



# **THE BUSINESS BOARD**

## **BUSINESS BOARD**

**Date: Tuesday, 15 September 2020**

**Democratic Services**

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

**14:30 PM**

72 Market Street  
Ely  
Cambridgeshire  
CB7 4LS

## **Virtual Meeting**

### **AGENDA**

#### **PRIVATE MEETING**

##### **Part 1- Governance**

**1.1 Apologies for Absence & Declarations of Interest**

**1.2 Minutes of the Meeting Held on 27th July 2020**

**5 - 20**

##### **Part 2 - Funding and Growth Fund**

<b>2.1</b>	<b>Business Board Finance Update</b>	<b>21 - 30</b>
<b>2.2</b>	<b>Local Growth Fund Programme Management Review - September 2020</b>	<b>31 - 54</b>
<b>2.3</b>	<b>Local Growth Fund Project Proposals - September 2020</b>	<b>55 - 60</b>
 <b>Part 3 - Strategy and Policy</b>		
<b>3.1</b>	<b>Covid-19 Evidence &amp; Insight Report</b>	<b>61 - 122</b>
<b>3.2</b>	<b>Covid-19 Local Economic Recovery Strategy</b>	<b>123 - 192</b>
<b>3.3</b>	<b>Business Growth Service - Full Business Case</b>	<b>193 - 366</b>
<b>3.4</b>	<b>Governance Review Update</b>	<b>367 - 386</b>
<b>3.5</b>	<b>Nomination to the Greater Cambridge Partnership Executive Board</b>	<b>387 - 398</b>
 <b>Part 4 - Future Meetings</b>		
<b>4.1</b>	<b>Business Board Headlines for Combined Authority Board</b>	
<b>4.2</b>	<b>Business Board Forward Plan</b>	<b>399 - 406</b>

*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

### Public Sector Members

Name	Position	Body
James Palmer  <b>Substitute</b> Cllr Anna Bailey	Mayor	Cambridgeshire and Peterborough Combined Authority
Cllr John Holdich  <b>Substitute</b> Councillor Wayne Fitzgerald	Deputy Mayor and Portfolio Holder for Economic Growth	Cambridgeshire and Peterborough Combined Authority

### Private Sector Members

Member	Sector	Organisation
Austen Adams	Advanced Manufacturing	Stainless Metalcraft/Peter Brotherhood
Tina Barsby	Agri-tech	NIAB
Mark Dorsett	Advanced Manufacturing	Perkins Engines/Caterpillar UK
William Haire	Agri-tech	East of England Agricultural Society
Aamir Khalid	Advanced Manufacturing and Skills	The Welding Institute (TWI)
Andy Neely	Education	University of Cambridge

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](mailto:dawn.cave@cambridgeshire.gov.uk).







**Agenda Item No: 1.2**  
**CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY**  
**BUSINESS BOARD: VIRTUAL MEETING MINUTES**

**Date:** Monday, 27<sup>th</sup> July 2020

**Time:** 2.35pm – 4.55pm

**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

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

**151. APOLOGIES AND DECLARATIONS OF INTEREST**

The Chairman welcomed everyone to the Business Board meeting.

Apologies were received from Rebecca Stephens; Mark Dorsett and Kelly Swingler had advised that they would be late joining the meeting.

Councillor John Holdich declared a non-pecuniary interest in the University of Peterborough item (Minute 159).

Andy Neely declared an interest in the Growth Company item (Minute 160), advising that he was involved with one of consortia considering bidding for that contract, but the consortia was not currently looking to put forward a bid, so he was not conflicted at this point in time.

**152. MINUTES OF THE MEETINGS HELD ON 26<sup>TH</sup> MAY AND 9<sup>TH</sup> JULY 2020**

The minutes of the Business Board meetings held on 26<sup>th</sup> May and 9<sup>th</sup> July 2020 were agreed as correct records of those meetings.

Members noted the Action Log, and a number of updates since the previous Business Board meetings:

Minute 146 - The interviews for the Business & Market Engagement Officer role for the Business & Skills team had been held and the position offered, but unfortunately the candidate declined. Given this role was critical, the recruitment process would be expedited using an agency, and the details would be circulated to Business Board Members.

Minute 150 – The list of LGF applicants and projects was being finalised and would be circulated shortly.

Minutes 136 (132) – With regard to stakeholder mapping, it was noted that Business Board Members had been contacted and asked to provide their top ten contacts for the contact database. Members were requested to do this by the second week in August.

### **153. COMBINED AUTHORITY UPDATE**

The Business Board considered a report on key headlines from the Combined Authority Board meeting held on 3<sup>rd</sup> June 2020.

It was usual for Members to consider a number of presentations on key projects under this item, but it was proposed that due to time constraints on the Business Board meetings, these would be presented via the Update meetings in future.

At the June Combined Authority Board meeting, the Market Town programme and Combined Authority Retraining Scheme had been approved. In addition, the Combined Authority Board approved the Active Travel Emergency Funding for Cambridgeshire and Peterborough as part of Covid-19 Recovery Programme.

Robert Jones of the Transport Programme Delivery Team gave a presentation on the development of Soham railway station. The original station building had been accidentally blown up in 1944, and the station was closed in 1965 as a result of the Beeching cuts.

Board Members noted the work that had been carried out to date, and that the detailed design work had commenced. Work on site was due to commence in September 2020, with the main track works starting in 2021. The station was due to open in May 2022, but the team was working with the contractor towards a December 2021 opening, but this revised date had not yet been formalised. The line was on the original Ely to Newmarket Line, which was on the direct line between Ipswich and Ely.

Nick Sweeney from the Housing Directorate gave a presentation on the £170M Affordable Housing Programme, which comprised £70M allocated to Cambridge City, £60M grant funding across the rest of Combined Authority area, and a £40M revolving fund. Board Members noted the numbers of completed units, starts on site and planned units. The £40M revolving fund was not distributed as grant, but used to support initiatives that provide housing, mainly as loans i.e. it was repaid and could be recycled, achieving savings that could translate as additional units. The Housing Directorate was also working through joint ventures, working with constituent authorities and other bodies such as Evera, who were redeveloping RAF Upwood for 485 units over two phases.

In addition to the Affordable Housing Programme, there was a community led housing team focused on supporting Community Land Trusts, currently focused on the £100K homes project. Nick explained how tenants benefited from a proportionate share of any increase in equity during their tenancies.

A Member queried the work underpinning the one bedroom homes for £100K, and why these were seen as more desirable in a growth area. It was confirmed that these were aimed at first time buyers, as it enabled them to get on the housing ladder instead of renting, especially as the comparable rent in south of the county was significantly higher than the mortgage on a £100K property.

A Member asked whether the pandemic was affecting progress and the supply chain in terms of construction. Officers advised that the industry more or less shut down for several months, and a proposal was going to the Combined Authority Board to grant

extensions to loans to developers, whose project cashflows had been seriously affected. In terms of the wider supply chains, officers had heard anecdotally of shortages of plaster and other raw materials.

It was noted that “funded units” with respect to the Revolving Grant related to the number of affordable units.

It was unanimously resolved to:

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

#### **154. UPDATE ON THE BUSINESS BOARD ACTIVITIES IN RELATION TO THE IMPACT OF COVID-19 ON BUSINESSES**

Members considered an update on the Business Board response to Covid-19.

Members were reminded that at the May Business Board meeting, they had considered the tactical responses being made to target support to businesses impacted by the lockdown effects of the Covid-19 pandemic, including the Mayoral Combined Authority M9 discussions with MHCLG, the Combined Authority’s response, and also the new Business Board grant and loans provision and the Covid-19 Capital Grants Scheme. Moving forward, resources were focused on ‘restart, recovery, rebound and renew’. A first draft of initial ideas had been created for the Recovery Strategy, based on a broad range of ideas and evidence bases. It was noted that a separate report on the OxCam groups of LEPs would be presented to a future meeting.

The Business Board had approved expenditure of £189K at their May meeting for additional econometric research and development of an evidence base, building on an initial evidence gathering exercise carried out by Hatch Regeneris. There had been some criticism of this initial work, suggesting that it had not been sufficiently evidence based, and it was therefore proposed that the further piece of work was evidence heavy but recommendation light, leaving the recommendations for the Business Board and businesses.

It was recommended that this new and emerging evidence and initial ideas were discussed and developed by a sub-group of Business Board Members through two half day workshops during August 2020, so that a broad cross-section of Members could provide specific input in to the Strategy at an early stage

The Chairman was pleased that a more detailed evidence based report had been commissioned, and observed that it required careful management as different

stakeholders would be pulling in different directions, so the Business Board steer would be essential.

One Member commented that much hinged on the additional work that had been commissioned, and asked officers if they were confident that timescales were sufficient to enable the Strategy to be completed and delivered, noting the proposal for the Business Board to consider the Strategy at its September meeting. Officers acknowledged that timescales for the Economic Strategy were tight, but that it was feasible to have a first iteration in time for the September meeting. It was confirmed that the £189K funding for additional research would include future iterations until March, and a specific refresh would be presented to the March Business Board. It was noted that there was already a lot of evidence available nationally, the issue was tailoring this and obtaining the sub-sector and place evidence for Cambridgeshire and Peterborough.

Another Member commented that whilst the original recommendations in the Hatch Regeneris report may have been lacking in some respects, the evidence presented on the economy had been useful, especially the dependence on the Education sector across the region, not just the University sector but also Further Education and Language Schools. He suggested that more regular updates were required, along with an annual refresh, observing there was almost a need for real time data. Officers advised that a dashboard would be presented to Business Board Members on a monthly basis after September. The Member observed that the other interesting fact was the rate of growth: even if there was no second wave, growth in GVA was 8% pre-Covid, which gave an idea of the size of the challenge in terms of recovery.

One Member felt it was important that there should be one set of reporting across the region going forward. She also felt that it was critical to have that business voice, and have a split between the three geographic regions.

One Member noted the likely growth of unemployment in the region (an estimated increase of 50,000), and suggested a key element of the strategy would be how the Business Board can intervene and support people back into employment.

Responding to comments, officers agreed that granular business understanding was critical. They also advised that future versions of the Strategy would include an expanded range of priority sectors, to include Retail, Hospitality, Leisure, Construction, Transport and General Manufacturing supply chains. It was also confirmed that a very wide range of rebound rates were anticipated, and the Strategy would need to be adjusted to deal with these.

Austen Adams, Al Kingsley, Faye Holland, Andy Neely, Nicki Mawby, Nitin Patel and Jason Mellad indicated that they would like to participate in the Business Board Sub-Group.

It was unanimously resolved 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; and

(c) Nominate Austen Adams, Al Kingsley, Faye Holland, Andy Neely, Nicki Mawby, Nitin Patel and Jason Mellad to join the Business Board Sub-Group.

## **155. BUSINESS BOARD FINANCE 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<sup>st</sup> May 2020. Officers highlighted a number of revisions to the format of the report, as requested by Business Board Members at their May meeting, they had also reduced the duplication of information which was included within other reports. It was noted that the position had moved on significantly since the end of May, as the landscape was changing very quickly at the moment.

Arising from the report, a Member commented favourably on the much clearer presentation of information, and asked if data could be provided for the next financial year, in line with the information provided to the Skills Committee, but tailored to the Business Board's output. It was noted that having a 2-3 year scope on the numbers would show the difference between annual budgets and those longer term sources of funding which needed to last several years, such as the LEP capacity building. The Member acknowledged this point, but commented that having a forward look would be helpful. **Action required.**

An error was noted in Table 1.3 of the report: the 20/21 total spent/forecast (grand total) was incorrect, and should be around £80M, and not £18.5M. Officers agreed to correct this.

*(Mark Dorsett joined the meeting)*

It was unanimously resolved to:

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

## **156. LOCAL GROWTH FUND PROGRAMME MANAGEMENT REVIEW – JULY 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 July 2020, including grants, loans and recycled funds from loans being repaid, such as the Growing Places Loan Fund

At its Extraordinary General Meeting on 9<sup>th</sup> July, the Business Board had formally accepted the allocation of £14.6M from MHCLG, and developing the highest ranked project as the basis for this allocation. The formal announcement from MHCLG was expected shortly. The Cities and Local Growth Unit paid the Combined Authority two-thirds of the £35M payment for 2020/21 in May 2020, with the remaining funding

staggered and dependent on periodic reviews. There were currently 16 projects in delivery, with nine in contract negotiation. Four of those in contract negotiation were very close to signing off grant funding agreements shortly, whilst the others were more complex.

A change request had formally been issued to the LGF for the Wisbech Access Strategy Project, and officers felt that this was a reasonable request in terms of what could be delivered within the possible spending timeframe deadlines. This would result in £4.5M being returned to the overall fund for reallocation. In addition, there were three other LGF projects that had been withdrawn: M11 Junction 8, Cambridge Northern Fringe - Sci Tech Container Village, and Wisbech Construction Careers Hub.

In total, 21 LGF projects had been completed, and the reporting/evaluation process was noted. The fourth quarter for 2019/20 return to government had been delayed due to Covid-19, but had subsequently been submitted. Progress with the Growth Deal and Covid-19 Capital Grant scheme and Micro Business Scheme and Eastern Agri-tech were noted. In terms of monitoring and evaluation, projects continued to be monitored on a quarterly basis.

One Member asked whether officers were confident that the underspend would be allocated and spent. Officers confirmed that this was the case, and that they constantly refresh the funding available to deploy.

It was unanimously resolved 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; and
- (d) Note the summary of funding streams under management of the Board.

## **157. LOCAL GROWTH FUND PROJECT PROPOSALS**

The Business Board considered a report on applications that have been submitted for Local Growth Fund project proposals, with a view to making recommendations to the Combined Authority Board. The report also included an update on the pipeline of projects based upon the independent external assessment undertaken.

Following an initial internal assessment for suitability of the Expression of Interests received, there were three that were invited to submit Full Application Forms, which had subsequently been completed and subjected to the independent external assessment. It was noted that the Entrepreneur Advisory Panel (EAP) had held virtual meetings in June and July to review presentations made by the project applicants and question the projects on rationale, strategic fit, and clearly defined, measurable outputs. The details

of the three projects, the funds requested were noted, along with the scoring criteria and ranking of the projects.

In discussion, it was noted that the initial Expressions of Interest were officer evaluated, and could really skew the results, as a weak market case could look stronger than it was, and weaknesses only emerged when the project was appraised in greater detail. Officers agreed to review the process going forward. **Action required.**

It was unanimously resolved to:

- (a) Recommend that the Combined Authority Board approve funding for the project numbered 1, in table 2.11 in the report 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 in the report based on the project achieving the second highest scoring criteria and external evaluation recommendation; and
- (c) Recommend that the Combined Authority decline project numbered 3 in table 2.11 in the report based on the scoring criteria and this being the lowest scoring project.

## **158. EASTERN AGRITECH GROWTH INITIATIVE FUNDING REVIEW**

The Business Board received a report proposing changes to the criteria for bidders to the current Eastern Agri-tech Grant offer.

The Eastern Agri-tech Growth Initiative had been running for six and a half years, with £5.5M deployed to date, and £1.695M still to be committed. There were 18 live projects across the Business Board /New Anglia Local Enterprise Partnership (NALEP) geography, which were on track to complete to their planned schedules. NALEP had contributed another £1M to this last phase of the Initiative.

It was proposed to increase the grant intervention rate from 25% to 50%, to 'level up' the two parts of the scheme so the Growth Grant offered, and to ensure the growth grant was in line with recent COVID Grant and MICRO Business schemes. This change in criteria should ensure that the remaining funding was committed.

A Member observed that the absence of the Programme Manager, Martin Lutman, had slowed down the number of submissions. Coupled with the criteria changes, the uptake of the grant should increase following his return.

It was unanimously resolved 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; and

- (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.

## **159. UNIVERSITY OF PETERBOROUGH – FULL BUSINESS CASE – PHASE 1**

The Business Board considered the Full Business Case for the University of Peterborough, which would be presented to the Combined Authority for approval in August.

The Full Business Case covered all the relevant legal documentation and delegated authority, the legal authority to mobilise the Board, the award of the Higher Education Partner to Anglia Ruskin University (ARU), relevant Planning Permissions and submissions, procurement and selection of the main contractor for the JCT Design and Build Contract. For the Build Contract, three full tenders had recently been received from contractors. A number of meetings and workshops had been run with ARU over the last 6-7 weeks to ensure everything was adequately tested post Covid-19 in terms of student demand data, business engagement strategies, key stakeholder engagement, communication and marketing strategies.

At the invitation of the Chairman, Al Kingsley provided his perspective on the project, as he had been closely involved in the process. Al advised that there had been a lot of discussions about reducing and mitigating project risks, and understanding tolerances. The University of Peterborough would be different to the traditional University model, offering both in-house University courses as well as workplace degrees, and the need for flexibility was crucial. A lot of attention had been given to how resilient the Business Case would be if there was a significant change in the number of students looking to enrol. The model did provide flexibility in terms of courses and flexing costs, although there would always need to be a core cohort of staff. The timing of the project could be an important catalyst to the post-Covid recovery.

A Member commented that it was important to monitor this project closely, as the project was vulnerable to factors such as changes in student numbers and the level of student fees. The views of large local employers was key, and how they stay engaged in this.

One Member commented that connectivity with employers was more challenging in the Covid environment, and as one of the largest employers in the area, his company had not been particularly well connected to the project, and he was keen to work more closely with officers to play a bigger part. Officers acknowledged these comments, and advised that this was in part due to the procurement processes. Work was already ongoing to introduce ARU to existing networks and other businesses in the Peterborough area to engage fully. Degree courses would be validated in the next 3-4 months before being marketed.

In response to a Member question, it was confirmed that both undergraduate and postgraduate courses would be offered in the first phase.



The Chairman thanked Andy Neely and Al Kingsley, and also all the officers involved in the project.

It was unanimously resolved to:

Note the report

*(Andy Neely left the meeting)*

## **160. CORPORATE GOVERNANCE FOR GROWTH COMPANY**

The Business Board considered a report on the governance arrangements for the new Growth Company.

Members were reminded that in November 2019, the Combined Authority Board had 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, to manage the growth service. In response to a Member question, the relationship between Angle Holdings and the Growth Company was briefly outlined. The Full Business Case would be presented to the Skills Committee, Business Board and Combined Authority Board in September.

It was noted that once the conditions on the LGF investment were met, the Growth Company would issue 5.407M additional shares to the Combined Authority in return for the £5.407M LGF investment, and at this point, the CPCA will become the majority shareholder and would operate control directly rather than through Angle Holdings Ltd. It was confirmed that the LGF funding would go directly to the Growth Company. It was proposed that the Chairperson would be independent, and have specialist knowledge in high growth and scale up businesses, and an in-depth understanding of interventions in the business and skills arena. Executive power would sit with the Programme Management Board, and the Chairman commented that the Business Board having a voice on that body was vital. It was also noted that the by sub-contracting to the private sector to deliver services would better control risks, putting a contractual relationship on the critical path, with contractors paid by outcomes. The Chairman commented that it was important that the Business Board had a place on the Contract Management Board.

It was unanimously resolved to endorse:

- (a) The Corporate Governance Arrangements for Growth Co, as set out in section 3 of the report;
- (b) The Growth Co Business Case, as set out in Appendix 1 to the report; and
- (c) The Growth Co Business Plan, as set out in Appendix 2 to the report.

## **161. MARKET TOWNS PROGRAMME UPDATE**

The Business Board considered an update following the recent launch of the Investment Prospectus for the Combined Authority Market Towns Programme.

A masterplan for each of the eleven market towns (St Neots being the pilot town) across the region provided the opportunity to look at the unique features of each town and offer deliverables which would benefit the immediate and wider economy. The Combined Authority was providing capital investment to mobilise each town masterplan and to act as a funding catalyst to securing additional investment. A total of £10M Combined Authority capital had been allocated to support the delivery and implementation of the ten approved Market Town Masterplans. The bidding process was outlined and it was noted that all funding applications would be assessed in accordance with detailed call specifications and criteria, set against delivery and implementation of approved Masterplan priorities and actions, and interventions to support Covid-19 economic recovery. Officers thanked Al Kingsley and Faye Holland for their input into the process.

It was noted that the Combined Authority Board had agreed that £3.1M funding 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

The next round of projects was expected to come in September for approval, and Business Board members would be invited to be involved in the evaluation of those applications.

It was unanimously resolved 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.

## **162. BUSINESS BOARD COMMUNICATIONS UPDATE**

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

Business & Skills communications messaging had 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.

The Combined Authority communications team has gone through a fundamental digital transformation over recent months, which had been accelerated because of the pandemic and the need to engage directly with stakeholders, requiring much more agile and flexible working through targeted social media, videos, webinars and other digital tools.

Officers requested that Business Board members assist with publicising the Business & Market Engagement Officer vacancy, either through direct individual candidates or their wider business networks. There was the possibility of a twelve month secondment if that

was the preferred option of a suitable candidate: it was a vital role that would make a big difference.

One Member thanked the communications team for their hard work over recent months, especially given the fundamental shift in how communications were managed. She stressed the importance of being agile and flexible, especially as there was increasing fatigue with Zoom/Teams engagement. She also stressed the need for clear delineation in communications from the Mayor, the Combined Authority, Business Board and Business & Skills Directorate.

The Chairman commented positively on the quality and frequency of communications resources over the past few months, and requested an outline of communications priorities on next 4-6 weeks. **Action required.**

It was unanimously resolved to:

Note the update on recent Business Board related communication activity for June 2020.

#### **163. BUSINESS BOARD HEADLINES FOR THE COMBINED AUTHORITY**

It was noted that the Chairman would be participating in the Combined Authority Board meeting on 5<sup>th</sup> August 2020. The Business Board recommendations to the Combined Authority Board were noted.

#### **164. BUSINESS BOARD FORWARD PLAN**

Members considered the Business Board Forward Plan.

It was noted that there had been a delay with the Agri-tech Strategy due to Covid-19, as the Steering Board had not met for some time. Recent communications referred to both Covid-19 and a consequent slight change to the Terms of Reference. Officers advised that the impact of Covid-19 would be included in all sector strategies. It was noted that the delay would only be a few weeks.

It was resolved to:

Note the Forward Plan.





## **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).

<b>BUSINESS BOARD MEETING HELD ON TUESDAY 26TH MAY 2020</b>					
Minute no.	Report title	Action to be taken by	Action	Comments	Status
146.	<b>BUSINESS BOARD COMMUNICATIONS UPDATE</b>	<b>Domenico Cirillo</b>	<p>Members queried the recruitment for the Communications Team, the Deputy Chief Officer updated members that the Business &amp; Market Engagement Officer role was now being advertised and encouraged members to share this with their networks on Linked In.</p> <p><b>Action: The Business Programmes Manager agreed to further update members on the recruitment in due course.</b></p>	The Business & Market Engagement Officer role for the Business & Skills team is now in post (1 <sup>st</sup> September 2020).	<b>ACTION COMPLETE</b>

**BUSINESS BOARD EXTRAORDINARY MEETING HELD ON THURSDAY 9<sup>TH</sup> JULY 2020**

Minute no.	Report title	Action to be taken by	Action	Comments	Status
<b>150.</b>	<b>ACCELERATED 2021 LOCAL GROWTH FUNDING ALLOCATED TO CPCA BUSINESS BOARD</b>	<b>Steve Clarke</b>	<p>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.</p> <p><b>Action: The Strategic Funds Manager undertook to circulate a list to members.</b></p>	A list of all LGF projects and prospective projects and enquiries has been circulated to members.	<b>ACTION COMPLETE</b>

**BUSINESS BOARD MEETING HELD ON MONDAY 27<sup>TH</sup> JULY 2020**

Minute no.	Report title	Action to be taken by	Action	Comments	Status
<b>152 (136).</b>	<b>MINUTES OF THE MEETINGS HELD ON 26<sup>TH</sup> MAY AND 9<sup>TH</sup> JULY 2020</b>	<b>Domenico Cirillo</b>	<p>While discussing the action log, it was noted that Business Board Members had been contacted and asked to provide their top ten contacts for the Stakeholder mapping work.</p> <p><b>Action: the Business Programmes Manager undertook to ensure Members submitted their stakeholder mapping information by the second week of August.</b></p>	Stakeholder mapping contacts have been received from most Members and the responses received so far have been collated.	<b>ACTION ONGOING</b>

155.	<b>BUSINESS BOARD FINANCE UPDATE</b>	<b>Vanessa Ainsworth</b>	<p>While discussing the report, Members asked if data could be provided for the next financial year, in line with the information provided to the Skills Committee but tailored to the Business Board's output.</p> <p><b>Action: The Finance Manager undertook to include this information in future Business Board Finance Updates.</b></p>	This feedback has been included in the next Business Board Finance Update paper being brought to Business Board in September 2020.	<b>ACTION COMPLETE</b>
157.	<b>LOCAL GROWTH FUND PROJECT PROPOSALS</b>	<b>Steve Clarke</b>	<p>Members noted that the initial Expressions of Interest were officer evaluated, and could really skew the results, as a weak market case could look stronger than it was, and weaknesses only emerged when the project was appraised in greater detail.</p> <p><b>Action: The Strategic Funds Manager agreed to review the process going forward.</b></p>	A review of the process is currently underway, and a report will be brought to the Business Board in November 2020.	<b>ACTION COMPLETE</b>
162.	<b>BUSINESS BOARD COMMUNICATIONS UPDATE</b>	<b>Rebecca Quigg</b>	<p>While discussing communications from the past few months, Members requested an outline of communications priorities for the next 4-6 weeks.</p> <p><b>Action: The Communications Advisor agreed to provide</b></p>	The key priorities for communications from September – October 2020 have been sent to the Chairman and circulated to Members.	<b>ACTION COMPLETE</b>

			<b>members with a forward plan of Communications activity.</b>		
--	--	--	--	--	--



<b>BUSINESS BOARD</b>	<b>AGENDA ITEM No: 2.1</b>
<b>15 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>

## **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.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Chair of the Business Board</b>
<b>Lead Officer:</b>	<b>Vanessa Ainsworth, Finance manager</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
<p>The Business Board is recommended to:</p> <p>Note the update and financial position relating to the revenue and capital funding lines within the Business &amp; Skills Directorate.</p>	

### **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.
- 2.2. Budget and performance reporting should be seen in the round.
- 2.3. At the June 2020 Combined Authority Board Meeting, the Board approved a refreshed Medium Term Financial Plan (MTFP) and a further update in August 2020 in relation to the COVID-19 pandemic, including balanced revenue and capital budgets for 20/21. This report shows the actual expenditure to date and forecast outturn position against those budgets.

- 2.4. 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 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 31<sup>st</sup> July 2020, is set out in Table 1.1 below. 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 31<sup>st</sup> July 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.

### **4.0 BUSINESS & SKILLS CAPITAL EXPENDITURE**

- 4.1. A breakdown of the Business & Skills Directorate Capital Expenditure for the period to 31<sup>st</sup> July 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. The Peterborough University project is under the control of the Skills Committee and CA Board and is shown for information purposes only.
- 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 2021/22 BUDGETARY PROCESS**

- 5.1. At its November meeting the Combined Authority Board will be presented with a draft budget for 2021-22 and a Medium-Term Financial Plan (MTFP) to the end of 2024-25 to approve for consultation with the public and key stakeholders, including the Business Board.
- 5.2. This draft budget is the result of work in the proceeding 8 weeks between Officers and Leaders to ensure that it is fit for purpose, affordable, and enables the Combined Authority to deliver on its strategic objectives.
- 5.3. The current MTFP is presented in Appendix 2.

### **6.0 LEGAL IMPLICATIONS**

- 6.1. There are no direct legal implications

## **7.0 IMPLICATIONS FOR NATURE**

7.1 There are no implications for nature

## **8.0 OTHER SIGNIFICANT IMPLICATIONS**

8.1. There are no significant implications

## **9.0 APPENDICES**

9.1. Appendix 1 – Financial tables

9.2. Appendix 2 - 2020-2024 Business Board Medium Term Financial Plan



## Appendix 1

### Financial Tables

<b>Table 1.1 Business Board Revenue Projects</b>	<b>FY 20-21 Project Budget</b>	<b>Actual April 20</b>	<b>Actual May 20</b>	<b>Actual June 20</b>	<b>Actual July 20</b>	<b>Forecast Aug- 20</b>	<b>Forecast Sept-20</b>	<b>Forecast Oct-20</b>	<b>Forecast Nov- 20</b>	<b>Forecast Dec- 20</b>	<b>Forecast Jan- 21</b>	<b>Forecast Feb- 21</b>	<b>Forecast Mar- 21</b>	<b>FY 20/21 Total Spent / Forecast</b>	<b>FY 20/21 Balance Remaining</b>
EU Exit Funding	£ 131,500	£ -	£ -	£ 62,206	£ -	£ 22,494	£ 46,800	£ -	£ -	£ -	£ -	£ -	£ -	£ 131,500	£ -
EZ Funded Growth Company Contribution	£ 230,000	£ -	£ -	£ -	£ -	£ -	£ -	£ 230,000	£ -	£ -	£ -	£ -	£ -	£ 230,000	£ -
Growth Hub	£ 517,000	£ 10,281	£ 25,457	£ 11,875	£ 26,534	£ 57,853	£ 55,000	£ 55,000	£ 55,000	£ 55,000	£ 55,000	£ 55,000	£ 55,000	£ 517,000	£ -
Integrated Insight Evaluation Programme	£ 189,000	£ -	£ -	£ -	£ 50,000	£ -	£ 50,000	£ -	£ 50,000	£ -	£ 39,000	£ -	£ -	£ 189,000	£ -
LGF Programme Costs	£ 400,000	£ -	£ 28,760	£ 7,375	£ 8,000	£ 55,000	£ 43,000	£ 50,000	£ 42,000	£ 41,000	£ 41,500	£ 42,500	£ 40,865	£ 400,000	£ -
LIS Implementation	£ 176,300	£ -	£ -	£ 10,000	£ 14,750	£ 47,500	£ 41,000	£ 62,750	£ -	£ -	£ -	£ -	£ -	£ 176,000	£ 300
Market Towns Strategy Implementation	£ 222,900	£ -	£ 840	£ -	£ -	£ 22,060	£ 50,000	£ 50,000	£ 50,000	£ 50,000	£ -	£ -	£ -	£ 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	£ -
Peer to Peer Networks	£ 210,000	£ -	£ -	£ -	£ -	£ -	£ 25,000	£ 25,000	£ 35,000	£ 35,000	£ 30,000	£ 30,000	£ 30,000	£ 210,000	£ -
St Neots Masterplan	£ 254,100	£ 22,722	£ -	£ 17,500	£ 18,383	£ 50,000	£ 30,000	£ 50,000	£ 30,000	£ 30,000	£ 5,495	£ -	£ -	£ 254,100	£ 0
Strengthening LEP's	£ 188,000	£ 7,276	£ 21,910	£ 12,075	£ 5,400	£ 27,565	£ 23,500	£ 18,220	£ 12,000	£ 18,130	£ 18,375	£ 10,000	£ 10,000	£ 184,451	£ 3,549
Trade and Investment Programme	£ 100,000	£ -	£ -	£ -	£ 24,963	£ -	£ -	£ 50,000	£ -	£ -	£ -	£ -	£ -	£ 74,963	£ 25,037
<b>Grand Total</b>	<b>£ 2,043,300</b>	<b>£ 40,279</b>	<b>£ 76,967</b>	<b>£ 121,031</b>	<b>£ 158,030</b>	<b>£ 292,472</b>	<b>£ 394,300</b>	<b>£ 600,970</b>	<b>£ 284,000</b>	<b>£ 259,130</b>	<b>£ 199,370</b>	<b>£ 162,500</b>	<b>£ 145,865</b>	<b>£ 1,728,755</b>	<b>£ 28,886</b>

Table 1.2 Skills Committee Revenue Projects	FY 20-21 Project Budget	Actual April 20	Actual May 20	Actual June 20	Actual July 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 Devolution Grants	£ 11,645,600	£ 656,131	£ 1,027,740	£ 1,960,998	£ 782,326	£ 1,398,635	£ 1,377,028	£ 941,696	£ 756,294	£ 711,205	£ 712,539	£ 706,529	£ 614,479	£ 11,645,600	£ -
AEB Innovation Fund	£ 336,684	£ -	£ -	£ -	£ -	£ -	£ 75,000	£ -	£ 100,000	£ -	£ 150,000	£ -	£ 11,684	£ 336,684	£ -
AEB Programme Costs	£ 372,700	£ 25,000	£ 840	£ 805	£ -	£ 98,501	£ 31,036	£ 34,037	£ 39,036	£ 39,036	£ 34,030	£ 36,030	£ 34,349	£ 372,700	£ -
Apprenticeship Levy	£ 76,200	£ -	£ -	£ -	£ 1,150	£ 15,000	£ 5,000	£ 5,000	£ 15,000	£ 7,500	£ 5,050	£ 15,000	£ 7,500	£ 76,200	£ -
Careers & Enterprise Company	£ 86,200	£ 12,500	£ 3,125	£ 3,125	£ 3,125	£ 39,900	£ 10,545	£ 6,980	£ 6,980	£ 6,980	£ 3,980	£ 6,980	£ 6,980	£ 86,200	£ -
Health and Care Sector Work Academy	£ 3,235,600	£ -	£ -	£ -	£ -	£ -	£ -	£ 500,000	£ -	£ 500,000	£ -	£ 540,000	£ -	£ 1,540,000	£ 1,695,600
National Retraining Scheme	£ 65,100	£ -	£ -	£ -	£ -	£ -	£ 2,500	£ 5,000	£ 10,000	£ 10,000	£ 10,000	£ 17,600	£ 10,000	£ 65,100	£ -
Skills Advisory Panel	£ 114,000	£ -	£ -	£ -	£ 8,215	£ 25,000	£ -	£ 5,000	£ 20,435	£ 21,350	£ 5,000	£ 24,000	£ 5,000	£ 114,000	£ -
Skills Brokerage	£ 107,000	£ -	£ -	£ -	£ -	£ 9,000	£ 10,000	£ 18,750	£ 20,000	£ 15,000	£ 10,000	£ 8,000	£ 16,250	£ 107,000	£ -
Skills Strategy Implementation	£ 120,500	£ -	£ -	£ -	£ 5,280	£ 4,720	£ 20,000	£ 20,000	£ 20,000	£ 20,000	£ 20,000	£ 10,500	£ -	£ 120,500	£ -
University of Peterborough	£ 4,200	£ -	£ 3,360	£ 3,220	£ -	£ 30,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 36,580	£ 32,380
University of Peterborough - Legal Costs	£ 150,000	£ -	£ 14,031	£ 18,450	£ 63,884	£ 28,635	£ 25,000	£ -	£ -	£ -	£ -	£ -	£ -	£ 150,000	£ -
Work Readiness Programme	£ 52,800	£ -	£ -	£ -	£ 18,281	£ -	£ 34,519	£ -	£ -	£ -	£ -	£ -	£ -	£ 52,800	£ -
Grand Total	£ 16,366,584	£ 668,631	£ 1,049,096	£ 1,986,598	£ 882,261	£ 1,649,391	£ 1,590,628	£ 1,536,463	£ 987,745	£ 1,331,071	£ 950,599	£ 1,364,639	£ 706,242	£ 14,703,364	£ -

<b>Table 1.3 Business &amp; Skills Capital Projects</b>	<b>FY 20-21 Project Budget</b>	<b>Actual April 20</b>	<b>Actual May 20</b>	<b>Actual June 20</b>	<b>Actual July 20</b>	<b>Forecast Aug- 20</b>	<b>Forecast Sept-20</b>	<b>Forecast Oct-20</b>	<b>Forecast Nov- 20</b>	<b>Forecast Dec- 20</b>	<b>Forecast Jan- 21</b>	<b>Forecast Feb- 21</b>	<b>Forecast Mar- 21</b>	<b>FY 20/21 Total Spent / Forecast</b>	<b>FY 20/21 Balance Remaining</b>
COVID-19 Micro Grants	£ 500,000	£ -	£ 14,359	£ 224,850	£ 131,845	£ 128,946	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 500,000	£ -
LGF Projects	£ 67,692,933	£ 6,517,423	£ 1,695,286	£ 1,328,073	£ 2,846,204	£ 7,658,394	£ 2,785,428	£ 10,907,000	£ 7,465,000	£ 1,854,000	£ 6,512,690	£ 11,911,850	£ 6,211,585	£ 67,692,933	£ 0
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	£ 154,447	£ 175,712	£ 250,000	£ 250,000	£ 57,492	£ -	£ -	£ -	£ -	£ -	£ 1,000,000	£ 11,300,000
St Neots Masterplan	£ 2,886,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 2,886,000
<b>Grand Total</b>	<b>£ 88,878,933</b>	<b>£ 6,517,423</b>	<b>£ 1,821,994</b>	<b>£ 1,707,370</b>	<b>£ 3,153,761</b>	<b>£ 8,537,340</b>	<b>£ 3,535,428</b>	<b>£ 11,464,492</b>	<b>£ 7,965,000</b>	<b>£ 2,354,000</b>	<b>£ 7,512,690</b>	<b>£ 12,911,850</b>	<b>£ 7,211,585</b>	<b>£ 74,692,933</b>	<b>£ 14,186,000</b>





**2020-2024 Business Board Medium Term Financial Plan**

	<b>2020/21 Budget and MTFP</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Marketing and Promotion of Services	95.0	20.0	20.0	20.0
Energy Hub	822.6	-	-	-
EU Exit Funding	131.5	-	-	-
Growth Hub	246.0	246.0	246.0	246.0
Growth Hub Supplementary Award	290.0			
LEP Capacity Funding	188.0	-	-	-
LIS Implementation	176.3	200.0	200.0	200.0
Local Growth Fund Costs	480.0	480.0	480.0	480.0
Market Town Implementation of Strategies	222.9	200.0	200.0	200.0
Rural Community Energy Fund (RCEF)	2,765.7	314.4	-	-
SME Observatory	40.0	40.0	-	-
St Neots Masterplan	254.1	83.0	-	-
Trade and Investment Programme	100.0	-	-	-
EZ Funded Growth Company Contribution	230.0	279.0	418.0	-
<b>Totals</b>	<b>6,042.2</b>	<b>1,862.4</b>	<b>1,564.0</b>	<b>1,146.0</b>

Capital MTFP	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's
University of Peterborough - LGF investment	12,500.0			
CAM SPV investment	995.0			
COVID and Capital Growth Grant Scheme	5,993.3	3,000.0	3,000.0	
CRC Construction and Digital Refurbishment	2,500.0			
COVID micro-grants scheme	500.0			
Eastern Agritech Initiative	1,695.8			
Haverhill Epicentre	1,162.9			
Illumina Accelerator	1,000.0	2,000.0		
Ascendal New Technology Accelerator (Equity)	965.0			
Hauxton House Redevelopment	215.8			
NIAB - Agri-Tech Start Up Incubator	2,442.2			
NIAB - Hasse Fen	599.9			
TWI - Innovation Ecosystem	386.0			
The Growth Service Company (Equity)	5,407.0			
Photocentric	1,875.0			
March Adult Education	400.0			
AEB Innovation Fund	323.7			
Aerotron Relocation	847.5			
Cambridge Biomedical MO Building	3,000.0			
Endurance Estates	2,400.0			
Metalcraft (Advanced Manufacturing)	3,160.0			
Smart Manufacturing Association	715.0			
South Fen Business Park	997.0			
Start Codon (Equity)	3,342.3			
TTP Incubator	2,300.0			
West Cambs Innovation Park	3,000.0			
<b>Total Approved Business Board Capital Projects</b>	<b>58,723.3</b>	<b>5,000.0</b>	<b>3,000.0</b>	<b>-</b>

<b>BUSINESS BOARD</b>	<b>AGENDA ITEM No: 2.2</b>
<b>15 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>

## **LOCAL GROWTH FUND PROGRAMME MANAGEMENT REVIEW – SEPTEMBER 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. This paper provides the Board with operational updates on the LGF progress to 14 August 2020 based on the following items:
  - (a) Getting Building Fund (GBF) update and lessons learned
  - (b) 2020/21 LGF annual grant payment
  - (c) Financial update on programme spend
  - (d) Q1 2020/21 Quarterly Growth Deal return to MCHLG
  - (e) Projects currently in delivery including pre-contract plus completed projects
  - (f) Change request for Photocentric LGF project
  - (g) COVID Business Capital Grant
  - (h) Eastern Agri-Tech Growth Initiative update
  - (i) LGF Monitoring and Evaluation update
  - (j) Audit & Governance Annual Internal Audit Opinion 2019 / 2020
  - (k) Review of LGF application steps, scoring matrices and evaluation processes

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Interim Chair Business Board</b>
<b>Lead Officer:</b>	<b>John T Hill, Director Business &amp; Skills</b>
<b>Forward Plan Ref:</b> N/A	<b>Key Decision: No</b>
<p>The Business Board is invited to:</p> <ul style="list-style-type: none"> <li>a) Recommend to the Combined Authority approval of the project Change Request for the Photocentric LGF project;</li> <li>b) Recommend all the programme updates outlined in this paper to the Combined Authority Board; and</li> <li>c) Note the funding position and forecast for Local Growth Fund Projects in delivery.</li> </ul>	

## **1.0 BACKGROUND**

- 1.1 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.
- 1.2 In addition to the Local Growth Funding there is recycled funding as a result of the Growing Places Loan Fund successfully lent and repaid during the programme which has established a recyclable pot of grants and loans for projects delivering economic benefit across the region, this pot has no spend deadline.

## **2.0 GETTING BUILDING FUND LESSONS LEARNED FROM THE PROJECT CALL AND UPDATE**

- 2.1 On the 10 June MHCLG issued a letter to all Local Authorities calling for 'Shovel Ready Projects' to be submitted across the country with a deadline of 18 June 2020. The criteria for submitting the projects was clearly indicated as capital Local Growth Fund with the ability to deliver spend within 18 months an outcomes related to jobs, growth and green recovery. All projects approved would have to go through the Authorities current Local Assurance Frameworks.
- 2.2 MHCLG in writing to all Local Authorities did not make it clear that they required a co-ordinated approach to the submission of projects and as such they received projects from all the component Local Authorities in the CPCA. Subsequently the CPCA were asked by MHCLG to co-ordinate the process and to submit the final list of projects for consideration. It remained the fact that the Local Authorities maintained ownership of the projects they had submitted and the CPCA merely acted as a conduit for processing the information.

- 2.3 Local Authorities were offered support to develop the projects in line with the LGF evaluation criteria to meet the Local Assurance Framework approval process, they were encouraged to look carefully at the:
- Criteria set out in the letter
  - LGF eligibility criteria
  - LGF evaluation criteria.
- 2.4 MHCLG requested the CPCA collate the projects they had received from individual Local Authorities and rank them as per the criteria outlined and the following methodology:
- How many of the template priorities were met, and the strength of evidence provided in justifying those claims.
  - How well developed the idea was as an LGF eligible project.
  - How well it matched the Business Board Growth Investment Prospectus criteria and hence the likelihood of it being recommended for funding to the Business Board – irrespective of whether Central Government allocates funding for it or not.
  - How in particular: It aligns to the LIS, it was a LIS defined strategic priority project already; it met or got close to the benchmark cost of £5000 per job.
- 2.5 The very short timeframe with which MHCLG requested information be gathered and submitted to them created issues and has resulted in several lessons learned being accelerated and moved forwards (**Appendix A**). These include:
- An online form for all organisations to register projects that they feel meet the criteria of the Local Growth Fund and subsequent funding opportunities – widening the base for gathering the pipeline projects
  - A review of the Local Growth Fund evaluation process to focus on the quality of applications that have been drawn from a wide base of organisations

Other opportunities to better work with partners will be developed over the next few months including:

- CPCA to take a much more proactive role in working with partner authorities and to act as a co-ordinator where necessary
  - Improvements to the LGF elements on the CPCA website and general information relating to funding criteria
  - Communication across the CPCA partners when Central Government requests are made or when funding becomes available
  - Regular updates to partners on current project pipeline opportunities
  - Automated application process for projects
- 2.6 Government announced on the 4<sup>th</sup> August 2020 the confirmed allocations to all Local Enterprise Partnerships and Combined Authorities in England, Cambridgeshire & Peterborough Combined Authority (CPCA) was confirmed at £14.6million and the details of allocation for the selected project can be viewed on the .GOV website: [GBF Cambridgeshire and Peterborough.pdf](#)

The first tranche of this new funding is anticipated to be paid to the Combined Authority during September 2020.

- 2.7 The next steps for the selected project in respect of the £14.6million allocation is the Local Assurance Process with the formal application currently being written by the applicant partners with an anticipated submission date of October 2020 to the Business Board and Combined Authority.

### **3.0 2020/21 LOCAL GROWTH FUND ANNUAL GRANT PAYMENT**

- 3.1 Officers returned a Review document to MHCLG on the 14 August 2020 which outlined the projects under contract and those that remained to be contracted, see 4.2.
- 3.2 The Cities and Local Growth Unit local team have confirmed they will be reviewing this submission with release of staggered payments to Combined Authority based on projects under contract with confirmed spend by end of March 2021.
- 3.3 The Cities and Local Growth Unit has in May paid the Combined Authority two-thirds of the total annual £35million allocated for 2020/21 Local Growth Fund grant payment for this financial year
- 3.4 The remaining one third will be paid in subsequent payments to the Combined Authority in October 2020, January 2021 and beyond but only if The Cities and Local Growth Unit are confident that there is evidence of projects under contract and spend can be achieved in the timeframe until end of March 2021.

### **4.0 LOCAL GROWTH FUND PROGRAMME POSITION**

- 4.1. On 14 August 2020, the Combined Authority's Local Growth Fund programme had 16 projects including the new COVID 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
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 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
Brampton Hub - Mobility, Fuels & Logistics Launchpad	07/08/2020	31/03/2021
TTP Life Science Incubator	14/08/2020	31/03/2021
Advanced Manufacturing Innovation Launchpad - Chatteris	13/08/2020	31/03/2021
Cambridge Biomedical Campus - Multi Occupancy Building	13/08/2020	31/03/2021

- 4.2. There were 7 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 £145.85million of the £146.7million available.

Local Growth Fund Projects to Contract		
Project Name	Start Date	End Date
South Fens Enterprise Park Phase 3	TBC	31/03/2021
University of Peterborough	TBC	31/03/2021
Smart Manufacturing Association	TBC	31/03/2021
The Growth Company	TBC	31/03/2021
Ascendal New Technology Accelerator	TBC	31/03/2021
CAM Promoter Body	TBC	31/03/2021
CRC Construction Hub Refurbishment	TBC	31/03/2021

- 4.3. After the two new projects approved at last Combined Authority Board there was £853,178 LGF remaining to be allocated. There has also been notification on the 11<sup>th</sup> August 2020 from the Illumina project which is live and in delivery that they will underspend their allocation this financial year by at least £300,000 before the end of March 2021. As their programme is in 6 month cohort drawdowns for the Seed equity funding it will not be possible to hold over this £300,000 to the next cohort of their Accelerator participants into Quarter 2 2021/22. This results in a new balance of £1.153million left in the remaining Local Growth Fund pot to be allocated to projects coming through the Local Assurance process for approval.
- 4.4. A project change request has been submitted for consideration to the Business Board by Photocentric, this follows an unprecedented level of growth within the

business due to COVID-19 and several new contracts being placed with them. As part of this growth the company have reassessed their business space requirements and have identified a need for manufacturing space which is a change from the original project but is still in line with the outputs on jobs and skills created. Photocentric have identified a site and are ready to purchase the building for build out within the next 2 months. Confidential **Appendix B** outlines the change request in detail.

- 4.5. The total programme expenditure to the 14 August 2020 including completed projects is £89,229,232. This is the total actually paid out to projects and runs well behind the combined project approval/allocation figure.
- 4.6. There are 22 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 and updated at previous Business Board meetings.

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
Hauxton House Incubator Development	15/07/2019	30/06/2020

## 5.0 GROWTH DEAL MONITORING RETURN Q1 2020/21

- 5.1. The Business Board is required to submit formal monitoring returns to Government on Growth Deal performance and forecasts on a quarterly basis.
- 5.2. The return for Q1 2020/21 has been submitted by Officers on 21 August 2020 and the dashboard is attached at **Appendix C** for Business Board members to note.
- 5.3. The LGF team has however 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 BEIS colleagues to appraise the situation regarding COVID upon LGF delivery. Please note **Appendix D** LGF Project Delivery Issue Log.



5.4. 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 remain Amber or Amber/Green. There are currently no projects red-flagged as at end of Qtr 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 Access 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 Strategy	A	AG	Cambridge Northern Fringe - Sci Tech Container Village	G	N/A
TWI (The Welding Institute) Expansion	G	G	LGF Topsplice	-	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 - Chatterton	G	G
Growing Places Fund Extension	G	G	Smart Manufacturing Association	G	AG
Highways Academy	G	G	Cambridge Biomedical Campus - Multi Occupancy Building	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	-	-	-

## 5.0 COVID BUSINESS CAPITAL GRANTS PROGRAMME

5.1 The COVID Capital Grant scheme is now closed and the £5.5million all awarded through grant offers is now being drawn down by invoice evidence claims from the businesses.

5.2 The claims value paid out so far equal: £1,813,542.61

## 6.0 EASTERN AGRI-TECH GROWTH INITIATIVE UPDATE

6.1 Currently there are 70 Agritech projects that have been approved and are in delivery, 3 further applications for grant support have been received and this is in addition to the 8 previously reported to the Business Board on the 27 July 2020. Of the current applications:

- 6 have been appraised, with a total grant value of just over £281k
  - 5 are R&D project proposals and 1 is Growth/CAPEX.
- The remaining 5 applications are being appraised, total grant value of these 5 proposals is £ 245,475.
  - 3 are Growth/CAPEX projects and 2 are R&D.
- All new applicants have been informed of the change agreed at the Business Board on the 27th July in intervention rate for grants from 25% to 50% of total project costs and a formal campaign is being developed, with

support from the Communications Team in the Mayor's Office, for later this year.

Martin Lutman, Programme Manager, is arranging dates for the Agri-Tech Programme Board to consider the applications and take decisions about whether to support the applications.

## **7.0 LOCAL GROWTH FUND MONITORING AND EVALUATION UPDATE**

- 7.1 The LGF Monitoring and Evaluation plan was agreed by the Business Board at its meeting in January 2020.
- 7.2 The Monitoring of all live projects in delivery is conducted by the Local Growth Fund team on a monthly and quarterly basis.
- 7.3 Metro Dynamics have been appointed to carry out the Evaluation and Insights work for the CPCA and Metro Dynamics have sub-contracted specialists Ekosgen to support the evaluation of the Phase One completed LGF projects. The scope of the evaluation has been agreed and a timeframe for delivery agreed.
- 7.4 **Progress:**
- The Local Growth Fund Team met with appointed contractors Metro Dynamics and Ekosgen to go through the requirements of the Evaluation plan for LGF, and a project plan in place to deliver the evaluation report before November Board meeting and a presentation to the Board.
  - SharePoint site created to serve as repository for the evaluation work created
  - SharePoint site uploaded with required documents relevant to each project to help with the delivery of the evaluation work
  - Project leads/contacts sent to Ekosgen
  - The Local Growth Fund Team met with Ekosgen team for update, and weekly meetings to be set up going forward
- 7.5 No major issues raised yet but contacting completed project leads who have left the organisation may make getting required information a challenge. Update meetings with the Eksogen team are scheduled weekly.
- 7.6 **Reporting:**
- Please note **Appendix E** sets out a proposed monitoring report format to provide to the Board going forwards with RAG status for spending of the LGF project awards in relation to two key milestones: progress on spend to the deadline of 31 March 2021 plus a RAG status for actual jobs created being reported against forecast agreed at LGF award.

In addition as Eksogen and Metro Dynamics produce their evaluation reports, summaries of those will be shared with the Business Board in the LGF management updates in addition to the above. When Eksogen complete the first tranche of evaluation on all the historically awarded projects there will be a LGF whole programme phase 1 exec summary report produced and compiled for the next board meeting.

## **8.0 AUDIT OF BUSINESS BOARD COMPLIANCE WITH THE NATIONAL ASSURANCE FRAMEWORK AND GOVERNANCE - AUDIT FEEDBACK**

- 8.1 Audit and Governance Committee, Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on the entire control environment by evaluating the effectiveness in achieving the organisation's objectives.
- 8.2 This Audit report is the culmination of the work during the course of the year and seeks to provide an opinion on the adequacy of the control environment and report the incidence of any significant control failings or weaknesses.
- 8.3 For the Business Board the relevant parts of this audit report are the previous audit (see 4.4.2 at the link below) which identified that the CPCA was broadly compliant with the national framework. And (at 4.5.11 in the link below) since then, the CPCA has taken to amalgamating the LEP and CPCA framework into an overarching document. A desktop review has been undertaken as part of the audit and the previous gaps have all been addressed. The original report made 9 recommendations. The follow-up has found that all recommendations have been actioned. The overall opinion in the audit is **SUBSTANTIAL**.
- 8.4 The Audit can be found at the following location: [Internal audit report 2019-20](#)

## **9.0 REVIEW OF LGF APPLICATION PROCESSES**

- 9.1 The Officers have commenced a review of the scoring matrices used for evaluating projects at Expression of Interest (EOI), Full Application Form (FAF) and Entrepreneurs Assessment Panel (EAP) stages. This has now been broadened out to not just review the matrices but to review the steps in the whole application process to ensure robust handling of future tranches of funding.
- 9.2 The Business Board decided that it should have an input into this review and Andy Neely (vice chair) volunteered to be involved in the review of the processes which will be conducted over the coming two months.
- 9.3 The first meeting took place 18 August 2020 to outline the process and scope of the review, an outline of which will be shared with the Business board prior to review commencing see **Appendix F**. The results of the review will be implemented in new funding opportunities.

## **10.0 SIGNIFICANT IMPLICATIONS**

- 10.1 None

## **11.0 FINANCIAL IMPLICATIONS**

- 11.1 There are no direct financial implications.

## 12.0 LEGAL IMPLICATIONS

- 12.1 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.
- 12.2 The Business Board is responsible for programme direction of Growth Funds. The Combined Authority, as the Accountable Body, maintains the legal agreements with project delivery bodies.

## 13.0 IMPLICATIONS FOR NATURE

- 13.1 None

## 14.0 OTHER SIGNIFICANT IMPLICATIONS

- 14.1 None

## 15.0 APPENDICES

- 15.1 **Appendix A** – Getting Building Fund Lessons Learned
- 15.2 **Appendix B (exempt)** – Photocentric Change Request
- 15.2 **Appendix C** – Cities and Local Government (MHCLG/BEIS) Quarter 1 Return
- 15.3 **Appendix D** – LGF Project Delivery Issue Log
- 15.4 **Appendix E** – Business Board LGF Investment Monitoring Report
- 15.5 **Appendix F** – LGF Review Outline

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
Local Growth Fund Documents, Investment Prospectus, guidance and application forms	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/</a>
Eastern Agri-tech Growth initiative guidance and application forms	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/eastern-agri-tech-growth-initiative/</a>
List of funded projects and MHCLG monitoring returns	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/opportunities/</a>
Local Industrial Strategy and associated sector strategies	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/strategies/</a>
COVID Business Capital Grant Scheme	<a href="https://capitalgrantscheme.co.uk/">https://capitalgrantscheme.co.uk/</a>



# **Getting Building Fund (Accelerated 2021 Local Growth Fund) Government Call for Shovel Ready Projects Lessons learned**





## **1. Background**

This brief report sets out the process and lessons learned from the Cambridgeshire & Peterborough Combined Authority (CPCA) area projects submission in response to the Letter from the Secretary of State for Housing, Communities and Local Government (MHCLG) calling for returned submission(s) for the Getting Building Fund announcement (Accelerated 2021 Local Growth Funding).

On the 10<sup>th</sup> June 2020 MHCLG issued a letter calling for 'Shovel Ready Projects' to be submitted across the Country with a deadline of 18<sup>th</sup> June 2020.

The criteria for submitting projects was clearly indicated as Capital same as Local Growth Funding with ability to deliver spend within 18 months and outcomes related to Jobs, Growth and Green recovery in the proceeding 18 months after that spend. There was also very clear note that projects would have to comply with and go through the Local Assurance Framework in each Combined Authority and/or Local Enterprise Partnership area.

There was some confusion because MHCLG wrote to all Local Authorities in parallel to writing to the Mayor and Chair of the Business Board and they did not make it clear if they required the return to be one combined spreadsheet long list or various multiple project list responses from each area.

The CPCA Business & Skills Directorate communicated with all CPCA Local Authority Chief Executives on the 19<sup>th</sup> June in respect of setting out the criteria around the Local Growth Fund Local Assurance.

An Extraordinary Business Board meeting was held on 9<sup>th</sup> July 2020 to agree the project(s) that should be put forward to MHCLG as the basis of the allocation and delivery by January 2022.

A Mayoral Decision notice was approved by Leaders at Leaders Strategy meeting and letter written back to MHCLG accepting the allocation and proposing the main project for delivery.

On the 4<sup>th</sup> August MHCLG released news on the Gov website of the approved allocation and confirming details of the project to be funded from the allocation of the £14.6million. See webpage [here](#)

## **2. Activities that were undertaken**

The following list charts the steps we undertook within the process:

- A few of the Local Authorities informed CPCA that they had projects they wanted to put forward in response to the letter – some unfortunately too late to build into the CPCA list at its first draft and submission.





- There was a lack of guidance from MHCLG and this meant that some of the Local Authority partners were uninformed that this call/competition was for Local Growth Funding criteria in nature and therefore projects would require to be approved for funding under the existing Business Board Local Assurance Framework – requiring those projects to score sufficiently well at internal and external evaluation and Entrepreneurs Assessment Panels against the criteria set in the Business Board LGF Investment Prospectus Document.
- CPCA adopted a position, as the Accountable Body for the LGF, to coordinate but not necessarily collate and own the list – this being because the Local Authorities rightly had felt they had been empowered to respond to MHCLG individually, as a result of the letter they had received directly addressing them from the Secretary of State.
- CPCA explained to all the Local Authorities through an email to the Chief Executives that the CPCA LGF team would be very interested if any of the Local Authority partners had LGF compliant projects that they had not raised with us over the last year and were not potentially already in the LGF pipeline, but the LGF team advised if they did, before submitting them to either the CPCA or directly to MHCLG, that those Local Authorities should, if they could, assess them against the following;
  - a. **The of criteria in the Secretary of State letter and template**
  - b. **The LGF eligibility criteria** (Business Board Local Investment Prospectus)  
Which is different for each category of (a) growth projects (<£3m) or (b) major projects (>£3m) in the prospectus document
  - c. **The LGF evaluation criteria** – to meet the Business Board Local Assurance Framework through the approvals process, including independent external evaluation and the EAP Entrepreneurs Assessment Panel (a dragon's den of local businesspeople and Business Board members).
- CPCA Officers offered advice to all the Local Authorities that requested it to guide them through this assessment, not least because it would help the CPCA LGF team rank the new ideas, to add to the LGF existing pipeline as new projects – should the individual Local Authorities wish to submit through the CPCA LGF team
- CPCA LGF team already had a pipeline of projects in development from the calls for projects since the LGF Investment Prospectus was launched in July 2019 and CPCA submitted two accelerated projects, one in PCC (Uni of Peterborough R&D innovation ecosystem project) and one in CCC/GCP (CAM Innovation Body) and then also included three 'new' category projects one each in East Cambridgeshire District (Kennett Garden Village), Fenland







District (COWA Construction Hub) and Huntingdonshire District (Waste to Energy Park).

- CPCA LGF Officers ranked these submitted projects above using the following methodology:
  - a. How many of the template priorities were met, and the strength of evidence provided in justifying those claims;
  - b. How well developed the idea was as an LGF eligible project;
  - c. How well it matched the Business Board Growth Investment Prospectus criteria and hence the likelihood of it being recommended for funding to the business board – irrespective of whether HMG allocates funding for it;
  - d. How in particular: It aligns to the Local Industrial Strategy (LIS), it was a LIS defined strategic priority project already; it met or got close to the benchmark cost of £5000 per job;
- CPCA hoped that all Local Authority partners would share their list of submitted projects plus took up the offer for the guidance offered – some did share and consulted on guidance and some partners didn't share their lists until after submitting them directly to MHCLG. Subsequently CPCA Officers did manage to get complete set of all projects submitted to MHCLG for consideration.
- MHCLG Officer staff tasked CPCA LGF Officers to assess and rank all the projects that MHCLG had received from Local Authority partners even if the projects were not submitted through the CPCA main list, CPCA Officers using the criteria outline and methodology above completed the ranking exercise and returned this to MHCLG to aid their decision making process with Officials.
- MHCLG Officers then undertook further more in depth discussions with CPCA Officers and the wider project partnership for the preferred identified highest ranked project for the allocation of the award – these meetings were to dive a little deeper to understand deliverability by January 2022, management of risks and the confirmation of the outputs/outcomes for the preferred project that was being proposed.

### **3. Areas for improvement on process and communication**

Whilst this particular call for projects was done at pace and with little preparation / guidance from the Government Depts to aid CPCA and its Local Authority partners, there are improvements that could be considered as learning points for CPCA, Local Authorities and for stakeholders in preparation for any future calls:







- Communications with central Government departments on future funding needs and responses to funding opportunities should be led and facilitated by the CPCA and the Mayor
- Coordination of the direct calls for projects should be handled through one central point and CPCA is positioned to already do that with the work of the LGF team
- Project pipeline gathering should be conducted in an open and transparent way – communication on sharing potential investment opportunities and key development projects should be regular process between CPCA and its partners/stakeholders
- Sharing updates on current pipeline of potential projects from CPCA/Business Board perspective would be useful for our stakeholders but this should also be reciprocal.
- The application and Local Assurance process could be developed more into an online platform for open access and transparency – whilst the LGF processes and forms are all on the CPCA website moving to online application and processes is an option

#### **4. Conclusion and Recommendations**

The call for projects and subsequent process for this exercise could have been handled for more effectively and efficiently if the following could be introduced:

- i. Communication – more regular with stakeholders regards specific projects in the area, creating a wider funnel leading to bigger pipeline of projects and with Gov Depts about future funding and related calls
- ii. Coordination – aim to improve across all stakeholders both business and Local Authorities and this is a role that CPCA and its Business Board should be facilitating
- iii. Project pipeline building as per above with stakeholders but in parallel using more methods of engagement such as networks, events, and technology such as an online data capture form for projects
- iv. Sharing the pipeline of projects regularly with our key stakeholders and this should also be reciprocal.
- v. Use technology to mechanise the process for project development and the approval processes with an online platform that supports whole life cycle of projects









# Growth Deal Dashboard

LEP Name **Greater Cambridge and Peterborough LEP**

This Quarter: **Q1\_2021**

Deliverables Progress									
	This Quarter	15-17	17-18	18-19	Financial Year		20-21	21-22	Total
 <b>Housing</b>									
Houses Completed	0	200	200	0	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%
 <b>Jobs</b>									
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									
 <b>Skills</b>									
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%
 <b>Transport</b>									
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%
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	This Qtr Q1_2021
Whittlesey Access Phase 1 King's Dyke Crossing	A	G	The Growth Service	-
Ely Southern Bypass	G	G	NIAB - Hasse Fen Extension	G
Bourges Boulevard Phase 1	G	G	TWI - Innovation Network Ecosystem	G
Bourges Boulevard Phase 2	G	G	Illumina Accelerator Global Expansion	G
A47/A15 Junction 20	G	G	Advanced Manufacturing Facility - Living Cell	G
Wisbech Access Stacey	A	AG	Cambridge Northern Fringe - Sci Tech Container Village	N/A
TWI (The Welding Institute) Expansion	G	G	LGF Topsoil	G
Technical and Vocational Centre, Alconbury Weald	G	G	Ascendal New Technology Accelerator	AG
Agri-Tech Growth Initiative	G	G	3D Centre of Excellence	G
Cambridge Biomedical Innovation Centre	G	G	Aerotron CAPEX Relocation Project	G
Haverhill Innovation Centre	N/A	N/A	Start Codon - Healthcare & Life Science Accelerator	AG
Peterborough Regional College Food Mfg Centre	G	G	Advanced Manufacturing Innovation Launchpad - Chatteris	G
Growing Places Fund Extension	G	G	Smart Manufacturing Association	AG
Highways Academy	G	G	Cambridge Biomedical Campus - Multi Occupancy Building	AG
CITB Construction Academy	G	G	TTP Life Science Incubator	AG
EZ Plant Centre Alconbury	G	G	Wisbech Construction Careers Hub	N/A
Signpost to Grant	G	G	University of Peterborough	G
Medtech Accelerator	G	G	South Fens Enterprise Park Phase 3	AG
Lancaster Way Phase 1 Loan	G	G	Skills & Training Space Expansion	G
Lancaster way Phase 2 Loan	G	G	Brampton Hub - Mobility, Fuels & Logistics Launchpad	AG
Lancaster way Phase 2 Grant	A	AG	West Cambridge Innovation Park	AG
Manea & Whittlesea Stations	G	G	AEB Innovation Scheme	G
M11 J8	AG	N/A	-	-
Terraviva 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	-	-

Growth Deal Performance	Area lead comments
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	£15,675,346	£35,737,637	£146,708,609

LGF Outturn	This Quarter	15-17	17-18	18-19	19-20	20-21	Total
Actual	£ -	£ 37,238,889	£ 13,100,800	£ 19,297,072	£ 919,521	£ -	£ 70,556,282
Forecast for year	£ 56,155,152	£ 37,238,889	£ 19,128,160	£ 9,738,834	£ 8,746,168	£ 56,155,152	£ 131,007,203
Progress towards forecast	0%		68%	198%	11%	0%	54%

LGF Expenditure	This Quarter	15-17	17-18	18-19	19-20	20-21	Total
Actual	£ 9,502,323	£ 25,849,968	£ 13,100,800	£ 16,876,608	£ 4,722,079	£ 9,502,323	£ 70,051,777
Forecast for year	£ 72,294,841	£ 25,849,977	£ 34,251,579	£ 9,729,834	£ 4,582,378	£ 72,294,841	£ 146,708,609
Progress towards forecast	13%		38%	173%	103%	13%	48%

Non-LGF Expenditure	This Quarter	15-17	17-18	18-19	19-20	20-21	Total
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	This Quarter	15-17	17-18	18-19	19-20	20-21	Total
Actual	£ 9,502,323	£ 36,900,369	£ 35,776,932	£ 17,558,910	£ 4,722,079	£ 9,502,323	£ 104,460,612
Forecast for year	£ 125,266,790	£ 46,147,033	£ 40,879,194	£ 17,050,219	£ 22,196,905	£ 125,266,790	£ 251,540,141
Progress towards forecast	8%		+88%	+103%	+21%	+8%	42%

Contractual Commitments (manual entry)							
	15-17	17-18	18-19	19-20	20-21	Total	
Forecast	£ 36,773,893	£ 34,251,609	£ 9,729,835	£ 8,764,168	£ 57,189,104	£ 146,708,609	
Actual	£ 36,773,893	£ 34,251,609	£ 9,729,835	£ 8,764,168	£ 9,502,323	£ 99,021,828	
Variance	+0%	+0%	+0%	+0%	-83%	-33%	

**Commentary**  
All LGF funds had been allocated as of March 2020, during the first quarter of 2020/21 3 projects indicated they were unable to deliver to the timeframes due to issues relating to the COVID outbreak. As such the funds were resubmitted to the LGF pot and a number of projects that have been held in a pipeline are being progressed through the assurance framework. We anticipate that all funds will be allocated by the 2nd quarter of this financial year for outturn by March 2021.

The projects that have withdrawn are:  
LGFGCP36 - returning a value of £897,000  
LGFGCP23 - returning a value of £1,000,000  
LGFGCP46 - returning a value of £3,000,000

The Business Board are due to meet on the 27 July to agree 3 potential submissions valued at over £6million, the decision will be made following the due diligence reports and scores.

The remaining projects are being monitored for delivery outcomes and revised programmes have been requested where issues have been highlighted.

## Section 151 Officer Approved

Name	Rob Emery (Dept. S73 Officer for CPCA)
Signature	
Date:	



				Issues Log					
LGF Project Name	Risk Status	Position	Status	23/03/2020	30/03/2020	06/04/2020	13/04/2020	06/07/2020	17/08/2020
Medtech Accelerator - Health Enterprise East	GREEN		In Delivery	No issues, project is progressing well with 2 start ups launching	No issues	No issues	No issues	In Contract	In Contract
Illumina Genomics Accelerator - Illumina	GREEN	Delayed start	In Delivery	No contact from Illumina - suspect the COVID is impacting on the project	Illumina are diverted to COVID		Now looking like they will be okay to enter into contract	In Contract	In Contract
Ascend New Technology Accelerator	AMBER	Delayed start	Pre Contract	Awaiting documents	Awaiting documents		Legal Meeting taking place	Final Draft of Contracts in place awaiting meeting to agree	Final Draft of Contracts in place awaiting meeting to agree - awaiting finance sign off of new share agreement
Logistics Launchpad - Endurance Estates - Brampton	AMBER	Delayed start	In Delivery	Grant Agreement has been agreed, with Endurance for sign off, all information has been passed to finance, legal etc	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project		Ready to sign agreement	Awaiting contract from Endurance Estates	In Contract
Agri-Tech Growth Initiative - CPCA	GREEN		In Delivery	Progressing - no issues	No issues			In Contract	In Contract
Whitlsey Access Phase 1 King's Dyke Crossing	AMBER		Completed	Delayed - unsure of the progress re remaining payment - will chase Transport Team	Delays due to COVID, no issues meeting LGF deadline			Final payment being invoiced July 2020	Completed - monitoring continues
Wisbech Access Strategy	AMBER		In Delivery	Delayed - contract signed but no update on the delivery and costs - Paul Raynes was contacting CCC - need an update	Inevitable delays due to COVID, could affect any potential capital swap if proposed by BEIS as an option			Change request being presented to BB 27/07/2020	Change request approved at BB
Advanced Manufacturing Launchpad - Metacraft	AMBER	Delayed start	In Delivery	Awaiting grant agreement feedback	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project			Contract with Metacraft for final iteration	In Contract
Haxton House Incubator Development	GREEN		In Delivery	No issues	No issues	No issues		In Contract	In Contract
NIAB - AgriTech Start Up Incubator	GREEN		In Delivery	No issues raised - first claim being submitted	No issues			In Contract	In Contract
TWI Ecosystem Innovation centre - TWI	GREEN	Delayed start	In Delivery	Renegotiation of outputs due to changes in the market	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - project have requested confirmation of extension to deadline spend before entering into contract - update from BEIS requested		Ready to sign grant agreement	In Contract	In Contract
NIAB - Agri-Gate Hasse Fen extension	GREEN		In Delivery	Agreement signed by client - awaiting signed copy from Monitoring Officer				In Contract	In Contract
CUHP - Cambridge Biomedical Campus Multi Occupancy Building		Delayed start	In Delivery	Awaiting grant agreement feedback	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project		Review of contract before final sign off	In Contract
3D Centre of Excellence Relocation - Photocentric	GREEN		In Delivery	No issues	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project			In Contract	In Contract
TTP Life Sciences Incubator	AMBER	Delayed start	In Delivery	Awaiting grant agreement feedback. 27/03/20-Working on Covid for now.	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project.	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project.		Marked up Agreement received for review. To be sent back on 7/7/2020 for final check and sign off by the Applicant	In Contract
March Adult Edu Centre Expansion - Cambridgeshire Skills	GREEN	Delayed start	In Delivery	Grant Agreement agreed - awaiting signed copy	Grant Agreement agreed - awaiting signed copy	Email sent but no response. Will chase again next week.		In Contract	In Contract
West Cambridgeshire Innovation Park - Uni of Cambridge	AMBER	Delayed start	In Delivery	Awaiting grant agreement feedback	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project.			Agreement signed, and awaiting sign off by Monitoring team	In Contract
Opportunity Peterborough - Smart Manufacturing Association	AMBER	Delayed start	Pre Contract	Awaiting share agreement feedback. 27/3/20-Seeking state aid advice. Will work to complete whole process within the next quarter.	Awaiting state aid advice and shareholders agreement			Awaiting Agreement from the Applicant- Due to be sent by 10th July	Awaiting Agreement from the Applicant- Due to be sent by 10th July
Sci-Tech village - U+I PLC	WITHDRAWN	Major concern	Withdrawn	Delayed but contact has been resumed	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project.			Withdrawn	Withdrawn
M11 J8 - Essex County Council	WITHDRAWN		Withdrawn	Need update from Transport Team				Withdrawn	Withdrawn
Haverhill Epicentre - Jaynic	GREEN		Completed	Potential delays due to construction slow down but works haven't stopped so hopefully just a slow down.26/03/20- Contractors closed site due to Covid-19 which may delay opening to Jan 2021.	Works stopped	Works stopped	Work stopped	Completed	Completed
Construction Skills centre - Wisbech College	WITHDRAWN	Major concern	Withdrawn	Concern regarding completion by March 2021 due to obvious delays being caused by COVID	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - project have requested confirmation of extension to deadline spend before entering into contract - update from BEIS requested			Withdrawn	Withdrawn
Aeronon Relocation - Repair centre of excellence	GREEN	On-track	Completed	Grant Agreement has been signed by client, all information has been passed to finance, legal etc	No issues	No issues	No issues	Completed	Completed
The Growth Service - CPCA	GREEN	On-track	Pre Contract	The company is being established, it was disoriented but we are now working together on the forming of the company linked to the procurement linked to the LGF funding	No issues			Procurement ongoing	Procurement ongoing
Lancaster way Phase 2 Grant	GREEN		In Delivery	Need update from Transport Team	Delays with the project likely due to tight timeframe for completion of works and delays now inevitable due to close down - awaiting formal update from project.			In Contract	In Contract
Terraviva Loan - Terraviva	GREEN		Completed	Issues raised re cashflow and ability to repay the loan, this is being discussed at CA Board	Amendment Agreement has been developed and a reschedule of loan payments agreed - with client for agreement			Completed	Completed
Cambridge Healthcare & Life Science Start-up Accelerator - Start Codon	GREEN	On-track	In Delivery	Documentation being developed - no issues	Meeting booked - no issues		Millner Institute have raised delays due to COVID on the small works potential delay 6 months	In Contract	In Contract
University of Peterborough phase 1 - JV with PCC	GREEN	On-track	Pre Contract	The company is being established, it was disoriented but we are now working together on the forming of the company linked to the procurement linked to the LGF funding	No issues	No issues	No issues	Progressing	Progressing
South Fen Enterprise Park - Fenland District Council	AMBER	On-track	Pre Contract	Awaiting grant agreement feedback	Awaiting grant agreement feedback		Ready to sign agreement	Awaiting contract for FDC	Contract with FDC for final review
Living Cell - Aracaris Capital Ltd	GREEN	On-track	Completed	Legal papers have been shared and completed awaiting final repayment schedule	All papers have been signed and executed			Completed	Completed
Capital Growth Grant Scheme	GREEN		In Delivery	Excellent take up - being reviewed in light of COVID	New promotional campaign with more generous criteria launches this week monitoring take up of the grants critical			In Contract - no issues all funds allocated	Monitoring and processing spend



LGF Project	Project Description	RAG status project spending before March 2021	RAG status on actual jobs delivered Vs forecast	Primary Sector	Lead Organisation	Region Authority	LGF Amount	Direct Job Creation (Forecast)	Indirect Job Creation (Forecast)	TOTAL Job Creation (Forecast)	TOTAL Job Creation (Actual)
Accelerating Start-Ups, Scale-Ups & Set-Ups – Through Start-up & Growth Finance & Advice											
The Business Growth Service	GROWTH COACHING, EQUITY INVESTMENTS, SKILLS & FDI		Not Yet Started	All	CPCA	Huntingdonshire District Council	£5,407,000	47	5890	5937	Not available yet
Illumina Genomics Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS			Life Science	Illumina Cambridge Ltd	South Cambridgeshire District Council	£1,000,000	1033		1033	Not available yet
Startcodon Life Science Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS			Life Science	Start Codon Ltd	South Cambridgeshire District Council	£3,342,250	1730	3460	5190	Not available yet
Ascendal Transport Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS		Not Yet Started	Transport	Ascendal Ltd	South Cambridgeshire District Council	£965,000	2	200	202	Not available yet
Medtech Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS			Life Science	Health Enterprise East	South Cambridgeshire District Council	£500,000	0	0	0	Not available yet
Peterborough & Fens Manufacturing Association	EQUITY INVESTMENT IN START-UP BUSINESS NETWORK		Not Yet Started	Business Growth	Opportunity Peterborough	Peterborough City Council	£715,000	113	191	304	Not available yet
Terraviva Company Expansion	GROWTH GRANT			Advanced Manufacturing	Terraviva	South Cambridgeshire District Council	£120,000	15	Not available	15	Not available yet
Aerotron Company Expansion	GROWTH GRANT			Advanced Manufacturing	Aerotron Ltd	Fenland District Council	£1,400,000	140	15	155	16
Agri-Tech Growth Initiative	GROWTH GRANTS			AgriTech	CPCA	CPCA Wide projects	£3,036,252	300	0	300	35.5
Growing Places Fund Extension	GROWTH GRANTS			All	CPCA	CPCA Wide projects	£65,000	320	0	320	Not available yet
Signpost to Grant - CPCA Growth Hub	GROWTH GRANTS			All	CPCA	CPCA Wide projects	£120,000	0	0	0	Not available yet
COVID Capital Growth Grant Scheme	GROWTH GRANTS			All	CPCA	CPCA Wide projects	£3,000,000	287	Not available	287	Not available yet
TOTAL							£19,670,502	3,987	9,755	13,743	51.5
Accelerating Hi-Tech Jobs Growth – Through Innovation & Incubation Centres											
Hudson House Incubation Centre	INCUBATOR			Life Science	q2h Ltd	South Cambs District	£438,000	192	138	330	52
South Fenland Enterprise Park	INCUBATOR		Not Yet Started	Business Growth	Fenland District Council	Fenland District	£997,032	30	46	76	Not available yet
Photocentric 3D Centre of Excellence	INNOVATION CENTRE			Business Growth	Photocentric Ltd	Peterborough City	£1,875,000	1078	106	1184	Not available yet
Cambridge Biomedical Campus	INNOVATION CENTRE & INCUBATOR			Life Science	Cambridge University Health Partnership	Cambridge City	£3,000,000	880	2204	3084	Not available yet
NIAB - AgriTech Start Up Incubator	INNOVATION CENTRE & INCUBATOR			AgriTech	NIAB	Huntingdonshire District	£2,484,000	990	805	1795	44
NIAB - Agri-Gate Hasee Fen extension	INNOVATION CENTRE & INCUBATOR			AgriTech	NIAB	East Cambridgeshire District	£599,850	65	510	575	16
TWI Engineering Centre	INNOVATION CENTRE			Advanced Manufacturing	TWI Ltd	South Cambs District	£2,100,000	104	0	104	Not available yet
Biomedical Innovation Centre	INNOVATION CENTRE & INCUBATOR			Life Science	Cambridge University	Cambridge City	£1,000,000	880	2204	3084	Not available yet
Haverhill Epicentre - Jaynic	INCUBATOR			Life Science	Jaynic Investment LLP	West Suffolk District	£2,600,000	300	1600	1900	Not available yet
TWI Ecosystem Innovation Centre	INNOVATION CENTRE & INCUBATOR			Advanced Manufacturing	TWI Ltd	South Cambs District	£1,230,000	4	150	154	Not available yet
West Cambs Innovation Park	INCUBATOR			Life Science	Uni of Cambridge	Cambridge City	£3,000,000	380	150	530	Not available yet
TTP Life Sciences Incubator	INCUBATOR			Life Science	TTP	South Cambs District	£2,300,000	236	10	246	Not available yet
University of Peterborough Phase 2 (Getting Building Fund GBF - Not LGF)	INNOVATION CENTRE & INCUBATOR	Not LGF	Not LGF	INNOVATION CENTRE & INCUBATOR	Photocentric Ltd	Peterborough City	£14,600,000	871	1325	2196	Not available yet
Araclaris Capital Living Cell Centre	INNOVATION CENTRE			Life Science	Araclaris Ltd	South Cambs District	£1,350,000	200	0	200	Not available yet
TOTAL							£37,573,892	20787	17920	38677	112
Accelerating Recovery in Construction - Through Transport Infrastructure Improvements											
Whittlesey King's Dyke Crossing	ROAD IMPROVEMENT			Transport	Cambridgeshire County	Fenland District Council	£8,000,000	315	0	315	52.5
Bourges Boulevard Phase 1	ROAD IMPROVEMENT			Transport	Peterborough City	Peterborough City Council	£2,100,000	240	0	240	Not available yet
Bourges Boulevard Phase 2	ROAD IMPROVEMENT			Transport	Peterborough City	Peterborough City Council	£9,200,000	100	0	100	Not available yet
A47/A15 Junction 20	ROAD IMPROVEMENT			Transport	Peterborough City	Peterborough City Council	£6,300,000	228	0	228	Not available yet
Wisbech Access Strategy	ROAD IMPROVEMENT			Transport	Cambridgeshire County	Fenland District Council	£6,000,000	1600	0	1600	12
Lancaster Way Phase 1 Loan	ROAD IMPROVEMENT			Business Growth	Govemere	East Cambridgeshire District	£1,000,000	540	0	540	729
Lancaster way Phase 2 Loan	ROAD IMPROVEMENT			Transport	Govemere	East Cambridgeshire District	£3,680,000		0	0	
Lancaster way Phase 2 Grant	ROAD IMPROVEMENT			Transport	Govemere	East Cambridgeshire District	£1,455,000		Not available	0	11
Ely Southern Bypass	ROAD IMPROVEMENT			Transport	Cambridgeshire County	East Cambridgeshire District	£22,000,000	1950	0	1950	Not available
Manea & Whittlesea Stations	RAIL IMPROVEMENT			Transport	Cambridgeshire County	Fenland District Council	£395,000	0	0	0	0.75
CAM Promotion Company	METRO SYSTEM		Not Yet Started	Transport	CPCA	CPCA	£999,000	60	33	93	Not available
Soham Station	RAIL IMPROVEMENT			Transport	Cambridgeshire County	East Cambridgeshire District	£1,000,000	125	TBC	125	15
TOTAL							£62,129,000	5188	33	5191	820.3
Retraining & Upskilling for New Jobs – Through Improved Education Capacity											
Metalcraft Adv Man Centre	APPRENTICESHIP ACADEMY & INCUBATOR			Advanced Manufacturing	Metalcraft	Fenland District	£3,160,000	14	30	44	Not available yet
University of Peterborough Phase 1	UNIVERSITY		Not Yet Started	Multi-Sector	CPCA	Peterborough City	£12,500,000	2195	19000	21195	Not available yet
March Adult Education Centre	SKILLS TRAINING CENTRE			Multi-Sector	Cambridgeshire Skills	Fenland District	£400,000	141	0	141	Not available yet
PRC Food Manufacturing Centre	APPRENTICESHIP ACADEMY			Food Processing	Peterborough City Council	Peterborough City	£586,000	53	0	53	Not available yet
Endurance Skills Training Centre	APPRENTICESHIP ACADEMY			Transport	Endurance Estates Ltd	Huntingdonshire District	£2,400,000	94	575	669	Not available yet
IMET Skills Training Centre	APPRENTICESHIP ACADEMY			Advanced Manufacturing	Camb Regional College	Huntingdonshire District	£10,500,000	1	0	1	Not available yet
CITB Construction Academy	APPRENTICESHIP ACADEMY			Construction	CITB	Kings Lynn & West Norfolk	£450,000	1	0	1	Not available yet
CRC Construction Skills Hub	APPRENTICESHIP ACADEMY		Not Yet Started	Construction	Camb Regional College	Huntingdonshire District	£2,500,000	18	20	38	Not available yet
AEB Innovation Grant	SKILLS TRAINING GRANTS			Multi-Sector	CPCA	CPCA Wide	£323,720	0	0	0	Not available yet
TOTAL							£32,819,720	2517	19625	22142	0
GRAND TOTAL							£152,193,194	17872	38662	56534	951.8







## **Local Growth Fund (LGF) Application Process Review**

Meeting 18 August 2020

Attendees:

- Andy Neely – Project Sponsor
- Louisa Simpson – LGF Project Manager
- Kenny Akinkuolie – LGF Project Manager

**Outline of the LGF Review:** as requested by the Business Board we are required to look at the current process used to identify and appraise applications to Cambridgeshire & Peterborough Combined Authority (CPCA) funding in particular funding that is managed through the Business Board in its role as the Local Enterprise Partnership (LEP).

Current process:

1. Organisations submit an Expression of Interest (EOI) – scored internally by 3 officers of the CPCA – pass mark 75% which is scored via a matrix
2. Successful applicants are invited to submit a Full Application Form (FAF)
3. Applicant presents to the Entrepreneur Panel where a project request for funding is over £500,000
4. Full Application is externally appraised and scored using a matrix approach

Agreed areas to review:

- Application Form – EOI & FAF
- EOI scoring matrix – questions and appraisers
- FAF scoring matrix – questions
- External appraisal
- EAP – use of the panel and value-added activities they could undertake

We will meet every 2 weeks to monitor progress and first steps will be to:

1. Contact other funding organisations
  - a. INNOVATE UK
  - b. LEPs
2. Gather data on other ways to appraise applications
3. First draft of options paper to be developed for October 2020





<b>BUSINESS BOARD</b>	<b>AGENDA ITEM NO: 2.3</b>
<b>15 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>  <i>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.</i>

## LOCAL GROWTH FUND PROJECT PROPOSALS – SEPTEMBER 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.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Chair of Business Board</b>
<b>Lead Officer:</b>	<b>John T Hill, Director, Business and Skills</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
The Business Board is asked to: <ol style="list-style-type: none"> <li>a) Recommend that the Combined Authority Board approve funding for the project ranked 1 (Peterborough City Centre project) in table 2.9 below based on the project scoring criteria and external evaluation recommendation; and</li> <li>b) Recommend that the Combined Authority decline approval of funding at this time for the project ranked 2 (Cambridge Market Place Project) in the table at 2.9 below based on the project not meeting the scoring criteria.</li> </ol>	

## 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 £1,153,000 remaining to allocate from LGF and proposed additional consideration of using the remaining £433,849 available from the recycled funds pot. This makes a total available to allocate to these projects of £1,586,849 which has to be spent before end of March 2021.
- 2.2. The Projects being considered for this remaining funding are as a result of an agreed discussion and action from the Covid-19 Cambridgeshire & Peterborough City Centre Exit Strategy Group (CCESG) meeting on 7<sup>th</sup> July 2020, the action was regards exploration of available funding and options for projects to submit applications to utilise the small amount of remaining LGF and any other recycled Growing Places Funding to deliver capital investment in the short-term to support the visitor economy in the City Centres targeting businesses with support to aid safe adaption, thus aiming to reopen and revive the city centre economies.
- 2.3. Utilising the LGF Investment Prospectus criteria and Local Assurance process there are two project applications received which have had 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 25<sup>th</sup> August 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 2.9 below. The Business Board is asked to note that the projects are both aimed at COVID-19 led response adaptations to the City Centres in Peterborough and Cambridge.
- 2.5. Projects are also independently evaluated by our external appraisers and although this has resulted in a recommendation decision from those appraisers this needs to be considered by the Board in parallel with the Local Assurance assessment scoring process and final average scores.
- 2.6. Further details of the individual projects, including the external appraisal report and further supporting documents can be found in confidential **Appendices A and B**. 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 both projects to the Combined Authority for their full requested funding without agreeing to utilise the remaining £433,849 of recycled Growing Places funding available which is separate from the Local Growth Fund.
- 2.8. The Business Board is asked to consider project ranked 1 (Peterborough City Centre project) for recommendation that the Combined Authority Board approve funding for this project listed in the table below at 2.9. That approval would be subject to the conditions proposed by external Appraiser's report.

The Business Board is asked to recommend that the Combined Authority decline approval of funding for the project ranked 2 (Cambridge Market Place Project) in the table at 2.9 below based on the project scoring criteria.

The Business Board may wish to invite project 2 (Cambridge Market Place Project) applicant to consider re-applying but with a scaled down highly focussed capital investment project that can be delivered at pace by end of March 2021 to benefit those City Centre businesses critically affected by COVID-19. The LGF Officers can also provide feedback direct to applicant on aspects of this project in relation to issues flagged at the Entrepreneurs Assessment Panel.

## 2.9 Application Assessment Summary Table

Projects	Eol %	FAF %	EAP %	Final averaged % assessment score	LGF Funding Request	LGF Funding Offer	RANK
<b>Remaining LGF Budget</b>	<b>£1,586,849</b>						
Peterborough City Centre Project	77.7%	71.5%	84.00%	77.7%	£ 800,000.00		1
Cambridge Market Place Project	77.2%	60.0%	56.0%	64.4%	£ 700,000.00		2

### 3.0 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, including recycled 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.

### 4.0 LEGAL IMPLICATIONS

- 4.1. There are no direct legal implications but the assessment of applications for Local Growth Funding must be completed in accordance with the Assurance Framework.

### 5.0 SIGNIFICANT IMPLICATIONS

- 5.1. None.

### 6.0 IMPLICATIONS FOR NATURE

- 6.1 None.

### 7.0 OTHER SIGNIFICANT IMPLICATIONS

- 7.1 None.

### 8.0 APPENDICES –

**Appendix A (Exempt)** – Application Project Information and External Appraisal Reports

**Appendix B (Exempt)** – Application Project Information and External Appraisal Reports

<u>Source Documents</u>	<u>Location</u>
Local Growth Fund Documents, Investment Prospectus, guidance and application forms	<a href="https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/">https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/</a> <a href="#">Growth Prospectus 2019-21</a> <a href="#">Local Industrial Strategy</a>







<b>BUSINESS BOARD</b>	<b>AGENDA ITEM No: 3.1</b>
<b>15 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>

## **COVID-19 EVIDENCE & INSIGHT REPORT**

### **1.0 PURPOSE**

As part of the ongoing Integrated Economic, Business and Skills Insight work currently being researched, this is the first report back on phase 1 - the COVID 19 impact. With this, is a report which will be presented to the Board for discussion and input.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Chair of the Business Board</b>
<b>Lead Officer:</b>	<b>John T Hill, Director of Business &amp; Skills</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
The Business Board is invited to:  Recommend the Combined Authority approve the Metro Dynamics Report, subject to final revisions, following input from the Business Board.	

### **2.0 BACKGROUND**

2.1 In July 2020 the CPCA commissioned and procured an independent and specialist supplier to commence detailed research, review and evaluation into:

- a) COVID 19 impact assessments
- b) Evaluation of 13 historic LGF Projects
- c) Using a) above. Update the LIS and develop a framework for the authors of various other CPCA strategies to review and enable them to update them, if required.
- d) To identify clients for the new Business Growth Service
- e) Some short term and medium-term insight for workforce skills and adult education

- 2.2 The contract was awarded to Metro Dynamics and the contract duration is up to 30 weeks.
- 2.3 The work by Metro Dynamics will also compliment work carried out by Hatch Regeneris, commissioned and led by the Greater Cambridge Partnership back in late May 2020 and ongoing work by Cambridge Insight for CPCA Business & Skills into workforce, skills and AEB.
- 3.0 The full report produced by Metro Dynamics covers 2.1 a) and is attached as **Appendix 1**.
- 3.1 In summary the report will cover:
- a) Emerging findings in the economy and labour market
  - b) Emerging trends e.g. could lead to the creation for new interventions and possibilities for policy
  - c) Implications of highest relevance to CPCA
  - d) Meaning in practice for the CPCA e.g relevant CPCA strategies including the LIS

#### **4.0 NEXT STEPS AND TIMELINE**

- 4.1 Following discussion and input into this COVID 19 impact report, it will be published and shared with Partners and Stakeholders. This report will then be refreshed in April 2021 and outputs will be a detailed report published in September 2020.
- 4.2 These detailed reports will enable the CPCA to better design the focus of interventions, the form of interventions and how these should develop and adapt as recovery progresses. CPCA Business & Skills will replay these interventions back to Metro Dynamics to ensure the CPCA's interpretation is robust and in line with data emerging.
- 4.3 From October 2020 to March 2021, Metro Dynamics will provide a monthly COVID 19 performance dashboard, which will be shared with the Skills Committee, Business Board, CA Board and other committees and partners & stakeholders. The content will follow the content of this report, although it will have the agility to accommodate other metrics if required.
- 4.4 This report and the monthly dashboards will feed into and support the Local Economic Recovery Strategy.
- 4.5 Metro Dynamics will provide the CPCA with a COVID 19 Impact framework and will work with the authors of strategies to update them, if required. This work will be completed by mid-October 20.
- 4.6 Metro Dynamics will update the LIS in light of 2.1 c) above and present to the Business Board in November 2020.

- 4.7 This report and further work by Metro Dynamics is being included in the thinking, discussions and the designing of interventions within the Local Economic Recovery Strategy (LERS).

## **5.0. RESOURCING**

- 5.1 There are no resourcing implications

## **6.0 FINANCIAL IMPLICATIONS**

- 6.1 There are no financial implications

## **7.0 LEGAL IMPLICATIONS**

- 7.1 There are no direct legal implications.

## **8.0 SIGNIFICANT IMPLICATIONS**

- 8.1 None.

## **9.0 APPENDICES**

Appendix 1: Covid-19 Emerging Impact Assessment

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
Agenda Item No: 5.2 - Integrated Economic, Business and Skills Insight (Combined Authority Board meeting, 5th August 2020)	<a href="https://cambridgeshirepeterboroughc.gov.uk/cmismis.uk.com/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=ILs1%2fMMkTwBTUJhR%2bQB1zgSIQ3rmxkEy1DeCVUZMX6BZjmZIJRKvYg%3d%3d&amp;rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWCTPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&amp;mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&amp;kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&amp;uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&amp;FgPIIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&amp;d9Qji0ag1Pd993jsyOJqFvmYB7X0CSQK=ctNJFf55vVA%3d&amp;WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&amp;WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d">https://cambridgeshirepeterboroughc.gov.uk/cmismis.uk.com/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=ILs1%2fMMkTwBTUJhR%2bQB1zgSIQ3rmxkEy1DeCVUZMX6BZjmZIJRKvYg%3d%3d&amp;rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWCTPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&amp;mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&amp;kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&amp;uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&amp;FgPIIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&amp;d9Qji0ag1Pd993jsyOJqFvmYB7X0CSQK=ctNJFf55vVA%3d&amp;WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&amp;WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d</a>

--	--



# Cambridgeshire and Peterborough Combined Authority

Integrated Business and Skills Insight and Evaluation  
Programme

COVID-19 Emerging Impact Assessment

September 2020



# Executive Summary / September 2020 Economic Review

## Six months into the Covid-19 crisis, much uncertainty remains.

Cambridgeshire and Peterborough Combined Authority (CPCA) commissioned Metro Dynamics to prepare this report on the emerging impact of Covid-19 on the CPCA economy, including our three sub-regional economies. This analysis will be updated towards the end of the 4<sup>th</sup> Quarter of 2020/21. The underlying data will be available for CPCA in a regularly updated dashboard.

This report is based on analysis conducted in August 2020. Six months into the health and economic crisis caused by Covid-19 some patterns are emerging in the shape of the impact and the likely trajectory for recovery, but there are many things we still do not know about the labour market and long term impacts.

This report aims to provide an up to date assessment of the CPCA economy, with a focus on major sectors, business groups and the labour market. We also signpost what to look for over the coming months and draw out emerging implications for CPCA and its strategic response.

## The economic situation is bad, but not quite as bad as first forecast

We estimate that the CPCA economy declined by £1.39bn from 1 April to 30 June (Q2): a 21.9% annualised rate of decline. While this is less than the £3.7bn fall in output first forecast by the Office of Budget Responsibility in April 2020, it is nevertheless a decline of historic significance, far exceeding the worst effects of the 2008 recession. Similar falls were recorded comparator areas, including a 22.5% decline in Oxfordshire LEP area and a 21.2% decline in New Anglia LEP.

For CPCA's sectors, the largest falls in £ terms were in the Professional, Scientific and Technical (PST) sector (-£186m, a 24% quarter on quarter fall in output), Education (-£172m, 34%) and Manufacturing (-£166m, 20%).

## Early signs are emerging of a recovery, but this is still slow and fragile and the worst period may be ahead for labour markets

After a period of decline and near-total shutdown in some sectors (Visitor Economy output fell more than 80% in Q2), it appears as though the economic freefall of April and May has since stabilised and there are some early indicators of economic activity resuming in Q3, such as businesses across most sectors reopening their doors, shoppers cautiously returning to high streets and workers to offices. That said, around one in five businesses across CPCA were continuing to access government support schemes in August and both local and global markets remain uncertain.

For labour markets it is simply too soon to tell whether the worst has passed. Government policies (particularly the Coronavirus Job Retention Scheme: 'furlough') have delayed the full extent of the impact on labour markets but will not prevent some rise in unemployment when the scheme closes at the end of October. Around one in four workers (114,800) across CPCA remain on furlough, while from February to July the number of people claiming Universal Credit increased by 107% to exceed 60,000 (a record high), compared to a 90.3% rise in claimants nationally. Since February, all local authorities except Peterborough have seen faster rises in universal credit claimants than the national average.

Whilst it is important to discount the increase that was occurring anyway due to UC role out, and the fact that UC figures will include many who are furloughed and may not ultimately be unemployed, it appears increasingly likely that some structurally higher unemployment is locked in for at least the short / medium term. With very limited activity occurring in new job advertisements (particularly in lower paid / skilled roles outside construction) it is likely that some people who have recently lost their jobs will remain unemployed for some time to come. One important indicator will be the extent to which the UC claimant count increases again if the furlough schemes ends as planned in October.

## The trajectory from here can be influenced but not controlled.

Firms and communities in the CPCA area are still in the early stages of processing Covid-19's longer term impact. The things we do know reinforce the uncertainty ahead: the virus is still spreading globally and within the UK; National and local Government's financial and political capacity to respond is stretched; the end of the furlough scheme in October looms for many businesses and workers; Brexit, deeply uncertain global trade and travel) – highlight how difficult and uncertain the next few months will be. There are also things we don't yet know which will be crucial to how CPCA recovers in coming months, such as:

- How the Education sector (particularly fee paying and foreign students) will rebound once 'regular' activity resumes in September;
- How soon – and to what extent – restrictions on global travel and markets will lift, which are vital for CPCA's knowledge-based sectors;
- The extent to which a temporary rise in unemployment becomes a structural issue, which may be compounded by business' increased preferences for labour-saving automation and online retail, resulting in fewer entry-level jobs;
- The extent to which a temporary shift to remote working becomes permanent for some workers, and the implications of this for the spatial pattern of economic activity;
- The pace of recovery in retail, and whether smaller centres (such as market towns) will recover faster than larger centres (such as city centres).

## Executive Summary / September 2020 Economic Review (cont)

### **There have been substantial losses in Greater Cambridge's most prominent sectors**

Across Greater Cambridge (to generalise: Cambridge and South Cambridgeshire) output in Q2 fell by -£669m, almost half of total output lost across CPCA. Of particular interest are the output declines in Professional, Scientific and Technical (PST) activities and (-£136m) and Education (-£104m). To some extent this reflects their size, but both are also highly dependent on future global markets and travel.

