



Business Board: Minutes

Date: 16th March 2021

Time: 2:30pm – 4:40pm

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

208 Apologies for Absence and Declarations of Interest

There were no apologies for absence.

Andy Neely declared a non-statutory disclosable interest in relation to 'Local Growth Fund Programme Management Review – March 2021' (agenda item 2.2), due to his involvement with Cambridge Innovation Park West, a recipient of Local Growth Fund funding. The Deputy Monitoring Officer confirmed that he would not be required to leave the meeting for the duration of the item.

Austen Adams declared a non-statutory disclosable interest in relation to 'Local Growth Fund Programme Management Review – March 2021' (agenda item 2.2), as an employee of Stainless Metalcraft, a recipient of Local Growth Fund funding. The Deputy Monitoring Officer confirmed that he would not be required to leave the meeting for the duration of the item.

Andy Neely declared a non-statutory disclosable interest in relation to 'Business Growth Service' (agenda item 2.3), due to his involvement with Cambridge&. The Deputy Monitoring Officer confirmed that he would not be required to leave the meeting for the duration of the item.

The Business Board noted the presence of the Section 73 Officer.

209 Minutes of the Meeting Held on 12th January 2021

The minutes of the meeting held on 12th January 2021 were approved as a correct record.

210 Budget and Performance Report

The Business Board received an update and overview of the revenue funding lines within the Business and Skills directorate which included figures to 31st January 2021. The Finance Manager informed Members that although a forecast of the outturn for the

Peer Networks Programme had previously been reduced to £89k from the initial £210k that had been budgeted for and agreed by the Department for Business, Energy and Industrial Strategy (BEIS), the contractor had been able to deliver a higher number of cohorts than anticipated and therefore the expected outturn had risen again to around £115k. It was confirmed that as funding would be received upon completion of the programme, there would be no requirement to return any unspent funds to BEIS.

While discussing the report, the Business Board sought clarification over future funding levels following the full allocation of growth funds. Noting that the Business Board would continue to monitor growth fund projects for a few years, with the projects continuing to provide income and funds to be recycled, the Finance Manager acknowledged that the Board would have fewer funds at its disposal in future years. She undertook to provide Members with an extract of the Medium-Term Financial Plan, which included figures for the next four years, while also agreeing to provide figures for the year-end and subsequent year in future Budget and Performance reports. **Action required**

The Director of Business and Skills confirmed that all the Local Growth Funds, totalling £152m, had been allocated, with the current likelihood of being able to recycle around £2m, while there would also be a few hundred thousand pounds available from Enterprise Zone receipts each year. Although the Levelling Up Fund (LUF) and Community Renewal Fund (CRF) would both offer significant opportunities for the Business Board, it was clarified that local authorities would bid for the funds and allocate them, which meant that the Board would be focused on influencing spending rather than deciding it. He confirmed that the Business Board's £500k operating costs were provided by the Ministry of Housing, Communities and Local Government (MHCLG) and had already been secured until 31st March 2022, with a Local Enterprise Partnership (LEP) review being carried out until June 2021.

It was resolved unanimously to:

Note the update and financial position relating to the revenue and capital funding lines within the Business & Skills Directorate.

211 Local Growth Fund Programme Management Review – March 2021

The Business Board received an update on the Local Growth Fund's (LGF) programme performance to 15th February 2021, in which it was confirmed that the programme had been fully awarded to a portfolio of 51 projects, all of which were now under contractual agreement. It was highlighted that in order to ensure that spending on eight LGF projects could continue beyond the 31st March 2021 deadline, as well as a number of other projects receiving funding through different streams, the Cambridgeshire and Peterborough Combined Authority (CPCA) would use its funding flexibilities in line with guidance from the Cities and Local Growth Unit. Attention was drawn to a static version of a proposed new dashboard at Appendix 4 to the report, which would shortly be published as a live document on the CPCA's website with interactive maps detailing where LGF investment had been made and where the impacts were being felt.

The number of businesses that had fully claimed grants allocated through the COVID Capital Grant scheme had risen to 112 out of 132 since the report had been published, with £707k of a total £5.5m still to be distributed. The Business Growth Service (BGS)

had commenced delivery of a £2m tranche of funding, with 27 candidates being processed for allocations, leading to potentially 500 new jobs. The remaining grant funding to be distributed through the Eastern Agri-Tech Growth Initiative had also reduced from £996k to under £500k since the report had been published. While considering the report, the Business Board paid tribute to officers for allocating and distributing all the available resources in the various funding pots.

