Recharged Staff									
Role	FTE	£ Cost	FTE	£ Cost	FTE	£ Cost	FTE	£ Cost	
Director	0.5	£28,107	0.5	£57,315	0.5	£58,418	0.5	£29,760	
Chair of Board	1	£5,738	1	£11,700	1	£11,925	1	£6,075	
Company Secretary	1	£3,188	1	£6,500	1	£6,625	1	£3,375	
Managing Director	1	£3,188	1	£6,500	1	£6,625	1	£3,375	
LGF Management	0.2	£10,209	0.2	£20,819	0.2	£21,219	0.2	£10,810	
Skills Management	0.2	£9,465	0.2	£19,302	0.2	£19,673	0.2	£10,022	
Finance Manager	0.2	£6,341	0.2	£12,930	0.2	£13,179	0.2	£6,714	
		£66,236		**£135,067**		**£137,665**		**£70,132**	
Growth Company Staff									
Role	FTE	£ Cost	FTE	£ Cost	FTE	£ Cost	FTE	£ Cost	
Programme Manager - ESF	1	£38,034	1	£77,560	1	£79,052	1	£40,272	
Programme Manager - ERDF	1	£38,034	1	£77,560	1	£79,052	1	£40,272	
Project Co-ordinator- ESF	1	£16,582	1	£33,815	1	£34,465	1	£17,558	
Project Co-ordinator - ERDF	1	£16,582	1	£33,815	1	£34,465	1	£17,558	
		£109,233		**£222,749**		**£227,033**		**£115,658**	
Combined Staffing Costs		**£175,468**		**£357,817**		**£364,698**		**£185,790**	
Operational Overheads for CPCA Staff only = 20% of		**£13,247**		**£27,013**		**£27,533**		**£14,026**	

Table 2 – Proposed operating costs of the Growth Co

This table details the proposed costs including overhead recharge from Growth Co to CPCA

Title	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Totals	Column1
Insurance	£ 1,000	£ 2,000	£ 2,000	£ 1,000	£ 6,000	
Audit	£ 10,000	£ 20,000	£ 20,000	£ 10,000	£ 60,000	2 levels required for ESF funding so costs may be higher. Local & EU Audi
Banking	£ 1,000	£ 2,000	£ 2,000	£ 1,000	£ 6,000	
Legal	£ 2,500	£ 5,000	£ 5,000	£ 2,500	£ 15,000	
Central Overheads	£ 13,247.10	£ 27,013.49	£ 27,532.98	£ 14,026.34	£ 81,820	20% overhead charge for CPCA staff
Totals	**£ 27,747**	**£ 56,013**	**£ 56,533**	**£ 28,526**	**£ 168,820**	

Table 3 – Proposed costs including overheads recharged by CPCA

Please note that the Growth Co staff and many of the other costs within the operating costs in the tables above will be incurred by the CPCA in any event, whether or not Growth Co is set up. Those costs are effectively being allocated away from the CPCA overhead and into Growth Co as a cost.

5.4 Support Functions

Support functions will be provided through a Service Level Agreement (SLA) with the CPCA. The following support functions will be provided to the Growth Co:

- HR support, including recruitment and training,
- Payroll,
- Finance- transactional finance functions and financial controller activities,
- IT- provision of IT equipment and services (including helpdesk support),
- Insurance provision (buildings, vehicles, employers and public liability), and
- Legal support (as and when required).

This will be reviewed annually to ensure the level of support is sufficient for the Growth Co to operate functionally.

5.5 Property and Assets

Growth Co will operate from the Mayor's Office, 72 Market Street, Ely, Cambridgeshire. CB7 4LS and a reasonable rent will be charged by the CPCA to Growth Co for space it occupies. To be flexible, office accommodation arrangements will be reviewed annually.

5.6 Policies and Procedures

Policies and procedures will be aligned to those in the CPCA and Angle Holdings Ltd.

5.7 Information Sharing

An information sharing protocol will be developed during implementation.

5.8 Data Protection

Growth Co will comply with the relevant legislation and guidance concerning Data Protection including The General Data Protection Regulation (EU) 2016/679 (GDPR). Growth Co will adopt suitable policies and procedures to ensure data is adequately safeguarded.

5.9 Freedom of Information

Growth Co will be subject to requests for the disclosure of information under the Freedom of Information Act 2000 (FOI) in its own right. As such, Growth Co will maintain a record management system that complies with the relevant guidance concerning the maintenance and management of records.

Growth Co will liaise with CPCA as appropriate to ensure consistency in answering FOI requests and provide such information to CPCA as it may require to answer requests it has received.

KEY FEATURES	FINANCIAL	LEGAL	TAX
Company Limited by Shares Creation of a wholly owned company with the CPCA holding all the shares with full commercial freedom to trade	Financial returns limited by commercial capability	Governance through Articles of Association and Shareholder Agreement CPCA appoints Directors Liability limited to value of shares Procurement required for above EC threshold contracts	Subject to corporation tax Important to understand the nature of property activities undertaken to model precise tax impacts Will need to register for VAT
Company Limited by Guarantee Creation of a charitable company for the development and management of property	Will not generate surpluses	Governance through Articles of Association and Member Agreement CPCA appoints trustees Trustees run the company in pursuit of its objects (duty is to the Charity not the CPCA) Typically non-profit making entity Procurement required for above EC threshold contracts Difficult to attract equity funding	Subject to Corporation Tax Important to understand the nature of property activities undertaken to model precise impacts Will need to register for VAT

KEY FEATURES	FINANCIAL	LEGAL	TAX
Limited Liability Partnership CPCA enters into partnership with a third party Provides greater flexibility but with the safeguard of limited liability	Profits or losses are allocated directly in relation to the proportion of capital invested by each partner	Transparent entity generating profits for its partners Requires multiple parties coming together Limited Liability Partnership Act 2000 applies Procurement required for above EC threshold contracts	Tax transparent- income and gains allocated directly to members- provides Corporation tax benefit to CPCA Specialist partnership SDLT rules apply- minimal/nil SDLT rules apply on transfer of assets from CPCA to LLP but beware of clawback rules LLP can register for VAT in its own right
Joint Venture Establishment of JV owned with partners Ownership split dependent on risk assessment Element of profit share Benefit from partner's expertise	Cost reduction can be significant (typically 10-20%) and investment if mature partner	Governance through Articles of Association and Shareholders' Agreement Council and partner appoint Directors Profit making entity Liability limited to value of shares Addition of further shareholders is straightforward Procurement require for above EC threshold contracts	Choice of vehicle will determine Corporation Tax Timing of transfers eg pre or post planning will impact tax liability JV vehicle likely to have to register for VAT

GROWTH COMPANY

Business Plan

Appendix 2

June 2020

1.0 EXECUTIVE SUMMARY

1.1 Purpose

The CPCA was established in 2017 under a devolution deal with the Government. In order to achieve its purpose of ensuring Cambridgeshire and Peterborough is a leading place in the world to live, learn and work, the CPCA produced its 'Growth Ambition Statement' with a focus on growth as part of its 'Local Industrial Strategy'.

To deliver on this strategy, a comprehensive Growth Service has been designed to fuel growth in Business & Skills across all three of our sub-economies. The vehicle to accommodate this service will be a dedicated Legal Entity.

Under the CPCA's ownership and control, the purpose of the Company (Growth Co), will be to manage the Growth Service, its Delivery Fund and with it, procure the delivery of the Growth Service itself from the private sector.

This business plan is designed to provide an overview and detail of the:

- Benefits and advantages of Growth Co
- Governance structure for the Growth Co
- Financial overview of the Growth Co
- Board and management structures
- Strengths, Weaknesses, Opportunities and Threats

1.2 Drivers for establishing the Growth Co

- To assist with delivering current and future objectives of the CPCA
- To manage the growth service delivery funds
- To procure the delivery of services from the private sector to support business growth and development in the area.
- To capture any surpluses or profit that maybe generated

1.3 Benefits of the Growth Co

Creating a Growth Co will a key part of providing a structure that will support and help to achieve the aims of the CPCA. Establishing a Growth Co will provide the CPCA with a vehicle to:

- Accelerate and provide a vehicle for the delivery of growth
- Procure goods and services locally
- Use any profit generated to meet the aims of the CPCA
- Hold and manage investments

2.0 INTRODUCTION

2.1 Background

On 27th November 2019, the Cambridgeshire and Peterborough Combined Authority (CPCA) Board adopted the 'Business Growth Service Outline Business Case'. The Business Case sought the Authority's support for local business growth and development and to do so through a new subsidiary of the CPCA called Growth Co. Growth Co will act as a fund management and contracting vehicle to procure the private sector to deliver growth coaching, skills brokering and inward investment promotion as well as managing an allocated amount of Local Growth Fund finance which may be used as grant or equity investment in businesses in the area.

The Local Government Act 2003 restricts local authorities from making a profit from its services, although they are able to offset on costs. The Localism Act 2011 enables local authorities to undertake activities to make a profit but only if delivered within a company. The CPCA has established a trading company, Angle Holdings Ltd.

The Authority as its accountable body is to incorporate a new company limited by shares which will be called the Growth Service Management Company ("**Growth Co**"). Growth Co will be wholly owned by Angle Holdings Ltd. Growth Co will have an initial allocation of 100 shares of £1 each issued to Angle Holdings Ltd on incorporation. The directors of Growth Co will be appointed by the Combined Authority and the purpose of the company will be to manage growth service delivery funds and procure the delivery of services from the private sector to support business growth and development in the area.

To accept an application from the CPCA, to the LGF capital fund administered by the Business Board, for a capital equity investment from the LGF into the Growth Service Management Company, in return for 99 of the 100 shares in the Growth Service Management Company, held on behalf of the LGF by the CPCA. Through this investment, working capital within the Growth Service Management Company, will be generated as revenue which can then be used to part fund the procurement of the delivery of the Business Growth Service.