Greater Cambridge's success stems from its reputation as a centre of knowledge, research and innovation, which attracts global capital and the highest-skilled workers. Covid-19 poses a real risk here, and one which is largely beyond CPCA's control: if, as it has done throughout 2020, Covid-19 continues to disrupt and obstruct the international flow of labour, students and capital then Greater Cambridge's economic activity will remain subdued, with the risk of longer-term scarring or permanent loss of output and employment. Already 14,000 people are claiming Universal Credit: around 5% of residents. Our analysis notes similar problems in other knowledge-based economies, such as in Oxfordshire, where Q2 Education sector output fell by -£180m.

### **Greater Peterborough's emerging Manufacturing specialism has suffered, and a slow retail recovery puts many jobs at risk**

Across Greater Peterborough output in Q2 fell by around -£533m, led by a -£78m decline in Manufacturing output

and a -£67m decline in Retail output. Manufacturing is the region's largest source of GVA (nearly 15% of total) while Retail employs 36,000 people: 18% of the workforce. In recent years manufacturing has emerged as a fast-growing regional specialism that helps to diversify CPCA's economy, progress which risks being set back by Covid-19.

Though the region appears so far to have been spared from the worst of the recession, a slow recovery in the retail sector poses a real threat to regional employment, given 36,000 workers are employed in the sector. An analysis of high streets shows that activity has been slower to return in Greater Peterborough than in other parts of CPCA. It remains to be seen whether the shift to online retail is temporary, or whether there is some permanent displacement of in-person retail activity. If there is, many retail jobs across Greater Peterborough are at risk over the longer term.

### **A strong agrifood economy has spared The Fens from the worst, but challenges lie ahead**

The Fens experienced around -£189m loss of output in Q2. Though the loss in output is smaller here than in other areas that is because there was less to lose to begin with. The Fens' strong Agrifood base (£326m output, 9% of GVA) may have helped insulate the region from the worst effects of the economic shock as regional food production and processing stepped up to meet demand. That said, there are now more than 13,000 Universal Credit claimant across the region, and new claims have been increasing at a faster rate than

nationally. In addition, there are fewer obvious drivers of economic recovery in the region if the economy stalls further.

### **CPCAs strategic objectives remain relevant and valid – but there will be both opportunities and challenges that provide scope for taking a fresh look at how they are achieved:**

1. The spatial pattern of economy activity and the relationships between places for work, living, leisure and learning are changing.
2. Structurally higher unemployment is likely to endure some time and the burden will fall disproportionately on more deprived people and places.
3. Global capital is flowing to temporary safe havens and reliable future bets – of which CPCA may be one. While global capital can still flow across borders, the same cannot be easily said for international labour or students.
4. Productivity performance is likely to vary substantially across places and sectors, with the path out of the crisis potentially influencing productivity for some time to come.
5. The pandemic reduced travel and loading factors for all transport modes and routes across the CPCA area. In the recovery there are new capacity constraints on public transport from social distancing, and renewed public appetite for greener modes of personal transport.

# Report Contents

	Section	Page
1	<b>Introduction &amp; Emerging implications for CPCA objectives and strategies</b>	5
	About this report	
	Headline findings and emerging implications for CPCA strategies	
	Evidence requirements and methodology	
2	<b>Impact Assessment</b>	10
	Headline impacts	
	Performance against comparators	
3	<b>Impacts Across CPCA</b>	21
	Sectors and businesses	
	Labour markets	
	<b>Appendix A:</b> GVA, Employment and Business Counts for CPCA local authorities	50



# About this Report

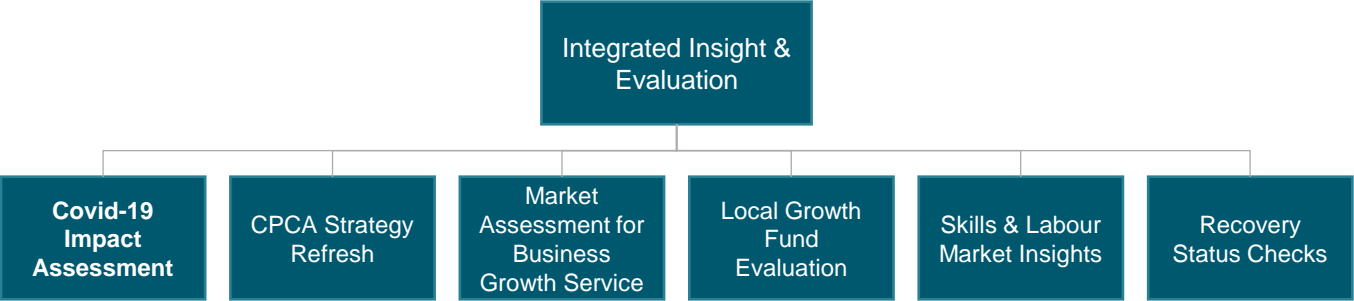
The Cambridgeshire and Peterborough Combined Authority (CPCA) has commissioned Metro Dynamics to prepare an assessment on the impact of Covid-19 on the CPCA economy. This work is part of a broader programme of work to support CPCA’s integrated business and skills insight and evaluation.

The analysis in this report was carried out in August 2020 and reflects our current best understanding of the impact of Covid-19 on the national economy, CPCA and the six local authorities within CPCA.

Our work builds on research and analysis already carried out by other organisations to understand the impact of Covid-19 on CPCA, including impact assessments produced by Hatch Regeneris in June 2020 and labour market information prepared by Cambridgeshire Insights (ongoing). Our approach has been to complement the analysis included in these reports to add new insight, and to avoid duplicating the analysis wherever possible.

We have based our approach on an assessment of the sectors and businesses within CPCA, and when possible (current evidence at a local authority level is extremely limited), an assessment of how conditions vary across the three overlapping economies of the CPCA area.

Workstreams of the Integrated Business and Skills Insight and Evaluation Programme



**This report**

*This workstream will also include a web-based dashboard to monitor the recovery*

The three overlapping economies of the CPCA area



# Headline findings

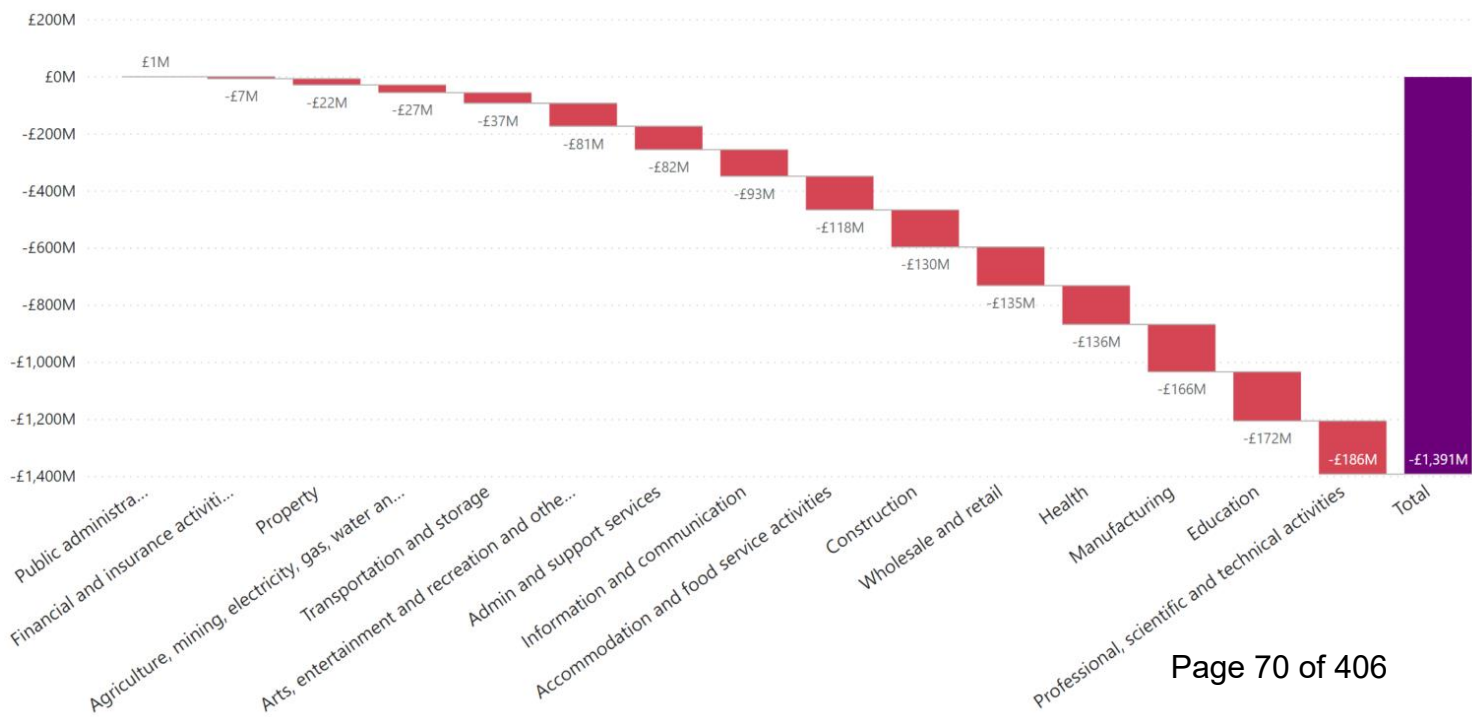
## Economy

- **Q2 output contracted by £1.39bn across CPCA:** a 21.9% annualised fall in output. This is less than the fall in output forecast by the OBR but is still historically significant. These numbers are modelled based on national figures and using 2018 GVA figures for CPCA.
- Across sectors, the largest falls in output in percentage terms were in the visitor economy (-87%), arts & recreation (-45%), construction (-35%), and education (-34%).
- Across local authorities, Q2 output fell by: Cambridge £370m (-25%); Peterborough £319m (-20%); South Cambridgeshire £298m (-22%); Huntingdonshire £214m (-20%); Fenland £99m (-22%); East Cambridgeshire £90m (-20%).

## Labour Markets

- A **107% increase in universal credit claimants** from Feb – July 2020 for CPCA, compared to a 90% increase nationally.
- From a low base, a 147% increase in JSA claimants from Feb – July 2020 for CPCA, compared to an 86% increase nationally.
- More than 1 in 4 workers furloughed across the CPCA area, with the highest number in Peterborough (28,400) and the highest proportion of workers in Huntingdonshire (35%)\*

Estimated modelled output loss for CPCA in Q2 by sector (£m)



Universal Credit claims by local authority

Local authority	UC claimants (Total, July 20)	UC claimants per 10,000 residents
Peterborough	23,592	
Fenland	8,482	
Huntingdonshire	10,099	
Cambridge	7,205	
East Cambridgeshire	4,406	
South Cambridgeshire	7,126	

Source: Metro Dynamics analysis of ONS data  
\* Furlough scheme analysis provided by Cambridgeshire Insight

# Emerging implications for CPCA strategies

Our headline view is that the overarching ambitions in CPCA’s strategies remain relevant and appropriate, but there are opportunities to rethink how best to meet and deliver these ambitions.

Trends emerging <i>The pandemic has rapidly accelerated some existing trends, introduced others and created new drivers and possibilities for policy:</i>	Implications <i>Implications of highest relevance to CPCA resulting from these emerging trends and uncertainties:</i>	Meaning in practice for CPCA <i>In practice for CPCA, this could mean:</i>	Relevant CPCA Strategies				
			LIS	Skills Strategy	AEB	Cambridge City Deal	Sector Strategies
<ul style="list-style-type: none"><li>Migration of economic activity from offices / city centres into homes / suburbs</li><li>Disintermediation of services (especially in retail and hospitality), leading to fewer jobs in entry level / low-wage occupations</li><li>Shift online for social life, retail, learning and work</li><li>Increased importance of local community amenities (e.g. green space, work hubs) and infrastructure (e.g. digital)</li><li>Countries turning ‘inward’ – secure domestic supplies; reduced international travel</li><li>Private investment capital seeking safe havens, especially public-sector debt</li></ul> <b>Contingencies and Uncertainties</b> <i>There remain many unknown factors, such as:</i> <ul style="list-style-type: none"><li>Trajectory of the pandemic, including breakthroughs in treatments and policy responses</li><li>Future Government funding and pathways for transition out of support measures</li><li>Reversion vs re-imagining in economic and social behaviours</li><li>Extent to which post-COVID conditions drive further labour-saving automation and/or the use of contingent labour (e.g. ZHCs)</li><li>Extent of structural unemployment after output recovers and labour markets stabilise</li><li>Demand for, design of, and location of future employment spaces</li><li>Impact on inequalities for groups and communities.</li><li>Final shape/ operation of spatial planning rules (e.g. zoning for growth)</li><li>Government and social commitment to net zero ambitions / green recovery</li></ul>	<p>The <b>spatial pattern of economic activity</b> and the relationships between places for work, living, leisure and learning are changing:</p> <ul style="list-style-type: none"><li>Work and educational activities transacted successfully over larger geographies</li><li>Productivity gains from agglomeration and ‘economies of scope’ potentially achievable at more local scales (i.e. away from city centres)</li></ul>	<ul style="list-style-type: none"><li>Embed into the design of new settlements like North East Cambridge amenities that support remote working, learning and collaboration (e.g. work-hubs; parklets and green spaces)</li><li>Revisiting the assumptions underpinning local plans for the relationship between jobs and housing demand in places (e.g. running new scenarios through the East of England Forecasting Model)</li><li>Use vacant commercial properties as windfall housing supply to re-imagine urban centres (better housing offer for young people)</li><li>Speed up the rollout of ultrafast broadband to homes and 5G across all of the CPCA area</li></ul>	✓	✓	✓	✓	✓
	<p>A <b>weaker labour market</b> overall than anticipated by existing strategies, with new structural unemployment likely to persist beyond the pandemic. The burden will fall disproportionately on low-wage and low-skill jobs and sectors, thereby widening inequality.</p>	<ul style="list-style-type: none"><li>Funding online / remote methods of education and training that allow for higher numbers and more cost-effective learning opportunities (for leaners and providers)</li><li>Supporting learners to remotely access out-of-area training and education</li><li>Intensive consultation with learners and employers to understand new changes in skills demands and career preferences</li><li>Investment in services that support employment (e.g. careers hubs)</li></ul>	✓	✓	✓		
	<p><b>Global capital</b> is seeking temporary safe havens and reliable future bets. This includes activities related to the management of this and future pandemics (e.g. vaccines, therapeutics and diagnostics); future growth opportunities (e.g. digital collaboration networks, platforms to connect producers with end consumers); and investment opportunities guaranteed by government.</p>	<p>New opportunities to secure private sector match-funding for investments in housing, infrastructure and industrial development, across all CPCA economic areas.</p>	✓			✓	✓
	<p><b>Productivity</b> performance is likely to vary substantially across places and sectors over the course of the recovery and beyond. Productivity is contingent on a number of factors, but, with the right recovery, there are opportunities to close the gap earlier between CPCA and London.</p>	<p>Managing and benefiting from existing regional strengths – can high productivity workers and businesses be permanently attracted from London / the South East to CPCA areas that are not already facing growth pressures ?</p>	✓	✓	✓	✓	✓
	<p>The pandemic reduced travel and loading factors for all <b>transport modes and routes</b> across the CPCA area. In the recovery there are new capacity constraints on public transport from social distancing, and renewed public appetite for greener modes of <i>personal</i> transport.</p>	<ul style="list-style-type: none"><li>Opportunity to address mobility needs through investment in infrastructure for green personal transport modes and embedding these into the design of new settlements (cycling, e-bikes, e-scooters, autonomous and electric cars)</li><li>Revisiting specification of public transport services and vehicles to provide needed capacity with higher standards for personal space</li></ul>	✓			✓	

# Emerging evidence requirements

While it stands alone, this report is one component of a broader package of work to review and refresh CPCA’s strategies in light of Covid-19 and to monitor CPCA’s economic recovery over time. This report presents the best evidence which is currently available (as of August 2020), however, new evidence is emerging all the time as governments, businesses and other entities develop new methods to understand Covid-19’s impact. This slide indicates the emerging evidence themes to watch for over the coming months, including how they relate to the refresh of CPCA’s key strategic documents.

Emerging Theme	Type of Evidence Required	C&P Local Industrial Strategy	C&P Skills Strategy	AEB Commissioning Strategy	Cambridge City Deal	C&P Sector Strategies
Change in the spatial pattern of economic development	Change in use (and location) of commercial property	✓			✓	✓
	Inward investment / private equity	✓			✓	✓
	Proportion of workers returning to offices	✓	✓	✓		✓
	Change in transport modes and preferences	✓				
	Vitality of high streets in large centres / market towns	✓			✓	
Structural labour market changes	Rates of return from furlough	✓	✓	✓	✓	✓
	HEI / apprenticeship starts	✓	✓	✓		
	Job vacancies across sectors	✓	✓	✓		✓
	Migrant inflows / outflows	✓			✓	✓
New forms and priorities for innovation	Impact on R&D claims	✓			✓	✓
	Impact of new forms of digital collaboration	✓	✓	✓	✓	✓

## Consistent evidence requirements across CPCA strategies to monitor during recovery

Economic and labour force trends	Spatial planning and development	Funding	Industrial development	Enterprise
<ul style="list-style-type: none"><li>• Output</li><li>• Labour market</li><li>• Education and skills attainment</li></ul>	<ul style="list-style-type: none"><li>• Demand and supply of housing</li><li>• Demand and supply of employment land / commercial premises</li><li>• Connectivity between places</li><li>• Economic assets</li><li>• Infrastructure funding, delivery timescales and usage</li><li>• Data for wider area and strategic corridors</li></ul>	<ul style="list-style-type: none"><li>• Public spending, investment and devolved expenditure limits</li><li>• Private investment in buildings, capital and training</li><li>• Access to finance and investments for start-ups and scales ups</li><li>• Inward investment</li></ul>	<ul style="list-style-type: none"><li>• Innovation and adoption of best-practices and technologies</li><li>• Technological frontiers</li><li>• Future market opportunities across key sectors</li></ul>	<ul style="list-style-type: none"><li>• Business population trends</li><li>• Business sentiment</li><li>• Business demand for support services</li><li>• Collaboration / Business networking</li></ul>

# Methodology

## About the data

The pace of economic change in COVID-19’s wake has rendered many traditional datasets and forms of analysis temporarily obsolete. The economy has changed so fundamentally and so quickly that information which is not published in near-real time cannot be relied upon to paint a realistic picture. Wherever possible in this report we have used up-to-date data sources, such as the ONS Business Impact of Coronavirus Survey (BICS) to analyse what is happening, although these sources are new and data is collected at a national level only. We have applied data from national sources to CPCA’s economic context (and to local authorities within CPCA) to produce local estimates. The outputs of this analysis are estimates only. More accurate, specific data of the effects on CPCA will become increasingly available as time goes on. The paragraphs below describe our methodology for applying these national figures to CPCA.

### ONS Business Impacts of Coronavirus Survey (BICS) – Local estimates

The Business Impacts of COVID-19 Survey (BICS) captures businesses responses on how their turnover, workforce prices, trade and business resilience have been affected. The information is captured by sector. The survey is updated fortnightly with a new two-week reference period each release. Given that this is a national survey we cannot precisely determine the impacts on businesses within the CPCA area. In order to develop estimates of the local impact we have applied the survey responses across sectors to CPCA’s sectoral mix to model the local impact on businesses within different sectors of CPCA’s economy.

Our approach involves taking the % shares of national business responses for each indicator and sector within the BICS and multiplying them by the total number of business in 2019 (*Using ONS UK Business; activity, size and location estimates*) for each aligning sector within CPCA. This provides crude estimates of business counts for each sector at the local level for the different types of business responses within the (BICS). It must be noted that these are approximations, and there is likely to be some deviation in the responses by sectors at the local level relative to the national, however the BICS responses do shed a light on the business impact for different sectors more generally across the UK.

**Note:** The industry groupings ; *Financial and insurance activities, Electricity, gas, steam and air conditioning supply, Agriculture, forestry and fishing, Mining and quarrying, Public administration and defense and other service activities* are not included within the BICS, therefore business totals for the different BICS indicators within this report may underestimate as these sectors are not covered.

### GVA output loss (£) in Q2 – Local estimates

We have provided modelled estimates of the absolute loss in GDP in Q2 by sector at the geography levels; **local authority, Combined Authority, LEP and Region level**. National GDP % fall estimates by sector were obtained through the *ONS GDP first quarterly estimate time series* dataset, where the national *GDP period on period growth % in chain volume measure for 2020Q2* for each sector was used. Note the sector classifications available within the dataset did not include the standardly defined industry ‘*Agricultural, mining, electricity, and gas*’ (ABDE), therefore the sector ‘*Electricity and gas*’ was used as a proxy.

We then approximate estimates for GDP by sector for each geography using GVA by sector in 2018 estimates from the *Balanced GVA by industry* dataset. We divide each GVA by sector figure by 4 to obtain a crude estimate of GVA per quarter in 2018, and multiply these estimates by the % GDP fall by sector figures that we obtained from “*ONS GDP first quarterly estimate time series*”. This enables us to acquire absolute loss estimates in £ terms for each sector of our desired geographies.

# Impact Assessment

## 01

---

### *Headline Impacts*

COVID-19 health impacts  
Change in movement patterns  
High street recovery  
Headline economic impacts (GVA)  
Actual vs forecast change in Q2 sector output  
Estimated Q2 GVA loss by sector

## 02

---

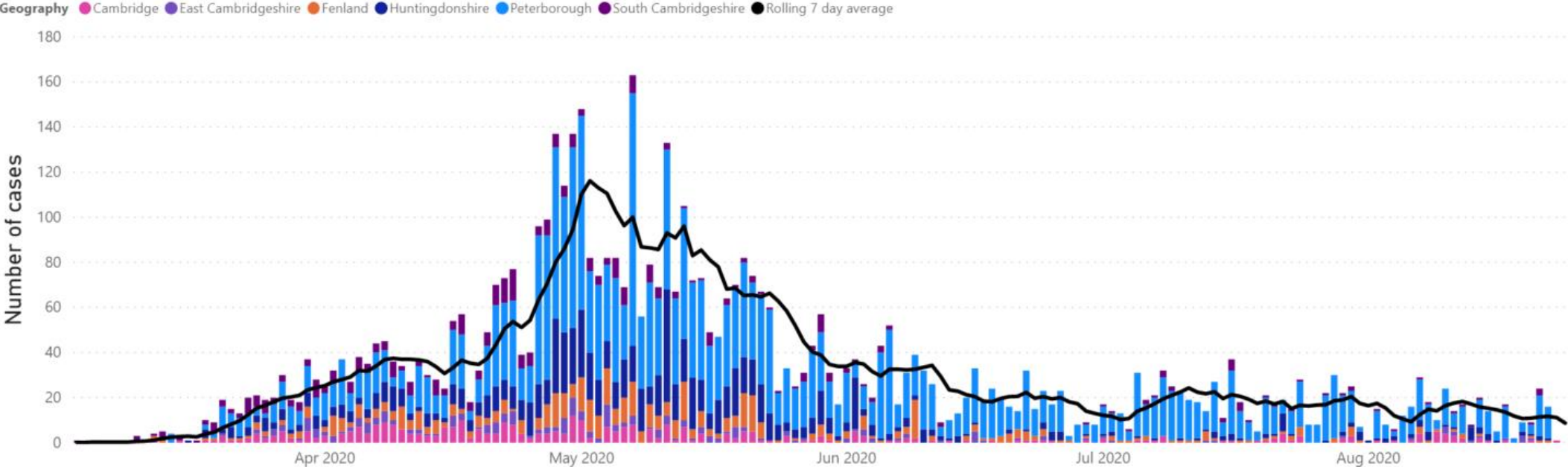
### *Performance against Comparators*

Sector output loss  
Universal Credit claimants

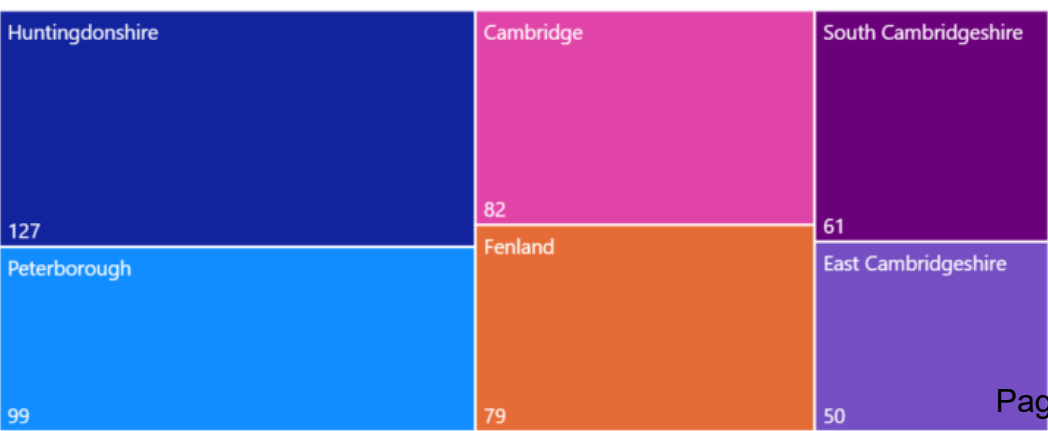


# The first peak of the virus has passed, but low levels of infection persist in the community

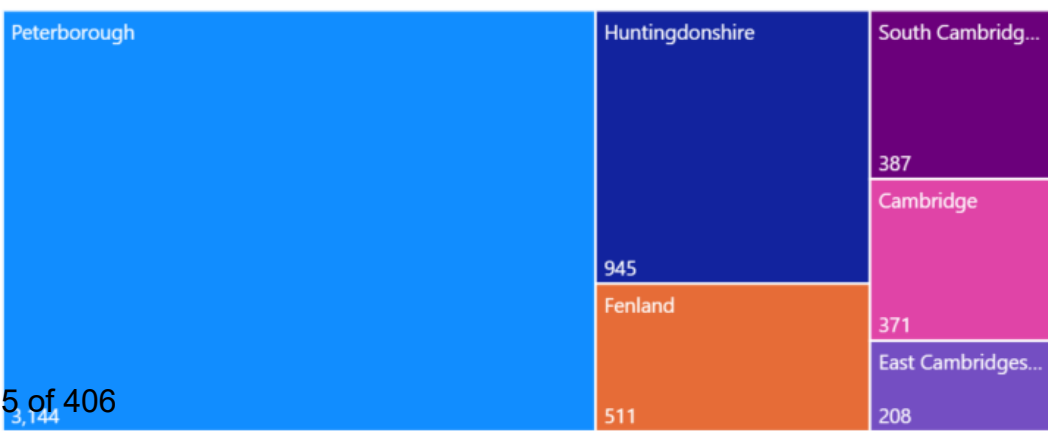
Covid-19 cases by local authority, CPCA



Total Deaths



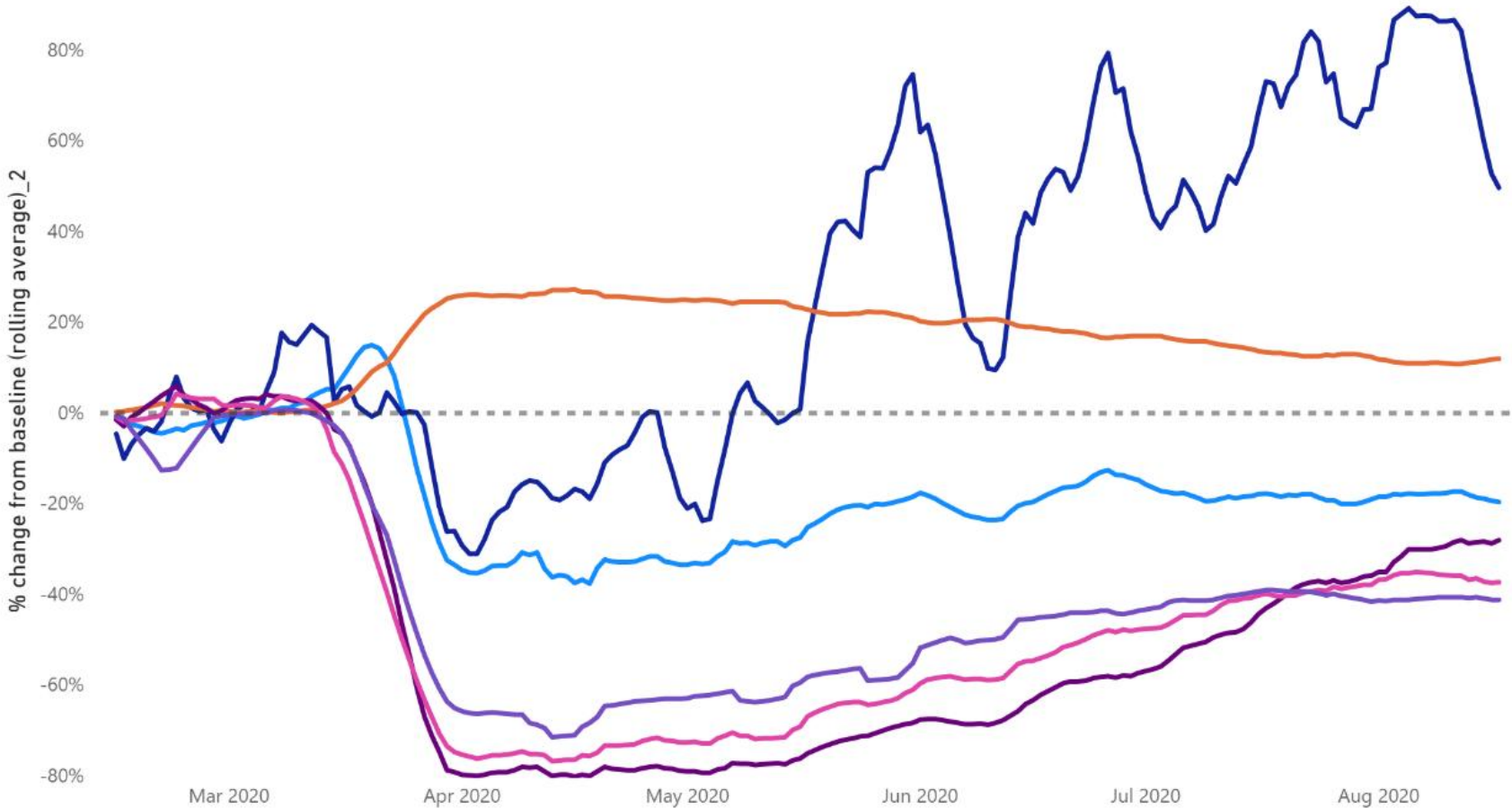
Total Cases



# People have been cautiously returning to workplaces and shops in Cambridgeshire, however activity is still well below pre-lockdown levels

Use of space relative to baseline period, seven day rolling average, Cambridgeshire

Attribute ● Grocery And Pharmacy ● Parks ● Residential ● Retail And Recreation ● Transit Stations ● Workplaces



This chart shows change in the use of different types of space relative to how they were used in the first six weeks of the year. This data is provided by Google, based on the real-time location of phones. The dramatic effect of lockdown on March 23<sup>rd</sup> can be clearly seen: in increased time at home, and reduced time in all other settings.

On May 10<sup>th</sup> the Government changed its messaging from “stay at home” to “stay alert” and reduced various restrictions, a process which have been ongoing steadily since to allow more activity. Activity has returned to parks, but has been slower to come back in other areas.

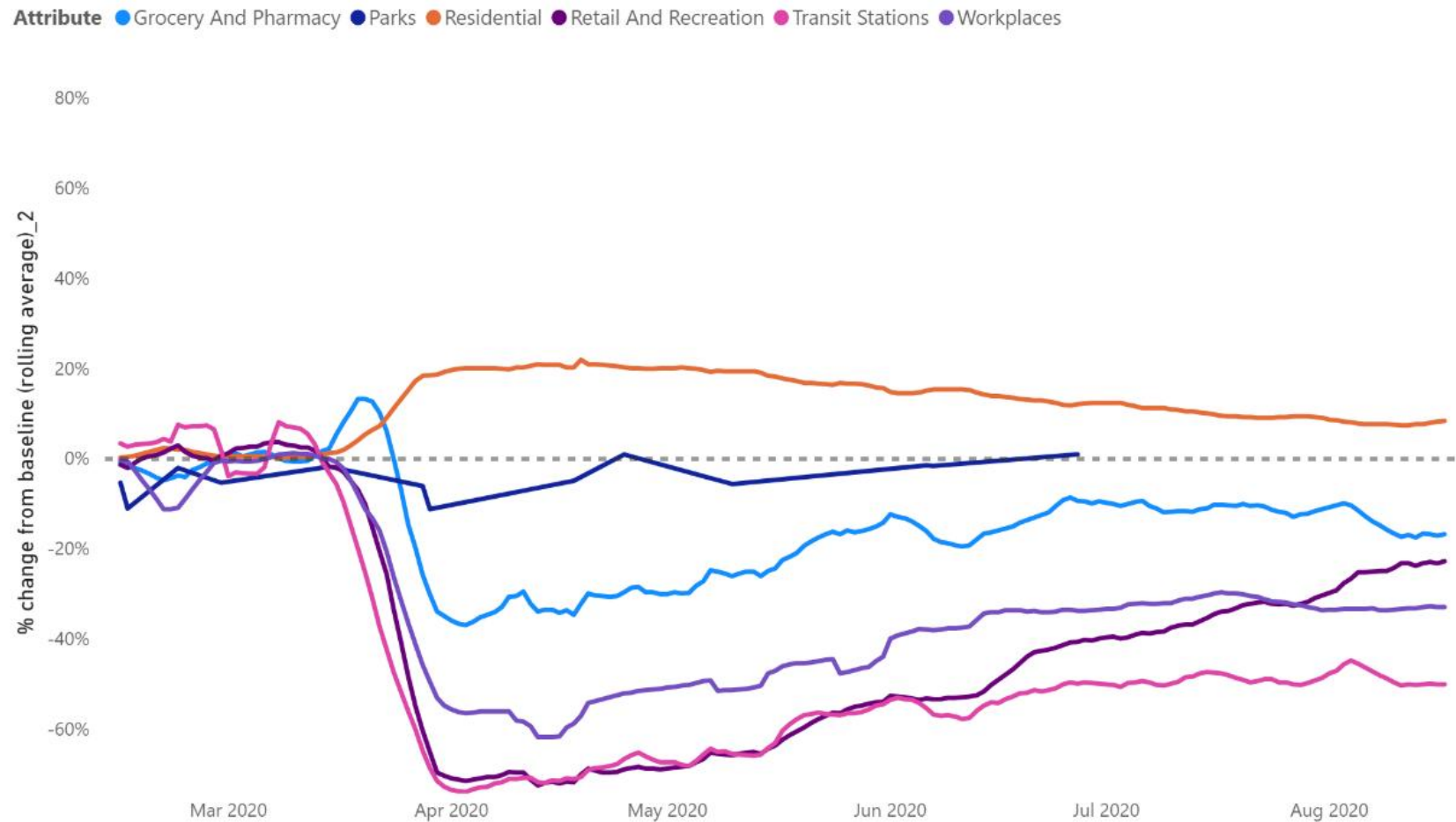
Retail and recreation remains nearly 40% below pre-lockdown levels, despite an uptick in activity from the beginning of July when pubs and non-essential retail businesses reopened.

This data is available at county level only.



# People have been cautiously returning to workplaces and shops in Peterborough, however activity is still well below pre-lockdown levels

Use of space relative to baseline period, seven day rolling average, Peterborough



This chart shows change in the use of different types of space relative to how they were used in the first six weeks of the year. This data is provided by Google, based on the real-time location of phones. The dramatic effect of lockdown on March 23<sup>rd</sup> can be clearly seen: in increased time at home, and reduced time in all other settings.

On May 10<sup>th</sup> the Government changed its messaging from “stay at home” to “stay alert” and reduced various restrictions, a process which have been ongoing steadily since to allow more activity. Despite this, activity has been slow to recover in all non-residential settings.

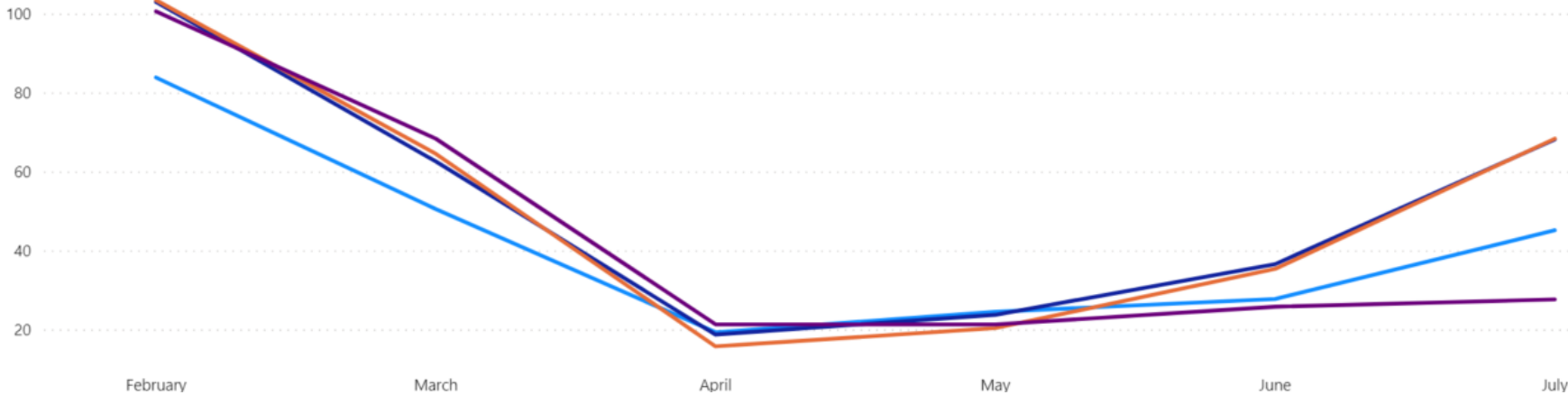
Retail and recreation remains more than 20% below pre-lockdown levels, despite an uptick in activity from the beginning of July when pubs and non-essential retail businesses reopened. Workers had gradually been returning to workplaces, but since the middle of July this trend seems to have paused, with Workplace activity still nearly 40% below pre-lockdown levels.

This data is available at county level only.

# High streets have been slow to recover and activity remains well below pre-lockdown levels

## High Street Recovery Index, Cambridgeshire

Index measure ● Night time index ● Overall index ● Weekend index ● Workers index

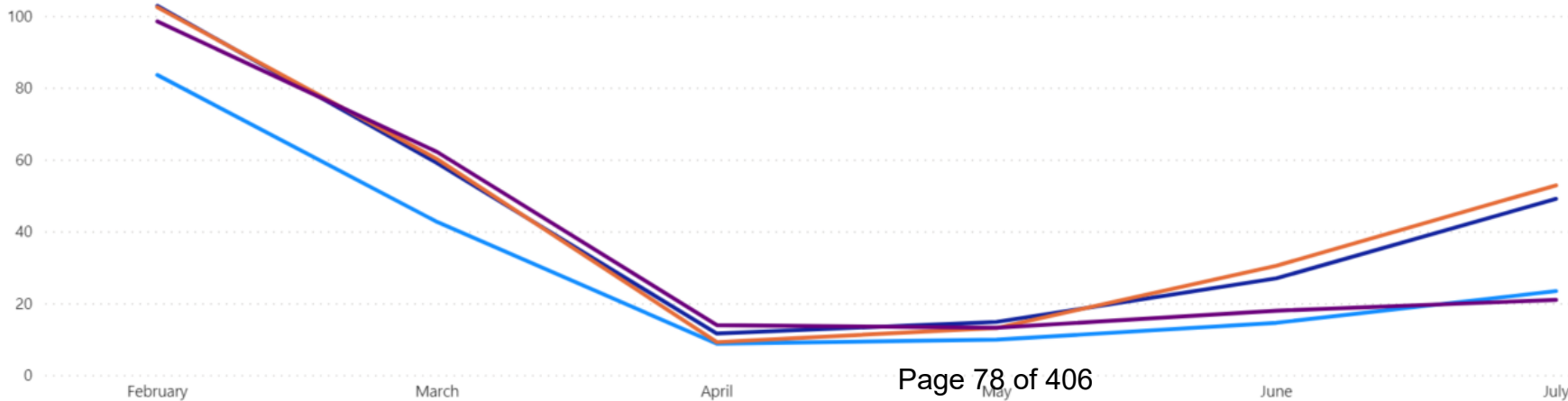


These charts show Centre for Cities' data on high street recovery for Cambridgeshire (top) and Peterborough (bottom). Data is available at county level only. The index measures activity on high streets across different time periods.

Across all time periods activity has been slow to recover, particularly during business hours on weekdays (the workers index, purple line), which likely reflects the cautious return of workers to offices and retail spaces and an ongoing preference to work remotely where possible. Some uptick in activity on weekends is visible, which suggests that residents across CPCA are returning to high streets for retail and leisure purposes, but even on weekends activity remains far below pre-lockdown levels.

## High Street Recovery Index, Peterborough

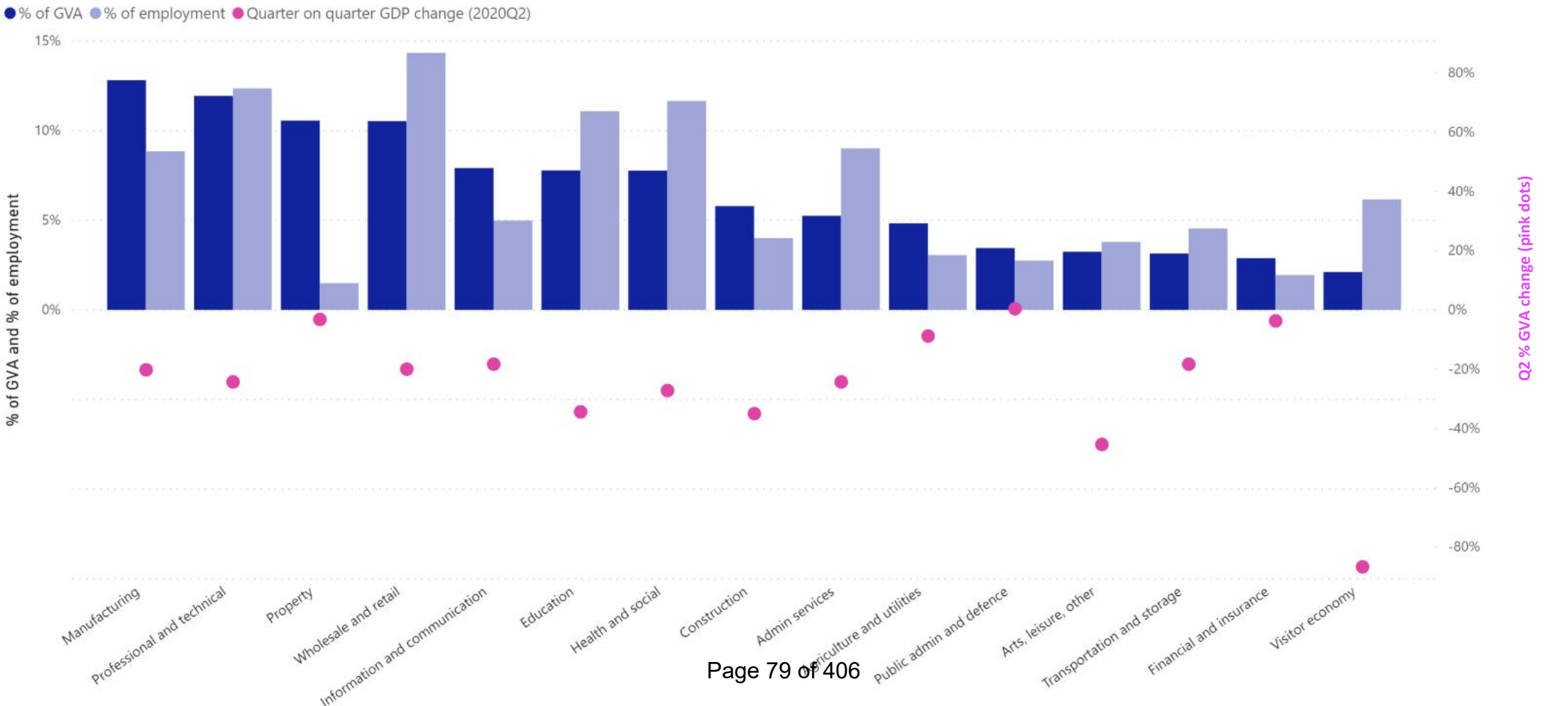
Index measure ● Night time index ● Overall index ● Weekend index ● Workers index



# Output declined across all sectors in Q2, with the largest falls in the Visitor Economy, Arts and Leisure, Education and Construction

This chart shows proportion of total GVA (2018) (blue bar), proportion of employment (light blue bar) and our modelled estimates of the Q2 fall in output (pink dots, right axis) for CPCA. This analysis shows that the largest output decline was in the visitor economy (-87%) and the smallest was in Public Admin and Defence (no change). To estimate the fall in output across CPCA we have applied national ONS estimates of Q2 output loss to CPCA's sector mix. The next pages use these estimates to assess the £ impact on CPCA's sectors and economy.

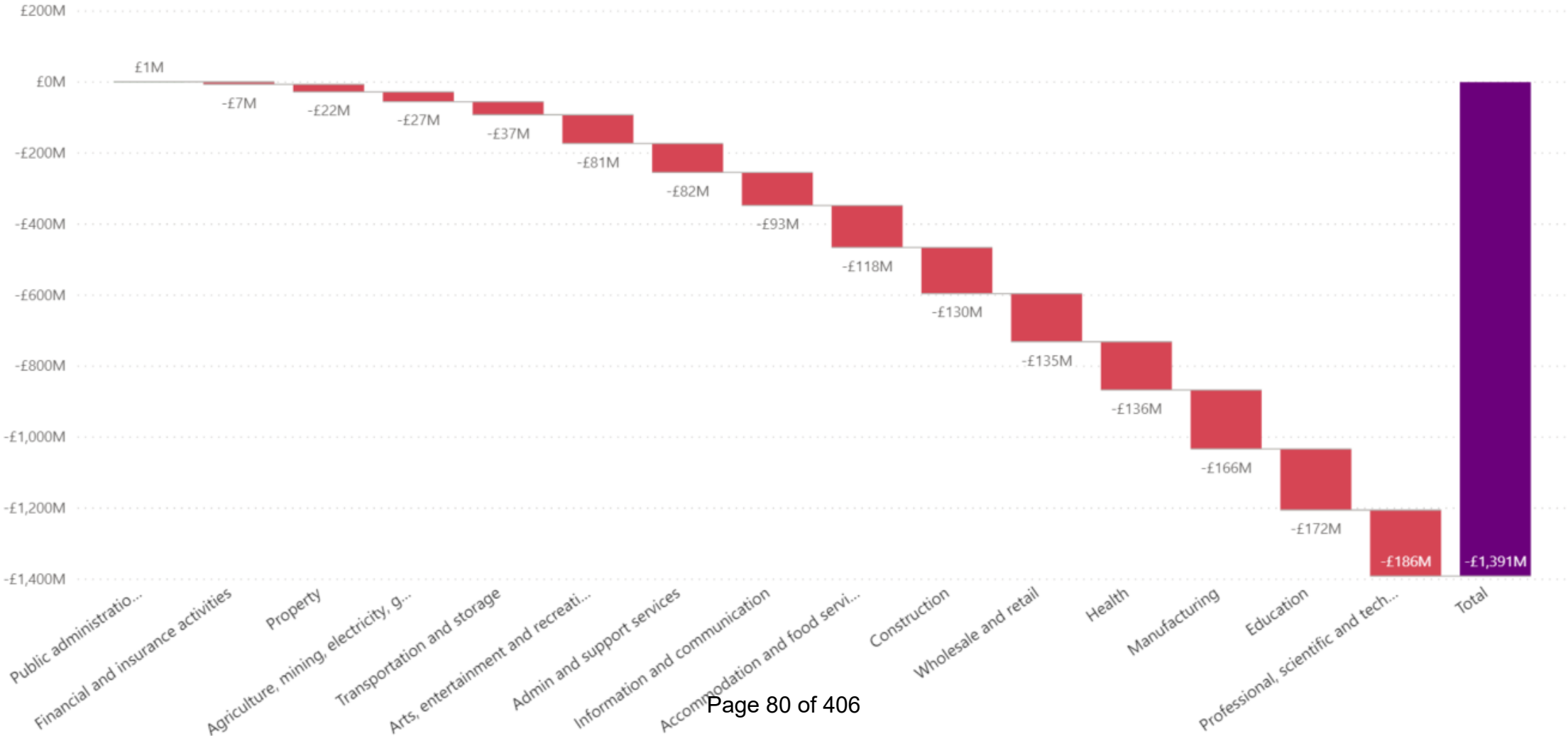
Sector GVA, Employment and estimated modelled Q2 output loss (right axis) for CPCA



# CPCA’s output decline was driven by large falls in key industries: the Professional, Scientific & Technical, Education and Manufacturing sectors

Building on the last page, this chart applies our modelled estimates of output decline across sectors to CPCA’s total GVA, to produce estimates of the absolute £ decline across sectors. In total, our modelling suggests that across CPCA output declined by £1.39bn in Q2.

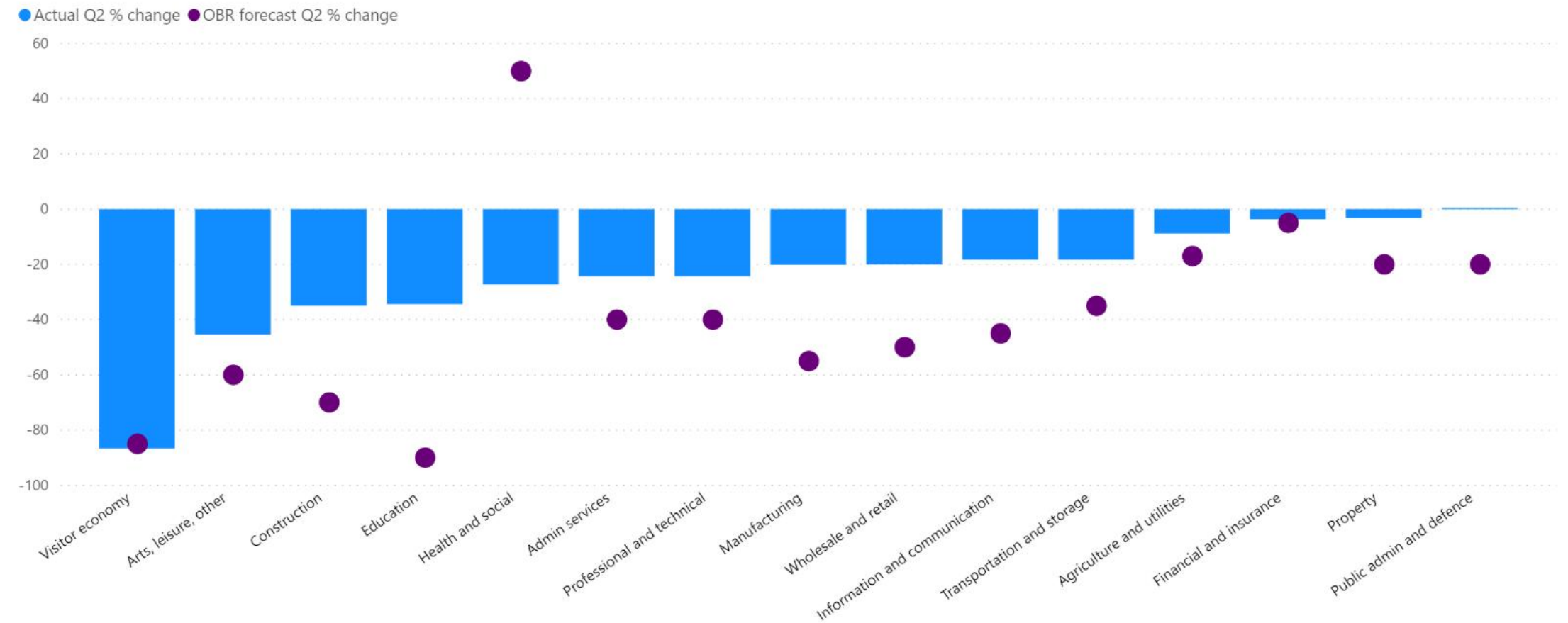
Estimated modelled output loss for CPCA in Q2 by sector (£m)



# Although still historically significant, Q2’s decline in output was less than what was anticipated by OBR modelling in April this year

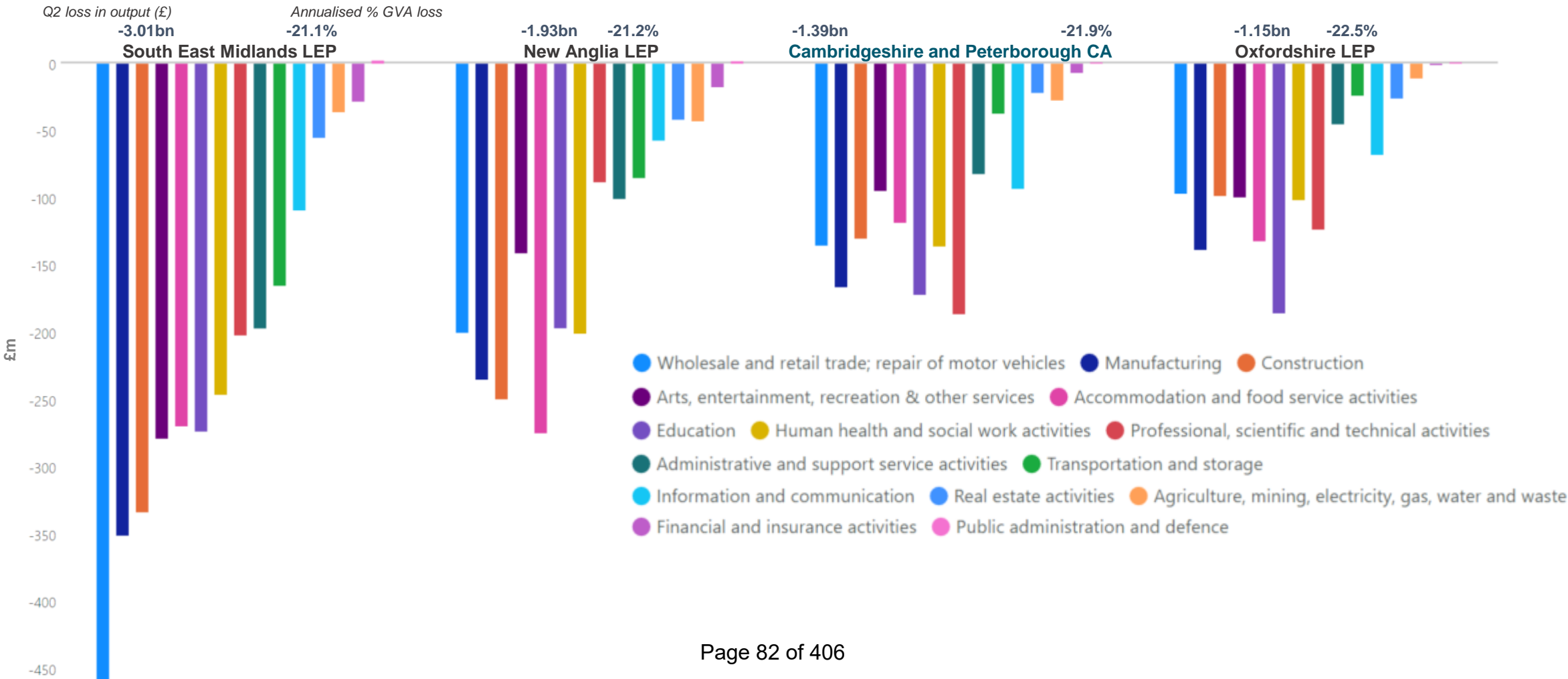
In April 2020 the Office of Budget Responsibility (OBR) released forecasts of potential output decline across sectors for Q2 (shown by the purple dots, below). Our modelled estimates of (national) Q2 data suggest the actual falls in output across most sectors (blue bars) were not as significant as first feared, but were still very substantial. The OBR forecast pointed to a -£3.7bn reduction in CPCA’s output, compared to the -£1.39bn reduction in output our modelling estimates.

Actual Q2 sector output fall vs OBR forecast Q2 fall



# CPCA's -22% annualised decline in GVA is matched by similar falls in comparator places

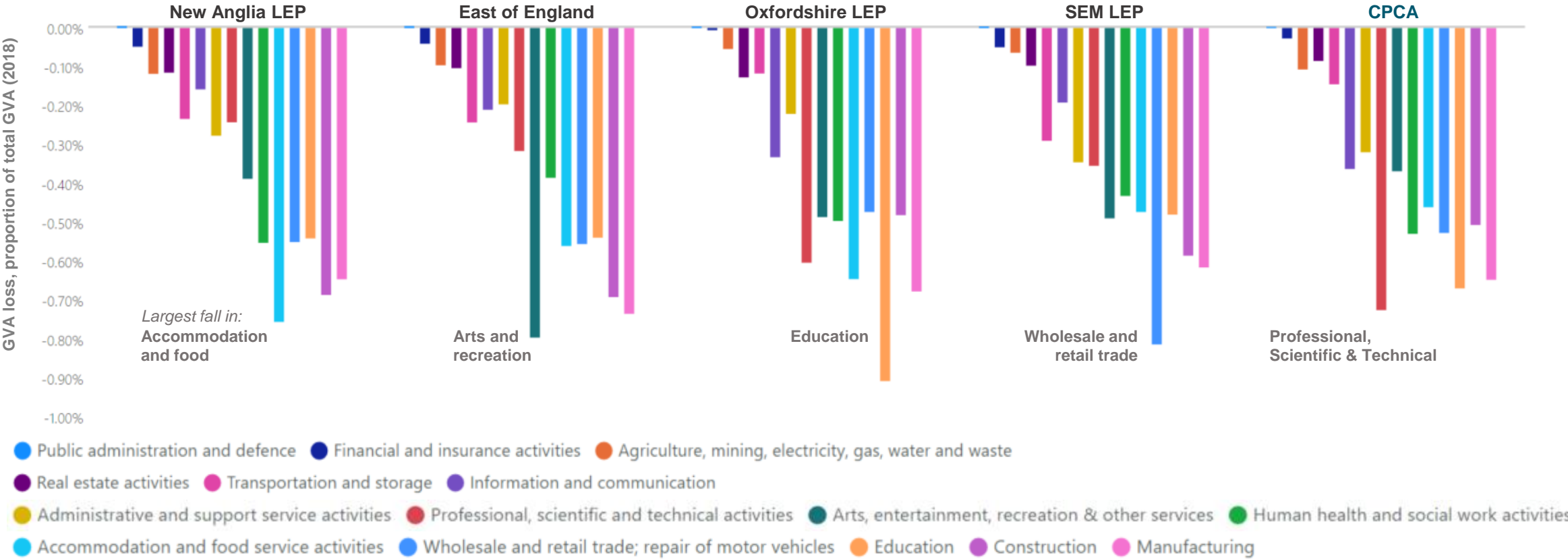
This chart shows our modelled estimates of Q2 falls in output across sectors for SEM LEP, New Anglia LEP, CPCA and Oxfordshire LEP. Values are our estimates (in £m) of output lost per sector. We have applied national data on Q2 sector output falls to the sectoral composition of each place in order to estimate total output loss. This approach indicates that across the places total output fell at an annualised rate of between -21.1% in SEM LEP and -22.5% in Oxfordshire LEP.





# The decline in output across CPCA stands out against comparators because it is driven by losses in the Professional, Scientific & Technical sector

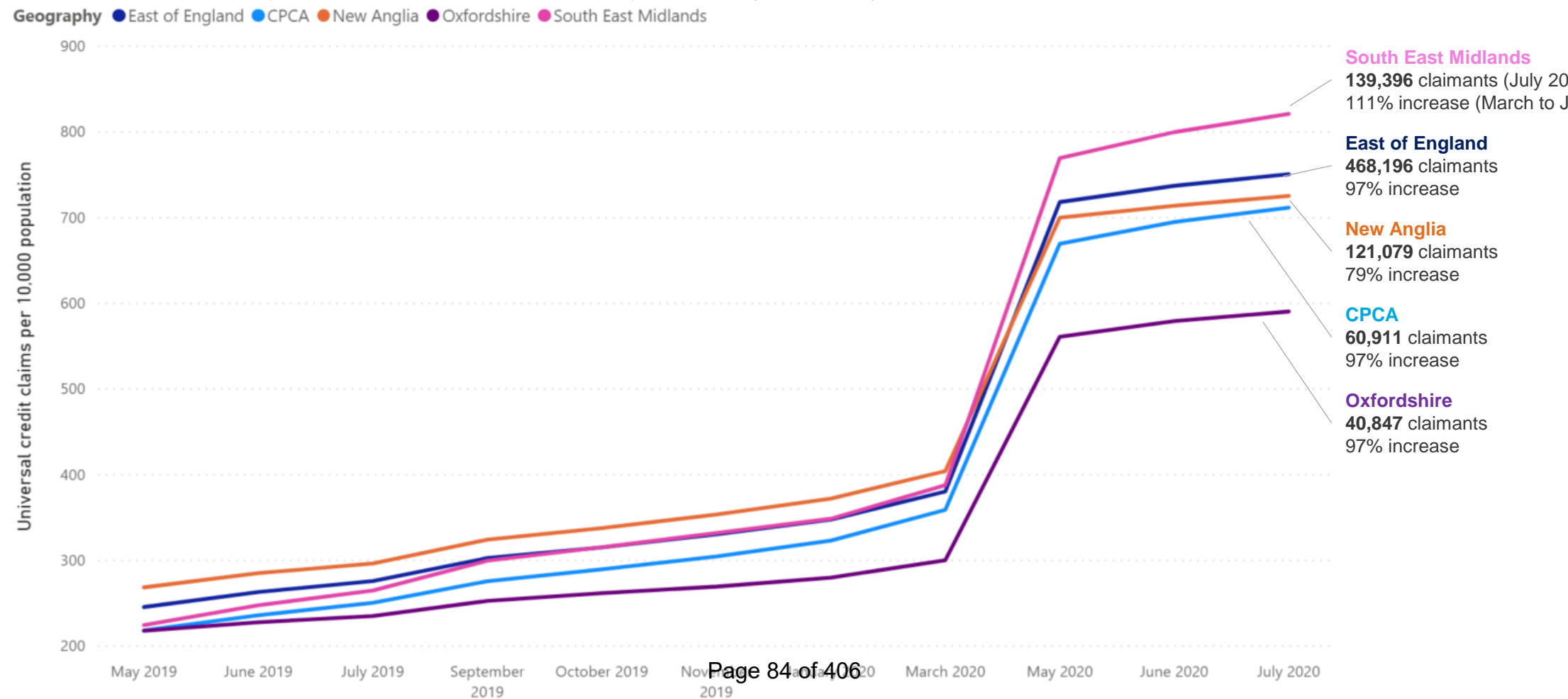
This chart shows our modelled estimates of Q2 falls in output across sectors for SEM LEP, New Anglia LEP, CPCA, Oxfordshire LEP and East of England. We have applied national data on Q2 sector output falls to the sectoral composition of each place. The values show GVA loss in that sector as a proportion of that place's total GVA (using 2018 GVA figures). The larger the sector in that place, and the larger the national decline in that sector's output across Q2, the greater the impact will be. This analysis shows that different sectors led the decline in GVA across places. Professional, Scientific and Technical activities led the decline in CPCA, which stands out from comparators, where the largest losses were typically concentrated in the sectors that were most impacted by the lockdown, such as retail trade.



# The rise in Universal Credit claims across CPCA is broadly in line with the increases seen in comparator geographies

This chart shows the cumulative number of Universal Credit claimants per 10,000 residents in CPCA and comparator geographies. From March to July all places experienced a rapid increase in the number of Universal Credit claimants, from a 79% increase in New Anglia LEP to a 111% increase in SEM LEP, with CPCA in between at 97%. Although the most substantial increase in claimants occurred in April and May, numbers continued to increase over the summer to the end of July. Across CPCA there are now more than 700 Universal Credit claimants per 10,000 head of population.

Universal Credit claimants per 10,000 residents, CPCA and comparators, May 2019 – July 2020



Source: Metro Dynamics analysis of DWP data



# Impacts across CPCA

## 01

---

### *Sectors & Businesses*

- Sector output loss
- Trading status
- Cash reserves
- Turnover vs operating costs
- Take up of government support
- Use of the furlough scheme
- Commercial property vacancy rates

## 02

---

### *Labour Markets*

- Universal credit claimants
- Jobseekers Allowance claimants
- Furloughed workers
- New job postings
- Average salaries by industry
- Key workers
- Working from home
- Parents in the workforce

# Sectors and Business Headline Findings

Across CPCA			
Sector Output	Business Recovery	Use of Government Support	Commercial Property
<ul style="list-style-type: none"><li>Q2 output declined for all sectors except Public Administration. The fall in output across CPCA was led by the Professional, Scientific and Technical (PST) sector and Education.</li><li>Manufacturing was the single largest source of decline across four out of six of CPCA's local authorities.</li></ul>	<ul style="list-style-type: none"><li>Most businesses across most sectors have now reopened, although recovery has been slower in sectors more affected by the lockdown.</li><li>On the whole, business cash reserves are improving, but the stubbornly high number of cash-poor businesses points to a fragile recovery.</li><li>Many businesses are yet to return to profitability, though there are some early signs of success.</li></ul>	<ul style="list-style-type: none"><li>Since peaks in March and April, business take up of most government support schemes has been steadily declining. Still, approximately 1 in 5 businesses was making use of a government support scheme at the end of July.</li><li>Up to 24,000 CPCA businesses are still using the furlough scheme.</li></ul>	<ul style="list-style-type: none"><li>Commercial property vacancy rates are rising, particularly for retail property, although increasing vacancy rates are evident across industrial and office property too.</li></ul>

Cambridge	South Cambridgeshire	Peterborough	Huntingdonshire	Fenland	East Cambridgeshire
<p>Q2 output loss: <b>-£371m</b></p> <p>Largest output fall in: <b>Professional, Scientific and Technical (PST)</b></p> <p>Cambridge's high value PST and Education sectors declined substantially in Q2. The fall in Cambridge's PST output accounted for 6% of the total Q2 output loss across CPCA.</p>	<p>Q2 output loss: <b>-£298m</b></p> <p>Largest output fall in: <b>Manufacturing</b></p> <p>An estimated 500 businesses have less than one month of cash reserves, the largest number in CPCA. Property vacancy rates have increased from already high levels relative to other LAs.</p>	<p>Q2 output loss: <b>-£319m</b></p> <p>Largest output fall in: <b>Manufacturing</b></p> <p>Peterborough has the most Wholesale / Retail Trade businesses, employment and GVA in CPCA. Peterborough has avoided the worst of the recession so far, but a slow retail recovery poses a real risk to the region.</p>	<p>Q2 output loss: <b>-£214m</b></p> <p>Largest output fall in: <b>Manufacturing</b></p> <p>The region's strong agrifood industry has helped negate the worst effects, though there were substantial losses of output in manufacturing and construction. Commercial property vacancies have risen.</p>	<p>Q2 output loss: <b>-£90m</b></p> <p>Largest output fall in: <b>Manufacturing</b></p> <p>One third of lost output was in just two sectors: manufacturing and retail trade. Overall output declined by 5.5% of Fenland's 2018 GVA, mirroring the 5.4% decline across all of CPCA.</p>	<p>Q2 output loss: <b>-£99m</b></p> <p>Largest output fall in: <b>Arts &amp; Entertainment</b></p> <p>The region's strong agrifood industry has helped negate the worst effects of the recession. Q2's output loss was equivalent to 4.9% of EC's 2018 GVA – the smallest percentage loss of output across CPCA.</p>

Based on the modelled estimates of Q2 output loss presented on previous pages, this chart shows our modelled estimates of output fall by sector across CPCA's local authorities. From left to right, the industries are ordered by the total size of that industry's decline across CPCA. The scale of output decline within a local authority is driven by its sectoral composition. Output decline in the manufacturing sector was the largest single cause of output decline in four out of six local authorities. Cambridge's Professional, Scientific and Technical sector and Education sector experienced the largest declines overall.

**Cambridge** -£371m Q2 loss in output (£)

**South Cambridgeshire** -£298m

**Peterborough** -£319m

**Huntingdonshire** -£214m

**Fenland** -£90m

**East Cambridgeshire** -£99m

**Manufacturing**

**Arts and Entertainment**

**Professional, scientific and technical activities**

**Education**

**Health**

**Manufacturing**

**Construction**

**Wholesale and retail**

**Accommodation and food service activities**

**Information and communication**

**Admin and support services**

**Arts, entertainment and recreation and other services**

**Transportation and storage**

**Agriculture, mining, electricity, gas, water and waste**

**Property**

**Financial and insurance activities**

**Public administration and defence**

*Largest fall in:*

**Professional, Scientific and Technical**

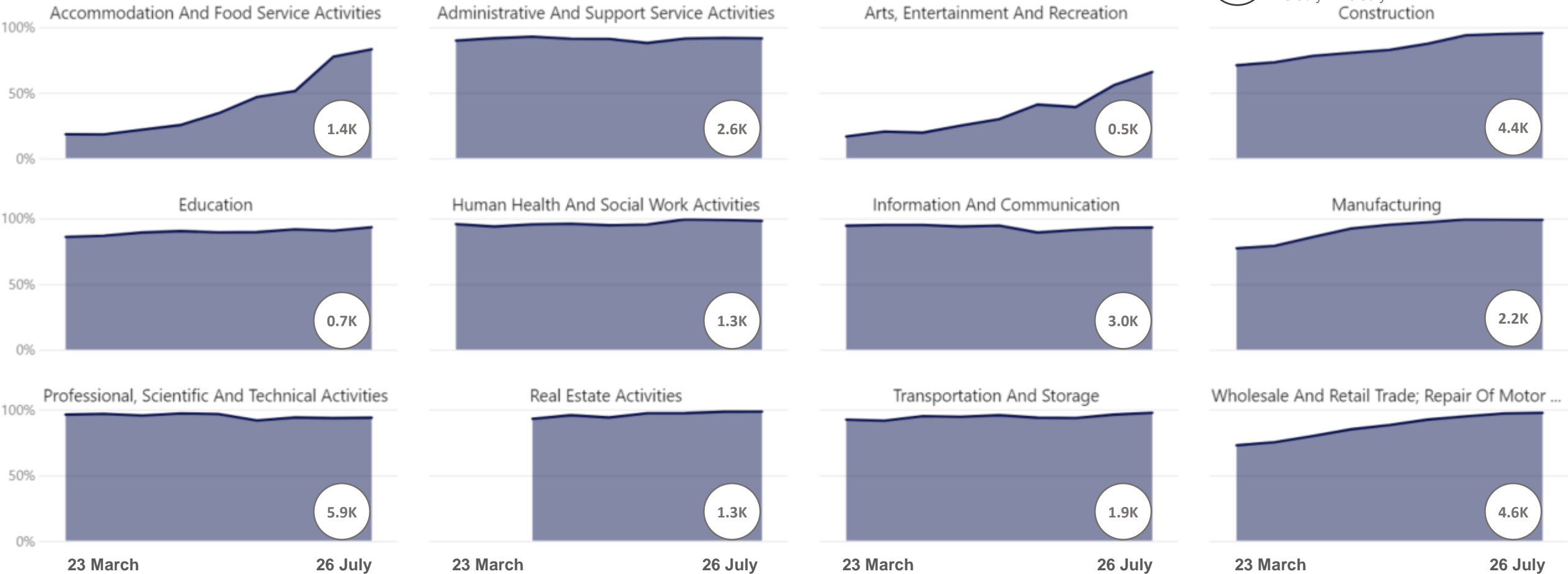
Page 87 of 406

# Most businesses across most sectors have now reopened, although recovery has been slower in sectors more affected by the lockdown

The charts below track businesses reopening across sectors based on responses to the ONS Business Impacts of Coronavirus Survey (BICS). The numbers in the bubbles are our estimates of the number of businesses across CPCA that are now trading again. After extended shutdowns in some industries, a steady upward trend in the number of businesses trading can now be seen.

Proportion of businesses open for trade, UK, March 23 – July 26

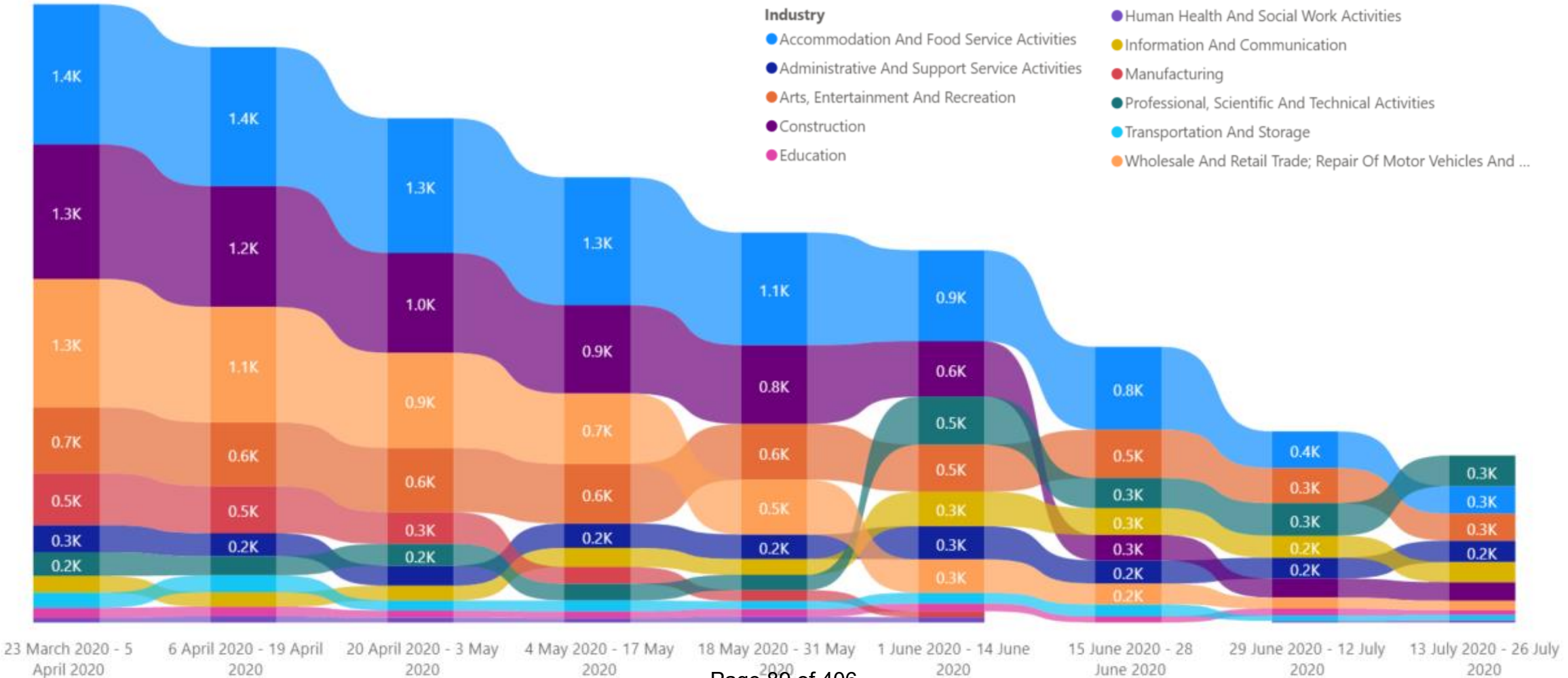
1.4k = modelled estimates of the number of CPCA businesses who are trading, from 13 July – 26 July



# Some businesses, particularly in dining and entertainment, are yet to reopen

This chart tracks our modelled estimates of the number of CPCA businesses that are yet to reopen, based on responses to the ONS Business Impacts of Coronavirus Survey (BICS). Businesses have been gradually reopening over time, with an estimated 4,500 businesses that had paused trading at the beginning of April having since reopened. However, our estimates suggest that at the end of July approximately 1,500 businesses across CPCA had still temporarily paused trading.

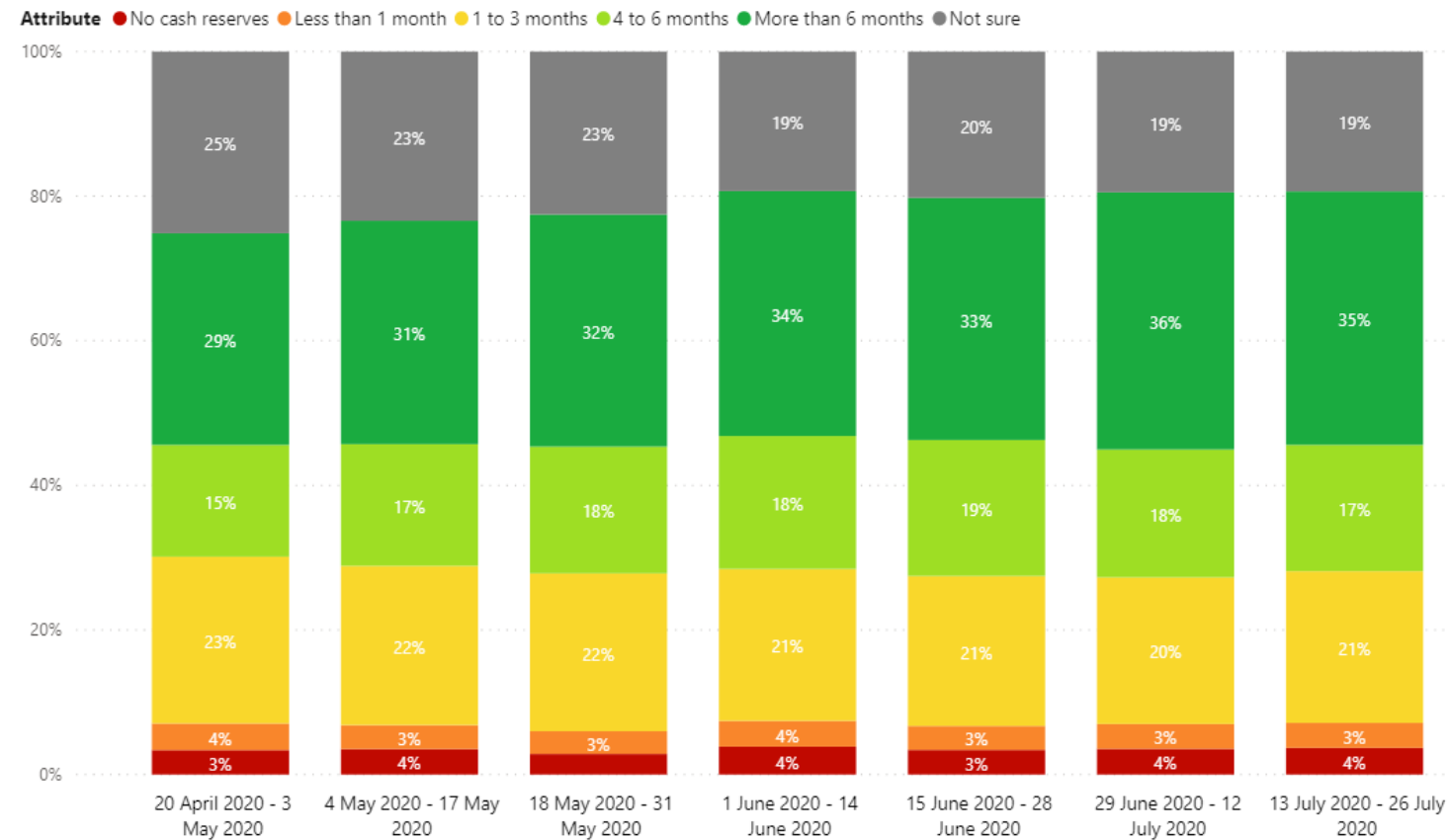
CPCA businesses that have temporarily paused trading, by industry, March 23 – July 26



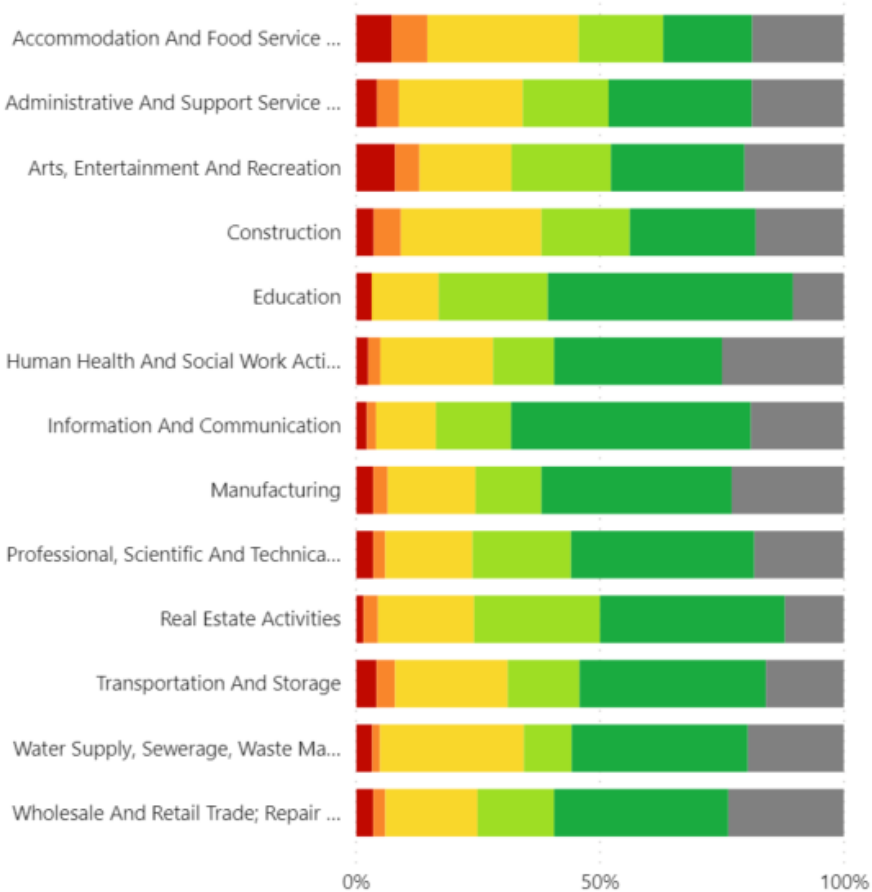
# Business cash reserves are slowly improving

These charts show the stated cash reserves of businesses across CPCA based on responses to the ONS Business Impacts of Coronavirus Survey (BICS). Gradual improvement can be seen in the cash position of businesses over time, from 29% of businesses reporting having more than 6 months of cash reserves in April compared to 35% at the end of July. Businesses are also becoming more certain of their cash position, as evidenced by the decreasing numbers of businesses saying they are not sure about their cash reserves. Across industries (right-hand chart) there are persistent concerns about the cash reserves of businesses in the Accommodation and Food sector and Arts and Recreation. Analysis over the following pages will pick up on this theme again, noting that businesses in these sectors are less likely to be profitable and are more likely to be making use of government support schemes.

Business cash reserves, CPCA, all industries, April 20 – July 26



Business cash reserves by industry, CPCA, July 26

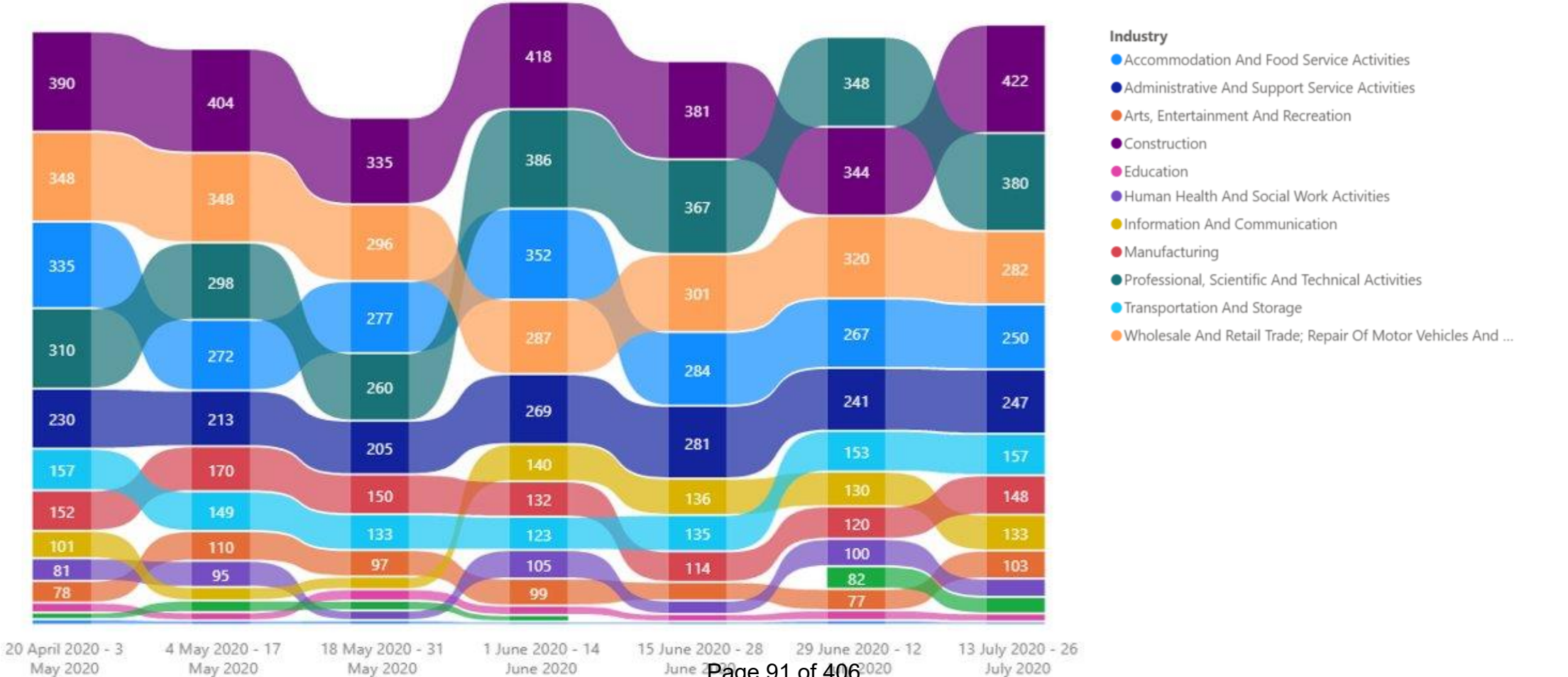




# Continued high numbers of cash-poor businesses points to a fragile business recovery

This chart shows our modelled estimates of the number of CPCA businesses reporting having zero cash reserves or less than 1 month of cash reserves, based on responses to the ONS Business Impacts of Coronavirus Survey (BICS). The chart shows that the cash positions of businesses in some sectors are improving more quickly than others. For example, the number of Wholesale / Retail Trade businesses with less than one of cash reserves has decreased over time, while the number of cash-poor businesses in the Professional, Scientific and Technical sector and in Construction has been increasing. Part of the increase in these may be attributed to the possibility that when businesses resume trading they initially do so with low cash reserves, and more businesses in these sectors are beginning to resume trading after early pauses. However, across all sectors the stubbornly high number of businesses reporting low cash reserves points to the ongoing fragility of the recovery.

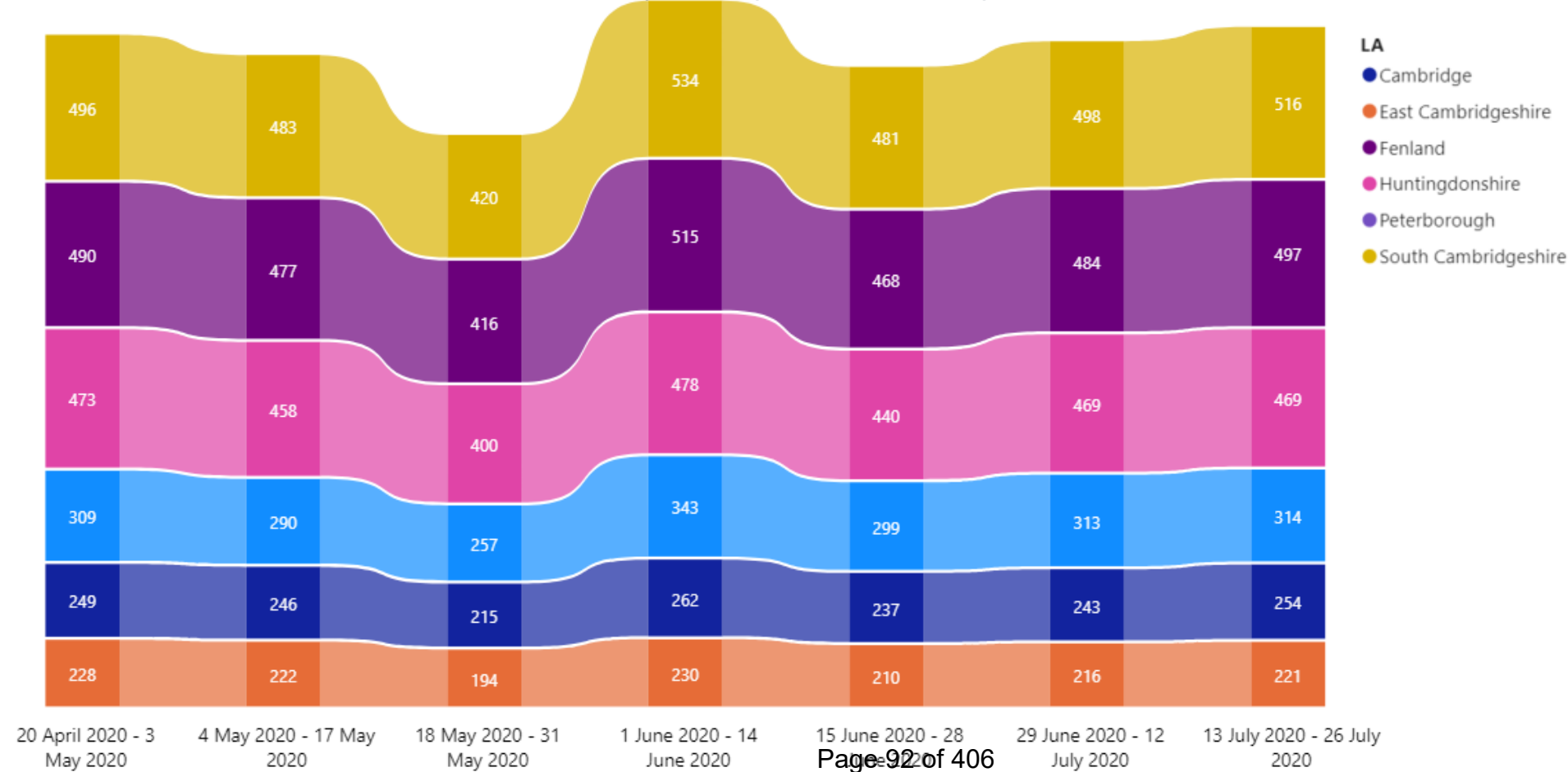
CPCA businesses with less than 1 month of cash reserves (modelled estimates)



# South Cambridgeshire has seen the sharpest increase in businesses with few or no cash reserves

This chart shows our modelled estimates of the number of CPCA businesses reporting having zero cash reserves or less than 1 month of cash reserves, based on responses to the ONS Business Impacts of Coronavirus Survey (BICS). These estimates are based on the sectoral composition of each local authority and do not account for factors within each local authority that may be influencing business' cash positions. The number of cash-poor businesses has increased very slightly since April, and although there has been a slight improvement since the beginning of June the numbers plateaued over July. Based on the sectoral composition of its economy South Cambridgeshire is likely to have the largest number and to have seen the largest increase in businesses with less than one month of cash reserves.

Businesses with less than 1 month of cash reserves, July 13 – 26 (modelled estimates)



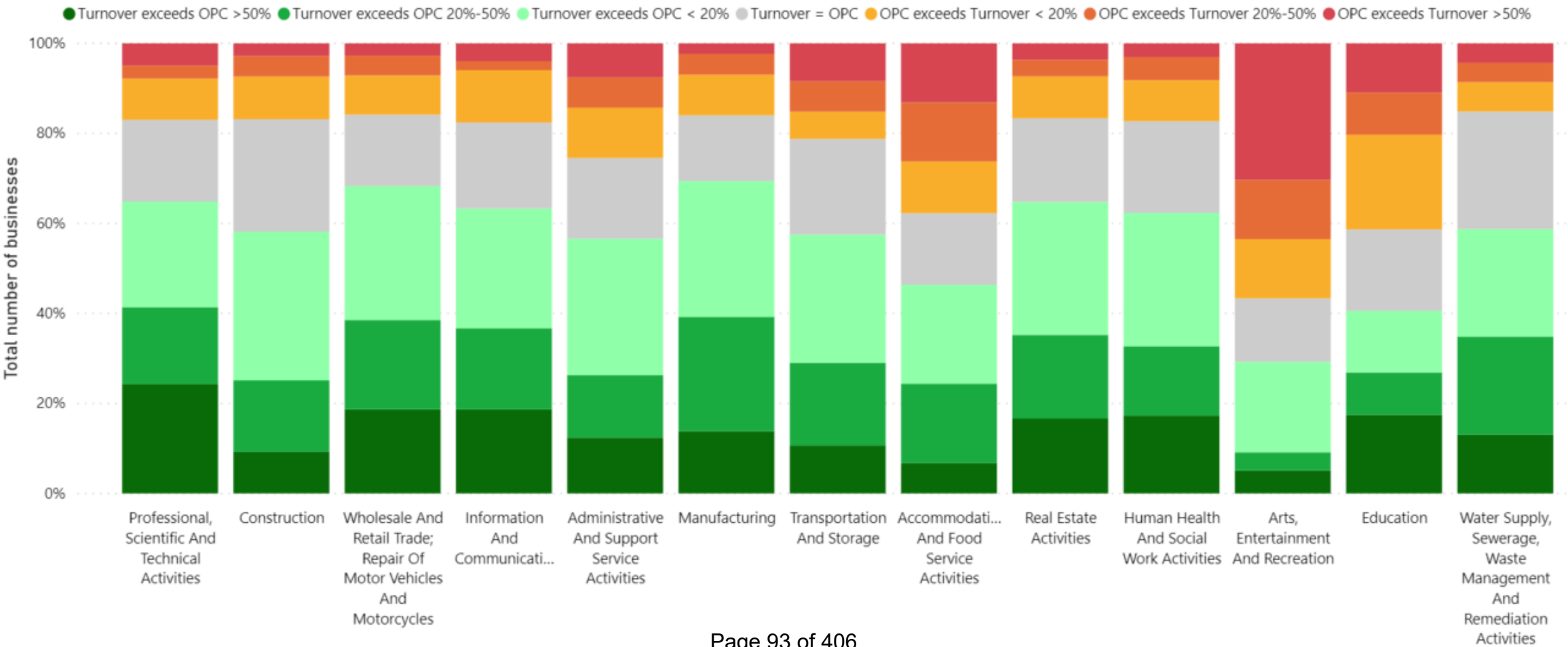
Source: Metro Dynamics analysis of ONS Business Impacts of Coronavirus Survey (ONS BICS); ONS BRES data for CPCA



# Many businesses are yet to return to profitability, though some are succeeding again

This chart shows our modelled estimates of the proportion of CPCA businesses which are profitable (in terms of whether their turnover exceeds operating costs) across industries for the last fortnight of July 2020. Unsurprisingly, the sectors which have been most disrupted by the lockdown are also those where more businesses are yet to return to profitability. Of concern is the proportion of businesses in the education sector (CPCA’s fourth largest sector by employment) which are reporting their operating costs exceed turnover: in total for the sector just 40% of businesses are thought to be currently profitable.

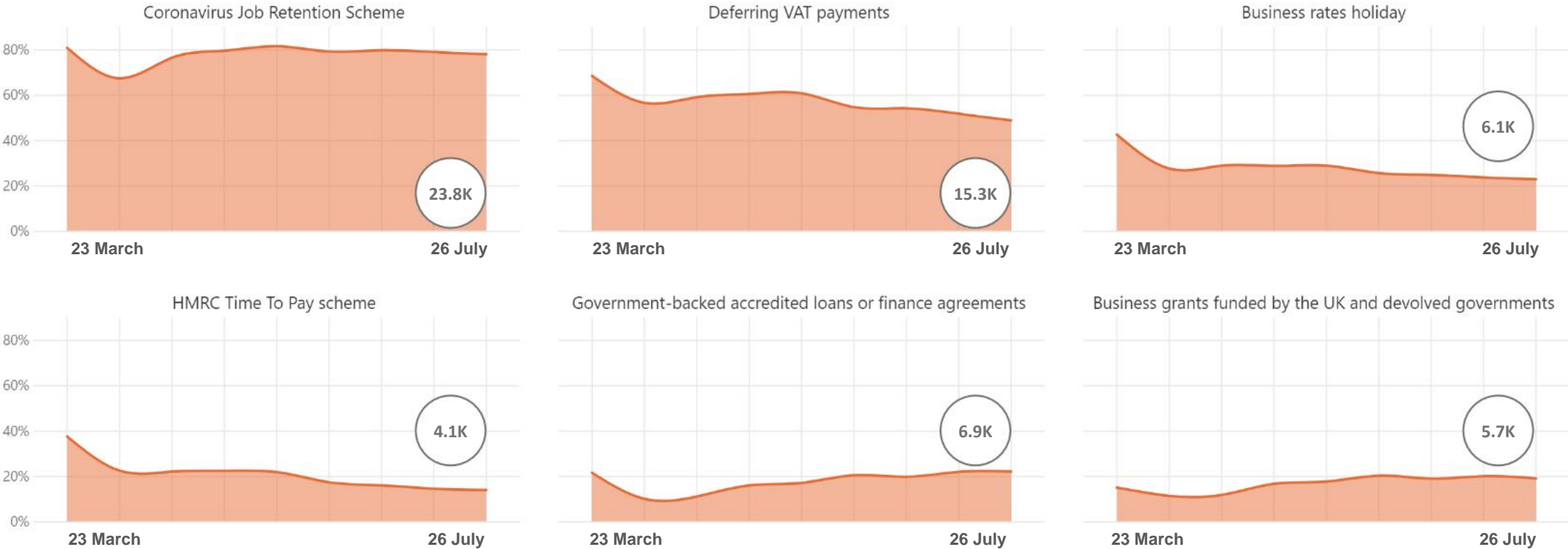
CPCA business turnover vs operating costs, July 13 – July 26 (modelled estimates)



# Since peaks in March and April, business take up of most government support schemes has been steadily declining

The charts below track national business take-up of government support schemes based on responses to the ONS Business Impacts of Coronavirus Survey (BICS). For most support schemes take-up has been steadily declining since peaks in March and April, however almost 80% of national businesses were still making use of the furlough scheme in some form at the end of July, and across all schemes at least 1 in 5 businesses continue to access support.