It was resolved unanimously to:

- a) Note the funding position and forecast for Local Growth Fund Programme including the projects completed and in delivery; and
- b) Recommend all the programme updates outlined in this paper to the Combined Authority Board.

212 Business Growth Service

The Business Board received a report which detailed the use of the Business Board's Urgency Procedure and a Mayoral Decision Notice for an LGF project change request and to proceed with the contract for the Business Growth Service (BGS). The report also invited the Business Board to consider asking the Combined Authority Board to raise the BGS's maximum grant limit from £150k to £500k as an exception for one application. Attention was drawn to the omission of a £1.5m cost following approval of the BGS's Full Business Case, with details on the omission and how it had been resolved laid out in section 2.3 of the report. Members were assured that an analysis of the process would be carried out to ensure similar omissions and errors would not occur in the future.

Noting that a Non-Disclosure Agreement (NDA) currently prevented the Business Board from accessing more detailed information behind the request that had been submitted by an inward investment business to raise the BGS maximum grant limit, the Senior Interim Programme Manager highlighted it as an opportunity to support a new manufacturing operation that would create high value jobs in the Peterborough area.

While discussing the report, the Business Board:

- Acknowledged the attractiveness of the proposition, given that the initial cost of £3.5k per job, subsequently dropping to around £1k per job, was significantly lower than the threshold requirement of £6k per job.
- Clarified that a potential increase to the maximum grant limit was only being proposed in order to then be able to consider such an investment, with a decision on whether to actually invest in the business in question to be made following a full due diligence process and development of a Full Business Case. Such an Agreement in Principle would allow the business to proceed with this development.
- Expressed concern about raising the maximum grant limit for a project of which they had little information. The Director of Business and Skills acknowledged the concerns and confirmed that investment would be refused on the basis of the information currently available, and that any final decision would be subject to all the

required information and plans being submitted, including full disclosure of all other funding for the project.

- Questioned why the availability of an additional £350k in grant funding would be a sufficient variable to decide the location of a project that was seeking a significantly higher total level of funding from various alternative sources, arguing that there would be further reasons for the business moving to Peterborough that were unrelated to the Business Board's funding provision.
- Sought clarification on the possibility of clawing back funds if the business did not create the number or type of jobs that it was suggesting. The Director of Business and Skills confirmed that the grant would be conditional and that it would include clawback options.
- Argued that increasing the limit for one application would set a precedent and lead to further requests above the £150k limit. The Director of Business and Skills emphasised that the BGS had been designed to be a service for indigenous scaleups and as such would not look to repeat the process, although he acknowledged that any subsequent request would be considered on its own merit and also treated as an exception.
- Expressed concern that the applicant could potentially only be seeking agreement for a higher level of funding in order to leverage an even higher amount from an alternative source, and it was confirmed that an agreement to raise the maximum limit would not necessarily mean that the business would accept the offer.
- Considered whether the fact that a three-fold increase to the maximum grant limit was already being considered with the first application was an indication that the initial limit had been set too low and should be reviewed. The Director of Business and Skills noted that the BGS had been intended for indigenous startup companies, for which £150k was an appropriate maximum level, although it was argued that this demonstrated that the grant was not intended to provide funding to such a business, and by raising the limit, only one business would receive funding instead of at least three. It was confirmed that a permanent increase to the limit would require an amendment to the Full Business Case, which would have broader implications and would also require approval by the Combined Authority Board.
- Agreed to consider reviewing the £150k maximum grant limit following a presentation from Gateley's, the BGS contractor, at the Business Board update meeting on 14th April 2021, noting that it would be helpful to understand the number and size of projects currently being considered, as well as the overall strategy, goals and processes, before deciding whether a review would be necessary. **Action required**
- Agreed that Aamir Khalid, Al Kingsley, Jason Mellad and Nitin Patel would form a working group and sign the relevant NDAs in order to work with officers and Gateley's to assess the investment decision in greater detail. **Action required**

The Chair, seconded by Tina Barsby, moved the following amendment to recommendation (a) (addition in bold):

Recommend the Combined Authority Board approve **in principle** raising the maximum grant limit from £150,000 to £500,000 on the Business Growth Service Capital Grant scheme, for the applicant as set out in the exempt Appendix 4, **subject to the investment of that company being approved by the Business Board**

On being put to the vote, the amendment was carried by majority.