2.2 STRATEGIC FIT

The Business Board does not have significant revenue funding at its disposal to finance the procurement of the Business Growth service, in addition to its Core LEP activities between 2020/21 and 2022/23. Hence, the aim of the Business Board is to free-up and leverage a proportion of its MTFP, to create a revenue fund to enable it to procure the Business Growth Service. To achieve this, the Business Board has devised a strategy to build a Growth Service Delivery Fund of £19.5m to deliver the Business Growth Service.

3 VISION

Through Growth Co, the Business Growth Service is a key part of the CPCA Local Industrial Strategy, this inclusive growth strategy is designed to shift more of our future growth into a wider economy and diversify our economic base to mitigate the place-concentration risks to our economy.

4 MISSION STATEMENT

The CPCA Local Industrial Strategy will connect the growth, investment and skills support resources of Cambridge, and elsewhere, to firms across the economy, creating a marketplace for growth, investment and skills services. All our towns and cities will form this network of well-connected economic and business clusters centered on key sectors, collaborating across geographical boundaries and accessing world-class growth support. When connected and enabled through the marketplace of growth-support we will provide, including coaching, mentoring and finance; businesses in our towns and cities will interact within and between them in new ways that enhance their productivity, creativity and competitiveness.

5 GOVERNANCE & MANAGEMENT

Growth Co will initially be wholly owned by Angle Holdings Ltd. via an initial allocation of 100 shares of £1 each issued to Angle Holdings Ltd on incorporation. Once the conditions on the LGF investment are met, specifically that the EU funding has been confirmed, the Growth Co will issue 5.407m additional shares to the CPCA in return for the £5.407m LGF investment. At this point, the CPCA will become the majority shareholder and will operate control directly rather than through Angle Holdings Ltd. The Full Business Case will set out full details of the contractors and financial.

Directors will be appointed -please see section 10.

This Business Plan provides for sufficient support and leadership from Directors and an Independent Chairman. Additional Support will be provided by Finance, HR, Legal and IT.

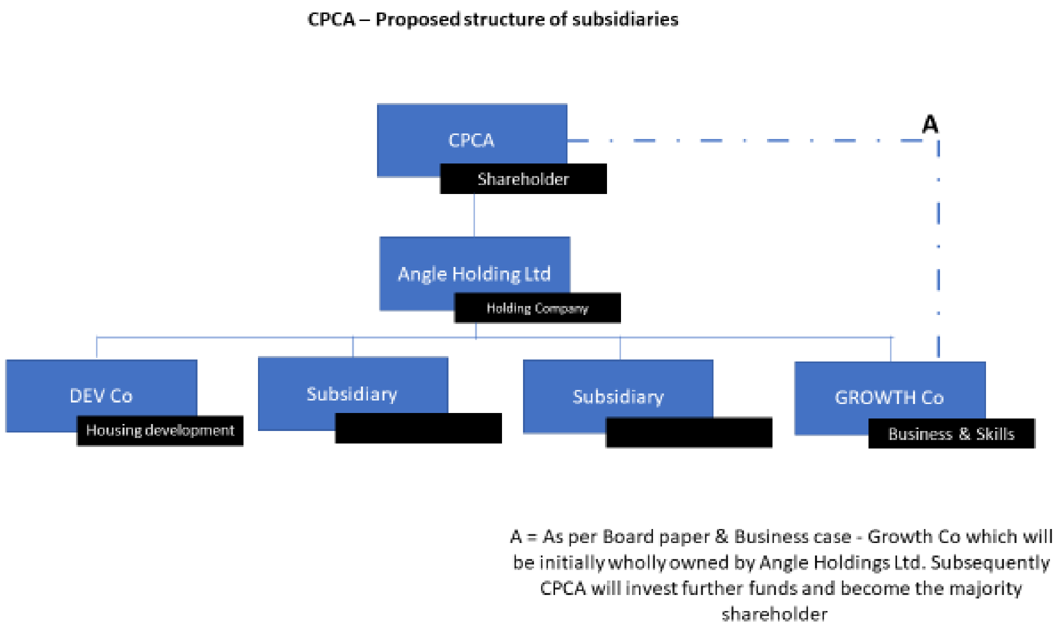


Figure 1 – CPCA and how the subsidiaries sit below it

Annex 1 has a diagram and a table which sets out the proposed contracts in the contracts structure, with details of what each agreement would do, and a high-level outline of terms to be included in each agreement

6. FINANCIAL

6.2 Financial Assumptions

The Business Growth Service is a three-year contract, spread over four financial years.

This table shows the projected funding and expenditure profile.

	Year 1	Year 2	Year 3	Year 4	Total
Funding	£7.3m	£7.35m	£8.84m	£3.41m	£26.92m
Expenditure	£2.99m	£10.19m	10.16m	3.33m	£26.69m

Table 1 – Projected income & expenditure

This table shows the cash flow

	FY 20/21 Total	FY 21/22 Total	FY 22/23 Total	FY 23/24 Total	Grand Totals
Income					
LGF Equity Investment	£ 5,407,000	£ -	£ -	£ -	£ 5,407,000
CA Growth Hub	£ 123,000	£ 246,000	£ 246,000	£ 123,000	£ 738,000
CA Skills Implementation	£ 50,000	£ 50,000	£ 50,000	£ -	£ 150,000
CA LIS Implementation	£ 50,000	£ 50,000	£ 50,000	£ -	£ 150,000
CA Contract with CEC	£ 50,000	£ 100,000	£ 100,000	£ 50,000	£ 300,000
CA Enterprise Zone Receipts	£ -	£ 230,000	£ 279,000	£ 418,000	£ 927,000
ERDF Funding	£ -	£ 1,801,000	£ 2,500,000	£ 903,000	£ 5,204,000
ESF Funding	£ -	£ 800,000	£ 944,556	£ 300,000	£ 2,044,556
LGF Investment Fund	£ 1,620,000	£ 4,080,000	£ 4,680,000	£ 1,620,000	£ 12,000,000
Totals	£ 7,300,000	£ 7,357,000	£ 8,849,556	£ 3,414,000	£ 26,920,556

Expenditure	FY 20/21 Total	FY 21/22 Total	FY 22/23 Total	FY 23/24 Total	Grand Totals
Staffing (see tab for details)	£ 175,468	£ 357,817	£ 364,698	£ 185,790	£ 1,083,773
Administration (see tab for details)	£ 27,747	£ 56,013	£ 56,533	£ 28,526	£ 168,820
Capital Growth Fund Administration	£ 125,000	£ 250,000	£ 200,000	£ -	£ 575,000
Innovation & Relocation Grant Administration	£ 25,000	£ 25,000	£ -	£ -	£ 50,000
Capital Growth Grants	£ 1,000,000	£ 4,500,000	£ 4,500,000	£ 925,000	£ 10,925,000
Innovation & Relocation Grants	£ 25,000	£ 200,000	£ 200,000	£ 25,000	£ 450,000
Skills Brokerage Operational Budget	£ 643,000	£ 1,370,000	£ 1,420,000	£ 643,000	£ 4,076,000
Inward Investment Service Budget	£ 497,370	£ 1,325,635	£ 1,310,235	£ 497,370	£ 3,630,610
Growth Coaching Business Engagement Budget	£ 480,063	£ 911,910	£ 911,910	£ 431,847	£ 2,735,730
ERDF Nudge Grants	£ -	£ 1,200,000	£ 1,200,000	£ 600,000	£ 3,000,000
Totals	£ 2,998,648	£ 10,196,375	£ 10,163,376	£ 3,336,533	£ 26,694,933

Opening Balance	£ -	£ 4,301,352	£ 1,461,976	£ 148,156	£ -
Total Income	£ 7,300,000	£ 7,357,000	£ 8,849,556	£ 3,414,000	£ 26,920,556
Total Expenditure	£ 2,998,648	£ 10,196,375	£ 10,163,376	£ 3,336,533	£ 26,694,933
Closing Balance	£ 4,301,352	£ 1,461,976	£ 148,156	£ 225,623	£ 225,623

Figure 2 – Cash flow

This table below details the proposed operating costs of the Growth Co.

Column1	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13
	20/21		21/22		22/23		23/24		Comments
	Inflation	102%		104%		106%		108%	
CPCA Seconded/Recharged Staff									
Role	**FTE**	**£ Cost**	**FTE**	**£ Cost**	**FTE**	**£ Cost**	**FTE**	**£ Cost**	
Director	0.5	£28,107	0.5	£57,315	0.5	£58,418	0.5	£29,760	
Chair of Board	1	£5,738	1	£11,700	1	£11,925	1	£6,075	
Company Secretary	1	£3,188	1	£6,500	1	£6,625	1	£3,375	
Managing Director	1	£3,188	1	£6,500	1	£6,625	1	£3,375	
LGF Management	0.2	£10,209	0.2	£20,819	0.2	£21,219	0.2	£10,810	
Skills Management	0.2	£9,465	0.2	£19,302	0.2	£19,673	0.2	£10,022	
Finance Manager	0.2	£6,341	0.2	£12,930	0.2	£13,179	0.2	£6,714	
		£66,236		**£135,067**		**£137,665**		**£70,132**	
Growth Company Staff									
Role	**FTE**	**£ Cost**	**FTE**	**£ Cost**	**FTE**	**£ Cost**	**FTE**	**£ Cost**	
Programme Manager - ESF	1	£38,034	1	£77,560	1	£79,052	1	£40,272	
Programme Manager - ERDF	1	£38,034	1	£77,560	1	£79,052	1	£40,272	
Project Co-ordinator- ESF	1	£16,582	1	£33,815	1	£34,465	1	£17,558	
Project Co-ordinator - ERDF	1	£16,582	1	£33,815	1	£34,465	1	£17,558	
		£109,233		**£222,749**		**£227,033**		**£115,658**	
Combined Staffing Costs		**£175,468**		**£357,817**		**£364,698**		**£185,790**	
Operational Overheads for CPCA Staff only = 20% of		**£13,247**		**£27,013**		**£27,533**		**£14,026**	