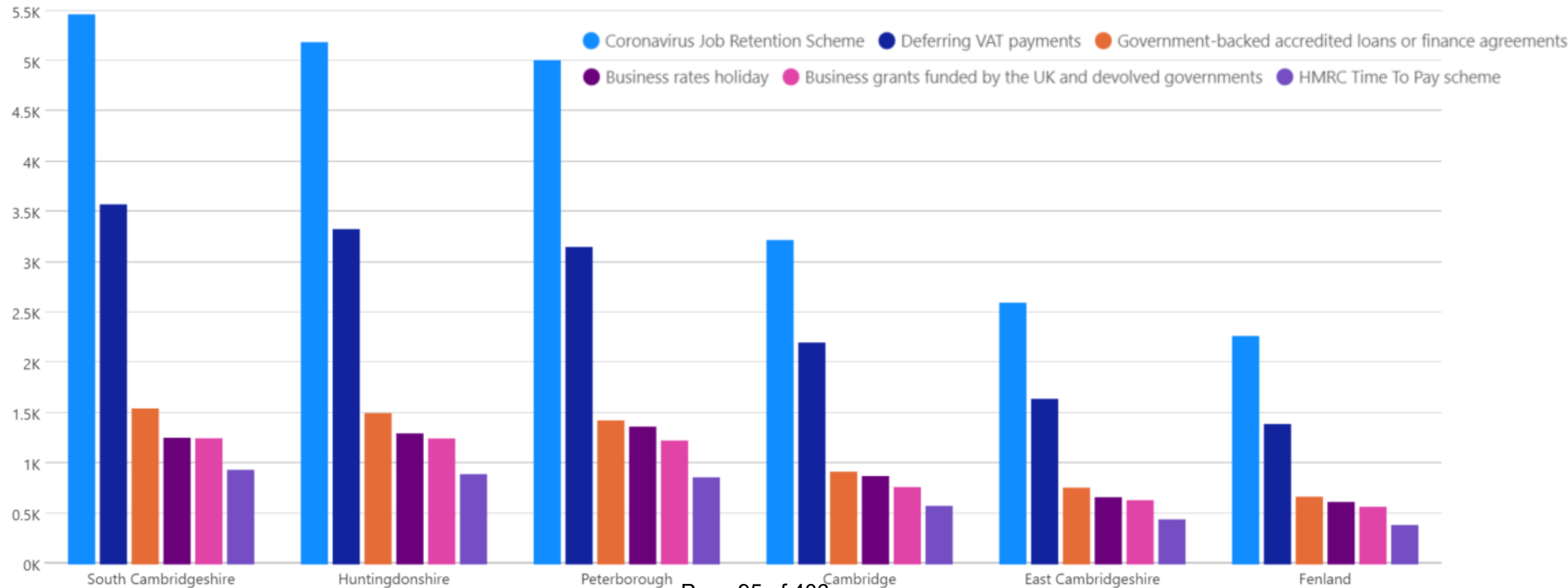
Business use of support schemes, national, all industries, 23 March – 26 July



# Modelled estimates of business take-up of support schemes provide insight into the number of businesses across local authorities still using government support

The charts below show modelled estimates of the numbers of businesses using government support schemes based on responses to the ONS Business Impacts of Coronavirus Survey (BICS). These estimates are based on the sectoral composition of each local authority and do not account for factors within each local authority that may be influencing business take-up of government support schemes. This chart makes it clear that many businesses across local authorities continue to make use of the furlough scheme as well as deferred VAT payments. Take up of other schemes is reduced but still substantial.

Modelled estimates of business take-up of government support schemes, local authorities, as at 26 July

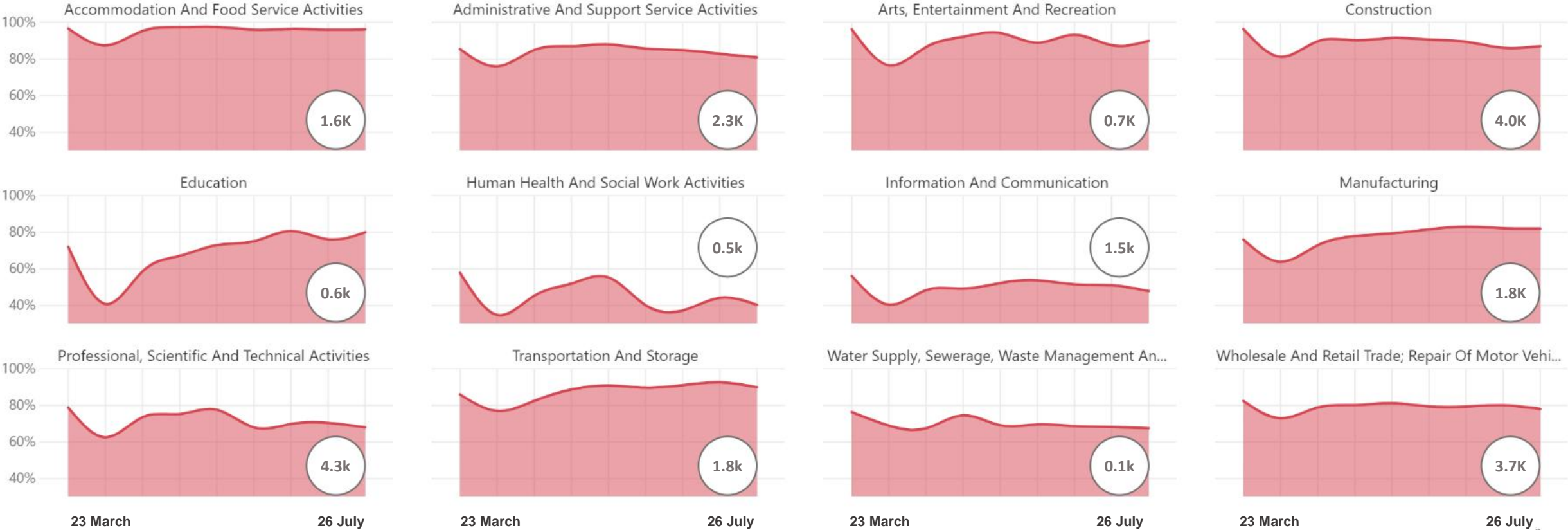


# Many businesses across most industries continue to make use of the furlough scheme

The charts below track business' use of the furlough scheme across sectors based on responses to the ONS Business Impacts of Coronavirus Survey (BICS). The numbers in the bubbles are our modelled estimates of how many businesses across CPCA are making use of the furlough scheme (at least one employee furloughed at that time). Many businesses across all sectors have continued to make use of the scheme. As of the end of July no real decline in use is apparent, highlighting the issues facing businesses when the furlough scheme comes to an end in October.

Business use of CJRS (Furlough) scheme, UK (with CPCA estimates), 23 March – 26 July

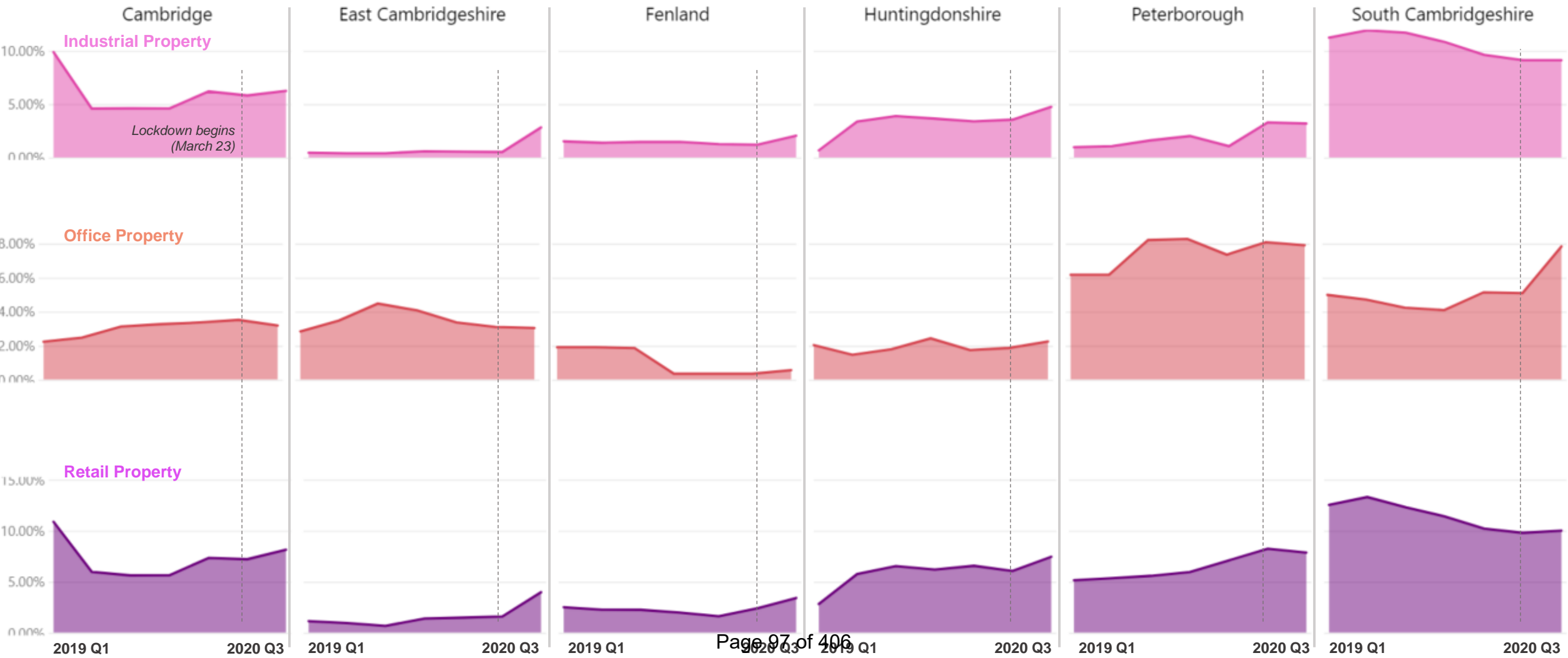
1.6k = modelled estimates of the number of CPCA businesses using furlough scheme from 13 July – 26 July



# Commercial property vacancy rates are rising, particularly for retail property

These charts show commercial property vacancy rates across CPCA local authorities for industrial property, office property and retail property. In general, vacancy rates have been increasing since lockdown began in most local authorities and across most property types. Sharper increases can be seen in vacancies in office property in South Cambridgeshire, and for retail property in East Cambridgeshire.

Commercial property (industrial, office, retail) vacancy rates by local authority, 2019 Q1 – 2020 Q3



# Labour Market Headline Findings

## Across CPCA

### Universal Credit

- Universal Credit claimants across CPCA exceeded 60,000 in July, and new claims are rising faster in CPCA than nationally.
- Most new Universal Credit claimants are aged 25-49, although all age groups have seen a rapid increase in new claims.

### Jobseeker's Allowance

- Jobseeker's Allowance (JSA) claims across CPCA rose past 3,000 in July.
- Workers of all ages have been making claims for JSA, but younger workers have been making new claims at the fastest rate.
- Across all LAs at least 50% of JSA claimants are aged 25 – 49, with the highest proportion of young claimants in East Cambridgeshire and Fenland.

### Furloughed workers

- 114,800 employees across CPCA have been furloughed up to 31 July, an increase of 7% since June.
- 30,300 claims have been made to the self-employment income scheme by workers across CPCA up to 31 July, an increase of 2% since June.

### Job postings

- New job postings declined significantly in March and April, with only a muted recovery underway since May. The exceptions are job postings in Health Care, which have stayed stable, and Construction, which has seen a recent rebound in new job postings.
- Average salaries across sectors are rising, but that may be a sign that fewer low wage jobs are being advertised.

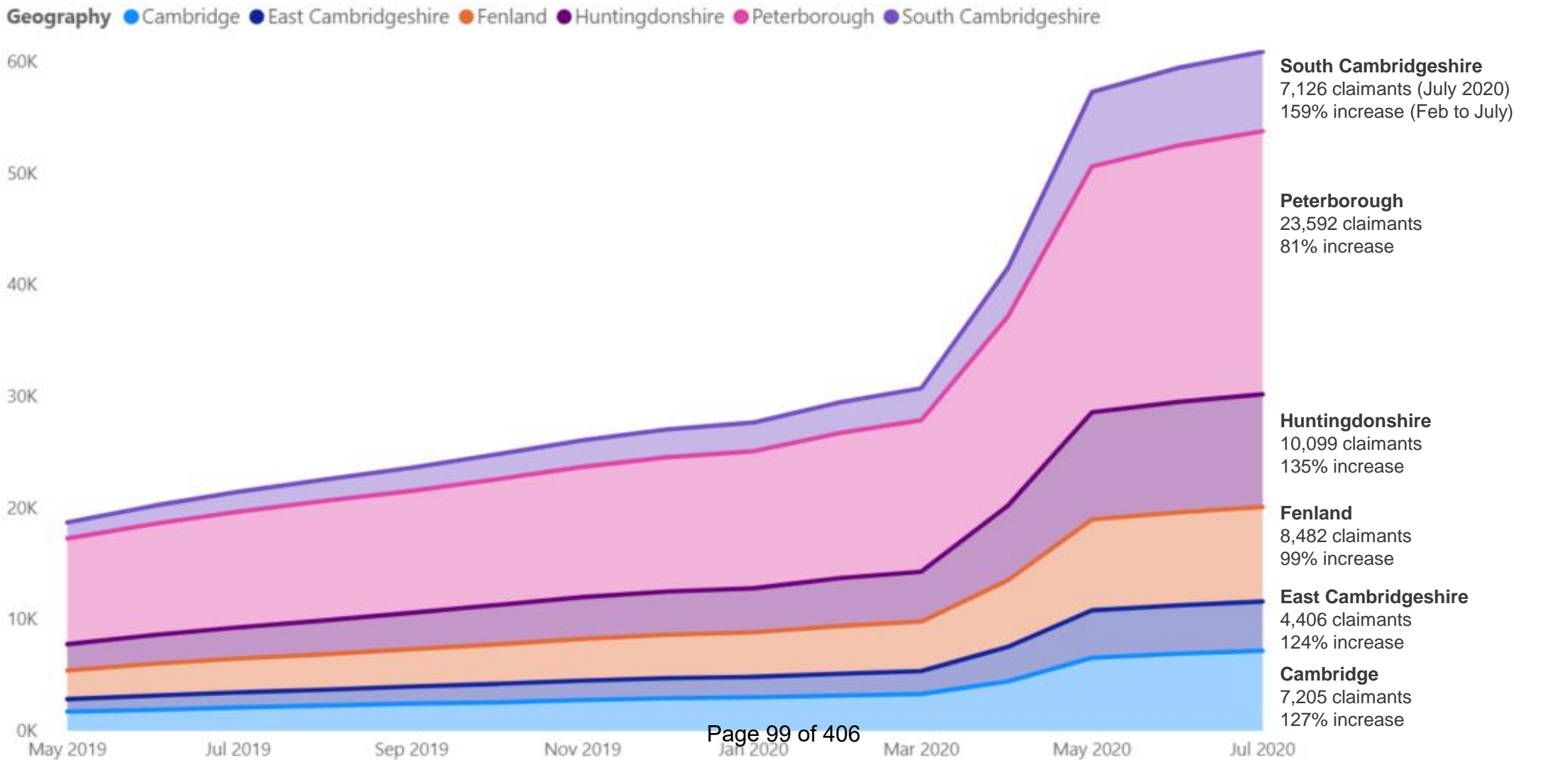
Cambridge	South Cambridgeshire	Peterborough	Huntingdonshire	Fenland	East Cambridgeshire
UC claimants: <b>7,205</b>	UC claimants: <b>7,126</b>	UC claimants: <b>23,592</b>	UC claimants: <b>10,099</b>	UC claimants: <b>8,482</b>	UC claimants: <b>4,406</b>
% increase in claimants Feb – July: <b>127%</b>	% increase in claimants Feb – July: <b>159%</b>	% increase in claimants Feb – July: <b>81%</b>	% increase in claimants Feb – July: <b>135%</b>	% increase in claimants Feb – July: <b>99%</b>	% increase in claimants Feb – July: <b>124%</b>
JSA claimants: <b>485</b>	JSA claimants: <b>495</b>	JSA claimants: <b>835</b>	JSA claimants: <b>645</b>	JSA claimants: <b>410</b>	JSA claimants: <b>275</b>
% increase in claimants Feb – July: <b>101%</b>	% increase in claimants Feb – July: <b>169%</b>	% increase in claimants Feb – July: <b>168%</b>	% increase in claimants Feb – July: <b>186%</b>	% increase in claimants Feb – July: <b>86%</b>	% increase in claimants Feb – July: <b>199%</b>
Employees furloughed: <b>16,700</b>	Employees furloughed: <b>19,900</b>	Employees furloughed: <b>28,400</b>	Employees furloughed: <b>25,400</b>	Employees furloughed: <b>12,600</b>	Employees furloughed: <b>11,900</b>
Self-employed supported: <b>3,500</b>	Self-employed supported: <b>5,900</b>	Self-employed supported: <b>7,100</b>	Self-employed supported: <b>6,100</b>	Self-employed supported: <b>4,100</b>	Self-employed supported: <b>3,700</b>



# Universal Credit claimants across CPCA exceeded 60,000 in July, and new claims are rising faster in CPCA than nationally

This chart shows cumulative Universal Credit claimants by local authority. Across CPCA there was a 107% increase in claimants from February to July 2020, compared to a 90.3% increase in claimants nationally. Since February, all local authorities except Peterborough have seen faster rises in universal credit claimants than the national average.

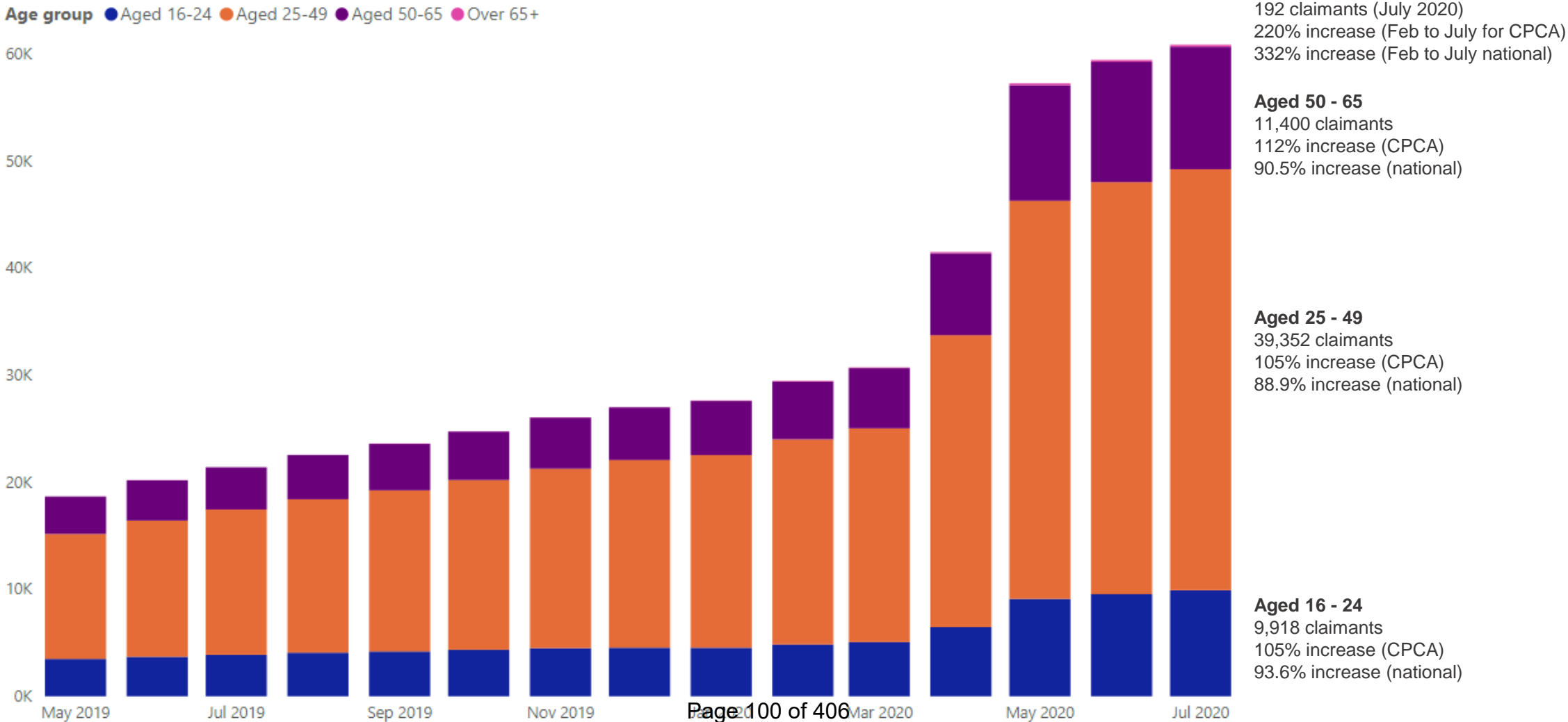
Universal Credit claimants by local authority, May 2019 – July 2020



# Most new Universal Credit claimants are aged 25-49

This chart shows Universal Credit claimants by age bracket across CPCA. All age brackets have seen substantial increases in universal credit claims, both nationally and for CPCA. In particular, the increase in universal credit claims across CPCA is driven by a 105% increase in claimants aged 25 – 49. As of July 1, there were 39,352 claimants in this age group.

Universal Credit claimants by age bracket, CPCA, May 2019 – July 2020

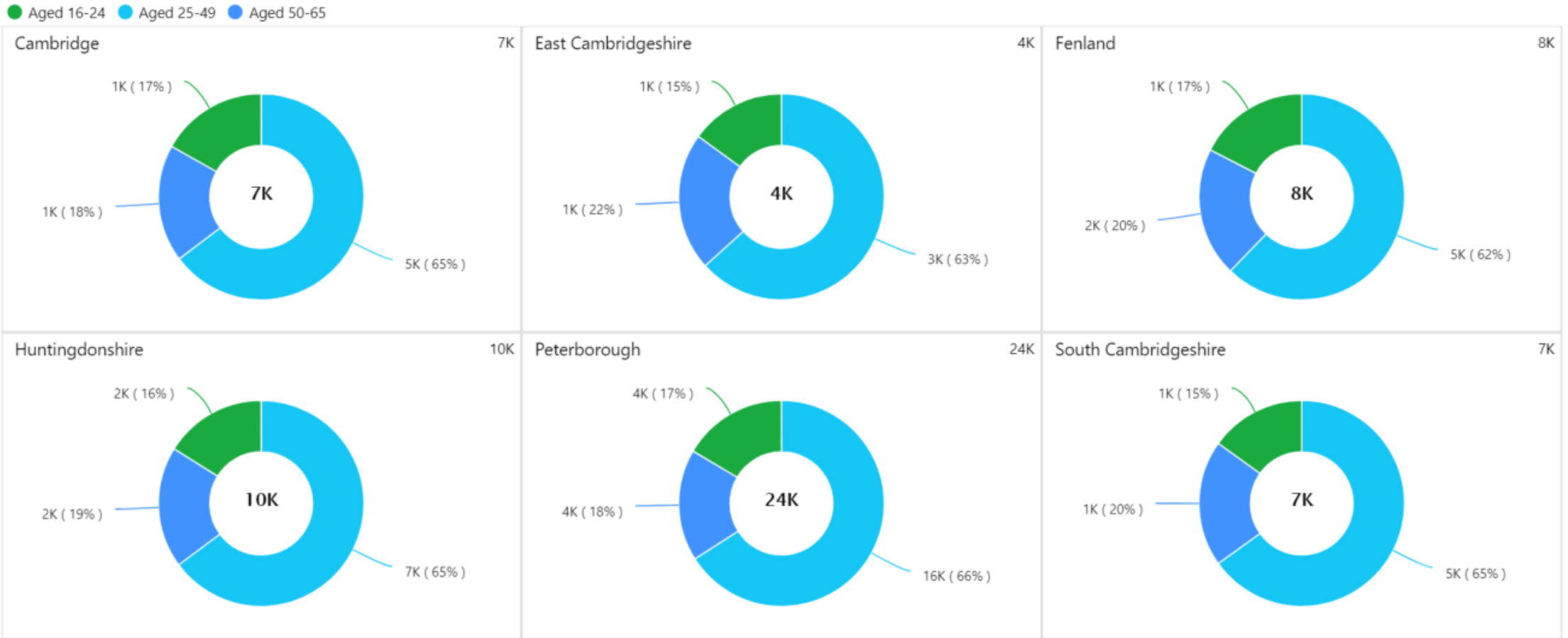




# Consistent patterns emerge across CPCA’s local authorities in the age distribution of Universal Credit claimants

This chart shows Universal Credit claimants by age bracket across local authorities in CPCA at 30 July 2020. All local authorities show a similar proportion of claimants in each age bracket, indicating that across CPCA there are no substantial differences in the ages of residents applying for Universal Credit.

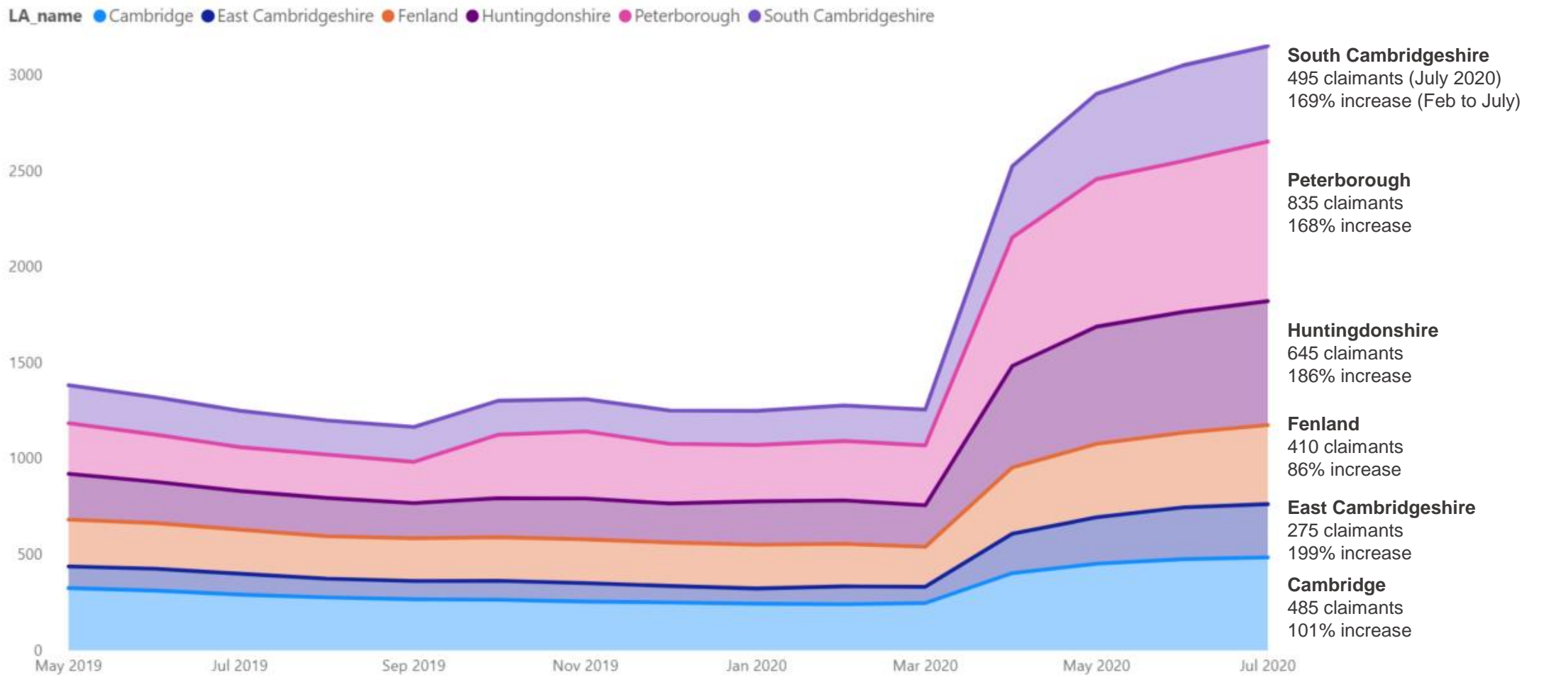
Universal Credit claimants by Age Group, by local authority, 30 July 2020



# Jobseeker's Allowance (JSA) claims across CPCA rose past 3,000 in July

This chart shows cumulative Jobseeker's Allowance claimants by local authority. Across CPCA there was a 147% increase in claimants from February to July 2020 (an extra 1,800 claimants in total), compared to a 86% increase in claimants nationally. All local authorities have experienced a sharp increase in JSA claimants since February. The relatively low numbers of claimants should be kept in mind when considering the size of the percentage increases.

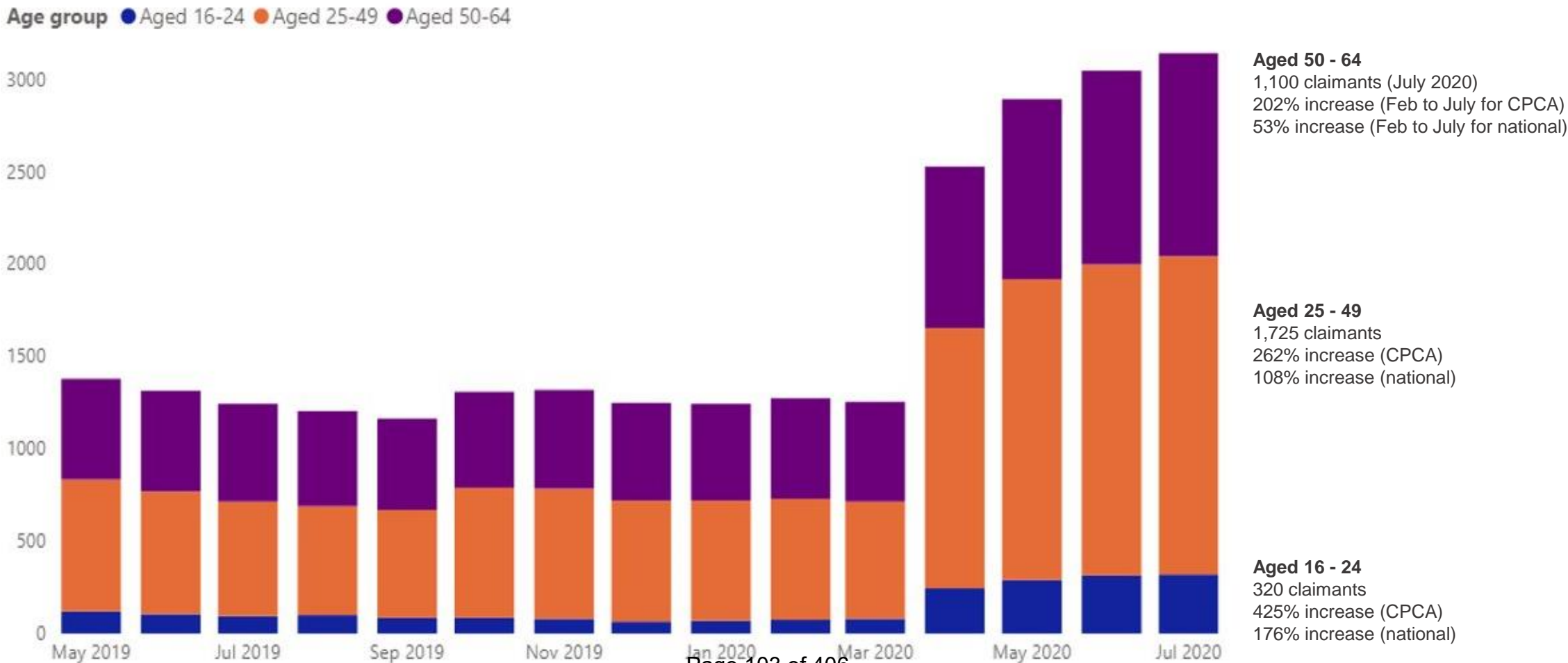
Jobseeker's Allowance (JSA) claimants by local authority, May 2019 – July 2020



# Workers of all ages have been making new JSA claims, but younger workers have been making new claims at the fastest rate

This chart shows JSA claimants by age bracket across CPCA. All age brackets have seen substantial increases in JSA claims, both nationally and for CPCA. Similar to the figures for Universal Credit, the increase in Jobseeker’s Allowance claimants is driven by large increases in new claimants in the age 25 – 49 bracket. However, nationally and within CPCA it is workers aged 16 – 24 who are making most new claims for JSA, reflecting their precarious position in the jobs market and their relative exposure to shutdown sectors.

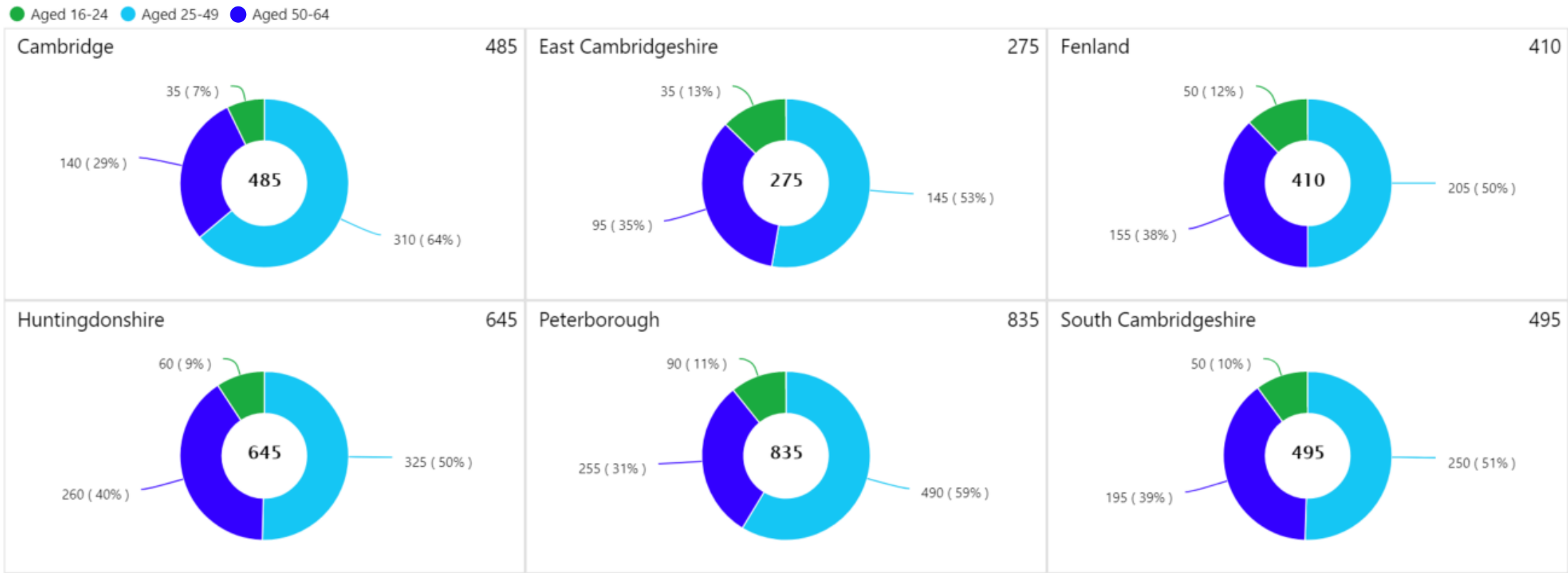
Jobseeker’s Allowance (JSA) claimants by age bracket, CPCA, May 2019 – July 2020



# Across all LAs at least 50% of JSA claimants are aged 25 – 49, with the highest proportion of young claimants in East Cambridgeshire and Fenland

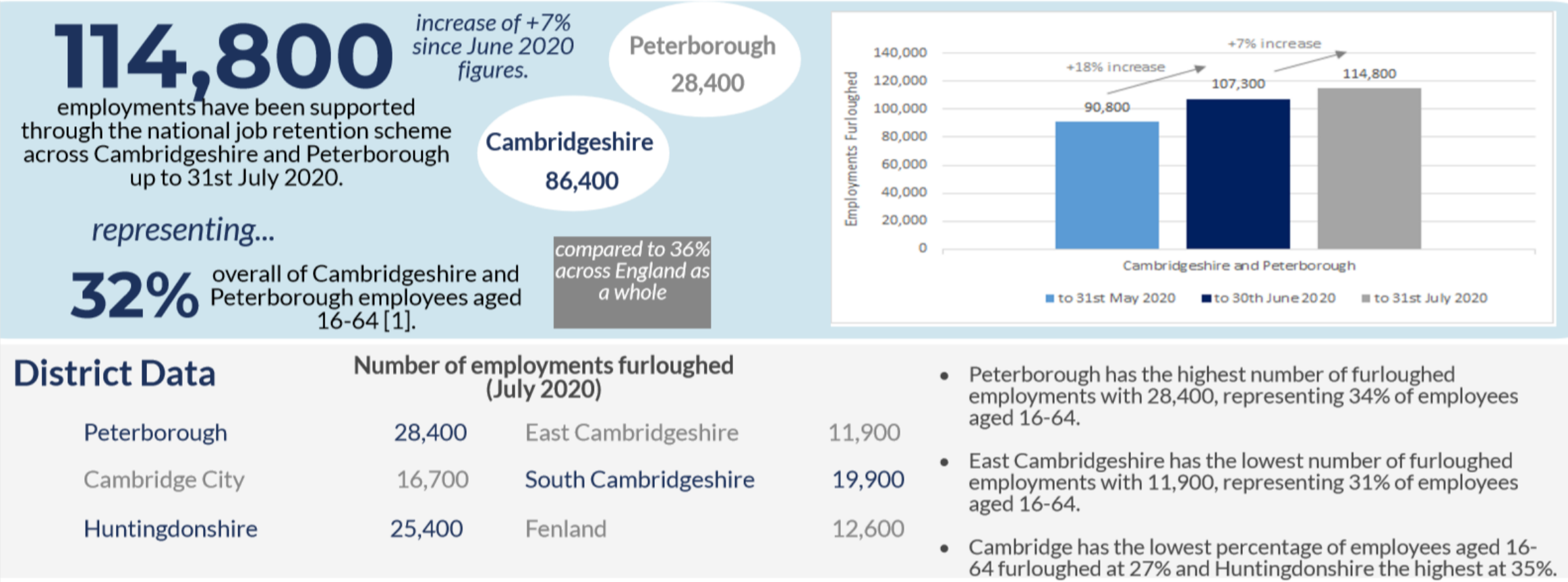
This chart shows JSA claimants by age bracket across local authorities in CPCA for July 2020. When viewed at an LA level, Cambridge stands out for the relatively lower proportions of younger (aged 16 – 24) and older (age 50+) claimants compared to other local authorities.

Jobseeker’s Allowance (JSA) claimants by Age Group, by local authority, 30 July 2020



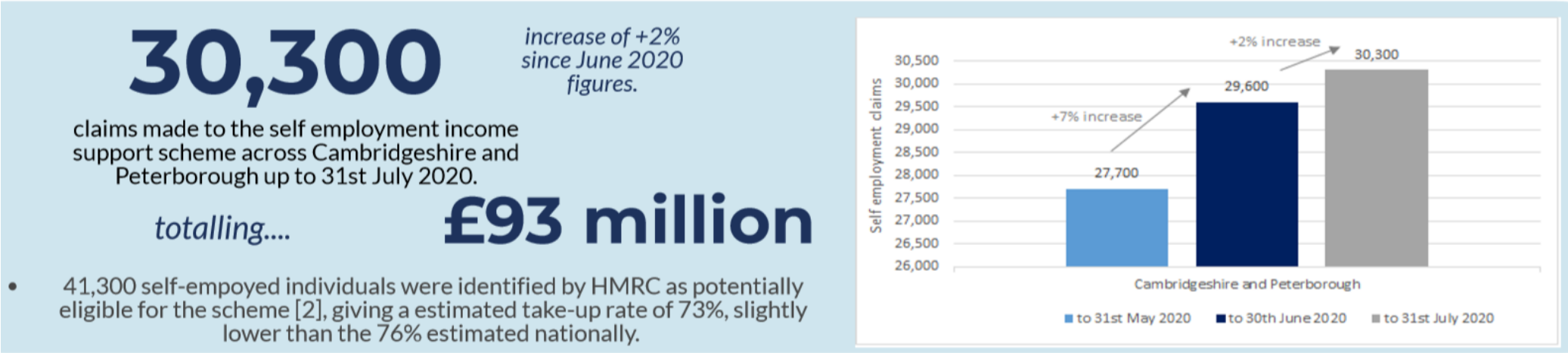
# 114,800 employees across CPCA have been furloughed up to 31 July, an increase of 7% since June

This information, produced by Cambridgeshire Insights, tracks take up of the Coronavirus Job Retention Scheme (furlough). The data covers CJRS claims submitted by employers from the start of the Scheme (1 March 2020) up to 31<sup>st</sup> July 2020.



# 30,300 claims have been made to the self-employment income scheme by workers across CPCA up to 31 July, an increase of 2% since June

This information, produced by Cambridgeshire Insights, tracks take up of the Self-Employment Income Support Scheme. The data covers claims submitted to the scheme from the start of the Scheme (13 May 2020) up to 31<sup>st</sup> July 2020.



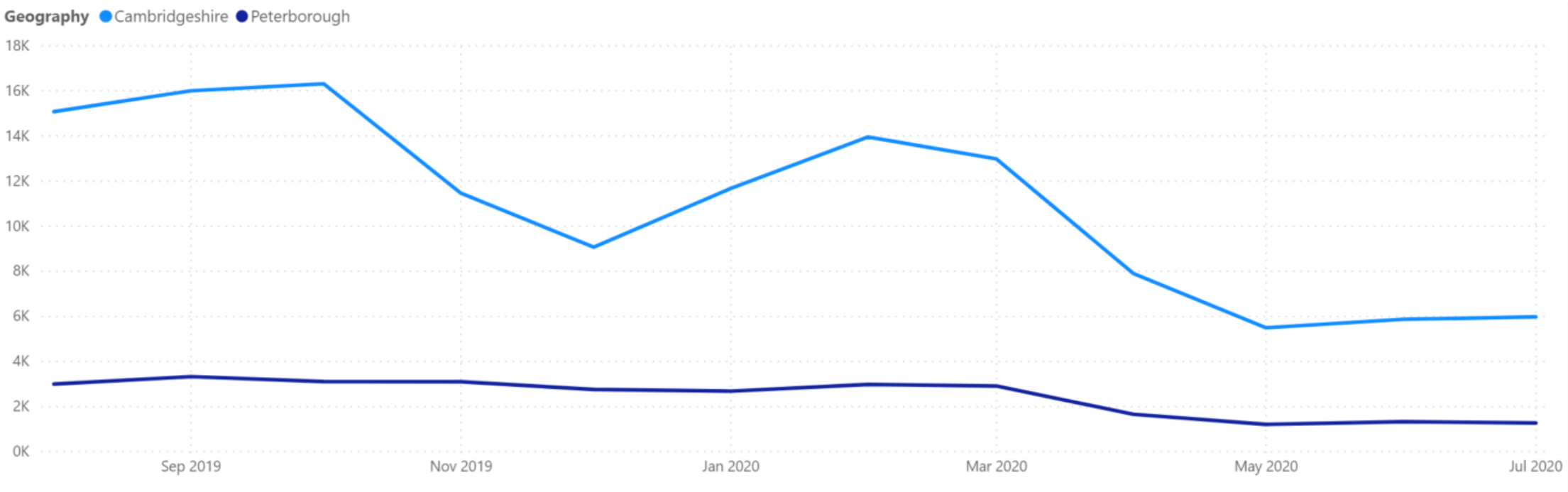
District Data	Number of claims	Value of claims	
Peterborough	7,100	£19.2 million	<ul style="list-style-type: none"><li>Peterborough had the highest number of claims to the scheme at 7,100. However, it had the lowest average value per claim (£2,700 per claim), so did not receive the highest claim value.</li><li>Huntingdonshire had the highest claim value at £19.5 million across 6,100 claims, giving a higher average claim value of £3,200 per claim.</li><li>Cambridge City had both the lowest number (3,500) and value (£10.5 million) of claims, with an average of £3,000 per claim.</li><li>East Cambridgeshire and South Cambridgeshire both had the highest average at £3,300 per claim.</li></ul>
Cambridge City	3,500	£10.5 million	
Huntingdonshire	6,100	£19.5 million	
East Cambridgeshire	3,700	£12.2 million	
South Cambridgeshire	5,900	£19.1 million	
Fenland	4,100	£12.5million	



# New job postings declined significantly in March and April, with only a muted recovery underway since May

This chart shows the total number of job vacancies across CPCA for all industries, based on Adzuna data of new job postings. Vacancies declined across both counties in March and, while the downward trend has been arrested since May, there are few signs of recovery. The next pages provide detail on vacancy rates by sector.

Total number of job vacancies, Cambridgeshire and Peterborough, all industries, Sep 2019 – July 2020



# New job postings have fallen across most sectors since March, with only the Healthcare sector bucking the trend

This information, produced by Cambridgeshire Insights, tracks the number of job postings by sector across the CPCA area using Burning Glass data.

Job vacancies by sector for CPCA, Jan 2018 – July 2020

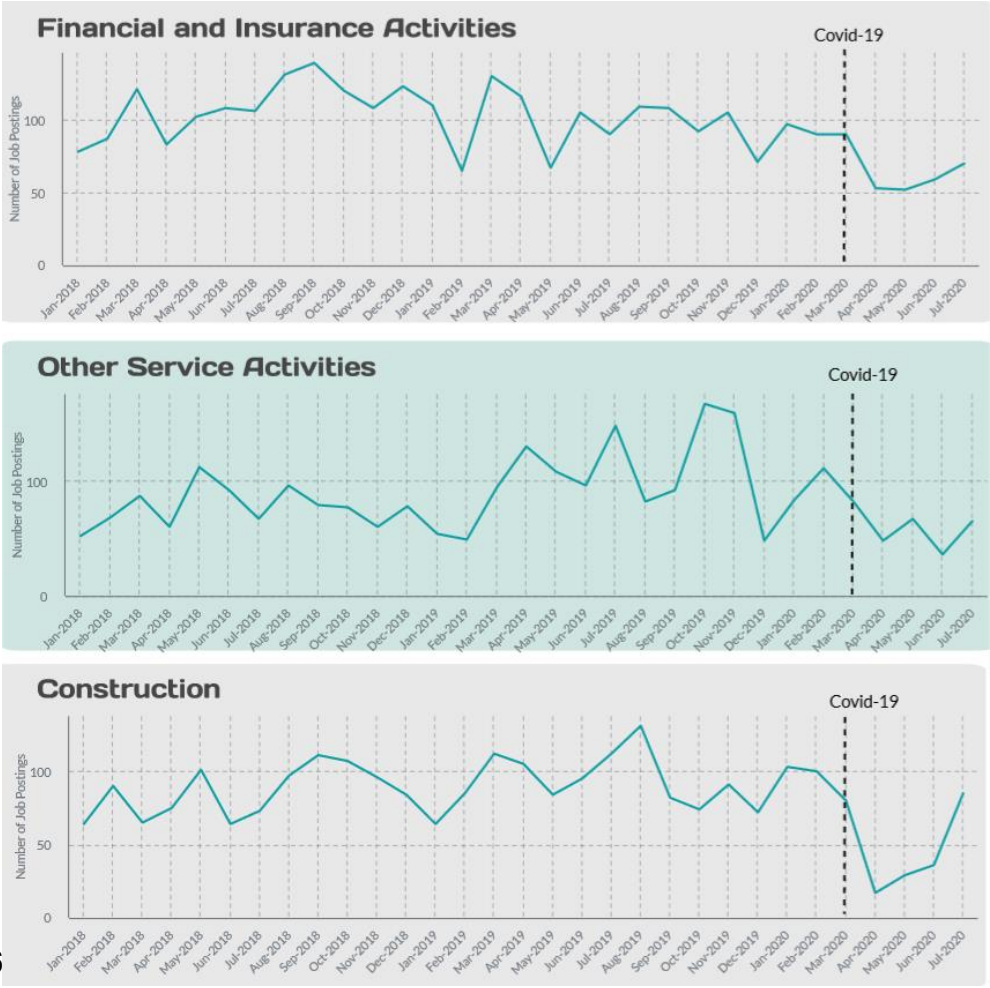
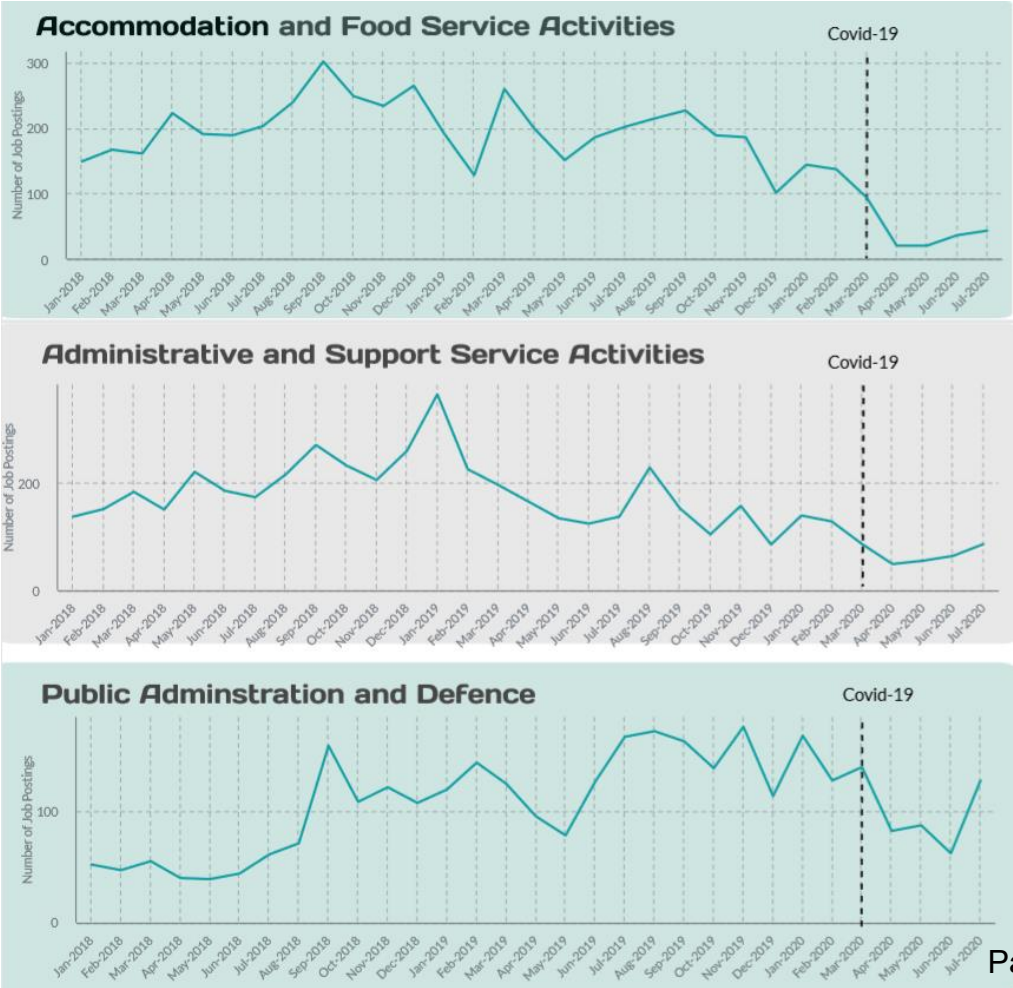




# New job postings have fallen across most sectors since March, although a rebound in activity is evident in the construction sector

This information, produced by Cambridgeshire Insights, tracks the number of job postings by sector across the CPCA area using Burning Glass data.

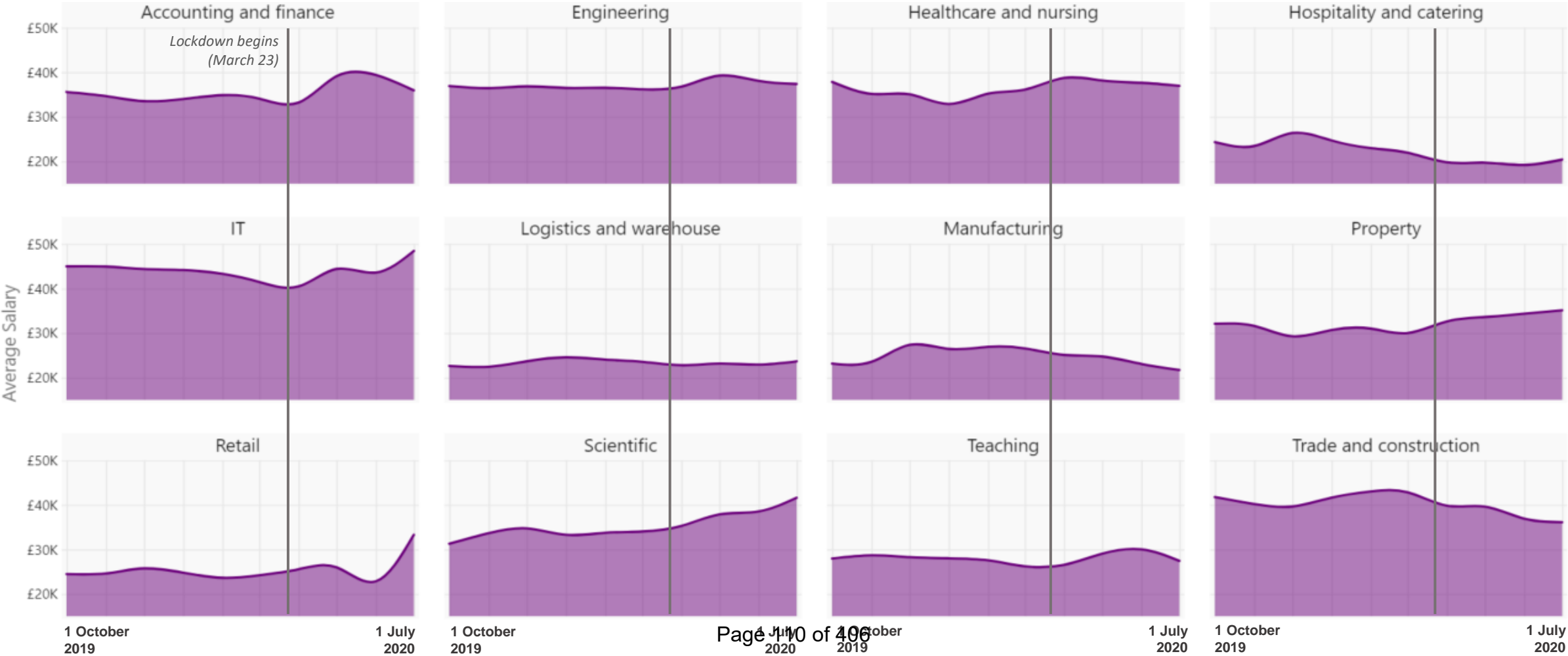
Job vacancies by sector for CPCA, Jan 2018 – July 2020



# Average salaries across sectors are rising, but that may be a sign that fewer low wage jobs are being advertised

This chart shows average salaries by sector for CPCA, based on Adzuna data which tracks average salaries for new job postings. Since March 2020 volatility has increased in the average salary for new job postings, and in most sectors the average salary appears to have risen. However, one cause for this apparent rise in average salary may be that there are fewer new job postings in lower-wage roles while recruitment for more senior positions continues (though at a subdued level), meaning the average salary of new job postings rises overall.

Average salaries by sector for CPCA, October 2019 – July 2020

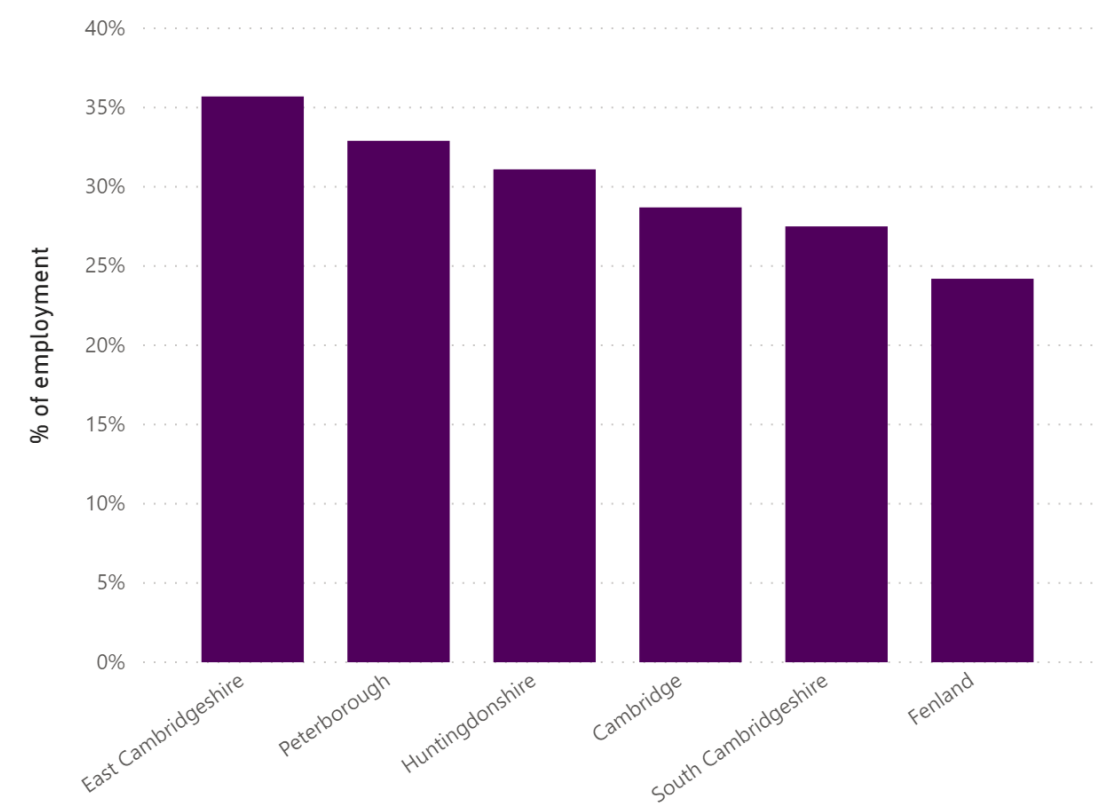


Source: Metro Dynamics analysis of Adzuna data for Cambridgeshire and Peterborough

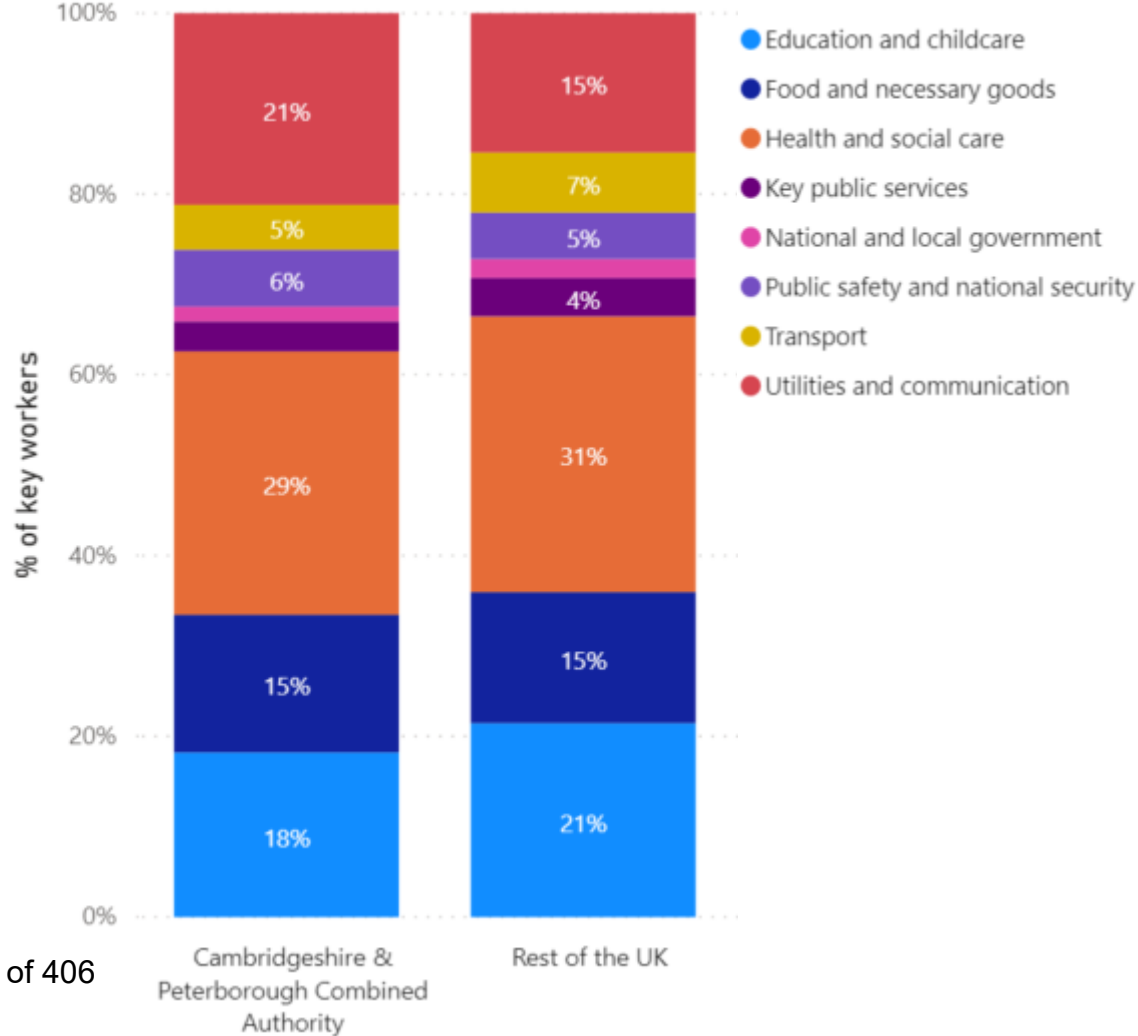
# Nearly one in three workers across CPCA is employed in a ‘key worker’ occupation

These charts show the proportion of employment in ‘key worker’ occupations across CPCA and in total by local authority. Key worker employment across CPCA is similar to the national picture, though a slightly higher proportion of workers are employed in utilities and communication occupations. Across local authorities, the highest proportion of employment in key worker occupations is in East Cambridgeshire, at 35%.

% of workers that are ‘key workers’ by CPCA local authority



Key workers by sector, CPCA and the UK



# Working from home

This chart shows, by sector, the proportion of workers who responded to a 2019 survey saying they had previously worked from home. We have overlaid this survey data on CPCA’s sector mix. Each bubble’s position on the x-axis shows the size of the sector by gross value added (GVA), on the y-axis the growth in GVA of the sector over 5 years, and the size of the bubble indicates the amount of people employed in that sector in 2018. Workers in some of CPCA’s highest growth-potential sectors, including ICT and Professional, Scientific and Technical Activities, had previously worked from home, which may have helped smooth the transition into lockdown for workers in those sectors.

## Working from home in UK sectors, by local GVA, GVA growth, and employment

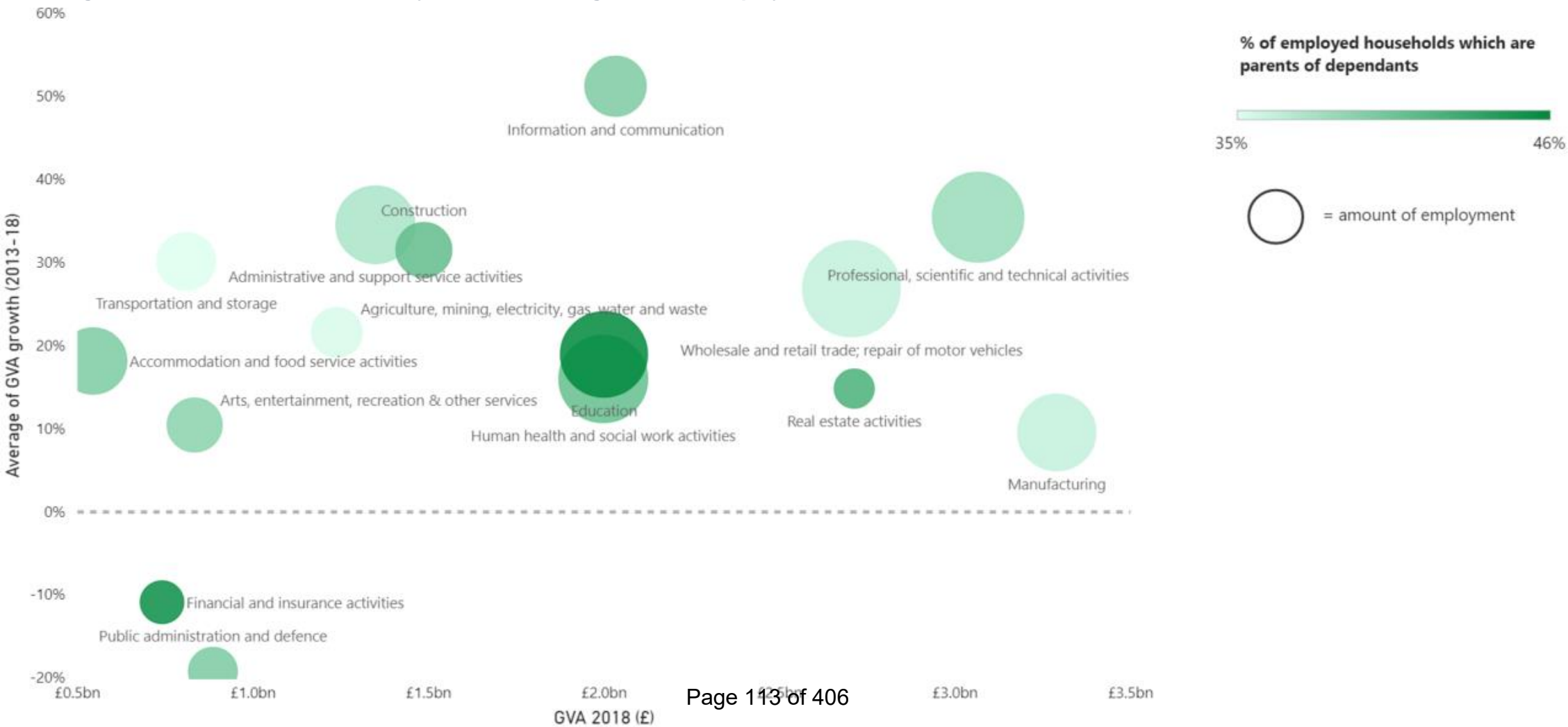


Source: Metro Dynamics analysis of ONS dataset Coronavirus and homeworking in the UK labour market: 2019; ONS Regional Accounts; ONS Business Register and Employment Survey

# Parents in the workforce

This chart shows, by sector, the percentage of employed households within that sector which are parents of dependents, as a proxy for the impact of homeschooling during lockdown on economic activity. We have overlaid this survey data on CPCA's sector mix. Each bubble's position on the x-axis shows the size of the sector by gross value added (GVA), on the y-axis the growth in GVA of the sector over 5 years, and the size of the bubble indicates the amount of people employed in that sector in 2018. Workers in the education sector are particularly likely to be parents, though the proportion of workers who are parents exceeds 35% in all sectors.

Parenting in the workforce in UK sectors, by local GVA, GVA growth, and employment



Source: Metro Dynamics analysis of ONS dataset: Coronavirus and employment for parents in the UK; ONS Regional Accounts; ONS Business Register and Employment Survey

# Appendix A

## 01

---

### *GVA, Employment and Business Counts*

CPCA

Cambridge

East Cambridgeshire

Fenland

Huntingdonshire

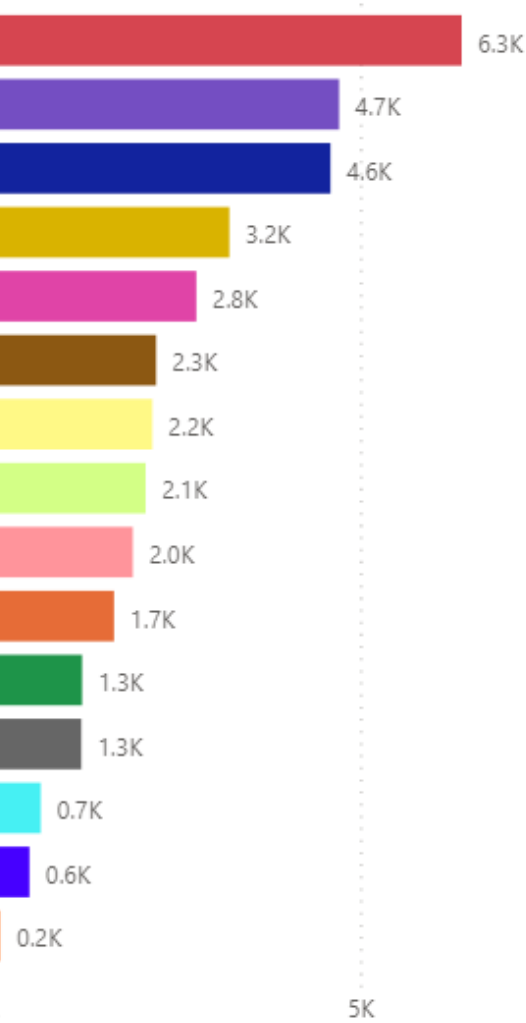
Peterborough

South Cambridgeshire

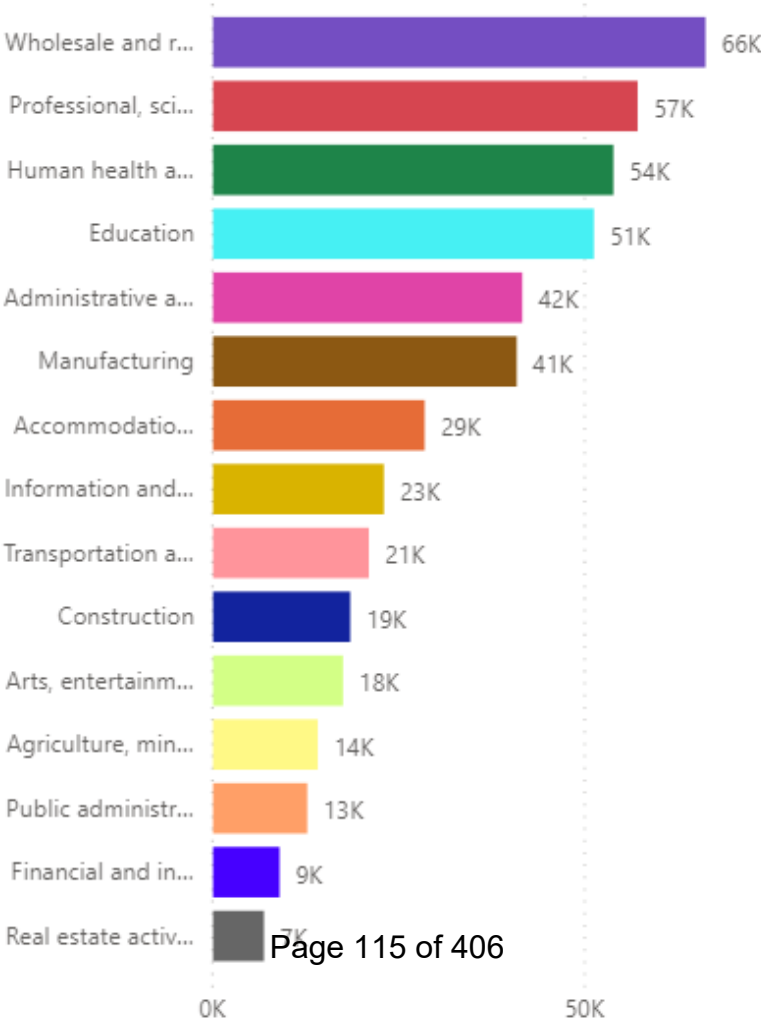


CPCA

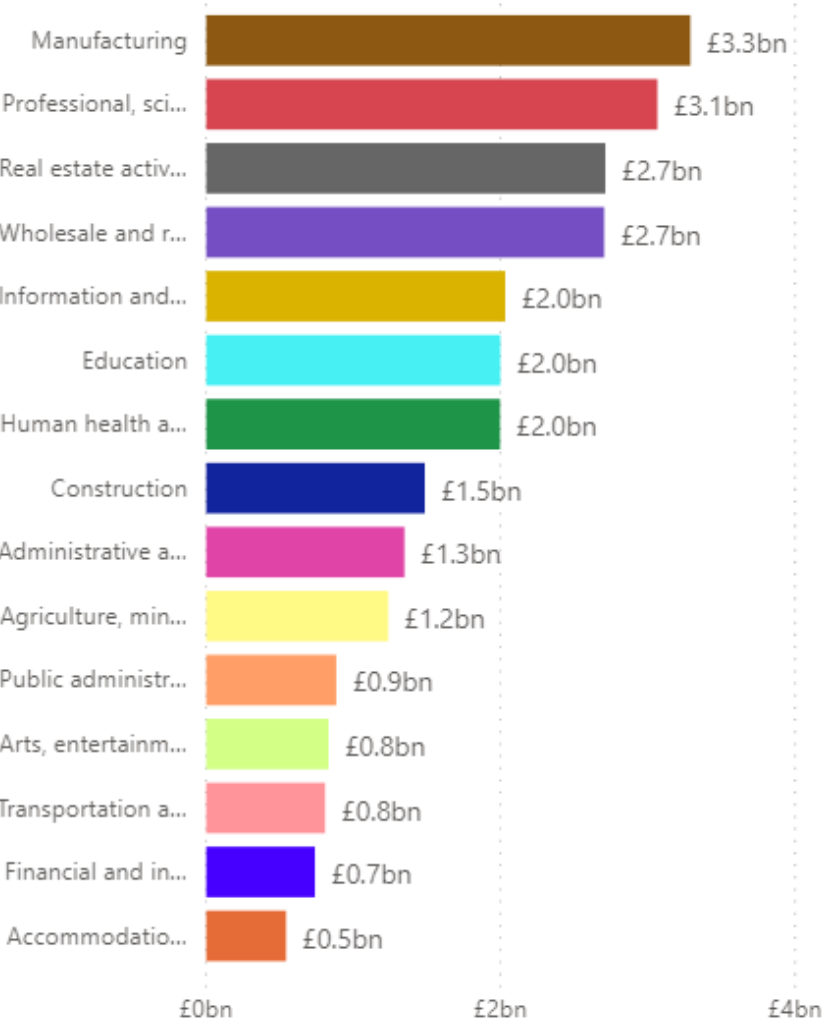
Business counts by sector (2019)



Employment by sector (2018)

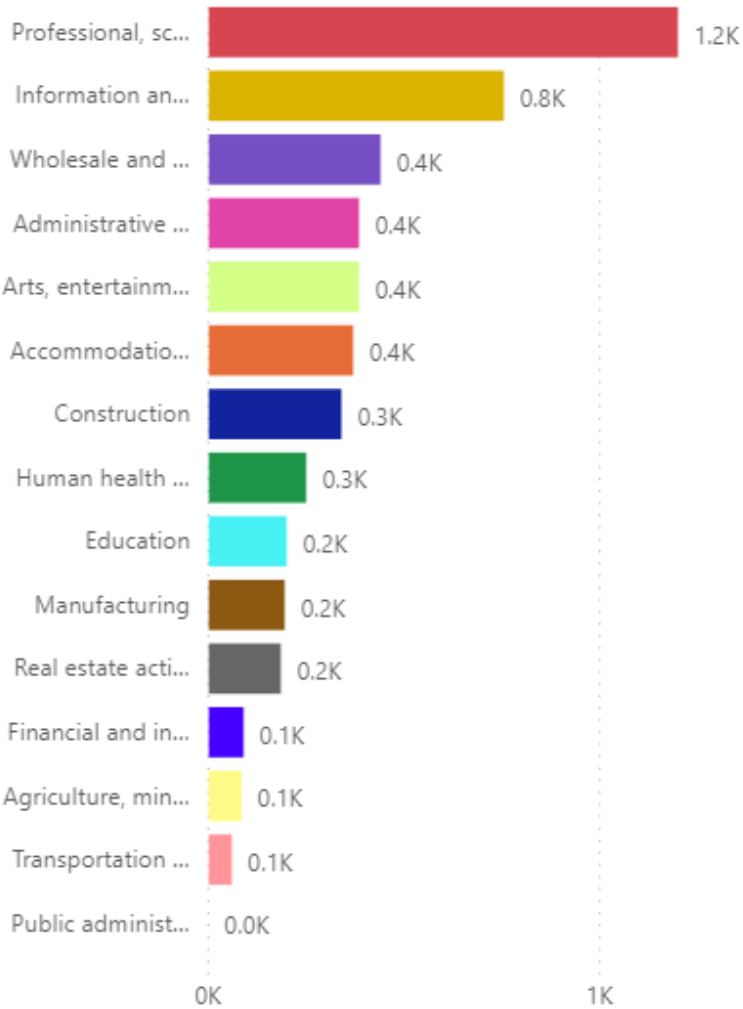


GVA by sector (2018)

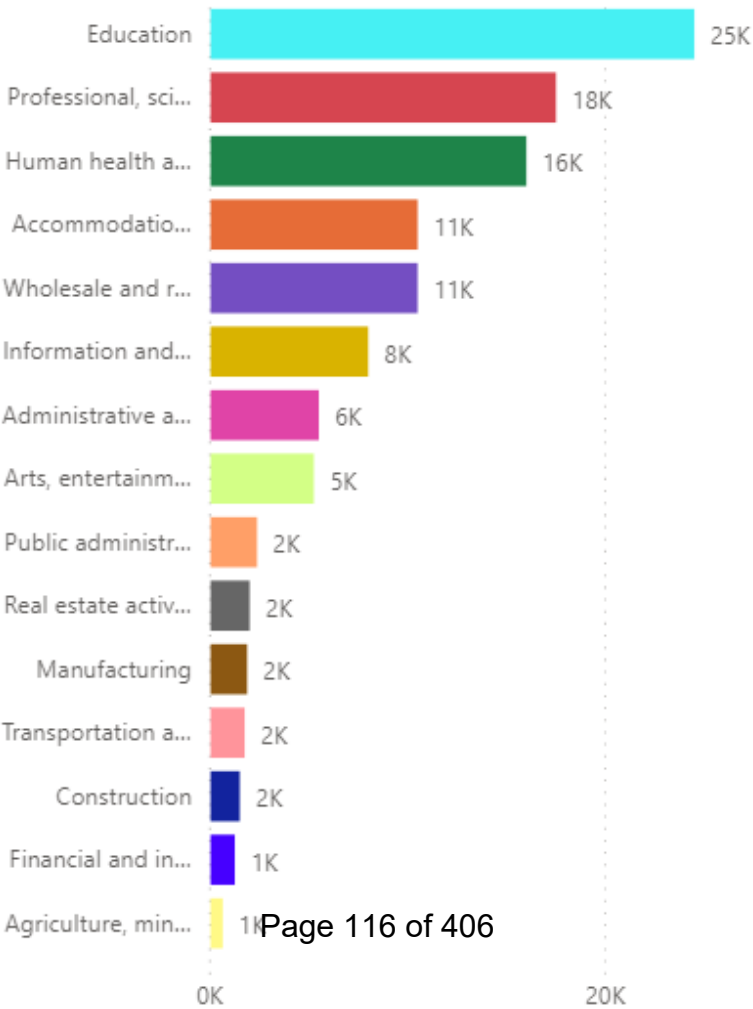


# Cambridge

Business counts by sector (2019)



Employment by sector (2018)

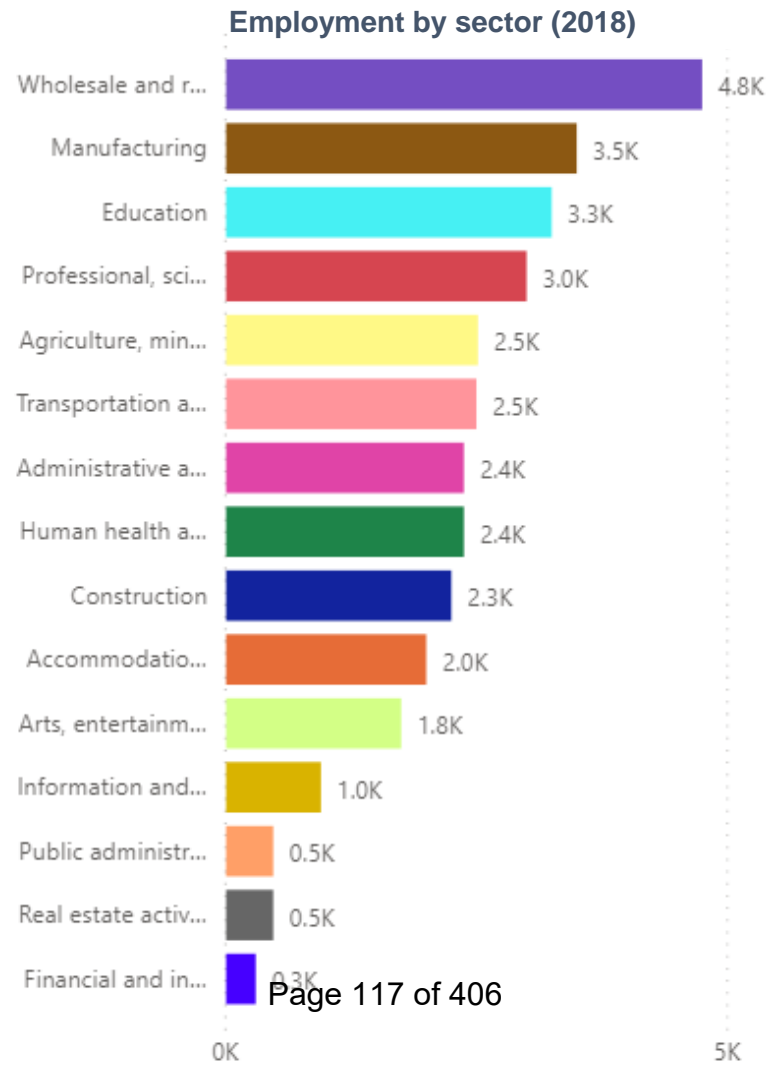
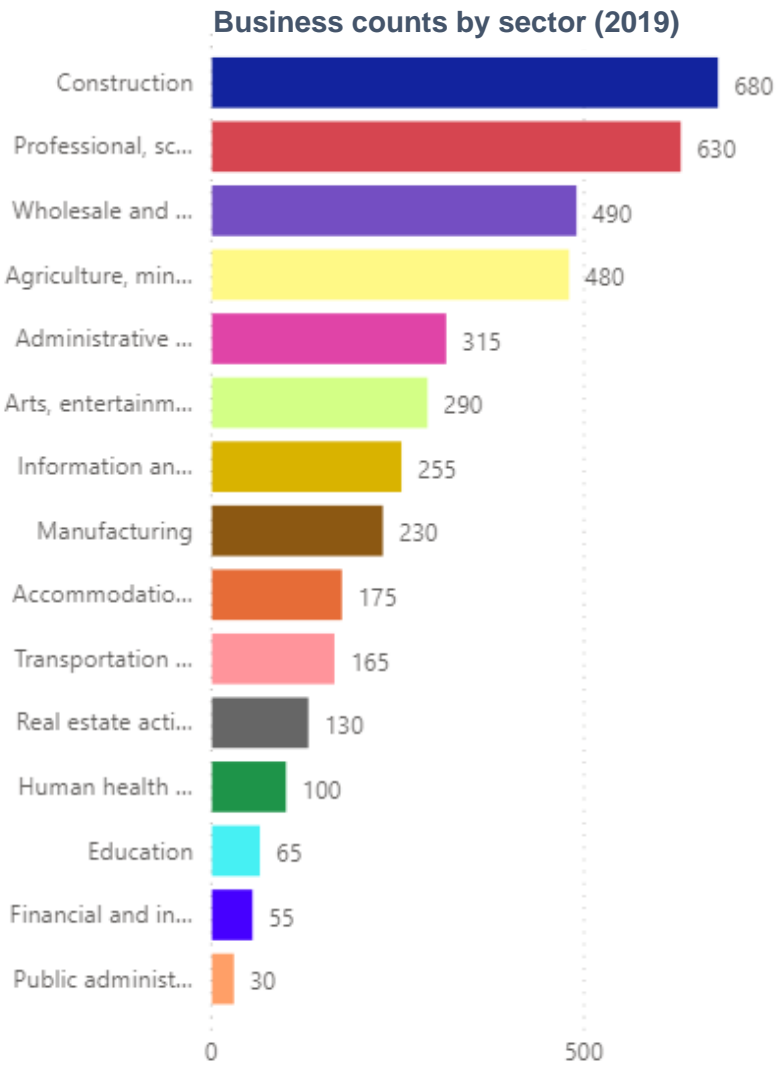


GVA by sector (2018)

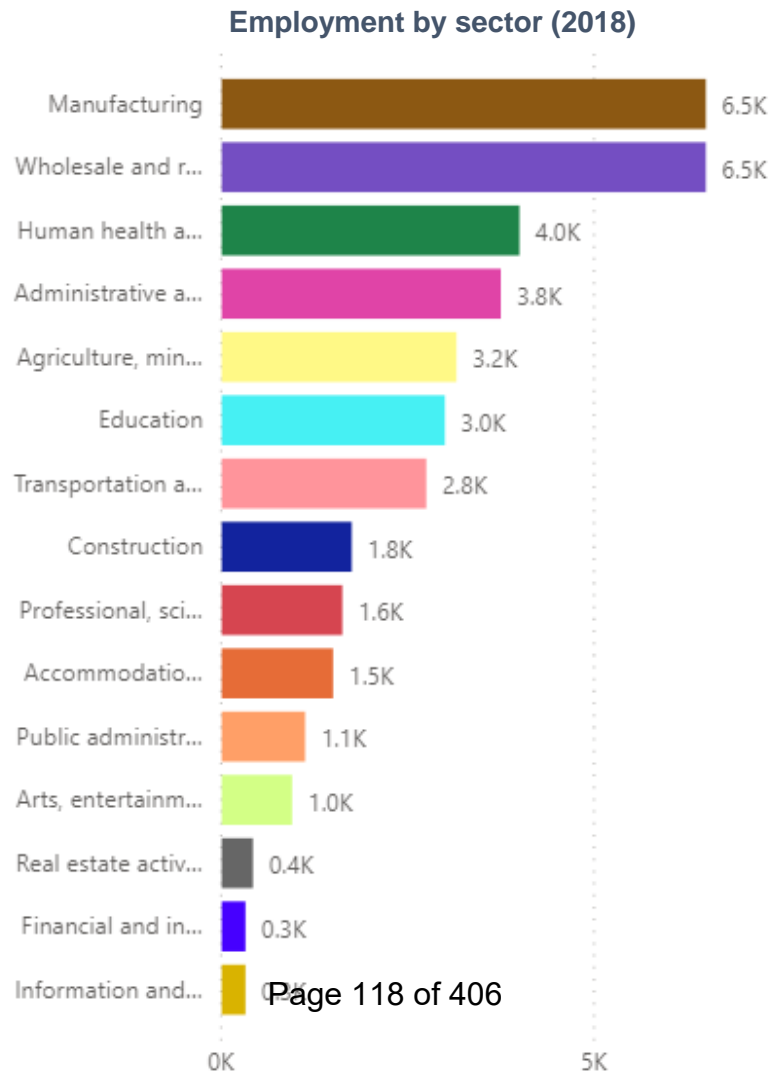
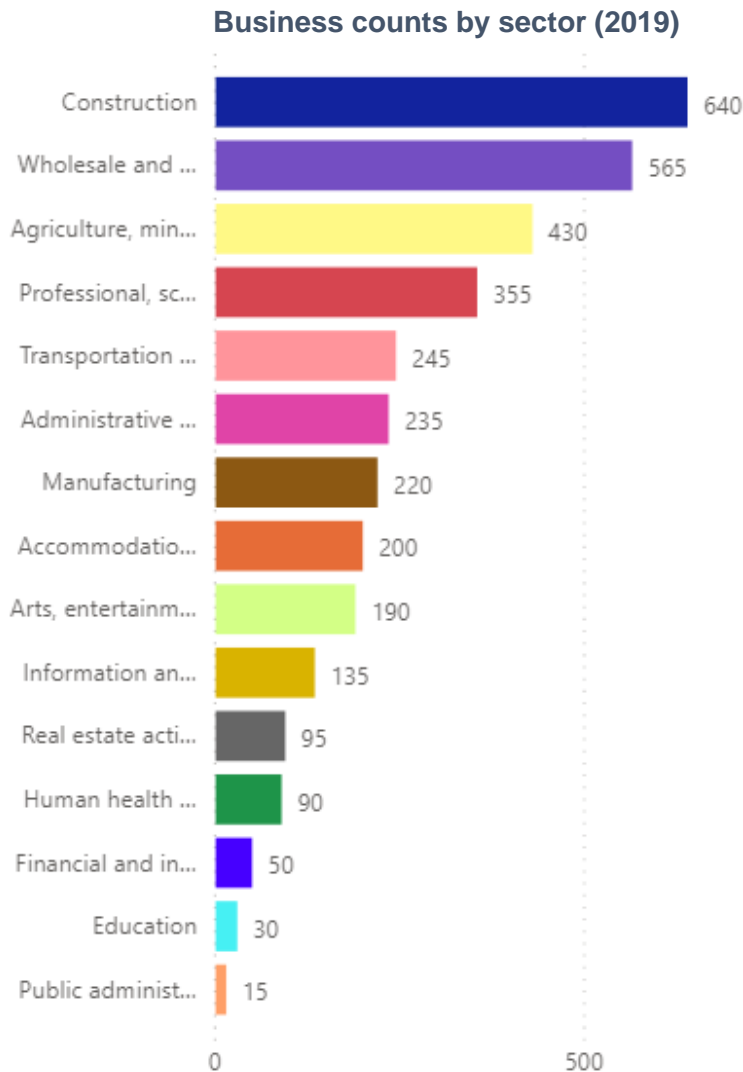




# East Cambridgeshire

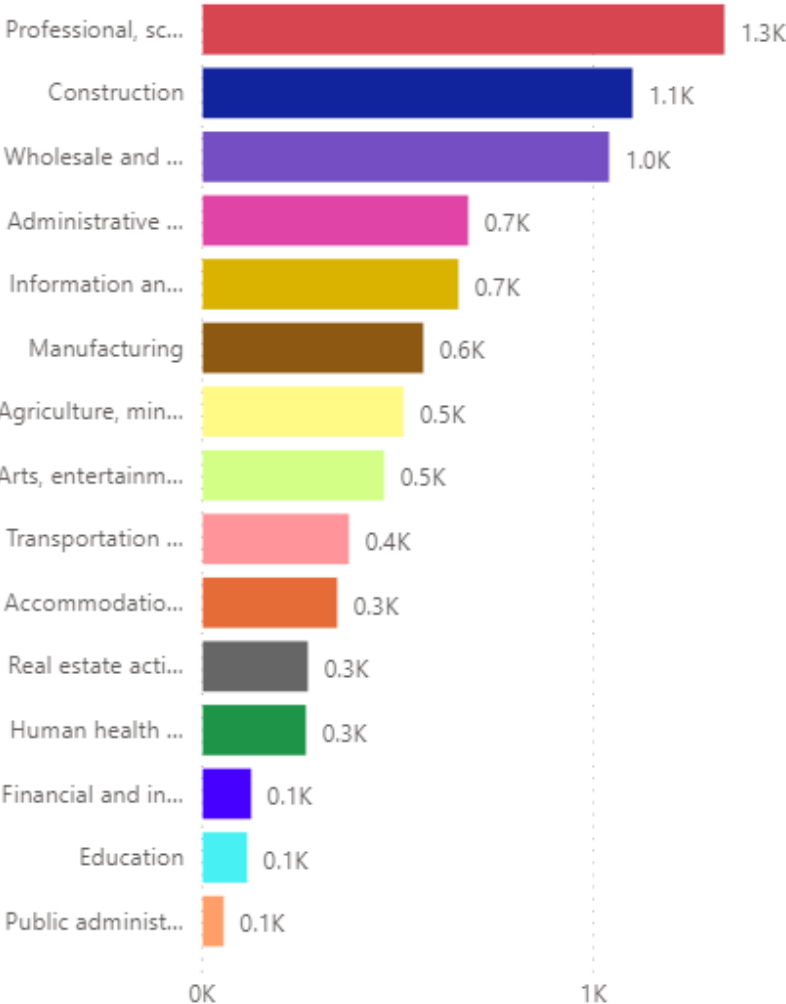


# Fenland

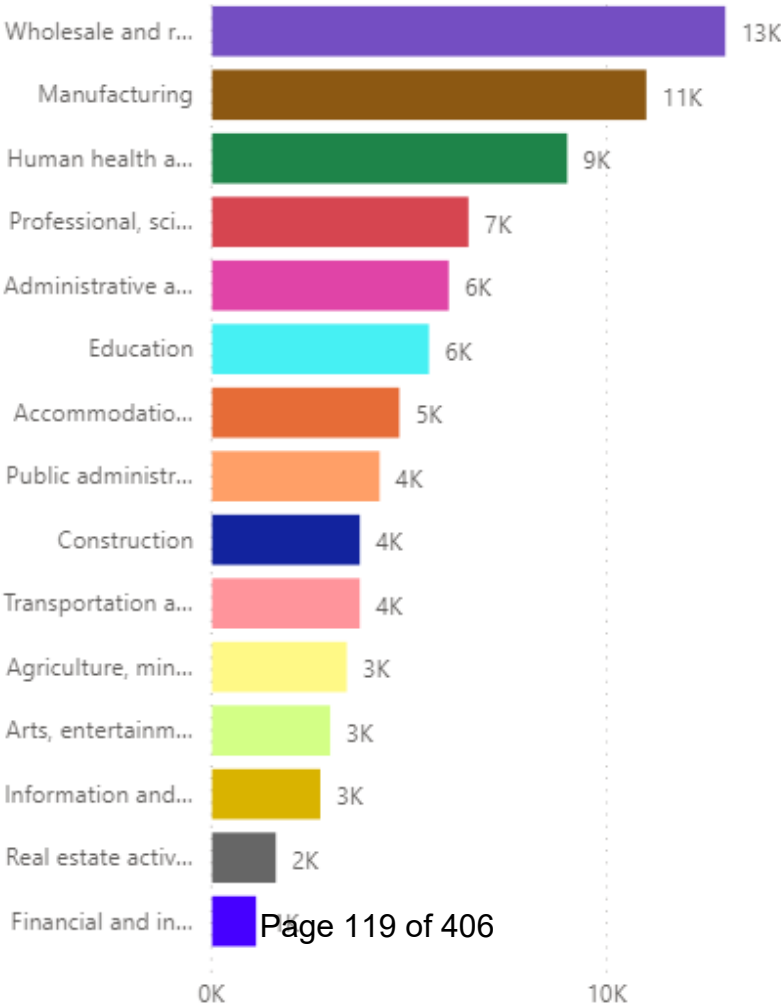


# Huntingdonshire

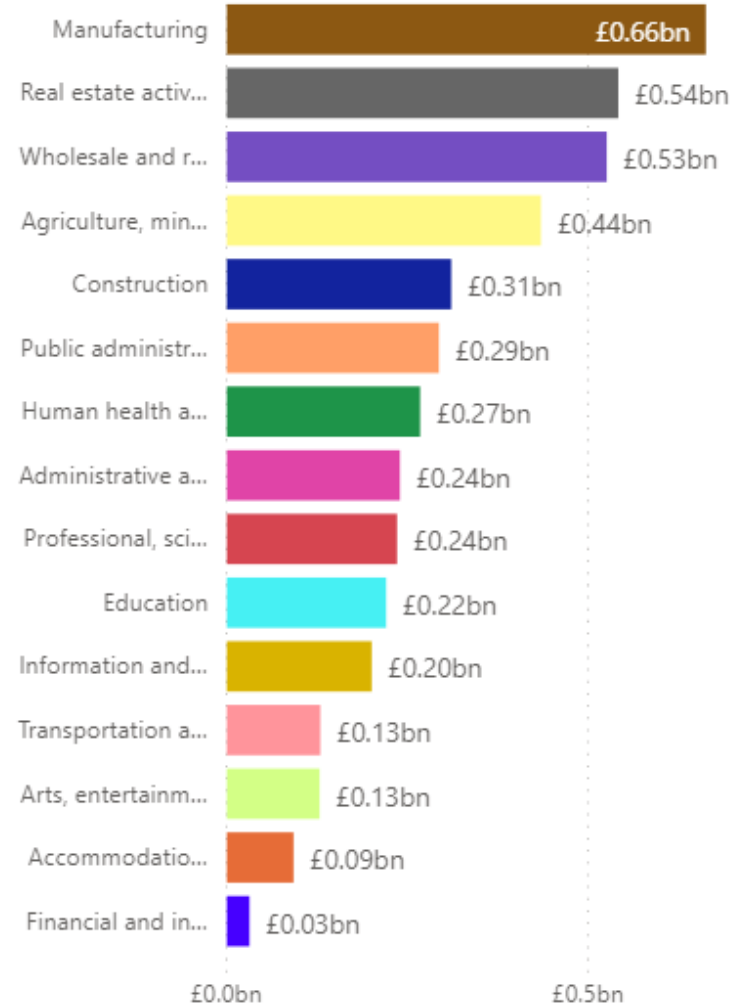
Business counts by sector (2019)



Employment by sector (2018)

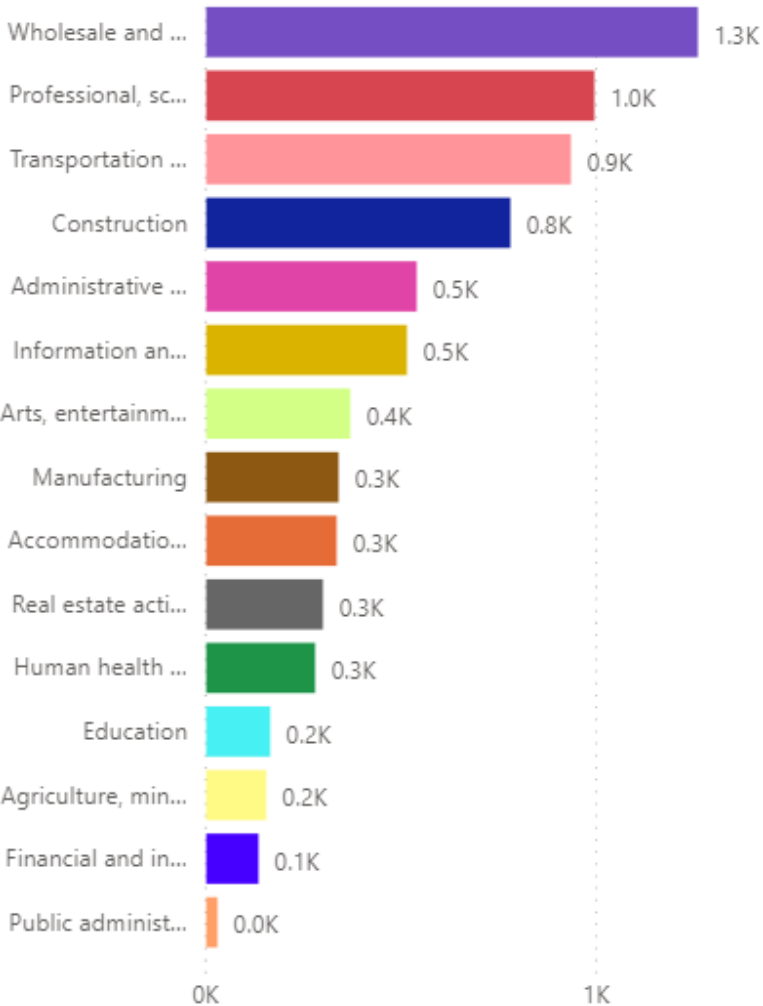


GVA by sector (2018)

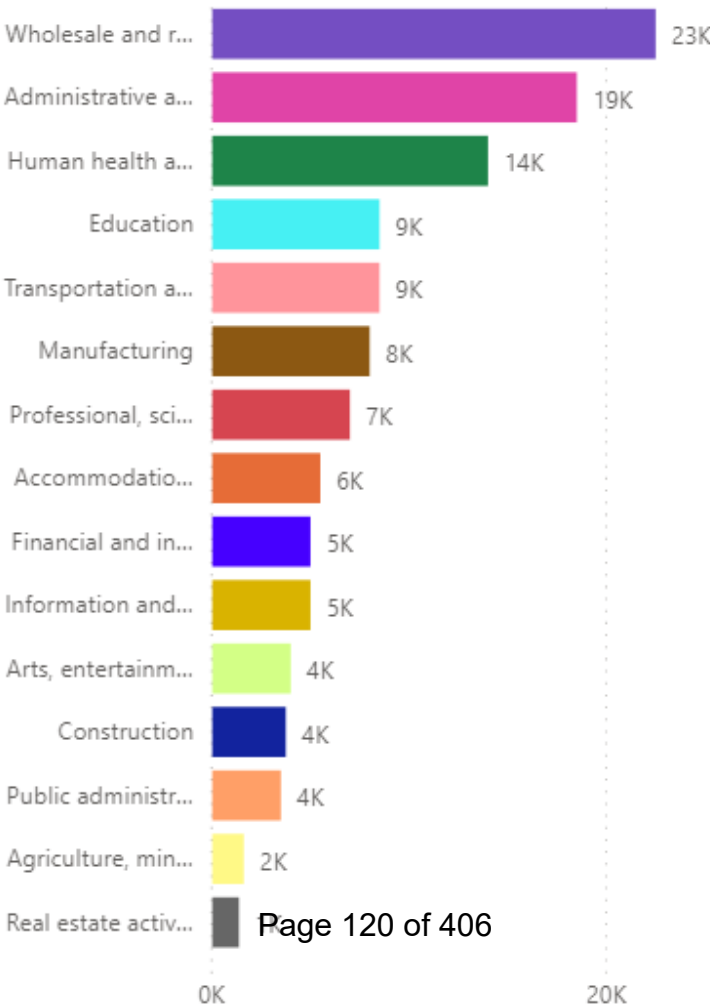


# Peterborough

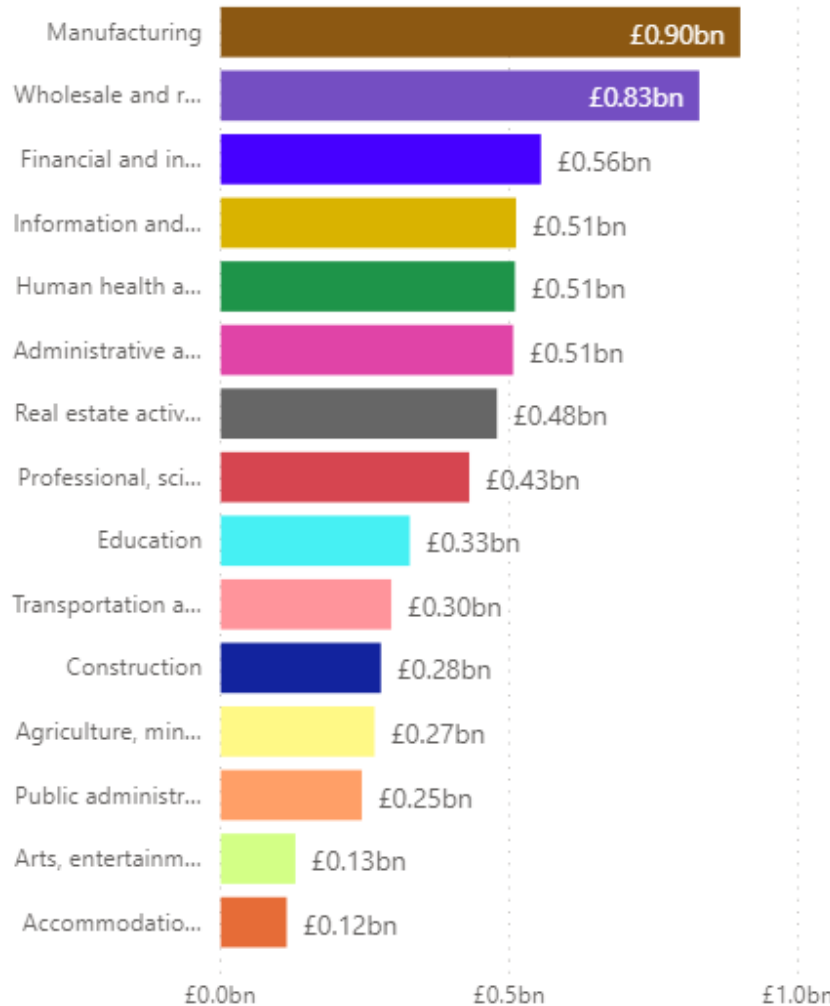
Business counts by sector (2019)



Employment by sector (2018)

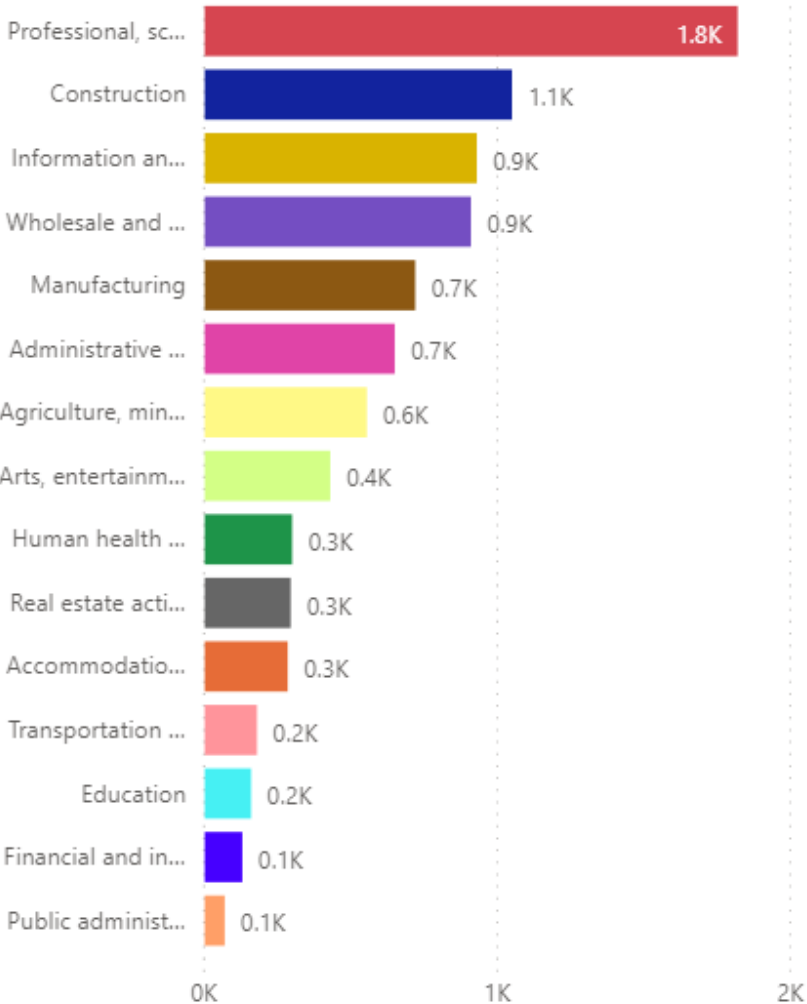


GVA by sector (2018)

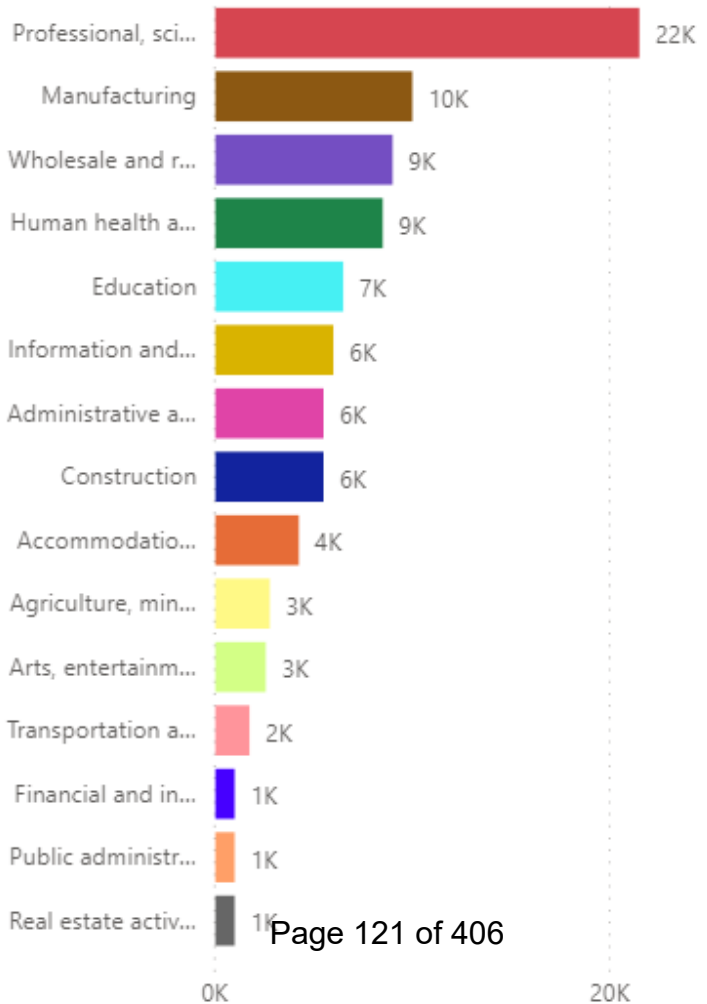


# South Cambridgeshire

Business counts by sector (2019)



Employment by sector (2018)



GVA by sector (2018)



## Metro — Dynamics

---

### LONDON

3 Waterhouse Square  
138 Holborn  
EC1N 2SW

(+44) 0203 865 3082

### MANCHESTER

Elliot House  
151 Deansgate  
M3 3WD

(+44) 0161 393 4364

<b>BUSINESS BOARD</b>	<b>AGENDA ITEM No: 3.2</b>
<b>15 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>

## **COVID-19 LOCAL ECONOMIC RECOVERY STRATEGY**

### **1.0 PURPOSE**

1.1. To present the first draft of the Cambridgeshire & Peterborough Covid-19 Local Economic Recovery Strategy.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Chair of the Business Board</b>
<b>Lead Officer:</b>	<b>John T Hill, Director of Business &amp; Skills</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
<p>The Business Board is invited to:</p> <p style="padding-left: 40px;">Recommend the Combined Authority Board approve the first draft of the Local Economic Recovery Strategy (LERS) for Cambridgeshire &amp; Peterborough.</p>	

### **2.0 BACKGROUND**

- 2.1. In March 2020, the Economic Recovery Strategy Group (ERSG), as part of the wider Local Resilience Forum, was formed to respond to the Economic and Business Impacts of Covid-19.
- 2.2. The ERSG comprises of Local Authorities officers together with Representatives of local Business Membership Organisations. A full list of contributors has been included within the main strategy.
- 2.3. Since inception, the ERSG has committed to developing a joint Local Economic Recovery Strategy (LERS) which lays down a roadmap formed of specific interventions which will aim to accelerate the recovery of our local economy.
- 2.4. In addition, Business Board members have been engaged over two Workshops to also provide valuable input and insight.