It was resolved unanimously to:

- a) Recommend the Combined Authority Board approve in principle raising the maximum grant limit from £150,000 to £500,000 on the Business Growth Service Capital Grant scheme, for the applicant as set out in the exempt Appendix 4, subject to the investment of that company being approved by the Business Board;
- b) Note the Business Board Urgency Procedure Decision;
- c) Note the Mayoral Decision Notice; and
- d) Note the Business Growth Service contractual and financial position.

213 Local Economic Recovery Strategy - Updated Refresh

The Business Board received a report containing the third version of the Local Economic Recovery Strategy (LERS) following updates to reflect emerging impacts of Covid-19, feedback from local authorities and business organisations, and consideration of the recently published recommendations from the Climate Change Commission. Inequalities had increased across the area during the second lockdown, particularly in Fenland and Peterborough, and there had been a spike in use of the furlough scheme. However, despite there being an increase in unemployment, this had occurred to a lesser extent than had been anticipated, with the impacts most felt by young people and women in service sector jobs or industries that were most affected by the lockdown restrictions. While some sectors had suffered extensively, such as the hospitality and recreation sectors, a slight general improvement in the financial situation of businesses had been identified.

The Metro Dynamics Director informed members that the response phase, which was largely coordinated by the government and local authorities, had lasted longer than had been expected, which was reflected in the updated LERS with the inclusion of more immediate response actions. Greater emphasis had been placed on the importance of the region's contribution to the national recovery in this ongoing phase of recovery, as well as the reopening phase and longer-term regrowth phase. The document had also been amended to reflect previous interventions and actions that had now been carried out. It was still not possible to differentiate between the specific impacts of Covid-19 and the UK's withdrawal from the EU, although such distinctions would be increasingly identifiable over the next few months.

While discussing the report, the Business Board:

- Welcomed the slight general improvements in the financial situation of businesses that had been identified and considered what had driven them. It was suggested that due to the current lockdown being less restrictive on businesses than the first one, many businesses had been able to reopen and stay open, which in turn produced a sense of stability that led to optimism and people reporting an improvement. It was also argued that the trade deal between the UK and the EU had provided clarity and certainty, notwithstanding the significant drop in trade.
- Expressed concern that the Business Board would not have significant financial resources at its disposal, given the extent of economic recovery that was required and suggested that representations needed to be made to the government to request additional funding. The Director of Business and Skills acknowledged the concern and suggested that it would be beneficial to approach the Treasury. He also emphasised the importance of the Business Board's engagement in the process of selecting candidate bids for the CRF and LUF, noting that Peterborough and Fenland, which were two priority areas that would be receiving funding through the LUF, had requested the Business Board to fulfil a coordinating role. He encouraged the Board to take advantage of the opportunity to demonstrate how it could add value to the process, particularly given that the recent budget had included relatively small funding streams, which could be interpreted as a demonstration of continuing uncertainty over the government's longer-term approach to the economy and industry. It was agreed to complete the development of a strategy for engaging the government and other stakeholders. **Action required**
- Acknowledged the benefits of the Business Board being aligned to a mayoral combined authority on the process and speed of decision-making, while also maintaining political independence through the Chairman.

It was resolved unanimously to:

Recommend the Combined Authority Board approve the updated version of the Local Economic Recovery Strategy (LERS) for Cambridgeshire & Peterborough.

214 Resolution of Local Enterprise Partnership Overlaps

The Business Board received a report detailing Strategic Partnership Agreements (SPAs) with the two remaining neighbouring LEPS (Hertfordshire LEP and Greater Lincolnshire LEP), following SPAs that were agreed with New Anglia LEP and South East LEP in 2019. It was noted that the proposed agreements were simpler than the previous two agreements due to the fact that LGF funding had now been fully allocated, and that they would resolve delivery overlaps while making the LEP boundary coterminous with the CPCA boundary. It was confirmed that Hertfordshire LEP and Greater Lincolnshire LEP both supported the agreements.