Table 3 – Proposed operating costs of the Growth Co

This table details the proposed costs including overhead recharge from Growth Co to CPCA

Title	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Totals	Column1
Insurance	£ 1,000	£ 2,000	£ 2,000	£ 1,000	£ 6,000	
Audit	£ 10,000	£ 20,000	£ 20,000	£ 10,000	£ 60,000	2 levels required for ESF funding so costs may be higher. Local & EU Audi
Banking	£ 1,000	£ 2,000	£ 2,000	£ 1,000	£ 6,000	
Legal	£ 2,500	£ 5,000	£ 5,000	£ 2,500	£ 15,000	
Central Overheads	£ 13,247.10	£ 27,013.49	£ 27,532.98	£ 14,026.34	£ 81,820	20% overhead charge for CPCA staff
Totals	**£ 27,747**	**£ 56,013**	**£ 56,533**	**£ 28,526**	**£ 168,820**	

Table 4 – Proposed costs including overheads recharged by CPCA

Please note that the Growth Co staff and many of the other costs within the operating costs in the tables above will be incurred by the CPCA in any event, whether or not Growth Co is set up. Those costs are effectively being allocated away from the CPCA overhead and into Growth Co as a cost.

6.3 How will Growth Co be funded?

Growth Co will be financed as follows:

(a) In early 2020, the Authority was successful in its application to the Business Board for £5,407,000 capital investment from the LGF to be made into the Growth Co.

(b) The shares in Growth Co held by the Authority will be managed by the Authority and the Authority will exercise all shareholder voting rights. The value of the shares and any dividend will be ringfenced for the objectives of the Business Board as part of the Single Pot approach to the LGF.

(c) Subsequently, the Authority will apply for £7,248,556 of revenue funding from European Structural and Investment Funds ("**ESIF**") including both European Regional Development Fund at £5,204,000 ("**ERDF**") and European Social Fund ("**ESF**") programmes at £2,044,556, which it shall provide as grant to the Growth Co.

(d) The Authority shall itself allocate £2,265,000 of revenue funding from its own budget to be paid to the Growth Co. This comprises of £738,000 from Growth Hub, £150,000 from CA Skills Implementation, £150,000 CA LIS Implementation and £927,000 from CA Enterprise Zone Receipts.

(e) £3,000,000 of the funds (a & c) will be used by the Growth Co to provide grants to fund growth coaching services delivered by third party coaches during the contract duration. This will be match funded by service users, so that the services delivered by third party coaches will be funded 50% by the grants from the Growth Co and 50% from fees paid to the third-party coaches by the service users.

(f) One of the funds that the Growth Co will be charged with managing is the Small Business Capital Growth Investment Fund from the LGF. This is a pot of £12,000,000 which the Growth Co will use to provide grant to businesses and to make equity investments into businesses of between £150,000 and £250,000 in return for a commensurate amount of equity in those businesses. The Growth Co will exercise all shareholder rights for these shares acquired in equity investments, although the value and any dividend received will be ringfenced for Business Board objectives as with the equity investment into the Growth Co itself.

7 STRATEGIC OBJECTIVES

- To deliver value for money
- To deliver against the CPCA's overall Vision and Values
- To contribute to CPCA's Corporate objectives
- To deliver sustainable and inclusive business growth

8 OPERATING MODEL

Growth Co will manage the Growth Service Delivery Fund and with it, procure the delivery of the Growth service itself from specialist supplier(s) in the private sector.

9 OBJECTIVES

- To deliver the agreed outputs of the Business Growth Service over the duration of the contract
- To manage Growth Co effectively and efficiently
- To performance manage through excellent contract management the external supplier(s) of the Business Growth service

10 STAFFING

10.1 The Board

The directors will consist of an Independent Chairperson, the Deputy Chief Officer of the Business Board and the Chief Finance Officer for the CPCA. The Independent Chairperson would bring the specialist knowledge while removing the risk of conflict and will be recruited following an open and transparent recruitment process. No less than 3 directors will be sufficient for quoracy of Board decisions.

Expectations of the directors, which are statutory duties owed by each director to the company:

1. A director must act within their powers under the company's constitution
2. A director is to promote the success of the company
3. A director must exercise independent judgement
4. A director must exercise reasonable skill, care and diligence in their role
5. A director must avoid or manage conflicts of interest which may affect their objectivity
6. A director must not to accept benefits from third parties
7. A director must declare interest in proposed transactions or arrangements

Director will be legally responsible for the running of the company including filing responsibilities to Companies House. A company secretary will also be appointed.

10.2 Other resources

10.2.1 Support services in the form of HR, Finance, Legal, HR and I.T as per table 3 and 4 in section 6

Employed personnel – four ERDF / ESF programme managers & co-ordinators to monitor and contract manage the delivery of the Business Growth service through the procured supplier(s). Refer to table 3 section 6.0.

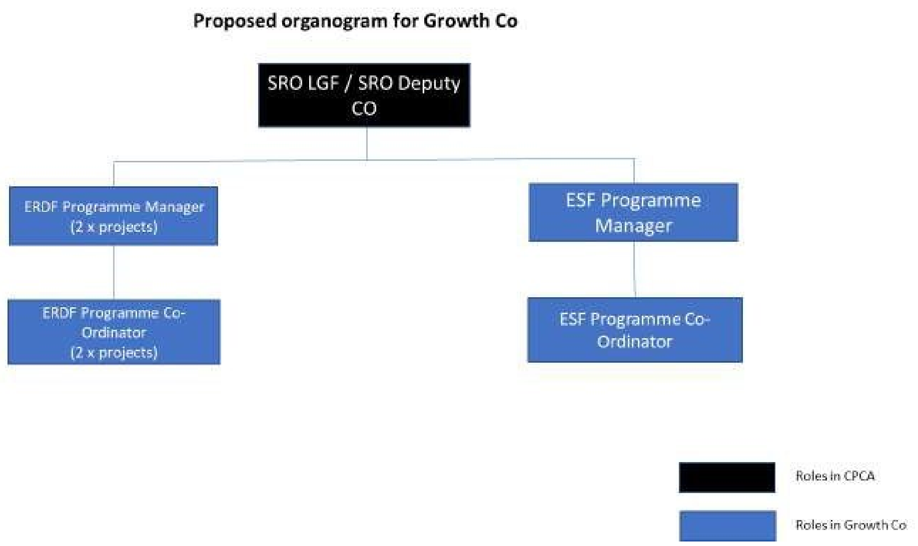


Figure 2 – Proposed full time employed resource in Growth Co

11 SUPPLIES, SYSTEMS, AND INFRASTRUCTURE

CPCA will continue to provide support services to Growth Co through a managed Service Level Agreement (SLA). Growth Co will establish contractual SLAs with each support service. This will include measurable performance indicators, break clauses and remedies for non-performance.

Once Growth Co is operational there will be an annual review process whereby SLAs are refined to reflect the support Growth Co needs more accurately.

12 USE OF EXTERNAL SUPPLIERS

Growth Co will seek to use local external suppliers where the appropriate service can be competitively sourced.

13 PROPERTY AND ASSETS

Growth Co will operate from the Mayor's Office, 72 Market Street, Ely, Cambridgeshire. CB7 4LS and a reasonable rent will be charged by the CPCA to Growth Co for space it occupies. To be flexible, office accommodation arrangements will be reviewed annually.

14 INFORMATION SHARING

An information sharing protocol will be developed during implementation.

15 DATA PROTECTION

Growth Co will comply with the relevant legislation and guidance concerning Data Protection including The General Data Protection Regulation (EU) 2016/679 (GDPR). Growth Co will adopt suitable policies and procedures to ensure data is adequately safeguarded.

16 FREEDOM OF INFORMATION

As a company wholly owned by CPCA, Growth Co will be subject to requests for the disclosure of information under the Freedom of Information Act 2000 (FOI) in its own right. As such, Growth Co will maintain a record management system that complies with the relevant guidance concerning the maintenance and management of records.

Growth Co will liaise with CPCA as appropriate to ensure consistency in answering FOI requests and provide such information to CPCA as it may require to answer requests it has received.

17 MARKETING STRATEGY

In line with our Vision and Values, Growth Co will develop its Brand and Marketing Strategy with the new external procured supplier(s) of the Business Growth Service, with a view to clearly articulating its proposition to the marketplace.

18 SWOT AND RISK ANALYSIS

The Localism Act 2011 requires the CPCA to include a risk assessment as part of the business plan for the establishment of Growth Co.

In order to properly assess the risks associated with establishing a new company a high level PESTLE Analysis and SWOT Analysis have been prepared.

PESTLE Analysis

The PESTLE is a high-level analysis that examines the external environment and identifies the Political, Economic, Social, Technological, Legal and Environmental factors that could impact the Growth Co.