### 3.0 LOCAL ECONOMIC RECOVERY STRATEGY (LERS)

3.1. This first version of LERS comprises of the following documents:

- (a) Main document (**Appendix A**) comprising of:
  - i. Strategic Mission and Top-Level Strategy
  - ii. The Data Upon which we base our Decisions
  - iii. The Strategic Approach:
  - iv. Implementation and Investment
- (b) Interventions Explained (**Appendix B**)
- (c) City, District & Town Level Recovery Strategies (**Appendix C**)
- (d) Business Board LGF investments (**Appendix D**)

3.2. The LERS will be a live document which will be adapted as appropriate to respond when both anticipated and new impacts on the local Economy and Business evolve and become clearer. These further insights will principally be gained through our parallel programme of COVID Insight work with Metro Dynamics.

3.3. It is therefore anticipated further refreshed versions of the LERS may be presented to Skills, Business and Combined Authority Boards in Autumn 2020 and Spring 2021 to then enable any changes in interventions to be actioned thereafter.

### 4.0 STRATEGY DEVELOPMENT AND SIGN-OFF

4.1. This Local Economic Recovery Strategy is a co-created product of the Covid-19 Local Economic Recovery Sub-Group, consisting of Local Authority economic development officers in partnership with representatives of all the key local business organisations. All Local Authority and business representatives have played an active role in shaping this strategy, within a highly collaborative and very positive environment. The vision and interventions developed by this group have been subsequently workshopped and developed by a sub-group of the CPCA's Business Board and undergone a local consultation process with 100 businesses. The Local Authority officer, business representative and individual business leader input that has created the proposed strategy is recommended for adoption by the Business Board as its Covid-19 adapted version of the Local Industrial Strategy.

4.2. This will be subsequently offered for ratification by the CPCA Board on the 30th September. Individual Local Authorities are expected to present this "whole of economy" strategy to their cabinets for endorsement during October and November, which will lead to local recovery plans being developed in alignment.



## **5.0 FINANCIAL IMPLICATIONS**

- 5.1. The LERS includes a broad range of interventions each of which have financial implications, however these interventions are approved individually by the relevant authority outside of the strategy as a whole thus there are no direct financial implications to this report.

## **6.0 LEGAL IMPLICATIONS**

- 6.1. There are no legal implications

## **7.0 IMPLICATIONS FOR NATURE**

- 7.1. There are no implications for nature

## **8.0 OTHER SIGNIFICANT IMPLICATIONS**

- 8.1. There are no other significant implications

## **9.0 APPENDICES**

- 9.1. Appendix A – LERS Main Strategy Document
- 9.2. Appendix B – Interventions Explained (LERS Appendix 1)
- 9.3. Appendix C – City, District & Town Level Recovery Strategies (LERS Appendix 2)
- 9.4. Appendix D – Business Board LGF Investments (LERS Appendix 3)

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
None	N/A



**Appendix A**



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

**JAMES PALMER**  
CAMBRIDGESHIRE &  
PETERBOROUGH MAYOR

**Cambridgeshire & Peterborough**  
**Local Economic Recovery Strategy (LERS)**

**Final Version 1: 1st September 2020**

## CONTENTS

<u>Section</u>	<u>Page</u>
----------------	-------------

Foreword

Acknowledgements

**1.     *The Recovery Mission & Top-Level Strategy***

**1.1    Mission**

**1.2    Strategy in Summary**

**1.3    Interventions in Summary**

**2.     *The Data: Upon Which We Base Decisions***

**2.1    Immediate Impact**

**2.2    Impact on Businesses**

**2.3    Impact on Jobs**

**2.4    Impact on Economic Sectors**

**2.5    Understanding the Shape of the Recovery**

**2.6    Impact of Brexit**

**3.     *The Strategic Approach: Mitigating Impacts, Creating a Springboard for Renewal & Growth***

**3.1    Context**

**3.2    Phases of Recovery**

**3.3    Priority Sectors**

**3.4    Strategy & Practical Interventions**

**4.     *The Implementation & Investment***

**4.1    Need for Partners in Local Authority Plan Ahead**

**4.2    Need for Partners in Government to Invest**

**4.3    Layers of Implementation & Impact**

**Appendices**

**Appendix 1 – Interventions Explained**

**Appendix 2 - The City, District & Town Level Recovery Strategies**

**Appendix 3 – Business Board LGF Investments**

## ACKNOWLEDGEMENTS

This strategy has been a collaborative process strengthened by significant co-ownership and broader business community, education and public consultation. This Local Economic Recovery Strategy is a co-created product of the Covid-19 Local Economic Recovery Sub-Group, consisting of Local Authority economic development officers in partnership with representatives of all the key local business organisations. All Local Authority and business representatives have played an active role in shaping this strategy, within a highly collaborative and very positive environment. The vision and interventions developed by this group have been subsequently workshopped and developed by a sub-group of the CPCA's Business Board and undergone a local consultation process with 100 businesses.

The Local Authority officer, business representative and individual business leader input that has created the proposed strategy is recommended for adoption by the Business Board as its Covid-19 adapted version of the Local Industrial Strategy. This will be subsequently offered for political ratification by the CPCA main Board on the 30th September. Individual Local Authorities are expected to present this "whole of economy" strategy to their cabinets for endorsement during October and November, which will lead to local recovery plans being developed in alignment.

The strategy is further underpinned by a common understanding that to lead the region to economic recovery, behaviours will also need to change in order to support the interventions proposed. All those involved in the creation of this strategy share a steadfast drive to make things happen and do things in new and innovative ways that are more collaborative and more impactful than ever before, setting the Cambridgeshire & Peterborough economy as a trailblazer and exemplar of sustainable and sustained economic recovery and renewal for the rest of the UK.

Contributors to development of the Cambridgeshire & Peterborough Local Economic Recovery Strategy include:

Cambridgeshire & Peterborough Combined Authority & Business Board  
Cambridgeshire County Council  
Cambridge City Council  
Huntingdonshire District Council  
Fenland District Council  
East Cambridgeshire District Council  
South Cambridgeshire District Council  
Peterborough City Council  
Greater Cambridge Partnership  
Public Health England  
Police Commission  
Cambridgeshire Chambers of Commerce  
Federation of Small Businesses  
Opportunity Peterborough  
Cambridge Network  
Cambridge Ahead  
Confederation of British Industry  
ICAEW

## FOREWORD

Since March, employers and employees have had to encounter unforeseen challenges and we have seen incomparable levels of adaptability and resilience. As the economy reopens in the weeks and months ahead, employers will need to continue to meet a series of challenges and obstacles head-on to ensure survival before they can consider resuming on a new and very different journey of growth.

Many employers in our region have also been directly involved in the national and international fight against the disease, from the global development and testing of vaccines, to uncovering effective medical treatments, through to the design and engineering of new ventilators for hospitals. In a time of crisis, this has highlighted the importance of innovation to our own economies and of the UK.

Our region's Employees will also face huge challenges in the future. Many are already facing huge uncertainty with the very real threat of redundancy or, at least, a seismic change in their job looming. The future workers in our region, our young students, face the daunting prospect of entering a severely contracted jobs market that is now newly congested with competition from experienced talent who have found themselves jobless.

The huge and unprecedented response by National and Local Government that has provided vital lifelines to Business Leaders and Owners. But without the specific interventions as set out in this strategy, the recovery will be longer, less inclusive and the gaps between our sub-economies will widen. In addition, this strategy sets out a clear and shared vision for a more inclusive, digitally enabled and greener recovery that leads to much greater, future resilience, more evenly felt, across our economy.

Moreover, the one much promoted positive to arise from the economic and social lockdown has been a measurable improvement in environmental quality. Significant reductions in congestion, air pollution and waste over a short space of time have brought the importance of sustainability into sharp focus. Building such considerations into our strategy through approaches such as the circular economy can help businesses to reduce costs and eliminate waste whilst improving their resilience and sustainability performance.

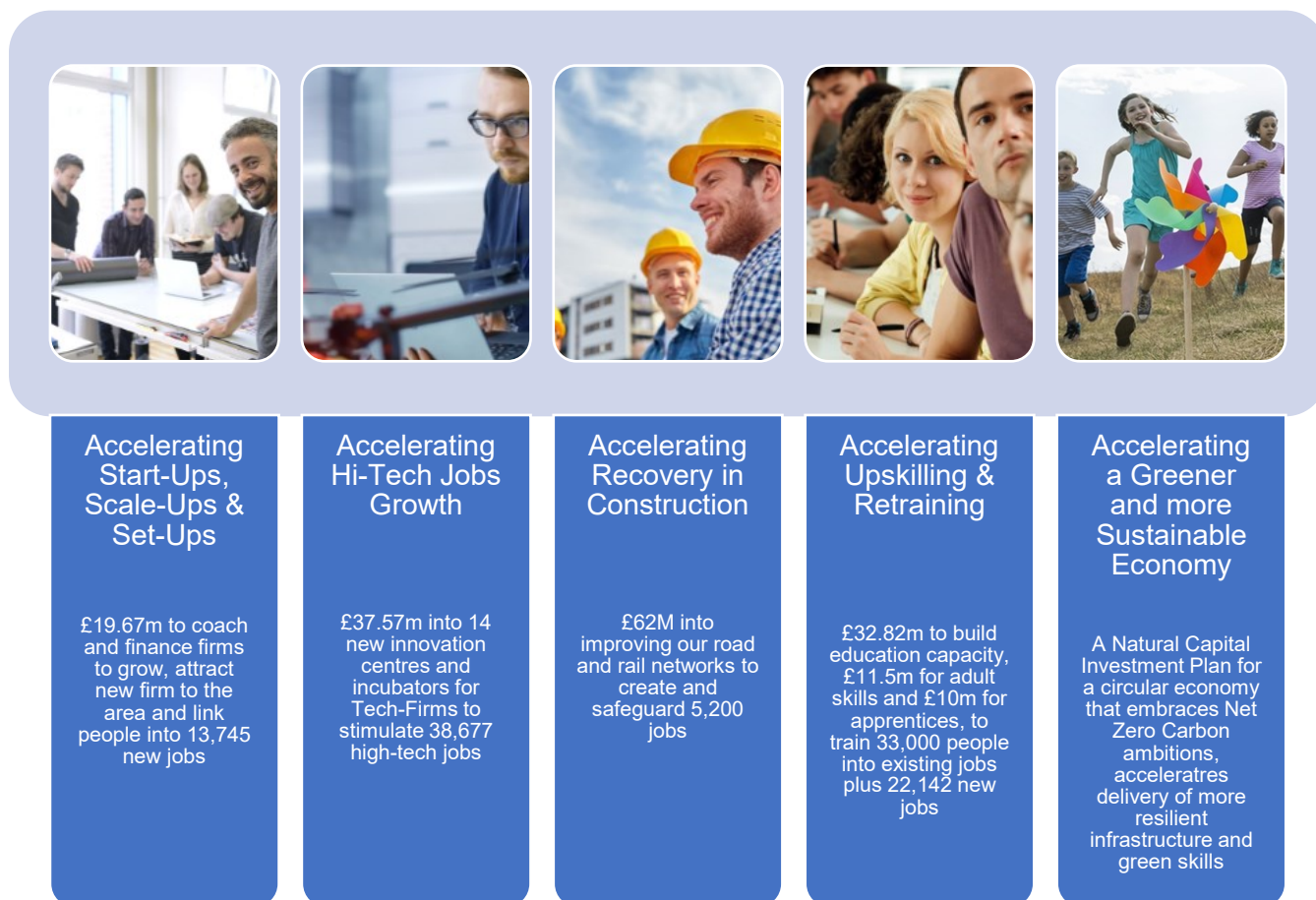
# 1. THE RECOVERY MISSION & TOP-LEVEL STRATEGY

## 1.1 The Mission

With a regional focus on providing a sustainable and healthy region in which we live and work, our Covid-19 Economic Recovery Strategy Mission is to:

***“To lead the nation out of recession - by accelerating the recovery, rebound and renewal of our economy and achieving our ambition to double GVA by 2025 - in a new and more digitally enabled, greener, healthier and more inclusive way than ever before.***

We will achieve this through a Local Economic Recovery Strategy that accelerates our recovery by strengthening our businesses’ and workforce’ capacity for rebound and regrowth. Our local strategy is constructed to address the key phases of recovery and consists of 5 Pillars of delivery:



These 5 pillars align with and reflect the themes of the Local Industrial Strategy to set out what we aim to do:

- **People:** Through local collaboration and strong leadership, deliver a fair and inclusive economy by empowering local people to access the education and

skills needed to meet the needs of the local economy and business, both now and in the future.

- **Ideas:** Ensuring that the area's economic base grows by harnessing innovation, enhancing Cambridge's position nationally and globally, especially around life science, artificial intelligence and data technologies, whilst bringing innovation-based growth to Peterborough and the Fens too.
- **Business Environment:** Accelerating and sustaining higher levels of business growth in start-ups and scale-ups, whilst attracting new and more knowledge intensive firms to our economy, to drive both growth and productivity.
- **Infrastructure:** Enhancing the current transport and housing infrastructure that is hampering growth in the south, whilst investing in commercial infrastructure to bring inclusive growth to the north.
- **Place:** Tailoring interventions to meet the needs of our cities and districts at local level.

This is further strengthened by our ability and potential to deliver:

- The Cambridge City region is the fastest growing economy in the UK – most likely ability to reverse the £3.7bn GVA impact by 2025 and recover to previous growth trajectory, which is vital for the UK's sustainable economy.
- One of a minority net contributor to the Treasury, with the potential to regain that position to aid Government in the recovery period.
- Breadbasket of England –over 50% of the UK's grade 1 highest quality land for food growing in the country, which is critical to sustainable food production and future food security in the UK. The Fens are also considered one of the country's greatest natural assets and wet ecosystems.
- A microcosm of the UK as a whole – with the potential to harness the strengths of the three local economies to demonstrate best practice in recovery.
- Global leadership in Life Sciences, Agritech and Education with 16% of the UK's knowledge intensive business services, with high potential for productivity and growth in recovery.
- Cambridge has more patent applications per 100,000 population than any city in the UK and more than west EU countries put together. Peterborough is also in top 15 UK Cities for patent applications, so the area leads in innovation.
- Peterborough has major cluster in environmental technologies supporting the drive for green recovery.
- Peterborough and Cambridge are “smart cities”, using technology to support digital advances.



## 1.2 *The Strategy in Summary*

The premise of our economic strategy provides a varied range of interventions that will create positive impact over the near/medium term whilst also laying the road for longer term and sustainable recovery.

Cambridgeshire and Peterborough is an industrially diverse region, made up of three connected but distinct sub-economies. This recovery strategy reflects our commitment to respond effectively to the specific needs of Greater Peterborough, the Fens, and Greater Cambridge – whilst building the connections and relationships that will unlock the full economic potential of the whole region.

Our interventions for the medium-term recovery over the next 12-18 months will help ensure the C&P economy rebounds faster and with growth that is more inclusive, greener and sustained longer at higher rebound rates than would have naturally occurred. This also includes a specific focus being placed on those sectors and places in most need and with the longest forecast recovery rates so they start to recover sooner.

Planning for longer-term recovery by making strategic investments that enable greater future resilience, strengthen our economic assets, and address the inherent disparities across sectors and place, that have presented barriers to greater inclusive growth in the past, including:

- Skills deficits in the north of the economy.
- Lower quality employments in the north.
- Matching provision with rapidly changing demands for commercial space, particularly across our priority sectors.
- Broadening the base of our knowledge intensive companies so that economic opportunities in resilient growth sectors are brought to more Cambridgeshire and Peterborough communities.
- Maintaining our standing as a world-leading centre for innovation – ensuring that international businesses continue to choose to grow or relocate here, and in doing so create inclusive opportunities.
- Providing an attractive commercial and quality of life offer across our Cities and Market Towns for businesses relocating from major cities like the capital.
- Ensuring that CPCA economy is developed sustainably to actively contribute to tackling Climate Change and adapting to its impacts.

Supporting appendices:

Details on all our proposed interventions can be found in **Appendix 1: LERS Interventions Explained**.

Details on proposed intervention priorities and actions at local level can be found in **Appendix 2: City, Districts and Town Level Recovery Strategies.**

In addition, of course, are the many other, powerful interventions and initiatives of the Business Board, the wider Combined Authority and its key partners, that make up the 5 Pillars of our COVID 19 Local Economic Recovery Strategy. Details on Business Board LGF investments that will support economic recovery by creating 50,644 new jobs to 2042 can be found in **Appendix 3: Business Board LGF Investments.**

### 1.3 The Interventions in Summary

	PEOPLE			IDEAS			BUSINESS ENVIRONMENT			INFRASTRUCTURE			PLACE		
	Recover	Rebound	Renew	Recover	Rebound	Renew	Recover	Rebound	Renew	Recover	Rebound	Renew	Recover	Rebound	Renew
ACCELERATING START-UPS, SCALE-UPS AND SET-UPS	Support for Displaced Workers to Transition into Entrepreneurship	£500k of Capital Grants & Start-Up Advice for Employees Transitioning to Entrepreneurship				£500k of Innovate to Grow Grants for Small Firms with Big Ideas	Entrepreneurship and Business Growth  £145k investment to Support for the Visitor Economy to Recover & Adapt  £50m investment in Recovery and Development of the Creative Economy	£29m investment into new Rebound & Grow Coaching Service	£4m investment into new Inward Investment Service to Attract more Firms		Adapting Commercial Space Provision to Remote Working			£13.1m of investment to Support for City & Town Centre Firms to Rebound	
ACCELERATING HI-TECH JOBS GROWTH			£30m investment into a new University for Peterborough		Manufacturing Innovation Eco-System in the North of the Economy	£5m investment into new Manufacturing & Agri-Tech Innovation Launch Pads		A £500m Life Science Innovation Network to Produce a New Generation of Unicorns	£18m equity investment into three new Life Science and Transport Tech-Accelerators		Advanced Digital Infrastructure Deployment to Support Accelerators and Incubators				

NOT GOVERNMENT POLICY

ACCELERATING RECOVERY IN CONSTRUCTION		£1.7m investment to increase Skills Capacity in the Construction Sector to Support a Boost in Infrastructure Investment	Guaranteed Training & Interviews for Jobs in Healthcare & Construction								£100m investment in Stimulating the Housing Market (£100k Homes Revolving Loan Fund)				
ACCELERATING UPSKILLING & RETRAINING	Connecting Displaced Talent into Re-Skilling & Jobs Faster	Improved Careers Advice to Better Connect School Leavers with Jobs  New Funding for Training for School & College Leavers Unable to Find a Job	Local Piloting of a New National Retraining Scheme  £20m of Locally Integrated funding Local Integration Focussing of all Post 18 Vocational Education to Support Retraining of Workers in Transition Across Sectors							More Resources into Schools to Better Connect Leavers with Jobs	Helping FE Providers to Adapt to More Remote Learning  Revenue Support for Education Providers to Stabilise Finances at Lower Volumes				

NOT GOVERNMENT POLICY

ACCELERATING A GREENER AND MORE SUSTAINABLE ECONOMY		Improved Learner Access to Digital Skills Development	Focusing Recovery & Growth Where it Can Improve Health & Wellbeing Most					Resource and Waste Circular Economy Business Models	Framework for Sustainable Economic Development	Increasing Provision to Improve Digital Skills  £320k of Adult Skills Capital Support for Digital Transformation of Delivery	£1m CPCA Digital Infrastructure Programme "Keeping Everyone Connected"			Local Authority Planning Adaptions for Housing & Schools Renewal  £155m investment into development of new Council Homes	
---	--	---	---	--	--	--	--	---	--	--	--	--	--	--	--

## 2. **THE DATA: UPON WHICH WE BASE OUR DECISIONS**

The Cambridgeshire and Peterborough Combined Authority (CPCA) and the Greater Cambridge Partnership (GCP) jointly commissioned a report from consultants, Hatch Regeneris, in order to understand the projected economic impact of the Covid-19 lockdown. This section summarises the findings of the ‘Hatch’ report<sup>1</sup> and then uses further evidence from Cambridgeshire County Council’s Research Group to draw conclusions from this work to inform the Economic Recovery Strategy.

### 2.1 **Immediate Impact**

The ‘Hatch’ report uses Office of Budget Responsibility (OBR) estimates to conclude that the immediate economic impact of the shut down on Cambridgeshire and Peterborough will be an estimated £3.7b reduction in GVA<sup>2</sup>; or a loss of 13% compared to the previous year. This loss is not expected to be evenly distributed across the different sectors of the economy. The greatest percentage loss of activity is estimated to be in Education (-38%), Accommodation and Food (-36%) and Construction (-30%); the report goes on to provide detail on the sector impact at a district level. Based on previous growth, Hatch assume a future aggregate loss to the Cambridgeshire and Peterborough economy of £21.7b with the region not returning to previous levels of output until 2031 at the earliest.

This outlook, in the context of the UK economy as a whole, is not universally supported by economic commentators primarily as it does not take into account government policy interventions. Later paragraphs will consider what alternative scenarios exist for the recovery of the local economy.

### 2.2 **Impact on Businesses**

The ‘Hatch’ report draws on local and national business surveys. Almost half (46%) of business respondents reported that they had effectively shut down during the Covid-19 lockdown and more than 17% reported that there ‘was a good chance’ that the business wouldn’t recover. Around two thirds of businesses had furloughed staff under the Government’s Job Retention Scheme. Other short-term measures included businesses looking to reduce immediate overheads such as seeking rent or business rate reductions. Medium-term impacts were based upon a concern that there won’t be an immediate uptick in demand for goods and services once the lockdown ends. This would mean that some job roles would be made redundant rather than returned from furlough.

There was also expected to be some reassessment of supply chain resilience following the disruption. Longer-term impacts centred on an acceleration in trends already seen within the economy. Businesses are likely to reassess both the cost

---

<sup>1</sup> Cambridgeshire and Peterborough | Covid-19: Understanding economic impacts and informing the response

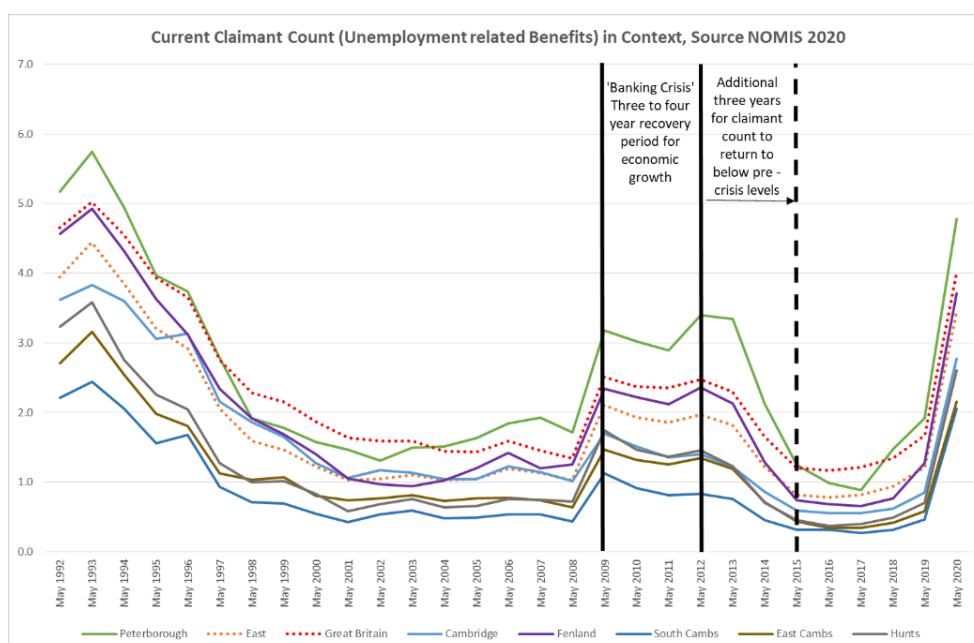
<sup>2</sup> GVA or Gross Value Added is a metric used to describe the total volume of economic output for a geographical region or sector of the economy.

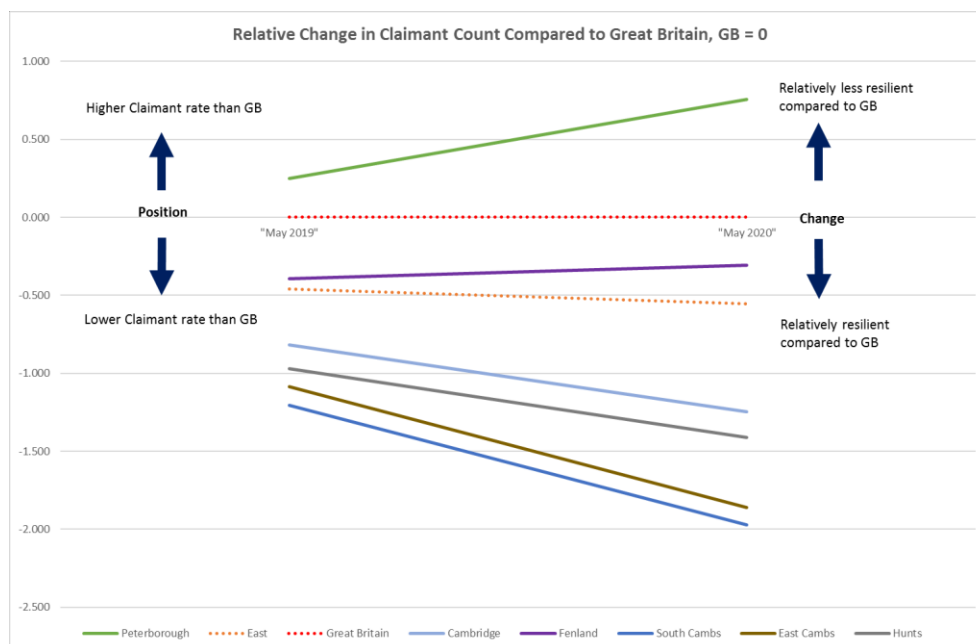
and the use of commercial property space, with some downsizing premises to take advantage of the acceleration of homeworking. Impacts on further education could possibly see an increase in the rate at which the labour market demands higher, level three or above, qualifications. Infrastructure demands are also likely to be different, focusing on the roll out of digital connectivity and changes in usage patterns for public transport.

## 2.3 Impact on Jobs

There are 18,000 more claimants of unemployment-related benefits within the Cambridgeshire and Peterborough region, comparing May 2020 with May 2019. Claimant rates are also higher compared to the 2008 banking crisis. The extent to which these high numbers persist will depend on the 'shape' of the recovery (discussed in later paragraphs). It should be noted though that whilst Cambridgeshire and Peterborough returned to economic growth in 2012, relatively high claimant rates persisted through into 2015.

One of the areas for action locally should be a focus on supporting those who could potentially 'fall out' of the job market in the same way as a result of the current recession.





The increase in claimants has exacerbated the sub-regional inequalities identified within the CPIER<sup>3</sup>. *Peterborough's claimant rate has worsened significantly compared to that of Great Britain* whereas areas in the south of the Cambridgeshire and Peterborough region have seen relatively low increases in claimant count compared to the country as a whole. Fenland has seen a slight worsening compared to Great Britain but may have been partly insulated from the economic shock due to the relative importance of the food production and processing sectors in the area which have continued to operate during the lockdown.

## 2.4 Impact on Economic Sectors

The number of claimants is dwarfed by the reported (HMRC July 2020<sup>4</sup>) 107,300 jobs (25% of all jobs) in the CPCA area that are currently protected by the Job Retention Scheme. Local and national intelligence reports that a proportion of businesses expect to make redundancies as the scheme comes to an end in October 2020, although at this time it is difficult to estimate the number that will be affected and how the January 2021 job retention bonus will affect the situation.

One way to provide a sense of relative risk by sector is to consider the national profile of businesses temporarily closed according to the on-going ONS Business Impact of Covid-19 (BIC) Survey<sup>5</sup> and combine this with the furlough profile<sup>6</sup> and local employee data<sup>7</sup>. The assumption being that the risk of further redundancies is far greater for sectors where many businesses are still paused (as at end June 2020) compared to those that have a proportion of workers on furlough but are also continuing some business activity. This provides a first estimate for Cambridgeshire

<sup>3</sup> Cambridgeshire and Peterborough Independent Economic Review

<sup>4</sup> <https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-july-2020>

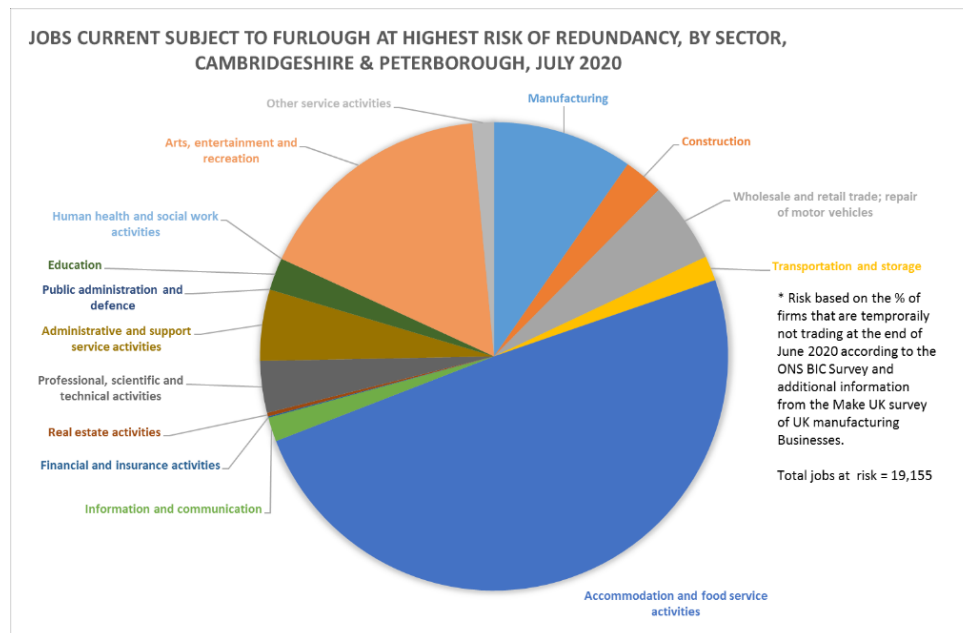
<sup>5</sup> <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybicsresults>

<sup>6</sup> Local Profile has been requested from HMRC, Eastern Region Profile has been used 17<sup>th</sup> July 2020.

<sup>7</sup> Employee Jobs, 2018, Source NOMIS



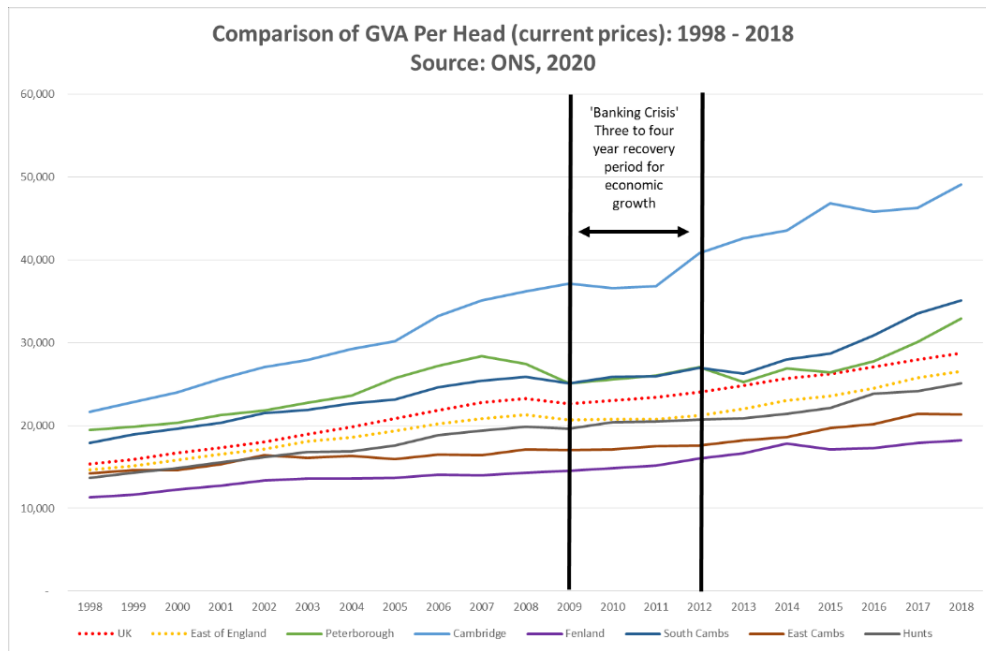
and Peterborough of approximately 17% of jobs currently being protected by furlough possibly becoming redundant when the scheme ends; materially, this would double the current claimant rate. Approximately half the jobs at risk are in the Accommodation and Food sector with a further 18% in Arts and Entertainment and 6% within Retail.



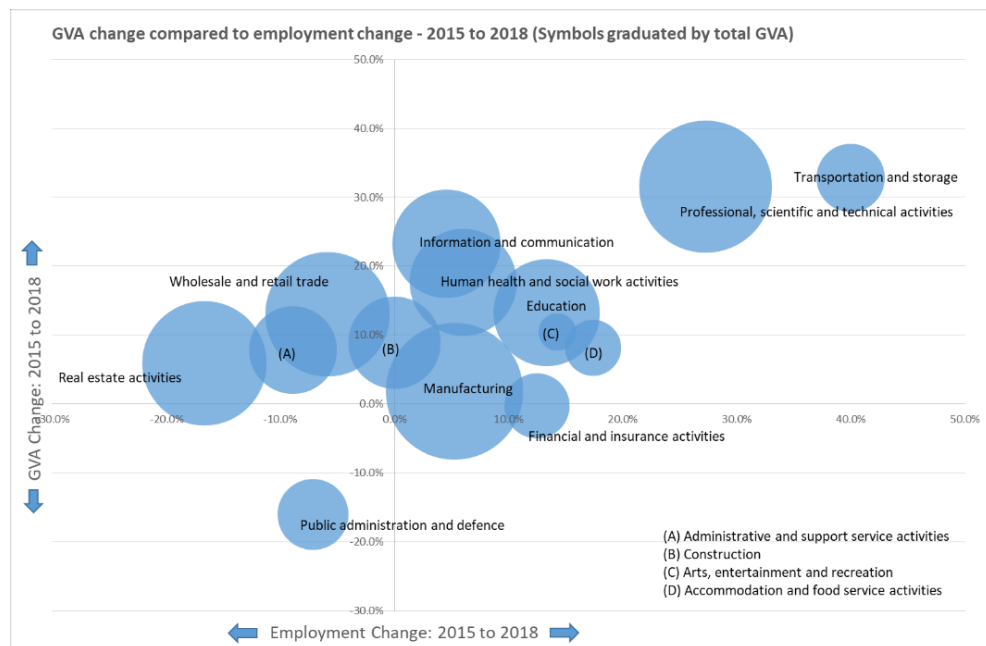
Commentary from Cambridge Econometrics<sup>8</sup> supports this assumption with an anticipated transition from economic problems centred upon 'production' (the lockdown impacting supply chains and the creation of economic value) to problems of 'consumption'; in particular a contraction in demand for consumer goods and services. We have been able to incorporate a more specialist survey from MakeUK of manufacturing businesses into the methodology, this reports that 53% of manufacturing firms with some staff on furlough expect to make redundancies for the most part affecting up to 25% of the workforce. Applying this to our local profile for furlough employees implies that around 1,800 local manufacturing jobs are at risk.

This is supported by further evidence from HR1 returns (statutory redundancy notices) which for June 2020 show four-hundred plus jobs in the former LEP area in the manufacturing sector 'at risk'. Prior to the Covid-19 crisis there were identifiable trends within the Cambridgeshire and Peterborough economy. The long-term (1998 – 2018) trend in Gross Value Added (GVA) broadly illustrates that the 2008/09 'Banking Crisis' recession led to a three- to four-year (depending on district) stagnation in economic growth before a very strong recovery led primarily by Cambridge and South Cambridgeshire and latterly by Peterborough. Indeed, Cambridge recovered the economic value lost during the 2008/09 recession much quicker than other areas, effectively leading the UK out of recession.

<sup>8</sup> <https://www.camecon.com/blog/the-economics-of-the-coronavirus-pandemic/>



The sectors leading both employment and GVA growth over the previous three years (2015 – 2018) for the CPCA area have been Professional, Scientific and Technical Activities (based in the Greater Cambridge area), Information and Communication, Education, Transport and Storage, and Human Health and Social Work Activities.



Interestingly, sectors expected to be worse hit by the current crisis have grown alongside the sectors mentioned above, e.g. Accommodation and Food Services, but contribute a relatively low proportion of the area's GVA. Indeed, whilst employment in the Accommodation and Food sector is high, approximately 27,000 employee jobs, productivity is low (approximately £20k GVA per job compared to £54k per job in the Professional, Scientific and Technical sector). Alongside this, the level of skill (measured in terms of average qualification levels) is also relatively low in the areas most at risk of further redundancies. This underlines the potential 'skills

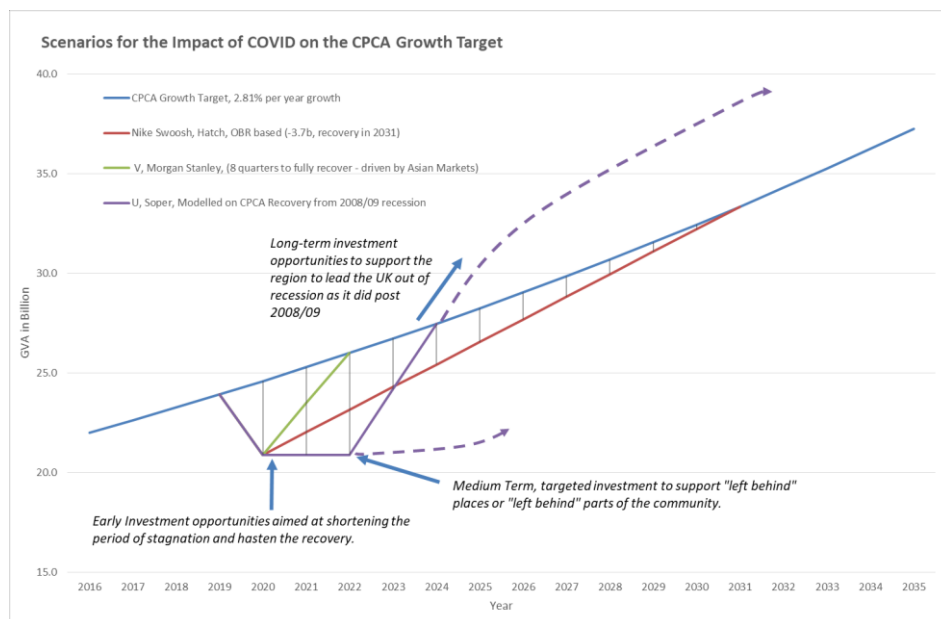
challenge' that the area faces; can people losing work in one sector be supported to transfer to higher skilled and more productive work in another sector?

## 2.5 Understanding the Shape of the Recovery

Given the area's relative economic strength, there is reason to look at additional recovery scenarios alongside the one proposed within the 'Hatch' report, keeping in mind that the purpose of looking at additional scenarios is to test different policy responses. The most optimistic of models, the 'V'-shaped recovery, shows the world economy returning to normal relatively quickly. The model illustrated is that proposed by Morgan Stanley, which is driven particularly by renewed growth in the far-east. Under this scenario, the Cambridgeshire and Peterborough economy essentially recovers by the end of 2022 (although higher unemployment rates may persist beyond this).

The drawback of this model is that it is dependent on Covid-19 being controlled around the world, including in large consumer markets such as the USA, and on the rapid implementation of a vaccine. The Bank of England<sup>9</sup>, through its chief economist has suggested that early market signals suggest an element of 'bounce back' with the economy recovering 'up to half' of its lost output. For the analysis in this section, the author has developed a custom 'U'-shaped model ('Soper' scenario below) of recovery primarily based on the previous economic recovery and the area's strength in specific sectors as discussed above.

The Partnership's Economic Recovery Group has deemed this as the most useful scenario, as challenging policy questions can be asked at different stages. This scenario has since been reflected in the work of Capital Economics and also the EY Item Club (forecasters, who use similar economic model to the Treasury), suggesting UK unemployment will rise to 9% from 3.9% before a full recovery by 2024.



<sup>9</sup> <https://www.bbc.co.uk/news/business-53473616>

## 2.6 *The Impact of Brexit*

As of August 2020, the outcome of the post-Brexit trade talks between the EU and the British Government remain uncertain. According to the Bank of England the positive side of an outcome being reached in the talks is the 'reduction in drag' on investment; whereby investment that is currently 'on hold' is made in the UK once its trading position becomes clear. Set against this is the potential for additional trade barriers with the EU hampering business activity.

The London School of Economics (LSE) is one of the first organisations to produce a combined analysis of Covid-19 and Brexit<sup>10</sup>. Their analysis shows that sectors affected by Brexit are generally different to those currently impacted by Covid-19. When comparing the effect of Covid-19 with the predicted impact of increased trade barriers with the EU, there is some evidence that those less hit by Covid-19 are likely to suffer more from Brexit e.g. Electrical and Optical Equipment and Chemicals and Chemical Products are examples of such sectors.

That is not to say there will be a 'double whammy' rather the impact of Brexit will overlap, or possibly be partially masked by Covid-19. For example, the Institute of Economic Affairs suggests that "any costs from a change in our relationship with the EU are likely to be trivial" compared to the impact of Covid-19 on GDP". The worst scenarios for Brexit (UK Government, 2018) suggested an 8% reduction in GDP over a period of years whereas the Covid-19 crisis is already estimated to have reduced UK GDP by 13.8% in a single year.

Regardless of the outcome of talks it is evident that the resources expended in responding to Covid-19 has set back planning for Brexit at both a government and business level. The government is determined to meet the current Brexit timetable therefore adaptation for 1<sup>st</sup> January 2021 may necessarily be hurried. This is where the most probably local policy response lies, in supporting businesses with rapid adaption once the position for January 2021 is clear.

---

<sup>10</sup> <https://www.lse.ac.uk/News/Latest-news-from-LSE/2020/g-July-20/Brexit-hit-looms-for-industries-that-escaped-worst-of-pandemic>

### 3. ***THE STRATEGIC APPROACH: MITIGATING IMPACTS, CREATING A SPRINGBOARD FOR RENEWAL & GROWTH***

#### 3.1 ***The Opportunity***

The Cambridgeshire & Peterborough economy is already home to a high concentration of high-growth firms and a highly skilled and entrepreneurial workforce. We are one of a small number of regional economies that provide a net contribution to the Treasury and offer the potential to play an important role in leading national economic recovery from the impacts of Covid-19. The regions strength comes from:

- **Greater Cambridge** which is the UK's fastest growing economy and the most likely part of the county to recover quickest to help regain the £3.7bn GVA lost. It gives us Global Leadership in life sciences and education and has the largest share (16%) of the UK's knowledge intensive business services. It generates more patent applications per head of population than any city in the UK and more than all the EU put together.
- **Greater Peterborough** which has reinvented itself as a Smart City, with UK leading levels of digital connectivity and its major cluster in environmental technologies. It is also home to a high-tech manufacturing base that has grown whilst the sector has shrunk nationally, now representing 18% of its businesses, compared to 9% nationally.
- **The Fens** which are considered one of the country's greatest natural assets and contain over 50% of the UK's grade one, highest quality, land for food growing.

However, there is still much untapped potential and, as markets recover to a new norm and permanent shifts in customer behaviours and workforce practices, offers a fantastic opportunity to support our brightest firms to adapt to grow faster, longer and more sustainably, given the right support and investment.

Successful implementation of this Economic Recovery Strategy, with the right investment from our partners in Central Government, will enable this national powerhouse economy to return quicker to our previous growth trajectory and our previous contribution of £5bn pa to Treasury to help finance recover in other areas of the UK, especially in the midlands and north. The spine of our strategy focuses on solutions based on:

- programmes already planned within the LIS, for mobilisation in the 3rd quarter of this year, adapted to post Covid-19 recovery conditions.
- entirely new interventions funded through combinations of local and national funding.
- local tailoring and facilitation of national programmes to take account of our specific economy and communities, optimising them for local conditions and amplifying their impact All of this is underpinned by a focus on sustainability and building future economic resilience as described previously.

### 3.2 *The Challenges*

To double the size of our economy, and prior to Covid-19, jobs growth needed to increase from its historic rate of 2.5% pa (1998-2018), by 0.3% to the 2.8%. With around 418,000<sup>1</sup> jobs in our economy this meant that the CPCA and its partners, notably the Greater Cambridge Partnership (GCP), needed to nudge an additional 0.3% of growth in jobs, above and beyond that which was previously naturally occurring without our intervention.

To meet this challenge, the Business Rebound & Growth Service was tasked by the Business Board, to stimulate business growth in firms to generate an additional 5,890 jobs, measured over the 3 years the Service's delivery and the following 3 to capture the delayed effects between intervention and jobs growth realisation. This would have produced a net-impact on additional jobs growth of 982pa, substantially contributing to the required 1,254pa to enable the doubling of our economy.

In addition, there are the many other, powerful interventions and initiatives of the Business Board, the wider Combined Authority and its partners such as GCP, that make up the five pillars of our Covid-19 Local Economic Recovery Strategy. These amount to a further 10,000 new jobs created over the next decade, or 2,500 pa, providing the potential to nearly double the impact we need to double our economy.

Hence it is clear, that both the original Local Industrial Strategy and now the Local Economic Recovery Strategy is more than capable of enabling our businesses and people to rebound and regrow to still meet and beat our target to double our economy by 2025<sup>11</sup>. Except now in an even more digitally enabled, greener and more inclusive manner than before.

### 3.3 *The Phases of Recovery*

- **Recover:** Mitigating local labour and property market scarring, in terms of retraining for those who have lost jobs and maintaining house building and sales. We have set plans for this phase to run between October 2020 and September 2023, this being the horizon for funding most partners have for the typical interventions required. Should recovery take longer this strategy will be revised.
- **Rebound:** Accelerating regrowth, ensuring firms are supported to adapt and regrow, with effective access to new staff and skills to maximise the bounce in our recovery. This phase is subject to scenario forecasts between two quarters and two years. Our strategy is designed to accelerate rebound whilst being able to adapt to delays.
- **Renew:** Investing in critical infrastructure that will reduce the barriers to growth for our hardest hit and slowest recover places, whilst ensuring future growth is

---

<sup>11</sup> Cambridgeshire & Peterborough Combined Authority Growth Ambition Statement

greener. In the main, the types of intervention that produce a genuinely renewing impact will be agreed and planned now, but launch and run over the next five to ten years, some like the CAM, even longer

### 3.4 *The Priority Sectors*

The LIS identified four priority sectors upon which to focus our strategy for long-term, innovation-based growth. These included:

- **Life Science:** Consolidating Greater Cambridge as a Global Centre for discovery and connecting it across the Arc to create a Global Player in diagnostics markets.
- **Digital & AI:** Establishing Greater Cambridge and the Arc as the preferred base for firms across the world to create and adopt the technologies of tomorrow.
- **Agri-Tech:** Strengthening the university spin-out culture and capability in Cambridge and developing a scale-up and tech-transfer capacity in Peterborough and the Fens.
- **Advanced Manufacturing & Materials:** Expanding the Greater Cambridge science base northward to rejuvenate Peterborough's manufacturing heritage to establish a manufacturing innovation eco-system to spread high-value, inclusive growth.

However, recovery must take a more pragmatic approach in balancing support for our hardest hit sectors, with investment into those with the greatest potential for long-term growth. Hence, our recovery strategy will embrace additional sectors as a priority upon which to focus the interventions we design and develop to drive recovery and support regrowth. Post Covid-19 there may be new and emerging sectors and we need to be able to rapidly respond to these as and when they materialise. Currently, the identified sectors additional sectors include:

- **Retail, Hospitality and Leisure:** Helping firms to deal with the continuing and long-term social distancing and behaviour change, especially in the Visitor Economy.
- **Construction:** Helping firms to adapt to a new commercial market as businesses adopt remote working longer-term, helping developers stimulate demand in the homeowner market and creating new demand through infrastructure investments.
- **Transport:** Helping operators to shift current public perception of mass-transit safety that threaten a structural shift in the commercial operation of public transport

- **Education:** Supporting HE and FE to transition permanently towards greater digital delivery for remote learning, embracing more business model innovation to harnesses blended learning to embed more of the curriculum in businesses.
- **General Manufacturing:** Helping firms deal with the disruption in their supply chains, the slow recovery in demand and the potential impacts of a no deal Brexit.
- **Health & Care:** Early indications were that there was likely to be greater demand for health care professionals, potentially on the back of more people being supported in the community and greater use of technology. Whilst there is no data yet to support this in terms of job vacancies it is anticipated demand for health and care jobs, construction and education roles (associated with retraining) will be growth areas.

### 3.5 *The Need for Partners in Local Authority to Plan Ahead*

Under the current pandemic and its impact on the economy, it is even more important than usual to recognise the potential for the local economic geographies to lead activity and drive recovery, not only in their own area, but in supporting national recovery as well.

A distinguishing feature of the area is how strongly it has grown. Economic growth has outpaced UK growth over the last decade. This has been driven primarily, but not entirely, by rapid business creation and expansion in the south – Cambridge and South Cambridgeshire. This business is innovation rich – in fact Cambridge had the highest number of patent applications per 100,000 people for any city in the UK (double the next highest) city. Greater Cambridge is one of a minority of places that is a net financial contributor to the country. In 2014/15, the Cambridge economy generated an estimated £3bn in taxes for the Exchequer, double the £1.5bn cost of public expenditure here.

In this unprecedented situation, it is difficult to predict over what period recovery can occur, but, subject to new waves of virus, we have experience from other economic recessions, where local economies bounced back faster than in some other areas of the country, to reset their net contributions and to support the area's growth. Critical to recovery in this case is activity which supports the retention of current employment, supports businesses to restructure where required, supports skills development and transfer for those transitioning employment, but as importantly, supports the creation of new jobs and related infrastructure. Further strengthened by a strong innovation and skills base, this gives Cambridgeshire & Peterborough a differentiation from other areas in the UK.

We know that we have the potential to enable job creation with the right levers. Indeed, although prior to Covid-19, last year alone Cambridge technology and life sciences companies grew their employment base by 16% and 8% respectively.

Even before Covid-19, the CPIER (2018), had already identified challenges to such growth in particular with infrastructure around housing as well as transport. In



addressing both of those, the recovery approach needs to continue an evolving paradigm around housing.

Changes in employment practice resulting in more flexibility in working from home for some, the demographic changes which see us living for longer but having changing needs in housing as we age, as well as evolving demands for younger generations, will see developing requirements for different tenures.

The desired trajectory towards net zero carbon homes, the use of innovative automation to make our lives easier, reducing the need to travel or promoting easy public, pedestrian and cycle access, and increasing the part the environment for the housing plays in supporting health and wellbeing as well as amenity space etc, are all increasingly important. This to build upon the fact that Cambridgeshire & Peterborough have one of the lowest ratios of greenspace/rich wildlife areas.

The Devolution Deal for Cambridgeshire and Peterborough provides the base for greater sub-regional and local decision making and leadership in how we influence and shape our area's future growth and prosperity and meet the expectations of our residents.

The publication of Phase One of our Strategic Spatial Framework and Quality Charter for Cambridgeshire and Peterborough is an important milestone in achieving that ambition, meshing with our infrastructure investments, robust Local Plans and the pace of investment and development already well underway.

Establishing and delivering the appropriate community development and social cohesion from the earliest stages is also vital. Ensuring we provide those things through a tenure-blind approach for all those who need them in as close proximity to their employment and facilities as possible is critical.

### **3.6 *The Need for Partners in Government to Investment***

A complementary, Investment Prospectus, has been produced to set out the major infrastructure investments our economy needs to harness recovery as an opportunity for renewal and accelerated growth. These will deliver a combination of improved inclusivity in our growth, levelling up places like Peterborough and the fens, whilst protecting and enhancing Greater Cambridge's position as a global player in life sciences and digital technologies, as part of our partnerships across the OxCam Arc.

This will include the continuation of Combined Authority Gainshare funding to enable many of the commitments made within this strategy, but also a small number of strategic investments into key projects, requested from Government, through the 2020 Comprehensive Spending Review, such as:

- Delivering the Cambridge Autonomous Metro Phase 1 implementation by 2030
- Delivering Cambridge to Ely A10 enhancements by 2025
- Dualling of the A47 by 2028
- 1,000 more £100k homes by 2026 through an expanded £100m loans fund

- Delivering Peterborough University expansion to 10,000 students by 2030
- Delivering Peterborough Station Quarter commercial district by 2028

### 3.7 *The Layers of Implementation & Impact*

Whilst designed for the Cambridgeshire & Peterborough economy, taking into consideration the strengths, weaknesses, opportunities and threats for each of our three sub-economies this strategy recognises that there are complementary challenges and plans above and below our scope of operation.

Centrally, Government has produced its **National Economic Recovery Strategy** and we have worked intensively with Ministers, as well as officials in the Whitehall Economic Recovery Working Group, and partners in the M9 Group of Mayoral Combined Authorities and the LEP Network to input into that strategy.

Some of the interventions we propose are designed to provide local facilitation of key governments schemes to tailor them locally in their implementation and focus onto our specific needs by sector or place etc.

**Regionally, the OxCam Arc has produced an Arc Economic Prospectus** for recovery, and the Combined Authority has been working through the Arc's structures, and especially with the three LEPs and universities group to formulate and agree this. The prospectus, builds on the vision for the Arc, contained within all four constituent Local Industrial Strategies for the Arc, and amplifies the themes in our Recovery Strategy, to bring together greater levels of resource to ensure recovery here and across the Arc is built on growth that is:

- Innovative and based future of industries.
- Greener through a transition to net zero carbon emissions.
- Small business based, backing start-ups, scale-ups and unicorns.
- Inclusive, levelling up economic performance and skills.
- Global, open for business and international.

**Locally, councils and the GCP have or have planned to produced city, town or district recovery plans** and each of these partners has worked to co-create this strategy to ensure it complements theirs, and adds value to them through the additional resources that the Combined Authority can bring to bear, both directly and through the influence of the Mayor in central government and through the M9.

Local recovery plans will focus on the various themes such as the social, community, economy and environment needs within an area and these objectives will need to align with the other recovery plans that are geographically based for example around the Oxfordshire-Cambridge Arc, Cambridgeshire and Peterborough Combined Authority and Cambridgeshire County Council all of which will have received specific funding to support the recovery process. Within local areas the engagement with town councils particularly on reopening the high street and parish councils on supporting local communities will be important.

Whilst there are many ways that the recovery work can be cut the alignment between the different layers of the Local Resilience Framework will also be critical. Various thematic groups have been established including the Business Recovery Group that oversees this work and whilst the focus of each group will be thematic there will also be many cross-cutting themes such as unemployment, skills, travel, safety and funding that will be captured and aligned wherever possible.



**CAMBRIDGESHIRE & PETERBOROUGH**  
**LOCAL ECONOMIC RECOVERY STRATEGY: APPENDIX 1 –**  
**INTERVENTIONS EXPLAINED**

**Pillar 1: Accelerating Start-Ups, Scale-Ups and Set-Ups**

The key message for all businesses is to find ways to capture what they have learned from the unforeseen and forced Covid-19 experience. Over a very short timeframe, businesses had to rapidly adopt new technologies to facilitate, amongst other things, mass home working. They have reviewed supply-chains and many will have moved into new markets. Returning to “business as usual” may not be the best strategy. Asking the right questions will be key as will acting on the answers. Not only will this help companies recover from the economic shock to their systems, it will also build and embed resilience against future shocks whatever their source.

**1. A New Rebound & Grow Coaching Service**

Ready for launch in October this service will be harnessed to strengthen the “business bounce” in our economy by targeting and engaging our highest potential growth firms into **Rebound & Grow Coaching**. To adapt the service for the rebound phase of recovery, the coaching offerings are being redesigned around the “ROAR” approach to regrowth, comprising four elements: Recover–Orient–Adapt–Regrow:

- **Recover:** Rebooting and rebuilding the corporate systems and management processes that enable the core customer acquisition and service fulfilment of the company. Rebuilding new, and possibly lower, steady state revenue lines and adjusting the organisations costs base to them.
- **Orient:** taking time to fully understand the longer-term shifts in markets and customer behaviours –
  - **Reduced customer access** brought about by a more permanent shift in behaviours towards online and distance buying.
  - **Extended and fluctuating periods of social distancing** impacting productivity and causing supply chain consolidation & localisation
  - **New opportunities for faster growing product and service lines** and more efficient and cost-effective modes of delivery and working practices.
- **Adapt:** Harnessing the medium and longer-term shift in the business environment to create new product and service differentiation and organisational strengths.

- **Regrow:** Harnessing an accredited pool of experienced entrepreneurs and business coaches to help local business leaders to orient & adapt to the permanent shifts in their business and identifying and capture regrowth opportunities, including supporting micro and SME's with toolkits and advice that can help them thrive in an increasingly digital and e-commerce landscape. A potential further £20m of growth grants and investment to businesses.

## 2. Innovate to Grow Service for Small Firms with Big Ideas

The CPCA will introduce a new £500,000 Innovation Grant Scheme to help our highest potential businesses enlist external expertise that in turn secures UK & European R&D Grant Funding of £1m upwards for the development of new and innovative products and services.

Accommodated within the Business Growth Service, this Grant scheme will fund up to 50% of external R&D Grant Application writing experts. Due to the rich creative spirit within our economy, we have the ambition to increase this fund five-fold over the next three years.

## 3. Capital Grants & Start-Up Advice for Employees Transitioning to Entrepreneurship

Post Covid-19 labour market conditions, created by a significant increase in displaced workers coupled with a contraction in job opportunities will produce fierce competition for new, re-growth jobs. However, large-scale re-employment could also be supported by encouraging entrepreneurialism and self-employment with 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 the National Skills Fund and 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. With this in mind, 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 entrepreneurs, offer an exciting mix of talent, attributes, and experience, and should be proactively harnessed for the benefit of local economies.

The CPCA will refocus its Growth Hub to encourage potential entrepreneurs to start new businesses and provide 50% grants to fund the capital costs of start-up and professional advice to help them scale-up, from successful entrepreneurs and business consultants.

#### **4. Entrepreneurship and Business Growth**

An expected area for further employment post Covid-19 and key to the economic recovery is start-up and entrepreneurial businesses.

Working with the already established British Library's Business and Intellectual Property Centre in Peterborough and Cambridge Library., support can be given to entrepreneurs and small businesses to successfully launch, develop and grow their business.

This support is designed to be easy to access and offers valuable market research & data using an extensive range of free software, online business resources, business support and e-learning. Though this partnership there are also further free British Library business information, tips, resources and training.

#### **5. A New Inward Investment Service to Attract More Firms**

A new service to strengthen the economic “bounce” in our economy by targeting and engaging not just international foreign investors, but also national firms. These businesses are currently adapting to greater remote working, and downsizing their premises requirements (in both terms of space and costs). This possibly permanent shift to more remote working, will create a large population of firms in transit, between premises and potentially towns and cities.

These will include high potential firms, that we should engage and build tailored packages of support for, based on the many elements of this recovery strategy. This will be a free of charge service to SMEs and offered commercially to large international investors to: “Attract, Develop, Deliver and Support firms to relocate into our economy. This £4m investment from the CPCA, will replace a much smaller, pre-Covid-19 service that operates only in Peterborough, and will operate a tiered model to attract regional relocations into The Fens, national relocations into Greater Peterborough and global relocations into Greater Cambridge. The Covid-19 adapted service is expected to generate over 1,200 new jobs during the rebound phase of recovery.

This Inward Investment service will work together with the Department for International Trade, to develop and promote a strong brand for our two core cities that represent our unique proposition. It will set out how our individual industry clusters work together to create a whole that is significantly greater than the sum of

its parts. This brand will also promote the area's quality of life offer, the diversity of towns and cities, and the opportunities for communities and businesses to locate here.

## **6. Support for the Visitor Economy to Recover & Adapt**

Growth Advisors will link firms with potential for strong rebound, within the visitor economy of Cambridge, into the new £145,000 Grant Scheme for revenue grants of between £1000 - £3000 for equipment and support to help evolve, adapt and implement new processes and technologies to capture the evolving remote "virtual visitor" experience and marketplace.

## **7. Recovery and Development of the Creative Economy**

Develop Greater Cambridge Vision as a leader in creative industries. As part of that work, the City Council would be keen to lead a plan for £50m major capital redevelopment of current facilities, to deliver an enhanced mixed economy of creative businesses, flexible event, studio, incubation and exhibition space for current and new creative tech and start-up companies within the city and surrounding communities. This would be supported by talent development and management and monitoring support networks.

## **8. Support for Displaced Workers to Transition into Entrepreneurship**

Post Covid-19 labour market conditions created by a significant increase in displaced workers coupled with a contraction in job opportunities will produce fierce competition for new and re-growth jobs. However, large-scale re-employment could also be supported by encouraging entrepreneurialism and self-employment with 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 the National Skills Fund and AEB Funding to design specialised courses for aspiring entrepreneurs.

## **9. Support for City & Town Centre Firms to Rebound**

**City Centres** - a new city centre improvement fund, provided by the CPCA Business Board, through its Local Growth Fund to support the regeneration of the City Centres moving to outside entertainment and socialising. The applications will follow the LGF process and will be required to meet the outputs and outcomes identified in LGF increasing jobs, safeguarding jobs and improving the estate grades and access to the City Centres. Furthermore, local authority partners are actively looking at longer term assessments on change of use from retail to other use.



**Town Centres** - an adaption of the existing Market Towns Fund provided by the CPCA through its devolved Gainshare Funding as a ringfenced fund will enable a co-ordinated approach to the changes required post Covid-19 to management of people meeting and socialising, maintaining the retail, leisure, hospitality and environmental sectors in town centres. A commitment was made by the CPCA to work in partnership with district and town councils to produce masterplans for key towns.

## **10. Adapting Commercial Space Provision to Remote Working**

The Covid-19 pandemic has potentially changed the way that many organisations will look at their need for, and use of workspace. Although many will return to the workplace once the situation is more clear, many will use the opportunity to review their requirements, and to plan their futures around more flexible and agile workforces, and the adoption of technology and digital platforms to improve efficiency and productivity, adapt to market demands, support staff, and increase their sustainability. This means that commercial space needs will change and there is a need to support adaptation of buildings to future needs, and to reduce the potential voids. A programme to include the planning and land-use, business and skills support will be developed. Understanding changes in demand for commercial space, and tapping into opportunities

Across many industries and types of location new trends for commercial space are already emerging. Understanding immediate demand changes as well as longer-term substantive changes will be a core success factor for local recovery strategies. Changes in demand across office space, laboratories, logistics, manufacturing and the make-up of city and town centres have been instigated or accelerated by the pandemic. In Cambridgeshire and Peterborough the particular dynamics of these changes will vary across the three sub-economies and individual towns and cities. Inevitably this will present challenges and difficulties to local economies, but it can also present opportunities. For example, in relation to strong demand for laboratory space or for well-connected market towns as certain commercial activity moves out of the capital.

It is therefore important to this Local Economic Recovery Strategy that Local Authorities work closely with industry to gain early insight into these changes, and use this insight to consider ways in which place-leaders can mitigate challenges and tap into opportunities. This will be focussed in particular in the medium/long-term needs of the Priority Sectors identified in this Strategy, and for Market Towns. At an appropriate point in the implementation of this Strategy, a commercial space demand analysis will be produced for each Priority Sector and for Market Towns.

## **Pillar 2: Accelerating Hi-Tech Jobs Growth**

### **11. A New University for Peterborough**

Establishment of a new university in Peterborough to remove the higher education cold spot, that has contributed to the Post-COVID economic vulnerability of the City

and will make it more difficult to recover in the longer term. 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 and be able to recover from the COVID economic in the longer term.

The CPCA has procured Anglia Ruskin University to deliver a new university for Peterborough. The university phase 1 building will enable delivery of a curriculum matched to the growth needs of local businesses, providing new opportunities for communities to gain access to higher level skills, better paid employment and enhanced life-chances. The core strategy has been developed to tackle the current market failure in HE in Peterborough 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 and a relatively modest campus development with 60% off-campus teaching provision.
- A phased approach which evolves with the needs of the region and is facilitated by successive successful phases of development
- An effective and collaborative relationship between education providers in the city to build a clear pipeline of students and raise aspirations

The CPCA, ARU and PCC will invest £30m to create a facility to deliver 3,000 graduates per annum and 14,000 jobs over a decade.

Although the new University will help to address the higher level skills gap we have in the north of the County, it is critical that pathways to HE exist for local residents to access these opportunities by develop their skills and qualification levels thus creating a pipeline of University students. Therefore, working with the Local Authority, T-Levels and Access courses for adults will be developed to ensure that the opportunities offered by the new University can be maximised to the benefit of local business and people.

## **12. New Manufacturing & Agri-Tech Innovation Launch Pads**

These will be innovative co-investments between local firms and the CPCA's Local Growth Fund into buildings and equipment to deliver town and city-based innovation centres. Each will comprise all or some of the key features of; apprenticeship academies, technology research centres and spin-out or scale-up incubators. The CPCA's £20m of funding will enable 5 centres to be built across Cambridge, Peterborough and The Fens, all complete by spring 2021.

In the meantime, they will provide vital construction employment to support short-term recovery, along with new technology, products, skilled workers and incubated firms, contributing 1000 new jobs and 350 Apprenticeships to accelerate rebound.

The centres will include:

- A Metalcraft Advanced Manufacturing Launchpad to create incubator space within Chatteris and the redevelopment and expansion of the Apprenticeship training facility currently on site for advanced manufacturing businesses across Fenland. This centre will create 50 new jobs and 300 Apprenticeships
- A Photocentric Additive Manufacturing Launchpad in Peterborough to create a new head office including R&D space focusing on the development of new 3D printing technology. This centre will create 1000 jobs over next 4 years and 50 Apprenticeships.
- A NIAB AgriTech Launchpad in Cambridge to create start-up business space for AgriTech firms, offering access to labs and scientific support. This centre will create 50 new jobs and new opportunities for collaboration amongst Agri-Tech businesses and Academics/Scientists.
- Endurance Transport Technologies, Hunts - creation of an innovation launchpad focused on future mobility, logistics and clean energy. The launchpad will provide support for start-up businesses, deliver high level skills and will focus on major innovations in the sector.
- Composites, Chatteris – establishment of a composite repair centre to complement the main composite development, design and build business.

### **13. Three New Life Science and Transport Tech-Accelerators**

A total of £7m of CPCA investment will form part of an £18m bundle of public and private sector growth funding in the form of equity investments for our highest potential and fastest growing small firms.

This innovative public-private sector partnership will share risk with global and local investors in growing 80 new technology-based spin-outs and start-ups in Cambridge, and contributing 2150 new jobs to accelerate our economies rebound potential. This includes:

- A Start Codon Tech-Accelerator to invest equity and mentor high potential life science firms supported by the Start Codon team at the Milner Institute on Cambridge Biomedical Campus. This will create 1700 jobs over investment period of 5 years through investing and mentoring 45 companies.
- An Illumina Genomics Tech-Accelerator to support and mentor high potential start up med tech firms at Granta Park, providing financial investment in equity shares of £100k per company for accelerated development of research and technology in genomics applications. This will create 400 jobs from 30 companies mentored.
- An Ascendal Transport Tech-Accelerator to create a Special Purpose Vehicle for the testing and proof of concept development of future transport technology options just off the A14, north of Cambridge. This will initially support 9 start-up

or early stage companies with technologies that require real-world testing and commercialisation through this programme. This will create 200 jobs.

#### **14. A Manufacturing Innovation Eco-System in the North of the Economy**

A £18m investment to establish the first independent R&D centre for Peterborough, to create the core for an Innovation Eco-System. This will generate significantly greater growth in high-value, knowledge intensive jobs 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 towns.

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. 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 new ones to the city.

Place based, and integrated university and innovation eco-systems that act as a focus for sector-cluster development have been developed successfully around the world, and ours will be based on the Franhofer Model for Technical Universities. It has been chosen for its powerful partnership approach between the university itself, and a co-located independent Research Institute. This will provide the platform for a high value manufacturing innovation eco-system with a Technical University at its core. This in turn will drive place-based, sector cluster, growth founded in technological innovation, that will transform the knowledge intensity of products, services and jobs, which will in turn, arrest four decades of decline in prosperity and reset the city’s potential rate of recovery.

The research centre will be operated by a partner with a global manufacturing **sector network** of 700 research and technology customers, across 4500 sites in 80 countries, with combined revenues of £35bn and an annual R&D activity of £1.5bn pa. In addition, residing in the Research Centre, there will be **6 academic partners** operating 8 University Innovation Centres to create a Multi-University Research Super-Hub.

#### **15. Advanced Digital Infrastructure Deployments to Support Accelerators and Incubators**

Emerging technologies and advanced data techniques which can fuel innovation and high value growth in areas such as transport, life sciences, healthcare and Agri-Tech are critically dependent on having leading edge digital connectivity infrastructure and

services readily available for small businesses and research institutes as well as larger more established businesses. All new accelerators and incubator spaces require leading edge digital infrastructure services.

This includes gigabit capable full fibre infrastructure for all new buildings established as part of these workstreams (7,18,19) and the installation of 5G networks in all locations to support testing, trials and innovation. These include the provision of private 5G networks where required, integrated with commercial 5G deployments as needed.

## **16. A Life Science Innovation Network to Produce a New Generation of Unicorns**

As part of the OxCam Arc Investment Prospectus, the CPCA and University of Cambridge will be working with partners across the Arc to secure £500m within the Comprehensive Spending Review to establish of an OxCam Arc-wide life science innovation network to produce a new generation of unicorns in Cambridge and Oxford.

In the longer-term, transformative growth and renewal of our economy, is likely to be delivered through innovation-based growth and a greater knowledge intensity of our firms' offerings and the jobs that help produce them. Whilst medium-term rebound is most enabled through small and medium-sized firms, able to be supported scale rapidly, the Cambridge science base and innovation eco-system, has demonstrated it is capable of producing billion-dollar start-ups, the so-called Unicorns. More unicorns have been created between Oxford and Cambridge than in the rest of the UK's cities put together.

By working across the OxCam Arc, to link the innovation eco-systems of Oxford and Cambridge, focussed onto the key technologies and sectors, within which the two cities are already globally pre-eminent, we could create the opportunity to become an innovation growth economy to rival San Francisco, Toronto, Boston or Seoul. To achieve this, all three LEPs and our Combined authority would need to partner with Government to invest together in such a global undertaking.

The scientific community's response to the challenge of developing a vaccine and anti-body therapy to Covid-19, has demonstrated, that unprecedented achievements can be made through collaboration and breaking down perceived barriers to the integration of resources. Harnessing the two cities' scientific leadership in life sciences, data analytics and artificial intelligence, through the integration and coordination of their laboratories and testbed facilities could deliver as much economic success as we have seen in the fight against the pandemic.

The Arc Universities Group (AUG) should be given the opportunity to develop and propose, to both local and national government, an ambitious vision for Arc scientific integration, from discovery, to testbeds and production scale-up and spin-outs. New investment as well as collaboration and sharing of resources, will be needed to overcome the current inefficiencies in converting science into marketable medical devices, therapies and vaccines. This will require new capital infrastructure as well

as revenue funding to create the human links in the chains and networks that will need to be built.

This would be an ambitious undertaking requiring hundreds of millions of pounds and a long-term commitment over at least a decade. However, what could result is one or even several more unicorn, billion-dollar businesses able to generate not just economic growth, but long-term economic sustainability through a greener and more knowledge intensive economy.

### **Pillar 3: Accelerating Recovery in Construction**

#### **17. Increasing Skills Capacity in the Construction Sector to Support a Boost in Infrastructure Investment**

The Combined Authority will increase the prioritisation of its Local Growth Fund's to focus more on capital investments to grow local FE capacity to raise skills quality and volumes in the construction sector. Resulting from the forecast upsurge in infrastructure investment locally and across the OxCam Arc, the forecast local labour demand is for 108,500 by 2022 with around 61% of these being employed in skilled trades. This is to support a £1.3bn housing market and a £764m roads investment, set to rise further with the planned upgrading of the A428, A47, A10, A505 and A428 OxCam Expressway.

Construction, therefore, is forecast to grow over the coming period, during which several other sectors will struggle to recover - notably retail, leisure and hospitality. As a result, significant labour flows are predicted between these sectors, creating the need for reskilling of workers in transit between sectors. The CPCA intends to respond to this through £2.5m of capital investments in an FE Construction Hub in Huntingdon, with further, similar investments targeted for Wisbech and Peterborough.

#### **18. Guaranteed Training & Interviews for Jobs in Healthcare & Construction**

Building on the already successful £5m pilot of the DWP funded Health and Care Sector Work Academy, that the Local Authority deliver on behalf of the CPCA, other Sector Work based academies will be developed. These will be aligned to geographically based employment sectors to ensure local business needs are met. The Government's additional Sector Based Work Academies initiative will be used to increase the number of sector-based work academies in our area.

One example of the planned academies is the planned Construction & Infrastructure Work Academy will involve partners including the CITB, and will provide training for Town planners, Construction managers, Fire safety engineers, Electrical installation engineers, Domestic appliance engineers, House builders.

#### **19. Stimulating the Housing Market - £100k Homes**

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. 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 CPCA's current £100k Homes programme could be expanded and harnessed to encouraging housebuilders to keep building at higher rates, at least temporarily for 1-2 years to build majority or wholly affordable housing schemes instead of market housing.

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.

An even more powerful stimulus is being pursued by the CPCA to deliver 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 CAM. This would require around £20m over the next few years to harness the delivery expertise and leadership of the private sector and demonstrating public-sector commitment to attract private investment.

## **Pillar 4: Accelerating Upskilling & Retraining**

## 20. More Resources into Schools to Better Connect Leavers with Jobs

As well as supporting the “Class of 2020” into employment right now, we need to build for the future by much better connecting careers guidance in schools to the local labour market. Young people coming through school need to be provided with a clear line of sight to the range of options available to them, and employers need a better pipeline of homegrown talent ready to fill the jobs that our local economy will be generating.

The improvements and enhancements to careers advice in schools in this strategy, are drawn from the Cambridge Ahead report<sup>1</sup>. This research finds that there is significant disconnect between career guidance in schools and the workplace. If not addressed this disconnect will continue to undermine recovery. Addressing the disconnect needs to focus on the capacity of schools themselves, and the ways providers and employers can support schools to do more.

More resources will be channelled into schools to better connect leavers with jobs through:

- **Increasing funding for the engagement and coordination** of employers to provide Careers Advice into schools in partnership with the Careers Enterprise Company. This will be co-funded by the GCP and the CPCA in Greater Cambridge and the CPCA alone, elsewhere, and available from October 2020.
- A Greater Cambridge pilot for the wider economy to **encourage more large local employers to generate more active engagement with schools**, leading to more work mentoring, work experience, and industry placements. Cambridge Ahead will deliver this pilot through its 48 Members across the Greater Cambridge sub-economy.
- The Mayor will carry forward local demands into government for **dedicated budgets for schools to build their in-house capacity, as the foundation for better and more balanced career education**, and to enable lasting connections to be built with local employers. This will include the potential to devolve pilots or such interventions, co-designed between the M9 Mayors and Ministers

The three interventions above will be specifically focused on addressing recommendations set out by the Cambridge Ahead report, namely:

- To ensure all schools to have a dedicated careers leader to coordinate career guidance and access to funding for improved guidance.
- To raise awareness and understanding amongst teachers and staff of technical education pathways for learners, giving them equal emphasis.

---

<sup>1</sup> [https://www.rand.org/pubs/research\\_reports/RR4491.html](https://www.rand.org/pubs/research_reports/RR4491.html)



- To facilitate more engagement with employers, building closer relationships between providers, schools and businesses, to improve learners understanding of the skills required in the labour market locally.
- To engage more employers through regular events to highlight the benefits associated with school engagement and to work with Government, through the Mayor, to develop potential tax or business rates incentives around schools engagement.
- To encourage more mentoring by employers, of older learners relating to job demands and working life, enabled through a significant increase in high quality industry placements.
- To engage more parents in helping learners make key career decisions by integrating them into and strengthening their role in the career guidance process and activities.
- To make the Department for Education's Career Enterprise Company (a whole owned subsidiary of the DfE) the default partner for schools for the provision of information about providers of career guidance, through an online portal offering a comprehensive list of providers available, a clear and comprehensive comparison of their services and the cost associated with them (including funding where available).
- To use the DfE's Career Enterprise Company to establish sector-wide measures of quality for career advice in schools and monitor local providers of against them, including schools and employer feedback to continue to improve provision.
- To use Ofsted to review the effectiveness of the Gatsby Benchmarks and to develop new standard metrics to assess and monitor the quality of career guidance provision as an integral part of the Ofsted evaluation of all secondary schools.

## **21. Local Piloting of a New National Retraining Scheme**

The CPCA will fund an £80k pilot for adults to retrain into better jobs, and be ready for future changes to the economy, including those brought about by increasing automation or have been disrupted due to Covid-19. The Pilot aims to meet the needs of businesses to create a multi-skilled workforce for the future. We will work with employers who have identified skills needs within their workforce, or future recruitment needs as their businesses adapt to changes within the working environment.

We will develop bespoke support package of workforce training for each of the business we work with. Key Growth Sectors for the Retraining Scheme will be:

- **Engineering/ Advanced Manufacturing** - Working with Marshall Cambridge and their supply chain to create **50 Apprenticeships and 30 Adults** retraining in Engineering.
- **Health and Care** - Working with Cambridgeshire & Peterborough NHS Trusts to create **300 – 400 new entrant jobs** for those displaced to retrain into Health and Care sector.
- **Digital** – Where we have major Skills Gaps and a high need for a trained workforce - identifying the demand in jobs – **50+ jobs**.
- **Life Science** – Where we are currently mapping roles needed to identify the number of jobs that can be created, and the training needed - **50 + jobs**.

The pilot will support and retrain individuals at risk of their jobs changing or disappearing as a result of automation, and Covid-19. It will facilitate individuals gaining the skills they need to move into a new occupation or move into more stable, higher value - more productive job.

## **22. New Funding for Training for School & College Leavers Unable to Find a Job**

Local facilitation of the Government's High Value Courses initiative through a £150k pilot to support school and college leavers into work and enabling them to gain the skills they need to get jobs.

The new service will do this by helping leavers access the Government's additional funding for selected level 2 and 3 qualifications in specific subjects and sectors in response to Covid-19.

It will work with local FE colleges and independent providers to create proposals to retain young people in a high value training. The one-year offer will enable 18 and 19-year-olds leaving education and training who are unable to find employment or work-based training.

## **23. Local Integration & Focussing of All Post 18 Vocational Education to Support Retraining of Workers in Transition Across Sectors & into Regrowth**

The Mayor will carry forward local demands into Government for Post-18 Vocational Education Budgets to be better focused onto the retraining of people in transit between sectors impacted by Covid-19 to differing extents.

Various forecasts put the local Post Covid-19 increase in unemployment at above 50,000 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, necessitating the rapid configuration, accreditation and

mobilisation of retraining programmes, matched to the inter-sector labour flows locally in each sub-economy.

Through the devolution of AEB, and the introduction of the business-led Skills Advisory Panels (SAP's), the Combined Authority has already demonstrated the 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 Sector Work Academy they have also shown they can design and mobilise training programmes to transition workers at-scale between sectors.

Through the CPCA's creation of its Apprenticeship Levy Marketplaces, transferring 25% of levy allocations from larger employers to SMEs, within and across sectors, it has also demonstrated the ability to engage employers into new and innovative forms of the traditional education and training market. Whilst the Local Authorities are also successfully transferring the underspend in their levy fund to support other local businesses to recruit apprentices

The CPCA will continue to develop these market innovation and focus more and more of the local Adult education budget onto skills development that help people transition sectors and find new jobs quickly. However, the Mayor will specifically press Government to:

- Raise the proportion of levy transferrable, on to SME non-levy payers and colleges, from 25% to 40%.
- Devolve and integrate the current Adult Education Budget, National Retraining Scheme, Apprenticeship Levy, National Skills Fund and all other Post-18 funding for vocational education.

The CPCA will 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, will be more effectively achieved through locally devolved commissioning strategies in collaboration with local employers and FE providers, than continuing to be administered at distance from Whitehall. To enable this, the CPCA will establish specialist delivery teams configured by sector and place, that can adapt to an agile model of delivery; utilising our FE colleges and local independent training providers to provide a much more engaging, relevant and purposeful learner experience and impact.

## **24. Connecting Displaced Talent into Re-Skilling & Jobs Faster**

Skills Brokers will specifically target, through our partners in Job Centre Plus, those displaced workers from the hardest hit sectors. The will, for each displaced worker, create a bespoke pathways into retraining and on into a job. This will include spreading funding more effectively across businesses using the Apprenticeship Levy Pooling Mechanism to fund older workers and job seekers for apprenticeships. Skills

Brokers will also connect employers and job seekers with the new additional funding to pay the costs of training including:

- **Apprentice Bonus Scheme** to pay employers to create new apprenticeships, providing between £1,500 and £2,000 to support salary costs of apprentices, paid in addition to the existing £1,000 payment for new 16-18 year old apprentices, and those aged under 25 with an Education, Health and Care Plan.
- **£2bn Kickstart Scheme**, potentially delivered through the CPCA, providing an average of £6,500, to cover 100% of the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions for new jobs created that include training for 16-24-year olds at risk of long-term unemployment.
- **Traineeship Bonus Scheme** to pay employers to create new traineeship placements, providing a one off payment of £1,000 for trainee work placements of over 70 hours.

The Skills Brokers will also target major employers to connect job seekers into their recruitment programmes including in key sectors such as:

- **Engineering** - Working with Marshall Cambridge and their supply chain to create **50 Apprenticeships and 30 Adults** retraining opportunities.
- **Health and Care** - Working with the local NHS Trusts to create **300 new jobs** for those displaced but seeking to be retained in the sector. Working through the local Health and Care Sector Work Academy to link people into training and a guaranteed interview in the sector.
- **Life Science** – Where the Skills Brokers will map new jobs against displaced workers placing learners into at least **50 jobs**.

## **25. Helping FE Providers to Adapt to More Remote Learning**

To better support the Skills Brokerage, the CPCA will use underspends in its Adult Education Budget, relating to the Covid-19 impact on student volumes, combined with some Local Growth Funds, to create a £320k Adult Skills Digital Delivery Innovation Fund. This will be provided to local, colleges and independent training providers to finance the costs of digital transformation within FE delivery, through capital grants for IT equipment for staff and learners, as well as revenue funding for additional staff to adapt courses for remote delivery. It will improve digital access, connectivity and provide devices for those that need it most to tackle any inequalities and ensure all can take advantage of learning opportunities identified by our Skills Brokers.

## **26. Revenue Support for Education Providers to Stabilise Finances at Lower Volumes**

This requires an adaption of the Adult Education Budget payment procedures to allow Adult Education providers to restart delivery of adult education, at significantly lower learner volumes, without the destabilising impact of having funding cut proportionally. Providing Local Authorities, colleges and independent providers with the assurance of the continuation of £11m of CPCA funding at pre Covid-19 agreed levels, irrespective of learner volumes, outputs or outcomes.

With the new opportunities for accessing learning that “lockdown” has created, there is a shift to more online or blended learning. However, there is a digital divide which needs to be managed and addressed to ensure that the inequalities gap does not widen or that social mobility does not stall due to some residents lacking technology in the home or the skills required to use it. Therefore a clear focus is needed to support the most disadvantaged as well as the most vulnerable to access these new ways of working and learning, whilst still ensuring that those who can better learn through face to face delivery can still access it but in a safe and accessible way.

AEB can therefore be the vehicle through which our training providers can access the resources they require to deliver on this agenda, whilst driving the confidence needed to truly deliver change and meet employer demand for skills. AEB will prioritise jobs and skills. We will work to support and assist FE Colleges, local authorities and independent training providers through the challenges and face the risks together.

The scale of the crisis is beyond anything any of us have seen before and therefore the need for new creative solutions is immense with new courses, qualifications and accessible learning environments created. There will be a need to upskill, reskill and retrain so that people get back into work. AEB will offer flexible, practical training that leads directly into jobs, whilst developing career pathways which will enhance people work and pay prospects, giving people the skills they need to access sustainable employment, linked to career pathways that will increase their work and pay prospects whilst addressing the skills shortages across the region, thus improving the transition from education and learning to the world of work. We will explore the German style further education system with a stress on high quality qualifications based on employer led standards that respond to local need. However, research also tells us that the employers require from their employees, not just the qualifications to do the job but a wider skills set (Edge Foundation, 2019) that incorporates softer skills, whilst being resilient and having high levels of emotional intelligence.

Through our approach to adult learning as described above, we will help significant numbers of adults to retrain, moving them on from the sectors that are declining to those which might expand or recover more quickly. In addition, higher levels of redundancies are anticipated when the furlough scheme ceases, meaning that retraining will be an area of significant importance for the local economic recovery.

The way in which we work, learn, do business and engage with each other pre Covid-19 was destined, through technology advancement, to have an impact and with the legacy of Covid-19 it will only intensify the pace at which this will happen in the future. Individuals may make different career and lifestyle choices, employers

may adopt new business models and skills, training and education providers will have to fully embrace and incorporate technology in the delivery of learning, whilst still maintaining work based and training classroom delivery. As digital becomes the third basic skill, AEB will support basic literacy, numeracy and digital literacy as they become ever more critical in accessing the job market.

## **Pillar 5: Accelerating a Greener and more Sustainable Economy**

### **27. Improved Learner Access to Digital Skills Development**

Poor digital skills make it difficult for people to take up employment, education and training opportunities. Hence, Skills Brokers will signpost workers and those unemployed to greater provision of digital skills to help mitigate against digital exclusion for those most in need of training and in low skilled jobs.

The CPCA will seek to fund increased provision through local devolution and integration of the Adult Education Budget with the National Retraining Scheme, Apprenticeship Levy and National Skills Fund to create more scope for increasing higher level digital provision to ensure our workforce are able to perform in a digitally focused world.

### **28. Increasing Provision to Improve Digital Skills**

Identified as an area for skills development pre Covid-19 was digital, with government identifying it as the third basic skills and a further advantage of local integration is the ability to focus more funding to effectively mitigate against digital exclusion. By starting to address the issue of the digitally disadvantage, especially those that often find employment in low skilled jobs, we can address the impact caused by a reduction in low skilled jobs, and support them to find new opportunities supported by developing career pathways.

While digital inclusion and connectivity is 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 much more investment, through the local devolution and integration of the Adult Education Budget with the National Retraining Scheme, Apprenticeship Levy and National Skills Fund to create more scope for increasing higher level digital provision to ensure our workforce are able to perform in a digitally focused world.

## **29. CPCA Digital Infrastructure Programme “Keeping Everyone Connected”**

This workstream encompasses both initial response and recovery from the Covid-19 pandemic in the context of digital infrastructure, helping to support businesses and communities as well as public service delivery. This workstream includes:

- Disseminating information to businesses, communities and public agencies to ensure continued access to digital connectivity in early stages of Covid-19 crisis. Limiting the delays and disruption to digital infrastructure roll-out during lock-down by close liaison with telco's and highways and planning teams.
- £500k CPCA funding to be matched with residual ERDF funds to provide grants to SMEs to support greater take-up of technology in businesses adapting to new ways of working.
- Top up provision for the government's rural gigabit voucher scheme to help support businesses and communities in some of the most hard to reach areas of Cambridgeshire and Peterborough assessing gigabit capable digital connectivity – supporting remote working, education and training, access to healthcare and social inclusion.

