

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.