Political - Funding streams & values - Changes in political priorities	**Economic** - Economic growth - Impact of COVID 19
Social - Mitigating jobs losses	**Technological** - Innovative technology to administer grants
Legal - Statutory obligations	**Environmental** - Sustaining green recovery

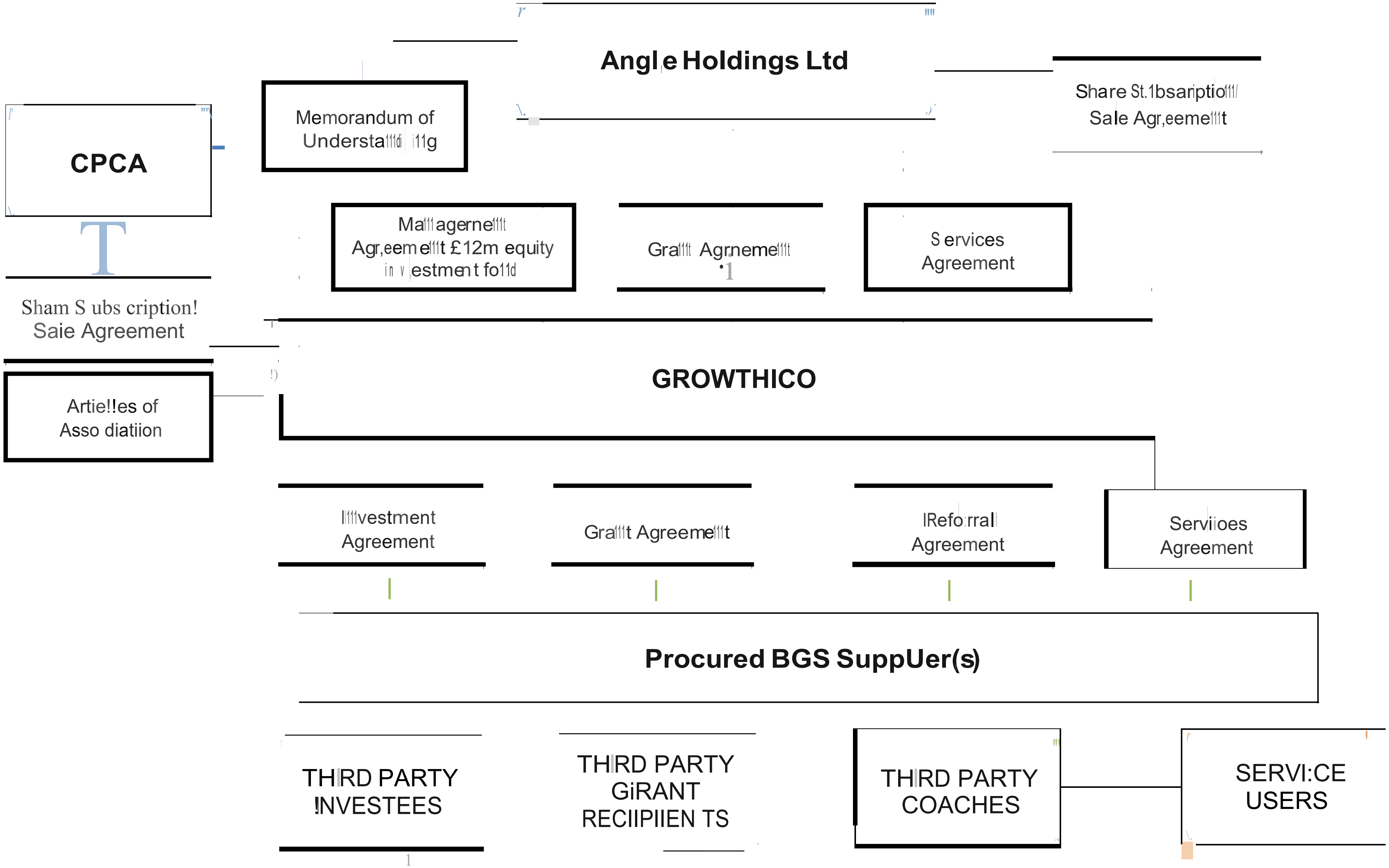
SWOT Analysis

Strengths - Local market knowledge - Assists CPCA with delivering its objectives - Connection with communities - Existing expertise available to provide early stage support - Compliant and rigid vehicle	**Weaknesses** - Start up costs (Money and time)
Opportunities - Rapid response to COVID 19 recovery - Closer to marketplace for new interventions - Positive impact across Market Towns	**Threats** - Funding

Risk Management

Commercial risks such as venture failure and financial loss ultimately resides with the Growth Co. Wherever possible the Growth Co shall put in place measures to mitigate risks.

Annex 1 - DRAFT CONTRACT STRUCTURE FOR THE PROPOSED ARRANGEMENTS



BUSINESS BOARD	**AGENDA ITEM No: 3.3**
27 JULY 2020	**PUBLIC REPORT**

MARKET TOWNS PROGRAMME UPDATE

1.0 PURPOSE

1.1. The Combined Authority is committed to the future prosperity and success of every market town in the county and is investing in making this a reality through working closely with Town Councils, District Councils and local partners across Huntingdonshire, Fenland and East Cambridgeshire to deliver 11 key market town masterplans. The Market Towns Programme was piloted in St Neots as part of the Mayor's 100 Day Plan.

1.2. The Market Towns Programme endorses Mayor Palmer's target for the region, to double its gross value added (GVA) over the next twenty years. For this to be achieved, the areas market towns will be required to 'do their bit' to improve the three economies. The interventions hereby enshrine the importance of inclusive growth, in line with the Cambridgeshire and Peterborough Independent Economic Review (CPIER) recommendations.

1.3. With the aim of bringing jobs, infrastructure and growth, the masterplans would enable each town to become and remain "vibrant and thriving places" whilst helping to boost the local and regional economy. A commitment of £50k revenue support was made by the Combined Authority to produce a Masterplan for key market towns, based on new research and analysis required to deliver the bold growth ambitions.

1.4. Masterplans for Fenland (March, Wisbech, Chatteris & Whittlesey) and Huntingdonshire (St Neots, St Ives, Huntingdon & Ramsey) market towns have been completed and were approved by the Combined Authority Board on 29 January 2020 and by the Mayor in consultation with the Combined Authority Board on 25 March 2020. The final reports for East Cambridgeshire (Ely, Soham & Littleport) are going to Combined Authority Board for approval on 5 August 2020.

1.5. This paper provides the background and strategic context to the Combined Authority Market Towns Programme and an update on the recent launch of the Investment Prospectus.

1.6. The Market Town Programme Investment Prospectus invites proposals from each local authority lead to support the delivery and implementation of priorities from each town Masterplan.

DECISION REQUIRED	
Lead Member:	**Austen Adams, Chairman of the Business Board**
Lead Officer:	**John Hill, Director: Business and Skills**
Forward Plan Ref: Not applicable	**Key Decision: No**
The Business Board is recommended to: Note the progress being made with the Cambridgeshire and Peterborough Combined Authority's Market Towns Programme and the update on the recently launched Investment Prospectus in support of Masterplan delivery.	

2.0 BACKGROUND

2.1. The devolution deal which created the Combined Authority recognises the important role of market town economies in growing the wider Cambridgeshire and Peterborough economy.

2.2. A masterplan for each of the 11 market towns (St Neots being the pilot town) across the region provides the opportunity to look at the unique features of each town and offers deliverables which will benefit the immediate and wider economy.

2.3. The Combined Authority is providing capital investment to mobilise each town masterplan and to act as a funding catalyst to securing additional investment.

2.4. There is a total of £10m Combined Authority capital allocated to support the delivery and implementation of the other 10 approved Market Town Masterplans.

2.5. Following this process, the Combined Authority retains a strategic partner role, ensuring that county-wide decisions meet the needs of each town masterplan, and lobbying Government for further resource to deliver high-growth towns (and to promote the concept of place-based interlinked growth strategies).

2.6. This focus on market towns has been heralded by Government, by the Cambridgeshire and Peterborough Independent Economic Commission, and by other partners as a bold and progressive step towards inclusive growth.

3.0 THE STRATEGIC CONTEXT

3.1. A third of our population lives in market towns, with nearly as many again living in surrounding areas. Although links with our core cities are vital, investment and attention has often favoured cities and forgotten the role that market towns play for our region.

3.2. Alongside this under-investment towns are facing many external pressures like the declining town centres and high streets, an ageing population, and a reduction of in-town job opportunities leading to more outward commuting.

3.3. The Combined Authority is committed to the future prosperity and success of every market town in the county and is investing in making this a reality by supporting market towns as economic and social hubs. This approach gives each town its own starting point, and the evidence base in order to tailor and customise interventions to meet the distinctive needs of each local economy.

3.4. There is no one-size-fits-all solution and the Combined Authority has provided investment that adds value by helping towns clarify and reassess their priorities for future growth. In this way the identity and role of each town will be brought to prominence and enable each town to grow their economies and contribute to the overall doubling of our GVA over the next 25 years.

4.0 THE MARKET TOWNS PROGRAMME INVESTMENT PROSPECTUS

4.1. A copy of the Investment Prospectus is included as **Appendix 1**.

4.2. The prospectus outlines the process that allocates funding and manages the process post allocation. A transparent and consistent approach has been established to oversee delivery of the Market Towns Programme. All funding applications will be assessed in accordance with specific call specifications & criteria (including match funding and value for money), set against delivery and implementation of each CPCA approved Masterplan.

4.3. Combined Authority funding is subject to a call process and made available for bidding from July 2020 onwards. In order to secure capital funds, local authority leads have been invited to submit bids against the Investment prospectus.

4.4. All funding applications will be assessed in accordance with specific call specifications & criteria (including match funding and value for money), set against delivery and implementation of approved Masterplan priorities and actions, and interventions to support Covid-19 economic recovery.

4.5. Combined Authority funding will be provisionally shared across the remaining 10 market towns, with applicants able to bid for up to £1m of capital funding for each town.

4.6. Consideration will be given to a variety of funding proposals and applicants will have the opportunity to bid for one or few investments or may want to fund several smaller scale interventions.

4.7. St Neots Masterplan – on 29 April 2020, a paper was taken to CA Board to, summarise work to date on the St Neots Foot and Cycle Bridge and Regatta Meadows, confirm that the projected construction costs for the project now exceed the allocated budget and seek the agreement of the Combined Authority Board that the scheme should not proceed as it no longer meets the requirements for Value for Money set out in the Combined Authority's Assurance Framework. The CA Board agreed that the £3.1m CPCA funding allocated to the project be re-allocated to projects to support delivery of the St Neots Masterplan, and to recycle the market town investment back into St Neots through the Investment Prospectus.