## **30. Adult Skills a Capital Support for Digital Transformation of Delivery**

Adaption of the Adult Education Budget will be required to harness the underspends of this budget due to the Covid-19 impact on student volumes, which can be matched to the Local Growth Fund to create a £320k Adult Skills Digital Delivery Innovation Fund. This is to be used by Adult and Community Learning (local authority), colleges and independent training providers to finance the costs of digital transformation within FE delivery, through capital grants for IT equipment for staff and learners, as well as revenue funding for additional staff to adapt courses for remote delivery. It will improve digital access, connectivity and devices for those that need it most to tackle any inequalities and ensure all can take advantage of future growth. Financial surety and support given to providers will ensure they stay in the skills market and maximise participation for the sector.

In summary, AEB will follow the principles of the Economic Recovery Strategy through:

<b>Recover</b>	<b>Rebound</b>	<b>Renew</b>
<p>Innovation fund that improves digital access and connectivity to learn remotely</p> <p>Data analysis to plug skills gaps and show participation trends</p>	<p>Target areas of need such as Peterborough and the Fens and disadvantaged learners</p> <p>Industry specific skills needs with sectors that are expanding</p>	<p>New courses and practices such as distant learning, remote learner support or online interviewing</p>

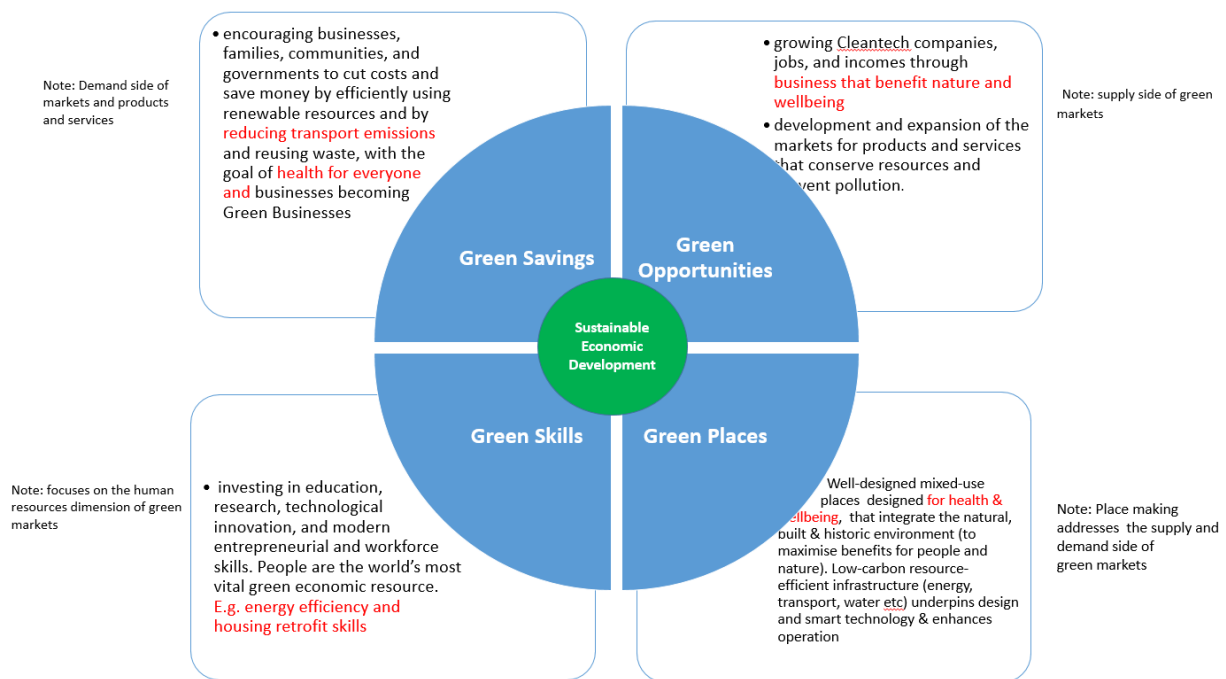
### **31. A Framework for Sustainable Economic Development**

Sustainable recovery policies offer several advantages in spurring growth during economic downturn. In comparison to traditional fiscal stimulus, which maintains business-as-usual GHG emissions, green projects can create more jobs, deliver higher short-run fiscal multipliers and lead to higher long-run cost savings.

Similarly, construction projects, like insulation retrofits and building wind turbines, are less susceptible to offshoring than traditional stimulus measures. In the long term, as the operation and maintenance of more productive renewable technologies makes them less labour intensive, they generate higher long-run multipliers arising from energy cost savings; with obvious flow-on effects to the wider economy.

This means reducing greenhouse gas emissions, phasing out the burning of fossil fuels and other high polluting sectors, building resilient infrastructure (e.g. energy, water, digital, housing and transport) that is adapted to climate change impacts and at the same time significantly increasing the efficient use of resources and productivity whilst making space for nature in everything must be central to how we plan a thriving economy for the 21<sup>st</sup> Century.





## 32. Resource and Waste Circular Economy Business Models

The Government's 2018 Resource and Waste Strategy (RAWS) sets a clear direction towards a more circular economy in managing waste and how it can deliver the double benefit of contributing to managing the climate crisis and deliver economic opportunity.

It will see us keeping resources in use as long as possible, so we extract maximum value from them by recovering and regenerating products and materials whenever we can, giving them a new lease of life. Circular economy business models may be of particular benefit to restate and reinvigorate in the post Covid-19 economic environment as the flows of waste production have shifted to households during lockdown. It should form a key element of a green led economic recovery from Covid-19 reviewing, testing and pursuing the possibility of new revenue streams, markets and product lines.

Opportunities should be taken to shape new policy, for example second stage consultations on three areas of proposed waste and recycling legislation (a deposit return scheme (DRS) for drinks packaging in England, extended producer responsibility (EPR) for packaging and consistency in recycling collections) are set to take place in early 2021 so the new legislation can be rolled out from 2023. Not only will the RAWS reduce the amount of waste generated, minimise the depletion of natural resources, increase recycling and reduce our carbon emissions, it also aims to stimulate innovation, create new job opportunities and boost economic activity which can form a key element of a green led economic recovery from Covid-19.

## 33. Focusing Recovery & Growth Where it Can Improve Health & Wellbeing Most

Community Learning, a funding stream that has a remit to support those furthest away from learning and work, is also a route to support social wellbeing and the skills required to live healthier and longer lives. It is the conduit on which to engage people into learning and move them towards more economic sustainability.

Working with Think Communities and the LA Adult Education providers, a Community Learning strategy will be developed to help develop skills that support sustainable and adaptable communities. This will also include initiatives that remove the barriers to work, help address low pay and in-work poverty, give access to wider education and develop the skills needed for parents to support their children in school resulting in improved social and economic well-being.

Furthermore, Public Health England (PHE), Cambridgeshire County Council and Peterborough City Council will partner with the CPCA's Skills Brokerage to promote to learners, schools, colleges and employers the important link between having access to "good work" and improving health and wellbeing in individuals and communities.

These partners will work together to build evidence and understanding around the links between economic growth, skills, employment, and health outcomes, and to what extent these are fairly and inclusively distributed across our cities, towns and villages. They will use this expanded understanding to progressively focus the work of the CPCA and its partners onto the places in which increased economic growth, skills and access to employment will have the greatest impact on health and wellbeing improvements for specific communities and groups, such as those with health conditions or disabilities.

The partners will also work to develop health and wellbeing programmes for employers to implement, along with a scheme for accreditation for employers to aspire to and attain. This scheme, once developed, will be rolled out through the CPCA's business Growth Service, which will engage 15,000 firms over the next three years.

In the longer-term, and as part of the Levelling-Up Agenda, they will work through the Mayor and the M9 group of Mayors to influence central Government and establish a joint call for a more comprehensive measure of prosperity that goes above and beyond traditional metrics such as GDP, to include economic growth inclusivity and its impacts on health and wellbeing of places.

#### **34. Local Authority Planning Adaptions for Housing & Schools Renewal**

Across the CPCA area, the combined Local Plans/Housing Strategies identify the need for thousands of new homes within the next 11 years. In the last two weeks the Government have announced a desire to "build, build, build" as a driver for economic recovery. The House of Commons Housing, Communities and Local Government Committee's "Building more social housing; Third Report of Session 2019–21" report issued on the 20th July 2020, identified the need for 90,000 homes a year to be completed in order to meet demand and to drive stability into house prices.

The CPCA area is well poised to help support the national and local economic drive in this regard. In order to do that, however, and to collaborate in leading a coordinated approach at national and local level in evolving the paradigm, we need support through a number of underpinning measures:

#### Planning

- We welcome the proposed reforms of the planning system designed to encourage high quality homes to be developed where required without undue delays (through e.g. extension of delegated decisions) , by expanding PDR and by consideration of major schemes through NSIP – type procedures.
- Welcome the recognition that the changes in work patterns that may be seen post Covid-19 in the use of office space could open opportunities for conversion to housing where appropriate.
- Development of new local design guidelines for the construction of schools/ community facilities etc moving from single or two storey layouts with traditional playing fields etc towards more innovative designs.
- Review of CIL/S106 to establish future improved support for infrastructure.

Skills - requires a national programme for promoting planning careers in schools and colleges to stimulate shortfall. Reset planning curriculum to incorporate fit-for-future innovation in urban design and land use planning.

#### Infrastructure –

- Develop UK/Local resilience and supply chain by supporting the development of UK / local manufacturing facilities for MMC / sustainability excellence.
- To work with Government to support the wider development of City/country wide expanded Green grid infrastructure.

Development Finance - whilst it is critical to support new homes development, there is often potential for redevelopment of aged housing / current council housing with the broader aim of delivering more overall homes on the site at higher quality and sustainability which will render them fit for purpose for many years to come, support improved quality of life outcomes for tenants and help reduce the increasing maintenance costs of older housing.

**Case Investment: New Council Homes Development (£155m)** - Cambridge City Council has utilised funding from Government to optimise use of its own and assembled land to develop nearly 1000 new homes of which over half are Council owned homes rented in line with LHA.

The Council is currently developing a new programme for delivery from 2022 – 2032. With the aim of developing a further 1000 council rented homes, the programme will deliver over 2000 additional homes in total. The review of Cambridge's Sustainable Housing Design Guide will enable the development of the programme along a trajectory to net zero carbon. Working with the Cambridge Investment Partnership, the programme will include a tenure mix to meet additional housing demand and support the affordable product development, as well as regeneration of current aged homes and wider opportunities for housing reinvestment. The programme will create and safeguard jobs, develop sustainable design and construction skills and provide homes for many of the 2000 people currently on the housing register, as well as

innovative opportunities for those who fall outside the highest need groups but have been unable to afford to live near their employment owing to house price gaps. The plan will include redevelopment opportunities for current homes which will deliver high quality, sustainable replacement and additional homes faster and more efficiently than research suggests that complex retrofit schemes can achieve in many cases.

Cambridge City is a 2020 national award for its partnership approach to effective management of homelessness, and the programme will promote and support the re-establishment of a more stable lifestyle for the homeless through the use of Housing First and other products such as Foundation 200 homes. These homes, designed by local housebuilder Hill, will be offered to people with a history of homelessness as a stepping-stone to re-establishing a stable lifestyle. They are built in a British factory and delivered fully furnished to each site. They are designed with safety and security in mind, with steel frames and walls, and have acoustic and thermal insulation that exceeds building regulations. The homes were designed in partnership with leading homelessness charity St Martin's In The Fields to ensure that they can meet the needs of homeless clients who may not have had continuous accommodation for some years.

**CAMBRIDGESHIRE & PETERBOROUGH**  
**LOCAL ECONOMIC RECOVERY STRATEGY: APPENDIX 2 -**  
**THE CITY, DISTRICT & TOWN LEVEL RECOVERY STRATEGY**

**Cambridge City**

Cambridge is one of the fastest growing economies in the UK and a world-renowned centre for knowledge-based industries, drawing on the strength of two universities and a high degree of networking and connectivity to create the Cambridge Phenomenon. It is one of a minority of net contributors to the exchequer. Benefiting from one of the most highly-skilled workforces of any city in the country, Cambridge has an impressive record on research, development and innovation, and is home to many of the world's leading tech and life science companies.

Cambridge City Council's role in the Cambridge Phenomenon has been a facilitative one, creating the space for growth through successive statutory local plans in the last 25 years. The Council also played a key role in establishing the Cambridge Business Improvement District and has directly supported the tourism and cultural sectors.

The Council also maintains a large and diverse commercial property portfolio which provides business premises for a variety of businesses across the city. The Council's vision is for One Cambridge, Fair for all. The Council has worked, through its Anti-Poverty Strategy, to support more inclusive and sustainable growth, through championing the Real Living Wage and business involvement in community activities and through promoting energy efficiency measures to businesses.

***District Level Actions:***

- A focus on quality of life, quality of place, social inclusion and environmental sustainability will be key themes for the Council through the recovery phase of the pandemic crisis, and in the years beyond, not least as expressed in the emerging Greater Cambridge Local Plan.
- The Council has distributed nearly £23m of business support grants during the Covid crisis, and will continue to provide a conduit for Government support to city businesses. We have worked with business networks to ensure businesses receive regular information on funding and support available.
- We have worked closely with our commercial tenants to support their recovery, through individual engagement on rent holidays and discussions on appropriate payment plans over the longer term.
- Cambridge City Council has played a leading role on re-opening Cambridge city centre in the early stages of the recovery phase, working with partners in the CBID, Greater Cambridge Partnership, Cambridgeshire County Council and CPCA. This work includes promotion of the city centre as a safe place to visit, to increase footfall in a secure way.

- Aligned with this is the Greater Cambridge Partnership work on City access to enable more sustainable transport options into and out of the city, alongside longer term Combined Authority plans for the CAM metro
- The city council, with network partners, will continue to provide a channel for the voice of Cambridge's businesses – particularly in the most vulnerable sectors – to be heard in Government.
- Cambridge City Council has ambitious, low-carbon development plans in place for its land as part of the exciting new urban quarter at Cambridge North East, and is developing an innovative BREAM Excellent aparthotel at Park Street. The Council will continue to explore options to develop its land to bring vitality and variety to the city's economic landscape.
- Cambridge City Council has been nominated for a national award for leading work, in partnership, to address the local homelessness challenge. Having successfully provided temporary accommodation for c.140 people, the Council is working on longer-term plans to support the re-establishment of homeless people.
- We will continue to build new council homes to contribute to the stock of housing available for workers of all income levels in Cambridge. Our current programme is on track to provide nearly 1000 new homes with c.550 being council-owned and rented homes, and we have ambitious plans for a new 10 year programme to develop 1000 new Council rented homes on our own and purchased sites alongside other tenures. These will all be high quality and sustainable, with a trajectory towards net zero carbon development where appropriate.
- In addition to this, we are working with Anglian Water and Homes England (through the support of the Housing Infrastructure Fund) to enable the development of a new sustainable quarter for a mixed development including c5000 homes and the district centre in north east Cambridge
- Through our environmental health team we will work with partners to manage any local outbreaks of Covid-19, to ensure Cambridge remains open and safe for business.
- We will continue to work with the business networks in the city to help support current business and drive sustainable growth in skills and employment in the City. We will consider the impacts of the pandemic on the commercial workspace requirements and to support development to meet future needs.
- The Council is working with partners to explore the inward investment and visitor economy needs arising from the pandemic and to develop a leading cluster of creative industries in Greater Cambridge alongside South Cambs District council, to ensure that its commercial, visitor and cultural offer are fit for future purpose.

## **Peterborough City**

Peterborough has much going for it with a young, active and engaged workforce; diverse local communities; low cost of doing business; nation-leading gigabit fibre networks; great road links; 39 minute train journey times to London King's Cross; and direct train services to both Gatwick and Stansted Airports.

Immediately, prior to the pandemic, Peterborough was England's 2<sup>nd</sup> fastest growing city with a rapidly expanding population and an investment pipeline of over £600m in the city centre alone. The city's economic trajectory had been very positive with considerable employment; net business creation in the city outpaced regional and national trends; growth in economic output (GVA) was higher than regional and national averages; and the level of patent registrations indicated strong, continued investment in innovation and R&D.

Since the Coronavirus outbreak PCC has worked closely with CPCA, Peterborough Positive (the Business Improvement District Steering Group) and Opportunity Peterborough (OP) to engage with and support the business community. Many millions of pounds in grant funding has been issued to eligible businesses; PCC commercial tenants have received rent deferrals where required; and Peterborough Positive has been coordinating activity to re-open the city centre in a safe and inviting manner, as well as supporting businesses to pursue a 'café culture' resulting in a higher than average return to the high street.

OP surveyed c.100 businesses to identify their challenges and priorities in the short to medium term. These were access to funding, particularly for investment in technology and the development of online services, and increased demands for skills, particularly digital skills. Regular business breakfasts have been held; a dedicated COVID support page has been created on the OP website, supported by a proactive social media campaign to disseminate crucial updates in a timely manner; and regular newsletters have been circulated to c.6,000 business contacts. OP has also been working closely with the CPCA to support their Talent Portal initiative, providing a free recruitment service to match job seekers with those businesses who are recruiting.

Extensive engagement has taken place with local businesses through these recent challenges which have strengthened our local business networks and shaped our Covid 19 economic recovery plans. This has helped to get the city safely and quickly back to business, while developing longer term plans to 'build back better' through smart technology, low carbon investment, inclusive growth, health and well-being. Whilst COVID-19 has had a serious short-term impact on the city's economy, we are confident that the city has the vision, resilience and drive to build back better, delivering a green economic recovery.

A bid for c.£25m has been submitted to the Towns Fund and we are confident that over the next 5 years, that we can leverage investor appetite for our city and deliver a number of game-changing projects that will become catalysts for the genuine and sustainable transformation of the city's prospects, and those of its communities. Short term projects to be funded through the Towns Fund programme include the Embankment Masterplan; £1m to accelerate projects in the Parks and Public realm strategy; and the development of an enterprise, training and business incubation hub. Medium term projects (to be delivered within 3 years) include the development of a new library and cultural hub on Bridge Street; the development of the National Bronze Age Museum; construction of a lakeside activity centre; and the construction of a pedestrian bridge connecting the embankment and University of Peterborough with the Fletton Quays development.

### ***District Level Actions:***

- Deliver the exciting vision set out in the city's local Plan 2018-36, and documents such as our City Development Brochure - *The Time is Now* - which provides a framework for developing major city centre sites.
- Take fuller advantage of Peterborough's strategic location and access to markets to attract new inward investment through the CPCA's Business Growth Service. This will be enhanced through the creation of a gateway inward investment site and commercial district around the city's Station Quarter anchored by a new Railway Station.
- Unlock the economic and environmental potential of the River Nene as an asset for the city by developing the riverside and promoting leisure and recreation activities; transform our city centre into a destination that will attract more visitors and become a place our thriving communities will be proud of by improving the public realm and strengthening pedestrian and cycleway routes connecting the Station to the City Centre and Embankment; and strengthen Peterborough's arts, sporting, cultural and leisure assets (supported through a recent Arts Council England funding application) boosting the city's visitor economy.
- Build on the recommendations made in the 2018 Cambridgeshire and Peterborough Independent Economic Review to develop more knowledge intensive, entrepreneurial business. Through the development of the University of Peterborough, and existing relationships with the broader higher education community, we will enhance the business and academic networks needed to support our knowledge intensive industries such as advanced manufacturing, agri-tech, clean-tech, and business and professional services. In doing so we will strengthen supply chains across the Combined Authority area as a whole and create higher value, secure employment for our communities. We will also support businesses on their journey to greater efficiency, productivity, and sustainability through the adoption of digital technologies and the development of digital skills.
- Address the city's skills deficit through targeted programmes across FE, HE and local businesses to address gaps and opportunities in vocational and technological skills and boost productivity.
- Build on over £600m in private finance planned, or already underway, in city centre commercial and housing development whilst unlocking opportunities to create a more environmentally sustainable city, protecting and enhancing the city's natural environment and creating sustainable opportunities for employment and growth, and supporting Peterborough's progress to zero carbon.
- Build on the early successes and enormous potential of the Oxford-Cambridge Arc and bring a sharper focus to our contribution to the regional growth deal targets agreed between the Government and Cambridgeshire and Peterborough Combined Authority (CPCA).

### **South Cambridgeshire**



South Cambridgeshire is a distinct and vibrant place in which to live and work. Alongside a largely micro and SME economy, we have some of the world's largest life sciences players homed at our science parks, meaning a healthy, vibrant and diverse economic territory overall. Intellectual gravitas, entrepreneurial flair and an open for business atmosphere also plays to our uniqueness.

Our South Cambridgeshire Business Plan to 2025 outlines the vision for our district, a vision intent on increasing the physical, mental, social and economic well-being of our residents and business communities alike.

This has not changed in a post-pandemic context, in fact, we are more resolute than ever before in our commitment to driving positive local change. Specifically, we are focussing on:

- Growing local businesses and economies
- Housing that is truly affordable for everyone to live in
- Being green to our core
- Being a modern and caring Council

***District Level Actions:***

- We continue to be focussed on promoting South Cambridgeshire as an attractive destination for start-ups, entrepreneurs, new to the area companies and those wishing to scale. A dedicated business support team of four officers was set up in June to deliver on this, working closely in partnership with the Growth Hub. This includes the promotion of our Enterprise Zones.
- We are supporting local businesses with weekly refreshed information and assistance via our Open for Business Newsletter and individual case work enabling them to continue to trade as they continue to navigate the complexities of the pandemic landscape. A series of support- based workshops and seminars is also being devised.
- We continue to work with multiple regional stakeholders to ensure skills, training and support for career or industry changers and young people is both readily available and second to none as the business landscape continues to change and evolve post Covid. Future proofing with a focus on the jobs of today and tomorrow and a digital first approach to upskilling continues to be key. 2021 and beyond funding and investment will be required to support our ambitions.
- South Cambridgeshire is a council proud to be green to our core. We have set ourselves ambitious internal and external environmental targets, with a specific focus on ensuring we support and help businesses with their sustainability agendas. We are working with industry and university leaders in South Cambridgeshire and beyond to ensure a zero-carbon future by 2050 is realised. This includes supporting Parish Councils and community group projects to reduce reliance on fossil fuels and move toward the zero-carbon target. Furthermore, SCDC has ambitious, low-carbon development plans at the heart of the joint Area Action Plan for the exciting new urban quarter at Cambridge North East. Improvements to our cycle infrastructure also continue.

- Fully recognising evolving physical workspace requirements in a post pandemic context, we are working with a wide range of stakeholders to support rethought, repurposed and greener use of premises e.g. meanwhile space, village “hub” small/shared business suites/collaborative centres.
- The South Cambs Visitor Economy is an important GVA contributor to the region, with many micro and SME businesses in the retail, leisure, travel, tourism and hospitality businesses residing in our area. As High St and local recovery activity continues, we are working closely with Greater Cambridge public and private partners to continue to promote and market South Cambridgeshire as a must visit destination. This includes campaign activity targeted at local, regional, UK wide, international domestic, business and student audiences.
- Promoting local has never been more important. This includes ensuring local contracts and procurement processes are live, open, transparent and readily accessible to local businesses. 42% of all South Cambridgeshire District Council 2019 contracts went to local (Cambridgeshire or bordering authority) companies, with the average number of bidders per tender also increasing YOY to 7 bidders per contract. Our new business support team will further liaise with local businesses to ensure they are all aware of our tender processes and the contracts available.
- Overall, a focus on quality of life, quality of place, social inclusion and environmental sustainability are also key themes for our Council as expressed in the emerging Greater Cambridge Local Plan.

## **East Cambridgeshire**

East Cambridgeshire has achieved strong economic growth over the past five years. To enable economic growth we have built excellent relationships within the business community through the Councils own ‘Enterprise East Cambs’ team. We have reached out directly to commercial stakeholders, investors and businesses from micro/start-up ventures to SMEs and much larger organisations. As a result we have guided commercial opportunities into both existing and emerging sectors as well as attracting overseas investments.

East Cambs is a distinct and flourishing mixed sub-economy within the CPCA area. This is underpinned by its rating as great place to live, work and visit. Utilising these foundations East Cambs District Council has further unlocked growth by successfully facilitating interventions in transport infrastructure; commercial space development (Enterprise Zone); extending support services to local businesses; housing development; education and leisure facilities.

The District’s location as a destination for visitors has been building upon Ely’s iconic Cathedral and riverside, which are themselves set alongside the City’s historic backdrop of small independent shops and an award winning central market place.

Covid-19 lockdown has impacted heavily on most areas of the District’s economy but has also sharpened our resolve to rebuild through established business networks and collaboration with the CPCA.

Focus is now directed towards a strong Council led recovery from the pandemic aimed at previously planned growth and regeneration. Our agreed Market Town plans are built on this and will provide a financial catalyst for short, medium and long term recovery.

### ***District Level Actions***

- East Cambridgeshire District Council's Corporate Priorities; Sound Financial Management, Improving Transport, Housing, Cleaner, Greener East Cambridgeshire and Social & Community Infrastructure, provide the foundations that enable people to live and work locally.
- East Cambridgeshire is committed to delivering multimodal transport solutions, recognising that the car is not the only way to get around the district, the Council is working with various stakeholders to work to secure the following for road and rail:

#### **Rail**

- Soham Railway Station
- Ely Area Capacity Enhancement (maintaining that a road and rail solution is necessary)
- A half hourly passenger rail service from Ipswich to Cambridge
- Improvements to the Eastern section of the East West Rail Link

#### **Road**

- Improvements to the A14/A142 junction at Exning
- Improvements to the A10/Witchford Road (BP) and A10/A142 (Lancaster Way) roundabouts
- Improvements to the A10
- The Council is currently working on both a Bus Services plan that it will submit to the Combined Authority for consideration and is also developing a Cycling/Walking Strategy that will enable the Council to secure the much needed investment in East Cambs to improve, and in many areas provide, walking and cycling routes that benefit not only the residents of the district but the businesses too.
- Digital connectivity across the district will be important for both social and economic recovery. The Council will need to work closely with CPCA and Connecting Cambridgeshire to ensure that the whole district is well served by both Broadband and 4G/5G coverage
- The Council is also working on a social recovery strategy which in turn will assist with economic recovery with specific actions taken by the Council:
  - Worked directly with businesses and stakeholder networks to disseminate information and ensure funding support and practical advice is available and taken up.

- Distributed over £15m of business support grants and other relief and will continue to channel Government support to the District's business communities.
- Played a leading role in re-opening our market towns and communities working with partners at all levels. This includes rapid deployment of new signage, website portal and digital communications aimed at readying and then promoting places that are safe to visit, e.g. shopping.
- Accelerated our established programme of digital inclusion with public wi-fi coverage upgraded in Ely (Aug 20) and installation of a brand new network in Littleport (Sept 20).
- Launched a new interactive 'Explore East Cambs' website (July 20) to signpost the District's facilities as safely open to visitors or local interests alike.
- Worked with our commercial tenants to support their recovery through providing advice and softened rental terms on an individual basis. Developed ongoing engagement with our business community to assess regular Covid-19 support requirements. (Next round of businesses survey, interview and webinar Sept to Oct 20).
- Started to engage with an exceptional talent of local entrepreneurs, specialists and stakeholders as part of the next stage of our market town recovery plans.
- Continued to signpost and direct support to the business community, including training, regulatory and environmental/safety advice. Acted as a conduit to CPCA and Government to champion the local concerns and needs of recovering businesses.

## **Fenland**

Fenland is a dynamic district with a tradition of embracing change and growth. Helping people into work and encouraging innovation and enterprise are key to improving Fenland's economic vitality. Fenland's strengths include its strong entrepreneurial culture, excellent business networks, strategic location for food production, storage & logistics and the quality of life.

Fenland has a mixed economy where the majority of the business base is micro and small businesses. It seeks to build upon the internationally recognised brands of food production, world class precision engineering and manufacturing with supply chain linkages across automotive, aerospace, defence, healthcare and electronic sectors and new and emerging renewable energy sector. These form examples for attracting in a new generation of value-adding businesses which will help create future employment for Fenland.

The infrastructure needs to be improved to retain and attract employers, and the district needs to keep its presence and appeal to potential investors. Existing Fenland businesses need space to expand, and new businesses moving into the district or new business enterprises need suitable sites or premises from which to operate. Without the right level of provision, enterprise development is stifled or encouraged to look out of the area.

The food, packaging and warehousing sectors are major employers in the area and could be the first to adopt Industry 4.0 technologies especially in relation to skills. Funding is required to take innovation and apply it to businesses. There is a large amount of funding focused on developing new technology but successful projects should have an element of support to take the innovations to be incorporated by local businesses. This would put CPCA businesses at the forefront of new technologies

There is a need to mitigate against companies who are reticent to take on young people as they cannot take the time out of the business to provide the training and support. Local piloting of a New National Retraining Scheme should include a pilot in the Fenland food sector, a major employer in 'the fens'.

Fenland has built a new Economic Growth Team with staff that have extensive experience and it has established a 'business focused', frontline service to better support and address the needs of local businesses. There is a need to ensure that the team and its local expertise are closely aligned with the proposed inward investment service.

The Fens sector proposals need to be developed. This will include food, drink, agriculture and advanced engineering. With a deeper analysis into supply chains and target overseas companies that may be affected by Brexit and post Covid supply chains and so would wish to have a UK presence. International investment can and is attracted into the Fens, but it is essential that the offer is created and communicated to overseas Posts. Greater information and intelligence sharing is needed on what sectors are looking to invest in the UK post Covid-19.

International Investors are large employers in the Fens, particularly in food production, warehousing and logistics. The Fens needs to remain competitive as these operations are in competition with other UK and international operations. The circular economy is more than biological waste streams and in the context of business, these should also be seen as technical in design, manufacture and remanufacture. Companies should be supported to adopt CE and training in technical cycles should be provided to Fenland businesses. There is a lack of commercial property for rent in Fenland and for a company or developer to build a new facility the return on investment can be marginal, this results in limited speculative development coming forward. Funding is required to cover the gap in rental costs and build price. There is interest in property from companies looking to expand but the demand cannot be met.

The CPCA will introduce a new £500,000 Innovation Grant Scheme to help our highest potential businesses enlist external expertise that in turn secures UK & European R&D Grant Funding of £1m upwards for the development of new and innovative products and services. Accommodated within the Business Growth Service, this Grant scheme will fund up to 50% of external R&D Grant Application writing experts. Due to the rich creative spirit within our economy, we have the ambition to increase this fund five-fold over the next three years. This needs to be focused on Fenland companies new to grant applications and not those already experienced in the process.

Fenland has a transport infrastructure deficient across modes. We are also a vastly rural area with around 20,000 people living in villages and small settlements. 20% of all households also do not have access to a car and there is a distinct lack of regular or integrated bus services. Fenland has a sustainable transport policy and continues to work with a range of project partners across a number of transport projects that are ongoing and need to be joined up with economic recovery.

### ***District Level Actions:***

- Wisbech Access Strategy – a range of road, walking, cycling and public transport schemes linked to the growth in the Fenland Local Plan. The short term phase is approaching the end of detailed design and are expected to be constructed during 2021 and 2022. Out dated evidence for the medium and long term needs reviewing and brining up to date to secure funding for the medium and long term
- March Area Transport Study – a range of road, walking, cycling and public transport schemes linked to the growth in the Fenland Local Plan. Feasibility study work has been completed and a range of schemes have been identified. Additional funding has recently been approved to complete the Outline Business Case work
- Wisbech Rail – A revised business case and Network Rail GRIP3 study has recently been completed generating a positive BCR. Discussions are ongoing with government to secure additional funding for a future stage
- Market Town Transport Strategies (MTTS) – there are four of these strategies covering all modes of travel. Each strategy includes an action plan with a range of proposals and schemes. These schemes then form part of the County Council Transport Infrastructure Plan (TIP) List. This is reviewed annually to secure funding for schemes
- Fenland Railway Station Masterplans – This is a programme of improvements for Manea, March and Whittlesea Railway Stations. The projects are about to go into detailed design and construction with expected completion in around 12 months-time
- Fenland Transport Strategy – This is a developing strategy which is intended to cover the whole of Fenland. It covers all modes and has a central theme of accessibility. It is expected that the action plans in the MTTS will be transferred to this strategy and also updated. The strategy is being developed over the next 12 months.
- Kings Dyke Level Crossing – this project will be open to traffic by December 2022
- A47 dualling – A business case has been developed for this project including to Highways England Stage 0. Having been assessed the Stage 0 work has achieved green status meaning it can move forward to stage 1 option development. However, additional funding needs to be found
- A47 Guyhirn Roundabout - This is a Highways England scheme to upgrade the roundabout where the A47 meets the A141. This is a planned project which will start on site in 2021 and be complete in 2022.

## **Huntingdonshire**

The Council is working under the banner of “We are Huntingdonshire” with recovery and response part of our successful partnership work.

The recovery work is evidence based and we are working with our community to address the challenges people are facing and also the impact on the place. This has included directing individuals and businesses to where they can get much needed support to return to some degree of normality.

A Community Impact Assessment of Covid-19 was undertaken, which is part of any recovery process and this was discussed and agreed by the Council at the end of July. This drew together a variety of national, regional and local information and early economic studies that had been undertaken in the district or commissioned by others to assess the impact of Covid-19. The recovery plan has been considered against a backdrop of the ongoing response which to large extent is being driven by external factors.

### ***District Level Actions:***

Several priorities have been identified and whilst the focus of this document is the economic recovery this is dependent on people as well as places, these priorities are set out below:

#### **People**

- Retaining the community involvement and engagement that was central to the recovery work
- People seeking out initial support within their local community
- Reducing the ongoing effects of Covid-19 through early intervention to minimise for example unemployment levels and homelessness
- Enabling people to make better choices on their health and well-being

#### **Place**

- Creating safe and attractive environments, particularly in our main towns
- Effective business intelligence and engagement to enable growth
- Improving infrastructure to enable more people to work remotely and travel sustainably
- Retraining and creating new pathways to meet growing business demand and support people back into work.

Recovery at the district level is about co-ordination. We are Huntingdonshire is about working in partnership with the agencies and organisations that serve our area. This includes identifying the opportunities, understanding the challenges and effectively engaging our resident and business communities. Having the flexibility to adapt our recovery plans and priorities within a frequently changing external environment.





Investment Type	Value	Job Creation	Average Cost per Job
Accelerating Start-Ups, Scale-Ups & Set-Ups – Through Growth Finance & Advice	£ 24,077,534.00	5973	£ 4,031.06
Accelerating Hi-Tech Jobs Growth – Through Innovation & Incubation Centres	£ 61,130,000.00	5098	£ 11,990.98
Accelerating Recovery in Construction - Through Transport Infrastructure Improvements	£ 21,965,850.00	3507	£ 6,263.43
Retraining & Upskilling for New Jobs – Through Improved Education Capacity	£ 30,899,720.00	5930	£ 5,210.75
<b>Total</b>	<b>£ 138,073,104.00</b>	<b>20508</b>	

#### Excluding the Growth Service

Investment Type	Value	Job Creation	Average Cost per Job
Accelerating Start-Ups, Scale-Ups & Set-Ups – Through Growth Finance & Advice	£ 18,670,534.00	5926	£ 3,150.61
Accelerating Hi-Tech Jobs Growth – Through Innovation & Incubation Centres	£ 61,130,000.00	5098	£ 11,990.98
Accelerating Recovery in Construction - Through Transport Infrastructure Improvements	£ 21,965,850.00	3507	£ 6,263.43
Retraining & Upskilling for New Jobs – Through Improved Education Capacity	£ 30,899,720.00	5930	£ 5,210.75
<b>Total</b>	<b>£ 132,666,104.00</b>	<b>20461</b>	

LGF Project	Project Description	Primary Sector	Lead Organisation	Region Authority	LGF Amount	Direct Job Creation	Indirect Job Creation	TOTAL Job Creation
<b>Accelerating Start-Ups, Scale-Ups &amp; Set-Ups – Through Start-up &amp; Growth Finance &amp; Advice</b>								
The Business Growth Service	GROWTH COACHING, EQUITY INVESTMENTS, SKILLS & FDI	All	CPCA	Huntingdonshire District Council	£5,407,000	47	5890	5937
Illumina Genomics Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS	Life Science	Illumina Cambridge Ltd	South Cambridgeshire District Council	£1,000,000	1033		1033
Startoodon Life Science Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS	Life Science	Start Codon Ltd	South Cambridgeshire District Council	£3,342,250	1730	3460	5190
Ascendal Transport Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS	Transport	Ascendal Ltd	South Cambridgeshire District Council	£965,000	2	200	202
Medtech Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS	Life Science	Health Enterprise East	South Cambridgeshire District Council	£500,000	0	0	0
Peterborough & Fens Manufacturing Association	EQUITY INVESTMENT IN START-UP BUSINESS NETWORK	Business Growth	Opportunity Peterborough	Peterborough City Council	£715,000	113	191	304
Terraviva Company Expansion	GROWTH GRANT	Advanced Manufacturing	Terraviva	South Cambridgeshire District Council	£120,000	15	Not available	15
Aerotron Company Expansion	GROWTH GRANT	Advanced Manufacturing	Aerotron Ltd	Fenland District Council	£1,400,000	140	15	155
Agri-Tech Growth Initiative	GROWTH GRANTS	AgriTech	CPCA	CPCA Wide projects	£3,036,252	300	0	300
Growing Places Fund Extension	GROWTH GRANTS	All	CPCA	CPCA Wide projects	£65,000	320	0	320
Signpost to Grant - CPCA Growth Hub	GROWTH GRANTS	All	CPCA	CPCA Wide projects	£120,000	0	0	0
COVID Capital Growth Grant Scheme	GROWTH GRANTS	All	CPCA	CPCA Wide projects	£3,000,000	287	Not available	287
<b>TOTAL</b>					<b>£19,670,502</b>	<b>3,987</b>	<b>9,756</b>	<b>13,743</b>

<b>Accelerating Hi-Tech Jobs Growth – Through Innovation &amp; Incubation Centres</b>								
Hauxton House Incubation Centre	INCUBATOR	Life Science	o2h Ltd	South Cambs District	£438,000	192	138	330
South Fenland Enterprise Park	INCUBATOR	Business Growth	Fenland District Council	Fenland District	£997,032	30	46	76
Photocentric 3D Centre of Excellence	INNOVATION CENTRE	Business Growth	Photocentric Ltd	Peterborough City	£1,875,000	1078	106	1184
Cambridge Biomedical Campus	INNOVATION CENTRE & INCUBATOR	Life Science	Cambridge University Health Partnership	Cambridge City	£3,000,000	880	2204	3084
NIAB - AgriTech Start Up Incubator	INNOVATION CENTRE & INCUBATOR	AgriTech	NIAB	Huntingdonshire District	£2,484,000	990	805	1795
NIAB - Agri-Gate Hasse Fen extension	INNOVATION CENTRE & INCUBATOR	AgriTech	NIAB	East Cambridgeshire District	£599,850	65	510	575
TWI Engineering Centre	INNOVATION CENTRE	Advanced Manufacturing	TWI Ltd	South Cambs District	£2,100,000	104	0	104
Biomedical Innovation Centre	INNOVATION CENTRE & INCUBATOR	Life Science	Cambridge University	Cambridge City	£1,000,000	880	2204	3084
Haverhill Epicentre - Jaynic	INCUBATOR	Life Science	Jaynic Investment LLP	West Suffolk District	£2,600,000	300	1600	1900
TWI Ecosystem Innovation Centre	INNOVATION CENTRE & INCUBATOR	Advanced Manufacturing	TWI Ltd	South Cambs District	£1,230,000	4	150	154
West Cambs Innovation Park	INCUBATOR	Life Science	Uni of Cambridge	Cambridge City	£3,000,000	380	150	530
TTP Life Sciences Incubator	INCUBATOR	Life Science	TTP	South Cambs District	£2,300,000	236	10	246
University of Peterborough Phase 2	INNOVATION CENTRE & INCUBATOR	INNOVATION CENTRE & INCUBATOR	Photocentric Ltd	Peterborough City	£14,600,000	871	1325	2196
Aracaris Capital Living Cell Centre	INNOVATION CENTRE	Life Science	Aracaris Ltd	South Cambs District	£1,350,000	200	0	200
<b>TOTAL</b>					<b>£37,573,882</b>	<b>20757</b>	<b>17920</b>	<b>38677</b>

Accelerating Recovery in Construction - Through Transport Infrastructure Improvements								
Whittlesey King's Dyke Crossing	ROAD IMPROVEMENT	Transport		Peterborough City Council	£8,000,000	315	0	315
Bourges Boulevard Phase 1	ROAD IMPROVEMENT	Transport	Peterborough City	Peterborough City Council	£2,100,000	240	0	240
Bourges Boulevard Phase 2	ROAD IMPROVEMENT	Transport	Peterborough City	Peterborough City Council	£9,200,000	100	0	100
A47/A15 Junction 20	ROAD IMPROVEMENT	Transport	Peterborough City	Peterborough City Council	£6,300,000	228	0	228
Wisbech Access Strategy	ROAD IMPROVEMENT	Transport	Cambridgeshire County	Fenland District Council	£6,000,000	1600	0	1600
Lancaster Way Phase 1 Loan	ROAD IMPROVEMENT	Business Growth	Grovermere	East Cambridge District	£1,000,000	540	0	540
Lancaster way Phase 2 Loan	ROAD IMPROVEMENT	Transport	Grovermere	East Cambridge District	£3,680,000		0	0
Lancaster way Phase 2 Grant	ROAD IMPROVEMENT	Transport	Grovermere	East Cambridge District	£1,455,000		Not available	0
Ely Southern Bypass	ROAD IMPROVEMENT	Transport	Cambridgeshire County	East Cambridge District	£22,000,000	1950	0	1950
Manea & Whittlesea Stations	RAIL IMPROVEMENT	Transport	Cambridgeshire County	Fenland District Council	£395,000	0	0	0
CAM Promotion Company	METRO SYSTEM	Transport	CPCA	CPCA	£999,000	60	33	93
Soham Station	RAIL IMPROVEMENT	Transport	Cambridgeshire County	East Cambridge District	£1,000,000	125	TBC	125
TOTAL					£62,129,000	5158	33	5191

Retraining & Upskilling for New Jobs – Through Improved Education Capacity								
Metalcraft Adv Man Centre	APPRENTICESHIP ACADEMY & INCUBATOR	Advanced Manufacturing	Metalcraft	Fenland District	£3,160,000	14	30	44
University of Peterborough Phase 1	UNIVERSITY	Multi-Sector	CPCA	Peterborough City	£12,500,000	2195	19000	21195
March Adult Education Centre	SKILLS TRAINING CENTRE	Multi-Sector	Cambridgeshire Skills	Fenland District	£400,000	141	0	141
PRC Food Manufacturing Centre	APPRENTICESHIP ACADEMY	Food Processing	Peterborough City Council	Peterborough City	£586,000	53	0	53
Endurance Skills Training Centre	APPRENTICESHIP ACADEMY	Transport	Endurance Estates Ltd	Huntingdonshire District	£2,400,000	94	575	669
IMET Skills Training Centre	APPRENTICESHIP ACADEMY	Advanced Manufacturing	Camb Regional College	Huntingdonshire District I	£10,500,000	1	0	1
CITB Construction Academy	APPRENTICESHIP ACADEMY	Construction	CITB	Kings Lynn & West Norfolk	£450,000	1	0	1
CRC Construction Skills Hub	APPRENTICESHIP ACADEMY	Construction	Camb Regional College	Huntingdonshire District	£2,500,000	18	20	38
AEB Innovation Grant	SKILLS TRAINING GRANTS	Multi-Sector	CPCA	CPCA Wide	£323,720	0	0	0
TOTAL					£32,819,720	2517	19625	22142

GRAND TOTAL					£152,193,104	17872	38662	56534
-------------	--	--	--	--	--------------	-------	-------	-------



<b>BUSINESS BOARD</b>	<b>AGENDA ITEM NO: 3.3</b>
<b>15 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>

## **BUSINESS GROWTH SERVICE – FULL BUSINESS CASE**

### **1.0 PURPOSE**

- 1.1. Following the approval and endorsement of the Outline Business Case for the Business Growth Service in November 2019 and the conditions set as for approval of a subsequent Full Business Case, one has been produced reflecting the progress made in the design and development of the Service, in collaboration with bidders to deliver it, and taking into account the impacts of COVID 19 and the related Local Economic Recovery Strategy.
- 1.2. The Full Business Case comprises 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.
- 1.3. This report to the Business Board provides the information required to make recommendations to the Combined Authority Board to approve and agree the FBC including delegation to award the contract to deliver it.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Chair of the Business Board</b>
<b>Lead Officer:</b>	<b>John T Hill, Director of Business &amp; Skills</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: Yes</b>
<p>The Business Board is invited to:</p> <ol style="list-style-type: none"> <li>(a) Approve and adopt the Full Business Case to mobilise the delivery of the Business Growth Service, including;</li> <li>(b) Agree that the conditions for FBC approval set at OBC have been met, specifically: <ol style="list-style-type: none"> <li>1) Confirmation of EU funding, and the conditions set out in item 4.2 for contracting only upon further correspondence from MHCLG.</li> </ol> </li> </ol>	

- 2) Appointment of delivery partner
  - 3) Submission of 3-year cash flow forecast; monthly for year 1 and annual thereafter.
  - 4) Contact / Involvement of HMRC to upskill Growth Hub staff
  - 5) Discussions with local authority partners on availability of in-kind support via use of L/A office space, provisional of secretariat, and officer time
  - 6) Submission of an independent state aid report covering:
    - i. ESF and ERDF application and utilisation;
    - ii. allocation of £2.335m of the authority's revenue budget to Growth Service Management Company Ltd;
    - iii. Management of Capital Growth Fund
  - 7) Submission of Sustainability and Environmental policy for the Growth Service Management Company Ltd
  - 8) Submission of evidence to support the claim of delivering 2.8 new jobs per firm receiving supported in-depth coaching
- (c) Agree that additional conditions, to be considered post-COVID 19, have been met, specifically:
- 1) That the Service has been appropriately adapted to support the Local COVID 19 Economic Recovery Strategy
  - 2) That the impacts of COVID 19 on contributing funding from Enterprise Zone, business rates receipts, have been appropriately considered.

## 2.0 BACKGROUND

2.1. The key messages from the Cambridgeshire & Peterborough Independent Economic Review (CPIER) that have informed our Local Industrial Strategy (LIS), and driven the need for more inclusive, and knowledge intensive, jobs growth is summarised through the LIS' three main goals:

- (a) *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.*

- (b) *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.*
- (c) *To do this by expanding and building upon the clusters and networks that have enabled Cambridge to become a global leader in innovative growth, creating an economy-wide business support eco-system to promote business inclusive growth*

- 2.2. The policy response set out in LIS to meet these goals, in the shortest timeframe, to create medium term impacts, was the Business Growth Service. This was designed to better enable our academic ideas to be more rapidly commercialised and spun-out, whilst ensuring our most exciting entrepreneurs are supported to scale-up and that the world's brightest firms are encouraged to locate here. The Service will deliver across the specificities of our three sub-economies as an integrated single-front-door offering for high-growth start-ups, scale-ups and set-ups. Central to the idea is building a network of growth companies that, when connected through innovation, skills and growth support, become more than the sum of their parts. In this way we aim to develop the same quality of growth support that has made growing businesses inside Cambridge, so much faster and more sustainable than nearly anywhere else in the UK.
- 2.3. The programme design response to the impact of COVID 19 and the development of a Local Economic Recovery Strategy, has been to adapt the originally designed Service to create a modified Business Rebound & Growth Service that will ensure that recovery is speeded through a stronger rebound and that it is even more inclusive, reducing the disparities between our sub-economies and building future resilience. In addition, the Service must help our economy become greener, faster.

### **3.0 THE BUSINESS GROWTH SERVICE**

#### **3.1. The Service will provide:**

- (a) A Growth Coaching Service to engage and support our highest potential firms to speed their growth, build their capacity for growth, sustain their period of growth, or all three, to create 3,498 jobs.
- (b) An Inward Investment Service to better connect us into global markets, to engage and persuade firms to locate into our economy or invest in our strategic projects, to create 1,328 jobs.

- (c) A Skills Brokerage Service to link learners and those retraining for new jobs, to employers and skills providers to improve the supply of skills to our growth sectors, to provide 3,505 people with better skills for new jobs, including 1,600 apprenticeships.
  - (d) A Capital Growth Investment Fund to help SMEs, grow through organic expansion, offering an integrated range of grants, loans and equity products unavailable commercially, to create 1,500 jobs.
- 3.2. By integrating all these services into one single-front-door Service to create a total of 6,326 jobs, we will better connect our places and business clusters and provide across them, a quality and connectivity of growth support that reflects, and has the potential to develop towards, the support eco-system developed over half a century within Greater Cambridge. To do this, the Service will expand and build on the growth support networks that are already present in and around Cambridge and develop a commercial marketplace for advisory and investment services, as well as a mentoring culture amongst supported entrepreneurs.

#### **4.0 CONDITIONS FOR SIGN OFF SET AT OBC**

- 4.1. Approval of the Outline Business Case by the Business Board, and later ratified by the Combined Authority Board, was based on eight conditions being met, and documented within the Final Business Case. These were:
- 4.2. Confirmation of EU funding
- (a) Of the £7,327,148 of ERDF and ESF funding required to part-finance the complete Service, the ESF funding has now been confirmed as being secured via a Grant Offer Letter from DWP.
  - (b) The ERDF funding proposals for the Growth Coaching Service and the Inward Investment Service, have successfully passed the primary evaluation by MHCLG, and are now progressing through the more iterative, secondary stage of clarification questions. All clarification questions have been satisfactorily answered and we have been issued with a Letter of Comfort that informs us that confirmation of funding should be received during September. See both in Appendix 2. On the basis that the proposed Service provides important support not to just to future growth but for recovery and rebound or COVID-impacted business, it is planned that:
    - Pending, and only in the event that, MHCLG confirm of the remaining two packages of ERDF funding, that the CPCA will enter into a contract for delivery of the whole Service with the Preferred Delivery Consortium. Based on MHCLG's Letter of Comfort, we expect a positive approval of our proposals during September, and



to use these approval letters as the basis for entering into contracts be during October.

- Should MHCLG's confirmation come later, we will delay contracting with the Preferred Delivery Consortium until that point.
- Should MHCLG decline to fund one or both packages of ERDF funding, we will re-plan the whole Service, with scaled down versions of the Growth Coaching and Inward Investment elements, returning to the Business Board and CA Board in January 2021 for approval of a scaled-down service.

#### 4.3. Appointment of delivery partner

- (a) Page 60 within the Commercial Case describes the procurement process that has led to the selection of a Preferred Delivery Consortium Bid. The winning bidders were informed on the 4th September. Upon completion of the Alcatel Stand still Period, the identity of the Delivery Consortium members will be published, and contracts provisionally set out for a commencement of Service during October 2020, via Officer delegation.

#### 4.4. Submission of 3-year cash flow forecast; monthly for year 1 and annual thereafter.

- (a) Appendix 7 provides the cashflow for the expenditure of the Growth Service over the three years to October 2023.

#### 4.5. Contact / Involvement of HMRC to upskill Growth Hub staff

- (a) Page 43 within the Economic Case provides an update on the work carried out by CPCA Officers with a range of colleagues within the BEIS Business Growth Directorate, HMRC and the Office of National Statistics, including access to the work of the Data Enabled Change Accelerator (DECA). This work has provided the insight sought to help the Growth Hub, and new Service that replaces it, to better target high growth potential firms more effectively.

#### 4.6. Discussions with local authority partners on availability of in-kind support via use of L/A office space, provisional of secretariat, and officer time

- (a) Through the work of the COVID 19 Economic Recovery Sub-Group (ERSG), involving all the constituent Local Authority Economic Development Teams, the Service has been co-developed and adapted for economic recovery. These adaptations, jointly agreed through the ERSG build on previous strong collaboration to produce the joint delivery plans for each sub-economy, to be executed jointly through CPCA Officers, LA Officers and the contracted Service Delivery Partner (see Appendix 3). This will include in-kind support from LA colleagues and in some cases the use of LA offices for meetings with the Service Delivery

Partner and customers of the Service. A table of commitments from each LA partner is also contained within Appendix 3.

- 4.7. Submission of independent state aid report covering ESF and ERDF application and utilisation; allocation of £2.335m of the authority's revenue budget to Growth Service Management Company Ltd; Management of Capital Growth Fund
  - (a) Pinsent Mason, our legal advice provider has provided a 20 page, detailed advice on state aid compliance, the use of ERDF, ESF and CPCA funding and the structure of the Growth Service Management Company. See Appendix 4
- 4.8. Submission of Sustainability and Environmental Policy for the Growth Service Management Company Ltd
  - (a) Officers have produced a Sustainability and Environmental Policy, See Appendix 5.
- 4.9. Submission of evidence to support the claim of delivering 2.8 new jobs per firm receiving supported in-depth coaching
  - (a) Page 40-43 within the Economic Case provides three sources of fresh evidence that all validate the assumptions made in the OBC, around the potential for jobs creation by the Service, based on OBC forecasts for the average number of jobs created per growth coaching intervention being 2.8.

## **5.0 ADDITIONAL CONDITIONS TO BE CONSIDERED POST-COVID 19**

- 5.1. That the Service has been appropriately adapted to support the Local COVID 19 Economic recovery Strategy
- 5.2. The adaptations made to the Service in response to the impact of COVID 19 and the development of a Local Economic Recovery Strategy, include:
  - (a) Adaptions to the Growth Coaching Service to help growth business to find new ways to capture what they have learned from the unforeseen and enforced impacts of Covid-19 on markets, customer behaviours and working practices, using our "ROAR" approach to regrowth, comprising four elements: Recover–Orient–Adapt–Regrow.
  - (b) Support for the Visitor Economy to recover & adapt by linking firms with potential for strong rebound, within the visitor economy of Cambridge and elsewhere, into the new £145,000 Grant Scheme for revenue grants of between £1000 - £3000 for equipment and support to help evolve, adapt and implement new processes and technologies to capture the evolving remote "virtual visitor" experience and marketplace.

- (c) Support for displaced workers to transition into start-ups by encouraging entrepreneurialism and self-employment with 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 will be supported through mentoring, grants, incentives and leveraging other programmes such as the National Skills Fund and AEB Funding to design specialised courses for aspiring entrepreneurs.
- (d) Support for city & town centre firms to rebound, by linking retailers into the new city centre improvement fund, provided by the CPCA Business Board, through its Local Growth Fund and ringfencing £2m of the existing Market Towns Fund to support the changes required post-COVID to the management of people meeting and socialising, and maintaining the retail, leisure, hospitality and environmental sectors in town centres.
- (e) Adaptions to the Skills Brokerage to improve careers advice to better connect school leavers with jobs, by implementing the recommendations from the Cambridge Ahead report on the disconnect between career guidance in schools and the workplace. This will include a Greater Cambridge pilot to encourage more large employers to generate active engagement with schools to increase work mentoring, work experience, and industry placements; ensure all schools have a dedicated careers leader to coordinate career guidance and that teachers understand technical education pathways and give them equal emphasis.
- (f) Improved learner access to digital skills development, ensuring that Skills Brokers signpost workers and those unemployed to greater provision of digital skills to help mitigate against digital exclusion for those most in need of training and in low skilled jobs. This will include increased provision through local devolution of the Adult Education Budget and better connecting displaced talent into re-skilling & jobs faster, through Skills Brokers specifically targeted, through our partners in Job Centre Plus, on those displaced workers from the hardest hit sectors.
- (g) Connecting displaced talent into re-skilling & jobs faster, by targeting Skills Brokers, through our partners in Job Centre Plus, onto those displaced workers from the hardest hit sectors. Adapting the service to create bespoke pathways into retraining and on into a job. This will include fast and facilitated access to the:
  - CPCA Apprenticeship Levy Pool to pay for training costs
  - Apprentice Bonus Scheme for new apprenticeships created
  - Kickstart Scheme new jobs that include training
  - Traineeship Bonus Scheme for new traineeship placements

- 5.3. That the impacts of COVID 19 on contributing funding from Enterprise Zone, business rates receipts, have been appropriately considered. The possibility of the Enterprise Zone developers' forecasts being over optimistic, particularly following on from the COVID-19 pandemic, have been mitigated as follows;
- (a) Factoring down forecasts for optimism. The factor used on developer forecasts for each of the five Enterprise Zones varied depending on its maturity and track record in attracting new tenants over time.
  - (b) Utilising the surplus cash at end of programme. The cashflow for the total Service, shown in appendix 7, is now, as a result of improvements made during the competitive negotiation procurement process, showing a surplus at the end of the contract, of £450k. This is nearly 50% of the projected Enterprise Zone receipts we had allocated to the Service budget, and creates a safety factor of 2, on our assumption of £927k of contributions from Enterprise Zones.

## **CORPORATE GOVERNANCE FOR GROWTH COMPANY**

On 27 July 2020 the Business Board approved stage 1 corporate governance arrangements for the proposed Growth Service Management Company (GrowthCo). The GrowthCo (called Peterborough and Cambridge Business Growth Company Limited) was incorporated on 13 August 2020. GrowthCo will become a party to the shareholders agreement regulating the relationship between CPCA and Angle Holdings Ltd.

It is generally recognised that it is not possible for a board of directors to have hands-on involvement in every area of a company's business, and that delegation of certain of its functions will be required. For example, day-to-day responsibility for the operation of the company's business will be delegated to the executive management (which, in the context of GrowthCo, means to the proposed Programme Management Committee, as set out in the Full Business Case), and potentially other functions to the audit, nomination, remuneration and risk committees (where they are established). Best practice is to adopt a formal schedule of matters which are reserved for their decision by the company's board, consequently making clear the extent of delegation to any committees.

It is also typical for major decisions to be reserved to shareholders for decision, whether due to the provisions of the Companies Act 2006 (which requires that certain decisions be taken by shareholders) or due to their strategic nature (such as the adoption of a new business plan).

It is therefore normal to set out in shareholder documentation what types of decision are to be taken at which decision making level – be it shareholder, board, or a committee reporting to the board.

## **PROPOSED DECISION-MAKING HIERARCHY**

What is envisaged for Angle Holdings Limited (Angle) and GrowthCo is a clear hierarchy of decision

making. The overarching concept is that all decisions should be taken at the lowest possible level of decision making in line with:

- agreed objectives; and
- the approved business plan, but with two caveats:
  - 1) certain decisions are considered important enough to be reserved to certain levels in the decision making hierarchy (so at company board or shareholder level); and
  - 2) a higher level in the decision-making hierarchy should always be able to step in (or be asked by a lower level to step in) to take a decision that would normally be capable of being decided at a lower level.

Appendix 8 of the FBC sets out the proposed decision-making hierarchy for GrowthCo.

## 6.0 FINANCIAL IMPLICATIONS

- 6.1. In order to contract with the preferred delivery consortium to deliver the Business Rebound & Growth Service, the CPCA will transfer into Growth Co, The Growth Service Delivery Fund of £14,939,148. The £4,500,000 balance of the £19,499,148 are direct contributions by SME's to the delivery partner.
- 6.2. In addition, to delivering the growth coaching, skills brokerage and inward investment services, the Business Board has tasked the Business Rebound & Growth Service with the management, on its behalf, of the Capital Growth Investment Fund and an Innovation & Relocation Grant, approved in September 2019 by both the Business Board and CPCA Board and confirmed now as final allocations for Business Board approval, in September 2020.

Grant & Equity investment Fund			
Scheme	Type	Range	Total pot value
Growth Grants	Capital Grant	£20k to £150k	£2,850,000
Growth Investment Funding	Capital Equity	£150k to £250k	£5,700,000
Administration Fee for Above		5%	£450,000
Relocation Advice Grants	Revenue	£5k to £25k	£150,000
R&D Grant Application Support Grants	Revenue	£10k to £50k	£300,000
Administration Fee for Above		10%	£50,000
			<b>£9,500,000</b>

- 6.3. In order for Growth Co to manage these investments on the CPCA's behalf, the CPCA will additionally, transfer into Growth Co, the Capital Growth Investment Fund and an Innovation & Relocation Grant fund, totalling £9,500,000.
- 6.4. The overall breakdown of the funding from the CPA to the Growth Service is set out in the table below.

Growth Service Cashflow	FY 20/21 Total	FY 21/22 Total	FY 22/23 Total	FY 23/24 Total	Grand Totals
<b>Income</b>					
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	£ 40,000	£ 80,000	£ 80,000	£ 40,000	£ 240,000
CA Enterprise Zone Receipts	£ -	£ 230,000	£ 279,000	£ 418,000	£ 927,000
ERDF Funding	£ -	£ 1,801,000	£ 2,500,000	£ 990,601	£ 5,291,601
ESF Funding	£ -	£ 600,000	£ 800,000	£ 635,547	£ 2,035,547
LGF Investment Fund (Capital)	£ -	£ 4,000,000	£ 4,000,000	£ 1,000,000	£ 9,000,000
LGF Investment Fund (Revenue)	£ 117,691	£ 166,152	£ 166,152	£ -	£ 449,995
<b>Totals</b>	<b>£ 5,787,691</b>	<b>£ 7,223,152</b>	<b>£ 8,171,152</b>	<b>£ 3,207,148</b>	<b>£ 24,389,143</b>
<b>Expenditure</b>	<b>FY 20/21 Total</b>	<b>FY 21/22 Total</b>	<b>FY 22/23 Total</b>	<b>FY 23/24 Total</b>	<b>Grand Totals</b>
Staffing (see tab for details)	£ 127,350	£ 259,694	£ 264,688	£ 134,841	£ 786,573
Administration (see tab for details)	£ 156,571	£ 119,027	£ 111,913	£ 47,933	£ 435,444
Capital Growth Fund Administration	£ 170,107	£ 206,418	£ 193,296	£ 96,648	£ 666,469
Innovation & Relocation Grant Administration	£ -	£ -	£ -	£ -	£ -
Capital Growth Grants	£ -	£ 3,800,000	£ 3,800,000	£ 850,000	£ 8,450,000
Innovation & Relocation Grants	£ 117,691	£ 166,152	£ 110,768	£ -	£ 394,611
Skills Brokerage Operational Budget	£ 646,910	£ 905,176	£ 875,152	£ 395,076	£ 2,822,314
Inward Investment Service Budget	£ 716,011	£ 1,100,578	£ 1,110,152	£ 517,726	£ 3,444,467
Growth Coaching Business Engagement Budget	£ 425,628	£ 923,533	£ 913,052	£ 427,510	£ 2,689,723
ERDF Nudge Grants	£ -	£ 661,334	£ 1,674,669	£ 664,001	£ 3,000,004
Prime Contract	£ 298,215	£ 444,992	£ 384,132	£ 174,566	£ 1,301,905
<b>Totals</b>	<b>£ 2,658,483</b>	<b>£ 8,586,904</b>	<b>£ 9,053,689</b>	<b>£ 3,133,735</b>	<b>£ 23,991,510</b>
Opening Balance	£ -	£ 3,129,208	£ 1,765,455	£ 498,786	£ -
Total Income	£ 5,787,691	£ 7,223,152	£ 8,171,152	£ 3,207,148	£ 24,389,143
Total Expenditure	£ 2,658,483	£ 8,586,904	£ 9,437,821	£ 3,308,301	£ 23,991,510
Closing Balance	£ 3,129,208	£ 1,765,455	£ 498,786	£ 397,633	£ 397,633

## 7.0 LEGAL IMPLICATIONS

Page 60 within the Commercial Case describes the procurement process that has led to the selection of a Preferred Delivery Consortium Bid. The winning bidders were informed on the 4th September. Upon completion of the Alcatel Stand still Period, the identity of the Delivery Consortium members will be published, and contracts provisionally set out for a commencement of Service during October 2020.

## 8.0 IMPLICATIONS FOR NATURE

8.1. There are no implications for nature

## 9.0 OTHER SIGNIFICANT IMPLICATIONS

9.1. There are no other significant implications

## 10.0 APPENDICES

10.1. Appendix 1 – Business Rebound & Growth Service; Full Business Case

<u>Background Papers</u>	<u>Location</u>
None	N/A





**Appendix 1****THE BUSINESS  
REBOUND & GROWTH SERVICE  
FULL BUSINESS CASE**

<b>EXECUTIVE SUMMARY .....</b>	<b>2</b>
<b>STRATEGIC CASE .....</b>	<b>13</b>
C&P Independent Economic Review (CPIER) .....	13
Policy Response in the form of The Local Industrial Strategy (LIS) .....	15
The Specification for this Service Laid Down in the LIS .....	16
The Economic Impact of COVID 19 .....	18
Case for Change to Our Current Service Delivery Arrangements .....	28
The Need for Locally Tailored Delivery Plans .....	37
Why Now? .....	39
<b>ECONOMIC CASE .....</b>	<b>40</b>
Quantitative Evaluation .....	40
<b>COMMERCIAL CASE .....</b>	<b>48</b>
Current Arrangements: The CPCA Growth Hub .....	48
Conclusion on The Need to Improve Current Arrangements .....	48
Commercial Risk Assessment: Growth Coaching Service .....	48
Current Arrangements: The Inward Investment Service .....	51
Conclusion on The Need to Improve Current Arrangements .....	51
Commercial Risk Assessment: Inward Investment Service .....	52
Current Arrangements: The Skills Brokerage Service .....	53
Conclusion on The Need to Improve Current Arrangements .....	53
Commercial Risk Assessment: The Skills Brokerage Service .....	54
The Strategy Implemented for Assembling the Funds .....	54
The Business Case for Establishing Growth Co .....	56
Establishing the Growth Service Management Company .....	59
<b>FINANCIAL CASE .....</b>	<b>59</b>
Procurement by Competitive Procedure with Negotiation (CPN) .....	60
Minimum Viable Product .....	61
OBC Costs Assumptions for Minimum Viable Product .....	62
Actual Preferred Bidder Costs at Point of FBC .....	63
Affordability & Investment Required .....	63
Risk Analysis .....	67
<b>MANAGEMENT CASE .....</b>	<b>68</b>
Management Structure .....	68
Governance .....	68
Programme Management .....	69
Local Authority & Business Community Partnerships .....	69
Delivery Consortium PMO .....	70

# EXECUTIVE SUMMARY

## Opportunity

Our economy is already home to a high concentration of high-growth firms and a highly skilled and entrepreneurial workforce. We are one of a small number of regional economies that provide a net contribution to the Treasury and offer the potential to play an important role in leading national economic recovery from the impacts of COVID 19. Our strength comes from:

- **Greater Cambridge** which is the UK's fastest growing economy and the most likely part of the county to recover quickest to help regain the £3.7bn GVA lost. It gives us Global Leadership in life sciences and education and has the largest share (16%) of the UK's knowledge intensive business services. It generates more patent applications per head of population than any city in the UK and more than all of the EU put together.
- **Greater Peterborough** which has reinvented itself as a Smart City, with UK leading levels of digital connectivity and its major cluster in environmental technologies. It is also home to a high-tech manufacturing base that has grown whilst the sector has shrunk nationally, now representing 18% of its businesses, compared to 9% nationally.
- **The Fens** which are considered one of the country's greatest natural assets and contain over 50% of the UK's grade one, highest quality, land for food growing.

However, there is still much untapped potential and, as markets recover to a new norm and permanent shifts in customer behaviours and workforce practices become apparent, a fantastic opportunity will open up for the CPCA & Business Board to deliver even greater impact by supporting our brightest firms to adapt to grow faster, longer and more sustainably.

How we might achieve this, has been set out in our Local Economic Recovery Strategy, co-developed by the Business Board and the Economic Recovery Sub-group of the COVID 19 Local Recovery Forum. Successful implementation of this Economic Recovery Strategy, with the right investment from our partners in Central Government, will enable this national powerhouse economy to return quicker to its previous contribution of £5Bn pa to Treasury to help finance recovery in other areas of the UK, especially in the midlands and north.

## Vision

Our COVID-Revised Strategic Vision is to:

***Accelerate the rebound and regrowth of our economy, to lead the nation out of recession, rebooting it to achieve our ambition of doubling GVA over 25 years, in a way that is more sustainable, greener, digitally enabled, and inclusive.***

We will achieve this through a Local Economic Recovery Strategy that accelerates our recovery by strengthening our businesses' and workforce' capacity for rebound and regrowth. This strategy consists of five simple Pillars, based on the Local Industrial Strategy's themes of Business Environment, Ideas, Infrastructure and People, with a local addition and emphasis on greater sustainability.

A key intervention vehicle to enable the first Pillar, and potentially providing around half of all jobs growth generated by the Business Board over the next 6 years, will be the **Business Rebound & Growth Service** to accelerate start-ups, scale-ups & set-ups within our economy, over the course of the COVID 19 economic recovery period and beyond.

**The Five Pillars of our Economic Recovery Strategy are:**



### Accelerating Start-Ups, Scale-Ups & Set-Ups

£19.67m to coach and finance firms to grow, attract new firm to the area and link people into 13,745 new jobs



### Accelerating Hi-Tech Jobs Growth

£37.57m into 14 new innovation centres and incubators for Tech-Firms to stimulate 38,677 high-tech jobs



### Accelerating Recovery in Construction

£62M into improving our road and rail networks to create and safeguard 5,200 jobs



### Retraining & Upskilling for New Jobs

£32.82m to build education capacity, £11.5m for adult skills and £10m for apprentices, to train 33,000 people into existing jobs plus 22,142 new jobs

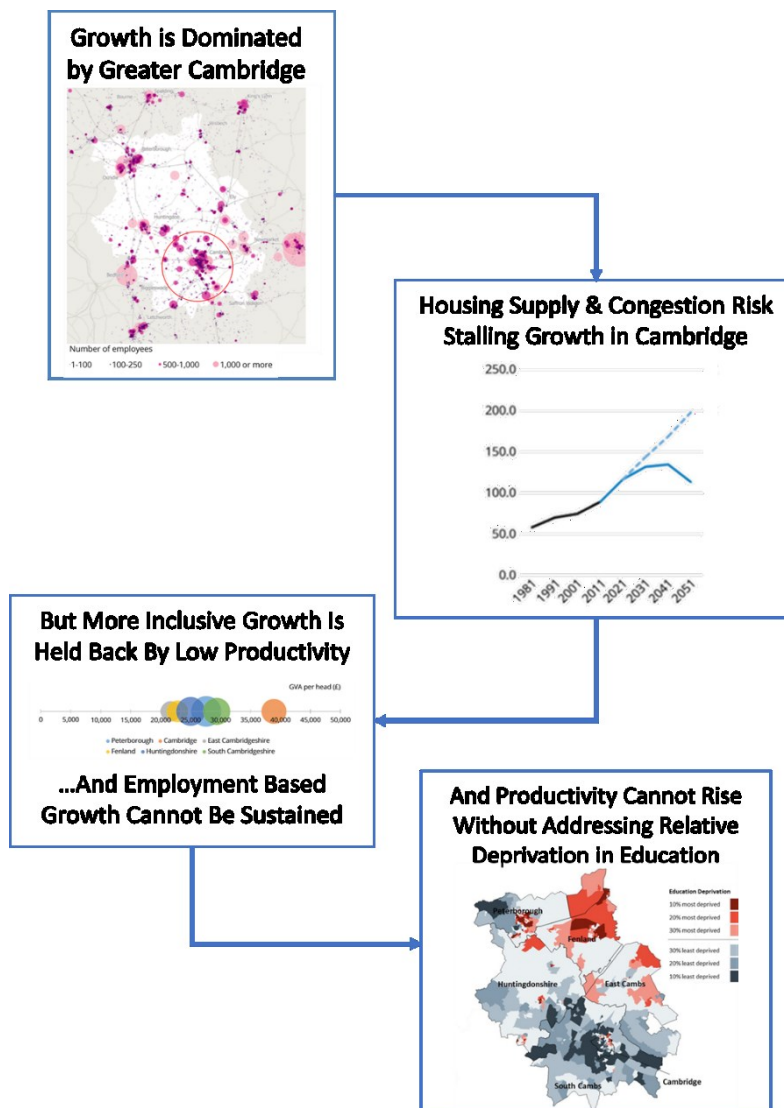


### Delivering Greater Sustainability

A Natural Capital Investment Plan for a circular economy that embraces reduced travel and generates more green skills

## Strategic Policy Context

The **Key Messages from the CPIER** that have informed our Local Industrial Strategy (LIS), and driven the need for more inclusive, and knowledge intensive, jobs growth are summarised as follows:



The policy response set out in LIS to meet this need, in the shortest timeframe, to create medium term impacts, was the Business Growth Service. This was designed to better enable our academic ideas to be more rapidly commercialised and spun-out, whilst ensuring our most exciting entrepreneurs are supported to scale-up and the world's brightest firms are encouraged to locate here. The Service will deliver across the specificities of our three sub-economies as an integrated single-front-door offering for high-growth start-ups, scale-ups and set-ups. Central to the idea is building a network of growth companies that, when connected through innovation, skills and growth support, become more than the sum of their parts. In this way we aim to develop the same quality of growth support that has made growing businesses inside Cambridge, so much faster and more sustainable than nearly anywhere else in the UK.

## Service Impact Headlines

The **Business Rebound & Growth Service** will provide:

1. **A Growth Coaching Service** to engage and support our highest potential firms to speed their growth, build their capacity for growth, sustain their period of growth, or all three, **to create 3,498 jobs.**



2. **An Inward Investment Service** to better connect us into global markets, to engage and persuade firms to locate into our economy or invest in our strategic projects, **to create 1,328 jobs.**

3. **A Skills Brokerage Service** to link learners and those retraining for new jobs, to employers and skills providers to improve the supply of skills to our growth sectors, **to provide 3,505 people with better skills** for new jobs, including **1,600 apprenticeships.**



4. **A Capital Growth Investment Fund** to help SMEs, grow through organic expansion, offering an integrated range of grants, loans and equity products unavailable commercially, **to create 1,500 jobs.**

**By integrating all these services into one Business Rebound & Growth Service** to create a **total of 6,326 jobs**, we will better connect our places and business clusters and provide across them, a quality and connectivity of growth support that reflects, and has the potential to develop towards, the support eco-system developed over half a century within Greater Cambridge. To do this, the Service will expand and build on the growth support networks that are already present in and around Cambridge and develop a commercial marketplace for advisory and investment services, as well as a mentoring culture amongst supported entrepreneurs.

## Service Contribution Towards Our Goal to Double the Economy

To double the size of our economy, and prior to COVID 19, jobs growth needed to increase from its historic rate of 2.5% pa (1998-2018) to 2.8% (2017-42). From a 2017/18 baseline of £24.46Bn and a current workforce of 418,000<sup>1</sup> this meant that the CPCA and its partners, notably the Greater Cambridge Partnership (GCP), needed to nudge an additional 0.3% of growth in jobs, above and beyond that which would naturally occur without our intervention. This equated to at least 1,254 pa, with substantially more of these jobs being in Peterborough and the Fens, than had previously naturally occurred, and more being knowledge intensive to drive up productivity, prosperity and ultimately, health and wellbeing for *all* our communities.

To meet this challenge, the Business Growth Service was tasked, in November 2019, by the Business Board, to stimulate business growth in firms to generate an additional 5,890 jobs, measured over the 3 years the Service's delivery and the following 3 to capture the delayed effects between intervention and jobs growth realisation. This would have produced a net-impact on additional jobs growth of 982pa, substantially contributing to the required 1,254pa to enable the doubling of our economy.

However, since then the impact of COVID 19 has removed £3.7Bn of GVA from what would have been forecast to have been £25.7Bn for 2020/21. Whilst various rebound forecasts indicate that a substantial proportion of this will be recovered over the next few years, it will still increase the need for additional growth and jobs to supplement both the natural growth and the previously planned impacts of the CPCA and its partners, to still achieve our ambition to double the economy.

Hence, officers have undertaken a refocusing and redesign of the original concept for the Business Growth Service into the *new Business Rebound & Growth Service*, and through innovations developed in partnership with various by private sector bidders to deliver it, we have identified ways to now deliver an enhanced 6,326 new jobs, increasing the job growth potential of the Service by 7.5% since OBC.

In addition, of course, are the many other, powerful interventions and initiatives of the Business Board, the wider Combined Authority and its key partners such as GCP, that make up the five pillars of our COVID 19 Local Economic Recovery Strategy. Counting only the CPCA Business Board's LGF impacts, these amount to a further 50,644 new jobs created to 2042, See Appendix 1.

Thus together, the enhanced Business Rebound & Growth Service and the broader interventions of the Business Board, are forecast to deliver 1,055 and 2,025 jobs pa respectively and a total of 3,080 pa over the decade. This joint performance should be sufficient to both accelerate growth AND compensate for the COVID 19 impacts to still achieve our ambition to double GVA by 2042.

---

<sup>1</sup> Overview of Economy and Employment in Cambridgeshire Report: 03 2019 <https://cambridgeshireinsight.org.uk/economy/>



## Strategic Case for Change

Historically, growth and especially the quality of growth across our cities and towns has not been inclusive and has led to high levels of health, wellbeing, and prosperity disparity, with pockets of both urban and rural deprivation. The Local Industrial Strategy and the Business Rebound & Growth Services is an opportunity to address the inequalities that undermine economic growth and vision to become a leading place in the world to live, learn and work. 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. Enabling the doubling of our economy in a way that increases inclusivity 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 that support and the ambition for the quality and quantity of job 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. To do this we will need to:

1. **Transform the Growth Hub** from the current activity-based service, that most commonly provides firms with less than an hour of support and is measured only by the number of those engagements it makes. Instead, we must build a jobs growth outcome-based service, capable of assessing the growth ambitions and barriers to success, of our most exciting 3,000 firms, diagnosing their needs for support and providing over 1,000 of them, with access to more than £9m of growth coaching from the private sector to help them achieve growth and create higher value jobs, spread more evenly across our economy.
2. **Create a world-class inward investment service to** attract firms across the world and the UK to relocate into our economy and better connected into overseas investor networks to promote our strategic investments in transport infrastructure and higher education.
3. **Transform the current small-scale schools career advice service** into a skills marketplace, where young people and those looking to retrain can find jobs and training to provide our growing businesses with the right skills at the right time in the right place.
4. **Create a world-class growth capital investment eco-system** where start-ups, spin-outs and scale-ups can find coaching to attract investors, grants and loans to bridge the current gaps in the commercial marketplace and from an eco-system that attracts more investors into the whole of our economy – not just the high value sectors within Cambridge.

## Economic Case to Invest

Based on a total public sector cost of £25,613,216 the Business Rebound & Growth Service generates 6,326 new jobs, producing Cumulative Net Present Fiscal Benefits of £437,847,012 and a BCR of 17, which is an increase on the OBC figure of 15.



## Commercial Case for Implementation

In 2019 the Business Board lacked the revenue funding to procure the Business Growth Service, hence an innovative approach to raising the funds was adopted. To overcome this constraint, common to all LEPs, the approach adopted at Outline Business Case in November 2019 was to free-up a small proportion of the Business & Skills MTFP, to create a revenue fund to leverage and multiply with external funding to deliver a Business Growth Service **Delivery Fund** of over £19,499,148. This strategy is summarised below.

Strategy for the Creation of The Growth Service Delivery Fund	
Total LGF Capital Equity Investment by the Business Board, as Working Capital	£5,407,000
ERDF Funding	£5,291,601
ESF Funding	£2,035,547
Total ESIF Revenue Funding	£7,327,148
CPCA budget for Growth Hub	£738,000
CPCA Skills Strategy Implementation budget	£150,000
Local Ind Strategy Implementation budget	£150,000
CPCA contract with Careers Enterprise Company	£240,000
CPCA Enterprise Zone businesses rates receipts	£927,000
Total CPCA Revenue Allocation from the CPCA 2020/21-22/23 MTFP	£2,205,000
Total SME Contributions to Growth Coaching Fees	£4,500,000
Total Fund for Procurement of Business Growth Service	£19,439,148

To enable the financing strategy above the Business Board implemented the following steps:

1. The Business Board first requested that the CPCA, as the Business Board's Accountable Body and legal personality, establish a Growth Service Management Company (Growth Co), on behalf of the Business Board, as a subsidiary to the Combined Authority Trading Company Limited ("Angle Holdings Ltd"), with an initial allocation of 100 shares in favour

of Angle Holdings. The purpose of Growth Co being to manage the Growth Service Delivery Fund, and the subsequent delivery of the Business Growth Service.

2. The Business Board then accepted 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. 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. 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 Rebound & Growth Service.
3. The Business Board then recommended that the CPCA, as the Business Board's Accountable Body and legal personality, apply for funding on behalf of the Business Board, from the European Regional Development Fund (ERDF) and European Social Fund (ESF) and to allocate this external funding to the Cambridgeshire & Peterborough Growth Company to part fund the procurement of the delivery of the Business Rebound & Growth Service.
4. The Business Board then requested that the CPCA allocate funding from the Business & Skills 2020/21-22/23 MTFP to the Cambridgeshire & Peterborough Growth Company to part fund the procurement of the delivery of the Business Rebound & Growth Service.
5. The CPCA then procured private sector suppliers to deliver the Business Rebound & Growth Service, instructing them to generate £4.5m of private sector contributions to the costs of Business Rebound & Growth Service. This being through customer payments of 50% of the costs of the growth coaching they receive as part of the Business Rebound & Growth Service.

In this manner, nearly £19.5m of funding was assembled to finance the delivery of the Business Rebound & Growth Service, based on just £2.335m of CPCA initial revenue allocation. However, it was agreed to be important to both the Business Board and the Mayor, that the Business Board's focus remain that of strategy, acting as a catalyst and funding partner to facilitate and enable others to achieve economic growth outcomes. Hence, the CPCA has procured a private sector delivery consortium to operate and manage the Business Rebound & Growth Service under contract from the Cambridgeshire & Peterborough Growth Company.

## Funds to Be Transferred in to Growth Co to Manage

In order to contract with the preferred delivery consortium to deliver the Business Rebound & Growth Service, the CPCA will transfer into to Growth Co, The Growth Service Delivery Fund of £19,499,148.

In addition, to delivering the growth coaching, skills brokerage and inward investment services, the Business Board has tasked the Business Rebound & Growth Service with the administration of the Capital Growth Investment Fund and an Innovation & Relocation Grant, approved in September 2019 by both the Business Board and CPCA Board and confirmed now as final allocations for Business Board approval, in September 2020.

Grant & Equity investment Fund			
Scheme	Type	Range	Total pot value
Growth Grants	Capital Grant	£20k to £150k	£2,850,000
Growth Investment Funding	Capital Equity	£150k to £250k	£5,700,000
Administration Fee for Above		5%	£450,000
Relocation Advice Grants	Revenue	£5k to £25k	£150,000
R&D Grant Application Support Grants	Revenue	£10k to £50k	£300,000
Administration Fee for Above		10%	£50,000
			<b>£9,500,000</b>

In order for Growth Co to manage these investments on the CPCA's behalf, the CPCA will additionally, transfer into Growth Co, the Capital Growth Investment Fund and an Innovation & Relocation Grant fund, totalling £9,500,000.

## Conditions Set at OBC to be Satisfied at FBC

Approval of the Outline Business Case by the Business Board, and later ratified by the Combined Authority Board, was based on eight conditions being met, and documented within the Final Business Case. These were:

### 1. Confirmation of EU funding

- Of the £7,327,148 of ERDF and ESF funding required to part-finance the complete Service, the ESF funding has now been confirmed as being secured via a Grant Offer Letter from DWP.
- The ERDF funding proposals for the Growth Coaching Service and the Inward Investment Service, have successfully passed the primary evaluation by MHCLG, and are now progressing through the more iterative, secondary stage of clarification questions. All clarification questions have been satisfactorily answered and we have been issued with a Letter of Comfort that informs us that confirmation of funding should be received during September. See both in Appendix 2. On the basis that the proposed Service provides important support not just to future growth but for recovery and rebound or COVID-impacted business, it is planned that:
  - i. Pending, and only in the event that, MHCLG confirm of the remaining two packages of ERDF funding, that the CPCA will enter into a contract for delivery of the whole Service with the Preferred Delivery Consortium. Based on MHCLG's Letter of Comfort, we expect a positive approval of our proposals during September, and to use these approval letters as the basis for entering into contracts by during October.
  - ii. Should MHCLG's confirmation come later, we will delay contracting with the Preferred Delivery Consortium until that point.
  - iii. Should MHCLG decline to fund one or both packages of ERDF funding, we will re-plan the whole Service, with scaled down versions of the Growth Coaching and Inward Investment elements, returning to the Business Board and CA Board in January 2021 for approval of a scaled-down service.

### 2. Appointment of delivery partner

- Page 60 within the Commercial Case describes the procurement process that has led to the selection of a Preferred Delivery Consortium Bid. The winning bidders were informed on the 4<sup>th</sup> September. Upon completion of the Alcatel Stand still Period, the identity of the Delivery Consortium members will be published, and contracts provisionally set out for a commencement of Service during October 2020, via Officer delegation.

### 3. Submission of 3-year cash flow forecast; monthly for year 1 and annual thereafter.

- Appendix 7 provides the cashflow for the expenditure of the £19,499,418 over the three years to October 2023.

#### **4. Contact / Involvement of HMRC to upskill Growth Hub staff**

- Page 43 within the Economic Case provides an update on the work carried out by CPCA Officers with a range of colleagues within the BEIS Business Growth Directorate, HMRC and the Office of National Statistics, including access to the work of the Data Enabled Change Accelerator (DECA). This work has provided the insight sought to help the Growth Hub, and new Service that replaces it, to better target high growth potential firms more effectively.

#### **5. Discussions with local authority partners on availability of in-kind support via use of L/A office space, provisional of secretariat, and officer time**

- Through the work of the COVID 19 Economic Recovery Sub-Group (ERSG), involving all the constituent Local Authority Economic Development Teams, the Service has been co-developed and adapted for economic recovery. These adaptations, jointly agreed through the ERSG build on previous strong collaboration to produce the joint delivery plans for each sub-economy, to be executed jointly through CPCA Officers, LA Officers and the contracted Service Delivery Partner (see Appendix 3). This will include in-kind support from LA colleagues and in some cases the use of LA offices for meetings with the Service Delivery Partner and customers of the Service. A table of commitments from each LA partner is also contained within Appendix 3.

#### **6. Submission of independent state aid report covering ESF and ERDF application and utilisation; allocation of £2.335m of the authority's revenue budget to Growth Service Management Company Ltd; Management of Capital Growth Fund**

- Pinsent Mason, our legal advice provider has provided a 20 page, detailed advice on state aid compliance, the use of ERDF, ESF and CPCA funding and the structure of the Growth Service Management Company. See Appendix 4

#### **7. Submission of Sustainability and Environmental Policy for the Growth Service Management Company Ltd**

- Officers have produced a Sustainability and Environmental Policy, See Appendix 5.

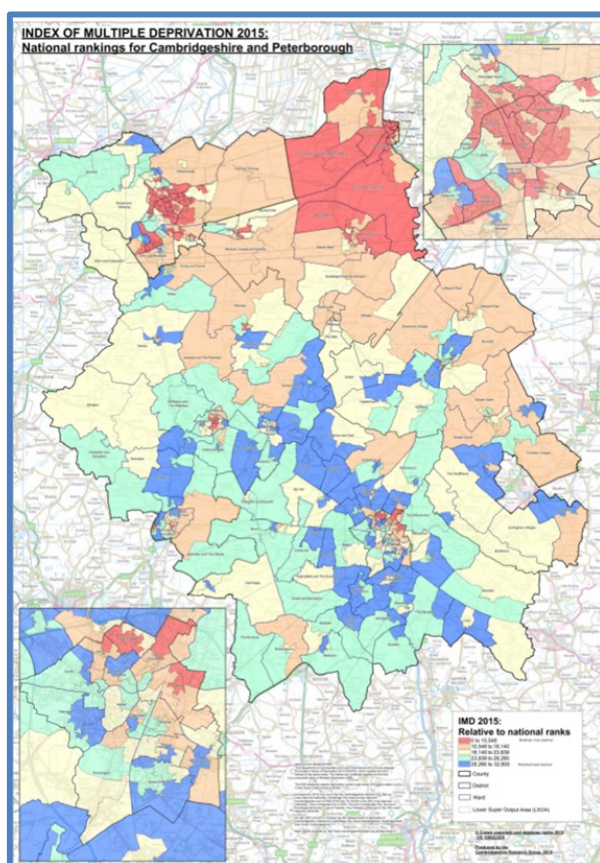
#### **8. Submission of evidence to support the claim of delivering 2.8 new jobs per firm receiving supported in-depth coaching**

- Page 40-43 within the Economic Case provides three sources of fresh evidence that all validate the assumptions made in the OBC, around the potential for jobs creation by the Service, based on OBC forecasts for the average number of jobs created per growth coaching intervention being 2.8.

# STRATEGIC CASE

## C&P Independent Economic Review (CPIER)

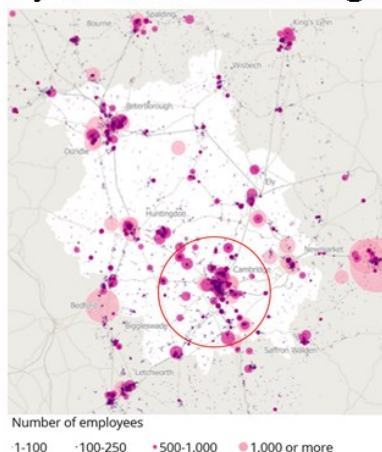
Despite business growth having been strong over the last decade across the whole economy, the sub-economy of Greater Cambridge has been performing the most strongly. The positive effects of this have been felt in some of the Greater Cambridge ecosystem, with market towns such as Ely and St Ives benefiting. However, further north the effects are not being felt. Wages are notably lower in the northern districts of Peterborough and Fenland than the southern districts of Cambridge and South Cambridgeshire. There are related challenges of poorer health and education outcomes, with healthy life expectancy falling below the retirement age in some parts of the north of the Combined Authority. This can be seen clearly through the Indexes of Multiple Deprivation with strong contrasts within and across Cambridgeshire between areas ranked amongst the best (blue) and the worst (red) in the country.



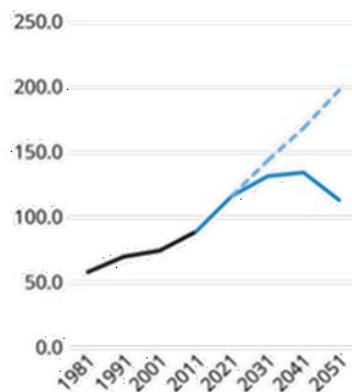
In many ways, our area is a microcosm of the UK as a whole. It has a prosperous south, based around one principle city, which receives the majority of foreign investment and attracts high value companies and talent from across the world. International evidence increasingly shows that this concentration of growth leads to both high living standards and significant inequality. Further north, there is much industry and innovation – but while there are many success stories, business investment, skill levels and wages are lower. This presents the opportunity to develop and deliver place-based business growth and skills interventions that can address the underlying business support and skills development conditions that have led to these disparities.

The **Key Messages from the CPIER** that have driven the identification of the need for the Business Rebound & Growth Service are summarised as follows:

### Growth is Dominated by Greater Cambridge



### Housing Supply & Congestion Risk Stalling Growth in Cambridge

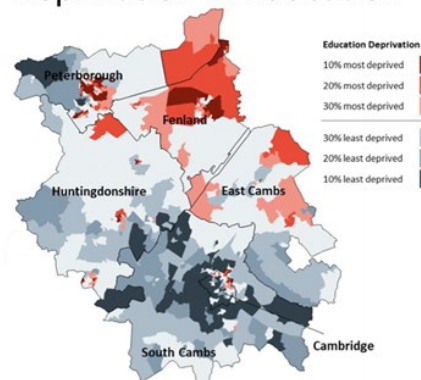


### But More Inclusive Growth Is Held Back By Low Productivity



### ...And Employment Based Growth Cannot Be Sustained

### And Productivity Cannot Rise Without Addressing Relative Deprivation in Education



## Policy Response in the form of The Local Industrial Strategy (LIS)

There is a significant risk to the Cambridgeshire and UK economies if transport infrastructure and housing issues are not tackled in the Greater Cambridge area. Evidence shows that on current rates of transport infrastructure development and housing delivery, the growth of this economy will slow, before eventually going into reverse within 10-15 years. Hence, as well as needing to focus on “a package of transport and other infrastructure projects to alleviate the growing pains of Greater Cambridge” the Combined Authority also needs to find new ways of spreading growth within our economy more evenly.

We have a strong track record of supporting indigenous high growth firms in Greater Cambridge, where firms are supported by dense networks of entrepreneurs, consultants, academia and sector-cluster organisations. So how do we leverage this world-class asset, that is Greater Cambridge, to the greater benefit of more of our citizens and a greater proportion of our place?

The answer is not to attempt to encourage or induce firms to spread and relocate more broadly across our economy, because we know this does not work and that entrepreneurs are unwilling to give up the clear benefits of the innovation and growth eco-system in Cambridge. Instead, the LIS sets out a strategy of spreading and replicating the conditions that helped bring about this global growth success story – primarily the peer-to-peer and commercial marketplace for innovation, growth, productivity and skills, complemented by greater access to growth finance and greater visibility and availability of the higher-level skills needed for productive growth.

Working across the whole economy, the LIS proposed to develop and deliver a **Business Growth Service**, that networks to 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, available to all our high potential firms, wherever they might be located. In doing so, the LIS aimed to create a world-leading business growth support eco-system for high-growth potential firms, where business ideas and business leaders can establish, grow to scale and find innovative routes into global markets.

This inclusive growth strategy is designed to shift more of our future growth into the wider economy and diversify our economic base to mitigate the current place-concentration risks to our economy. All our towns and cities will form a network of well-connected economic and business clusters centred on key sectors, collaborating across geographic 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. Supported business leaders will be encouraged to go on to mentor other entrepreneurs, sharing the lessons they have learned through the support they have received, creating a legacy Growth Service Alumni for peer to peer support.

As a key LIS intervention, the Business Growth Service was designed to bring together a range of service lines into a new, targeted approach to business growth support, to provide an evolution of the Growth Hub, which will continue to operate within the new service.



## The Specification for this Service Laid Down in the LIS

The Business Growth Service, within the LIS, consisted of 5 key interventions within a portfolio of initiatives, illustrated and described below:



1. **A Growth Coaching Service** to engage our highest potential growth firms to better support them to accelerate their growth, increase their capacity for growth, sustain their period within growth, or all three.
2. **An Inward Investment Service** to extend our reach into key global markets, to engage and persuade overseas firms to locate into our economy or invest in our strategic projects to improve our employment space, transport, and educational infrastructure.
3. **A Skills Brokerage Service** to link between young talent and those retraining or progressing in a career, our employers and our skills providers, to improve the supply of skills to enable growth.
4. **A Capital Growth Investment Fund** to help SMEs, grow through organic expansion, to provide growth capital and grants between £20k-£250k for traditional SMEs, that are not generally available from the private sector, which focusses on high-tech, IP based start-ups and much higher growth rates, using equity investments of £250k to £2m. This is a clear gap that government continually seeks to fill through funds such as the Midlands Engine and Northern Powerhouse Investment Funds. This CPCA Business Board fund aims to fill the same gap in our economy.
5. **An Innovation & Re-Location Grant** to co-invest with small firms in the cost of contracting experts to help access; R&D funding from UK and EU agencies for new product development or; consultants and planning support for new build employment space

**By integrating all these services into one Business Growth Service** the LIS aimed to better connect our places and business clusters and provide across them, a quality and connectivity of growth support that reflects and has the potential to develop towards, the support eco-system developed over half a century within Greater Cambridge. To do this, the Business Growth Service was tasked to expand and build on the growth support networks that are already present in and around Cambridge, to develop a marketplace for all three advisory services, and to encourage a mentoring culture amongst supported entrepreneurs.

Pre-COVID 19, the Business Growth Service was designed to deliver a jobs growth impact to support the doubling of the economy, in a way that is more inclusive of Greater Peterborough and The Fens, whilst also addressing the much lower productivity levels in those sub-economies. To achieve this, jobs growth needed to increase from historic rate of 2.5% pa (1998-2018), by 0.3% to the 2.8%. With around 418,000<sup>2</sup> jobs in the economy this meant that the Business Rebound & Growth Service needed to nudge an additional 0.3% growth in jobs, above and beyond that which was naturally occurring without the Business Board's intervention. This equated to at least 1,254 pa, with substantially more of these jobs being in Peterborough and the Fens, than naturally occur, and in relation to higher-value jobs in those areas, so as to increase productivity.

To meet this challenge, the Business Growth Service had been originally designed to stimulate business growth in firms to generate an additional 5,890 jobs, measured over the 3 years the Service will run and a following 3 to capture the delayed effects between intervention and jobs growth realisation. This would have produced a net-impact on additional jobs growth of 982pa, substantially contributing to the required 1,254pa to enable the doubling of the economy.

The targeting of firms to be supported, and the place-based resourcing of the Growth Advisors in the service will ensure that at least 66% of the jobs growth targeted will be in Peterborough and the Fens. By focusing the Service on higher value firms, with products and services that can command higher prices and margins, the Service will grow the proportion of higher value (GVA/employee) jobs in the communities it focusses on. This will in turn raise productivity in those areas. The principle being that, instead of attempting to grow productivity in ALL firms, the Service will grow the proportion of higher productivity firms in the broader population, to achieve a productivity lift at much lower cost.

**However, since its original design in October 2019, the economic conditions, into which the Business Growth Service will be launched in during October 2020 , have changed significantly as a result of COVID 19, and the Service now needs to include new innovations to enable it to operate even more effectively to deliver an even greater impact to compensate for a £3.7bn loss to our economy.**

---

<sup>2</sup> Overview of Economy and Employment in Cambridgeshire Report: 03 2019 <https://cambridgeshireinsight.org.uk/economy/>

## The Economic Impact of COVID 19

In August 2020, CPCA commissioned a report from consultants, Metro Dynamics, to understand the economic impact of the Covid-19 lockdown. This analysis and the underlying data will be available for CPCA in a regularly updated dashboard. This in-depth work follows on from some preliminary work conducted by Hatch Consultants and Cambridgeshire Insights.

The economic impact assessment carried out for this FBC summarises the Headline findings and Executive Summary of the first Report by Metro Dynamics entitled “COVID 19 Impact Assessment” to inform how the Business Growth Service should be adapted to mitigate the impacts of COVID 19 on businesses, as well as create and harness opportunities that it also provides.