It was resolved unanimously to:

Recommend that the Combined Authority:

- a) Note and approve the revised geographical LEP boundary and resolution of delivery overlaps with neighbouring LEPs; and
- b) Approve the Strategic Partnership Agreements (SPAs) with remaining two neighbouring LEPs.

215 Culture and Tourism

The Business Board received a report which detailed an amendment to the CPCA's constitution that had been proposed by the Housing and Communities Committee, which would remove the culture and tourism functions from the remit of the Housing and Communities Committee's terms of reference, while leaving them to form part of the remit of the Business Board to help determine local economic priorities and lead economic growth and job creation within the local area. Noting that tourism and culture were not a specific focus of the Business Board, the Deputy Monitoring Officer clarified that although the Board had been asked to comment on the proposed amendment, the responsibilities for tourism and culture would remain with the Combined Authority. The amendment would be considered as part of the next constitutional review in the summer, along with any comments from the Business Board that were submitted.

While discussing the report, the Business Board confirmed that the amendment would not require the Board to change any of its measures used to determine success of investment in projects. The Deputy Monitoring Officer informed members that it was a discretionary function established by statute that the Business Board (or any other LEP) would not be able to take on, given that it was not a public authority.

It was resolved unanimously to:

To provide no comment on the amendment proposed in relation to culture and tourism as recommended by the Housing and Communities Committee.

216 Business Board Co-opted Memberships

The Business Board received a report which recommended the appointment of Mike Herd and Dr Andy Williams as non-voting co-opted members of the Board, with an initial term of one year. The Business Programmes and Business Board Manager suggested that the appointments could help resolve the ongoing issue of the Business Board's representation on the Greater Cambridge Partnership's Executive Board.

While discussing the appointments, the Business Board:

- Clarified that there were different recruitment processes for private members of the Business Board and co-opted members.

- Established that having been considered for the role of Chairman of the Growth Company, Mike Herd had been asked to join the Business Board due to his extensive experience with businesses.

It was resolved unanimously to:

Appoint Mike Herd and Dr Andy Williams as non-voting co-opted members of the Business Board.

217 Business and Market Engagement Update

The Business Board received a report which provided an update on business and market engagement activities across the Business and Skills directorate. Attention was drawn to the communications strategy, attached as an appendix to the report, and members were informed that the Business Board's social media channels were now running. Noting that Board members had contributed to the development of the strategy, the Business and Market Engagement Officer encouraged all members to propose content ideas to be used for publicity purposes.

While discussing the report, the Business Board:

- Welcomed the communications strategy, as well as the increased social media presence and publicity that was under development.
- Argued that the Business Board should be more engaged and aligned with the Climate Change Commission's work given the significant impact that it would have on businesses across Cambridgeshire and Peterborough. There would be worrying implications for the agricultural community resulting from the rewetting of peatlands and it was suggested that the Business Board's participation in the discussion would help in the reshaping of the region's economy and ecology. The Director of Business and Skills noted that the Commission's recommendations had been incorporated into the LERS and suggested that they should be a central feature of any new local regrowth strategy requested by the government following the abolition of the Industrial Strategy Council. Noting that energy transition would require many businesses to transform, while also leading to the growth of new ones, he undertook to discuss with the Commission a role for the Business Board in assessing the business and growth opportunities for energy transition in the region. **Action required**

It was resolved unanimously to:

- a) Note the update on recent Business and Market Engagement activity;
- b) Endorse the Business Board Communications Strategy to be implemented by the Business and Market Engagement Officer and Combined Authority Communications Team to raise the profile of the Business Board; and
- c) Note the forward plan of communications activity for the Business Board.

218 Business Board Headlines for Combined Authority Board

The Business Board noted the headlines that the Chairman would convey at the Combined Authority Board on 24th March 2021.

219 Business Board Forward Plan

Noting that it was the final Business Board meeting before the Cambridgeshire and Peterborough mayoral elections, Mayor Palmer paid tribute to the work carried out by the Business Board since it had been formed in 20218, while also thanking the Chair and officers for their support.

Confirming that the next meeting would be held on 12th May 2021, the Business Board noted its Forward Plan.

Chair
12th May 2021