4.8. This makes the total Combined Authority investment being pledged to support delivery of market town Masterplans is **£13.1m** across the 11 market towns.

PROGRAMME CRITERIA

4.9. The following additional Combined Authority funding criteria are proposed:

- Market Town funds are allocated for East Cambridgeshire, Fenland, and Huntingdonshire.
- Funding must be spent at the latest by 31 March 2022, or earlier as specified within the funding agreement. Deliverability of projects will be an important factor in appraising proposals.
- Proposals are invited to support the mobilisation of each Masterplan and against activities which address the needs and those interventions identified as required to drive targeted growth and regeneration of each town.
- Proposals are required to set out how they can support the tailoring of local economic policy for each market town to increase the attractiveness of towns for the new generation of lifestyle entrepreneurs.
- Given the transformative aims of the Programme, the CPCA is especially keen to see movement on the more ambitious projects set out in the Masterplans and prospectuses for growth and will prioritise these. Whilst there will be opportunities for longer term projects, applications will have more chance of approval if they can also demonstrate fast impact, especially to support COVID economic recovery over the next 9 months to the new financial year when unemployment impacts of COVID are expected to peak. Applicants are encouraged to explicitly set out how project proposals respond to the challenge of a post Covid-19 economy and how they help reshape and transform the high street and towns, so they are fit for the future.

APPLICATION PROCESS, DUE DILIGENCE AND APPRAISAL

4.10. The Combined Authority Assurance Framework sets out how investment decisions are made for funds in a transparent and accountable way in accordance with Government guidance. The Investment Prospectus follows these monitoring & evaluation principles.

4.11. Due diligence and appraisal will be initially managed by the Combined Authority, where the strategic need, economic and commercial case for the projects will be examined based on proposed interventions for each town. All proposals will be assessed against an agreed set of appraisal metrics, and independent appraisals will be commissioned if needed for complex projects.

4.12. Appraised applications will be scored based of the programme criteria. This approach will help manage any oversubscription of programme funds.

4.13. Evaluated proposals will undergo further scrutiny and review by EAP and Business Board members to ensure interventions hereby enshrine the importance of inclusive economic growth, and in line with CPIER and LIS recommendations.

4.14. Recommendations will go to Combined Authority Board for approval on August 2020, 30 September 2020, and 25 November 2020 for approval.

5.0 FINANCIAL IMPLICATIONS

5.1. The funding for this programme is from the Combined Authority's capital resources, totalling £13.1m. There is no draw from Business Board resources e.g. Local Growth Funding or Recycled Growth Funds.

6.0 LEGAL IMPLICATIONS

6.1. The Combined Authority, as the Accountable Body, maintains the legal agreements with project delivery bodies. The Legal Team shall be responsible for placing any required contractual arrangements, usually through its current partnering arrangements with the Local Authorities

7.0 SIGNIFICANT IMPLICATIONS

7.1. The Market Towns Programme is a substantial commitment being made between the Combined Authority and the local areas, with scope for significant impacts on the growth of the local sub-economies. Successful delivery will have positive benefits to residents, businesses and workers within the CPCA area.

8.0 APPENDICES

8.1. **Appendix 1** – Market Towns Programme Investment Prospectus

Source Documents	**Location**
Cambridgeshire and Peterborough Independent Economic Review	http://www.cpier.org.uk/interim-report/
Cambridgeshire & Peterborough Local Industrial Strategy	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818886/Cambridge_SINGLE_PAGE.pdf
CPCA Assurance Framework	https://cambridgeshirepeterborough-ca.gov.uk/assets/Assurance-Framework-Publication-Nov-2019.pdf

Appendix 1

CPCA MARKET TOWNS PROGRAMME
INVESTMENT PROSPECTUS - JUNE 2020

INTRODUCTION – GROWING THE CAMBRIDGESHIRE & PETERBOROUGH SUB-ECONOMIES

The Market Towns Programme is a substantial commitment being made between the Combined Authority and the local areas, with scope to develop key market towns for significant impacts on the growth of sub-economies. Successful delivery of the programme will have positive benefits to residents, businesses, and workers within the CPCA area.

The Combined Authority is committed to the future prosperity and success of every market town in the county and is investing in making this a reality through working closely with Town Councils, District Councils' and local partners across Huntingdonshire, Fenland and East Cambridgeshire to deliver eleven Masterplans for key market towns. The Market Towns Programme was piloted in St Neots as part of the Mayor's 100 Day Plan.

LOCAL INDUSTRIAL STRATEGY PRIORITIES

The Market Towns Programme endorses Mayor Palmer's target for the region, to double its Gross value added (GVA) over the next twenty years. For this to be achieved, the areas market towns will be required to 'do their bit' to improve the three economies.

The LIS has detailed the key areas of action needed to support the Combined Authority's devolution deal commitment to doubling the size of the Cambridgeshire and Peterborough economy. It has identified the key strengths and challenges of the distinct sub economies of the Fens, Greater Peterborough and Greater Cambridge, detailing the strategy for supporting broad-based growth and spreading prosperity to more people.

A commitment was made by the CPCA to produce a Masterplan for each of the key market towns (based on new research and analysis required to deliver the bold growth ambitions) and their interventions hereby enshrine the importance of inclusive growth, in line with CPIER and LIS recommendations.

Applicants will need to demonstrate how they help deliver against LIS priorities through capital investment that will:

- Further develop infrastructure through planned transport, digital and energy interventions across the Combined Authority partnership.
- Deliver integrated approaches to business support, ensuring businesses and potential businesses have the access to the right kind of space, access to growth coaching and supporting networks to help them.
- Harnessing innovation as a tool for business growth, generating world class research.
- Improving education and training levels to ensure businesses have the skills they need, and people have better opportunities.

The Local Industrial Strategy can be viewed here.

MARKET TOWNS PROGRAMME

A third of our population lives in market towns, with nearly as many again living in surrounding areas. Although links with our core cities are vital, investment and attention has often favoured cities and forgotten the role that market towns play for our region. Alongside this under-investment towns are facing many external pressures like the declining town centres and high streets, an ageing population, and a reduction of in-town job opportunities leading to more outward commuting.

Many of the market towns and villages surrounding Cambridge have rich visitor opportunities, which if developed into a more coordinated offer can bring in revenue and create real economic opportunities. Business tourism is very important as well and has an important impact on the growth and productivity of other sectors in the economy, especially in knowledge intensive industries.

A Masterplan for each of the eleven market towns across the region provides the opportunity to look at the unique features of each town and offers deliverables which will benefit the immediate and wider economy.

With the aim of bringing jobs, infrastructure and growth, the Market Towns Programme will enable each town to become and remain "vibrant and thriving places" whilst helping to boost the local and regional economy.

PROGRAMME FUNDING CRITERIA

The CPCA is providing capital investment to mobilise each town masterplan and to act as a funding catalyst to securing additional investment. This is an open call – that will last until all available resources have been invested, or the Board decides to issue further instruction.

This Investment Prospectus outlines the process that allocates funding and manages the process post allocation. A transparent and consistent approach has been established to oversee delivery of the Market Towns Programme. All funding applications will be assessed in accordance with specific call specifications & criteria (including match funding and value for money), set against delivery and implementation of each CPCA approved Masterplan.

Given the transformative aims of the Programme, the CPCA is especially keen to see movement on the more ambitious projects set out in the Masterplans and prospectuses for growth and will prioritise these. And whilst there will be opportunities for longer term projects, applications will have more chance of approval if they can also demonstrate fast impact, especially to support COVID economic recovery over the next 9 months to the new financial year when unemployment impacts of COVID are expected to peak. Applicants are encouraged to explicitly set out how project proposals respond to the challenge of a post Covid-19 economy and how they help reshape and transform the high street and towns, so they are fit for the future.

Applicants are asked to also consider promoting healthier lifestyles for market town communities – including active travel & air quality benefits and supporting a greener economy.

To secure funding, local authority leads will be invited to submit bids against the following programme eligibility and funding criteria:

- Market Towns funding is allocated to East Cambridgeshire, Fenland, and Huntingdonshire and cover the market towns of St Neots, St Ives, Huntingdon, Ramsey, Wisbech, March, Chatteris, Whittlesey, Ely, Soham and Littleport.

- Market Towns funding must be spent at the latest by 31 March 2022, or earlier as specified within the funding agreement. Deliverability of projects will be an important factor in appraising proposals.

- Proposals are invited to support the mobilisation of each Masterplan and against activities which address the needs and those interventions identified as required to drive targeted growth and regeneration of each town.

- Proposals will be required to set out how they can support the tailoring of local economic policy for each market town to increase the attractiveness of towns for the new generation of lifestyle entrepreneurs.

- The prospectus is seeking proposals for capital investment only. There is no revenue funding available through this prospectus.

- CPCA funding will be provisionally shared across the 10 market towns, with applicants able to bid for up to £1m of capital funding for each town. Consideration will be given to a variety of funding proposals, and applicants will have the opportunity to bid for one or few investments (several smaller scale interventions) against the £1m funding cap for each town. Any unallocated funds will be made available to all 11 market towns.

- In addition, the CPCA has also agreed to recycle £3.1m market town investment back into St Neots and this will be also administered through the Investment Prospectus process. This makes the total CPCA investment being pledged to support delivery of Market Town masterplans is £13.1m across the 11 market towns.

- If the total project(s) cost is likely to exceed the £1m threshold for each town, then a demonstration of a phasing approach would help show how initial funds can be used now, while raising additional funds or investment from other sources.