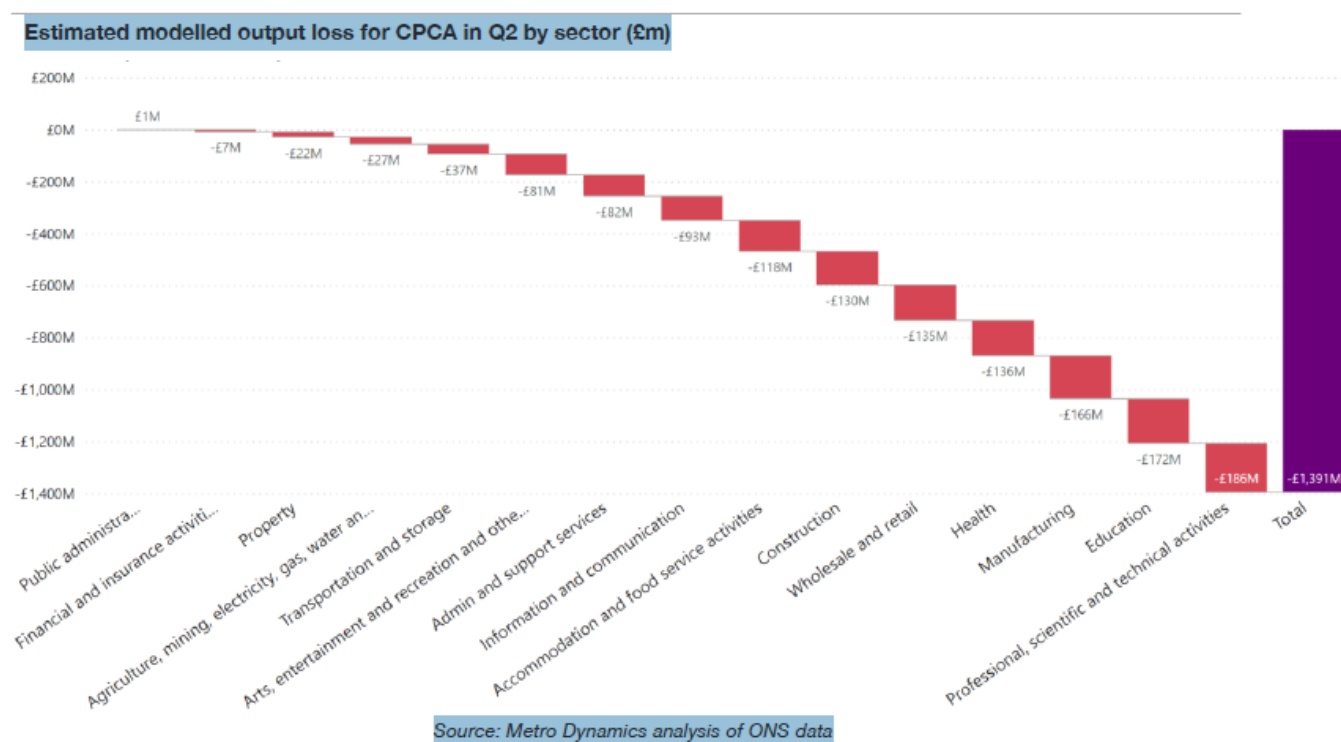
### Headline Findings from Metro Dynamics

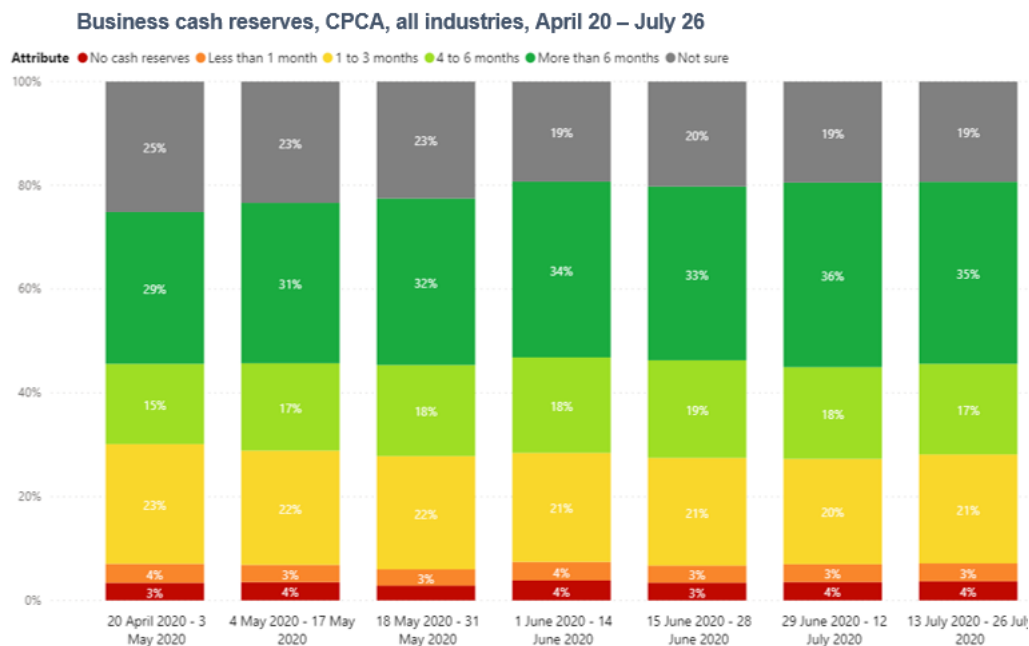
**Q2 output contracted by £1.39bn across CPCA:** a 21.9% annualised fall in output. This is less than the fall in output forecast by the OBR but is still historically significant. These numbers are modelled based on national figures and using 2018 GVA figures for CPCA.

Across sectors, the largest falls in output in percentage terms were in the visitor economy (-87%), arts & recreation (-45%), construction (-35%), and education (-34%).

Across local authorities, Q2 output fell by: Cambridge £370m (-25%); Peterborough £319m (-20%); South Cambridgeshire £298m (-22%); Huntingdonshire £214m (-20%); Fenland £99m (-22%); East Cambridgeshire £90m (-20%).

Business Cash Reserves across CPCA has slowly improved.



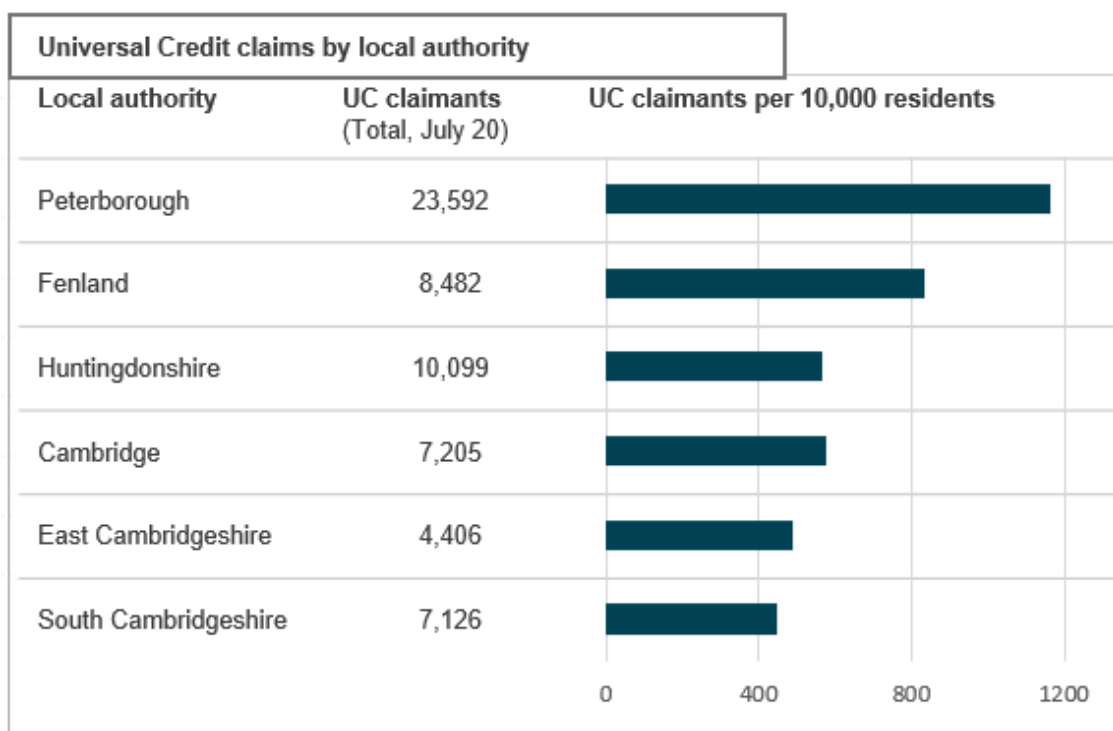


## Labour Markets

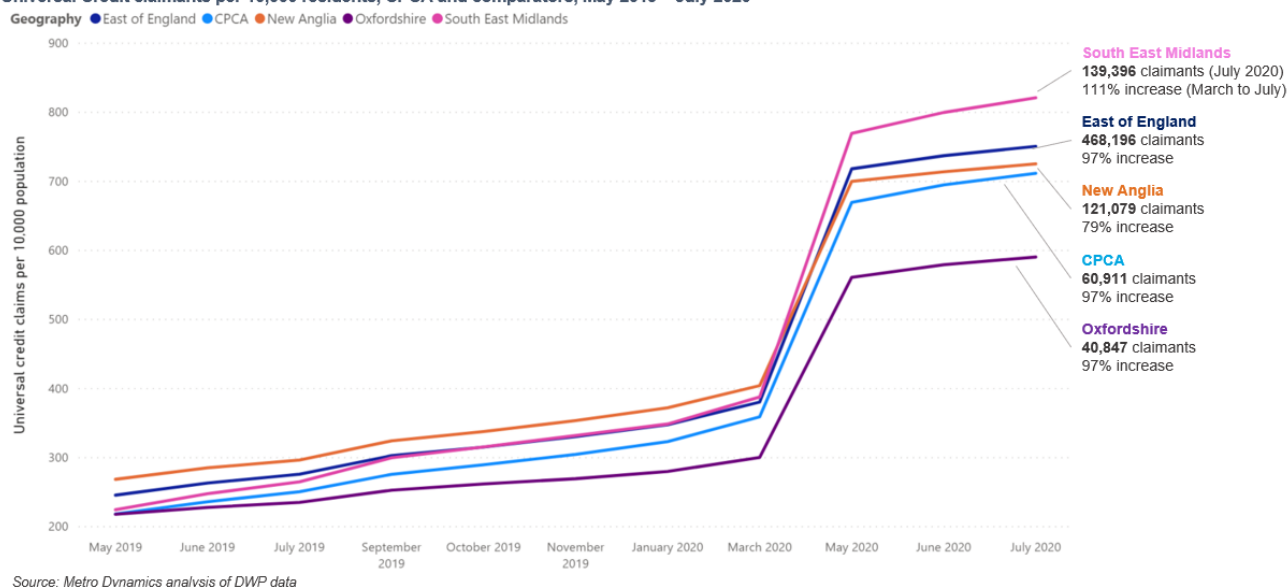
A **107% increase in universal credit claimants** from Feb – July 2020 for CPCA, compared to a 90% increase nationally.

From a low base, a 147% increase in JSA claimants from Feb – July 2020 for CPCA, compared to an 86% increase nationally.

More than 1 in 4 workers furloughed across the CPCA area, with the highest number in Peterborough (28,400) and the highest proportion of workers in Huntingdonshire (35%)



Universal Credit claimants per 10,000 residents, CPCA and comparators, May 2019 – July 2020



### Six months into the Covid-19 crisis, much uncertainty remains.

Six months into the health and economic crisis caused by Covid-19 some patterns are emerging in the shape of the impact and the likely trajectory for recovery, but there are many things still to transpire regarding business confidence levels, the labour market and long term impacts.

### The economic situation is bad, but not quite as bad as first forecast

Metro Dynamics estimate that the CPCA economy declined by £1.39bn from 1 April to 30 June (Q2): a 21.9% annualised rate of decline. While this is less than the £3.7bn fall in output first forecast by the Office of Budget Responsibility in April 2020, it is nevertheless a decline of historic significance, far exceeding the worst effects of the 2008 recession. Similar falls were recorded comparator areas, including a 22.5% decline in Oxfordshire LEP area and a 21.2% decline in New Anglia LEP.

For CPCA's sectors, the largest falls in £ terms were in the Professional, Scientific and Technical (PST) sector (-£186m, a 24% quarter on quarter fall in output), Education (-£172m, 34%) and Manufacturing (-£166m, 20%).

### Early signs are emerging of a recovery, but this is still slow and fragile and the worst period may be ahead for labour markets

After a period of decline and near-total shutdown in some sectors (Visitor Economy output fell more than 80% in Q2), it appears as though the economic freefall of April and May has since stabilised and there are some early indicators of economic activity resuming in Q3, such as businesses across most sectors reopening their doors, shoppers cautiously returning to high streets and workers to offices. That said, around one in five businesses across CPCA were continuing to access government support schemes in August and both local and global markets remain uncertain. For labour markets it is simply too soon to tell whether the worst has passed. Government policies (particularly the Coronavirus Job Retention Scheme: 'furlough') have delayed the full extent of the impact on labour markets but will not prevent some rise in unemployment when the scheme closes at the end of October.

Around one in four workers (114,800) across CPCA remain on furlough, while from February to July the number of people claiming Universal Credit increased by 107% to exceed 60,000 (a record high), compared to a 90.3% rise in claimants nationally. Since February, all local authorities except Peterborough have seen faster rises in universal credit claimants (UC) than the national average. Whilst it is important to discount the increase that was occurring anyway due to UC role out, and the fact that UC figures will include many who are furloughed and may not ultimately be unemployed, it appears increasingly likely that some structurally higher unemployment is locked in for at least the short / medium term. With very limited activity occurring in new job advertisements (particularly in lower paid / skilled roles outside construction) it is likely that some people who have recently lost their jobs will remain unemployed for some time to come. One important indicator will be the extent to which the UC claimant count increases again if the furlough schemes ends as planned in October.

### **The trajectory from here can be influenced but not controlled.**

Firms and communities in the CPCA area are still in the early stages of processing Covid-19's longer term impact. The things we do know reinforce the uncertainty ahead: the virus is still spreading globally and within the UK; National and local Government's financial and political capacity to respond is stretched; the end of the furlough scheme in October looms for many businesses and workers; Brexit, deeply uncertain global trade and travel) – highlight how difficult and uncertain the next few months will be.

There are also things we don't yet know which will be crucial to how CPCA recovers in coming months, such as:

- How the Education sector (particularly fee paying and foreign students) will rebound once 'regular' activity resumes in September;
- How soon – and to what extent – restrictions on global travel and markets will lift, which are vital for CPCA's knowledge-based sectors;
- The extent to which a temporary rise in unemployment becomes a structural issue, which may be compounded by business' increased preferences for labour-saving automation and online retail, resulting in fewer entry-level jobs;
- The extent to which a temporary shift to remote working becomes permanent for some workers, and the implications of this for the spatial pattern of economic activity;
- The pace of recovery in retail, and whether smaller centres (such as market towns) will recover faster than larger centres (such as city centres).

### **There have been substantial losses in Greater Cambridge's most prominent sectors**

Across Greater Cambridge (to generalise: Cambridge and South Cambridgeshire) output in Q2 fell by -£669m, almost half of total output lost across CPCA. Of particular interest are the output declines in Professional, Scientific and Technical (PST) activities and (-£136m) and Education (-£104m). To some extent this reflects their size, but both are also highly dependent on future global markets and travel. Greater Cambridge's success stems from its reputation as a centre of knowledge, research and innovation, which attracts global capital and the highest-skilled workers. Covid-19 poses a real risk here, and one which is largely beyond CPCA's control: if, as it has done throughout 2020, Covid-19 continues to disrupt and obstruct the international flow of labour, students and capital then Greater Cambridge's economic activity will remain subdued, with the risk of longer-term scarring or permanent loss of output and employment. Already 14,000 people are claiming Universal Credit: around 5% of residents. Our analysis notes similar problems in other knowledge-based economies, such as in Oxfordshire, where Q2 Education sector output fell by -£180m.



### **Greater Peterborough's emerging Manufacturing specialism has suffered, and a slow retail recovery puts many jobs at risk**

Across Greater Peterborough output in Q2 fell by around -£533m, led by a -£78m decline in Manufacturing output and a -£67m decline in Retail output. Manufacturing is the region's largest source of GVA (nearly 15% of total) while Retail employs 36,000 people: 18% of the workforce. In recent years manufacturing has emerged as a fast-growing regional specialism that helps to diversify CPCA's economy, progress which risks being set back by Covid-19.

Though the region appears so far to have been spared from the worst of the recession, a slow recovery in the retail sector poses a real threat to regional employment, given 36,000 workers are employed in the sector. An analysis of high streets shows that activity has been slower to return in Greater Peterborough than in other parts of CPCA. It remains to be seen whether the shift to online retail is temporary, or whether there is some permanent displacement of in-person retail activity. If there is, many retail jobs across Greater Peterborough are at risk over the longer term.

### **A strong agrifood economy has spared The Fens from the worst, but challenges lie ahead**

The Fens experienced around -£189m loss of output in Q2. Though the loss in output is smaller here than in other areas that is because there was less to lose to begin with. The Fens' strong Agrifood base (£326m output, 9% of GVA) may have helped insulate the region from the worst effects of the economic shock as regional food production and processing stepped up to meet demand. That said, there are now more than 13,000 Universal Credit claimant across the region, and new claims have been increasing at a faster rate than nationally. In addition, there are fewer obvious drivers of economic recovery in the region if the economy stalls further.

### **CPCAs strategic objectives remain relevant and valid – but there will be both opportunities and challenges that provide scope for taking a fresh look at how they are achieved:**

1. The spatial pattern of economy activity and the relationships between places for work, living, leisure and learning are changing.
2. Structurally higher unemployment is likely to endure some time and the burden will fall disproportionately on more deprived people and places.
3. Global capital is flowing to temporary safe havens and reliable future bets – of which CPCA may be one. While global capital can still flow across borders, the same cannot be easily said for international labour or students.
4. Productivity performance is likely to vary substantially across places and sectors, with the path out of the crisis potentially influencing productivity for some time to come.
5. The pandemic reduced travel and loading factors for all transport modes and routes across the CPCA area. In the recovery there are new capacity constraints on public transport from social distancing, and renewed public appetite for greener modes of personal transport.

## The Programme Design Response for Economic Recovery

Our workforce will face huge challenges in the future, with many already facing huge uncertainty and threat of redundancy. The future workers in our region, our young students, face the daunting prospect of entering a severely contracted jobs market that is now newly congested with competition from experienced talent who have found themselves jobless. Hence, the Business Growth Service will need to be adapted to ensure that recovery is speeded through a stronger rebound and that it is even more inclusive, reducing the disparities between our sub-economies and building future resilience. In addition, the Service must help our economy become greener, faster.

### Economic Recovery Adaptions to the Growth Coaching Service

The key message for the Service to convey to all businesses is to find ways to capture what they have learned from the unforeseen and enforced impacts of Covid-19 on markets, customer behaviours and working practices. Over a very short timeframe, businesses have had to rapidly adopt new technologies to facilitate, amongst other things, mass home working. They have localised their supply-chains and many will have moved into new markets. Returning to “business as usual” may not be the best strategy and this presents new opportunities for entrepreneurs - growth opportunities the Service will help businesses identify and exploit. Helping businesses to ask the right questions and implement change to be able to act on the answers will be a key new feature of the Service. Not only will this help companies recover from the economic shock, it will also build and embed resilience against future shocks whatever their source.

### A New Rebound & Grow Coaching Service

Ready for launch in October this service will be harnessed to strengthen the “business bounce” in our economy by targeting and engaging our highest potential growth firms into **Rebound & Grow Coaching**. To adapt the service for the rebound phase of recovery, the coaching offerings are being redesigned around the “ROAR” approach to regrowth, comprising four elements: Recover–Orient–Adapt–Regrow:

- **Recover:** Rebooting and rebuilding the corporate systems and management processes that enable the core customer acquisition and service fulfilment of the company. Rebuilding new, and possibly lower, steady state revenue lines and adjusting the organisations costs base to them.
- **Orient:** taking time to fully understand the longer-term shifts in markets and customer behaviours, such as;
  - Reduced customer access brought about by a more permanent shift in behaviours towards online and distance buying.
  - Extended and fluctuating periods of social distancing impacting productivity and causing supply chain consolidation & localisation



- New opportunities for faster growing product and service lines and more efficient and cost-effective modes of delivery and working practices.
- **Adapt:** Harnessing the medium and longer-term shift in the business environment to create new product and service differentiation and organisational strengths.
- **Regrow:** Harnessing an accredited pool of experienced entrepreneurs and business coaches to help local business leaders to orient & adapt to the permanent shifts in their business and identifying and capture regrowth opportunities, including supporting micro and SME's with toolkits and advice that can help them thrive in an increasingly digital and e-commerce landscape. A potential further £20m of growth grants and investment to businesses.

### **Support for the Visitor Economy to Recover & Adapt**

Growth Advisors will link firms with potential for strong rebound, within the visitor economy of Cambridge, into the new £145,000 Grant Scheme for revenue grants of between £1000 - £3000 for equipment and support to help evolve, adapt and implement new processes and technologies to capture the evolving remote “virtual visitor” experience and marketplace.

### **Support for Displaced Workers to Transition into Entrepreneurship**

Post-COVID labour market conditions, created by a significant increase in displaced workers coupled with a contraction in job opportunities will produce fierce competition for new and re-growth jobs. However, large-scale re-employment could also be supported by encouraging entrepreneurialism and self-employment with 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 the National Skills Fund and AEB Funding to design specialised courses for aspiring entrepreneurs.

### **Support for City & Town Centre Firms to Rebound**

Both Peterborough and Cambridge cities have applied for new city centre improvement funding from the CPCA Business Board, through its Local Growth Fund. These applications have been designed to support the regeneration of the City Centres by moving more to outside entertainment and socialising. The applications will follow the LGF process and will be required to meet the outputs and outcomes identified in LGF increasing jobs, safeguarding jobs and improving the estate grades and access to the City Centres.

An adaption of the existing Market Towns Fund provided by the CPCA through its devolved Gainshare Funding as a ringfenced £2m fund will enable a co-ordinated approach to the changes required post COVID to management of people meeting and socialising, maintaining the retail, leisure, hospitality and environmental sectors in town centres. A commitment was made by the CPCA to work in partnership with district and town councils to produce masterplans for key towns.

## **Economic Recovery Adaptions to the Inward Investment Service**

For the first year of the three-year Service, the new service will specifically target not just the planned core customers of the Service, i.e., foreign and national relocating firms, but additionally, regional firms. These businesses are currently adapting to greater remote working and downsizing their premises requirements (in both terms of space and costs). This possibly permanent shift to more remote working, will create a large population of firms in transit, between premises and potentially towns and cities. These will include high potential firms, that we should engage and build tailored packages of support. The service will operate a tiered model to attract regional relocations into The Fens, national relocations into Greater Peterborough and global relocations into Greater Cambridge.

## **Economic Recovery Adaptions to the Skills Brokerage**

### **Improved Careers Advice to Better Connect School Leavers with Jobs**

The CPCA will implement the recommendations from the Cambridge Ahead report<sup>3</sup> on the disconnect between career guidance in schools and the workplace, to improve the original design of the Careers Advice element of the Skills Brokerage, funded through the DfE's Careers Enterprise Company (CEC). As part of the redesign, the new Service, in partnership with GCPs commission for Careers Advice from Form The Future Ltd, and Cambridge Ahead Member support in Greater Cambridge will increase engagement and coordination of employers to provide more Careers Advice into schools. This will include a Greater Cambridge pilot to encourage more large employers to generate active engagement with schools and seek to ensure:

- Work mentoring, work experience, and industry placements increase
- All schools have a dedicated careers leader to coordinate career guidance
- Teachers understand technical education pathways and give them equal emphasis.
- Learners understanding of the skills required in the labour market locally increases
- Employer mentoring for learners on the demands and working life increases
- The CEC element of the Skills Brokerage becomes the default partner for schools

### **Helping FE Providers to Adapt to More Remote Learning**

To better support the Skills Brokerage, the CPCA will use underspends in its Adult Education Budget, relating to the COVID 19 impact on student volumes, combined with some Local Growth Funds, to create a £320k Adult Skills Digital Delivery Innovation Fund. This will be provided to local, colleges and independent training providers to finance the costs of digital transformation within FE delivery, through capital grants for IT equipment for staff and learners, as well as revenue funding for additional staff to adapt courses for remote delivery. It will improve digital access, connectivity and provide devices for those that need it most to tackle any inequalities and ensure all can take advantage of learning opportunities identified by our Skills Brokers.

---

<sup>3</sup> [https://www.rand.org/pubs/research\\_reports/RR4491.html](https://www.rand.org/pubs/research_reports/RR4491.html)

## Improved Learner Access to Digital Skills Development

Poor digital skills make it difficult for people to take up employment, education and training opportunities. Hence, Skills Brokers will signpost workers and those unemployed to greater provision of digital skills to help mitigate against digital exclusion for those most in need of training and in low skilled jobs. The CPCA will seek to fund increased provision through local devolution and integration of the Adult Education Budget with the National Retraining Scheme, Apprenticeship Levy and National Skills Fund to create more scope for increasing higher level digital provision to ensure our workforce are able to perform in a digitally focused world.

## Connecting Displaced Talent into Re-Skilling & Jobs Faster

The new Service will target Skills Brokers, through our partners in Job Centre Plus, onto those displaced workers from the hardest hit sectors. Adapting the service to create bespoke pathways into retraining and on into a job. This will include fast and facilitated access to the:

- **Apprentice Bonus Scheme** to pay employers to create new apprenticeships, providing between £1,500 and £2,000 to support salary costs of apprentices, paid in addition to the existing £1,000 payment for new 16-18 year old apprentices, and those aged under 25 with an Education, Health and Care Plan.
- **£2bn Kickstart Scheme**, potentially delivered through the CPCA, providing an average of £6,500, to cover 100% of the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions for new jobs created that include training for 16-24-year olds at risk of long-term unemployment.
- **Traineeship Bonus Scheme** to pay employers to create new traineeship placements, providing a one-off payment of £1,000 for trainee work placements of over 70 hours.

The Skills Brokers will also target major employers to connect job seekers into their recruitment programmes including in key sectors such as:

- **Engineering** - Working with Marshall Cambridge and their supply chain to create **50 Apprenticeships and 30 Adults** retraining opportunities.
- **Health and Care** - Working with the local NHS Trusts to create **300 new jobs** for those displaced but seeking to be retained in the sector. Working through the local Health and Care Sector Work Academy to link people into training and a guaranteed interview in the sector.
- **Life Science** – Where the Skills Brokers will map new jobs against displaced workers placing learners into at least **50 jobs**.

## Economic Recovery Adaptions to Our Priority Sector Strategy

The LIS identified four priority sectors upon which to focus our interventions for long-term, innovation-based growth. These included:

- **Life Science:** Consolidating Greater Cambridge as a Global Centre for discovery and connecting it across the Arc to create a Global Player in diagnostics markets.
- **Digital & AI:** Establishing Greater Cambridge and the Arc as the preferred base for firms across the world to create and adopt the technologies of tomorrow.
- **Agri-Tech:** Strengthening the university spin-out culture and capability in Cambridge and developing a scale-up and tech-transfer capacity in Peterborough and the Fens.
- **Advanced Manufacturing & Materials:** Expanding the Greater Cambridge science base northward to rejuvenate Peterborough's manufacturing heritage to establish a manufacturing innovation eco-system to spread high-value, inclusive growth.

However, recovery must take a more pragmatic approach in balancing support for our hardest hit sectors, with investment into those with the greatest potential for long-term growth. Hence, our recovery strategy will embrace additional sectors as a priority upon which to focus Service's interventions. This will consider, emerging growth sectors that we will need to be able to respond to as and when they materialise. Currently, the additional sectors to priorities include:

- **Retail, Hospitality and Leisure:** Helping firms to deal with the continuing and long-term social distancing and behaviour change, **especially in the Visitor Economy.**
- **Construction:** Helping firms to adapt to a new commercial market as businesses adopt remote working longer-term, helping developers stimulate demand in the homeowner market and creating new demand through infrastructure investments.
- **Transport:** Helping operators to shift current public perception of mass-transit safety that threaten a structural shift in the commercial operation of public transport
- **Education:** Supporting HE and FE to transition permanently towards greater digital delivery for remote learning, embracing more business model innovation to harnesses blended learning to embed more of the curriculum in businesses.
- **General Manufacturing:** Helping firms deal with the disruption in their supply chains, the slow recovery in demand and the potential impacts of a no deal Brexit.

## Case for Change to Our Current Service Delivery Arrangements

### Current State Assessment: The CPCA Growth Hub

#### Current Provision

Meeting the strategic growth ambition, set out in the LIS and subsequently amended through the Local Economic Recovery Strategy (LERS), requires the Business Board to rethink its business growth support services. This has led us to look at our existing Growth Hub Service, its future potential and how we best align it to deliver on the intent of the LIS and LERS. The Growth Hub, employing 3 FTEs, has engaged 1,400 firms since 2016, but has not recorded what impact it has had on generating business growth (it is not required to by BEIS – its funder). No reliable data exists across the Growth Hub network on business growth impacts of the Service.<sup>4</sup> However, it has contributed a valuable role through its predominantly phone-based services and has been particularly good at encouraging, informing, and connecting companies with other sources of support for improving growth. Through our Growth Hub Review businesses have told us they value advisors as trusted impartial, government experts. They are effective in triggering new growth and encouraging companies to internationalise by trading more products and services in more markets.

#### The Need for Change

Building on these strengths it is clear there is the potential to drive still greater value from our investment in our growth services. As the Business Board has focused on formulating a new and more ambitious business growth strategy through the LIS and LERS, we have taken a step back to understand how:

1. We best align the Growth Hub to deliver the central objective of creating place-based recovery, rebound and growth that increases productivity in Greater Peterborough and the Fens.
2. We might improve the service based on 'lessons learned' so far, responding to the growing evidence base on what works well, and what we can improve.

In reviewing our existing ways of working we identified some **key opportunities for change and improvement**. When considering the current service, we note that it;

1. Was set up to deliver against targets based on the "volume" of customers serviced rather than the growth created in GVA and jobs; which is central to our LIS and LERS;
2. Deals, 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 in the places we desire.

---

<sup>4</sup> CPCA interviews with Warren Rails, CEO of LEP Network and Rannia Leontaridi, BEIS Director & Senior Responsible Officer for Growth Hub funding,

3. Spreads our resource thinly over a large population of small, low potential firms, reducing average service time to less than three hours per business;
4. Has no clearly defined 'service offer' which contributes to a low level of awareness of Growth Advisors and their capabilities among the business population.

### **The Proposal for Change**

The proposed Business Rebound & Growth Service will retain the central role of the Growth Advisors, available as a free service for businesses across the economy. This will take the form of the telephone based and field staff, focused on engagement, diagnosis of need and brokering (EDB) to expert support, 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 high-value coaching to deliver real business growth. In delivering EDB, these staff will engage at least three times the firms taken into coaching services and provide them with the same broad advice and signposting services currently provided by phone to Growth Hub customers. However, in addition, the key changes proposed are:

1. Prospecting of the high potential start-ups, set-ups and scale-ups, most able to help CPCA achieve place-based, productive and inclusive growth.
2. Positioning Growth Advisors as trusted and impartial brokers, with a remit to help companies identify and overcome growth barriers, developing packages of advice and coaching for the business leaders, brokered to experts in the firms' sectors and markets to help them break down those barriers and better realise their full growth potential.
3. 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;
4. Developing long-term relationships with the highest growth potential companies;
5. Leveraging the private sector advisory market much more effectively through a pool of commercial growth coaches, able to deliver deeper, broader and bespoke growth support services to each individual firm and its management team;
6. The provision of a "Nudge Grant" for smaller firms, where it is needed to encourage them into taking up commercially available services from the private sector, which they would otherwise not normally use.

## Current State Assessment: The CPCA Inward Investment Service

### Current Provision

The current Inward Investment activity funded by the Business Board is delivered through Opportunity Peterborough in Greater Peterborough alone and on a one-year contract only basis, consisting of £100k funding and 1.5 FTE of resource. The current approach on inward investment activity can be summarised as being disparate, under-resourced and lacking a single clear unifying brand identity. This results in:

1. Failure to deliver a whole-economy coverage or local customisation, with limited international market penetration for most of the area.
2. Failure to maximise the area's genuinely world-class sectors, research, technology and innovation strengths and to clearly promote and differentiate itself via the use of robust market and data analysis, media and marketing collateral cross referencing place offer.
3. Failure to fully leverage the resources of partners networks (at a regional, national and international level) to the benefit the CPCA economy.
4. Failure to compete effectively with competitor regions across the UK such as Birmingham, Manchester, Bristol and Oxford.

In the CPCA region only Opportunity Peterborough has a dedicated Inward Investment function. The other Local Authorities assign variable amounts of resource and personnel, but this is mainly as a small part of their Economic Development teams' existing activity. In the Greater Cambridge there is a small project; Cambridge &... which has participated in the procurement process for the selection of a supplier to provide services in Greater Cambridge.

Meeting the stated strategic growth ambition requires the CPCA to invest into an Inward Investment Programme of a larger scale to deliver the growth impact required. This has led us to look at our existing Inward Investment activity and how we best align it to deliver on the intent of the LIS and LERS.

Key to improvement of our inward investment performance is the better sourcing of leads for new investors. Other MCA's Inward Investment team leaders interviewed, have reported that 60% of their enquiry leads come directly to them from their self-generated pipeline activities and not through the DIT national Inward Investment activities. DIT confirm this, accepting that the majority of UK FDI and Capital investment is generated outside their delivery teams across HMG's global network of embassies, consulates and posts. The CPCA is currently almost entirely reliant on DIT for all FDI and capital investment promotion and consequently investment levels could be driven higher than are currently achieved.

Other reasons that the national DIT Inward Investment teams should not be relied upon solely for FDI and capital investment into our economy, include:

1. DIT's *UK First Policy* means they are not able to easily promote a single area at Post to an investor and so a generalised approach manifests "in-market".
2. DIT's resources are balanced to their funding formulae which favour Northern Power-House and Midlands Engine with little resource being focused on the C&P economy.
3. DIT does not possess the local relationships and granular understanding of the Cambridgeshire & Peterborough offer locally in our cities and market towns.

## The Need for Change

Inward Investment, has for many years, been very poorly funded and resourced in the C&P economy. It has also been poorly coordinated and directed across the economy and has failed to provide sufficient scale to have any meaningful impact. It is a long-term activity and requires continued resources for prolonged activity to develop pipelines of enquiries and functional investor relationships to work within decision making cycles common to most companies and funders. From DIT data, we can already see that inward investment into the CPCA area is declining in both the last two years.

Unless the CPCA acts on the delivery arrangements for Inward Investment this trend is unlikely to reverse. However, despite the recent downturn in inward investment performance locally, our historical performance has been strong, indicating that the attractiveness of our investable assets is excellent, and that it is the relatively poor marketing of them that is the major contributor to recent weaknesses in performance.

CPCA performance contrasts with the fortunes of the other MCA's, most of which have seen an increase in numbers of successful investments and associated jobs, as a result of well-coordinated and directed asset promotion, investor landing and account management activities. This has been particularly the case for Greater Manchester and West Midlands where their Inward Investment Services have been highly active. The table below compares how some Combined Authorities are performing relative to CPCA:

MCA		2014/15	2015/16	2016/17	2017/18
Greater Manchester	Successes	67	85	78	72
	New Jobs	2021	2578	3435	1476
Liverpool City Region	Successes	28	27	33	34
	New Jobs	1126	621	507	667
West Midlands	Successes	73	81	61	76
	New Jobs	4739	5176	2580	3138
CPCA	Successes	35	44	78	57
	New Jobs	872	855	1556	1084



## The Proposal for Change

The case for resourcing a new enhanced, proactive Inward Investment service is a key element of the Business Rebound & Growth Service we propose to create. The proposed Inward Investment Service within the wider Service, will create the central role of coordinating Inward Investment support across the CPCA area. Pragmatic improvements will substantially improve CPCA impacts on growth, including the attraction into our economy of high potential **overseas companies as set-ups**, as well as **overseas investors to drive forward our start-ups and scale-ups**

Key features of the enhanced service include:

1. **Targeting:** A strategy for which type of investment is most desirable for the CPCA area (sectors; business, functions, company culture) and targeted outreach programmes to actively approach target companies
2. **Lead Generation:** Prospecting of high potential inward investment opportunities both existing companies invested into UK (but not necessarily in CPCA area), Global Growth companies seeking to open up the UK market to their services and entrepreneurial scale-ups.
3. **Sector Specialisms:** Positioning Inward Investment Specialists as trusted and impartial experts with a remit to help companies consider CPCA area for their location of UK investment, identify and develop packages of advice, direct support and solutions to land the companies investment and better realise their full growth potential.
4. **Strategic Account Management:** Account Managers spending more time with existing company investors with a presence in CPCA and also those already in UK/London with no presence in CPCA, understanding needs, encouraging, informing & connecting firms to sources of commercial advice and support to secure the investment. Developing longer-term relationships with the strategic target companies with whom the CPCA would want to see investing in the area.
5. **Place Offer:** Leveraging the private sector advisory market much more effectively through Place based Specialists, like the Cambridge & able to deliver deeper, broader and bespoke Inward Investment support services to each individual firm;
6. **Excellent Client handling:** A sales process to capture and nurture all leads, building links to multiple individuals in target companies and managing them through evaluation and decision phases to investment commitment with a follow-up facilitation service to help companies install and get connected quickly

## Current State Assessment: The Various Skills Services

### Current Provision

There are currently four Skills Services working within the CPCA area, each are generally focused onto one of the three sub-economies, but with some overlap.

1. **The Opportunity Peterborough (OP) Skills Service**, funded by the CPCA, covers the geography of Peterborough, Huntingdonshire, Fenland and East Cambridgeshire. Its focus has been broader than the proposed Skills Brokerage Service, in that it works directly with secondary students to prepare them more generally for the world of work with activities such as CV writing, interview techniques and employer events. However, recent changes to the contract between has focused the Service more on to raising the desire amongst local talent for apprenticeships.
2. **The Form the Future (FTF) Apprenticeship Service**, funded by the Greater Cambridge Partnership, is provided within the Cambridge and South Cambs area to connect students and businesses. This is the only current service that has a specific apprenticeship target. This was for 210 apprenticeships per year but is being revised as a result of the impact of COVID 19.
3. **The Edge Brokerage for Jobs and Skills** is a partnership between Urban & Civic, HDC, Groundwork East, Cambridge County Council, Job Centre Plus, CPCA, and CRC. It covers the geography of Huntingdonshire and beyond. They have funding from CITB for a new Edge Construction Hub and focus on supporting individuals in finding work and connecting them to employers with jobs and apprenticeships opportunities.
4. **The Opportunity Area Levy Advisor service**, funded by DWP through the CPCA, provides two CPCA employed staff to mobilise the Levy Pooling Service and support Levy employers to utilise their levy more effectively. One Levy Advisor has been appointed the other post is vacant.

All four current skills services have good relationships and reputations with schools and businesses. However, there are clearly, several geographic overlaps and a number of gaps in provision. Most are focused on the provision of generic careers advice, rather than providing a consistent, whole-economy service, to inspire and support displaced workers, learners and the unemployed into jobs with in-work training.

## The Need for Change

**The skills landscape is confusing** for learners and employers; the reforms in Technical Education with the introduction of the Apprenticeship Levy, Trailblazers, and the emergence of T Levels, has created more complexity within an already confusing skills eco-system. To make things worse, there are four different providers in a relatively small economy, all with differing offers.

**Businesses need better workforce skills than are available**, particularly in the north, which reduces productivity and average wage level; The recent Baldwin's report (April 2019) for one of the CPCA's sub economies suggests that 26% of businesses are looking to upskill their existing staff in the Greater Peterborough area. The deficit between the skills requirements of employers in the north, and those of the available workforce, will transcend the current COVID 19 depressing effect on employer training investment.

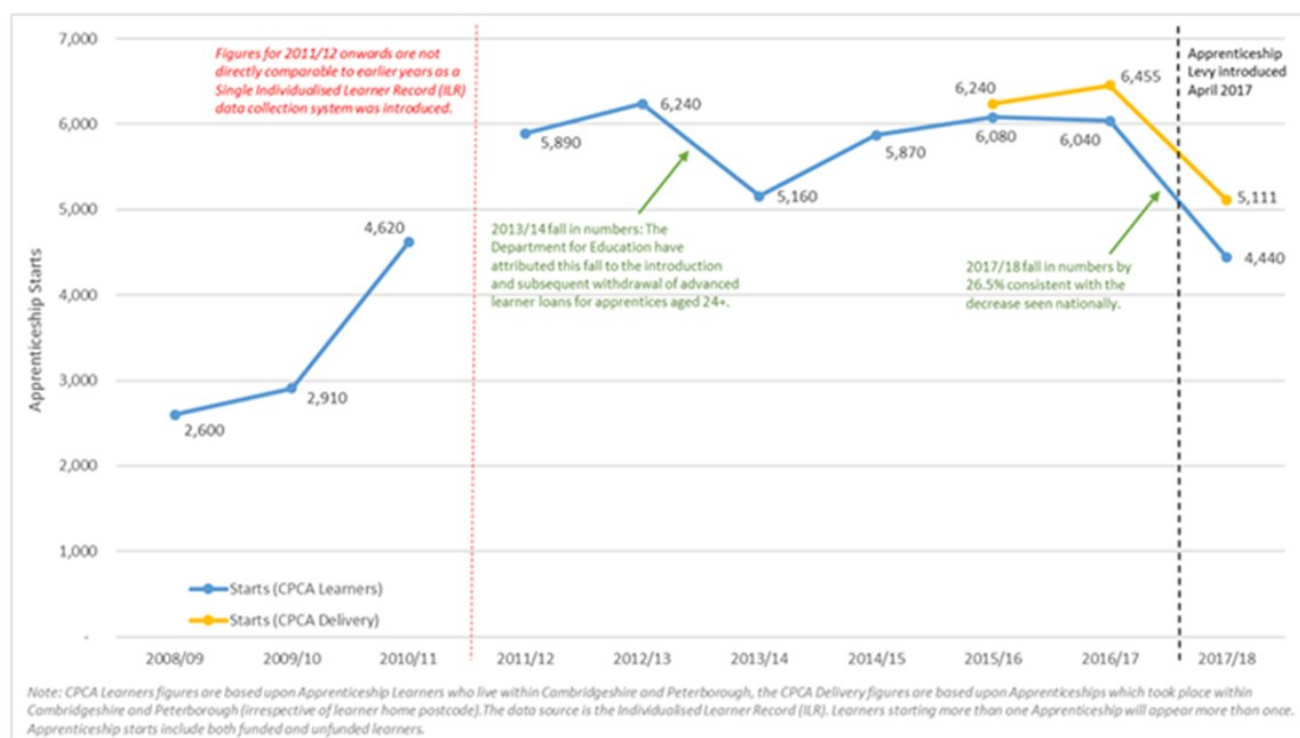
**The CPCA is failing to deliver on its Skills Strategy** which includes the following objectives:

1. Wherever possible the CPCA should look to simplify access to skills support for employers and learners. At the same time our colleges and providers deserve a more stable basis for funding and relationships. This means contracting with fewer providers and developing deeper relationships. In this way, CPCA initiatives can help rebuild employer confidence in the local skills system.
2. The CPCA should not tell others what to do; but help determine priorities and push organisation towards what works best. In this context, the role of the CPCA is to commission, to test, and to facilitate engagement between learners, employers, and providers.
3. The CPCA should tailor its interventions appropriately to its sub-economies, sectors, and learners. A one-size fits all approach is not suitable for the three distinctive labour markets in the economy, and resources should be targeted on to what makes the most difference.

The need for change is also informed by the analysis of past performance in enabling the take-up of apprenticeships to support employer demand. The analysis of the 10 Year Trend in Apprenticeship data from 2008 to 2018, as well as the underlying issues identified in the CPIER and employer surveys, show that:

1. **Before 2016/17 the market was relatively stable** with the volume of apprenticeship starts being steady. The exception being 2013/14 when the number of starts dropped due to the introduction of the 24+ Advanced Learner Loans, which required that Level 3 Apprentices of 24 and above, to pay for their own Apprenticeship. Subsequently DfE withdrew this, however the numbers did not recover immediately.

2. **The market was disrupted by the introduction of the Apprenticeship Levy** in 2017/18 causing a large scale and systemic decline in Apprenticeship numbers. This resulted in a reduction of 1,600 Apprenticeships as the levy paid by larger employers was failing to get through to smaller firms, as was envisaged by the DfE.
3. **The levy utilisation in C&PC was only 13% of that generated in levy payments** by firms; indicating an 87% under-utilisation for both the levy payers and also the small firms that could also be benefiting. The figure nationally is little better at 14% and highlights the urgency of the need to create a levy pooling system and related course development service, that can help larger firms to access more and better courses that help them utilise more of their levy, and help smaller firms access unused levy to fund the courses to upskill their workforce.



4. **The recent impacted of Covid-19 has depressed apprenticeship numbers further.** Nationally, apprenticeship starts fell by 7.3% in the period August 2019 to January 2020 compared to the same period in 2018/19 (pre-Covid). Apprenticeships then fell further by 52.3% in the period 23 March 30 June compared to the same period in the previous year. This is expected to worsen over the course of the current quarter, as the furlough scheme comes to an end and many businesses struggle to recover their revenues.
5. **The CPCA needs to re-baseline the level of naturally occurring apprenticeships** so that it can measure its impact on increasing apprenticeship numbers through its interventions. The 2018/19 Apprenticeship Baseline (5,447 starts) presented at OBC, is no longer an appropriate measure, as the number of naturally occurring apprenticeships will be significantly reduced over the short to medium term to around 1,900

## The Proposal for Change

It is the market failure brought about by the introduction of the Levy system, the COVID 19 induced drop in demand and the confusion created in the marketplace by multiple offers that differ widely, that the Skills Brokerage Service addresses. Specifically, it is designed to increase the “bounce-back” growth rate in apprenticeships from a forecast naturally occurring 7% to 10% over the 21/22 academic year, to generate just a further 200 apprenticeships (to 2,100) on the temporarily depressed 20/21 forecast of around 1,900. Then stimulate a medium-term recovery in 22/23 of 550 further apprentices to achieve a rebound of 26% to achieve 2,450 and finally to recover apprenticeship back to a modest 50% of their 18/19 levels of 5,447, to achieve 2,750 in 23/24. However, we will need to be prepared to compromise with delivery partners for the proposed Skills Brokerage, on this proposed target for CPCA additionally generated apprenticeships over the contract period.

To deliver this recovery in apprenticeship numbers over the next three academic years, the Skills Brokerage Service will need to deliver:

- **A Digital Talent Portal;** The CPCA will support providers, schools, colleges, higher education, parents and residents to navigate effectively through the complex skills landscape by the creation of the Digital Talent Portal through a “one stop shop” This action will facilitate a better match of potential talent to skills needs and job vacancies and in so doing will create opportunities for a strong, productive and thriving economy. This will increase the number of people transitioning through the skills ecosystem into Apprenticeships, Higher Education and employment.
- **A Brokerage Service** to support the promotion of Apprenticeships to connect employers, providers and learners; Brokering opportunities to encourage and increase work experience, T Level Industry placements, traineeships, apprenticeships, and graduate placements particularly through wider employer engagement and involving supply chains.
- **A Levy Pooling Marketplace** growing Apprenticeships by creating a by working with Levy Employers to support SME’s in Priority and Supporting Sectors using the 25% Levy Transfer. Creating a Levy pot that SME’s can access, so that together with our businesses and Training Providers we can utilise it better.
- **Apprenticeship & Levy Specialists** trained to support with knowledge of Apprenticeships and Training and able to support employers to use their levy.
- **Support for micro businesses** unable to take on an Apprentice due to either their size or specialist nature.
- **A Careers Aspiration Pilot** to increase the amount of young people entering Higher and Degree Apprenticeships. This will increase the life chances of those who wouldn’t ordinarily take these routes and will link with the University of Peterborough.

## The Need for Locally Tailored Delivery Plans

The OBC stipulated that the Delivery Plan for the Business Growth Service would be developed in consultation with officers in the seven local authorities, in order to tailor the services to the specific needs of the three sub-economies. The results of this consultation process have identified the importance of a number of key features in how the COVID 19 adapted Business Rebound & Growth Service should be delivered:

1. **Firms should be engaged into all the services available through a “single front door”** to avoid business leaders being contacted multiple times by sales teams and economic development officers from multiple organisations promoting different services
2. **Firms should be provided with an integrated offer** and not be required to navigate the Business Board’s and other existing similar services in a piecemeal manner. The offer should be in the form of a bespoke package able to meet diverse customer needs across a portfolio of services and our differing sub-economies, cities and towns.
3. **Firms should be provided with growth funding alongside growth advice** by adding a range of grants and equity investment options to the portfolio of growth services, including.
  - a. **The Small Business Capital Growth Investment Fund**, previously approved and ringfenced, within the LGF budget as an allocation of £9m, in September 2019, and later adapted into the Business Board’s COVID Recovery Grant earlier this year. Of the originally allocated funds, there remains **£3m of Growth Grants and £6m of Growth Equity** investment funding.
  - b. **An innovation & relocation grant** also previously approved and ringfenced, within the LGF budget, in September 2019 by both the Business Board and CPCA Board, but with the separate focus on helping small firms in meeting the costs of accessing; R&D funding from UK and EU agencies for new product development; or investment for new build employment space and help with planning permissions.

The goals and delivery approach for this fully integrated service have been agreed with local authority officers as being required to be focused differently in each of the three sub-economies. The different needs of each sub-economy are summarised overleaf and illustrated diagrammatically in Appendix 3.



	Greater Peterborough	The Fens	Greater Cambridge
<b>Growth Coaching Service</b>	<p>Customer focus towards a mix of firms as follows: Size focus: 70% &lt;10 emp; 20% 10-50 emp; 10% &gt;50 emp</p> <p>Sector focus: Logistics, Construction, food and drink, Business Services, Digital, Environmental. Connectivity with proposed Manufacturing Network for improved access to firms</p> <p>Need deliver partners with strong coach connections, sales processes growth barrier diagnostic software</p> <p>Hunts: Sector focus - precision technology, digital, paper and packaging, metal and composite materials manufacturing industries, logistics and e-commerce.</p> <p>Specific support for business in internationalisation and accessing new markets, as well as leadership and management training for SMEs in priority sectors esp if delivered at IMET Building sustainable support networks through coached firms becoming mentors to other firms, and collaborate to build shared capability supply chains in local clusters.</p>	<p>Customer focus: Consider adopting a lower growth threshold for firms in fens</p> <p>Emphasise network building amongst firms and better connecting them into District Councils</p> <p>Focus specifically on Agri-Food Sector Supply Chains</p>	<p>Sector focus: Life Sciences, Digital, Adv Manufacturing</p> <p>Size focus: strong emphasis on micro businesses</p> <p>Recognition of different needs between city and rural firms</p> <p>Strong use of existing business networks inside Cambridge, with clarity for the customer on what is already available and what value the proposed services add to existing support.</p> <p>Careful monitoring of take-up with ability to flex and adapt services and growth ambition thresholds of customers.</p> <p>Need delivery partner, familiar with supply chain growth models such as those used in collaborative R&amp;D, AMSCI Sharing in Growth programme and U.S. models such as the Illumina Accelerator</p>
<b>Inward Investment Service</b>	<p>Sector focus: Logistics relocations from Midlands, Prof Services, HMG &amp; NGOs from London, Global foreign direct investors from US &amp; EU</p> <p>Hunts: Single front door sales team must include sector specialists in priority sectors with cross cutting expertise to support on skills (including upskilling) and attracting inward investment. Need to design campaigns to link into Dept for International Trade embassies and posts, in investor markets (countries) most relevant to each sub-economies' priority sectors. Focused Account Management onto existing on-patch inward investors with capability to expand. Targeted Scale-Up Relocation Packages for firms attracted from contiguous economies, incl south to LSCC and west to OxCam, along with Cambridge firms looking to scale-up, where cost of space and labour is key in robotics, medical diagnostics and manufacturing.</p> <p>Connectivity into DIT high value campaigns in sector-market combinations for current and future sectors.</p>	<p>Targeted Scale-Up Relocation Packages for firms attracted from contiguous economies, along with Cambridge firms looking to scale-up, where cost of space and labour is becoming key to operational efficiency.</p> <p>Creation of bespoke packages of support for firms relocating into the Fens, including partnerships with developers to support expansion of business space availability.</p>	<p>Connectivity with local networks and services such as Cambridge &amp; Linking wider scale-up support elements with inward locating firms and connecting them into clusters and networks</p> <p>Need to operate links with Dept for International Trade with single front door Target investors on to enterprise zone, new towns and new employment sites Packages for South Cambs sites for businesses moving out of Cambridge</p>
<b>Skills Brokerage Service</b>	<p>Connectivity with local networks and services such as Opp Peterborough</p> <p>Sector focus: food and drink, Logistics, Eng, Manufacturing</p> <p>Development of shared sector academies with Launchpad and capital grants</p> <p>Skills focus: Sales, business management, social media marketing, digital</p> <p>Hunts: Connectivity with local networks and services such as EDGE, using the proposed services to add value to, and expand EDGE activity.</p>	<p>Development of apprenticeship courses to better meet business needs, both now and into the future, including STEM.</p> <p>Develop stronger links with CITB on modern method construction</p> <p>Need delivery partner with ability to navigate business needs and educational attainment between local partners, FE/HE providers</p>	<p>Connectivity with local services such as the current GCP-led skills brokerage</p> <p>Development of apprenticeship courses based on CPEIR, Rand &amp; Regeneris research.</p> <p>Importance of Levy marketplace becoming efficient and spreading apprenticeships across sector clusters and supply chains, using strategic FE and independent providers.</p> <p>Developing employment centres such as Waterbeach brokerage</p> <p>Focus on to SMEs, especially those in Life Sciences in second cycle of growth.</p>
<b>Capital Growth Grant</b>	<p>Target customers already supported with advisory, coaching and skills services focusing on investments in the range of £50-£150k grant size</p> <p>Hunts: Grants and loans for rapid growth companies which often struggle to secure finance for newer bigger premises as their financial track record is not long enough. Funding an integrated approach between capital growth grants and firms involved in Launchpads, esp around IMET</p>	<p>Integrate with partners like CBRE to scale employment space investment.</p> <p>Coordinate individual investments to agglomerate into potential Wisbech and Charteris Enterprise Park Projects.</p> <p>Focus onto move-on accommodation particularly Wisbech</p>	<p>Create evaluation processes that focus investment onto firms caught up in a market failure, acting as an investor/lender of last resort, to avoid duplication with a currently buoyant angel equity investor market. Connect capital growth grants to firms supported by launchpad, especially those in new towns.</p>
<b>Innovate &amp; Relocate Grant</b>	<p>Better linking Peterborough manufacturers with Cambridge-based new product development consultants, using new and innovation grants to support collaborations. Target contract manufacturers for first own-product development, and traditional firms needing next generation offers.</p> <p>Hunts: focus grants to support innovation and product development onto priority sectors</p>	<p>Create Off-Plan Demand to link with Property Developers</p>	<p>Link firms receiving innovation grants with R&amp;D grant proposal authoring experts in partner organisations such as TWI, ARU, JFM, UoC and Make UK</p> <p>Need delivery partner with experience in proposal writing at high success levels in both UK and EU</p>
<b>Service Integration</b>	<p>Essential for a single front door and fully integrate offering to all customers for all services, create bespoke packages to attract in local firms, relocators, investors and employment site developers</p> <p>Require an integrating partner with experience in &gt;£20m consortium management, tools and techniques – Track record in delivering 100s pa SME engagements and 1,000s of jobs outcomes</p>		

## Why Now?

**Strategically**, and resulting from the Business Board and Combined Authority Board approval of the Local Industrial Strategy in March 2019, we now have the evidential, organisational and political mandate to launch an inclusive growth support programme. This programme will aim to replicate and extend the world-class business support eco-system, that has made Greater Cambridge a global success, into the wider economy to promote and deliver prosperity and opportunity more widely across our place.

**Tactically**, we were presented with a closing window of opportunity, over the last 12 months, November 19 to November 20, to finance the services we propose through access to LGF, ERDF and ESF funding budgets, all of which will be fully expended by November 2020. The principle economic benefit of acting, as we did over the last 12 months, was the securing of the £19.5m of funding to implement three key business support services, that when combined with capital growth funding in the form of smaller grants and larger equity investment, will deliver an integrated, single-front-door service that will deliver inclusive growth.

**Operationally**, this will give the CPCA's business board:

1. **A broader reach** – as we create and better exploit business networks, partners and private sector capabilities, as well as develop our links into the business clusters within the wider economy, especially in the north. We will create a step change in our connectivity with business and our ability to identify, engage and add value to the high potential firms most able to deliver the inclusive growth we seek.
2. **Improved quality of service** – based on providing high growth, high potential firms with access to over 150 private sector advisory experts to provide a bespoke service and by increasing the depth of growth support from a current average of just three hours, to twenty days, we will better succeed in helping to address the more complex challenges associated with the larger, faster growing, higher potential firms that will make the difference needed in our economy.
3. **More efficient and effective use of CPCA resource** – by focusing scarce and expensive human resource on companies with the greatest potential to provide inclusive growth, while signposting to other, mainly digital services, the bulk (95%) of lower potential businesses.
4. **Better leverage of private sector resources** – by diagnosing the key obstacles high potential firms, individually face, and the resources to overcome, within and outside the company, we will broker each firm to the best possible expert within the whole-economy growth support marketplace, to coach the leadership team through to growth success



# ECONOMIC CASE

## Quantitative Evaluation

With BCR expressed as Cumulative Net Present Fiscal Benefits divided by Cumulative Net Present Fiscal Costs a BCR of 19 is generated. This is a 33% increase on the BCR forecast at OBC. This provides a significant safety factor against which to absorb 'stress test' assumptions, described in the Risk Assessment related to the Commercial Case. However, one of the conditions set for approval of the Final Business Case, was that Officers submit further "evidence to support the claim of delivering 2.8 new jobs per firm receiving supported in-depth coaching." Three further sources of evidence have been identified, all of which validate the assumption of 2.8 jobs made in the OBC. These include three studies:

### **Growth Coaching Case Studies from the BIS Funded Growth Accelerator Programme**

BIS (now BEIS) commissioned a pilot growth coaching service in 2012, originally branded Growth Accelerator and later rebranded to The Business Growth Service, when the pilot was upgraded into a full programme. Evidence has been gathered of a best practice sharing programme between UK and French agencies designed to help the French Government establish a similar programme. The documentary evidence of the knowledge exchange between UK and French policy makers includes case studies of firms supported with growth coaching in the UK<sup>5</sup>. This includes:

- A micro company of 4 employees, providing on-line accountancy services, with a turnover of £105,000, provided with coaching to develop a growth strategy and a 3-year vision of where the company wanted to be and what the Directors wanted from the business with the key milestones, using an Orbit planning tool. This was supported by a marketing strategy for the 3 revenue streams in the growth plan. Completing the coaching with the development of value propositions for each revenue stream for the target markets, to maximise competitive advantage from the new marketing strategy and provide competitor analysis. On a baseline GVA of £68,552 the company grew by £57,167 and created 4 more jobs.
- A medium sized SME of 84 employees, providing manufacture of insulation products to the automotive sector, with revenues of £11.5m, provided with coaching to provide a value stream mapping plan to define roles, responsibilities and department structures, mapping key business processes to identify any gaps or overlaps, creating job descriptions for all employees. And redefining the company management structure to better enable future growth. On a baseline GVA of £1,829,463 the company grew by £2,771,780 and created 27 more jobs.

---

<sup>5</sup> [https://cambridgeshirepeterborough.sharepoint.com/:p:/r/sites/bgs-fbc/\\_layouts/15/Doc.aspx?sourcedoc=%7B67CB4FA5-F473-45B2-BD17-56D54797FB27%7D&file=BEIS%20Funded%20Growth%20Accelerator%20Programme%20-%20Case%20Studies.pptx&action=edit&mobileredirect=true](https://cambridgeshirepeterborough.sharepoint.com/:p:/r/sites/bgs-fbc/_layouts/15/Doc.aspx?sourcedoc=%7B67CB4FA5-F473-45B2-BD17-56D54797FB27%7D&file=BEIS%20Funded%20Growth%20Accelerator%20Programme%20-%20Case%20Studies.pptx&action=edit&mobileredirect=true)

Based on this and an accompanying knowledge sharing programme to transfer the programme design and 250 page operations manual to the French agency, a French version of the UK Growth Accelerator programme was launched in 2016 by Bpifrance, the French agency for innovation and entrepreneur support. Bpifrance have now accelerated over 600 companies, through 1200 coaching interventions and 100 mentor networking events for supported CEOs<sup>6</sup>.

Subsequent to this knowledge exchange, BIS also went on to scale-up its growth coaching programme, going on to engage 10,400 SMEs (over 3 employees in size) to record 64,000 jobs created, at an average gross job creation rate of 6.4 jobs per firm coached. However, when assessed by HMT as part of the comprehensive spending review for the years 2011/12 through to 2014/15, this figure was adjusted to take account deadweight (in terms of growth that would have happened without support) and displacement (in terms of growth that substitutes for other firms in the economy). The adjusted figure was 2.8.

### **Proceedings of a European Conference on Stimulating Entrepreneurship and Growth**

Evidence has been gathered from Taftie, the European Association of National Innovation Agencies, relating to its 20th anniversary conferences, specifically focused on “Small Business Innovation; Stimulating Entrepreneurship and Growth.” The conference convened policy makers from 30 countries, including in South America and Africa to debate the design and implementation of national innovation and entrepreneurship programmes. This topic was selected for 2012, as policy makers were planning to develop economic recovery strategies for the last economic shock of 2008-2012. For this reason the conference focused on the growing understanding and importance of High Growth SMEs. A tiny segment of the SME population that represents just 6% or so of the total number of businesses but accounts for half of all economic growth in virtually all European countries.

On page 18 of the conference proceedings<sup>7</sup> a review of Growth Coaching programmes across Europe was noted and referred to as the INNOGRIPS2 project. This included a study of growth coaching programmes including:

- Accelerace Denmark
- TEKES funded Finnish Growth Company Service
- Seed capital scheme Norway
- Estonian Development Fund Estonia
- Gazelles Programme France
- High Tech Start-up programme Ireland
- Growth Accelerator “Groeiversneller” Netherlands
- Neotec Fund Spain
- Growth Accelerator Pilot UK

---

<sup>6</sup> <https://www.bpifrance.com/Coach-for-entrepreneurs>

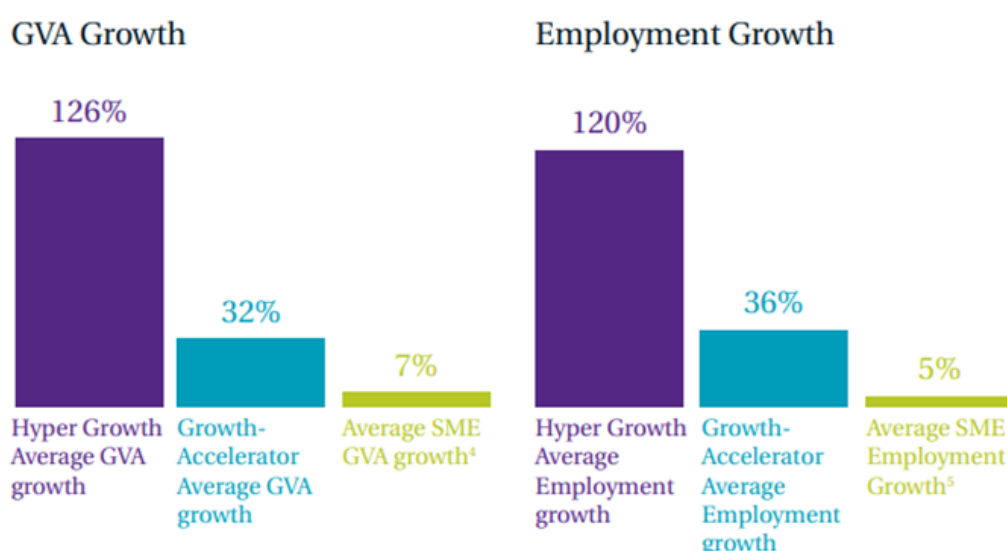
<sup>7</sup> <https://cambridgeshirepeterborough.sharepoint.com/sites/bgs-fbc/Shared%20Documents/FBC%20master%20file/FBC%20Drafts/V1%20Draft/Evidence%20of%202.8%20jobs%20per%20client/EU%20association%20of%20innovation%20agencies%20report%20on%20Growth%20SMEs%20&%20Growth%20Coaching.pdf>

Across the programmes above studied, the review found that growth assessments had been performed on 5,500 firms, which subsequently received a total of 25,000 days of coaching, which led to an average per annum growth per company supported of €230,000, with a cost to government per job created of €4,000. As this growth was measured in company turnover, rather than GVA, it equates to around 3.5 jobs per coaching intervention, once currency exchange rates and variances in costs per employee are taken into account.

### The Hyper Growth Insights Study: An In-Depth Study Of Elite Business Performance

Grant Thornton, lead Delivery Partner for BIS on the Growth Accelerator programme, sponsored the Hyper Growth Insights Study<sup>8</sup>, which investigated 34 businesses from a random sample of 500 Growth Accelerator clients. The study found that this hyper growth cohort of firms created £41.9m GVA and 571 jobs, recording an annual growth rate of 126%. It found that the wider sample of 500 had recorded an annual growth rate of 32%, somewhat higher than that used to designate “High Growth” (20%) and significantly higher than that of the average SME at 7%.

In one year [FY13/14]



Adopting a multiple case study approach, the research involved an in-depth interview with 25 of the 34 business leaders (Founder, Chief Executive or Managing Director) using structured questions around motivations, behaviours and ambitions. Alongside the interview research also involved:

- Analysis of demographic and financial data of each individual business
- Psychometric profiling of the business leader; and a case study of its successes

<sup>8</sup> <https://cambridgeshirepeterborough.sharepoint.com/sites/bgs-fbc/Shared%20Documents/FBC%20master%20file/FBC%20Drafts/V1%20Draft/Evidence%20of%202.8%20jobs%20per%20client/Hyper%20Growth%20Report%20FINAL%20FINAL.pdf>

The findings were then discussed and debated with a panel of leading business experts from both the private sector and academia. This work provides illumination on the nature and types of issues that are important to high growth (and hyper growth) businesses and will be used in the coaching service development as well as in the targeting of potential clients for the CPCA Business Growth Service. This qualitative insight will be further supported with data driven insight from BEIS and HMRC, as discussed in the next section.

## BEIS & HMRC Insight into High Growth Firms

One of the conditions set for approval of the Final Business Case, was that Officers engage in “Contact / Involvement of HMRC to upskill Growth Hub staff” in regard to the characteristics that indicate which individual firms might be potential high growth firms. CPCA Officers have specifically engaged with a range of colleagues within the BEIS Business Growth Directorate, HMRC and the Office of National Statistics, in order to gain access to, and better understand the work the BEIS have been doing through HMRC to identify high growth indicators in small firms. This has included work with the Director of the Business Growth and Office for Artificial Intelligence, the Deputy Director, for Business and Local Growth Analysis and the Head of Future Economy Analysis. It has also involved access to the work of the Data Enabled Change Accelerator (DECA).<sup>9</sup> This work has provided the insight sought to help the Growth Hub and new Service that replaces it, to better target high growth potential firms more effectively. This includes new insight from HMRC on the key variables they studied within business tax and VAT returns that gave “reasonable predictive power from the algorithm developed by HMRC to predict which firms might have the potential high growth”

### HMRC Scale-Up Algorithm - Key Variables

Variable	Source	Type of firm more likely to go onto be high growth
Company age (capped at 21 years)	FAME	Younger firms
High growth history	CT600	Firms with previous high growth episodes (across one or three years)
Annual investment allowance	CT600	Firms with higher annual investment allowance
VAT days (Days from end of VAT period and submission of return and payment)	VAT	Firms with fewer VAT days
Turnover	CT600	Firms with less turnover (smaller companies below 50 emp)
Profit	CT600	Firms with less profit (smaller companies below 50 emp)
Mean pay through PAYE	PAYE	Firms with higher mean pay

<sup>9</sup> <https://datasciencecampus.ons.gov.uk/projects/understanding-the-characteristics-of-high-growth-companies-using-non-traditional-data-sources/#ManagementPracticesConclusion>

## BCR Project Inputs

Strategy for the Creation of The Growth Service Delivery Fund				
	Yr 1	Yr 2	Yr 3	Totals
LGF Capital Equity Investment by the Business Board	£5,407,000	£0	£0	£5,407,000
LGF Growth Investment Fund Administered by Growth Service	£2,000,000	£4,000,000	£3,500,000	£9,500,000
<b>Total LGF Capital Investment by the Business Board</b>	<b>£7,407,000</b>	<b>£4,000,000</b>	<b>£3,500,000</b>	<b>£14,907,000</b>
ERDF Funding	£900,000	£1,907,000	£2,484,601	£5,291,601
ESF Funding	£200,000	£800,000	£1,035,547	£2,035,547
<b>Total ESIF Revenue Funding</b>	<b>£1,100,000</b>	<b>£2,707,000</b>	<b>£3,520,148</b>	<b>£7,327,148</b>
CPCA budget for Growth Hub	£246,000	£246,000	£246,000	£738,000
CPCA Skills Strategy Implementation budget	£50,000	£50,000	£50,000	£150,000
Local Ind Strategy Implementation budget	£50,000	£50,000	£50,000	£150,000
CPCA contract with Careers Enterprise Company	£80,000	£80,000	£80,000	£240,000
CPCA Enterprise Zone businesses rates receipts	£110,000	£365,000	£452,000	£927,000
<b>Total CPCA Revenue Allocation from the CPCA 2020/21-22/23</b>	<b>£536,000</b>	<b>£791,000</b>	<b>£878,000</b>	<b>£2,205,000</b>
<b>Total Public Sector Contributions to Costs</b>	<b>£9,043,000</b>	<b>£7,498,000</b>	<b>£7,898,148</b>	<b>£24,439,148</b>
<b>Total SME contributions acquired by the Procured Delivery Partners for the Business Growth Service</b>	<b>£1,000,000</b>	<b>£1,500,000</b>	<b>£2,000,000</b>	<b>£4,500,000</b>
<b>Total Growth Service Delivery Fund for Procurement of the Business Growth Service</b>	<b>£10,043,000</b>	<b>£4,998,000</b>	<b>£6,398,148</b>	<b>£28,939,148</b>

Item	Fiscal Cost?	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Total Public Sector Contributions to Costs	Yes	£9,043,000	£7,498,000	£7,898,148	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£24,439,148
Total Costs	Yes	£9,043,000	£7,498,000	£7,898,148	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£24,439,148
<b>Total Fiscal Costs</b>	<b>Yes</b>	<b>£9,043,000</b>	<b>£7,498,000</b>	<b>£7,898,148</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£24,439,148</b>

## BCR Project Outputs from LGF Application

PROJECT OUTPUTS 2020/21		
Employment		
Number of permanent jobs to be created	Number of indirect jobs to be created	Number of apprenticeships
47 (staff delivering the services)	1,267 (27% of 4692 over 3 full years) from Growth Service 324 (27% of 1200 over 3 years from Capital Growth Grant)	486 (27% of 1800 over 3 years) from growth service
Business & Enterprise		
Number of enterprises receiving grant support	Number of businesses receiving non-financial support	
243 (27% of 900 over 3 full years) from Growth Service 65 (27% of 240 forecast to receive Capital Growth Grants or equity investments (at an average of £50k over £12m)	1,350 (27% of 5,000 over 3 full years) from Growth Service	

PROJECT OUTPUTS 2021/22		
Employment		
Number of permanent jobs to be created	Number of indirect jobs to be created	Number of apprenticeships
	1,595 (34% of 4692 over 3 full years) from Growth Service 408 (34% of 1200 over 3 years from Capital Growth Grant)	612 (34% of 1800 over 3 years) from growth service
Business & Enterprise		
Number of enterprises receiving grant support	Number of businesses receiving non-financial support	
306 (34% of 900 over 3 full years) from Growth Service 82 (34% of 240 forecast to receive Capital Growth Grant assuming an average of £50k over £12m)	1,700 (34% of 5,000 over 3 full years) from Growth Service	

PROJECT OUTPUTS 2022/23		
Employment		
Number of permanent jobs to be created	Number of indirect jobs to be created	Number of apprenticeships
	1,830 (39% of 4692 over 3 full years) from Growth Service 468 (39% of 1200 over 3 years from Capital Growth Grant)	702 (39% of 1800 over 3 years) from growth service
Business & Enterprise		
Number of enterprises receiving grant support	Number of businesses receiving non-financial support	
351 (39% of 900 over 3 full years) from Growth Service 94 (39% of 240 forecast to receive Capital Growth Grant assuming an average of £50k over £12m)	1,950 (39% of 5,000 over 3 full years) from Growth Service	

## BCR Project Outputs

Outcomes Generated from Growth Coaching				
Average GVA/employee for new job	£37,000	£37,000	£37,000	£37,000
Number of businesses supported	281	506	337	1124
<b>Total new jobs generated</b>	<b>100</b>	<b>1,650</b>	<b>1,748</b>	<b>3498</b>
Total GVA generated	£3,700,000	£61,050,000	£64,676,000	£129,426,000

Outcomes Generated from Inward Investment				
Average GVA/employee for new job	£37,000	£37,000	£37,000	£37,000
Number of businesses supported	30	40	55	125
<b>Total new jobs generated</b>	<b>285</b>	<b>379</b>	<b>664</b>	<b>1,328</b>
Total GVA generated	£10,545,000	£14,023,000	£24,568,000	£49,136,000

Outcomes Generated from Skills Brokerage				
Average GVA/employee for new job	£18,000	£18,000	£18,000	£18,000
Total number of apprentices	200	550	850	1,600
Total number of retained apprentices into all jobs	160	440	680	1,280
Number of businesses supported to fill a new job	120	330	510	960
<b>Total retained apprentices into new jobs</b>	<b>160</b>	<b>440</b>	<b>680</b>	<b>1,280</b>
Total GVA generated	£2,880,000	£7,920,000	£12,240,000	£23,040,000

Outcomes Generated from £12m Small Business Capital Growth Investment Fund				
Average GVA/employee for new job	£37,000	£37,000	£37,000	£37,000
Number of businesses supported	37	109	129	275
<b>Total new jobs generated</b>	<b>165</b>	<b>490</b>	<b>845</b>	<b>1,500</b>
Total GVA generated	£6,105,000	£18,130,000	£31,265,000	£55,500,000

Benefit Type	Outputs Year 1	Outputs Year 2	Outputs Year 3	Fiscal Benefits Per Annum	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Corporation tax from GVA growth	£23,230,000	£101,123,000	£132,749,000	0.00%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Tax from new jobs	710	2,959	3,937	£4,700	£3,337,000	£17,244,300	£35,748,200	£35,748,200	£35,748,200	£35,748,200	£35,748,200	£35,748,200	£35,748,200	£35,748,200	£306,566,900
NI contributions from new jobs	710	2,959	3,937	£4,287	£3,043,912	£15,729,737	£32,608,443	£32,608,443	£32,608,443	£32,608,443	£32,608,443	£32,608,443	£32,608,443	£32,608,443	£279,641,194
Total					£6,380,912	£32,974,037	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£586,208,094

Benefit Type	Outputs Year 1	Outputs Year 2	Outputs Year 3	Economic Benefits Per Annum	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
GVA A from higher-value job creation	550	2,519	3,257	£37,000	£20,350,000	£113,553,000	£234,062,000	£234,062,000	£234,062,000	£234,062,000	£234,062,000	£234,062,000	£234,062,000	£234,062,000	£2,006,436,000
GVA A from apprentices into new jobs	160	440	680	£18,000	£2,880,000	£10,800,000	£23,040,000	£23,040,000	£23,040,000	£23,040,000	£23,040,000	£23,040,000	£23,040,000	£23,040,000	£198,019,280
Total					£23,230,000	£124,353,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£2,204,455,280

<b>Grand Total</b>					<b>£29,610,912</b>	<b>£157,327,037</b>	<b>£325,458,643</b>	<b>£325,458,643</b>	<b>£325,458,643</b>	<b>£325,458,643</b>	<b>£325,458,643</b>	<b>£325,458,643</b>	<b>£325,458,643</b>	<b>£325,458,643</b>	<b>£2,790,607,094</b>
--------------------	--	--	--	--	--------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------	-----------------------

### Net Present Benefits

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Total Costs	£9,043,000	£7,498,000	£7,898,148	£0	£0	£0	£0	£0	£0	£0	£24,439,148
Fiscal Costs	£9,043,000	£7,498,000	£7,898,148	£0	£0	£0	£0	£0	£0	£0	£24,439,148
Fiscal Benefits	£6,380,912	£32,974,037	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£68,356,643	£586,208,094
Public Benefits	£23,230,000	£124,353,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£2,204,455,280
Total Benefits	£29,610,912	£157,327,037	£325,458,643	£325,458,643	£325,458,643	£325,458,643	£325,458,643	£325,458,643	£325,458,643	£325,458,643	<b>£2,790,607,094</b>

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Net Value (Total Benefits - Total Costs)	£20,567,912	£149,829,037	£317,560,495	£325,458,643	£325,458,643	£325,458,643	£325,458,643	£325,458,643	£325,458,643	£325,458,643	£2,766,167,946
Net Present Value (Net Value x Discounting Ratio)	£20,567,912	£141,923,877	£284,934,756	£276,614,056	£262,019,566	£248,195,099	£235,100,028	£222,695,868	£210,946,166	£199,816,393	£2,102,813,722
GDP Deflator	1	0.980392157	0.961168781	0.942322335	0.923845426	0.90573081	0.887971382	0.870560179	0.853490371	0.836755266	
Discounting Ratio	1	0.966183575	0.9335107	0.901942706	0.871442228	0.841973167	0.813500644	0.785990961	0.759411556	0.733730972	
Net Budget Impact (Fiscal Costs - Fiscal Benefits)	£2,662,088	<b>-£25,476,037</b>	<b>-£60,458,495</b>	<b>-£68,356,643</b>	<b>-£68,356,643</b>	<b>-£68,356,643</b>	<b>-£68,356,643</b>	<b>-£68,356,643</b>	<b>-£68,356,643</b>	<b>-£68,356,643</b>	<b>-£561,768,946</b>
Net Present Budget Impact (Net Budget Impact x Discounting Ratio)	£2,662,088	<b>-£24,131,890</b>	<b>-£54,247,071</b>	<b>-£58,097,730</b>	<b>-£55,032,424</b>	<b>-£52,128,847</b>	<b>-£49,378,466</b>	<b>-£46,773,199</b>	<b>-£44,305,389</b>	<b>-£41,967,784</b>	<b>-£423,400,712</b>
Net Public Value (Public Benefits - Total Costs)	£14,187,000	£116,855,000	£249,203,852	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£257,102,000	£2,179,959,852
Net Present Public Value (Net Public Value x Discounting Ratio)	£14,187,000	£110,689,590	£223,600,983	£218,516,326	£206,987,142	£196,066,252	£185,721,561	£175,922,669	£166,640,777	£157,848,610	£1,656,180,910
<b>Net Present Benefits (Total Benefits x Discounting Ratio)</b>	<b>£29,610,912</b>	<b>£149,026,273</b>	<b>£292,021,459</b>	<b>£276,614,056</b>	<b>£262,019,566</b>	<b>£248,195,099</b>	<b>£235,100,028</b>	<b>£222,695,868</b>	<b>£210,946,166</b>	<b>£199,816,393</b>	<b>£2,126,045,821</b>
Net Present Fiscal Benefits (Fiscal Benefits x Discounting Ratio)	£6,380,912	£31,234,287	£61,333,773	£58,097,730	£55,032,424	£52,128,847	£49,378,466	£46,773,199	£44,305,389	£41,967,784	£446,632,812
Net Present Public Benefits (Public Benefits x Discounting Ratio)	£23,230,000	£117,791,986	£230,687,686	£218,516,326	£206,987,142	£196,066,252	£185,721,561	£175,922,669	£166,640,777	£157,848,610	£1,679,413,009
<b>Net Present Total Costs (Total Costs x Discounting Ratio)</b>	<b>£9,043,000</b>	<b>£7,102,397</b>	<b>£7,086,703</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£23,232,099</b>
Net Present Fiscal Costs (Fiscal Costs x Discounting Ratio)	£9,043,000	£7,102,397	£7,086,703	£0	£0	£0	£0	£0	£0	£0	£23,232,099

Total Growth Service (Growth Coaching, Inward Investment & Skills Brokerage Services)	Key Metrics
Net Present Value (Net Present Benefits - Net Present Total Costs)	£2,102,813,722
Payback (Point at which Net Present Fiscal Benefits > Net Present Fiscal Costs)	Year 1
Net Present Budget Impact (Net Present Fiscal Costs - Net Present Fiscal Benefits)	<b>-£423,400,712</b>
Financial Return on Investment (Net Present Fiscal Benefits / Net Present Fiscal Costs)	19.22
Net Present Public Value (Net Present Public Benefits - Net Present Fiscal Costs)	£1,656,180,910

Net Present Benefits	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cumulative Cost	£9,043,000	£16,145,397	£23,232,099	£23,232,099	£23,232,099	£23,232,099	£23,232,099	£23,232,099	£23,232,099	£23,232,099
Cumulative Net Present Fiscal Costs	£9,043,000	£16,145,397	£23,232,099	£23,232,099	£23,232,099	£23,232,099	£23,232,099	£23,232,099	£23,232,099	£23,232,099
Cumulative Net Present Fiscal Benefits	£6,380,912	£37,615,199	£98,948,972	£157,046,702	£212,079,126	£264,207,973	£313,586,440	£360,359,639	£404,665,028	£446,632,812
<b>Cumulative Total Benefit</b>	<b>£29,610,912</b>	<b>£178,637,185</b>	<b>£470,658,644</b>	<b>£747,272,700</b>	<b>£1,009,292,267</b>	<b>£1,257,487,366</b>	<b>£1,492,587,394</b>	<b>£1,715,283,261</b>	<b>£1,926,229,428</b>	<b>£2,126,045,821</b>

BCR = Cumulative Net Present Fiscal Benefits / Cumulative Net Present Fiscal Costs

**£446,632,812 divided by £23,232,099 = 19**



## COMMERCIAL CASE

### **Current Arrangements: The CPCA Growth Hub**

The CPCA Growth Hub is delivered under a contract for grant from BEIS to the CPCA. The value of the grant is £246,000 pa, with which we employ three full time staff as telephone-based growth advisors. BEIS require the CPCA to report quarterly on performance but monitor only the activity and outputs of the service deliveries rather than outcomes of growth or jobs created. We report on the number of firms serviced and which levels of service they received; less than an hour, between an hour and three, or over three hours. LEP Growth Hubs were set up to deliver against targets based on the “volume” of customers serviced rather than the growth created in GVA. They 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 in the places we desire. Additionally, they spread resource thinly over a large population of small, low potential firms, reducing average service time to less than three hours per business. Whilst there are no reliable or robust data on the growth outcomes of Growth Hubs, either from the CPCA, BEIS or the LEP Network nationally, given the low level of service depth (80% of customers receive less than three hours of advice), the level of additionality that can be estimated is very low. Hence, the probable net impact on the growth of firms’ support is likely to be equally low.

### **Conclusion on The Need to Improve Current Arrangements**

The CPCA Growth Hub does not align to the shift in policy generated by the Mayoral devolution commitments and the recent Local Industrial Strategy, in that it provides a ubiquitous service to all and any firm irrespective of their capacity to support the CPCA’s aims for growth that is more inclusive, productive and greener. BEIS are amenable to their Growth Hub grant being rolled into the deeper and more targeted Growth Service we propose. We have agreed that it is likely that the BEIS outputs performance currently achieved by the Growth Hub will be generated as a by-product of the new proposed service’s higher volume and deeper nature of engagement with firms.

### **Commercial Risk Assessment: Growth Coaching Service**

#### **Failure to Establish a Growth Coaching Pool of Sufficient Calibre**

The establishment of the required pool of high calibre, private sector, growth coaches that will bring additional scale and specialism to our firms, is a key component of the Business Rebound & Growth Service. Through the procurement process for our delivery consortium, we have selected a Preferred Bidding Consortium, with an existing network of 40 extremely well qualified and experienced business coaches. CPCA officers, having previously commissioned and/or delivered growth coaching services, expect to more than double this cadre of entrepreneurs and consultants.

### Failure to Quality Assess & Assure the Coaches

The Engage, Diagnose, Broker model is designed to open-up and grow private sector provision rather than regulate it or create a CPCA franchise or monopoly. However, it is recognised that some guidance and oversight of the quality of coaches will be required. Through the procurement process, officers have ensured that bidders have provided the necessary processes and quality assurance systems (validated to ISO standards and with an accompanying Operations Manual) to ensure that coaches:

1. **Possess the capacity and skills** to deliver the services diagnosed
2. **Understand the value proposition and coaching service lines**, based on our defined Service Specification in Appendix 6, and can provide them in a quality assured and consistent manner
3. **Provide transparency of fee rates and activity** so that the procured delivery consortium member, administering the 50% nudge grant to the customer after payment of the coach's invoice, can audit the services provided to confirm they have been delivered in full and to the customers satisfaction
4. **Are quality rated and ranked** by customers to inform future customer comparisons of the potential value for money and performance of each provider within the pool.

All of the above is enshrined within the contract and operating manual, agreed with the Preferred Bidding Consortium.

### Failure to Achieve Market Take-Up by firms in our Economy

The market failure amongst SMEs in taking up professional advice for growth and productivity improvement is well documented by both national and local government. The causes are various, but the main themes have been researched and concluded as:

1. A low level of ambition to grow or improve; especially the case with the smaller firms below 5 employees, which can perceive growth as negative and risky.
2. An over-estimation of personal and internal management capabilities in the area of leadership, management, change and growth strategy
3. Low levels of awareness of the internal and external barriers to growth, either current or future, within a firms growth plans.
4. Poor visibility of reliable and assured sources of professional and especially sector or market specialist advice.
5. A lack of trust in the service providers capability to deliver tangible results against agreed objectives
6. A high price sensitivity on professional service provider day rates, leading to a low perception of value for money.

Previous pilots on the use of a co-investment grant, offered to firms to nudge them to take-up professional and commercially provided advice has been extensively undertaken by BEIS and DIT. Both Departments have run Random Control Tests on large SME populations to study the effectiveness of using co-investment grants to nudge smaller firms to increase the take-up rates on professional business advice.

**BEIS ran a very large-scale Random Control Test (RCT) between 2012-15** involving nearly 100,000 SMEs with some offered a 50% co-investment grant and some randomly selected to be asked to pay the full costs of the growth and productivity advice they received. This RCT found that 32% of firms were successfully nudged to take up the brokered services through the offer of a grant, whilst only 5% did so without the grant-nudge. Of the 64% of firms that did not take up services with the offer of a grant-nudge.

DIT ran more recent smaller RCT pilot in 2017/18, for co-investment grants to help SMEs access commercially available export advice. It involved 1,000 larger SMEs (50-500 employee firms) between and was set up to test:

1. The engage, diagnose and broker delivery model – like that proposed for this Service;
2. The feasibility of replacing shallow and narrow general advice, offered free of charge (like that of the Growth Hub) with deeper and broader sector and market specific advice, offered by the commercial marketplace, but with a 50% grant to the supported firm to reduce the cost of accessing that advice (like that of the proposed for the Growth Service);
3. The customer perceived value and utility of a formal and in-depth needs diagnostic – like that proposed for the Growth Service;
4. The willingness of firms to buy advisory services commercially and the impact on take-up on commercial services by size of company of a grant to nudge them to do so – like that proposed for Growth Service;

The results of the DIT Random Control Test were as follows

1. The customer perceived value and utility of a formal and in-depth needs diagnostic. Of all customers that completed an in-depth diagnostic with an advisor, nearly two thirds (62%) went on to co-develop a bespoke package of support to buy from the commercial marketplace, that would help them realise their export growth ambitions. Of all those firms that had been provided with the specification for a package of support, based on their needs for and barriers to success, almost all (92%) were recorded as proceeding to brokerage with a commercially sourced expert from the managed pool of alternative providers.
2. The willingness of firms to buy advisory services commercially and the impact of a co-investment grant. The RCT, specifically targeted MSBs, finding that these larger SMEs had little resistance to paying for advisory services, if provided with a 50% grant to lower the costs. In fact, the “sales funnel” shape, ie, the proportion of leads developing into prospects and prospects developing into customers was almost exactly the same shape as that of the free of charge advice that the DIT International Trade Advisors currently provide. Hence, the Pilot indicated that the MSBs that took part in the pilot had no more resistance to paying for services, if offered a grant nudge, than those currently provided with free of charge services. This allowed DIT to significantly deepen the level of service provided to firms and gain commensurate increases in export-win outcomes.

3. The additionality from the increased take-up of commercial services enabled through a grant-nudge, increased as size of company reduced. Evidence from the DIT Pilot indicated that the export grant scheme may be best focused on smaller businesses as it appears that these are the most likely to have higher perceptions of risk relating to their ability to successfully utilise professional advice to generate growth, productivity or more profit, and possess lower perceptions of VFM from private sector advice. The additionality of the grant was found to be especially high in terms of increasing the scale of growth-related export activities. This impact was prevalent amongst intermittent exporters who came to the pilot with less developed plans. The addition of co-investment in the support they could access, meant they were able to do more than they would otherwise have done and be more ambitious in their growth goals.

As a result, DIT have recently approved their own FBC for a coaching programme similar to the one proposed in this FBC and for £38m over three years. Called the DIT-ESIF (they too have leveraged ERSF funding) Internationalisation Fund it will provide co-investment funding to SMEs between £1,000 and £9,000 towards projects of between around £2,000 and £18,000 in value, with the remaining costs to be provided by the SMEs themselves. £250,000 of this fund has been ringfenced for firms in the CPCA area, and our Preferred Bidding Consortium has committed to coordinate and leverage this additional funding to increase growth in our local firms.

### **Current Arrangements: The Inward Investment Service**

The current delivery arrangement for inward investment is represented by a modest contract to the value of £100k in the north of the economy with Opportunity Peterborough running a 12-month contract for the financial year 2019/20 that will deliver a small service for the Greater Peterborough sub-economy. Key objectives for this existing service are to; Modestly increase the number of inward investment enquiries that Opportunity Peterborough handles and therefore land 2 extra inward investor project successes; Increase the number of projects identified and supported with existing investors and capture 10 new project successes; Increase the number of jobs created as a result of inward investment and target 240 new jobs of which 22 are additional from the support of OP. The provision is not on a scale likely to register a significant or even measurable increase in the total FDI performance of the CPCA economy, and be lost in the variance year-on-year in naturally occurring inward investment project successes.

### **Conclusion on The Need to Improve Current Arrangements**

The commercial case for the new Inward Investment Service is clear in that the current sub-contracted arrangements will not provide a meaningful or measurable impact on inward investment across the whole CPCA area.

## **Commercial Risk Assessment: Inward Investment Service**

### **Global Macro Effects**

Brexit uncertainty, technological advancement and global business environment factors are all areas where the UK as a whole might be affected enough to cause unavoidable barriers for businesses wanting to invest in the CPCA area. Mitigation of these risks is difficult, but bidders were asked to provide flexibility around target markets (non-EU), target sectors (sub-sectors) and types of investment deals businesses are seeking to complete based on Local and National intelligence currently being gathered as part of a £180,000 markets insight programme underway.

### **Failure To Achieve Pipeline Quality**

Delivering the high value jobs from this programme that yield the projected GVA contribution is contingent on the pipeline of enquiries and prospects being made up of a high number of potential investment projects that are categorised as 'High Value'. To ensure the CPCA service acquired high quality investor leads, our procurement specified and tested bidders on their ability to provide strong and effective access into DIT's Investment services Team, that manage all investor leads and allocate them across DIT teams and local teams such as ours. In addition, our preferred Delivery consortium have offered an extensive network of agents, based in overseas market, able to work with UK Embassies and Consulates to identify investors in-market early and in time to focus them on Cambridgeshire and Peterborough, rather than other UK regions.

### **Failure To Achieve Inward Investment Outcomes**

The analysis of last 10 years shows that there has been a naturally occurring level of inward investment that can be measured as generating 6331 new jobs created (and also 5207 safeguarded jobs) which means the average each year across that period has been 633 New Jobs (520 safeguarded). However, this belies the huge variability of activity and success that has happened across that timeframe: lowest year achieved 138 New Jobs and highest 1556 New Jobs.

To mitigate the risk of ailing to achieve the target outcomes of 1186 jobs over the course of this three-year service, Officers have ensured that bidders demonstrate experience in managing inward investment services to at least this level of successful performance. The Preferred Bidding Consortium Have a track record in delivering over 400 inward investment projects into the UK, creating or safeguarding over 20,00 jobs with equity investment of over £388m and infrastructure investments of over £3 billion.

## Current Arrangements: The Skills Brokerage Service

There are currently four Skills Services operating within the Combined Authority area. They all work on different delivery models, some with different priorities and some that overlap geographically with each other. In addition, Careers and Enterprise Company (CEC) services are delivered in the area, under contract to the CPCA and sub-contracted on, to Opportunity Peterborough and Form the Future Ltd.

1. **The CPCA funded Skills Service delivered by Opportunity Peterborough** under contract from the CPCA, covers the geography of Peterborough, Huntingdonshire, Fenland and East Cambridgeshire. Their remit is to work directly with secondary students to prepare them for the world of work with activities such as CV writing, interview techniques and employer events.
2. **The GCP funded Skills Service delivered by Form the Future** covers the geography of Cambridge city and South Cambridgeshire. FTF deliver schools interventions in parts of East Cambs, un-funded. FTF deliver more than 300 events per year which are designed to give students a clear line of sight to different career pathways.
3. **Edge Brokerage for Jobs and Skills delivered by EDGE Partners** mainly covers the geography of Huntingdonshire although overlaps occur with both the other two service providers. The Partnership brings together local businesses, jobseekers, training providers and schools to support through one-to-ones, group sessions and larger events such as their Annual Careers Fair for Huntingdonshire schools. The service was recently extended with funding from CITB for a new Edge Construction Hub that will be run out of the core Brokerage Service.

## Conclusion on The Need to Improve Current Arrangements

All four services have a focus on Apprenticeships to some extent, but not all have targets. There is no common approach, sharing of resources or best practice. The total resources, and related ambitions to increase apprenticeships are modest in comparison to the need set out by the CPIER, LIS and Skills Strategy. There is no attempt to address or manage the levy under-utilisation. There is moderate effort applied to stimulate progression of learners going into higher and degree Apprenticeships, as well as FE and HE. There is no connectivity with the AEB funding to create career progression pathways.

## Commercial Risk Assessment: The Skills Brokerage Service

### Failure to Achieve Market Take-up

Evidence clearly shows that despite the clear cost savings and benefits of taking on an apprentice, the take-up of apprenticeships has dropped significantly over the last two years, even before the impact of COVID 19. The proposed Skills Brokerage addresses the barriers to taking on apprentices that have caused this decline by:

1. **Providing much more funding** through the creation of a £10m apprenticeship level pot, to feed funding to SMEs that cannot currently access it.
2. **Providing much greater visibility** for employers of the talent that fits their needs and the skills providers that can deliver the right skills at the right time for the business.
3. **Providing a much more effective approach** to help employers quantify the benefits of an apprenticeship and other training, using a Maturity Index, that allows Skills Brokers to focus resource on those companies that are most likely to engage and invest in strategic talent development, such as apprenticeship, re-training, work placements and traineeships.
4. **Providing much more accurate targeting** of employers most likely to benefit from training their workforce more effectively. Specifically through data driven targeting using tools such as Emsi data that can identify a high potential employers.
5. **Providing much greater clarity** in the market for the offerings and services available by reducing the confusion created in the marketplace by multiple offers that differ widely.
6. **Increasing the “bounce-back” growth rate** in apprenticeships from a forecast naturally occurring 7% to 10% over the 21/22 academic year, to generate just a further 200 apprenticeships (to 2,100) on the temporarily depressed 20/21 forecast of around 1,900. Then stimulate a medium-term recovery in 22/23 of 550 further apprentices to achieve a rebound of 26% to achieve 2,450 and finally to recover apprenticeship back to a modest 50% of their 18/19 levels of 5,447, to achieve 2,750 in 23/24.
7. **Accepting that we may need to compromise** with the Preferred Bidding Consortium on our ambitious targets for the additional apprenticeships the CPCA can generate over the contract period.

### The Strategy Implemented for Assembling the Funds

In 2019 officers devised a strategy to build a Growth Service Delivery Fund of just under £19.5m to deliver the Business Growth Service. However, it was important to the CPCA, and the Mayor, that the Business Board's focus remains that of policy and strategy, acting as a catalyst and funding provider to facilitate and enable others to achieve economic growth outcomes. Hence, it was the Business Board's decision to utilise this fund to procure delivery of the Business Growth Service from the private sector, under contract to the Business Board, via a subsidiary company of its Accountable Body, the CPCA.

The Business Board's commercial strategy consisted of the following steps:

1. To request that the CPCA, as the Business Board's Accountable Body and legal personality, establish a **Growth Service Management Company (Growth Co)**, on behalf of the Business Board, as a subsidiary to the Combined Authority Trading Company Limited ("CATC"), with an initial allocation of 100 shares in favour of CATC. The purpose of the Company, being to manage the Growth Service Delivery Fund, and with it, procure the delivery of the Growth Service itself from the private sector.
2. 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. 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. 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 Rebound & Growth Service.
3. To request that the CPCA, as the Business Board's Accountable Body and legal personality, apply for funding on behalf of the Business Board, from the European Regional Development Fund (ERDF) and European Social Fund (ESF) and to allocate this external funding, through its 2020/21-22/23 MTFP, to the Growth Service Management Company to part fund the procurement of the delivery of the Business Rebound & Growth Service.
4. To request that the CPCA to allocate funding from Business Board 2020/21-22/23 MTFP, to the Growth Service Management Company to part fund the procurement of the delivery of the Business Rebound & Growth Service.
5. To task the procured delivery partners for the Business Rebound & Growth Service with the acquisition of SME customer contributions to the costs of delivering the Growth Service. This being through business payments of 50% of the costs of the Growth Coaching they receive as part of the Growth Service.

This innovative approach was validated through legal opinion as being both State Aid Rules compliant and legally achievable within the rules of the LGF and CPCA's Assurance framework. See Appendix 4. It was subsequently executed and has been entirely successful in assembling all the funds targeted, including the ERDF and ESF funding, see Appendix 2.



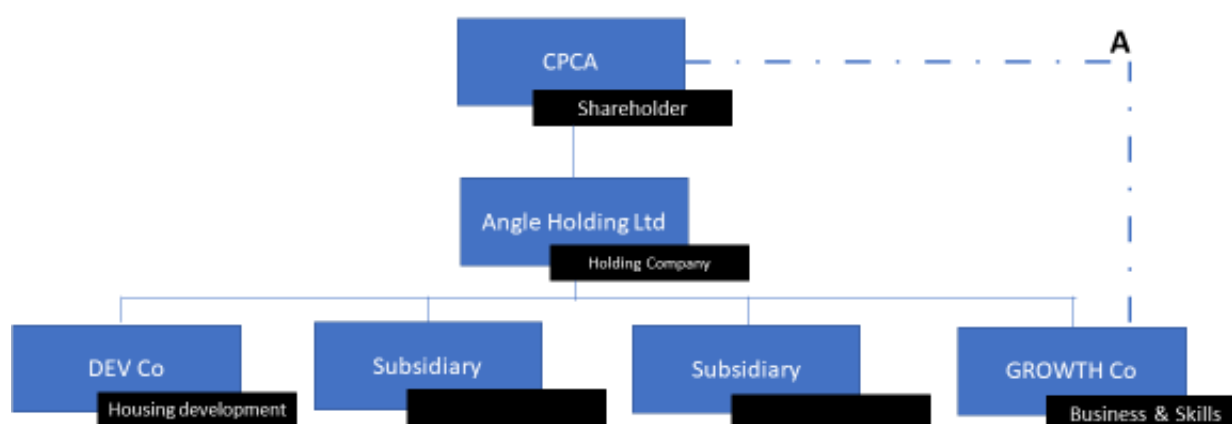
## The Business Case for Establishing Growth Co

The Business Board, Skills Committee and CA Board have all also approved, in July 2020, the business case for setting up the Growth Co as a subsidiary of Angle Holdings Ltd and the CPCA. However, for completeness it is outlined in the FBC. Reasons For Establishing A Wholly Owned Company are:

1. The provision of a single focused vehicle with the single focus on delivering jobs growth as set out in this FBC.
2. The provision of a vehicle that is able to develop and deploy more efficiently and more effectively new and innovative forms of growth support.
3. The provision of a vehicle that can be sold 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. As the Growth Co will be making equity investments in local firms, there is a realistic potential that it will acquire value and might be sold – offering an opportunity to recycle the £5.407m of Local Growth funds invested into it.