- Applicants should seek their own advice on State Aids implications of the proposed project, and evidence of this will be sought as a condition of funding. Combined Authority funding cannot be used towards State Aids or other legal costs incurred by the project delivery body as part of the application process. The Combined Authority will not reimburse legal or other costs incurred during applications, whether the application successful or unsuccessful in seeking funding.

COVID RECOVERY

Applicants are also be asked to consider how market towns can support Covid-19 recovery for Cambridgeshire & Peterborough, focusing on the anticipated changes in behaviour around the use of public transport, commercial and public community space, and the revitalisation of High Streets.

Proposals should outline how market town interventions can help support and sustain Government recovery plans based on new econometrics around increased home/remote working and shared commercial space, improve public transport systems, repurpose community space and enhance infrastructure connectivity.

APPLICATION PROCESS & FUNDING APPROVAL

- The process will be a one-stage application process and applicants will be invited to complete an application form for each project to the Combined Authority. Applicants will have the opportunity to have initial discussions with relevant Combined Authority officers regarding eligibility and the suitability of the proposed project.

- Due diligence and appraisal will be initially managed by the Combined Authority, where the strategic need, economic and commercial case for each project proposal will be examined based on delivery of CPCA approved Masterplans.

- All proposals will be assessed against a set of appraisal metrics. Appraised applications will be scored and ranked based of the programme criteria. This approach will help manage any oversubscription of programme funds.

- Recommendations will be brought to the Entrepreneurial Advisory Panel (EAP) for independent review and then onto the CA Board for approval.

- It is expected that project proposals will be brought to Combined Authority Board for approval in July, September, and November 2020 for approval. The submission timeline for the next three Board cycles are as follows:

    - **July Combined Authority Board** (Wednesday 5 August 2020) * for those proposals already in development and discussed with CPCA officers.

      APPLICATION DEADLINE – FRIDAY 10 JULY 2020

    - **September Combined Authority Board** (30 September 2020)

      APPLICATION DEADLINE – FRIDAY 11 SEPTEMBER 2020

    - **November Combined Authority Board** (25 November 2020)

      APPLICATION DEADLINE – FRIDAY 30 OCTOBER 2020

FURTHER INFORMATION

- Application Form & Guidance

THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM NO: 3.4
27 JULY 2020	PUBLIC REPORT

BUSINESS BOARD COMMUNCATIONS UPDATE

1.0 PURPOSE

1.1 The purpose of this report is to update members on Business Board related communications and PR activity.

DECISION REQUIRED	
Lead Member:	**Austen Adams, Chairman of the Business Board**
Lead Officer:	**John T Hill, Director: Business and Skills**
Forward Plan Ref: Not applicable	**Key Decision: No**
The Business Board is recommended to: Note the update on recent Business Board related communication activity for June 2020.	

2.0 BACKGROUND

2.1 The Business Board requested a Communications update as a standing item on the agenda for meetings to ensure Members are fully aware and engaged on both Business Board and Combined Authority communication and PR activity, with a particular focus on reporting support for Covid-19 recovery. Information on communication messaging and digital marketing analytics for June 2020 are detailed within the attached report (**Appendix 1**).

2.2 Members are asked to note that future communication updates will now be brought to and reported at Business Board Activity Update meetings.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from the report.

4.0 LEGAL IMPLICATIONS

4.1 There are no direct legal implications arising from the report.

5.0 APPENDICES

5.1 **Appendix 1**: Business & Skills Communication Report - June 2020

Background Papers	**Location**
None	Not applicable

Appendix 1

Business & Skills
June 2020
Communications Report

1. Background

Business & Skills communications messaging has in June focused on telling the story of recovery, providing support to business and job seekers so they could get back to business once the restrictions allowed. #rescuetorecovery

Via:

8 press releases, 4 Mayor interviews, 5 videos, 43 media coverage pickups, 62 social media posts & 20,000 newsletters

1. Sharing the case studies of the Micro and Capital grants via PR, video and social media
2. Nearly 20,000 emails sent to local business keeping them up to date about Government support and Combined Authority services via the 121s, Webinars, Talent Portal and Retaining scheme.
3. PR & Social media - Driving digital connectively to support Covid recovery
4. PR, blogs, social and setting up a dedicated Facebook Market Towns page for the Market Town multi million pound give away.
5. Celebrating Good news - Local Grant Funding.

2. Digital Transformation

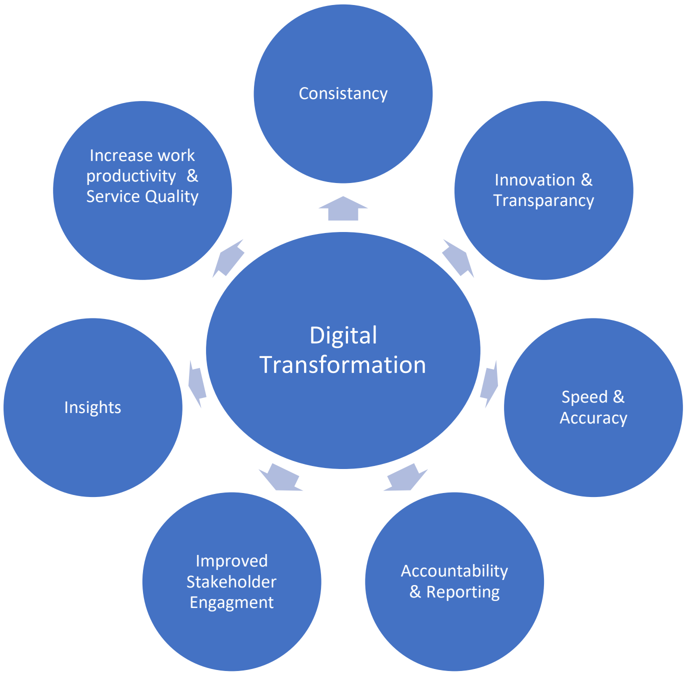
The Combined Authority communications team has gone through a digital transformation over the last couple of months - accelerated because of Covid and the need to engage directly with our stakeholders. This has allowed Combined Authority Business & Skill communications to be consistent, streamlined and targeted.

Throughout June much work has been done to embed these new ways of working with new engagement tools such as HubSpot, refining and building on our data collection to target business and skills stakeholders and allowing for tailored communications, driving engagement for the Growth Hub 121 and webinars, Talent Portal and Retaining Scheme and sharing good news stories and case studies by using more video, images and call to actions in our social media campaigns.

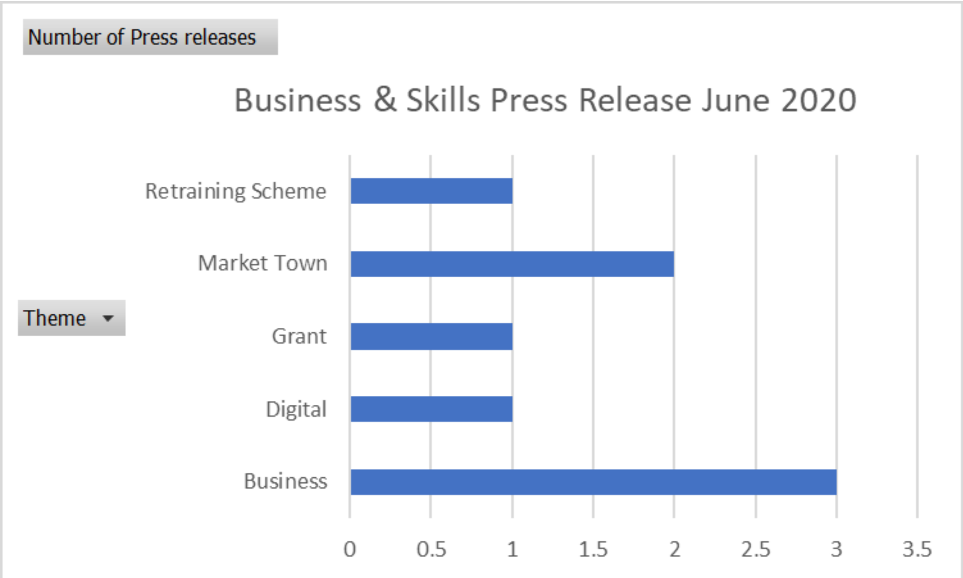
The communications team have provided targeted communications for the Micro and Capital grants, set up paid for ads and a Facebook group page to drive engagement for the Combined Authority Market Town work. The team have continued to focus on using digital technology to increase productivity and quality by using online automated invitations to the virtual online launch of the Adult Educations Partner announcement of the University of Peterborough in July.

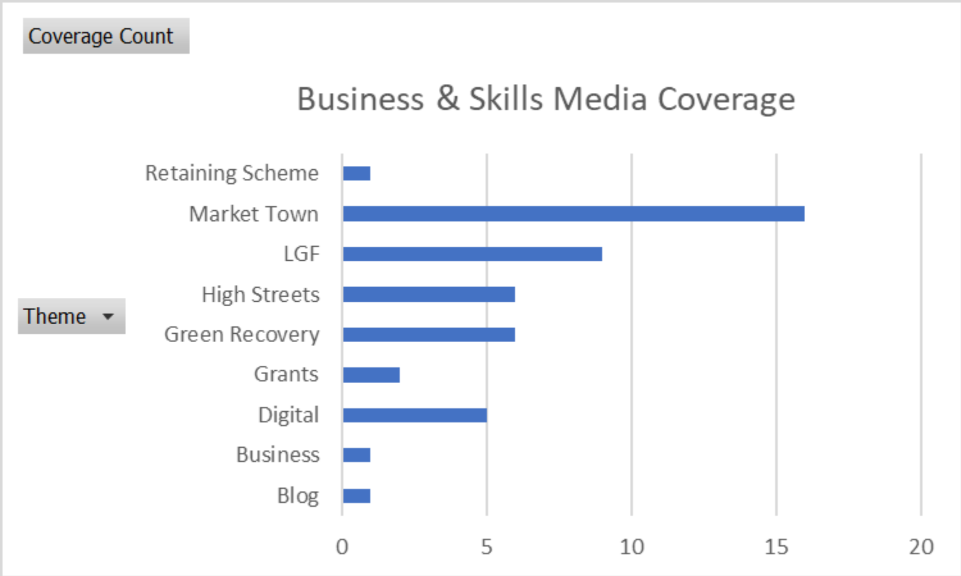
This digital transformation has allowed for the improved reporting and analytics for all our digital marketing activity to provide transparency and set benchmarks for delivery. This has all helped improve the speed and consistency of communications and allowed for improved stakeholder engagement.

The team will continue to embed this digital transformation within business and skills communications and are continuing to work on a number of different projects which will benefit from this approach.



3. Press Release & Media





4. Digital Marketing - Newsletters

Business & Skills Emails Name	Sent	Click Through Rate	Delivery Rate
ISSUE 26 Business Bulletin 24 June 2020	2423	10	99
Home working Webinar 18 June 2020 REMINDER	2425	4	93
Business Efficiency Webinar 16 June 2020 on day remin	2428	5	99
Redundancy Register - No	7	100	86
Redundancy Register - Yes	3	50	67
Business Efficiency Webinar 16 June 2020	2424	4	93
Home working Webinar 18 June 2020	2428	5	93
ISSUE 25 Business Bulletin 1 June 2020	2391	12	99
Businesses: Free 1-2-1 Webinars for June	2390	9	99

Email totals by sent, opened, and clicked

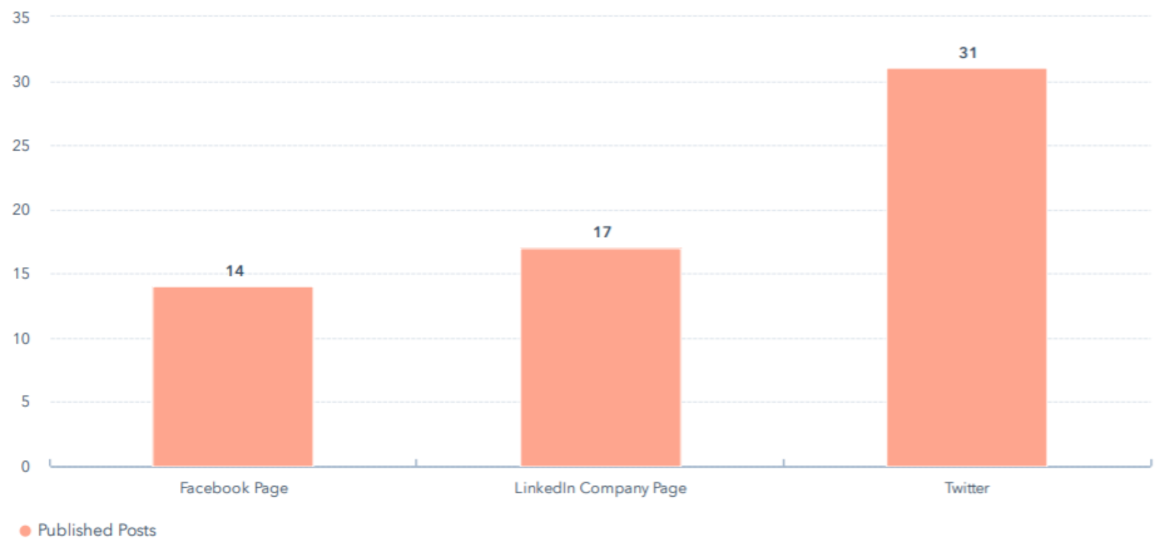
Date range: In the last 30 days

SENT	OPENED	CLICKS	CLICK RATE
19,660	4,117	335	1.76%
▼ 22.62%	▼ 32.83%	▼ 61.63%	▼ 49.67%

5. Digital Marketing – Social Media

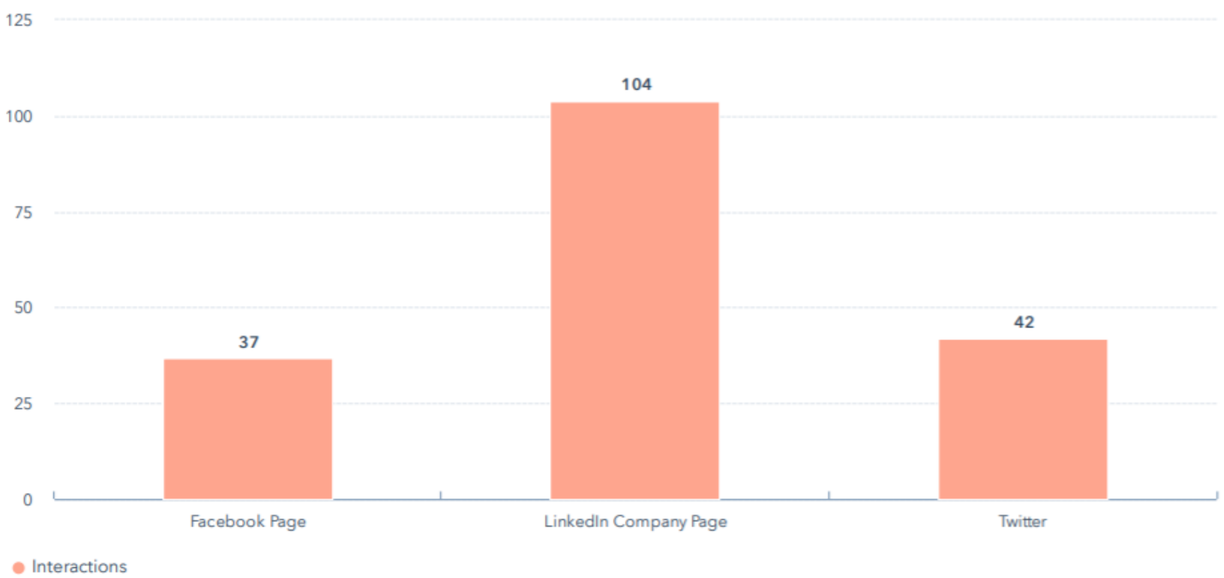
Social Media Analytics BB June 2020

Date range: From 31/5/2020 to 29/6/2020



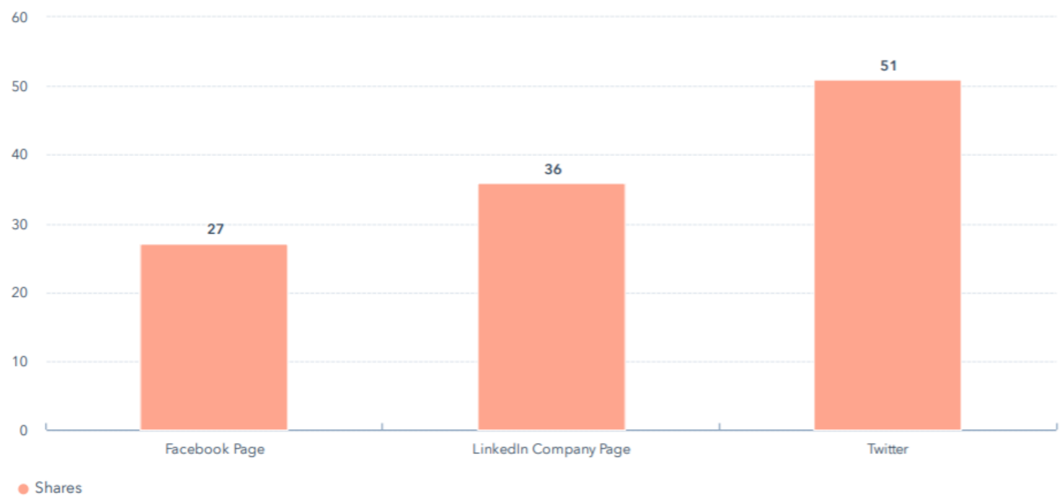
Social Posts Interactions by Network

Date range: From 31/5/2020 to 29/6/2020



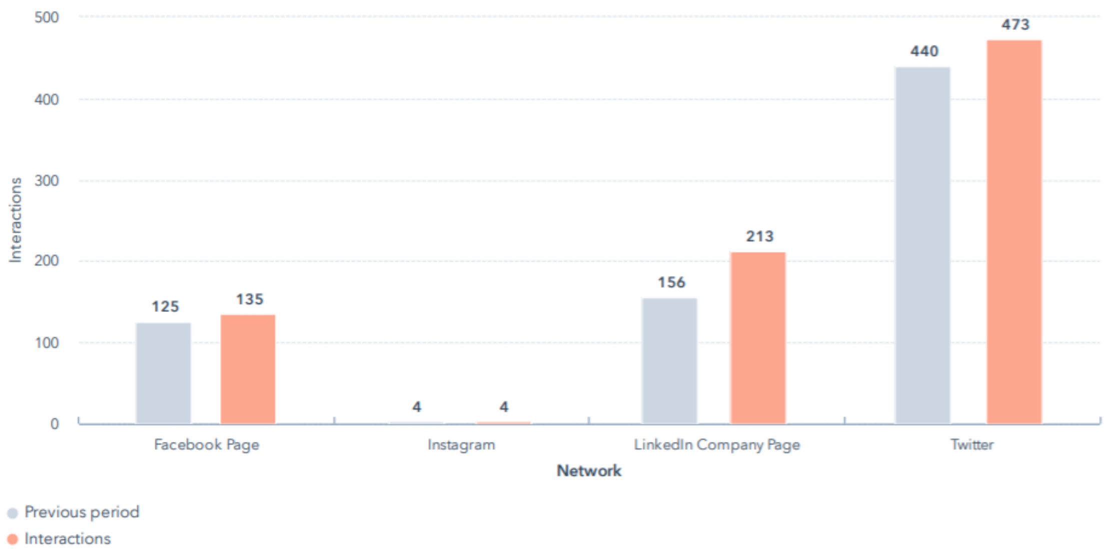
Social Posts Shares by Network

Date range: From 31/5/2020 to 29/6/2020



Social interactions by network

Date range: In the last 30 days



THE BUSINESS BOARD

FORWARD PLAN

Business Board Virtual Meeting – 27th July 2020							
	REPORT TITLE	**DECISION MAKER**	**DECISION EXPECTED**	**DECISION**	**PURPOSE**	**REPORT AUTHOR**	**LEAD MEMBER**
1.	**Minutes of the Meetings Held on 26th May 2020 and 9th July 2020**	Business Board	27th July 2020	**Decision**	To approve the minutes of the last two meetings as a correct record.	*Monitoring Officer for Combined Authority*	Chair
2.	**Combined Authority Update – July 2020**	Business Board			To provide members with an update on overall issues concerning the Combined Authority.	*Domenico Cirillo, Business Programmes Manager*	Mayor
3.	**Update on the Business Board's Activities in Relation to the Impact of Covid-19 on Businesses**	Business Board			To update members on activity in support of Covid-19 economic recovery for Cambridgeshire & Peterborough.	*John T Hill, Director, Business & Skills*	Chair
4.	**Business Board Finance Update**	Business Board			To provide an update and overview of MTFP funding lines.	*Vanessa Ainsworth, Finance Manager*	Chair
5.	**Local Growth Fund Programme Management Review – July 2020**	Combined Authority Board	5th August 2020	**Decision**	To monitor and review programme performance and risks.	*Steve Clarke, Strategic Funds Manager*	Chair
6.	**Growth Deal Project Proposals July 2020**	Combined Authority Board	5th August 2020	**Decision**	To review and approve the project proposals and make recommendations to the Combined Authority Board for individual project funding.	*Steve Clarke, Strategic Funds Manager*	Chair

7.	**Eastern Agri-Tech Growth Initiative**	Combined Authority Board	5th August 2020	**Decision**	To review a proposed change in the intervention rate criteria and recommend to the Combined Authority Board for approval.	*Steve Clarke, Strategic Funds Manager*	Chair
8.	**University of Peterborough Full Business Case**	Combined Authority Board	5th August 2020	**Decision**	To note the Full Business Case for the new University of Peterborough.	*Kim Cooke, Project Lead for University of Peterborough / Skills Strategy Manager*	Chair
9.	**Growth Company – Corporate Governance**	Business Board	27th July 2020	**Decision**	To review the proposed corporate governance arrangements for the new Growth Company and ask members to endorse this.	Alan Downton, Senior Interim Programme Manager, Business & Skills	Chair
10.	**Market Towns Programme Update**	Business Board			To provide members with an update on progress made with the Market Town Masterplans Programme.	*Domenico Cirillo, Business Programme Manager*	Chair
11.	**Business Board Communications Update**	Business Board			To update members on Business Board related communications and PR activity.	*Emily Martin, Head of Communications*	Chair
12.	**Forward Plan**	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 15th September 2020							
	REPORT TITLE	**DECISION MAKER**	**DECISION EXPECTED**	**DECISION**	**PURPOSE**	**REPORT AUTHOR**	**LEAD MEMBER**
1.	**Minutes of the Meeting Held on 27th July 2020**	Business Board	15th September 2020	**Decision**	To approve the minutes of the last meeting as a correct record.	*Monitoring Officer for Combined Authority*	Chair
2.	**Combined Authority Update – September 2020**	Business Board			To provide members with an update on overall issues concerning the Combined Authority.	*Domenico Cirillo, Business Programmes Manager*	Mayor
3.	**Update on the Business Board's Activities in Relation to the Impact of Covid-19 on Businesses**	Business Board			To update members on activity in support of Covid-19 economic recovery for Cambridgeshire & Peterborough.	*John T Hill, Director Business & Skills*	Chair
4.	**Covid-19 Evidence & Insight Report**	Business Board			To update members on evidence-based insight to support the delivery of the Economic Recovery Strategy.	*John T Hill, Director Business & Skills*	Chair