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. 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. It 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.

**CPCA – Proposed structure of subsidiaries**



A = As per Board paper & Business case - Growth Co which will be initially wholly owned by Angle Holdings Ltd. Subsequently CPCA will invest further funds and become the majority shareholder

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.

### Set Up Costs

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 approximately £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

### Operating Costs

**Table 2 – Proposed operating costs of the Growth Co**

<b>PCA Seconded/Recharged Staff</b>	20/21	20/21	21/22	21/22	22/23	22/23	23/24	23/24
<b>Role</b>	<b>FTE</b>	<b>£ Cost</b>	<b>FTE</b>	<b>£ Cost</b>	<b>FTE</b>	<b>£ Cost</b>	<b>FTE</b>	<b>£ Cost</b>
Director	0.5	£28,107	0.5	£57,315	0.5	£58,418	0.5	£29,760
Independent Chair	1	£5,738	1	£11,700	1	£11,925	1	£6,075
Company Secretary	1	£1,594	1	£3,250	1	£3,313	1	£1,688
LGF Management	0.2	£10,209	0.2	£20,819	0.2	£21,219	0.2	£10,810
Finance Manager	0.3	£9,511	0.3	£19,395	0.3	£19,768	0.3	£10,071
CFO Director	1	£1,594	1	£3,250	1	£3,313	1	£1,688
Programme Manager - ESF	0.6	£22,821	0.6	£46,536	0.6	£47,431	0.6	£24,163
Project Co-ordinator - ESF	0.5	£8,291	0.5	£16,907	0.5	£17,232	0.5	£8,779
Programme Manager	0.5	£21,675	0.5	£44,200	0.5	£45,050	0.5	£22,950
HR Administrator	0.2	£3,316	0.2	£6,763	0.2	£6,893	0.2	£3,512
		<b>£112,855</b>		<b>£230,136</b>		<b>£234,562</b>		<b>£119,494</b>
<b>Growth Company Staff</b>	20/21	20/21	21/22	21/22	22/23	22/23	23/24	23/24
<b>Role</b>	<b>FTE</b>	<b>£ Cost</b>	<b>FTE</b>	<b>£ Cost</b>	<b>FTE</b>	<b>£ Cost</b>	<b>FTE</b>	<b>£ Cost</b>
Programme Manager - ERDF	1	£38,034	1	£77,560	1	£79,052	1	£40,272
Project Co-ordinator - ERDF	1	£16,582	1	£33,815	1	£34,465	1	£17,558
ERDF Contribution @ 50%		-£23,163		-£47,234		-£48,142		-£24,525
ERDF Contribution @36.61%		-£16,960		-£34,585		-£35,250		-£17,957
<b>ERDF Staffing Costs</b>		<b>£14,494</b>		<b>£29,556</b>		<b>£30,125</b>		<b>£15,347</b>
<b>Combined Staffing Costs</b>		<b>£127,349</b>		<b>£259,693</b>		<b>£264,687</b>		<b>£134,840</b>
<b>Operational Overheads CPCA Staff only = 20%</b>		<b>£22,571</b>		<b>£46,027</b>		<b>£46,912</b>		<b>£23,899</b>

This table details the proposed costs including overhead recharge from Growth Co to CPCA

**Table 3 – Proposed operating costs of the Growth Co**

Title	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Totals
Insurance	£ 3,000	£ 6,000	£ 6,000	£ 3,000	£ 18,000
Audit	£ 10,000	£ 20,000	£ 20,000	£ 10,000	£ 60,000
Banking	£ 2,000	£ 4,000	£ 4,000	£ 2,000	£ 12,000
Payroll Processing	£ 1,000	£ 1,000	£ 1,000	£ 1,000	£ 4,000
Citrus HR	£ 1,000	£ 1,000	£ 1,000	£ 1,000	£ 4,000
IT Services/Equipment	£ 40,000	£ 15,000	£ 15,000	£ 15,000	£ 85,000
Legal	£ 15,000	£ 5,000	£ 5,000	£ 5,000	£ 30,000
Phones	£ 1,000	£ 1,000	£ 1,000	£ 1,000	£ 4,000
Marketing	£ 15,000	£ 15,000	£ 8,000	£ 8,000	£ 46,000
Comms	£ 5,000	£ 2,000	£ 1,000	£ 1,000	£ 9,000
Travel Expenses	£ 1,000	£ 1,000	£ 1,000	£ 1,000	£ 4,000
Procurement (Potential)	£ -	£ 2,000	£ 2,000	£ -	£ 4,000
Central Overheads	£ 22,571.24	£ 46,027.42	£ 46,912.56	£ 23,898.96	£ 139,410
TUPE Costs	£ 40,000	£ -	£ -	£ -	£ 40,000
<b>Totals</b>	<b>£ 156,571</b>	<b>£ 119,027</b>	<b>£ 111,913</b>	<b>£ 71,899</b>	<b>£ 459,410</b>

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.

### 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.

### 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 answering requests it has received

## Establishing the Growth Service Management Company

Growth Co will act as a fund management and contracting vehicle to procure and contract the Preferred Bidding Consortium 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. However, the Localism Act 2011 enables local authorities to undertake activities to make a profit but only if delivered within a company

### Core Purpose

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.

### 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 strategy set by the Business Board was 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 devised a strategy to build a Growth Service Delivery Fund of £19.5m to deliver the Business Growth Service. This strategy required the creation of a Growth Co and seeks to deliver; value for money; activities compatible with CPCA's overall vision and values and corporate objectives; and sustainable and inclusive business growth.

### Financial Summary

The Business Growth Service is a three-year contract, spread over four financial years. The table below shows the projected funding and expenditure profile relative to the funding assembled and detailed in the financial Case.

**Table 1 – Projected income & expenditure**

	Year 1	Year 2	Year 3	Year 4	Total
Funding	£5.78	£7.22m	£8.17m	£3.21m	£24.38m
Expenditure	£2.66m	£8.59m	£9.05m	£3.13m	£23.43m

Please see Appendix 7 for full cashflow details as requested.

## Procurement by Competitive Procedure with Negotiation (CPN)

The CPCA decided to use the Competitive Procedure with Negotiation (CPN) in accordance with Regulation 29 of the Public Contract Regulations 2015. This procedure is designed to facilitate a procurement where the desired outcome cannot be achieved without some innovation and the solution cannot be agreed without the ability to negotiate on the legal and/ or financial make-up (and delivery risks) of the procurement. Specifically, the project team needed to be able to negotiate on:

1. The leading indicators and their financial implications and the associated delivery risks whilst still achieving the fixed (minimum) requirements of total contract spend. The risk assignment regarding liabilities and indemnities, GDPR requirements, IPR and termination in consideration of performance or other failures
2. The reasonable profit margin for the preferred bidding Consortium and a proportion of that to be retained as an incentive payment, made only upon delivery of the jobs and skills outcomes laid down in the Procurement Specification in Appendix 6.

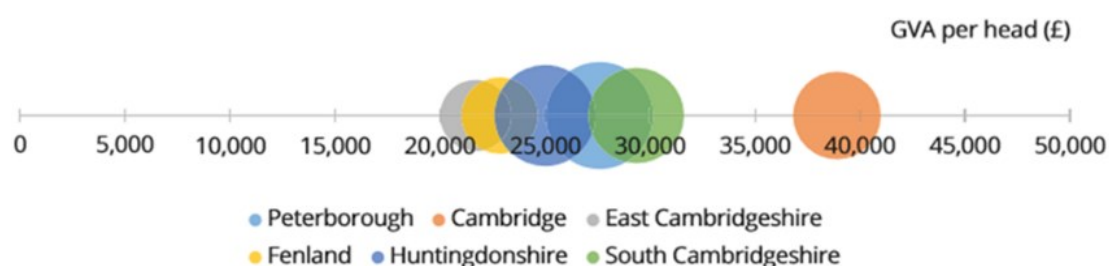
Given the payment on outcomes approach of the procurement and the innovative nature of some of the services specified, failure to allow for such negotiations could possibly have restricted market interest and the likelihood of achieving both a competitive outcome and optimising value for money. Ultimately by using this process we have been able to ensure project understanding, optimise the possible solution and de-risk the chance of future contract animosity through parties having an unsatisfactory contract foisted on them. The CPCA contracted with Pinsent Mason to provide legal support for both the establishment of the Growth Company and the procurement and appointment of a Service Provider, including the development of a comprehensive contract. The Contract used is based on a boiler plate services contract that has been adapted to support the peculiarities of the Growth Service requirements; specifically the option for consortia or prime/ subconsultant structure, the provision of both advisory services and the distribution of financial support, the handling of various forms of data, the management of complex financial modelling and the TUPE of existing CPCA and subcontractor staff. The contract was evolved to meet the Growth Company's need through a series of meeting with the relevant CPCA teams, namely; procurement, legal with regards to governance and policies, the project team with regards to how the various elements function individually and the aspiration for their holistic integration. As this work progress additional advice was sought around TUPE, pensions, GDPR, state aid and VAT with this information being fed into the final document shared as part of the tender pack. The contract further evolved following information received from tenderers during the negotiation period and the agreed amendments will be reflected in the final version that will be signed by the Growth Company and the successful tender.

Five consortia entered the procurement process, submitted Supplier Qualifying Questionnaires (SQQs). Following two bidder briefings, two finally submitted an initial and then a final bid. From these, a panel of evaluators have selected a Preferred Bidding Consortium.

## FINANCIAL CASE

### Minimum Viable Product

The Growth Service is a key intervention within a range, designed to meet the requirements set out in the LIS to; Sustain business growth in Greater Cambridge; and Increase business growth and productivity in Greater Peterborough and the Fens. To do this in a measurable and meaningful way, the Business Rebound & Growth Service must show it can deliver a jobs growth impact to support the doubling of the economy, in a way that is more inclusive of greater Peterborough and The Fens, whilst also addressing the much lower productivity levels in those sub-economies. To achieve the goal of doubling the economy in 25 years, jobs growth needs to increase from current growth levels of 2.5% pa (1998-2018), by 0.3% to the 2.8%. With around 418,000<sup>10</sup> jobs in the economy this means the Growth Service needs to nudge an additional 0.3% growth in jobs, above and beyond that which is naturally occurring without the Business Board's intervention. This equates to at least 1,254 pa, with substantially more of these jobs being in Peterborough and the Fens, than naturally occur, and in relation to higher-value jobs in those areas, so as to increase productivity, where it is currently much lower than in Cambridge, as shown below.



To meet this challenge, the Business Rebound & Growth Service, in combination with the Small Business Capital Growth Investment Fund, will aim to stimulate business growth in firms to generate an additional 6,326 jobs, measured over the 3 years the Growth Service will run and a following 3 to capture the delayed effects between intervention and jobs growth realisation. This will produce a net-impacts on additional jobs growth of 982pa, substantially contributing to the LIS and growth ambition goal of 1,254pa. The targeting of firms to be supported, and the place-based resourcing of the advisors in the service and will ensure that at least 66% of the jobs growth targeted will be in Peterborough and the Fens. By focusing the Growth Service on higher value firms, with products and services that can command higher prices and margins, the Growth Service will grow the proportion of higher value (GVA/employee) jobs in the communities it focusses on. This will in turn raise productivity in those areas. The principle being that, instead of attempting to grow productivity in ALL firms, the Business Rebound & Growth Service will grow the proportion of higher productivity firms in the broader population, to achieve a productivity lift at much lower cost. At OBC the cost assumptions for the minimum viable product were set out as overleaf.

<sup>10</sup> Overview of Economy and Employment in Cambridgeshire Report: 03 2019  
<https://cambridgeshireinsight.org.uk/economy/>

## OBC Costs Assumptions for Minimum Viable Product

Costs of Growth Coaching Business Engagement team				
Engage - Diagnose - Broker : Service Sales Team of 6 staff	£438,000	£438,000	£438,000	£1,314,000
Service Manager/Director	£95,000	£95,000	£95,000	£285,000
Telesales & Target Company Research Team of 2 staff	£70,000	£70,000	£70,000	£210,000
Account Manager Team of 2 staff	£104,000	£104,000	£104,000	£312,000
Events and marketing	£50,000	£50,000	£50,000	£150,000
Admin support of 2 staff	£50,000	£50,000	£50,000	£150,000
Subcontractor Management Overhead (13%)	£104,910.00	£104,910.00	£104,910.00	£314,730
Diagnostic Software	£48,216	£0	£0	£0
<b>Total costs of business engagement team</b>	<b>£960,126</b>	<b>£911,910</b>	<b>£911,910</b>	<b>£2,735,730</b>
Costs of Growth Coaching Delivery				
ERDF sourced Nudge Grant	£666,667	£1,000,000	£1,333,333	£3,000,000
LGF sourced Nudge Grant	£333,333	£500,000	£666,667	£1,500,000
Fees from SMEs supported	£1,000,000	£1,500,000	£2,000,000	£4,500,000
Total Costs of Growth Coaching Delivery	£2,000,000	£3,000,000	£4,000,000	£8,999,999
<b>Total Cost of Growth Coaching Service</b>	<b>£2,960,126</b>	<b>£3,911,910</b>	<b>£4,911,910</b>	<b>£11,783,945</b>
Operational Costs: Inward Investment Service				
Sector Specialists (4 rising to 5)	£310,000	£387,500	£387,500	£1,085,000
Place Specialist (GP and Fens)x2	£66,000	£132,000	£132,000	£330,000
Place Specialist (Greater Cambridge)x2	£66,000	£132,000	£132,000	£330,000
Service Manager/Director	£100,000	£100,000	£100,000	£300,000
Account Managers x2	£66,000	£198,000	£198,000	£462,000
Events and marketing Manager x1	£50,000	£50,000	£50,000	£150,000
Collateral Materials	£80,000	£25,000	£10,000	£115,000
Lead Generation Liaison into DIT	£66,000	£66,000	£66,000	£198,000
International Travel	£60,000	£60,000	£59,600	£179,600
Admin support	£40,000	£40,000	£40,000	£120,000
Subcontractor Management Overhead (13%)	£90,740	£135,135	£135,135	£361,010
<b>Total Operational Costs: Inward Investment</b>	<b>£994,740</b>	<b>£1,325,635</b>	<b>£1,310,235</b>	<b>£3,630,610</b>
Operational Costs: Skills Brokerage Service				
Service Manager/Director	£100,000	£100,000	£100,000	£300,000
Broker Team of 8 staff for Greater P'boro & The Fens	£520,000	£520,000	£520,000	£1,560,000
Broker Team of 3 for Greater Cambridge	£0	£195,000	£195,000	£390,000
Telesales Team x 2	£80,000	£80,000	£80,000	£240,000
College & ITP Network Coordinator x 1	£50,000	£50,000	£50,000	£150,000
Schools career advisors team of 3	£150,000	£150,000	£150,000	£450,000
Events and marketing	£50,000	£50,000	£50,000	£150,000
Admin support	£80,000	£80,000	£80,000	£240,000
Subcontractor Management Overhead (13%)	£206,000.00	£245,000.00	£245,000.00	£696,000
Skills Portal Development	£150,000	£0	£50,000	£200,000
<b>Total Operational Costs: Skills Brokerage</b>	<b>£1,286,000</b>	<b>£1,370,000</b>	<b>£1,420,000</b>	<b>£4,076,000</b>
<b>Total Costs: All Growth Services</b>	<b>£5,240,866</b>	<b>£6,607,545</b>	<b>£7,642,145</b>	<b>£19,490,555</b>

## Actual Preferred Bidder Costs at Point of FBC

The cost calculations below, are taken direct from the Preferred Bidding consortium bid.

	Assumed Cost at OBC	Actual Cost at FBC	Variance
Growth Coaching	£2,735,730	£2,689,727	£46,003
Inward Investment	£3,630,610	£3,444,462	£186,148
Skills Brokerage	£4,076,000	£2,822,310	£1,253,690

The total variance to the OBC estimate is £1,485,841, however, of this amount £1,301,905 is the cost of the Prime Contractor.

## Affordability & Investment Required

The Business Board does not have significant revenue funding at its disposal to finance the procurement of the Business Rebound & Growth Service, in addition to its Core LEP activities, between 2020/21 and 2022/23. Current revenue funding available to the Business Board between those dates from the CPCA's Mid-Term Financial Plan (MTFP) is:

1. £927,000 forecast as Enterprise Zone business rate receipts to 2022/23
2. £2,357,700 provisioned to 2022/23 for specific projects and services, including; BEIS funding for delivery of the Growth Hub; Skills Strategy Implementation; Market Towns Masterplans Implementation; and Local Industrial Strategy Implementation

Hence, the aim of the Business Board is to free-up and leverage a proportion of the above funding available from the CPCA's MTFP, to create a revenue fund to enable it to procure the Business Rebound & 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 Rebound & Growth Service. The Business Board's strategy consists of the following steps:

6. To request that the CPCA, as the Business Board's Accountable Body and legal personality, establish a **Growth Service Management Company**, on behalf of the Business Board, as a subsidiary to the Combined Authority Trading Company Limited ("CATC"), with an initial allocation of 100 shares in favour of CATC. The purpose of the Company, being to manage the Growth Service Delivery Fund, and with it, procure the delivery of the Growth Service itself from the private sector.



7. To accept an application from the CPCA, to the LGF capital fund administered by the Business Board, for a **£5,407,000 capital equity investment from the LGF** into the Growth Service Management Company (Growth Co). 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. 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 Rebound & Growth Service.
8. To request that the CPCA, as the Business Board's Accountable Body and legal personality, apply for funding on behalf of the Business Board, from the European Regional Development Fund (ERDF) and European Social Fund (ESF) for the amount of **£7,327,148 of revenue from ERDF & ESF**, and resolve through a key decision informed by this OBC, to allocate this sum, through its 2020/21-22/23 MTFP, to the Growth Service Management Company to part fund the procurement of the delivery of the Business Rebound & Growth Service.
9. To request that the CPCA resolve, through a key decision informed by this OBC, to allocate **£2,265,000 of the £3,284,700 revenue** from Business Board allocations, as outlined in point 2 from its 2020/21-22/23 MTFP, to the Growth Service Management Company to part fund the procurement of the delivery of the Service.
10. To task the **procured delivery partners for the Business Rebound & Growth Service** with the acquisition of **£4,500,000 of small business contributions** to the costs of delivering the Growth Service. This being through business payments of 50% of the costs of the Growth Coaching they receive as part of the Growth Service.

This strategy is summarised in the table below

Strategy for the Creation of The Growth Service Delivery Fund	
Total LGF Capital Equity Investment by the Business Board	£5,407,000
ERDF Funding	£5,291,601
ESF Funding	£2,035,547
Total ESIF Revenue Funding, Applied for by CPCA	£7,327,148
CPCA budget for Growth Hub	£738,000
CPCA Skills Strategy Implementation budget	£150,000
Local Ind Strategy Implementation budget	£150,000
CPCA contract with Careers Enterprise Company	£240,000
CPCA Enterprise Zone businesses rates receipts	£927,000
Total CPCA Revenue Allocation from the CPCA 2020/21-22/23 MTFP	£2,205,000
Total SME contributions to the growth coaching service	£4,500,000
Total Growth Service Delivery Fund for Procurement of the Service	£19,439,148

In addition, to delivering growth coaching, skills brokering and inward investment promotion, the Business Board intends to task the Growth Service with the administration of the **Small Business Capital Growth Investment Fund**. Inclusive of a provision for £500k for the Innovation & Relocation Grants (see page 12), this fund was approved and ringfenced, within the LGF budget, in September 2019 by both the Business Board and CPCA Board. It is currently being piloted with an initial £3m allocation, but the main tranche of £9m will be allocated by the Business Board, in the form of a grant, to the Growth Service Management Company, to enable it to be administered by the procured Growth Service.

The cost of administering this Small Business Capital Growth Investment Fund will be met by a provision, of approximately of 5% of the £9m Fund and be subject to competitive tender through the OJEU compliant procurement of the Growth Service as a whole, to gain maximum VFM and minimum administration fees.

The Small Business Capital Growth Investment Fund will consist of a mixed portfolio of lower level funding, down to £20,000 administered as a 50%-80% match-grant, and up to £250,000 administered as an equity investment. The actual mix is to be determined through market engagement over the first year of the Growth Service. However, officers' initial forecast is that this will be around 50:50 between smaller grants and larger equity investments. Whilst the private sector angel investment market, concentrated in and around Cambridge in the life science and digital sectors, will meet the needs of some high-tech growth businesses, and bank borrowing will meet the needs of other, more traditional growth firms, evidence<sup>11</sup> shows that there is a substantial market failure at £20k to £250k, especially for the more traditional firms and those without sufficiently strong balance sheets. It is this gap in the market that the Small Business Capital Growth Investment Fund seeks to fill.

**The benefit sought by the Business Board, by transferring the £9m Small Business Capital Growth Investment Fund, to the Growth Service to invest on its behalf** is to optimise the impact of the grants/investments on place-based economic growth, and to maximise the potential return on investment for the LGF itself. This is important to maximise the opportunity to recycle as much of the £9m LGF Investment Fund back into new projects and investments as possible. The Business Board aims to achieve this through The Growth Service's engagement with approximately 12,000 firms over 3 years, and its provision of in-depth growth potential analysis to 3,000 of these, leading to the identification of at least 900 of our economy's highest potential growth firms, as indigenous companies or national and global firms attracted to locate here.

The Growth Service will also support these firms to acquire the skills they need to support their growth as well as provide the highest potential firms with growth capital via equity investment in them. The value added through the Growth Service to the £9m Small Business Capital Growth Investment Fund, will be to optimise the LGF equity investments into the highest potential growth firms in C&P, outside the segment (primarily in Cambridge and in life sciences) already serviced by the private sector as business angels or accelerator funds. Of the £9m available, at least £6m is forecast to be invested in growth firms as equity. The firms themselves, based on evidence from previous BEIS growth coaching programmes, are likely to grow their revenues at greater than 20% pa over the three-year programme, indicating a high potential rate of capital growth on the equity invested in them by the LGF. All equity holdings will include a 3 year buy-back option clause to enable the LGF to realise its investments and repatriate its cash back to recycle into new projects, at a forecast level of at least 3.5%pa compound growth. Hence the point of return of the £5,407,000 to the LGF will be phased between 2023 and 2026.

---

<sup>11</sup> <https://www.british-business-bank.co.uk/midlands-engine-investment-fund-launches-100million-sme-equity-fund/>

## Risk Analysis

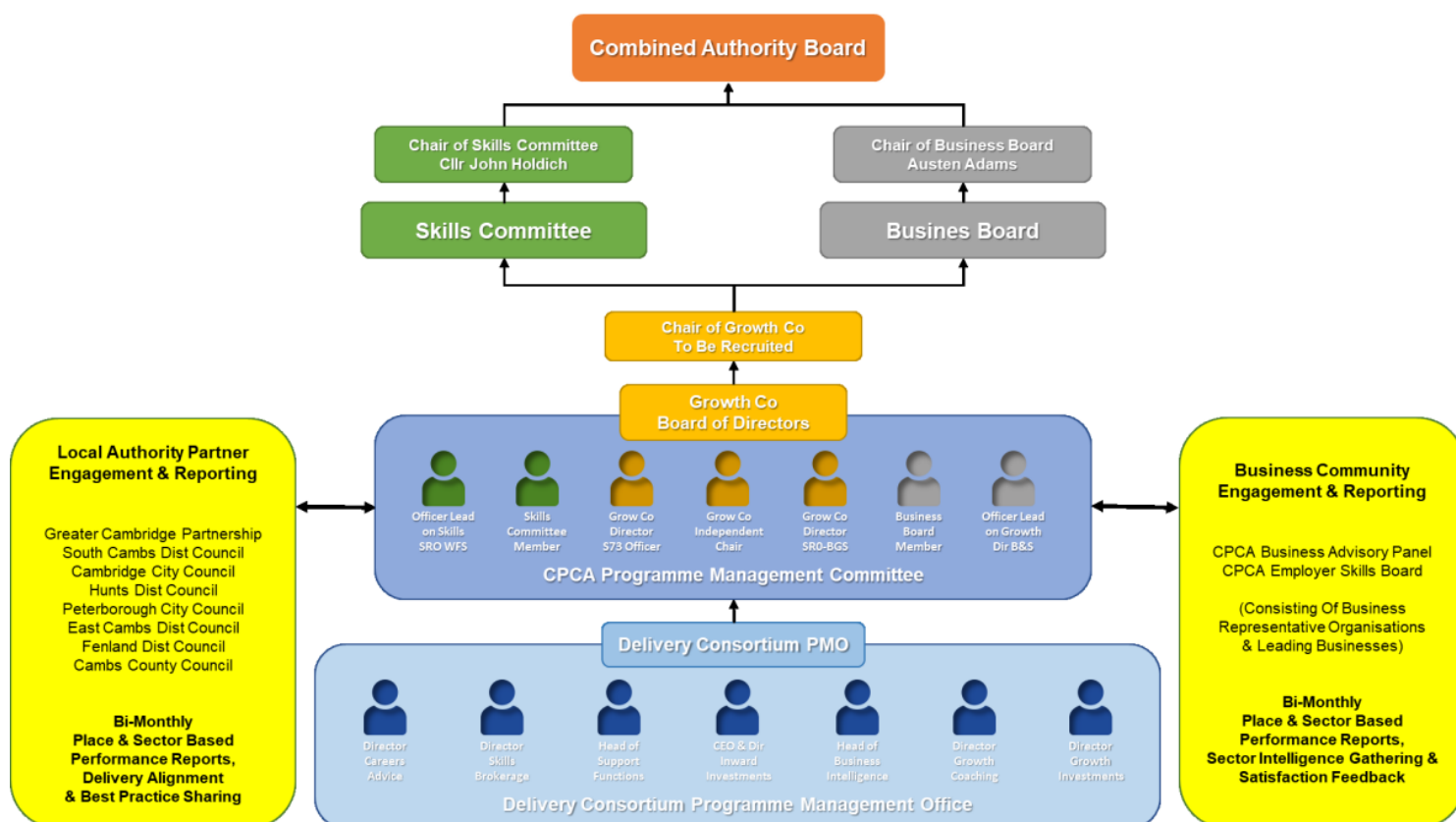
The primary risk within the funding strategy relates to the prospective failure to successfully secure the following funding, outside the control of the CPCA or the Business Board, notably:

1. The possibility of the Enterprise Zone developers' forecasts being over optimistic, particularly following on from the COVID-19 pandemic. Mitigations include;
  - a. **Factoring down forecasts for optimism.** The factor used on developer forecasts for each of the five Enterprise Zones varied depending on its maturity and track record in attracting new tenants over time.
  - b. **Utilising the surplus cash at end of programme.** The cashflow for the total Service, shown in appendix 7, is now, as a result of improvements made during the competitive negotiation procurement process, showing a surplus at the end of the contract, of £450k. This is nearly 50% of the projected Enterprise Zone receipts we had allocated to the Service budget, and creates a safety factor of 2, on our assumption of £927k of contributions from Enterprise Zones.
2. The possibility of losing the current contract to the CPCA from the Department for Education's Careers Enterprise Company. However, we have mitigated this risk by securing a rolling contract for 3 years.
3. The possibility of the CPCA's application for European Regional Development and European Social Funding being rejected the managing authorities, MHCLG and DWP respectively. However, we now have a grant offer letter from DWP and a letter of comfort from MHCLG. See Appendix 2.
4. The possibility of failing to secure 50% contributions towards the costs of growth coaching, from the firms benefiting from it. However, we have mitigated this risk by designing the Service upon the previous coaching programme delivered by BEIS, which successfully secured 50% funding from all 26,000 of the firms provided with coaching between 2012 and 2016.
5. The possibility of failing to negotiate an agreed contract with the Preferred delivery Partner. This risk has been mitigated by securing their agreement to, and negotiation of, the contract as part of the Competitive Procedure with Negotiation (CPN) has already been secured.
6. The possibility of failing to negotiate the outcomes specified within this FBC. This risk has been mitigated through the Competitive Procedure with Negotiation (CPN) and the outcomes within the final bid of the Preferred bidding consortium, are the same job creation outcomes target that have been used in this FBC. Noting that they are 7.5% higher than those specified in the procurement specification.

# MANAGEMENT CASE

## Management Structure

The management of the Service will be layered by levels of detail, but ultimately it will be the directors of Growth Co who will be accountable to CA Board, through the Business Board and Skills Committee for successful delivery of the Service to the specification in Appendix 6 and to the satisfaction of customers and local authority partners.



## Governance

**The Board of Directors of Growth Co are accountable to the CPCA as their shareholder.** At an annual general meeting with their shareholders, the Directors will report on delivery of Growth Co against this FBC. The Growth Co Board consists of an independent chair, the CPCAs Senior Responsible Officer for the Business Rebound & Growth Service and the CPCAs Section 73 Officer.

**The Chair of Growth Co will report more frequently and in more detail in the form of Board Update Reports, to the Business Board and Skills Committee.** This will be on a bi-monthly basis, through a presentation from the Chair of Growth Co, followed by questions from the Committee / Board members. Those update reports will

**The Chair of Growth Co will report to the CA Board twice annually.**

## Programme Management

All three directors of Growth Co will sit on a Programme Management Committee designed to hold the Delivery Consortium to account against the contract to deliver the Service. The Directors will be supported by subject matter experts and a Lead Member from each of the Business Board and Skills Committee. These include;

- A Member of the Skills Committee, with responsibility for Workforce Skills and Schools Careers Advice, to act as a Champion of the Service within the Skills Committee and be responsible for oversight in regard to the effectiveness and efficiency of the management processes for the Programme Management Committee.
- A Member of the Business Board, with responsibility for Business Growth and Inward Investment, to act as a Champion of the Service within the Business Board and be responsible for oversight in regard to the effectiveness and efficiency of the management processes for the Programme Management Committee
- A growth and inward investment subject matter expert, in the form of the Chief Officer of the Business Board, with two decades experience in managing RDA /BIS growth support services and UKTI/DIT inward investment services.
- A work force skills and careers advice subject matter expert, in the form of the new Senior responsible Officer for Workforce Skills, with two decades experience in managing the delivery of apprenticeships, skills development, further and higher education.

From the suppliers side, the Programme Management Committee will be joined by the representatives from the Delivery Consortium, forming the Service Programme Management Office. The Delivery Consortium PMO consists of the consortium CEO, Head of Support Functions, Head of Business Intelligence, alongside three heads of service for Careers Advice, Skills Brokerage, Growth Coaching and Growth Investments. The CEO is also head of inward investment.

## Local Authority & Business Community Partnerships

All three directors of The CPCA's Lead Officer for the Service, Brian Hyland, who is one of the three Growth Co Directors and also the CPCA's Senior Responsible Officer for Business Growth Services, will be responsible for briefing and collaborating both the Local Authority Partners of the CPCA and its Business Community Partners. This will take the form of bi-monthly place & sector-based performance reports, plus delivery alignment & best practice sharing with LA economic development officers, as well as sector intelligence gathering & satisfaction feedback from business organisations and individual leaders.

## Delivery Consortium PMO

The PMO provides the day-to-day management of the Service. It will provide all necessary infrastructure, skills development, finance, compliance, IT, procurement and HR resources needed to run the Service. These resources have already been secured through the procurement process. The PMO will operate upon the four pillars of good governance and programme management, namely the:

1. Definition of accountability
2. Effective decision making and assigning authority
3. Alignment between objectives and those delivering the outcomes
4. Disclosure of information required to assure stakeholders

The CPCA-PMO will hold the Preferred Bidding Consortium to account across each of the four service lines for performance on outcomes, quality, cost, compliance, and customer satisfaction. It will require the Preferred Bidding Consortium to perform, on a weekly basis, a management deep dive across the programme as a performance snapshot, to be reported by email to the CPCA-PMO.

It will deliver value to the CPCA and its Boards on three levels:

1. **Recording:** providing clear metrics on what has happened, in engagement, costs and outcomes (showing the numbers as they are)
2. **Forecasting:** the future using predictive forecasting on engagement, and success rates (developing insight about what was and where we see existing patterns of activity moving)
3. **Hypothesis:** optimise outcomes by running scenarios and potential impacts to the programme. This will provide flex to COVID 19 and Brexit economic scenarios as they arise.

The PMO as a unit will serve four functions, providing not just a service but an insight generation facility, for feeding intelligence into broader CPCA decision making. These will be as:

1. **Scorekeeper:** providing data collection and reporting.
2. **Commentator:** providing context for decisions aligned to the CPCA's vision
3. **Custodian:** Protecting the CPCA by holding the delivery partners to account
4. **Advisor:** sharing insights and advising on future trends and policy impacts

As a two-way information flow, the CPCA-PMO will be data intensive and focus on a central Intelligence Hub accumulating data from all four service lines, providing centralised data, publications and statistics.

**In receiving mode**, the Intelligence Hub will capture inputs from the four service lines including benefit tracking, business intelligence, industrial and competitive insights, pipeline performance and financial forecasts. The Intelligence Hub will be the

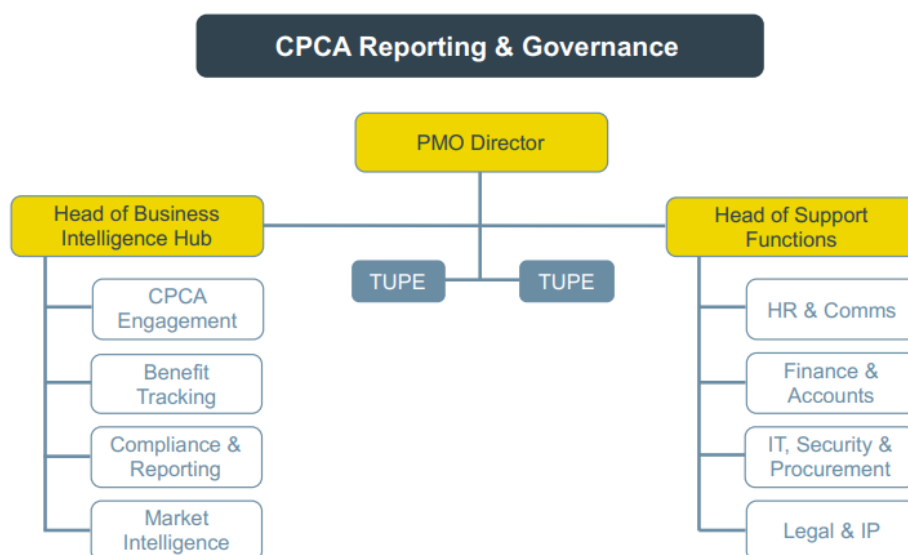
accumulator of data leading to strategic and operational insight for decision intelligence. Its data and information rich approach will enable delivery agility where flexibility will be key post-Covid.

**In delivery mode** the Intelligence Hub will provide the core platform of infrastructure and systems for efficient delivery of each of the four service lines.

A key feature of the CPCA-PMO will be “**The CPCA One Rule**”. We will operate the service lines of the broader business rebound & Growth Service, under one “Playbook” that is the Operating Model and “Glossary” for all four service lines and the PMO team. All delivery partners within the Preferred Bidding Consortium, as well as their constituent staff, will use one language with an alignment of “one way of doing things around here”. Within this “One Rule” approach we will use a matrix that enables the four customer service lines to feed directly into the single PMO enabling:

1. Implementation of “one way” of working across four service lines
2. Identification of operational synergy and financial efficiencies
3. Report standardisation for compliance and Board(s) reporting requirements
4. Synchronisation of customer and account management
5. Optimisation of Commercial Partnership outcomes
6. Promotion of cross-referral and insight across the four services lines
7. Innovation from benchmarking, shared learnings and smart failures
8. Insights for integration into decision making and delivery
9. Integration of other CPCA services, funded learning and investments

The structure below the CPCA PMO, shown here in black, is illustrated below:





## **Appendix 1**

### **Business Board's LGF Investments & Impacts**

LGF Project	Project Description	Primary Sector	Lead Organisation	Region Authority	LGF Amount	Direct Job Creation	Indirect Job Creation	TOTAL Job Creation
<b>Accelerating Start-Ups, Scale-Ups &amp; Set-Ups – Through Start-up &amp; Growth Finance &amp; Advice</b>								
The Business Growth Service	GROWTH COACHING, EQUITY INVESTMENTS, SKILLS & FDI	All	CPCA	Huntingdonshire District Council	£5,407,000	47	5890	5937
Illumina Genomics Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS	Life Science	Illumina Cambridge Ltd	South Cambridgeshire District Council	£1,000,000	1033		1033
Startcodon Life Science Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS	Life Science	Start Codon Ltd	South Cambridgeshire District Council	£3,342,250	1730	3460	5190
Ascendal Transport Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS	Transport	Ascendal Ltd	South Cambridgeshire District Council	£965,000	2	200	202
Meditech Accelerator	START-UP TECH ACCELERATOR EQUITY INVESTMENTS	Life Science	Health Enterprise East	South Cambridgeshire District Council	£500,000	0	0	0
Peterborough & Fens Manufacturing Association	EQUITY INVESTMENT IN START-UP BUSINESS NETWORK	Business Growth	Opportunity Peterborough	Peterborough City Council	£715,000	113	191	304
Terraviva Company Expansion	GROWTH GRANT	Advanced Manufacturing	Terraviva	South Cambridgeshire District Council	£120,000	15	Not available	15
Aerotron Company Expansion	GROWTH GRANT	Advanced Manufacturing	Aerotron Ltd	Fenland District Council	£1,400,000	140	15	155
Agri-Tech Growth Initiative	GROWTH GRANTS	AgriTech	CPCA	CPCA Wide projects	£3,036,252	300	0	300
Growing Places Fund Extension	GROWTH GRANTS	All	CPCA	CPCA Wide projects	£65,000	320	0	320
Signpost to Grant - CPCA Growth Hub	GROWTH GRANTS	All	CPCA	CPCA Wide projects	£120,000	0	0	0
COVID Capital Growth Grant Scheme	GROWTH GRANTS	All	CPCA	CPCA Wide projects	£3,000,000	287	Not available	287
<b>TOTAL</b>					<b>£19,670,502</b>	<b>3,987</b>	<b>9,756</b>	<b>13,743</b>

Accelerating Hi-Tech Jobs Growth – Through Innovation & Incubation Centres								
Hauxton House Incubation Centre	INCUBATOR	Life Science	o2h Ltd	South Cambs District	£438,000	192	138	330
South Fenland Enterprise Park	INCUBATOR	Business Growth	Fenland District Council	Fenland District	£997,032	30	46	76
Photocentric 3D Centre of Excellence	INNOVATION CENTRE	Business Growth	Photocentric Ltd	Peterborough City	£1,875,000	1078	106	1184
Cambridge Biomedical Campus	INNOVATION CENTRE & INCUBATOR	Life Science	Cambridge University Health Partnership	Cambridge City	£3,000,000	880	2204	3084
NIAB - AgriTech Start Up Incubator	INNOVATION CENTRE & INCUBATOR	AgriTech	NIAB	Huntingdonshire District	£2,484,000	990	805	1795
NIAB - Agri-Gate Hasse Fen extension	INNOVATION CENTRE & INCUBATOR	AgriTech	NIAB	East Cambridge District	£599,850	65	510	575
TWI Engineering Centre	INNOVATION CENTRE	Advanced Manufacturing	TWI Ltd	South Cambs District	£2,100,000	104	0	104
Biomedical Innovation Centre	INNOVATION CENTRE & INCUBATOR	Life Science	Cambridge University	Cambridge City	£1,000,000	880	2204	3084
Haverhill Epicentre - Jaynic	INCUBATOR	Life Science	Jaynic Investment LLP	West Suffolk District	£2,600,000	300	1600	1900
TWI Ecosystem Innovation Centre	INNOVATION CENTRE & INCUBATOR	Advanced Manufacturing	TWI Ltd	South Cambs District	£1,230,000	4	150	154
West Cambs Innovation Park	INCUBATOR	Life Science	Uni of Cambridge	Cambridge City	£3,000,000	380	150	530
TTP Life Sciences Incubator	INCUBATOR	Life Science	TTP	South Cambs District	£2,300,000	236	10	246
University of Peterborough Phase 2	INNOVATION CENTRE & INCUBATOR	INNOVATION CENTRE & INCUBATOR	Photocentric Ltd	Peterborough City	£14,600,000	871	1325	2196
Aracaris Capital Living Cell Centre	INNOVATION CENTRE	Life Science	Aracaris Ltd	South Cambs District	£1,350,000	200	0	200
TOTAL					£37,573,882	20757	17920	38677

Accelerating Recovery in Construction - Through Transport Infrastructure Improvements								
Whittlesey King's Dyke Crossing	ROAD IMPROVEMENT	Transport		Peterborough City Council	£8,000,000	315	0	315
Bourges Boulevard Phase 1	ROAD IMPROVEMENT	Transport	Peterborough City	Peterborough City Council	£2,100,000	240	0	240
Bourges Boulevard Phase 2	ROAD IMPROVEMENT	Transport	Peterborough City	Peterborough City Council	£9,200,000	100	0	100
A47/A15 Junction 20	ROAD IMPROVEMENT	Transport	Peterborough City	Peterborough City Council	£6,300,000	228	0	228
Wisbech Access Strategy	ROAD IMPROVEMENT	Transport	Cambridgeshire County	Fenland District Council	£6,000,000	1600	0	1600
Lancaster Way Phase 1 Loan	ROAD IMPROVEMENT	Business Growth	Grovermere	East Cambridge District	£1,000,000	540	0	540
Lancaster way Phase 2 Loan	ROAD IMPROVEMENT	Transport	Grovermere	East Cambridge District	£3,680,000		0	0
Lancaster way Phase 2 Grant	ROAD IMPROVEMENT	Transport	Grovermere	East Cambridge District	£1,455,000		Not available	0
Ely Southern Bypass	ROAD IMPROVEMENT	Transport	Cambridgeshire County	East Cambridge District	£22,000,000	1950	0	1950
Manea & Whittlesea Stations	RAIL IMPROVEMENT	Transport	Cambridgeshire County	Fenland District Council	£395,000	0	0	0
CAM Promotion Company	METRO SYSTEM	Transport	CPCA	CPCA	£999,000	60	33	93
Soham Station	RAIL IMPROVEMENT	Transport	Cambridgeshire County	East Cambridge District	£1,000,000	125	TBC	125
TOTAL					£62,129,000	5158	33	5191

Accelerating Upskilling & Retraining – Through Improved Education Capacity & Provision								
Metalcraft Adv Man Centre	APPRENTICESHIP ACADEMY & INCUBATOR	Advanced Manufacturing	Metalcraft	Fenland District	£3,160,000	14	30	44
University of Peterborough Phase 1	UNIVERSITY	Multi-Sector	CPCA	Peterborough City	£12,500,000	2195	19000	21195
March Adult Education Centre	SKILLS TRAINING CENTRE	Multi-Sector	Cambridgeshire Skills	Fenland District	£400,000	141	0	141
PRC Food Manufacturing Centre	APPRENTICESHIP ACADEMY	Food Processing	Peterborough City Council	Peterborough City	£586,000	53	0	53
Endurance Skills Training Centre	APPRENTICESHIP ACADEMY	Transport	Endurance Estates Ltd	Huntingdonshire District	£2,400,000	94	575	669
iMET Skills Training Centre	APPRENTICESHIP ACADEMY	Advanced Manufacturing	Camb Regional College	Huntingdonshire District I	£10,500,000	1	0	1
CITB Construction Academy	APPRENTICESHIP ACADEMY	Construction	CITB	Kings Lynn & West Norfolk	£450,000	1	0	1
CRC Construction Skills Hub	APPRENTICESHIP ACADEMY	Construction	Camb Regional College	Huntingdonshire District	£2,500,000	18	20	38
AEB Innovation Grant	SKILLS TRAINING GRANTS	Multi-Sector	CPCA	CPCA Wide	£323,720	0	0	0
TOTAL					£32,819,720	2517	19625	22142
<b>GRAND TOTAL</b>					<b>£152,193,104</b>	<b>17872</b>	<b>38662</b>	<b>56534</b>

**APPENDIX 2**  
**CONFIRMATION OF ESIF FINANCING**

**Date:**

Department for Work and Pensions  
Finance Group  
European Social Fund Division  
Ground Floor  
1 Hartshead Square  
Sheffield  
South Yorkshire  
S1 2FD

Dear Andy Luff,

**SUBJECT TO CONTRACT**

**Project Name: Skills Talent Apprenticeship and Recruitment (STAR) Hub**

**Project Ref: 13S20P03478**

I am pleased to inform you that, subject to the conditions set out below, on behalf of the Secretary of State the ESF England Programme Managing Authority, the Department for Work and Pensions has decided to approve an investment of £2,035,547.00 (two million, thirty five thousand, five hundred and forty seven pounds) ESF grant funding in the Project ("Funding").

The proposed Funding is conditional upon you entering into a written and detailed funding agreement with the Secretary of State ("Funding Agreement"), prepared by the Secretary of State, and setting out the terms and conditions on which the Funding will be granted.

Your Funding Agreement for the above project has been uploaded into ECLAIMS. An accompanying Funding Agreement Acceptance Document has also been uploaded into ECLAIMS – both documents are now ready for you to save electronically and action as described below.

You should check the Funding Agreement document itself thoroughly to ensure the details about your project are correct. You should then arrange for a suitable representative from your organisation to sign the accompanying Funding Agreement Acceptance Document on behalf of your organisation

The Managing Authority are currently unable to process Funding Agreement/Memorandum of Understanding with a wet signature. Therefore, can I please direct you to Annex A of this document which sets out the process for signing electronically. As or when this changes the Managing Authority will provide an update.  
For the purposes of the ESF Funding Agreement, MOU and Variation processes an electronic signature must be:

- an electronic copy of an actual handwritten signature. Typewritten signatures will not be acceptable.

Other than completing the Grant Recipient Acceptance section of the relevant acceptance document, neither document should be amended in any other way.

### **Electronic Signature**

Once the suitably authorised representative has signed the Funding Agreement Acceptance Document on behalf of your Grant Recipient organisation and ESF Project, they will need to email a copy of **both** the Funding Agreement itself **and** a copy of the Funding Agreement Acceptance Document to [ESF1420.CONTRACTANDBANKQUERIES@DWP.GOV.UK](mailto:ESF1420.CONTRACTANDBANKQUERIES@DWP.GOV.UK).

NOTE: If the email does not contain both documents or if it is not sent from the same person who has signed the Funding Agreement Acceptance Document, your Funding Agreement will not be valid and will be rejected.

You should also retain your own, electronic signature copy of your Funding Agreement for your records.

For the avoidance of doubt, notwithstanding the above, the Secretary of State shall not be required to enter into any Funding Agreement that is not in a form that they find acceptable, and nothing in this letter will constitute either a binding commitment on the Secretary of State to provide all or any part of the Funding or any representation that the Funding (or any part of it) will be provided by the Secretary of State.

The Funding Agreement contains the Department's offered terms of funding.

### **Electronic signature**

Please indicate your acceptance of these by signing and returning copies of **both** the Funding Agreement itself **and** the accompanying Funding Agreement Acceptance Document to the ESF Managing Authority email account above **within 30 days of the date of this letter**.

**No contract will be formed between you and the Secretary of State unless and until the Funding Agreement has (i) been executed by you and the Secretary of State and (ii) taken effect pursuant to its terms. Accordingly, any decision by you to take or to omit to take any action in reliance upon the contents of this letter prior to such execution and completion will be entirely at your own risk and expense.**

### **Bank Details Form:**

Separate to your Funding Agreement action, please can you also save electronically and complete the "Blank Bank Details Form – Contingency Version" document which has been uploaded into ECLAIMS for your ESF Project.

You should then complete the Bank Details form and ensure that all Mandatory sections are completed and that both Signatories and the Authoriser have all signed in the appropriate places with their own electronic signatures. The use of electronic signatures is part of a contingency arrangement in place as a result of the current Covid-19 government advice. For the purposes of this contingency process, an electronic signature is defined as:

- an electronic copy of an actual handwritten signature. Typewritten signatures will not be acceptable.

**Once completed the Bank Details form should be returned by email to [mailto:esfbankdetailscovid19.esfbankdetails-covid19@dwp.gsi.gov.uk](mailto:mailto:esfbankdetailscovid19.esfbankdetails-covid19@dwp.gsi.gov.uk)**

The email containing the final, fully completed Bank Details form **must** be password encrypted;



The relevant password **must** be emailed separately to the same, specific designated bank details;

The email containing the final, fully completed Bank Details form must also include as attachments confirmation emails from each of the 3 authorised signatories named in the form; Each individual confirmation email must include a statement from the relevant authorised signatory certifying that the signature in the Bank Details form is their own signature; Each individual confirmation email must come from the authorised signatory themselves.

These requirements are to ensure that the ESF Managing Authority has sufficient assurance about the validity of each signature, can see that the nominated signatories are aware of their inclusion in the form and each has confirmed they have the authority to act in that capacity for the relevant Grant Recipient organisation and ESF Project.

**NOTE: COMPLETED BANK DETAILS FORMS MUST NOT BE UPLOADED INTO ECLAIMS AS THESE ARE SENSITIVE AND CONFIDENTIAL DOCUMENTS.**

#### **ESF Evaluation Annex:**

Finally, please find attached to this letter a separate Annex for your completion. This annex is to enable the ESF Evaluation team to complete necessary evaluation work following implementation of your ESF Funding Agreement.

Please complete this form and return the **form only** to [esf.evaluations@dw.gov.uk](mailto:esf.evaluations@dw.gov.uk). This form only needs completing if your ESF Project will be supporting individual ESF participants and is therefore not applicable for ESF Technical Assistance Projects.

Should you have any queries in relation to the above, please do not hesitate to contact me.

Once your Funding Agreement has been fully executed, your Contract Manager will contact you in due course to agree arrangements for the Project Inception Visit (PIV). Please do not contact your Contract Manager regarding this in the meantime.

We also advise that you sign up to receive bulletins issued by the Managing Authority to help in the delivery of your project. You can find information on how to sign up in the **'Keep In Touch'** section of the [Useful Resources](#) page on GOV.UK. Please note: the bulletins/options entitled ERDF on that page are not relevant to the ESF Programme.

I wish you success with the delivery of your project.

Yours sincerely,

**Danielle Dawson**  
Department for Work and Pensions  
Enc.

## LETTER OF COMFORT FROM MHCLG



Andy Luff  
EU Funding Consultant  
Cambridgeshire and Peterborough Combined Authority  
72 Market Street  
Ely  
CB7 4LS

27 August 2020

Dear Andy,

Many thanks for your enquiry.

We can confirm that the ERDF Full Applications from CPCA for both the Growth Coaching Service and Inward Investment Service are currently moving through the ERDF appraisal process. Initial points of clarification have been issued and responses received, and the projects are undergoing further appraisal.

It is anticipated that this process will move to completion during September 2020 subject to satisfactory responses to any other questions or issues that arise.

If you have any further questions please feel free to contact me directly,

Kind Regards

A handwritten signature in black ink, appearing to read "Emily Wright".

Emily Wright  
ESIF Delivery and Appraisal Manager

## **APPENDIX 3**

### **SUB-ECONOMY DELIVERY PLANS**

### **The Greater Peterborough Economy**

Peterborough is one of the youngest and fastest growing cities (by population) in the UK. It has grown rapidly since the arrival of the East Coast main line, firstly as a centre of the brickmaking industry, and more latterly, a centre for high-end engineering. It has also developed specialisms in professional services, agri-tech, logistics and distribution (complemented by its strong road and rail connectivity) and environmental sectors, such as water management. Peterborough is a centre of clean growth and as an Environmental Capital is an exemplar for the future sustainable growth of the whole economy, with best practice being rolled out. It was named World Smart City in 2015 (beating Moscow and Dubai) and has since further invested in pioneering approaches to a circular economy which the Local Industrial Strategy will look to support and spread across the whole region.

### **The Fens Economy**

The Fens is an area with a history rich in innovation, developed over generations through necessity of creating success in demanding natural conditions. The very land itself is a testimony to the ingenuity of engineers and the calculated risk taking of funders, who recognised the potential that use of pumping technology and water management techniques could have to create an area of fertile farmland. The Fens contain much of the UK's best farmland, and an associated industry of agriculture, Agri-tech, and food manufacturing has grown up as a result – carrying the legacy of ingenuity into modern-day industry. There is a high rate of 'high employment, low productivity' business, which manifests itself in low skill rates and reduced wages. There are few interactions between businesses, and a lack of open engagement between firms, which reduces the scope for innovation. In addition to these economic challenges, there are also environmental risks, including water management risks for agri-food businesses.

### **The Greater Cambridge Economy**

Greater Cambridge is a jewel in the crown of the UK economy. It extends out beyond the city to the rural towns and villages which surround it, and over time they've become more and more connected to the city. This economy is generally prosperous, with high skills and wage levels. With its prestigious university at its core, it generates many new indigenous businesses and attracts many international firms to operate in the area, eager to capitalise on the wealth of talent and innovative potential. Similarly, it is home to Anglia Ruskin University which has a strong reputation attracting many students to the city. Through various waves of innovation-based growth, Greater Cambridge has cemented its position as one of the top Innovation Growth Clusters in the world, with multiple sector based sub-clusters and networks some also with a global profile. It is the centre of this area's life sciences, digital and technology, education and visitor economies. The Greater Cambridge economy extends out in a number of directions across strategic corridors, such as the life sciences sector which extends south through the M11/A1 innovation corridor to London and westwards to Huntingdon – which also plays a significant role in the sector – and out across the Oxford-Cambridge Arc. It will continue to be a local centre of inward investment, high quality apprenticeships, jobs and infrastructure investment, Science parks and incubators have largely been subject to excess demand. The city is a high performer in measures of innovation, such as patents per head.

The city has also developed a globally pre-eminent and rich business networking culture, which brings together entrepreneurs from different disciplines and backgrounds. This has led to types of knowledge spill-overs and cross-sector collaboration that drives business growth. Many of the big tech businesses (such as Amazon, Apple, Google, and Microsoft) have located in the city centre, in a clear sign of its appeal to world-leading companies.

**After consultations with the Local Economic Development teams the suggested tailoring of the Global Growth Services across the three sub-economies is below:**

### **Greater Peterborough**

#### **Growth Coaching Service:**

The customer targeting focus needs to be towards a mix of firms split by size in the following way:

70% of clients at the 10 to 49 employee level

20% of clients at the 50 to 249 employee level

10% of clients at the 250 employees and above

Sector targeting focus should include:

Logistics,

Construction,

Food and drink,

Business Services,

Digital,

Environmental.

Connectivity must be included with the proposed new Manufacturing Network for improved access to firms

The business support consultancy market will need developing in Greater Peterborough and the procured delivery partners must have strong coach connections, sales processes growth barrier diagnostic software

#### **Inward Investment Service:**

The service will refine local propositions for Greater Peterborough with a Sector targeting focus on the following:

Logistics companies who may be ready for relocation from Midlands and adjoining areas or regions of the UK,

Professional Services firms, Digital and Consumer led businesses, Corporate back office functions of large companies, HMG and Non-Government Organisations from London,

Global foreign direct investors from the key markets, in particular the US & EU

#### **Skills Brokerage:**

The new service will need to have connectivity with the local networks and services which currently operate across the Greater Peterborough area such as Opportunity Peterborough,

The Sector focus for the new skills brokerage in the Greater Peterborough geographic area would need to include as target priorities:

Food and Drink,

Logistics,

Engineering and Manufacturing

Development of new Industry shared sector academies with the Launchpad concepts utilising LGF and potentially the new capital grants scheme

A need to support the Levy marketplace becoming efficient and encouraging apprenticeships across the priority sector clusters and supply chains, using strategic FE and independent providers.

The Skills needs which require strong focus in partnership with Providers, AEB and new University of Peterborough are:

Sales,  
Business management,  
Social media marketing,  
Digital

Capital Growth Grant:

The primary audience should be business customers who will be supported by the Growth Coaching with advisory, coaching and skills services with most likely grant sizes expected in the range of £50-£150k grant size

Innovation & Relocation grants:

Better linking Peterborough manufacturers with Cambridge-based new product development consultants, using new and innovation grants to support collaborations. Target contract manufacturers for first own-product development, and traditional firms needing next generation offers.

Connectivity must be included with the proposed new Manufacturing Network for improved access to firms

## **The Fens**

Growth Coaching Service:

Customer focus; Consider adopting a lower growth threshold for firms in the Fens Emphasise network building amongst firms and better connecting them into District Councils and Growth Services to share knowledge and clients.

The sector focus should not be limited, but will need to take account of fewer larger companies in most of the sectors apart from Agri-food and Manufacturing. There would specifically be a strong desire to focus on Agri-Food and Manufacturing Sector Supply Chains.

#### Inward Investment Service:

The Fenland proposition for Inward Investment would be required to focus on the following:

Targeted Scale-Up relocation packages that includes property offer, funding and skills/recruitment support to firms that can be attracted from contiguous sub-regional economies,

Cambridge firms looking to scale-up, where cost of space and labour is becoming a key issue to operational efficiency.

Key sectors should include Agri-Food, Advanced Manufacturing, Construction and Advanced logistics

Creation of bespoke packages of support for firms relocating into the Fens, including partnerships with developers to support expansion of business space availability in the area.

#### Skills Brokerage:

Development of apprenticeship courses to better meet business needs, both now and into the future, including STEM, which is critically required to retain and attract the higher value businesses.

Develop stronger links with CITB and Construction businesses on modern methods of construction, which is a key opportunity

The Growth Service provider will need to navigate and be able to support the business demand; current and future needs against the current lower level educational attainment. This will require stronger working between local partners, FE/HE Providers.

A need to support the Levy marketplace becoming efficient and encouraging apprenticeships across the priority sector clusters and supply chains, using strategic FE and independent providers.

#### Capital Growth Grant:

Integrate with development and finance partners like for example CBRE to scale employment space investment in key locations across the sub-economy.

Coordinate individual investments to agglomerate into potential higher impact employment sites such as Wisbech Innovation District and Charteris Enterprise Park Projects.

There is a lack of employment space of particular types across this economy so a focus onto move-on accommodation particularly in Market towns such as Wisbech, Littleport and March is required

#### Innovation & Relocation grants:

Create Off-Plan demand through customer engagement activities allied to providing a grant to look at relocation which links with Property Developers and new sites

## **Greater Cambridge**

### **Growth Coaching Service:**

The service will address several growth sectors in the Greater Cambridge area, but the priority Sector focus will need to be on:

Life Sciences and Healthcare

Digital and ICT

Advanced Manufacturing and Materials

The customer targeting needs to have a strong emphasis on micro businesses which make up a large component of the growth opportunity for the area, prioritising local entrepreneurs, who have a vital role in the local eco-system due to the nature of ideas generation in Greater Cambridge.

The targeting does need to also consider the needs of mid-size companies who may have grown rapidly already from a high-tech/High-growth start-up but reaching constraints around access to talent, skills, affordable property and funding.

Recognition has to be noted of the different needs between city based and the rural hinterland firms, especially on accessibility to networks, people and funding.

Requirement to dovetail into existing business networks inside Cambridge, with clarity for the customer on what is already available and what value the proposed services add to existing support.

Careful monitoring of take-up will be required in this sub-economy with potential to flex and adapt the services to the growth ambition thresholds of customers.

As a highly dynamic area needs continually to improve and evolve the delivery of growth services to support business growth and development in Greater Cambridge.

There is a need for innovative supply chain growth models such as those used in collaborative R&D, AMSCI Sharing in Growth programme and proven accelerator models.

Create 1000 Global Growth Champions, from within the Knowledge Engine of Cambridge

### **Inward Investment Service:**

Actively supporting the development of outward promotional activity, to attract new businesses and investment into Greater Cambridge in order to support an increase in local business growth.

Connect the new service with the key local networks, stakeholders, sector cluster bodies and services such as the newly launched Cambridge & Investment Promotional Agency.

Linking the wider scale-up support elements of the Growth service, or other providers scale-up programmes with inward bound locating firms and connecting them into the eco-system of clusters and networks

Need to operate relationship links with Dept for International Trade with single front door for coordinated pipeline management



Proposition development for Greater Cambridge would comprise the following:

- Target investors on to Cambridge Compass enterprise zones, into the new towns sites and new employment sites and the periphery of the city
- Distinct bespoke packages to promote investors towards South Cambs sites targeting new to area but also businesses moving out of Cambridge
- Support to the proposition of Cambridge & on its global targeting of key sectors
- R&D intensive propositions to include University of Cambridge Enterprise Zone
- Capital investment opportunities in development projects the GC area from investment funds, wealth funds, developers and pension funds

#### Skills Brokerage:

The new services will connect with existing local services such as the current GCP-contracted skills brokerage

Continuous support for the development of apprenticeship courses, both new and existing based on the CPIER, Rand & Regeneris research plus business sector engagement.

A need to support the Levy marketplace becoming efficient and encouraging apprenticeships across the priority sector clusters and supply chains, using strategic FE and independent providers.

Focus on SMEs, especially those in Life Sciences in their second cycle of growth as this is usually where they struggle to find the talent and skills required to maximise that growth potential.

#### Capital Growth Grant:

Create evaluation process that focus the grant investment onto firms caught up in a market failure, acting as an investor/lender of last resort, to avoid duplication with a currently buoyant angel equity and venture investor market.

Connect capital growth grants to firms supported by the four new Innovation Launchpads, Enterprise Zones and especially those in or moving to the new towns and sites outside of Cambridge City.

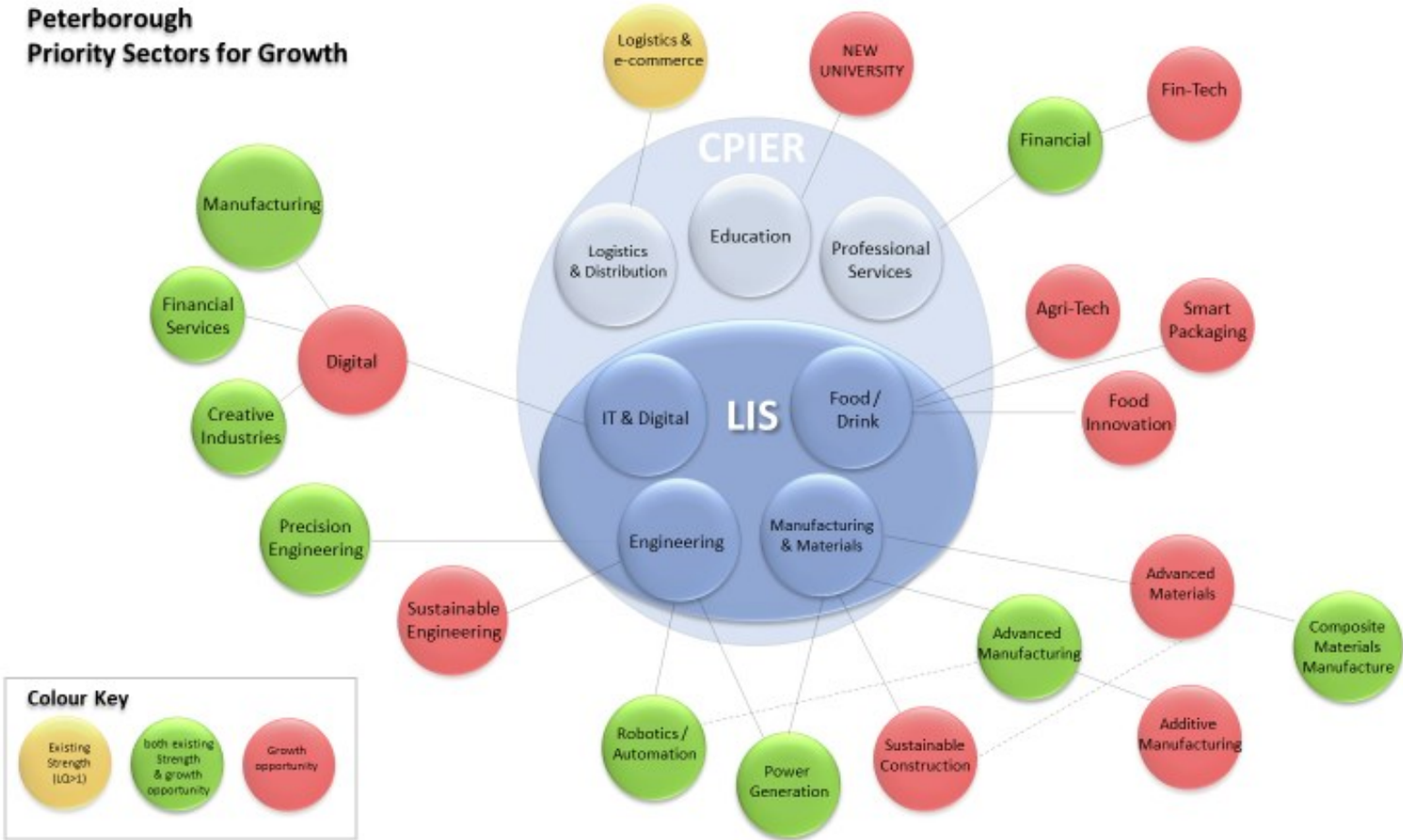
#### Innovation & Relocation grants:

Link firms requiring innovation grants with R&D grant proposal authoring experts in local partner organisations such as TWI, ARU, IFM, UoC and Make UK to maximise their chances of securing larger amounts of innovation funding.

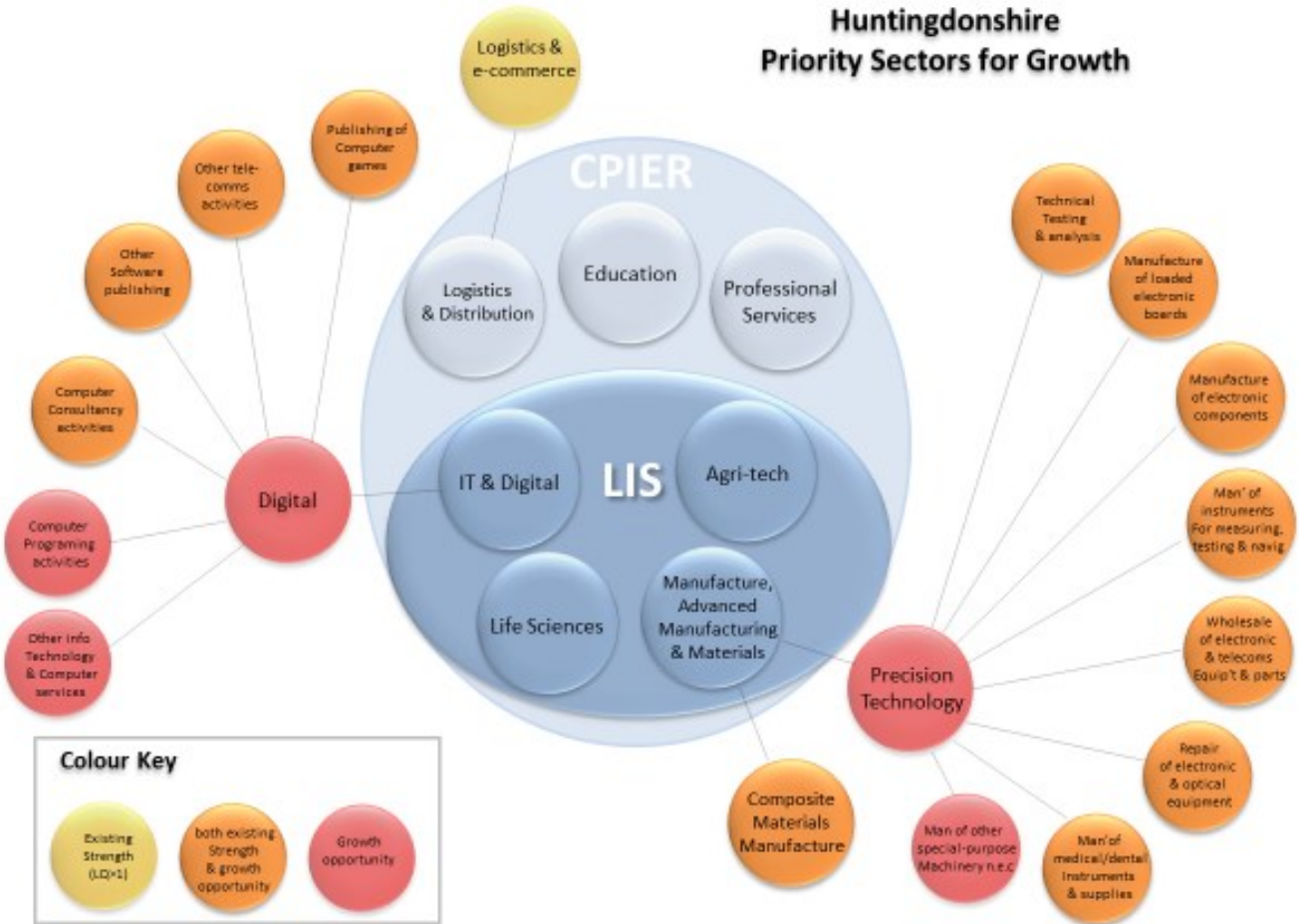
Support businesses, universities and other partners to collaborate to maximise public and private investment in priority areas

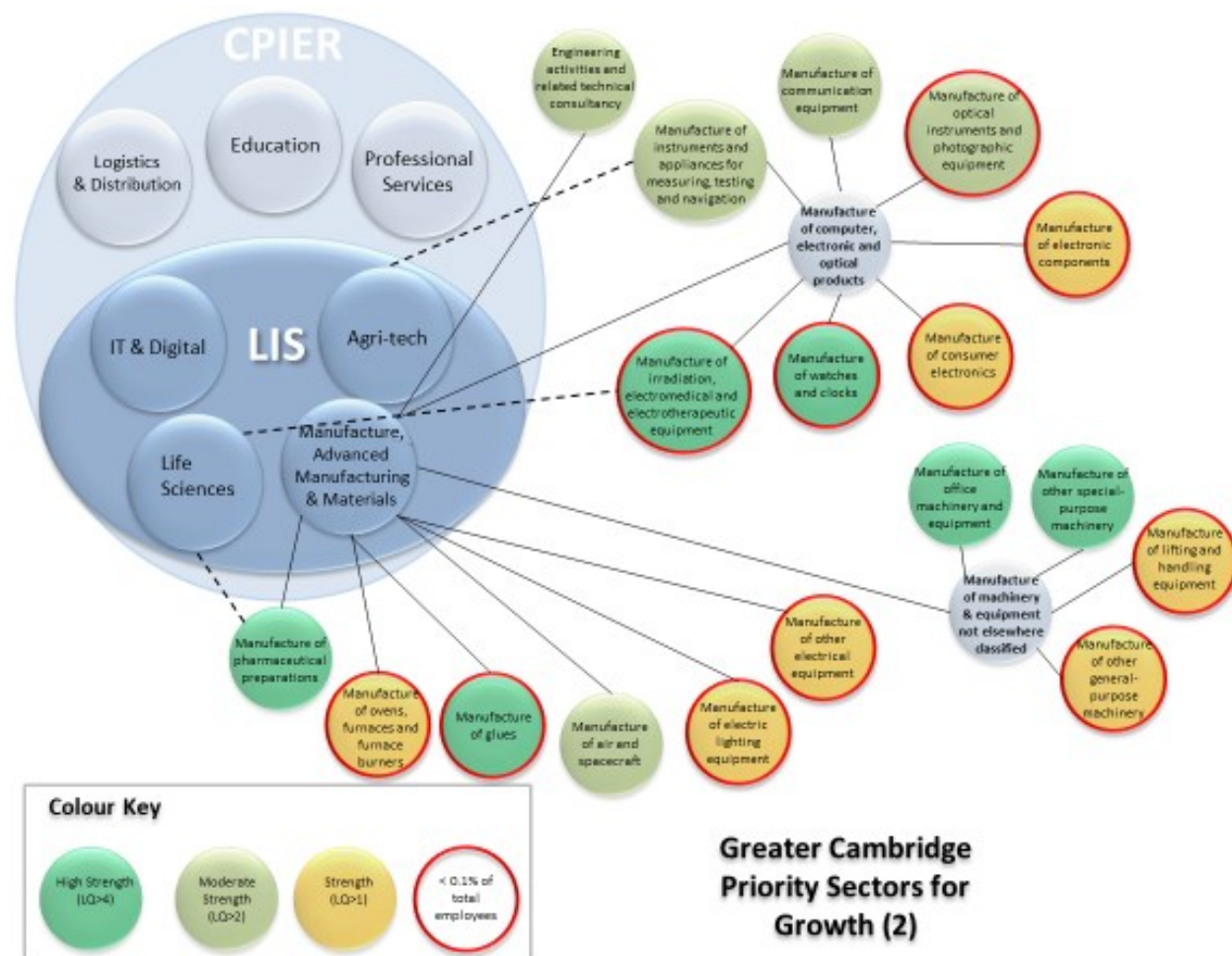
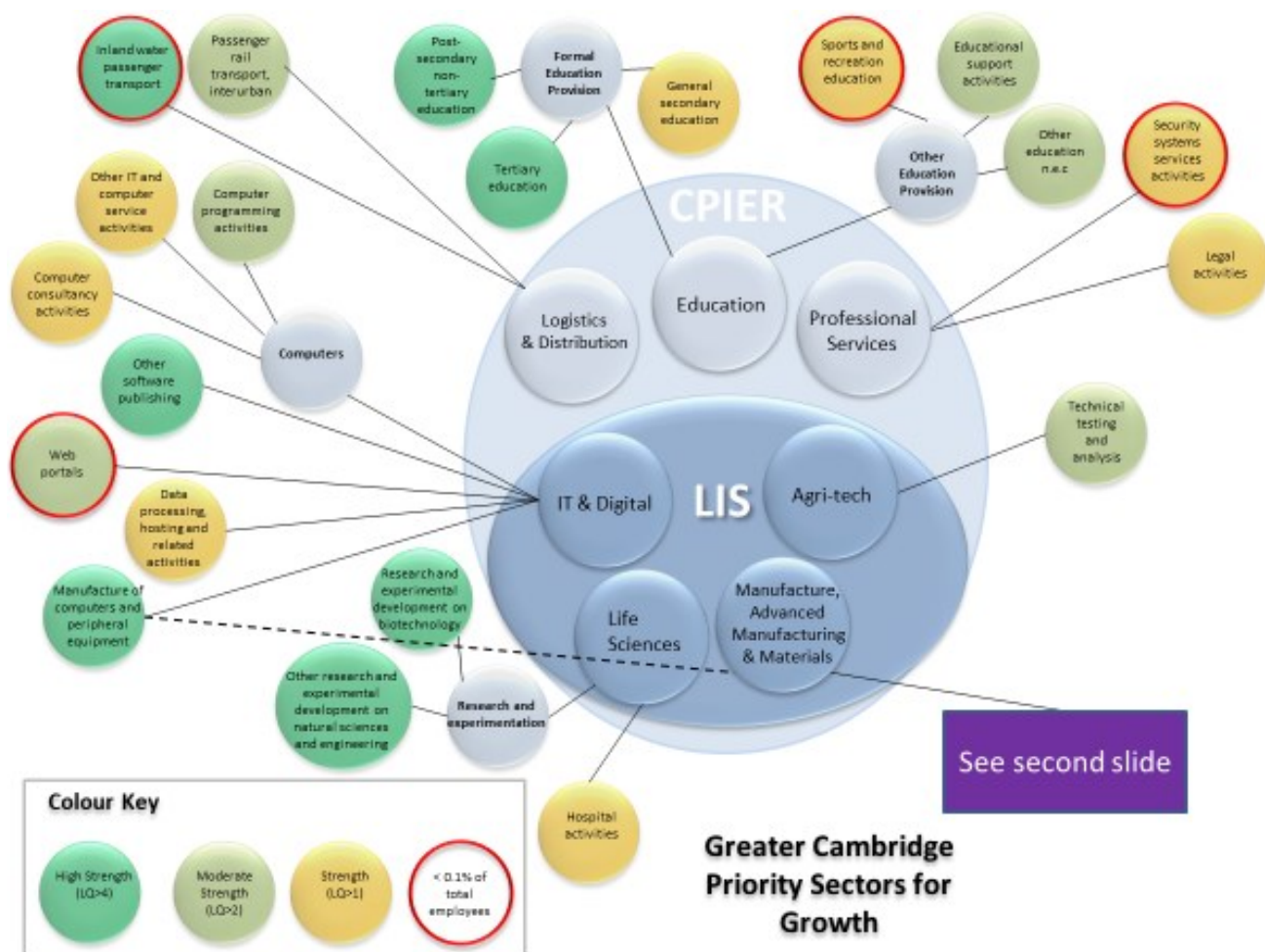
Need to ensure the Growth Service can provide additional support in the GC area around proposal writing at high success levels in both UK and EU

**Peterborough  
Priority Sectors for Growth**



**Huntingdonshire  
Priority Sectors for Growth**







**Error! Unknown document property name.**  
Page 296 of 406





### **Appendix 3**

#### ***Support from Local Economic Development Areas***

We are working closely with those on the Economic Recovery Strategy Group and the initial responses from the local economic development areas has been very positive, supportive and discussions are ongoing.

In addition, we are hoping the successful private sector supplier(s) for BGS will offer reciprocal facilities locally.

Support from Local Economic Development Areas			
Local Economic Development Areas	Signpost local businesses to BGS	Desks / office space for our Growth Advisors and Skills Brokers to meet businesses in your district?	Other comments
Cambridge	Want to assist and want to discuss further	Currently reviewing this and want to discuss further	Discussion set up with Strategic Director
Fenland	Yes	To be determined	Further discussion required
Huntingdonshire	Yes	To be determined	Further discussion required
Peterborough	Yes	To be determined	Further discussion required
East Cambridgeshire	Yes	To be determined	Further discussion required
East Cambridgeshire	Yes	To be determined	Further discussion required

## **APPENDIX 4 INDEPENDENT STATE AID REPORT**

**PETERBOROUGH AND CAMBRIDGESHIRE COMBINED AUTHORITY ("THE AUTHORITY")**

**PROPOSED FUNDING MAYOR'S BUSINESS GROWTH COMPANY**

**LEGAL ADVICE**

**1. EXECUTIVE SUMMARY**

1.1 The Authority is proposing to establish arrangements to support local business growth and development. These arrangements would include the establishment of a new growth company to deliver business growth and development in the area.

1.2 As part of the Authority's consideration of these proposals, Pinsent Masons has been asked to advise on a number of key legal questions. This sections sets out the key questions and a summary of the detailed analysis contained in the rest of the note. Definitions of any defined terms used in this summary will be in the detailed sections below.

1.3 This note is designed to set out some key advice at the outset of the project, but it will be important to ensure that the actual implementation including all legal agreements are set up appropriately to reflect the advice given and the Authority will need to keep the operation and structure under review to ensure it remains compliant. We would be happy to support and provide further advice as this develops.

1.4 The advice set out here covers:

1.4.1 whether the proposed investment structure and the Proposed Arrangements overall would be state aid compliant;

Please see sections 3 to 6 below for the full analysis. Overall, the conclusions are:

- (a) Subject to the discussion below in relation to Part 3 (selective advantage), our preliminary view is that the Four Part Test will be satisfied in relation to the Proposed Arrangements, which means that State Aid may be present. The next step is to identify whether potential State Aid may be lawful or avoided due to various exemptions or the application of suitable processes, as outlined below;
- (b) To avoid possible State Aid to CATC, the level of control it exercises over Growth Co should reflect the level of its capital contribution to Growth Co relative to the LGF;
- (c) State Aid to Growth Co itself will be avoided if it acts merely as a conduit for providing finance to Investee Companies, as set out in section 4 below;
- (d) Investments in Investee Companies are likely to be State Aid but may be brought within one of the applicable GBER exemptions; and
- (e) State Aid to Service Providers will be avoided if they are selected via suitable procurement processes.



1.4.2 whether the proposed investment structure is otherwise legally compliant;

Please see sections 8 – 10, 12 – 15 below for the full analysis, which covers both the incorporation of the Growth Co and the application for LGF from the Business Board but please also note the areas which are not covered in detail by this advice note. Overall, the conclusions based on the information available to us are:

- (a) it appears that the Authority can rely on its general power of competence to incorporate the Growth Co;
- (b) we are not aware of anything that would restrict the Authority applying for LGF money provided that the process complies with the CPCA Assurance Framework;
- (c) we are not aware of any prohibition on LGF funding being used to purchase shares in a wholly owned subsidiary entity but we recommend that the Authority review the application and decision making process and the terms of the arrangement to ensure compliance with the relevant general public law duties and with the CPCA Assurance Framework;
- (d) the terms of any investment or funding also need to align with the terms of other funding with third parties and ensure there are appropriate protections and meet the requirements of the CPCA Assurance Framework;

1.4.3 the issue of separation between the Authority as applicant for funding and the Business Board as decision-maker on the funding;

Please see section 11 below for the full analysis. Overall, the conclusion is that provided the process complies with general public law duties as well as the CPCA Assurance Framework, there is sufficient separation between the two functions of the Authority.

1.4.4 whether there would be any difference to the advice if the Growth Co was owned by one of the constituent authorities rather than the Authority itself.

Please see section 16 below for the full analysis. Overall, the conclusion is that there may be advantages for audit purposes but it is not necessary for the Growth Co to be owned by one of the constituent authorities.

## 2. BACKGROUND

2.1 The Business Board of the Authority is required to support local business growth and development and has developed the following proposition with a view of delivering business growth and development in its area. The proposal is:

2.1.1 the Business Board shall ask the Authority as its accountable body to incorporate a new company limited by shares which will be called the Growth Service Management Company ("**Growth Co**").

2.1.2 Growth Co will be owned 100% by a company called the Combined Authority Trading Company Limited ("**CATC**") which is a trading subsidiary owned entirely by the Authority. Growth Co will have 100 shares of £1 each issued to CATC on incorporation.

2.1.3 The directors of Growth Co will be appointed by the Mayor 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.

2.1.4 Growth Co will deliver growth coaching, skills brokering and inward investment promotion as well as managing an allocated amount of Local Growth Fund ("**LGF**") finance which may be used as grant or equity investment in businesses in the area. The services will be provided through subcontracts with third party providers rather than internal resource. Its operations will be financed as follows:

- (a) The Authority will apply to the Business Board for £5,407,000 capital investment from the LGF to be made into the Growth Co. If this application is successful, the Authority will use this sum to purchase shares to be issued by the Growth Co for this value making it the majority shareholder. CATC will retain a minority interest.
- (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 ("**ERDF**") and European Social Fund ("**ESF**") programmes, which it shall provide as grant to the Growth Co.
- (d) The Authority shall itself allocate £2,335,000 of revenue from its own budget to be paid to the Growth Co.
- (e) £4,500,000 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 a three year pilot from April 2020 to March 2023. This will be matchfunded 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. We understand that the Growth Co will exercise all shareholder rights for these shares acquired in equity investments but the value and any dividend received will be ringfenced for Business Board objectives as with the equity investment into the Growth Co itself.

2.2 In this note, we refer to these proposals collectively as the "**Proposed Arrangements**".

2.3 We are asked to advise on the following questions:

2.3.1 whether investing £5.4 million of LGF monies into equity in the Growth Co would be State aid compliant; and

2.3.2 as we consider that there is no material distinction to be drawn (from the State aid perspective) between the proposed LGF funding and that from the Authority itself or from ESIF hence this note considers the compatibility with State aid law of the Proposed Arrangements as a whole;

2.3.3 whether the investment of the £5.4 million of LGF into the Growth Co is legally compliant;

2.3.4 what processes need to be in place to ensure that there is a sufficient separation between the application from the Authority and the assessment of the bid by the Business Board; and

2.3.5 whether it would change the answer to any of the above questions if Growth Co was owned by one of the constituent authorities rather than by the Authority itself.

2.4 Please note that this advice may only be relied upon by the Authority as our client and not by any other party.

2.5 We have dealt with the questions as follows:

2.5.1 Part One – State Aid Analysis; and

2.5.2 Part Two – Legal Powers and Structure questions.

## **PART ONE – STATE AID ANALYSIS**

### **3. IDENTIFYING IF STATE AID PRESENT**

3.1 EU State aid law is governed by Article 107(1) of the Treaty on the Functioning of the European Union ("TFEU") which provides as follows:

*Save as otherwise provided in the Treaties, any aid granted by a Member State or through **State resources** in any form whatsoever **which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.***

- 3.2 Article 107(1) therefore gives rise to a **"Four Part Test"** for State aid. State aid will only exist if all four parts of this test are met, i.e.:
1. Aid is granted by a Member State or through State resources;
  2. To a certain undertaking;
  3. Thereby creating a selective advantage; and
  4. The transfer of resources distorts or has the potential to distort competition and trade between Member States.
- 3.3 Put simply, State aid is any advantage or benefit provided by a public body or using state resources to any undertaking. This therefore extends beyond grants and can include (but is not limited to) loans, financial guarantees and selling assets/land at an undervalue.
- 3.4 The European Commission has powers to monitor, control and restrict the forms and levels of aid provided by Member States. Where State aid has been provided unlawfully, it must be paid back with interest.
- 3.5 However, aid that would otherwise be unlawful under Article 107(1) may benefit from an exemption under Article 107(3) TFEU if, broadly, it brings about benefits that outweigh any detrimental distortion of competition. Such exemption may be obtained either on an individual basis on application to the Commission in Brussels or via a block exemption regulation, such as the General Block Exemption Regulation ("**the GBER**").<sup>12</sup>
- 3.6 In this case, there would appear to be four potential recipients, or categories of recipient, of public funds and hence State aid:
1. The Authority/CATC;<sup>13</sup>
  2. Growth Co;
  3. companies in which Growth Co will invest ("**Investee Companies**"); and
  4. companies providing services to Growth Co ("**Service Providers**").
- 3.7 **Part 1 – State Resources**
- 3.7.1 Article 107(1) refers to aid granted "*by a Member State or through State resources*". This includes central and all local governments together with public or private bodies which use State resources or are controlled by the State.
- 3.7.2 A "transfer of resources" can be positive (e.g. a grant as in this case) or negative (e.g. a tax rebate or loan at less than market rates of interest). If the transfer improves the beneficiary's net financial position, or prevents it from deteriorating, then it is likely to constitute a transfer of State resources.
- 3.7.3 As the funds to be invested Growth Co, whether from the Authority itself, the LGF or ESIF are all derive from, or are under the control of, the State, Part 1 of the Four Part Test would be met.
- 3.7.4 Furthermore, since Growth Co will be controlled by the Mayor, our current assumption is that any investment by Growth Co in Investee Companies or

---

<sup>12</sup> Regulation 651/2014.

<sup>13</sup> This point arises by virtue of the fact that it appears that the Authority will be the legal owner of shares in Growth Co paid for by the proposed LGF investment – see para **Error! Reference source not found.** above and it and/or CATC will control Growth Co.

payments to Service Providers will be attributable to the State and hence Part 1 of the Four Part Test would be satisfied in respect of those entities also.

### 3.8 **Part 2 – To An Undertaking**

- 3.8.1 This element of the Four Part Test requires an assessment of whether the recipient of State aid is an "undertaking" within the meaning of EU law.
- 3.8.2 Under EU law, an undertaking is an entity in *any legal form whatsoever* which is engaged in an economic activity i.e. an activity consisting of offering goods or services on a given market. It is irrelevant that the recipient of aid is a publicly owned company (which will be the case here in respect of CATC and Growth Co), a non-profit making company or even a charity, so long as it carries on an economic activity in competition with other operators.
- 3.8.3 In our view, all of CATC, Growth Co, Investee Companies and Service Providers will meet the definition of undertaking hence Part 2 of the Four Part Test will be satisfied.
- 3.8.4 The Authority itself will also be an undertaking to the extent that it carries on an economic activity, notwithstanding its primary function as a public authority.

### 3.9 **Part 3 – Selective Advantage**

- 3.9.1 In order to establish whether any undertaking will derive an "advantage" under the Proposed Arrangements, it is necessary to consider whether any would be in receipt of an economic advantage *which could not have been obtained under normal market conditions*.
- 3.9.2 There are two elements to this part of the test: (i) is the measure selective; and (ii) does it provide an advantage?
- 3.9.3 A measure is selective where it is limited to a particular beneficiary or class of beneficiaries. The alternative is a general measure, which is applicable in the same manner to all undertakings, across all sectors in a Member State.
- 3.9.4 Any benefits accruing to CATC and/or Growth Co in this instance would be selective since only those undertakings would benefit from it.
- 3.9.5 Similarly, any investments by Growth Co in Investee Companies or payments by it to Service Providers will also be selective, since again not all companies will benefit. The first element of Part 3 of the Four Part Test will therefore be met.
- 3.9.6 To establish whether CATC or Growth Co would derive an "advantage" from the Proposed Arrangements, it is necessary to consider whether there will be an improvement in their economic and/or financial position which could not have been obtained under normal market conditions.
- 3.9.7 On the face of it, this part of the Four Part Test will be satisfied. However, if the Authority can evidence that the provision of the funds is on market terms, there will be no selective advantage to Growth Co.
- 3.9.8 This is known as the **"Market Economy Operator Principle"** or **"MEOP"** and we have set out further details of this in Section 4 below.
- 3.9.9 We analyse the position of Investee Companies and Service Providers in under Part 3 of the Four Part Test in sections 5 and 6 respectively.

### 3.10 **Part 4 – Potential To Distort Competition**

- 3.10.1 The key aspect of this last part of the Four Part Test is whether the selective advantage conferred on the undertaking has the *potential* to distort competition. There is no requirement for an actual distortion to be evidenced. As a general rule therefore, this part of the Four Part Test is easy to satisfy and, more often than not, the selective advantage will be found to have the potential to distort competition.
- 3.10.2 If aid is found to have an appreciable effect on trade, it is inevitably found to distort or threaten to distort competition<sup>14</sup>. The ECJ stated in the *Philip Morris v Commission* judgement that, when State financial aid strengthens the position of an undertaking compared with other undertakings competing in intra-community trade, the latter *must* be regarded as affected by that aid<sup>15</sup>.
- 3.10.3 As the investment management activities to be carried out by Growth Co are undertaken by commercial entities across the EU we are of the view that Part 4 of the Four Part Test would be satisfied in relation to Growth Co.
- 3.10.4 Likewise it seems prudent to assume that the activities carried on by Investee Companies and Service Providers will also be carried on commercially across the EU, hence we assume that Part 4 of the Four Part Test would also be satisfied in relation to those entities.

#### 4. THE MARKET ECONOMY OPERATOR PRINCIPLE

- 4.1 Not every investment into a commercial operator by a public sector body such as the Authority is State aid. The TFEU does not distinguish between public and private sector ownership of property and transactions by public bodies that conform to market conditions (i.e. satisfy the MEOP) do not confer a selective advantage on the counterparty and are therefore not State aid.
- 4.2 Applying the MEOP involves asking the hypothetical question: "*Would a private investor in comparable circumstances have provided such sums or support to the recipient if it were operating under normal market economy conditions?*"
- 4.3 The European Commission's Notice on the Notion of State aid ("**the State aid Notice**")<sup>16</sup> sets out guidance on parameters for applying the MEOP. In particular:
  - 4.3.1 The hypothetical private investor under the MEOP would not provide an advantage to another without demanding compensation for the value that its actions generated for the beneficiary.
  - 4.3.2 Similarly, a private investor in normal market conditions is motivated solely by the possibility of making a return on investment and the assessment under the MEOP requires a public sector investor to behave in the same way. Wider social policy concerns, such as regional growth, are not relevant to the MEOP assessment and cannot be relied upon as a justification for an investment under the MEOP.
  - 4.3.3 However, the hypothetical private investor does not need to pursue the most profitable investment. It is sufficient for the investment to give normal returns.
  - 4.3.4 MEOP assessments are not carried out retrospectively and the analysis is applied to the facts which were available at the time the relevant public body made the decision to invest. The measure will not be assessed with the

<sup>14</sup> T-288/97, *Regione Autonoma Friuli Venezia Giulia v Commission*, 2001 ECR II-1169

<sup>15</sup> 730/79, 1980 ECR 2671 at Para 11

<sup>16</sup> Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the EU, published on 19 July 2016.

benefit of hindsight and it is irrelevant if it subsequently turns out to be profitable if at the outset there was no realistic prospect of benefit for the public body.

- 4.4 The application of the MEOP to any given circumstances entails a complex economic assessment and will turn on its own facts which are specific to the market in which the proposed transaction exists.
- 4.5 The European Commission's Guidelines on State aid to promote risk finance investments ("**the Risk Finance Guidelines**")<sup>17</sup> provide guidance on the application of the MEOP in the context of equity and quasi equity financing of "eligible undertakings".<sup>18</sup>
- 4.6 The Risk Finance Guidelines envisage three possible beneficiaries in a risk finance transaction in which both public and private sector investors provide finance:<sup>19</sup>
1. investors;<sup>20</sup>
  2. investee companies; and
  3. any intermediary appointed to manage the investment process.

- 4.7 We consider each category in turn below.

Possible aid to investors

- 4.8 In paragraph 31 of the Risk Finance Guidelines, the Commission states that:

"In general, the Commission will consider an investment to be in line with the market economy operator test, and thus not to constitute State aid, if it is effected *pari passu* between public and private investors. An investment is considered *pari passu* when it is made under the same terms and conditions by public and private investors, where both categories of operators intervene simultaneously and where the intervention of the private investor is of real economic significance."

- 4.9 Accordingly, there is a presumption that a private sector investor will not be receiving State aid where its investment is made on *pari passu* terms with a public sector investor.
- 4.10 In this case, we understand that all of the funds to be invested by Growth Co have their origin in the public sector, whether from the Authority's own budget, that of the LGF or the ERDF.
- 4.11 We understand that CATC will be a minority shareholder and it will be important to ensure that the shareholding and governance of Growth Co when incorporated reflects the proportionate investments made by each of CATC and CPCA, because if CATC is receiving greater control or benefit than is proportionate to its investment then it can amount to State Aid.
- 4.12 Note that the fact that CATC is 100% owned by the Authority will not prevent it from being a beneficiary of State aid if it carries on an economic activity.
- 4.13 Under the Proposed Arrangements, CATC will potentially benefit from any investment growth in Growth Co as a result of its investment in Growth Co which has been funded

---

<sup>17</sup> Issued on 22 January 2014.

<sup>18</sup> 'Defined as SMEs, small mid-caps and innovative mid-caps (all terms as defined in the Risk Finance Guidelines).

<sup>19</sup> See also paragraph **Error! Reference source not found.** above.

<sup>20</sup> But only those investors that are undertakings, as defined above.

from the public purse (i.e. LGF). This on its face appears to be State aid to CATC however there are options the Authority can consider to ensure compliance.

- 4.14 It may be possible to argue that, by analogy with Growth Co, State Aid could be avoided if CATC acted as a mere "pass through" entity and any income and capital growth were invested in, for example, the Authority's (non-economic) public service mission, rather than retained by CATC. The Authority may also consider a structure where CATC has a different class of shares which carries no right to dividends and that capital value will be reflected by respective shareholding.
- 4.15 The Authority has confirmed that the investee companies will all be SMEs, as such Article 21 of the General Block Exemption Regulation ("**GBER**") may be applicable and could, subject to satisfaction of various conditions set out in the GBER, provide a State aid solution.
- 4.16 We can work with the Authority to develop this and we recommend that that this is an area where we can provide further advice to help manage the risk.

#### Possible aid to Investee Companies

- 4.17 Paragraph 35 of the Risk Finance Guidelines states that:
- "Where the investment is in line with the market economy operator test, the Commission considers that the investee undertakings are not beneficiaries of State aid, because the investments they receive are considered to be made on market terms."
- 4.18 Where investments are made in companies but both public and private sector investors the MEOP will be satisfied if those investments are made *pari passu*.
- 4.19 However, we understand that all of the funds to be invested under the Proposed Arrangements will have their origin in the public sector hence it will not be possible to demonstrate *pari passu* investment between public and private sector investors. In fact, paragraph 23 of the Risk Finance Guidelines states that:
- "Risk finance aid measures in the total absence of private investors will not be declared compatible. In such cases, the Member State must consider alternative policy options which may be more appropriate to achieve the same objectives and results, such as regional investment aid or start-up aid provided for by the General Block Exemption Regulation."
- 4.20 Of course, it is not the case that there is a "total absence of private investors" in the relevant Investee Companies because these will have existing shareholdings and the proposal is only for Growth Co to take relatively modest holdings. Accordingly, the application of MEOP could not in principle be excluded.
- 4.21 Nevertheless, our suspicion is that it will not be practical or cost effective to conduct a full MEOP assessment every time Growth Co makes an investment and that, accordingly, some other State aid solution will be required as set out in the above quotation. Possible solutions are explored in section 5 below.

#### Possible aid to Growth Co

- 4.22 Paragraph 39 of the Risk Finance Guidelines states that:



"Where the risk finance measure is managed by an *entrusted entity*,<sup>21</sup> without that entity co-investing with the Member State, the entrusted entity is considered as a vehicle to channel the financing and not a beneficiary of aid, as long as it is not overcompensated. However, where the entrusted entity provides funding to the measure or co-invests with the Member State in a manner similar to financial intermediaries, the Commission will have to assess whether the entrusted entity receives State aid."

4.23 If Growth Co were given a "public service mission" it would qualify as an *entrusted entity* and could therefore, in line with paragraph 39 of the Risk Finance Guidelines, be seen merely as a conduit for aid and not a beneficiary of it.

4.24 However, the second sentence of this paragraph could pose a difficulty since, as we understand it, under the Proposed Arrangements, Growth Co will be making the investments in its own right and presumably benefitting from any upside. However we note that paragraph 41 of the Risk Finance Guidelines states that:

"Where the financial intermediary and its manager are public entities and were not chosen through an open, transparent, non-discriminatory and objective selection procedure, they will not be considered recipients of aid if their management fee is capped and their overall remuneration reflects normal market conditions and is linked to performance. In addition, the public financial intermediaries must be managed commercially and their managers shall take investment decisions in a profit-oriented manner at arm's-length from the State. Furthermore, the private investors must be selected through an open, transparent, non-discriminatory and objective selection process, on a deal-by-deal basis. Appropriate mechanisms must be in place to exclude any possible interference by the State in the day-to-day management of the public fund."

4.25 Provided the conditions set out above are respected, there should be no State aid to Growth Co.

4.26 In relation to any fund manager appointed by Growth Co, paragraph 40 of the Risk Finance Guidelines states that:

"Where the manager of the financial intermediary or the management company (hereafter referred to as 'manager') are chosen through an open, transparent, non-discriminatory and objective selection procedure or the manager's remuneration fully reflects the current market levels in comparable situations, it will be presumed that the manager does not receive State aid."

4.27 Accordingly, provided that any fund manager is appointed via an open tender process (i.e. under the Public Contracts Regulations 2015), there should be no State aid to it.