5.	**Covid-19 Economic Recovery Strategy**	Combined Authority Board	30th September 2020	**Decision**	To review and recommend the Combined Authority Board approve the Economic Recovery Strategy for Cambridgeshire & Peterborough.	*John T Hill, Director Business & Skills*	Chair
6.	**Local Growth Fund Programme Management Review – September 2020**	Combined Authority Board	30th September 2020	**Decision**	To monitor and review programme performance and risks.	*Steve Clarke, Strategic Funds Manager*	Chair

7.	**Growth Deal Project Proposals September 2020**	Combined Authority Board	30th September 2020	**Decision**	To review and approve the project proposals and make recommendations to the Combined Authority Board for individual project funding.	*Steve Clarke, Strategic Funds Manager*	Chair
8.	**Business Board Finance Update**	Business Board			To provide an update and overview of MTFP funding lines.	*Vanessa Ainsworth, Finance Manager*	Chair
9.	**Local Enterprise Partnership Partnering Strategy – 2020 Update**	Combined Authority Board	30th September 2020	**Decision**	To approve the Local Enterprise Partnership Partnering Strategy.	*John T Hill, Director, Business & Skills*	Chair
10.	**Coterminous and Strategic Partnership Agreements Update**	Combined Authority Board	30th September 2020	**Decision**	To approve Memorandums of Understanding with the remaining seven neighbouring Local Enterprise Partnerships.	*John T Hill, Director, Business & Skills*	Chair
11.	**Growth Service – Full Business Case**	Combined Authority Board	30th September 2020	**Decision**	To approve the Full Business Case for mobilisation of the Growth Service.	*John T Hill, Director Business & Skills*	Chair
12.	**Business Board Governance Review Recommendations Update**	Business Board			To update members on the recommendations implemented following the governance review.	*Rochelle White, Deputy Monitoring Officer*	Chair
13.	**Forward Plan**	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 10th November 2020							
	REPORT TITLE	**DECISION MAKER**	**DECISION EXPECTED**	**DECISION**	**PURPOSE**	**REPORT AUTHOR**	**LEAD MEMBER**
1.	**Minutes of the Meeting Held on 15th September 2020**	Business Board			To approve the minutes of the last meeting as a correct record.	*Monitoring Officer for Combined Authority*	Chair
2.	**Business Board Finance Update**	Business Board			To provide an update and overview of MTFP funding lines.	*Vanessa Ainsworth, Finance Manager*	Chair
3.	**Local Growth Fund Programme Management Review – November 2020**	Combined Authority Board	25th November 2020	**Decision**	To monitor and review programme performance and risks.	*Steve Clarke, Strategic Funds Manager*	Chair
4.	**Forward Plan**	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 12th January 2021							
	REPORT TITLE	**DECISION MAKER**	**DECISION EXPECTED**	**DECISION**	**PURPOSE**	**REPORT AUTHOR**	**LEAD MEMBER**
1.	**Minutes of the Meeting Held on 10th November 2020**	Business Board			To approve the minutes of the last meeting as a correct record.	*Monitoring Officer for Combined Authority*	Chair
2.	**Business Board Finance Update**	Business Board			To provide an update and overview of MTFP funding lines.	*Vanessa Ainsworth, Finance Manager*	Chair

3.	**Local Growth Fund Programme Management Review – January 2021**	Combined Authority Board	27th January 2021	**Decision**	To monitor and review programme performance and risks.	*Steve Clarke, Strategic Funds Manager*	Chair
4.	**Forward Plan**	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 16th March 2021							
	REPORT TITLE	**DECISION MAKER**	**DECISION EXPECTED**	**DECISION**	**PURPOSE**	**REPORT AUTHOR**	**LEAD MEMBER**
1.	**Minutes of the Meeting Held on 12th January 2021**	Business Board			To approve the minutes of the last meeting as a correct record.	*Monitoring Officer for Combined Authority*	Chair
2.	**Business Board Finance Update**	Business Board			To provide an update and overview of MTFP funding lines.	*Vanessa Ainsworth, Finance Manager*	Chair
3.	**Local Growth Fund Programme Management Review – March 2021**	Combined Authority Board	31st March 2021	**Decision**	To monitor and review programme performance and risks.	*Steve Clarke, Strategic Funds Manager*	Chair
4.	**Forward Plan**	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

Business Board Meeting – 12th May 2021							
	REPORT TITLE	**DECISION MAKER**	**DECISION EXPECTED**	**DECISION**	**PURPOSE**	**REPORT AUTHOR**	**LEAD MEMBER**
1.	**Minutes of the Meeting Held on 16th March 2021**	Business Board			To approve the minutes of the last meeting as a correct record.	*Monitoring Officer for Combined Authority*	Chair
2.	**Business Board Finance Update**	Business Board			To provide an update and overview of MTFP funding lines.	*Vanessa Ainsworth, Finance Manager*	Chair
3.	**Local Growth Fund Programme Management Review – May 2021**	Combined Authority Board	26th May 2021	**Decision**	To monitor and review programme performance and risks.	*Steve Clarke, Strategic Funds Manager*	Chair
4.	**Forward Plan**	Business Board			To note the Forward Plan.	*Monitoring Officer for Combined Authority*	Chair

SUBMIT YOUR COMMENTS OR QUERIES TO BUSINESS BOARD

Your comment or query:
How can we contact you with a response? (please include a telephone number, postal and/or e-mail address) Name ……………………………………………………………………… Address ……………………………………………………………………… ……………………………………………………………………… Tel: …………………………………………………………................... Email: ………………………………………………………………………

Who would you like to respond?