## 5. POTENTIAL STATE AID SOLUTIONS FOR INVESTEE COMPANIES

5.1 As set out in the extract from the Risk Finance Guidelines quoted in paragraph **Error! Reference source not found.** above it is unlikely to be practical to rely upon the MEOP in relation to Investee Companies hence one of the permitted aid categories under the GBER will probably need to be relied upon.

---

<sup>21</sup> Defined as: "the European Investment Bank, the European Investment Fund, an international financial institution in which a Member State is a shareholder, or a financial institution established in a Member State aiming at the achievement of public interest under the control of a public authority, a public law body, or a private law body with a public service mission: the entrusted entity can be selected or directly appointed in accordance with the provisions of Directive 2004/18/EC ( 31 ) or any subsequent legislation replacing that Directive in full or in part" (emphasis added).

5.2 The particular exemption would depend upon the nature of the investment and of the Investee Company, but likely candidates would be:

- Article 21 - Risk Finance Aid
- Article 22 – Aid for Start-ups

5.3 Each of these exemptions has specific conditions and there are general conditions set out in the GBER that must be complied with. However, this is a point upon which we can provide further guidance in due course, if required.

## 6. **POTENTIAL STATE AID SOLUTION FOR SERVICE PROVIDERS**

6.1 As set out in paragraph **Error! Reference source not found.** above, although Service Providers will be receiving monies from Growth Co that have their origin in the State, there will be no State aid to them if they are paid merely the market rate for the services they provide – i.e. are selected via an open procurement process.

6.2 The State aid Notice describes the circumstances in which a procurement process will be considered likely to deliver a market-reflective outcome, as follows:

6.2.1 the procedure must be transparent to allow all interested tenderers to be equally and duly informed at each stage of the tender procedure (i.e. accessibility of information, sufficient time for interested tenderers to participate in the process and must incorporate the use of clear selection and award criteria);

6.2.2 the opportunity must be sufficiently well-publicised, so that all potential bidders can take note of it;

6.2.3 the Authority/Growth Co must observe the principle of non-discrimination with respect to all bidders (this includes ensuring that non-UK based bidders are not disadvantaged as a result of the selection and/or award criteria used. Such instances can occur whereby the procuring authority specifies a preference for the use of local contractors/supply chain and/or the employment of local apprentices);

6.2.4 objective selection and award criteria must be specified in advance of the process;

6.2.5 to guarantee equal treatment, the criteria for the award of the contract should enable tenders to be compared and assessed objectively.

6.3 As long as this approach is followed, there should be no State aid to Service Providers.

## **PART TWO – LEGAL POWERS AND STRUCTURE QUESTIONS**

### 7. **GENERAL**

7.1 In terms of wider legal considerations we would like to look at each of the proposed steps in the Proposed Arrangements and associated legal issues we have been asked to consider:

7.1.1 Incorporation of the Growth Co;

7.1.2 Application by the Authority to the LGF for £5.4m;

- 7.1.3 Investment of £5.4m in equity of LGF;
  - 7.1.4 Application for EFS and ERDF;
  - 7.1.5 Allocation of £2.335m from the Authority's budget;
  - 7.1.6 Management of £12m fund allocated from LGF; and
  - 7.1.7 Alternative structures using constituent authorities.
- 7.2 It is anticipated that the Proposed Arrangements will require a number of different legal agreements, as outlined in the draft structure set out in Appendix 1. This draft structure is for discussion only and would need to be developed in more detail. Pinsent Masons can provide further support both in terms of designing the overall contract structure and drafting or reviewing any agreements as required.
- 7.3 We have not undertaken any detailed analysis of procurement or fund management issues but can look at these elements separately if this is required.
8. **INCORPORATION OF GROWTH COMPANY**
- 8.1 We understand that the Business Board will ask the Authority to incorporate a subsidiary company to deliver the business growth and development services to align with the objectives of the Business Board.
- 8.2 The Authority is constituted under the Cambridgeshire and Peterborough Combined Authority Order 2017. Paragraph 11 of that Order states that the Authority has a general power of competence in the same manner as local authorities and that Chapter 1 of Part 1 of the 2011 Act shall have effect in relation to the Authority as it currently applies to local authorities.
- 8.3 The General Power of Competence contained in Section 1 of the Localism Act 2011 states that a Local Authority is permitted to do anything which an individual may do. This is a far reaching power although there are a number of associated restrictions which include a requirement that anything that is done is for a commercial purpose must be done through a company.
- 8.4 It would seem based on the information provided to us that the Authority can rely on its general power of competence to incorporate the Growth Co.
9. **THE AUTHORITY'S APPLICATION FOR LOCAL GROWTH FUND FROM BUSINESS BOARD**
- 9.1 We understand that it is proposed that the Authority will apply for £5.4m of LGF from the Business Board.
- 9.2 The terms of the LGF are managed through the following legal requirements:
- 9.2.1 general principles of public law which apply to the Authority and the Business Board as Local Economic Partnership ("**LEP**");
  - 9.2.2 the terms of the LGF for 2019-2020 are set out in the letter dated 15th April 2019;
  - 9.2.3 the Cambridgeshire and Peterborough Combined Authority Assurance Framework dated May 2019 (the "**CPCA Assurance Framework**") which must comply with the National Assurance Framework dated January 2019.

- 9.3 The letter agreement makes it clear that funding must be used to deliver the agreed growth deal and meet the objectives that have been agreed. We have not looked at this requirement in detail as we understand that this is being monitored by the Authority.
- 9.4 The letter agreement also sets out the relevant conditions which are that it may only be used for the purposes that a capital receipt may be used for in accordance with the regulations under s.11 Local Government Act 2003.
- 9.5 Section 11 of the Local Government Act 2003 states: "The Secretary of State may by regulations make provision about the use of capital receipts by a local authority". The regulations made were the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003/3146 as amended. Regulation 23 refers to use of capital receipts and the purposes for which they may be used as capital expenditure.
- 9.6 Reg 25. provides details of expenditure which are capital expenditure as:
- (1) *For the purposes of Chapter 1 of Part 1 [of the LGA 2003, which includes s11 above] the following expenditure of a local authority, incurred on or after 1<sup>st</sup> April 2004, shall be treated as being capital expenditure insofar as it is not capital expenditure by virtue of s16(1)[of the LGA 2003 which refers to expenditure which is capitalised in line with proper practices but does not specify anything about equity investments]-*  
.....  
*(d) subject to paragraph (3), the acquisition of share capital in any body corporate; ...*
- [Paragraph (3) refers to investments in money market funds, a real estate investment trust and local authority investment schemes, none of which are capital expenditure]*
- 9.7 The letter agreement also makes it clear that any use of this grant must be in accordance with the assurance framework which sets out the process for considering and determining applications and the appropriate delivery methodology including terms of funding and reporting/ monitoring requirements.
- 9.8 We are unaware of anything that would restrict the Authority from applying for LGF money from the Business Board providing the processes specified in the CPCA Assurance Framework are followed and on the basis of the spending being for capital expenditure and it is clear that the purchase of shares is capital expenditure for these purposes.
10. **SEPARATION BETWEEN APPLICATION BY THE AUTHORITY AND DECISION MAKING BY THE BUSINESS BOARD**
- 10.1 **We believe that this process is managed through the CPCA Assurance Framework which sets out decision making processes, conflict management provisions and also allows for independent review of any application for finance. Providing the terms of the assurance framework are followed along with general public law duties including transparency and achieving best value then there is sufficient separation between the Authority and the Business Board to manage the application.**
- 10.2 **The CPCA Assurance Framework does talk about the terms of funding agreements for LGF and to show the appropriate management process the audit trail and terms of the finance will be important to clarify. As the Business Board does not have a legal personality to allow it to contract with the Authority and the**

**Authority is the accountable body it will be necessary to consider how best to document the investment into Growth Co and the controls around this.**

**11. THE AUTHORITY SPENDING LOCAL GROWTH FUND ON ACQUIRING SHARES IN GROWTH CO**

11.1 As set out at 10 above, the LGF finance must be used for capital expenditure and it is clear that the purchase of shares is capital expenditure.

11.2 We are not aware of LGF being used elsewhere by the accountable body to purchase shares in a wholly owned subsidiary entity. It is apparent that other LGF funds have been placed with third party fund managers to manage the administration and investment of those funds but not that the funds have been used to purchase an equity interest in the entity managing the funds as part of this arrangement.

11.3 That being said, we cannot see any prohibition on this but the following points will need to be considered:

11.3.1 managing the application and decision process as set out above to demonstrate independent decision making and alignment with the terms and processes used for other applicants for LGF finance;

11.3.2 the terms of the arrangement - the CPCA Assurance Framework makes clear that it expects that funding will be committed under a funding agreement, that clawback provisions will be included, payments made quarterly in arrears and that there will be ongoing monitoring against delivery of the agreed objectives. The CPCA Assurance Framework does create flexibility around these requirements but it will need to be on the basis of complying with general duties. Taking the points in turn:

(a) funding agreement – a contract between the Authority and Growth Co will need to be in place to show delivery of objectives, reporting and terms although this will not be a traditional funding agreement;

(b) clawback will not be appropriate - as discussed clawback means that there is a risk that shares have not been paid for in cash as the money can be withdrawn at any time which raises corporate law issues. Clawback is about ensuring delivery of objectives and proper use of funds so as Growth Co is under the corporate control of the Authority we would suggest that the corporate documents show that this can be managed appropriately as an alternative to clawback; and

(c) payments made quarterly in arrears - as with clawback this is not appropriate but terms can be shown which manage the way in which money in Growth Co is approved by the Authority through corporate governance.

**12. ESF AND ERDF APPLICATION AND UTILISATION**

12.1 We have not examined any of the legal terms around use of this finance as this was beyond the scope of our instructions but please confirm if further advice on this funding stream is required.

**13. ALLOCATION OF £2.335M OF THE AUTHORITY'S BUDGET TO GROWTH CO**

13.1 We are currently unclear on the terms of this arrangement and whether this is payment for services, intra public sector body transfers under statutory provision or grant funding. This can be reviewed in further detail if required.

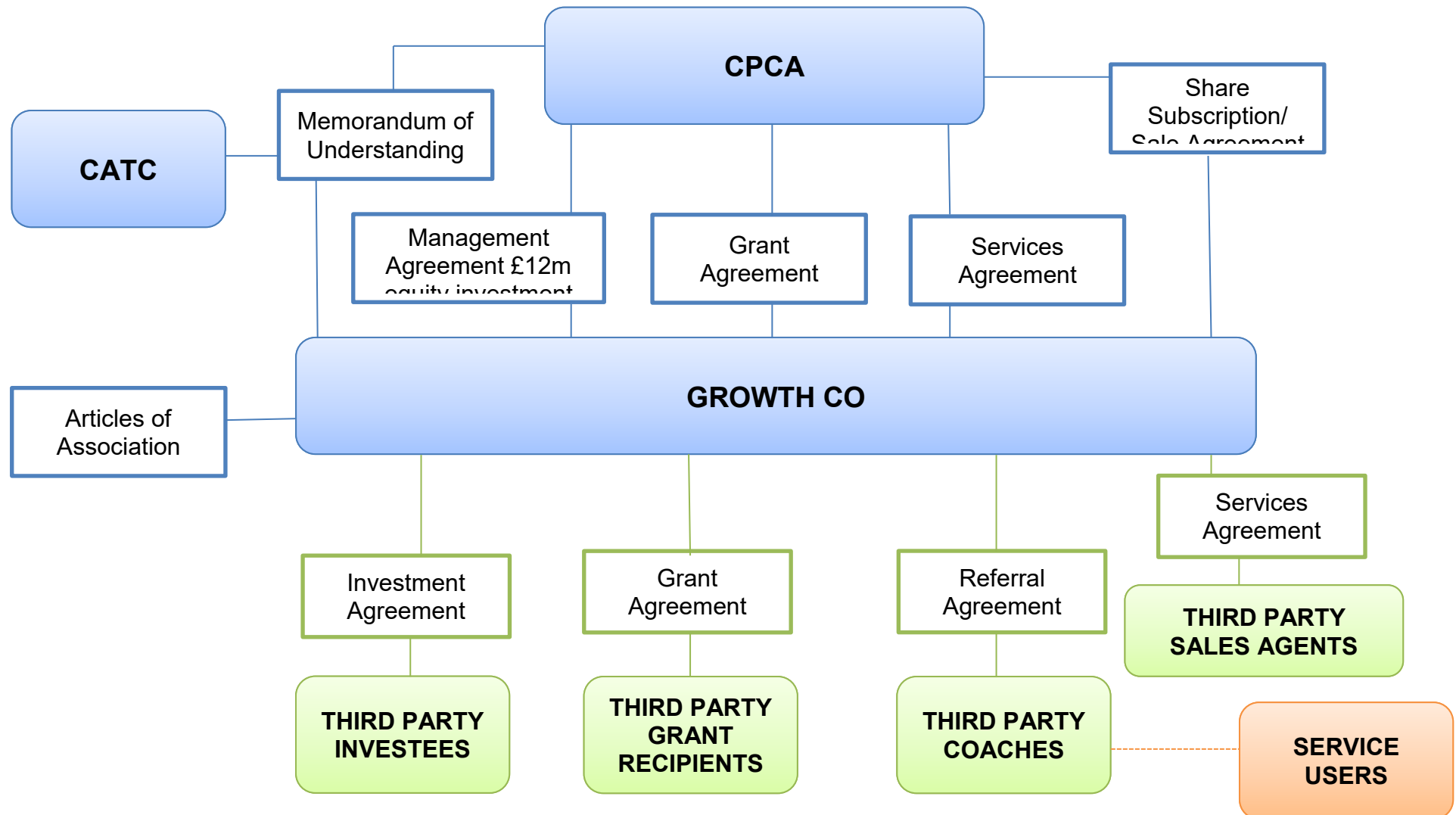
14. **MANAGEMENT OF £12M FUND ALLOCATED FROM LGF BY GROWTH CO**
- 14.1 This arrangement differs to the LGF funding which is to be contributed as equity investment. We understand that this will be an LGF fund which Growth Co will manage on behalf of the Business Board. The appropriate contractual arrangements will need to be put in place to show the terms of this arrangement and the appropriate management of the fund.
15. **ALTERNATIVE STRUCTURES THROUGH CHANGING OWNERSHIP OF GROWTH CO FROM THE AUTHORITY ITSELF TO ONE OF ITS CONSTITUENT LOCAL AUTHORITIES**
- 15.1 We do not believe that an alternative corporate structure would produce any benefit to the above structure save that it would mean that the constituent authority could contract with the Authority for the funding which it would invest in the equity of Growth Co which is not possible between the Business Board and the Authority. This may be beneficial from an audit perspective or if it is felt it allows for greater management of conflicts of interest for any individuals involved in delivery but it does not appear to be necessary based on our analysis.
16. **CONCLUSION**
- 16.1 We unable to say that the current proposal is commonplace or that there is no risk associated with the current proposals but we can see no prohibition and it is clear that the incorporation of the company and the investment of LGF in company shares is permitted within the legislative framework and the CPCA Assurance Framework allows for a route to manage the issues around separation of duties and a baseline for the terms which are expected for funding arrangements. Careful audit and documentation of the arrangements to show proper consideration of the proposals, best value and transparency duties and appropriate controls to show that funding is being used in compliance with the assurance framework and to deliver the objectives is fundamentally important.

**Pinsent Masons LLP**

**5th November 2019**

APPENDIX 1

DRAFT CONTRACT STRUCTURE FOR THE PROPOSED ARRANGEMENTS



The table below sets out the proposed contracts in the contracts structure above, with details of what each agreement would do, and a high level outline of terms to be included in each agreement

Name of proposed contract	Parties	What the contract would do	Key terms
Articles of Association	Growth Co	Sets up the Growth Co and how the Growth Co will operate as a company. This is required for registration as a Company under the Companies Act 2006	Sets out the rules for how the company will be run, including how many shares there are, how shareholders can vote, how the Board of Directors is set up, how Directors can be appointed and removed etc
Memorandum of Understanding	CPCA CATC Growth Co	Governs the relationship between the two shareholders (CPCA and CATC) and the Growth Co itself.	Includes any specific agreement about how the shares will be held, how any dividends will be paid and what happens if the Growth Co is sold.
Share Subscription/ Sale Agreement	CPCA Growth Co	Depending on how the investment is structured, either:  Share subscription for CPCA to subscribe for shares for its equity investment, or  Sale agreement for CPCA's purchase of shares from CATC as the sole shareholder at the point of investment	Agrees the price to be paid for the shares, any decision-making rights that these shares carry and any other payment or sale terms  Can agree an enhanced level of corporate governance of CPCA as a shareholder in the Growth Co covering delivery of objectives, decision-making, control over Board appointments and delegations etc



Name of proposed contract	Parties	What the contract would do	Key terms
Management Agreement (£12m equity fund)	CPCA Growth Co	Governs the way that the Growth Co will deliver the £12m equity fund for CPCA	<p>Will include restrictions on how the funding can be used, provisions for clawback for unauthorised use, any performance metrics for what the fund is to achieve, decision-making and reporting requirements etc</p> <p>Will also include any requirements about how the equity is to be held on behalf of the CPCA and any ring-fencing requirements for dividends or other profits received</p> <p>If ESIF-funded, will need to pass down any relevant provisions from CPCA's own arrangements with the Government under the ESIF programme.</p>
Grant Agreement	CPCA Growth Co	Governs grant funding being used to fund the activities of the Growth Co, including any core costs and services to be delivered under the ERDF and ESF-funded programmes	<p>Will include restrictions on how the funding can be used, provisions for clawback for unauthorised use, any performance metrics for what the fund is to achieve, decision-making and reporting requirements etc</p> <p>Will need to mirror any requirements for reporting, clawback, authorised use or other terms included in CPCA's own arrangements with the Government under the ESIF programme</p>
Services Agreement	CPCA Growth Co	Governs how the Growth Co will deliver the growth services for CPCA	Agrees what services will be delivered, any price and payment provisions, performance metrics etc

Name of proposed contract	Parties	What the contract would do	Key terms
Investment Agreement	Growth Co  Third party investee (i.e. the companies into which Growth Co will be investing equity to encourage growth)	Governs how the investment will be made from the Growth Co into the third party company	Will include any restrictions on transfer or sale of shares, what rights the shares will carry, how decisions will be made  Will need to pass down any relevant provisions from the Management Agreement (£12m equity fund) to ensure that the Growth Co can comply with the requirements of this agreement with CPCA
Grant Agreement	Growth Co  Third party grant recipient	Governs the grant funding which the third party grant recipient will receive from the Growth Co	Will include restrictions on how the funding can be used, provisions for clawback for unauthorised use, any performance metrics for what the fund is to achieve, decision-making and reporting requirements etc  Will need to mirror any requirements for reporting, clawback, authorised use or other terms included in the Grant Agreement between CPCA and the Growth Co
Services Agreement	Growth Co  Third party sales agent	Governs how the Third Party Sales Agents will deliver the growth service that will facilitate the access of coaching services by target businesses	Agrees what services will be delivered, any price and payment provisions, performance metrics etc  Will need to pass down any relevant provisions of the Services Agreement between CPCA and the Growth Co

Name of proposed contract	Parties	What the contract would do	Key terms
Referral Agreement	Growth Co  Third Party Coaches	Governs how the Third Party Coaches will deliver coaching services to target businesses	Agrees what services will be delivered, any price and payment provisions, performance metrics etc  Will also need to reflect the 50% matchfunding being provided by service users  Will need to pass down any relevant provisions of the Services Agreement between CPCA and the Growth Co

## **Appendix 5**

### **Sustainability and Environmental Policy for the Growth Service Management Company Ltd**

Peterborough & Cambridgeshire Business Growth Company Ltd is a subsidiary of Cambridgeshire & Peterborough Combined Authority (CPCA) and we are committed to minimising the impact of our activities on the environment.

It is our policy to:

- Minimise waste by evaluating operations and ensuring they are as efficient as possible.
- Minimise toxic emissions through the selection and the source of our power requirement.
- Actively promote recycling both internally and amongst its customers and suppliers.
- Meet or exceed all the environmental legislation that relates to the Company
- Use an accredited program to offset the greenhouse gas emissions generated by our activities.
- Recycle as much waste material as possible
- Avoid the use of paper wherever possible. For example, sending invoices and quotes via email as PDF files.
- Recycling equipment that is no longer of use to the company. For example, giving away items such as computers and printers that we no longer use.
- Keep energy usage low. For example, making use of low energy light bulbs throughout and ensuring that computers are shut down after work.
- Reuse wastepaper (from the printer) where possible, making use of the blank side for notes etc.
- Purchase products made with recycled paper. For example, paper towels, printer paper, pens, etc
- Purchase products with a lower environmental impact. For example environmentally safe soaps and detergents.
- Use low impact transport for travel to and from work and travel for business. For example, we use public transport to attend meetings and offer a Cycle Scheme to encourage staff to cycle to work or to carpool.
- Avoid unnecessary travel by making use of instant messaging, video and audio conferencing, telephone and email.
- Promote the CPCA's agile working policy by seeking for employees to work from home at least 2 days a week.

The above will be reviewed by employees and reviewed and updated quarterly by the Board.

Signed by \_\_\_\_\_

Brian Hyland

Deputy Chief Officer Business & Skills - Director

Date: \_\_\_\_\_

## **Appendix 6**

### **The Business Rebound & Growth Service Procurement Specification**

## 1. Summary of Intent for the Growth Service as a Whole

It is proposed to establish **four new business support services**, approved recently as part of the Local Industrial Strategy. These include:

- **An Inclusive Growth Service**, to engage our highest potential growth firms to better support them to accelerate their growth, increase their capacity and capability for growth, sustain their period within growth, or all three. The service will be delivered in each of our three sub-economies in a tailored manner to better spread growth more evenly across our total economy.
- **An Inward Investment Service**, to extend our reach into key global markets, to engage and persuade overseas firms to locate into our economy or invest in our strategic projects to increase our employment space, develop our transport infrastructure or establish a new university.
- **A Skills Service**, to provide an effective brokerage between young talent and those retraining or progressing in a career, our employers and our skills providers, to improve the supply of skills to enable growth.
- **Grant & Investment Service** for the following:
  - Growth Capital Grants and Investment to fund all businesses, especially traditional firms to grow through organic expansion, paying for equipment and expanded premises
  - An Innovation & Re-Location Grant to co-invest with small firms in the cost of contracting experts to help;
    1. Access R&D funding from UK and EU agencies for new product growth and increased productivity
    2. Access fast-track planning, partners and investment for new build employment space

Our economy is already home to a high concentration of high-growth firms, a highly skilled and entrepreneurial workforce and a dynamic business base. Crucially, there is potential to scale-up the operations of such firms given the right support and investment. We propose working across the specificities of our three sub-economies as an integrated one-stop-shop service for businesses, to provide the advice, access to skills and investment for firms to overcome their barriers to growth. It is important that collaboration between the consortium members and the CPCA's team is effective at the delivery level and that staff across both work as one integrated team. To enable this, bidders will be expected to provide a shared workspace as a single hub location (on a site in Cambridgeshire to be agreed with the CPCA) for up to 20 consortium and CPCA staff to collaborate and work within. The premises will also be used to meet with partners, customers and investors, hence should be branded in line with the Business Growth Service brand developed and agreed between the CPCA and the Prime Contractor and also include meeting facilities for up to 12 delegates.

## 2. The Specification for Managing the Growth Service as a Whole

- 2.1. By joining business growth, global market access, productivity, skills and inward investment with grants, loans, loan notes and equity investment to fund growth, prospective bidders should show how they are able to better connect our places and business clusters. They should provide across them, a **quality and connectivity of growth support** that reflects and has the potential to develop towards, the support eco-system developed over decades within Greater Cambridge. These include; dense business networks, the right balance of competition and collaboration, access to finance, and the provision of high-quality business growth, productivity, innovation and global market access support.
- 2.2. We expect prospective bidders to do this by ensuring that we **expand and build on the growth support networks that are already present** in and around Cambridge. It is our vision that, over time, these new and innovative forms of growth support will encourage individual business leaders, sectors, and places to join to build an economy-wide business support eco-system to enable one another.
- 2.3. To be **sustainable and scalable**, it is important that the delivery mechanism includes the development of a commercial marketplace for growth, global market access, productivity, leadership, access to finance and strategy coaching, harnessing the expertise, typically residing in Cambridge and other fast-growing cities. This should lead-on to a mentoring culture amongst supported entrepreneurs and small business leaders, willing to offer technical or subject matter mentoring and secondments between and from one business to another.
- 2.4. We have the opportunity of better **connecting and networking firms and growth support** expertise with the most exciting firms across the wider economy. We envision that, going forward, bidders ensure all firms with growth potential have networked access, through clusters, sectors and place, to a growth support eco-system to help them maximize their opportunities and overcome leadership, organisation, or market access challenges to faster, greater and more sustainable growth.
- 2.5. However, it is crucial to ensure growth is inclusive, and important for us to set out clearly **what inclusive growth means**. This means 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; across all three of our sub-economies.
- 2.6. Both the Service as a whole and the consortium should be able to present a **clear value proposition** that positions as pioneering and innovative in approach, has a depth of high growth, inward investment and skills needs insight, understands local businesses in each of the sub-economies, has delivery credibility (staffed by real business people advising business people).



- 2.7. The consortium should demonstrate a clear approach to **contract mobilisation** and the key features and milestones to deliver contract and sub-contract finalisation, recruitment/TUPE of employed resource and acquisition of associate resource, through logical charts and plans. Key to this will be a Balanced Framework across people, infrastructure, stakeholders and market engagement, that is milestone driven to deliver a fast ramp-up to steady state. Bidders are required to separate out mobilisation costs from the delivery of the service, to allow evaluation of the actual costs of the service and VFM, exclusive of mobilisation.
- 2.8. There should be an equally clear approach to **service operationalisation** in terms of on-line, ICT, finance and systems robustness, as well as stakeholder, referral and delivery partner development for business engagement and ramp-up.
- 2.9. An outline draft **Service Level Agreement** should be offered, including for programme delivery and implementation, ICT systems, CRM, Web-presence, social-media, invoicing, grant admin, coach pool management, customer engagement, diagnostic tools, client service levels, reporting and financial record keeping.
- 2.10. The **branding of the Growth Service** and how it is promoted within the C&P market place of businesses and among the general public will also be key to success. Bidders will be expected to offer brand ideas for a single, strong brand that elicits an aspirational emotion to attract learners, investors and high-growth into the Service and is consistent across the component service-lines as well as at top-level
- 2.11. It is important that there is an **approach to marketing** that successfully leads to the attraction of high-value clients with ways to manage potential rejection from service entry as a client. One that also has the ability to create alumni communities such as mentors and service champions.
- 2.12. The organisational capability, capacity and track record of **the Prime Contractor** will be key to the success of the Service as a whole. This will include a track record in delivering successful government programmes of this scale (£32m) and complexity, especially through collaborative and consortium models. Candidates' will be able to demonstrate delivering GVA and job growth within Gov contracts that recruit SMEs at similar scale (engaging 15,000 firms converted to 1,000 clients) into business support. It is also expected that the Prime Contractor is adept at Performance Management of the Consortium and arresting any under-performance. It will also be necessary to demonstrate a capability and track record in administering ERDF and/or LGF grants, especially "nudge" grants like those which enable the growth coaching. Prime Contractors will be asked to identify their management costs of the consortium, working to a maximum of 7%.
- 2.13. However, ability of the prime contractor and consortium to demonstrate a capability and commitment to **collaborative working** across delivery teams is of equal importance. Bidders must be able to demonstrate how you will achieve single team working by integrating multiple service providers into one collaborative delivery and programme management structure that forms the main interface with the CPCA.

In particular, how decision making promotes innovation and consensus, whilst retaining Prime Contractor accountability, and how conflict resolution is handled.

- 2.14. It is very important that the consortium adopt also a process for **collaborative management** that enables the CPCA to get full access to the whole consortium as part of performance management meetings and is not restricted to dialogue with just the Prime Contractor. In such interfaces we will expect to see how ideas, best practice and peer-coaching flows between partners to achieve the highest common denominator performance and avoid partners falling behind.
- 2.15. However, in the end the greatest impact on delivery will be through the consortiums approach to delivering **effective management of day to day operations** through a matrix of five service lines and three sub-economy geographies. This should be demonstrated through a clear management structure across the partnership, giving transparency of performance and finances between partners through detailed MI and an open culture.
- 2.16. The presence of a **draft operations manual** would engender significant confidence in bidders' capability to manage delivery in a way that enables joined up working and consistency in delivery and quality standards between partners and across teams and individuals. This should be able to convey top level Service purpose, objectives, aims and values, benefits and modes of delivery, with customer journeys and key service-line roles.
- 2.17. As part of the embedded ERDF and ESF projects, bidders will be expected to manage and deliver these to meet the European commission's **ERDF/ESF requirements** and take on responsibility for establishing and maintaining appropriate programme management capabilities and systems, including checking and assuring eligibility of participants in accordance with ERDF/ESF Eligibility Rules<sup>22</sup>. This will further include adherence to all ERDF/ESF Publicity requirements and regulations and ensure all materials, communications (including emails and Social Media) plus marketing materials are branded in accordance with ERDF/ESF requirements. In addition, bidders will be required to retain documents in accordance with ERDF/ESF Document Retention Guidance<sup>23</sup>. Finally, this will also require bidders to report against both ERDF and ESF performance indicators (as specified later in this specification) and provide an audit trail of evidence to enable compliant claims<sup>24</sup> to be submitted.
- 2.18. The Service Delivery Contractor will be required to put in place systems that meet **DWP requirements** for Systematic Desktop Encryption or PGP software. This is necessary to ensure participant details for the Skills Brokerage Service can be submitted through a secure gateway to CPCA and for onward transmission to the DWP Managing Authority.

---

<sup>22</sup> <https://www.gov.uk/government/publications/european-social-fund-eligibility-documents>

<sup>23</sup> <https://www.gov.uk/government/publications/european-social-fund-document-retention>

<sup>24</sup> <https://www.gov.uk/government/publications/european-social-fund-outputs-and-results>

### 3. Summary of Intent for the Growth Coaching Service Line

The CPCA is seeking to deliver a service designed to engage our highest potential growth firms to better support them to accelerate their growth, increase their capacity and capability for growth, sustain their period within growth, or all three. The service will be delivered in each of our three sub-economies in a tailored manner to better spread growth more evenly across our total economy

The service to be tendered will be expected to **incorporate and transform the Growth Hub** from the current activity-based service, that typically engages firms at less than three hours of support and is measured only by the number of those engagements it makes. Instead, we wish to procure an outcome-based service capable of assessing the growth ambitions and barriers to growth success, of our most exciting 3,000 firms, diagnosing their needs for support and providing 1000 of them, with access to over £9m of growth coaching, productivity and export advice from the private sector to deliver the contractual outcomes of **£118m of GVA growth** and creation of **3,180 higher value jobs**, spread more evenly across our economy.

A proportion of the total fee will be paid based on achievement of these outcomes. Based on a **CPCA contribution of £7,200,000** this procurement sets a benchmark of **£2,264 per job** for bidders to compete to beat.

Engagement with businesses requires a commercially focused and business credible service line delivery partner(s) to generate place-based growth, focused on the different needs of the three sub-economies within Cambridgeshire & Peterborough (see Appendix 1). This growth needs to be both more productive and international than current growth, as well as more inclusive, spreading prosperity. To achieve this, we propose that our procured partner(s) build a Growth Support Marketplace targeted at the places and firms that will have the most impact on inclusive growth across our economy. As part of a parallel procurement the CPCA will commission a **High Growth Observatory** to carry out a review of the current, but dispersed evidence base on the flags, characteristics and features within firms and their activities, that indicate the potential for high growth and scale-up. We will make this body of evidence available to the winning bidders, prior to commencement of the proposed service.

Based on this data and direct contact with firms, by the service line provider(s) during the contract period, the provider(s) is expected to profile key firms with growth potential. Provider(s) will target firms for support and engage them with a unique growth focused offer. They will diagnose barriers to growth in the firm's capacity to innovate, increase productivity and gain rapid and effective market access, going on to broker solutions to meet individual firm needs through defined packages of support to unlock productive and global growth opportunities. The proposed Growth Coaching Service Line, in the form of an RCT-Pilot, will retain the central role of the three current Growth Advisors, available as a free service for businesses across the CPCA area. Two of these advisors will be subject to TUPE. This will take the form of the telephone based and field staff, focused on engagement, diagnosis of need and brokering (EDB) to expert support, **providing the equivalent service to that currently provided by the Growth Hub**. The Growth Hub outcomes currently achieved, will in effect, be provided as a by-product of the EDB process upstream of the deeper and higher value growth coaching.

The Growth Hub outcomes currently achieved are as follows and it is expected that bidders will be able to show a significant increase in these, resulting from the larger resource being applied, relative to just three individuals currently employed. The Growth Hub outcomes for this small team are currently;

- 200 individuals that have received light touch triage, at less than 1 hour, including information and/or signposting support (excluding website traffic)
- 275 businesses receiving medium intensity support, at between 1 and 3 hours, including information, diagnostic and brokerage support.
- 25 businesses receiving high intensity support, at above 3 hours, including account management and specific growth advice directly provided by the Hub or partner organisation.
- 1 business event per month and 12,000 unique visitors to Growth Hub website
- 135 individuals who have been helped to start a business and 10 businesses referred to a mentoring programme (combined figure for 'Medium' and 'High' intensity interventions only)
- 65 businesses receiving 'Medium' and 'High intensity' support that, have the opportunity, ambition and greatest potential to grow (including Scale-Ups)
- 125 businesses referred to a skills or training programme (combined figure for 'Medium' and 'High' intensity interventions only)
- 55 businesses referred to a finance and/or funding programme (combined figure for 'Medium' and 'High' intensity interventions only)
- 6 businesses referred to an innovation and/or R&D programme (combined figure for 'Medium' and 'High' intensity interventions only).
- 17,300 combined employee numbers (FTE) of businesses receiving 'High intensity' support i.e. sustained support and using significant Growth Hub resource.

As part of the funding mix that the CPCA have created to finance this procurement, European Regional Development Funding (ERDF) has been used to part-finance the Growth Coaching Service. Hence, as outputs from the contracted service, leading to the outcomes already defined, bidders are expected to deliver and evidence the following as part of the ERDF project within the wider service, specifically:

- 900 enterprises receiving support
- 450 enterprises receiving grants
- 450 enterprises receiving non-financial support
- 90 new enterprises supported
- £3,000,000 of private investment matching ERDF grants
- 2520 new jobs in supported enterprises
- 1500 enterprises receiving Information, Diagnostic and Brokerage support

In delivering EDB, these staff will engage at least three times the firms taken into coaching services and provide them with the same broad advice and signposting services currently provided by phone to Growth Hub customers. However, in addition, the key changes to the current Growth Hub Service will be:

- **Prospecting of high potential scale-ups** with the potential to increase productivity (measured in GVA/employee) and the volumes of exports in the towns and cities (especially outside Cambridge) in which the firms reside.
- **Positioning Growth Advisors as trusted and impartial brokers**, with a remit to help companies identify and overcome growth barriers, developing packages of advice and coaching for the business leaders, brokered to experts in the firms' sectors and markets to help them break down those barriers and better realise their full growth potential.
- **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;
- **Developing long-term relationships** with the highest growth potential companies;
- **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 provider(s) will be expected to recruit and train a cadre of Growth Advisors, all credible and experienced entrepreneurs in growing firms and able to gauge and rate other firms' ambition, capacity and capability for growth. These Growth Advisors will be expected to harness automated tools for diagnosing the key obstacles the supported firms will need to overcome, within and outside the company. They will then broker each firm to the best possible expert within the growth support marketplace, to coach the firm's leadership team through to growth success.

However, the service will also need to address the market failure in the commercial marketplace for professional services, coaching and advice to small firms. It is envisaged this will be done through a co-investment grant, to share with the supported firm, 50% of the costs of the coaching accessed, at point of purchase. Provider(s) will be expected to administer and provide to smaller firms, a Business Growth Grant, where it is needed to nudge them into taking up commercially available services from the private sector, which they would otherwise not normally use.

Provider(s) will be expected to build a private sector growth coaching marketplace including expertise such as exporting, business growth, change management, leadership and management skills and productivity. The service will concentrate high value, intensive support for start-ups, scale-ups and renaissance growers, and those with high potential to increase place-based growth and productivity. For instance, by growing businesses in specific towns that have higher value services, products and employment than the current average.

### **Growth Advisors will:**

- Actively 'prospect' high potential companies and spend more time with them, understanding requirements better, giving support and advice and sourcing the services they need from the marketplace created;
- Provide a bespoke service tailored to the specific needs of our target growth locations, company segments and industry sectors, matched to their specific barriers to business growth, productivity growth and global market access.
- Provide a defined and distinctive Service Offer, broken out into coaching products covering all stages of the growth journey. Their role will be to draw on this collateral to fashion a bespoke programme of work for each customer individually, and then help businesses source support from the commercial marketplace for sector, market and growth coaching services.

The Service offer will embrace the four stages of the Business Change Cycle, namely:

- **Realisation:** Enabling businesses to understand their prospective capability for growth and performance and the opportunities to make changes to improve it. Before a business undertakes a change, it needs to acknowledge its current performance and identify an opportunity to enact a change and improve performance.
- **Assessment:** Appraising the cost, quality and value of change, and the business support to help deliver it, including assessing the costs and returns to the business of pursuing one option over another. Once a business has identified a change it wishes to make, it needs to assess its options, including being able to appraise the costs and returns to the business of pursuing one option over another.
- **Navigation:** Identifying the product or advice from the business support market. Where expertise is not held in house, or for new services or products they wish to incorporate into the business.
- **Embedding:** Developing the skills of managers and employees to implement and embed the change. Change must be embedded in order to realise the benefits, often requiring direction and backing from business managers and the appropriate training of staff to give them the confidence and skills to embrace new processes.

The firms supported will be encouraged to also "pass-on" the knowledge benefits they have received through the service, by offering free mentoring to at least five times as many firms as the Growth Service supports directly. These past customers, potentially branded as Growth Champions or Ambassadors will be encouraged, through the services and client management they receive, to provide free of charge leadership and management peer-to-peer mentoring. This peer to peer mentoring will integrate with the paid-for coaching from the advisory marketplace.

The envisaged staffing of this Service Line consists of:

- **A Service Director** with a successful track record in delivering growth coaching services at least of the volume of those proposed and achieving at least equivalent growth outcomes.
- **Growth Advisors** providing a free of charge “Engage, Diagnose & Broker Service to inspire and quantify growth ambitions, identify growth barriers and co-create a package of learning and coaching to overcome those barriers, brokering the firm to advisors to suit their needs.
- **Paid for expert coaches** accessed with the aid of a 50% co-investment grant to nudge firms to take up the advice; on growth strategies, access to growth finance, change management, organisational growth capacity building, new business development, business model, product and service innovation, operational productivity and new market entry and expansion advice.
  - This would be provided in the main, be a pool of independent commercial advisors, assembled and managed by the provider(s). This may include both individual (one-man-band) coaches and groups of coaches offered by strategic or preferred partners with specialist expertise. However, all will need to be OJEU procured onto a Framework, from which to be “pulled-down” as and when a match is found between them and a client.
  - Bidders for this Service Line are at liberty to propose commercial, efficacy or cost effectiveness benefits for additionally operating a team on “in-house” experts for a narrow range of commonly required advisory service lines for up to 1/3<sup>rd</sup> of clients.
- **Market analysts / lead generators** to provide a data driven lead generation service to the Growth Advisors, researching, identifying and making initial contact with potential high growth and scale-up firms in the area to generate appointments for the Growth Advisors.
- **Account Managers** to provide support services to the clients, ensuring that the selected coaches and advisors are delivering to the quality, time and value for money objectives, set out in the Growth Advisors “scope of support” produced for each client individually. These staff would also be responsible for administering the grants and collecting outcome data from customers. Additionally, Account managers will maintain ongoing contact with these clients to ensure they continue to be supported through other service lines.

The contracts for coaching will be based on standardised and mutually agreed terms between the coaches within the pool and the client firms, excluding either the CPCA or the bidders resulting from this procurement process, to protect both from liability of non-performance.

The Engage, Diagnose, Broker model is designed to open-up and grow private sector provision rather than regulate it or create a franchise or monopoly.

However, it is recognised that some guidance and oversight of the delivery of these services by third parties will be required, for example to ensure that providers in the pool have the capacity and skills to deliver the services diagnosed as the customers' need and that all coaches are aware of the overall proposition (based on the defined Service Lines) and can provide them in a consistent way. It is also important that clients are able to feedback satisfaction with services they have received from the brokered pool of coaches to inform future customer comparisons of the potential value for money of each coach within the pool.

In some cases, due to the complexity of the client's requirements and existing relationships held, it will be necessary to build Virtual Teams to ensure all interactions with these clients are properly coordinated. These Virtual Teams will comprise of Growth Service Personnel, Coaches brokered to these clients and other various Partners. This also includes adopting a practical approach relating to the client's existing relationships with local public sector colleagues and ensuring these colleagues are included in these Virtual Teams.



#### 4. The Specification for the Growth Coaching Service Line

- 4.1. Bidders will be expected to demonstrate by sub-economy, how they will use their own resources to segment, target and filter **proactively engaged firms** into the sales pipeline as prospects to be engaged for entry into the growth ambition, capability, barriers and service needs diagnostic service. This should include reference to any credible data sources and/or networks used to acquire target firms and/or to analyse data to identify high-growth potential.
- 4.2. Additionally, and to complement bidder(s) resources and insight, the CPCA will commission the provision of a **High-Growth SME Observatory** (Growth Observatory) to carry out a review of the current, but dispersed evidence base on the flags, characteristics and features within firms and their activities, that indicate the potential within these businesses for high growth and scale-up. Bidders will be expected to demonstrate how they will utilise, add to, add value to and integrate the Growth Observatory activity and/or insight into delivery of the growth coaching service line.
- 4.3. **Direct links to referral partners** with potential high-growth customers that can act as a conduit of high-value prospects into the service will be important. Hence, bidders should explain how they will engage and convince such partners to support them and the service. These might include landlords, business angels, accountants, banks, lawyers, incubators, accelerators, technology centres, mentoring programmes such as Be the Business, universities, KTNs, ITAs, iUK etc.
- 4.4. Bidders will also be expected to demonstrate their approach to marketing and PR campaigns to generate market interest to segment and filter **reactively engaged firms** including how they will manage the quality of inward lead volumes and manage expectations and rejection from the pipeline. A strategy for handling rejected prospects should be made clear, along with how bidders will use adjacent mentoring and support programmes such as Be the Business to offer prospects as an alternative to coaching.
- 4.5. Bidders should demonstrate how both types of firms will be managed through the **complete customer acquisition process** using a flow diagram and a table/chart of activities. On the input side, this should include how bidders intend to use referral networks, and other alternative routes into the service. In process it should include the filters applied to each route and clear pathways from target identification, through prospect qualification, and AIDA conversion into a paying client or being signposted to other, external services.
- 4.6. The ultimate impact of a service such as this, is heavily related to the growth potential of the firms targeted, combined with the services success in convincing them that the service is able to tangibly add value to their prospects for growth. Hence, bidders will be expected to demonstrate the efficacy of their **sales process** and put forward a convincing and credible customer **value proposition** for this service line, in terms of how it meets the client's need or gives them access to a new or better opportunity for growth, through specific features that lead to measured benefits, backed up with evidence of the value derived by others.

- 4.7. A sales process and value proposition are only as good as the individual conveying it. Hence, bidders will be required to provide an example **profile of a Growth Advisor** in terms of business track record (credibility) growth coaching experience (capability) background and networks (capacity) and local knowledge (relevance).
- 4.8. It is important that firms are engaged into an intuitive, user friendly and value adding process to assess their growth ambition, realisable potential, the barriers they are likely to experience and the services most able to overcome them, without that process being overly complex, long or off-putting. Hence, bidders will be expected to demonstrate how they will develop or apply a proven and existing **diagnostics process**. The ability to engage multiple directors within the firm simultaneously and at low cost with on-line tools will be an advantage. So too will a process whereby Growth advisors might share and interpret data into insight with clients, giving them real added value in spotting previously unrecognised SWOT within their business.
- 4.9. The value, relevance and effectiveness of the **coaching themes and/or accompanying products** to be selected for each coaching journey and how these are combined, assembled and presented as a potential proposal for services will impact the speed and ease with which the service will achieve its client volume targets. Hence, bidders should be able to describe the range of coaching and accompanying offerings they are able to field. At minimum these should include; growth strategy development, business development, access to finance, product/service/value/business model innovation and leadership advice in the form of coaching, seminars and master-classes. To demonstrate a thorough understanding of the offerings, bidders should be able to produce a full **product specification for the top three of the coaching themes** they intend to offer.
- 4.10. Bidders will be expected to show how they can convert the diagnosed business SWOT, barriers to growth and needs into a **proposal for services**, that is succinct, insightful, convincing and demonstrative value for money. The ability to deliver this in a slick, time-saving automated manner will be an advantage.
- 4.11. The principle of the EDB based service is that all or most client service journeys are brokered to an independent set, or pool, of providers, with the Growth Advisor acting as a trusted and impartial advisor and advocate. Hence bidders will be expected to demonstrate how they will identify and acquire a relevant, capable and credible **pool of coaches** of sufficient scale across a range of coaching themes, sectors and markets. A means by which a balance can be struck between achieving a world-class standard in achieving high growth results and return on investment, leveraging the established capabilities in Greater Cambridge, and providing local experience from the three sub-economies would be a distinct advantage.
- 4.12. Bidders will also be expected to demonstrate the **process to match coaches** to the agreed proposal for services and are subsequently selected by the client who are free to choose the most suitable provider for their needs. If a client requires support with selection this may include a reliable and proven method of matching coach characteristics to specific elements of the proposal for services and communicating the contractual parameters and obligations of the relationships to both.

- 4.13. It is envisaged that the majority of sales will require the use of the “nudge” grant to overcome the market failure, prevalent amongst SMEs when accessing external advice. Hence, bidders will be expected to demonstrate an assured and proven capability in the use of **Account Managers to administer ERDF grants** to SMEs. This will include the provision of the necessary assurances relating to state aid, defrayment, eligible costs, customer satisfaction and coach deliverable output and economic outcome monitoring, also there is a requirement for an ERDF Output Audit trail to enable claims for ERDF Outputs.
- 4.14. Once in service, it is important for all clients to experience high quality and professional account management. Hence, bidders will be required to provide an example **profile of an Account Manager** in terms of relationship management track record (capability) and local knowledge (relevance).
- 4.15. In providing business support across an area, the CPCA recognises it is not the only public sector body providing and interested in economic development and support to local SMEs. This requires high quality and professional **Stakeholder Management**. Hence bidders should demonstrate how they will liaise with the CPCA's constituent councils, their agencies such as GCP, and other key stakeholders, to ensure they are kept informed of customer engagement in their geography, good news stories, and problems that might occur, ensuring all remain enthusiastic advocates of the Growth coaching Service Line. An appreciation and process to handle data sharing protocols that satisfy GDPR and an open culture for problem identification and resolution would be an advantage.
- 4.16. Growth coaching and the management of business growth services on behalf of government is a highly specialised activity and one which brings with it significant reputational risk for both the commissioning authority and the contractors. Hence, to protect both, provider(s) need not apply, that cannot demonstrate a **strong track record in delivery** of coaching and/or advice relating to international growth (Trade Advice), domestic growth (Growth Accelerators), growth of invested companies (Business Angel Networks) or growth of academic and technology spin-outs (Tech Accelerators). It is also imperative that bidders with such experience, can demonstrate impacts at or better than the value for money benchmark being used in this commission, of £2,264 per job.

## 5. Summary of Intent for the Inward Investment Service Line

The CPCA is seeking to create a new enhanced and much more nationally and internationally proactive Inward Investment Service, as a key element of the Growth Support Eco-System we propose in our Local Industrial Strategy. This will be a free of charge service to SMEs and offered commercially to large international investors to: “Attract, Develop, Deliver, Support and Secure Investment”. We will focus on both overseas and UK companies who are in growth mode and are a strategic ‘fit’ with the Sector and Place offers that make up the CPCA proposition. A much smaller scale service already exists in the Peterborough area and the staff in this service will be subject to TUPE.

We will focus global capital investors on to our primary and most investable development opportunities; the **Cambridge Autonomous Metro (CAM)** and the new **University of Peterborough** into which we expect to attract **£100m and £25m respectively**; but concentrate the majority of our resource on attracting large and mid-sized firms to relocate in to our two core cities to deliver the contractual outcomes of **£45m of GVA growth** and creation of **1,200 higher value jobs**, spread more evenly across our economy. A proportion of the total fee will be paid based on achievement of these outcomes. Based on a **CPCA contribution of £3,600,000** this procurement sets a benchmark of **£3,000 per job** for bidders to compete to beat.

To achieve this investment, we need to develop globally recognised investment and relocation propositions to be as competitive as other key International, UK and European city-regions. Cambridge is already globally renowned as a breakthrough city for the innovation economy. However, we will build a proposition that has an instantly recognisable brand that is centered on its unique innovation and commercialisation strengths in sectors that are shaping our futures. We will develop this brand as a growth eco-system within which investors, national & international firms can thrive. This will position the wider C&P economy as a breakthrough region for the innovation economy, competing with locations across the UK and Europe for FDI.

As part of the funding mix that the CPCA have created to finance this procurement, European Regional Development Funding (ERDF) has been used to part-finance the Inward Investment Service. Hence, as outputs from the contracted service, leading to the outcomes already defined, bidders are expected to deliver and evidence the following as part of the ERDF project within the wider service, specifically:

- 125 enterprises receiving support
- 100 enterprises receiving non-financial support
- 25 new enterprises supported
- 325 new jobs in supported enterprises
- 15 enterprises supported to introduce new to the market products
- 495 receiving Information, Diagnostic and Brokerage support

The Inward Investment service will work together with the Department for International Trade, to develop and promote a strong brand for our two core cities that represent our unique proposition. It will set out how our individual industry clusters work together to create a whole that is significantly greater than the sum of its parts. This brand will also promote the area's quality of life offer, the diversity of towns and cities, and the opportunities for communities and businesses to locate here.

Developing an international brand will include:

- **Cambridge as a global-innovation-city:** We will develop the brand – home to the UK's highest concentration of research and innovation assets and a highly connected network of clusters in industries that are shaping the twenty first century. We will set out a strategy to project Cambridge as a *global-innovation-city* to rival Toronto, Tel Aviv and Singapore into markets across the world. Through this, we will funnel investment, accelerating export-led growth, and increasing Cambridge's global market share in key sectors.
- **Peterborough as a Government, financial professional services hub.** There is significant opportunity to increase higher value GVA and productivity growth in Peterborough, as a result of signaling improvements on the east coast rail line that will reduce journey times to from London to just 38 minutes and raise passenger volumes to 5 million per annum.

**The headline main themes of the proposed service will include:**

- **Prospecting of high potential inward investment opportunities** both existing companies invested into UK (but not necessarily in CPCA area), Global Growth companies, High Growth scale-ups and export led companies seeking EU/UK base. Landing these investments helps CPCA achieve place-based, productive and international growth.
- **Positioning Inward Investment Specialists as trusted and impartial experts** with a remit to help companies consider CPCA area for their location of UK investment, identify and develop packages of advice, direct support and solutions to land the companies investment and better realise their full growth potential.
- **more effectively account managing existing company investors** with a presence in CPCA and those already in UK/London with no presence in CPCA, understanding needs, encouraging, informing & connecting firms to sources of commercial advice and support to secure the investment;

**The key activities and features of the new service will be:**

- **Targeting:** A strategy for which type of CAM investor, focus on foreign firms opening a subsidiary company in the UK which will be particularly important after BREXIT, also firms seeking to relocate into the UK, or out of their current UK city, is most economically desirable with a targeted outreach programme to actively approach target companies
- **Lead Generation:** Prospecting of high potential inward investment opportunities both existing companies invested into UK (but not necessarily in CPCA area) and global companies seeking an EU or UK base.
- **Sector Specialisms:** Positioning Inward Investment Specialists as trusted and impartial experts with a remit to help companies consider CPCA area for their EU or UK location, identifying and developing packages of advice, direct support and solutions to land the companies and realise their full growth potential.

- **Strategic Account Management:** Account Managers spending more time with existing company investors with a presence in CPCA and those already in UK/London with no presence in CPCA. Understanding needs, encouraging, informing & connecting firms to sources of commercial advice and support to secure their investment. Developing longer-term relationships with the strategic target companies with the potential to invest much more.
- **Place Offer:** Leveraging the private sector advisory market much more effectively through Place based Specialists, like the Cambridge & Partners, able to deliver deeper, broader and bespoke Inward Investment support services to firms' and their management teams;
- **Excellent Client handling:** A sales process to capture and nurture all leads, building links to multiple individuals in target companies and managing them through evaluation/decision phases to investment commitment with a follow-up facilitation service to help companies install and get connected quickly.
- **Stakeholder Management:** Establishing a set of robust collaborative partnerships with all local Stakeholders to ensure all Inward Investment opportunities are handled appropriately, ensuring local expertise is used to maximise our chances of securing the new Inward Investment.

## 6. The Specification for the Inward Investment Service Line

- 6.1. Bidders will be expected to bring significant insight to the targeting and landing of both capital investors and FDI relocation investors. This should be demonstrated through bidders' approach and rationale for the design of the service, using both narrative and diagrams to illustrate a clear USPs.
- 6.2. Bidders able to show a pioneering and innovative approach, in combination with a depth of inward investment insight, commitment to local co-delivery and knowledge sharing will be attractive. However, key to success will be bidders' ability to back up their ideas with delivery credibility and track record, and the assurance of impact that stems from it.
- 6.3. Delivery credibility will be measured through evidence provided on:
  - 6.3.1. Bidders' understanding of the UK and local FDI and Capital Investment markets.
  - 6.3.2. Direct links to DIT Sector Teams, Investment Services Team (IST) or staff at key global market posts. Collaboration agreements with any of the current organisations providing the outsourced elements of DIT's inward investment activities, especially around lead generation.
  - 6.3.3. Previous delivery track record on inward investment service contracts with similar delivery models and/or inward investment outcomes, in terms of quantity of firms engaged and the quality of the outcomes in terms of GVA and jobs (in absolute and per project).
  - 6.3.4. Key personnel experience and track record in inward investment and international trade.
- 6.4. It is important that bidders are able to describe a strategic plan that demonstrates how they will apply their knowledge, skills and experience to deliver the Service outcomes. Especially in regard to:
  - 6.4.1. Accessing the large volume of **FDI leads within the IST pipeline** of projects and ongoing accounts, describing how dialogue will be initiated with IST staff and those at Post to target projects, whilst complying with the DIT "UK First" policy.
  - 6.4.2. Accessing **capital investors at Post** in key markets by securing DIT adoption of C&Ps two flagship investable assets as High Value Opportunities (HVOs) to be promoted at key Posts.
  - 6.4.3. Generating **"own leads" for projects** regionally, nationally and/or globally, bearing in mind that less than 20% of UK inward investors are supported through DIT services and local partners may have greatest visibility of investor activity on-the-ground. Hence, bidders will need to demonstrate how they will build effective referral partnerships with the business support eco-system in Greater Cambridge, broader business networks, banks, professional services firms and local authority staff.

- 6.4.4. Conserving resources and maximising VFM through a “**Prioritisation Framework**” to focus resource on high value projects, that land:
- 6.4.4.1. Firms into Cambridge & South Cambs from multiple global locations with a focus on life sciences, digital, High value technologies and medical healthcare technologies.
  - 6.4.4.2. Firms from Europe expanding their UK footprint into additional new or expanded sites such as Peterborough with a focus on those in the manufacturing professional services, media, digital and finance sectors.
  - 6.4.4.3. Government Depts currently based in London into Peterborough using the new shorter train times into London and the new Station Quarter development as attractors.
  - 6.4.4.4. Firms into the Fens from locations in adjacent regional economies with a focus on those in the agricultural, Agri-tech and food sectors
- 6.5. Excellence in investor experience is essential and bidders will be expected to demonstrate how they intend to manage **capital and FDI enquiries** using a clear process for enquiry management, establishing and recording investor requirements and moving investors onto a pathway of investment with full business support, both direct and through commercial partners. This should include a customer journey with defined touchpoints and a CRM for recording, assessing, categorising and qualifying leads into active projects.
- 6.6. To support conversion of FDI projects into landed investments, bidders should demonstrate their experience and capability for the production of **bespoke FDI Propositions** for client presentations, based on individual investor requirements, demonstrating how C&P best meets them through solutions with specific features that lead to measured benefits and clear differentiation from other UK and European locations.
- 6.7. To support conversion of Capital Investment projects into landed investments, bidders should demonstrate their experience and capability for the production of **bespoke Capital Investor Propositions** based on individual investor requirements for RoI and other key investor metrics.
- 6.8. Bidders should also demonstrate their approach to recruiting and developing a **sales team of Sector Specialists and Account Managers** through a programme of initial induction and on-going training informed by DIT’s Investment Playbook and support from DIT. This should be complemented with local familiarisation training on C&P strategies, value propositions, sector propositions, place assets and investment. Sales team performance management systems should be evident, including regular personal performance with performance related measures and remuneration.



- 6.9. Key to landing investment, especially for relocation of firms into the economy, will be the ability to organise and deliver investor site and partner visits. Bidders will be expected to offer a **visit management service** for investors that covers face to face engagement with investors on location across the C&P area, with support in planning of itineraries and soft-landing support packages. Key to the cost effectiveness and quality of this service, will be the bidders' experience and expertise in engaging, enlisting **and mobilising local stakeholders** both public and private including intermediaries to provide investors with key inputs either remotely prior to the visit or when visiting.
- 6.10. **Support from professional services** to help firms to set up in C&P is an essential element of the service. This should include access to finance and investment, grant acquisition, planning advice, design and build advice, supply chain, market intelligence, market access and legal advice. To help in this regard, a **relocation grant** of between £10k and £25k will be provided to fund 50% of the costs of such support for smaller firms. However, bidders will be expected to demonstrate their approach to identifying and managing professional service partner pools, resolving investor needs quickly into a scope of support and making relevant introductions and referrals to professional services firms in a transparent manner, without unduly favouring one firm over another.
- 6.11. **Support from local Public Sector partners** will be an essential aspect of managing these opportunities, securing these tangible investments and then providing these investors with a soft landing into the region. Therefore, Bidders should outline their proposals for establishing a collaborative working approach with these local partners so their expertise is provided at the most appropriate junctions of the client journey.
- 6.12. As the largest proportion of UK inward investment in recent years has come from firms and investors already present in the UK, bidders will be expected to provide an aftercare service to new and existing investors in the economy and those adjacent to it with the potential to relocate into it. This should include a clear approach to **account management** and prioritising activity investment by client need and propensity/potential to invest further. bidders will also be expected to show how they will develop relationships with the highest potential accounts to build a full understanding of business goals, vision and objectives, growth strategies, operational and stakeholder requirements and opportunities for diversification, expansion or supply chain integration.

## 7. Summary of Intent for the Skills Brokerage Service Line

The CPCA is seeking to deliver a service able to create a dynamic Skills Marketplace across our economy and geography. This should take the form of a hybrid digital and face to face service that connects businesses, with skills providers, students and those retraining and upskilling talent. This will include access to funding for education and training, via the CPCA's Adult education budget and the use of a "virtual wallet" of Apprenticeship Levy funding facilitated by the bidders' and managed by the CPCA.

The CPCA is seeking a single sub-contractor for the delivery of the Skills Brokerage across the whole area, in order that accountability and performance is consistent and transparent.

That the delivery team should include only full-time staff who between them covers all of the CPCA area, working as one single integrated and flexible team. That this team should include three full time staff dedicated to the CEC element of the Skills Brokerage

The service will target support to create pathways for young people and adults retraining for new or enhanced careers, into STEM, adult education, T-levels, 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 businesses with recruitment and training. Social media and android Apps are envisaged as being critical 21<sup>st</sup> century components of the service to help attract young people into key sectors by connecting them into a Digital Talent Portal at the heart of the intended Skills Marketplace.

The Skills Marketplace will be used to better harness the Apprenticeship Levy and Adult Education Budget to connect SMEs into wider value chains. Spreading funding more effectively across local sector-clusters through the creation of a Levy Pooling Mechanism. Skills and Talent Brokers will connect to the levy virtual wallet to support small and micro businesses currently unable to take on an Apprentice due to lack of funding, their size or specialist nature. These advisors will also work with large employers to gain commitments from them to pledge up to 25% of their unused levy into the virtual wallet for re-distribution to small firms and supply chains.

We will focus on key defined sectors and places across the economy, with a specific effort to reduce the low skills and education deprivation in the north and east of the area, that causes low productivity (GVA per employee per hour worked) and slows economic growth across the wider economy. We expect bidders to deliver a minimum level of outcomes of:

- **1,800 additional apprenticeship enrolments** above and beyond the volume naturally occurring without the presence of the skills brokerage and measured as the number of apprenticeships occurring in the 2018/19 academic year.
- **1,000 additional learning outcomes** including T-Level Industry placements, traineeships, graduate placements, employee upskilling and career retraining enrolments.
- **350 new jobs** resulting from the above enrolments generating **£6m of GVA growth**.

These PROVISIONAL outcome targets are in part, based on existing, and much less sophisticated and smaller scale services already provided in the CPCA area, the staff for which will be subject to TUPE. However, given the higher critical mass of resource offered (around 7 times the current contract values), the more sophisticated service design, the availability of the “virtual levy wallet” and the opportunity to engage more experienced and capable providers to complement local actors, it is expected consortia bidders will be able to offer significant improvements on these outcomes. A proportion of the total fee will be paid based on achievement of these outcomes. Based on a **CPCA contribution of £4,000,000** this procurement sets a MINIMUM benchmark of **£1,428 per additional enrolment** into the economy for bidders to compete to beat.

As part of the funding mix that the CPCA have created to finance this procurement, European Social Funding (ESF) has been used to part-finance the Skills Brokerage Service. Hence, as outputs from the contracted service, leading to the outcomes already defined, bidders are expected to deliver and evidence the following as part of the ESF project within the wider service, specifically; 276 SME's engaged, 207 learner participants and 207 SME's successfully completing projects.

**Key features** of the procured service will include:

- **A Digital Talent Portal**, available through PCs, MACs, tablets and mobile phone apps, that will support independent training providers (ITPs), schools, colleges, higher education, parents and residents to navigate effectively through the complex skills landscape and facilitate a better match of potential talent to firms' skills needs and job vacancies. This will increase the number of people transitioning through the skills eco-system into Apprenticeships, Adult Education, Higher Education and employment.
- **Apprenticeship Standard & Levy System Specialists** trained to support levy paying employers to maximise the utilisation of their allocated levy funding by helping them design trailblazer apprenticeships to meet their needs or better exploit existing apprenticeship standards to meet their current and future training needs.
- **Skills & Talent Brokers** to work by phone and face-to-face between firms, schools, talent and skills providers to create and enable T-Level Industry placements, traineeships, apprenticeships, graduate placements, employee upskilling and career retraining opportunities.
- **A Levy Pooling Marketplace** working with Levy paying employers to pledge up to 25% of their levy funding allocations, matched and administered to SME's currently unwilling to take on a first, or more apprentices due to lack of funding.

The Skills Brokerage Service will retain the current roles of three **Careers and Enterprise Company (CEC) Enterprise Coordinators**, all of which will be subject to TUPE. These Coordinators are available as a free service for schools and employers across the CPCA area. The CEC Enterprise Coordinator outcomes currently achieved, will in effect, be provided as a by-product of the new skills brokerage as part of its schools' engagement to identify talent for brokering into apprenticeship and other vocational pathways. The contracted CEC outcomes currently being achieved are as follows and it is expected that bidders will be able to meet these as part of the larger

resource being applied. The CEC outcomes for the current Enterprise Coordinators are through the following hierarchy;

1. Inputs
  - a. Encounters with employers, with workplaces, with further and higher education
  - b. Information about local jobs, how the curriculum connects to work
  - c. A plan tailored to an individual's needs and supported by guidance
2. Outputs
  - a. Personal Effectiveness self-belief, persistence, purpose
  - b. Careers readiness and planning, information and help seeking work-readiness
  - c. Employability skills imagination, problem solving, listening skills, sharing ideas, team work and leadership
3. Outcomes: Destinations
  - a. NEETs Number of young people not in education, employment or training
  - b. Destinations Project launching: what is a 'good destination'

Contractual performance metrics to be reported on monthly include:

1. All schools in area using the Compass tool and encouraged to reuse it regularly
2. All schools in area to have access to an Enterprise Adviser
3. All schools in area to achieve Gatsby Benchmark 5 and 6 above
4. Network Metrics
  - a. Total Institutions in Area (Cambridgeshire and Peterborough)
  - b. Total Institutions in each Enterprise Adviser Network (EAN)
  - c. Total Institutions in EAN Matched with an employer
  - d. Total Institutions in EAN Not Matched with an employer
  - e. Total Institutions in EAN Close to Engaging with the programme
  - f. Total Institutions not wanting to Engage with the programme
  - g. Total number of matched institutions that have completed compass tool
  - h. Total number of institutions that have completed compass tool
5. Gatsby Benchmark Five Performance Metrics – Must be min 50%
  - a. Matched Institutions fully achieving Gatsby Benchmark Five
  - b. % Matched Institutions fully achieving Gatsby Benchmark Five
  - c. Target total institutions fully meeting Gatsby Benchmark Five
  - d. Target % of total institutions fully meeting Gatsby Benchmark Five
  - e. Variance of Institutions fully achieving Gatsby Benchmark Five
6. Gatsby Benchmark Six Performance Metrics – Must be min 45%
  - a. Matched Institutions fully achieving Gatsby Benchmark Six
  - b. % Matched Institutions fully achieving Gatsby Benchmark Six
  - c. Target total institutions fully meeting Gatsby Benchmark Six
  - d. Target % of total institutions fully meeting Gatsby Benchmark Six
  - e. Variance of Institutions fully achieving Gatsby Benchmark Six

The Opportunity Area (Fenland and East Cambs) outcomes for the current Opportunity Area to be reported monthly include:

1. All schools<sup>25</sup> in area using the Compass tool and encouraged to reuse it regularly
2. All schools in area to have access to an Enterprise Adviser
3. All schools in area to achieve Gatsby Benchmark 5 and 6 above
4. Evidence of 16,000 employer encounters per year in schools in area
5. Recruitment of 10 Cornerstone Employers providing higher level support

The Skills Brokerage Service will also either sub-contract or deliver (involving TUPE transfer) the longer-term provision of the current pilot programme run by the Hampton Gardens School and Hampton College. This is a £100,000 per annum funded Careers Aspiration Pilot designed to increase the amount of young people entering Higher and Degree Apprenticeships who would not ordinarily take these routes.

For all learners aged 13-16 it is contracted to:

- Develop student confidence and resilience and personal skills
- Identify and support learners who could become NEET after 16
- Develop a supported and personalised learning pathway, with progression routes to local training/further study/local employment opportunities
- Optimise learners' progress from their starting points and support them to gain recognised qualifications at 16 and beyond

For all learners aged 13-19 it is contracted to:

- Raise the profile of Apprenticeships at all levels
- Promote STEM careers
- Develop cutting edge technical education provision, to complement the academic offer at the Trust's schools
- Build links with local employers, to further develop our work shadowing/ experience offer and establish progression routes to local traineeships / apprenticeships

Specific contractual outcomes and their transfer to the procured Skills Brokerage consortium will be the subject of negotiation with the designated preferred supplier(s) after completion of the procurement competition stage.

---

<sup>25</sup> All schools to include SEND and Alternative Provision schools

## 8. The Specification for the Skills Brokerage Service Line

- 8.1. Bidders will be expected to demonstrate by sub-economy, how they will use their own resources to proactively segment, target and filter prospective **business clients** into the brokerage pipeline. This should include reference to any credible data sources and/or networks used to acquire target firms and/or to analyse data to identify their needs for new staff, staff retraining or upskilling, STEM based adult education, T-level placements, technical degrees or apprenticeships. Bidders should clearly differentiate pathways and customer journeys for large firms and SMEs separately.
- 8.2. Direct links to **business client referral partners** that can act as a conduit of business clients into the service will be important. Hence, bidders should explain how they will engage and convince such partners to support them and the service. These might include training providers and colleges, landlords, accountants and recruitment/HR consultants.
- 8.3. Bidders will be expected to demonstrate by sub-economy, how they will use their own resources to proactively segment, target and filter **prospective learners** into the brokerage pipeline. This should include reference to any credible data sources and/or networks used to acquire target learners and/or to analyse data to identify their attraction to, or need for, retraining or upskilling, STEM, adult education, T-level placements, technical degrees or apprenticeships. Bidders should clearly differentiate pathways and learner journeys for 16-18, 19-24 and 24 and above individuals, relating to the various training and education funding streams.
- 8.4. Enrolling more learners into apprenticeships with firms is unlikely to be sufficient to realise the sustainable upskilling and careers we aim to achieve. To realise their potential, and ensure learners are retained and nurtured as valuable members of staff, we will need to engage and enlist the support from more established members of staff that are suitably skilled to support the individual. Mentoring is the foundation of Vocational Learning and Apprenticeships. To underpin the delivery of new talent programmes, formal development of the skills required to become a Learning Mentor can be achieved by undertaking the **Learning Mentor Training** via an Apprenticeship. The role of the Learning Mentor is to support the development of their learner's knowledge, skills and behaviours throughout their learning programme. Learning Mentors need to have both up-to-date knowledge and skills in a specialist subject area, together with the generic skills necessary to support their learners. By offering practical, technical and pastoral support, learners will be motivated, engaged and aspirational and more likely to achieve their learning programme, thus building a strong talent pipeline, supporting retention and reducing recruitment costs. The CPCA will support this through the Levy Pooling Service.
- 8.5. Bidders are expected to describe how they might work with the CPCA to explore ways of using the Apprenticeship Levy and Adult Education Budget to fund the training of Mentors either as short burst courses or as a level 3 mentoring apprenticeship. Bidders will also be expected to describe how they will promote mentoring to all the employers they place apprentices into, and to employers' staff as a route to professional development, career promotion and potential promotion.
- 8.6. Direct links to **learner referral partners** that can act as a conduit of prospective learners into the service will be important. Hence, bidders should explain how they will engage and convince such partners to support them and the service. These might include schools, training providers and colleges, job centres and recruitment consultants.

- 8.7. Bidders will also be expected to demonstrate their approach to **marketing and PR** campaigns to generate market interest from both firms and learners including how they will manage the quality of inward lead volumes and manage expectations and rejection from the pipeline in order to optimise resource allocation onto those most likely to generate outcomes from the service.
- 8.8. Bidders should demonstrate how large and SME firms will be managed through the complete **business client acquisition process** using a flow diagram and a table/chart of activities and sales process metrics/objectives. On the input side, this should include how bidders intend to use referral networks, and other alternative routes into the service. In process, it should include the filters applied to each route and clear pathways from target identification, through prospect qualification, and AIDA conversion into a business client of the service or being signposted to other external services.
- 8.9. The ultimate impact of a service such as this, is heavily related to the increase it can facilitate in firms' use of training and education, combined with the services success in convincing them that this is able to tangibly add value to their business through reduced training costs, increased productivity, improved staff motivation and improved customer satisfaction. Hence, bidders will be expected to put forward a convincing and credible **business client value proposition** for the key segments. This will include:
- 8.9.1. **Larger firms** paying the apprenticeship levy, looking to better utilise it and potentially willing to donate 25% as a Levy Pledge to SMEs within and outside of their supply chains as part of the CPCA Levy Pooling.
  - 8.9.2. **Growth firms** looking to expand their workforce and struggling to find and develop skills at a rate required to meet their needs. These could include firms willing to create individual or shared apprenticeship academies.
  - 8.9.3. **Smaller firms** that are "time-poor" and previously unwilling or unable to take on placements, traineeships or apprentices, but could if the barriers to this were better understood and lowered.
- 8.10. Whilst the brokerage service will engage learners that are not directly linked to a potential employer, the main focus will be on those that are. Hence, the value, business relevance and effectiveness of the training and education topics, modes of delivery and funding route to be selected for each firms' skills development programme (no matter how small). How these are combined, assembled and presented as a potential proposal for skills development from (potentially) multiple ITPs and FE colleges, will impact the speed and ease with which the brokerage service will achieve its targets. Hence bidders are expected to demonstrate their approach, tools and techniques within their **sales process** to achieve this.
- 8.11. A sales process and value proposition are only as good as the individual conveying it. Hence, bidders will be required to provide an example **business focused Skills Broker profile** in terms of business sales track record (credibility) training/education sector experience (capability) background and networks (capacity) and local knowledge (relevance).
- 8.12. It is important that firms are engaged into an intuitive, user friendly and value adding process to assess their skills development needs, staff growth potential,

training/education purchasing potential. The barriers they currently and are likely to experience in expanding their use of training and education and the support and services most able to overcome them. However, this **needs diagnostic process** should not be overly complex, long or off-putting. Hence, bidders will be expected to demonstrate how they will develop or apply a proven and existing diagnostics & scoping process. The ability to engage multiple managers within the firm simultaneously and at low cost with on-line tools will be an advantage. So too, a process whereby Skills Brokers might share and interpret data into insight with clients, giving them real added value in spotting previously unrecognised SWOT within their workforce's current capability and potential skills development.

- 8.13. Demand from businesses for increased skills has to be matched with the supply of learners into the market. Hence it is equally important that bidders should demonstrate how prospective learners will be managed through the complete **learner acquisition process** using a flow diagram and a table/chart of activities and engagement/sales process metrics/objectives. On the input side, this should include how bidders intend to use referral networks, and other alternative routes into the service. In process, it should include the filters applied to each route and clear pathways from identification of individuals prospectively interested in the service, through prospect qualification, and AIDA conversion into a learner being placed into employment or education and training.
- 8.14. Generating supply of learners to meet an increased demand for new and improved skills from business, will rely on the service's success in convincing individuals that the learning pathway on offer is right for them, now and for the future. Hence, bidders will be expected to put forward a convincing and credible **learner value proposition** for the key segments of potential learners by age group, sector and place. Bidders should bear in mind that for service success, learner volumes into vocational pathways will need to significantly increase, requiring a "blue ocean" approach to identifying, engaging and convincing individuals that would currently be considered "non-customers"<sup>26</sup>. A proportion of the potential learners, currently denoted as "refusing customers" will be those in areas of deprivation, such as the Fens Opportunity area, with low educational attainment and generational aspiration. Hence, bidders will be expected to put forward specific solutions to increasing learner engagement in these places.
- 8.15. Success in enrolling large volumes of learners into vocational learning pathways, associated with employers or with FE colleges with progression to employment being deferred and/or indirect, will require informed, accurate, tailored and empathetic advice for the prospective learner. Hence bidders are expected to demonstrate their approach, tools and techniques within their **learner engagement and advisory process** to achieve this.
- 8.16. A learner engagement process is only as good as the individual delivering it. Hence, bidders will be required to provide an example **learner focused Skills Broker profile** in terms of careers advisory track record (credibility) training/education sector experience (capability) background and networks (capacity) and local knowledge (relevance).
- 8.17. The construct of the procured service is to:
  - 8.17.1. Engage learners and businesses
  - 8.17.2. Diagnose needs and benefits for both

---

<sup>26</sup> <https://www.blueoceanstrategy.com/tools/three-tiers-of-noncustomers/>



- 8.17.3. Scope a pathway for learners, or
- 8.17.4. Scope a skills development programme for employers
- 8.17.5. Broker both to a training and education provider

As such, this is a classic EDB feeder service to a wider and independent market of provision, in this case education and training from FE colleges and ITPs. Hence, bidders will be expected to demonstrate how they will identify and acquire a relevant, capable and credible **partnership of Colleges and ITPs** of sufficient scale across a range of skills and educational subjects and delivery models. Such partnerships will need to include existing CPCA flagship skills provision programmes such as the Health and Care Sector Work Academy operated by City College Peterborough.

- 8.18. Bidders will also be expected to demonstrate the process by which they will **match learners, employers and skills/education providers** to give all the benefits they seek. This should include a reliable and proven method of databasing providers and an automated method of matching learners to employer needs, employers to learner needs and both to skills/education providers.
- 8.19. It is envisaged that the majority of skills development programme sales (no matter how small) to business clients will require **the use of a financial “nudge”** in the form of levy funding, grants or learner loans. Hence, bidders will be expected to demonstrate how they will;
  - 8.19.1. Fill and administer, in partnership with the CPCA, a virtual wallet of Apprenticeship Levy Funding.
  - 8.19.2. Leverage and harness the CPCA’s Adult Education Budget contracted out into the local FE colleges and 5 regional/ national ITPs
  - 8.19.3. Provide advice on, and facilitate identification and access to learner loans
  - 8.19.4. Support the CPCA in facilitating and co-designing with employers a local Retraining Scheme as part of the DfE National Retraining Scheme.

## Summary of Intent for the Grant & Equity Investment Service Line

part of the Growth Service there is plan for provision of additional capital and revenue grants to be a part of the enabling toolkit for wider business growth.

**A total of 240 grants over 3 years is anticipated to be issued between the Capital, equity, relocation and innovation grants**

**However, bidders are invited to make a value for money case for:**

The administrators of the Capital Growth Investment Fund Grant, being allowed to also contribute funds to it, to a level matching the equity investment proportion of the fund contributed by the CPCA.

Increases to the total Investment Fund value through bidder contributions, as well as GVA growth and jobs outcomes resulting from all three of the above, beyond those set by the CPCA, will be taken into account in both the quality and pricing scoring for proposals.

### **Description & Purpose of Growth Capital Investment Fund (Pot 1)**

Deriving from £9million from the Local Growth Deal, the grants break down into:

The provision of an enabling **Capital Growth Grant** to fund businesses, especially traditional firms to grow through organic expansion, paying for equipment expanded premises and new capabilities. Cambridgeshire and Peterborough companies have significant potential for growth and the grant scheme is part of the overall growth service provision designed to support the unlocking of this growth potential of its local businesses, offering grants of between £20,000 and £150,000 to support capital investment projects.

**Equity investment** into SME's or larger companies who require investment at the higher level over £150,000 up to £250,000 to provide working capital to fund growth projects which unlock growth in jobs or scale a company to secure more income generation and jobs.

Grants are available where businesses can demonstrate that the grant will support the provision of new jobs, productivity improvements, and are within the strategic growth sectors identified within the Local Industrial Strategy.

Target customers will be supported with services and the Capital Growth Grant that will be co-Investing in the costs of Business Growth where there is a clear plan, strong rationale and strategic fit with the Local Industrial Strategy, also job creation and GVA growth.

The nature of company type and the sectors within the 3 sub-economies of Greater Cambridge, Greater Peterborough and The Fens does vary, and the scheme will seek to work with the key local stakeholders public and private, private sector financial intermediaries to make sure the scheme is integrated with partners to leverage more Investment potential into companies.

The company identification, targeting and marketing of the scheme will be a function aligned with the delivery of all services lines provided within the overall Business Rebound & Growth Service and will form part of a suite of products which are tools to

enable sustainable business growth and job/GVA creation across the Cambridgeshire and Peterborough area.

The scheme will primarily be aimed at SME's that employ less than 250 people, although for re-location support grant this may be flexed to accommodate company subsidiaries or UK entities which have a large parent owner.

The Growth Capital Investment Fund will help SMEs, grow through organic expansion, paying grants for equipment and expanded premises.

It will provide growth capital or grants that are not generally available from the private sector between £20k-£250k (Capital grants between £20k and £150k)

The only sectors which would not feature as a target for this scheme would be Agri-Tech/Agri-Food (served by an existing scheme) and Retail.

There is a requirement for approximately half the available funding under **Growth Capital Investment Fund (Pot 1)** to be invested as equity shares in SME's, or larger corporates up to £250k in exchange for a percentage shareholding within those businesses.

Therefore, the Growth Capital Investment Fund will also offer businesses the opportunity to apply for equity investment between £150k and £250k to address the lack of equity investment generally available at these levels in the marketplace (private sector equity finance often focusses on high-tech, IP based start-ups and much higher growth rates, typically favouring much higher value equity investments of at least £250k up to £2m and higher).

Conditions of the shareholding will include the agreed outputs around jobs, business growth or productivity improvements. The CPCA will not want to take a controlling shareholding position in any of the companies. Negotiation on the terms and legal arrangements will be required for each investment and support will need to be provided to facilitate this from a provider.

In summary, the **Growth Capital Investment Fund (Pot 1)** will consist of a mixed portfolio of lower level funding, down to £20,000 administered as a 50%-80% match-grant, and up to £250,000 administered as an equity investment.

The actual mix will be determined in negotiation with the successful bidder and through market engagement over the first year of the Growth Service. However, officers' initial forecast is that this will be around 50:50 between smaller grants and larger equity investments. Whilst the private sector angel investment market, concentrated in and around Cambridge in the life science and digital sectors, will meet the needs of some high-tech growth businesses, and bank borrowing will meet the needs of revenue-generating traditional growth firms, evidence shows that there is a substantial market failure at £20k to £250k, especially for the more traditional firms and those without sufficiently strong balance sheets.

It is this gap in the market that the **Growth Capital Investment Fund** seeks to fill.

#### **Description & Purpose of Innovation & Relocation Grants (Pot 2)**

A fund of £450,000 will be available (allocated by CPCA internally from local Enterprise Zone receipts) to enable Business Growth by using revenue grants to provide consultancy support in two ways:

**R&D/Innovation Application Grants:** to write R&D bids that secures more funding from the applicant from Innovation agencies nationally or globally,

**Relocation Advice Grants:** to provide funding support with project consultancy advice for companies' relocations, planning advice, project management advice.

**R&D/Innovation Application Grants:**

The CPCA wishes to procure services for the administration of grants to fund 50% of the cost of access to experts able to support in applications from SMEs and larger firms for R&D funding from UK and EU agencies for new product growth and increased productivity.

Provider(s) will therefore be expected to be able to source, or provide directly, competent R&D grant application experts and demonstrate a track record of success.

These Grants are envisioned to be provided in two forms:

A large project grant of up to £50k for 50% of the costs of applying for grants over £10m

A small project grant of up to £10k for 50% of the costs of applying for grants over £1m

The fund size and mix of these grants as a proportion of the initial £450,000 available, is to be proposed by the prospective provider(s) of the administration services based on return on investment related to funding successfully leveraged and the potential jobs and GVA growth resulting from the new product or process development and/or leveraged into attracting more and larger firms to the economy from elsewhere in the UK and overseas.

**Relocation Advice Grants:**

The CPCA also wishes to procure services for the administration of grants to fund 50% of the cost of access to experts who ultimately are able to support the creation of new build employment space by removing barriers to relocation, creating new inward investment and thus creating quality jobs.

This can include items such as costs relating to expert advice on planning applications, project management expertise or access to commercial partners and investors.

These Grants will fall into two categories:

A large project grant of up to £25k for 50% of the costs of advice relating to new employment space, with build costs of over £10m

A small project grant of up to £5k for 50% of the costs of advice relating to new employment space, with build costs of over £1m

**For all Grants and investments, the following Phases of Administration apply:**

Fund Set up – establishment of banking arrangements, forms and processes for the administration of the grant fund

Marketing – establishing the routes for advertising and marketing the opportunities for the grant fund across the 3 sub economies, ensuring targeting of SMEs

Establish evaluation panel – create a panel of representatives who will appraise the applications and ensure there are sufficient funds available and that projects are prioritised according to the outcomes and need

Receiving Applications – administrative support to receive applications, check for completeness

Reviewing Applications – Administrative support to check applications are complete and all associated documentation supporting the application is included

Financial due diligence check – carry out checks that the funds will be utilised correctly, the business is viable, the project is as described in the application, there is no potential for reputational damage and the project will deliver the outcomes set out

State aid check – that there has been independent legal advice sought by the applicant and the grant administer has checked this

Financial processes for payments and repayments – establish the routines for financially managing the grant payments, share-holding and repayment requirements

Legal agreements/contracts - develop shareholding agreements, grant agreements and potential loan agreement – ensure legal advice is in place to agree contracts with applicants

Audit arrangements – establish routine for financial audit of accounts

## The Specification for the Grant & Equity Investment Service Line

**Administration of the Grant Pots** – The administration provision will require implementation of the necessary assurances relating to state aid, defrayment, eligible costs, customer satisfaction and coach deliverable output and economic outcome monitoring. There will be a requirement to demonstrate assured and proven capability in the use of Account Managers in administering LGF and ERDF grants to SMEs.

**Marketing of the grants and equity investment fund** – the grant and equity investment scheme will have to reach all across the CPCA area including its 3 sub-economies, this requires marketing campaigns and media leading to identifying opportunities whereby SMEs can be targeted, and enquiries/leads generated to maintain a pipeline of interest into the schemes. Operational experience to provide marketing and lead generation is required and demonstrable delivery experience of grant opportunities.

**Financial Analysis and Due Diligence for the Grant and investment schemes** – there is financial constraints associated with the capital funding meaning provision for checks and balances is a vital element when assessing the applications for funding. Due diligence is required on all grant applicants to ensure compliance with state aid and scheme eligibility of clients for each of the grant or investment schemes.

The process on all grants and investment includes the initial negotiation of terms and agreements, **investment tracking and performance management** plus finally investment portfolio management that includes potential exit of investments at key milestone point. There is a particular aspect of managing equity fund investment into private SME's or larger corporates which results in a shareholding portfolio for the CPCA of no less than £6m

The CPCA area has 3 sub-economies and it's critical that economic impact is delivered across all the 3 sub-economy areas. **Assessment of Applications** is vitally important to understand, analyse and measure the impact of grants and investments for each project.

**Evaluations processes / scoring proposals** will be a key assessment for all candidates applying for grants or investment and there will need to be provision of expertise to appraise applications based on criteria plus implementation of techniques to carry out appraisals in a fair and transparent manner.

Key to delivering the cost effectiveness and quality of this service, is a requirement to directly engage, enlist and mobilise local stakeholders both public and private including intermediaries to provide investors and grant applicants with key inputs either remotely prior to a meeting visit or directly to clients when meeting or visiting. This could be around **sectoral expertise and evaluation** of projects.

The grants will only be effectively deployed and drawn down for delivery of projects when strong **Relationship management of Applicants and their Management Teams** is fully conducted across the application process and afterwards when grants are being paid and projects delivered. This is a prerequisite for the service comprising account management with clients and potential clients, communicating effectively and in a timely manner to ensure funds are released and effectively invested for strongest outcomes and delivery of outputs.

The management process for the grant and investment element of the Growth Service requires high quality effective client communications, this will include very timely **Feedback to successful clients** to ensure successful application results in tangible outcomes and outputs.

The management process for the grant and investment element of the Growth Service requires high quality effective client communications, this will include very timely **Feedback to unsuccessful clients**, so where applications have not been successful the scheme applicants will need to be linked with the other services offered through the Growth Service and maximising the opportunities to cross sell coaching service or manage referrals to both internal and external service providers to meet the needs of the applicant organisations requiring funding and support

To ensure that there is a pipeline of applications and also to publicise the impact that the Grant and Investment schemes are having in the CPCA region there will be smart and focussed **Marketing of successful projects** and outcomes to demonstrate how the Growth service is delivering in terms of projects, how they have engaged with key individuals internal to the CPCA and external, providing strong **Management on PR and Comms** throughout the Growth service delivery.

Process handling applications through the grant schemes to decision point in agreed number of days through strong management is required, which will include the timely processing of the grant and decision making, a timeline for the end to end process will be implemented through **Client Service Levels** Agreements. This management of the Grants and Investment schemes will require strong leadership and a delivery team with high level of contract management experience, with the ability to identify service failures and implement improvement plans where required and keep under constant review.

The Grant and Investment schemes are a key component of the Growth Service providing enabling finance to the supported client companies to accelerate their growth plans. This growth impact across all the Grant and Investment schemes will have performance management processes and techniques built in to ensure strongest **Monitoring and measuring impact / outcomes** from evaluating multiple projects with multiple and diverse outcomes, through recognised monitoring and evaluation plans and processes.

The Grants and Investment provision carries some degree of risk when distributing across a diverse client base of applicants. To ensure that risk is managed sufficiently there will be systems to identify and manage risk associated with the grant and investment funding pots, with strong risk management plans for each pot that is fully understood across the service and management mitigations under constant review to ensure compliance of the schemes and **Managing Risk** is fully managed.

## **Appendix 7**

### **Cash Flow**



Table 1 - Year 1 Monthly Cashflow												
	Year 1											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Income</b>												
LGF Equity Investment	£ 5,407,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
CA Funding from Programmes	£ 223,000	£ -	£ 20,000	£ -	£ -	£ 20,000	£ 396,000	£ -	£ 20,000	£ 60,000	£ -	£ 20,000
ERDF Funding	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 500,000	£ -	£ -	£ 400,000
ESF Funding	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 200,000	£ -	£ -
LGF Investment Fund (Capital)	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 1,000,000	£ -	£ -	£ 1,000,000	£ -
LGF Investment Fund (Revenue)	£ -	£ -	£ -	£ -	£ -	£ 117,691	£ -	£ -	£ 27,692	£ -	£ -	£ 55,384
<b>Total</b>	<b>£ 5,630,000</b>	<b>£ -</b>	<b>£ 20,000</b>	<b>£ -</b>	<b>£ -</b>	<b>£ 137,691</b>	<b>£ 396,000</b>	<b>£ 1,000,000</b>	<b>£ 547,692</b>	<b>£ 260,000</b>	<b>£ 1,000,000</b>	<b>£ 475,384</b>
<b>Expenditure</b>												
Staffing	£ 21,225	£ 21,225	£ 21,225	£ 21,225	£ 21,225	£ 21,225	£ 21,641	£ 21,641	£ 21,641	£ 21,641	£ 21,641	£ 21,641
Administration	£ 26,095	£ 26,095	£ 26,095	£ 26,095	£ 26,095	£ 26,095	£ 9,919	£ 9,919	£ 9,919	£ 9,919	£ 9,919	£ 9,919
Capital Growth Fund Administration	£ 38,408	£ 38,407	£ 38,407	£ 18,295	£ 18,295	£ 18,295	£ 18,295	£ 18,295	£ 18,295	£ 18,295	£ 18,295	£ 18,295
Innovation & Relocation Grant Administration	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -
Capital Growth Grants	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 1,000,000	£ -	£ -	£ 1,000,000
Innovation & Relocation Grants	£ -	£ -	£ -	£ -	£ -	£ 117,691	£ -	£ -	£ 27,692	£ -	£ -	£ 55,384
Skills Brokerage Operational Budget	£ 112,331	£ 94,831	£ 240,298	£ 65,200	£ 65,800	£ 68,450	£ 70,800	£ 65,800	£ 65,800	£ 65,800	£ 61,100	£ 65,800
Inward Investment Service Budget	£ 151,080	£ 136,862	£ 95,826	£ 120,905	£ 118,487	£ 92,851	£ 85,474	£ 96,656	£ 83,019	£ 87,110	£ 71,674	£ 84,219
Growth Coaching Business Engagement Budget	£ 162,647	£ 46,701	£ 37,261	£ 29,759	£ 74,630	£ 74,630	£ 73,322	£ 73,326	£ 73,326	£ 72,671	£ 72,673	£ 72,673
ERDF Nudge Grants	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ -	£ 125,333	£ -	£ -	£ 176,000
Prime Contract	£ 107,159	£ 40,659	£ 32,209	£ 36,896	£ 44,396	£ 36,896	£ 36,896	£ 44,396	£ 36,896	£ 36,896	£ 43,446	£ 36,896
<b>Total</b>	<b>£ 618,945</b>	<b>£ 404,780</b>	<b>£ 491,321</b>	<b>£ 318,375</b>	<b>£ 368,228</b>	<b>£ 456,133</b>	<b>£ 316,347</b>	<b>£ 330,033</b>	<b>£ 146,192</b>	<b>£ 312,332</b>	<b>£ 298,748</b>	<b>£ 1540,827</b>
<b>Cashflow</b>												
Opening Balance	£ -	£ 5,011,055	£ 4,606,275	£ 4,134,953	£ 3,816,578	£ 3,447,650	£ 3,129,208	£ 3,208,860	£ 3,878,827	£ 2,964,598	£ 2,912,266	£ 3,613,518
Total Income	£ 5,630,000	£ -	£ 20,000	£ -	£ -	£ 137,691	£ 396,000	£ 1,000,000	£ 547,692	£ 260,000	£ 1,000,000	£ 475,384
Total Expenditure	£ 618,945	£ 404,780	£ 491,321	£ 318,375	£ 368,228	£ 456,133	£ 316,347	£ 330,033	£ 146,192	£ 312,332	£ 298,748	£ 1,540,827
Closing Balance	£ 5,011,055	£ 4,606,275	£ 4,134,953	£ 3,816,578	£ 3,447,650	£ 3,129,208	£ 3,208,860	£ 3,878,827	£ 2,964,598	£ 2,912,266	£ 3,613,518	£ 2,548,074

## **Appendix 8**

### **Decision Making Hierarchy**

Type of decision/role	CPCA	Growth Co Board <sup>27</sup>	Programme Management Committee
Vary in any respect the Articles of any company or the rights attaching to any of its shares	Consent required	Recommendation	No role
Permit the registration (upon subscription or transfer) of any person as a member other than the Combined Authority in accordance with the terms of this Agreement and/or any permitted transferees	Consent required	No role	No role
increase the amount of its issued share capital except as provided in this Agreement, grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital	Consent required	Recommendation	No role
issue any loan capital or enter into any commitment with any person with respect to the issue of any loan capital	Consent required	Recommendation	No role
entering into any Finance Documents <sup>28</sup>	Consent required	Recommendation	No role
make any borrowing other than under the Finance Documents <sup>29</sup>	Consent required	Recommendation	No role
apply for the listing or trading of any shares or debt securities on any stock exchange or market	Consent required	No role	No role
pass any resolution for its winding up or present any petition for its administration (unless it has become insolvent);	Consent required	Where a company has become insolvent, this	Recommendation

<sup>27</sup> This committee is proposed to be made up of three directors drawn from the GrowthCo board – see FBC Management Case for more details

<sup>28</sup> This is a suggested new consent matter – it is not included in the current Angle Holdings Shareholder Agreement

<sup>29</sup> "Finance Documents" is a broadly defined term, covering all sorts of borrowing arrangements by group companies

Type of decision/role	CPCA	Growth Co Board <sup>27</sup>	Programme Management Committee
		is a matter for that company's board	
engage in any business other than as contemplated by the Business Growth Service Full Business Case, Business Plan (as applicable) or set out in its objects (or as is incidental thereto) or defray any monies other than in good faith for the purposes of or in connection with the carrying on of such business	Consent required	Recommendation	Recommendation
provide grants and equity investments and acquiring related and associated shares in other companies as part of managing the Grant & Equity Investment Fund transferred from the CPCA to Growth Co to manage on its behalf	No role	Consent required	Recommendation
provide grants, equity investments or form any subsidiary or acquire shares in any other company or participate in any partnership or joint venture (incorporated or not) other than as contemplated by the Business Growth Service Full Business Case, Business Plan (as applicable) or set out in its objects (or as is incidental thereto)	Consent required	Recommendation	Recommendation
close down any business operation, or dispose of or dilute its interest in any of its Subsidiaries for the time being, or dispose of any material asset other than as contemplated by the Business Growth Service Full Business Case, Business Plan (as	Consent required	Recommendation	Recommendation

Type of decision/role	CPCA	Growth Co Board <sup>27</sup>	Programme Management Committee
applicable) or set out in its objects (or as is incidental thereto)			
declare or pay any dividend	Consent required	Recommendation	Recommendation
amalgamate or merge with any other company or business undertaking	Consent required	Recommendation	Recommendation
alter its name or registered office	Consent required	Recommendation	Recommendation
enter into any transaction or arrangement of any nature whatsoever (including, for the avoidance of doubt, a service contract) with any of its directors or any person who is connected (within the meaning of sections 1122 and 1123 of the Corporation Tax Act 2010) to any of its directors whether or not any other person shall be party to such transaction or arrangement	Consent required	Recommendation	Recommendation
enter into any arrangement, contract or transaction outside the normal course of its business or otherwise than on arm's length terms	Consent required	Recommendation	Recommendation
create or permit to be created any mortgage, charge, encumbrance or other security interest whatsoever on any material asset or its business in whole or in part or any of its shares other than: pursuant to the Finance Documents; liens arising in the ordinary course of business; or any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business; or	Consent required	Recommendation	Recommendation
adopt or amend its Business Plan (as applicable); or	Consent required	Recommendation	Recommendation

Type of decision/role	CPCA	Growth Co Board <sup>27</sup>	Programme Management Committee
change either: its statutory auditors; or its Financial Year end; or	Consent required	Recommendation	Recommendation
make or permit to be made any material change in the accounting policies and principles adopted in the preparation of its accounts except as may be required to ensure compliance with relevant accounting standards under the CA 2006 or any other generally accepted accounting principles in the United Kingdom; or	Consent required	Recommendation	Recommendation
make any loan (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading) or indemnity (other than in the normal course of trading); or	Consent required	Recommendation	Recommendation
give any guarantee, suretyship or indemnity to secure the liability of any person or assume the obligations of any person outside the scope of its Business Plan (as applicable); or	Consent required	Recommendation	Recommendation
factor or assign any of its book debts; or	Consent required	Recommendation	Recommendation
establish or amend any profit-sharing, share option, bonus or other incentive scheme of any nature for directors, officers or employees; or	Consent required	Recommendation	Recommendation
establish or amend any pension scheme or grant any pension rights to any director, officer, employee,	Consent required	Recommendation	Recommendation

Type of decision/role	CPCA	Growth Co Board <sup>27</sup>	Programme Management Committee
former director, officer or employee, or any member of any such person's family; or			
appoint or dismiss any Director, or enter into any service contract terms of appointment or other agreement with a Director	Consent required	No role	No role
agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of any Director	Consent required	Recommendation	Recommendation
agree to remunerate (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) or to increase the remuneration of employee, officer or consultant where the annual aggregate amount of such remuneration (by payment of salary, bonus, the provision of benefits-in-kind or otherwise) would exceed £100,000	Consent required	Recommendation	Recommendation
institute, settle or compromise any material legal proceedings (other than debt recovery proceedings in the ordinary course of business or where the Value of such claim is reasonably believed to be less than £10,000 instituted or threatened against it or submit to arbitration or alternative dispute resolution any dispute if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan (as applicable);	Consent required	Recommendation	Recommendation
make any agreement with any revenue or tax authorities or make any claim, disclaimer, election	Consent required	Recommendation	Recommendation

Type of decision/role	CPCA	Growth Co Board <sup>27</sup>	Programme Management Committee
or consent for tax purposes if the effect of this is that its solvency may be imperilled, or it may require additional funding in order to undertake its Business Plan (as applicable);			
any variation, change, waiver or amendment to shareholders agreement.	Consent required	Recommendation	Recommendation
In relation to the Services Contract <sup>30</sup> :			
approving a change request	No role	Consent required	Recommendation
agreeing to a variation	No role	Consent required	Recommendation
agreeing to a waiver	No role	Consent required	Recommendation
launching a material claim/legal action (to extent not caught by item 0 above)	Consent required	Recommendation	Recommendation
conducting a dispute resolution process and agreeing to final decision	Consent required	Recommendation	Recommendation
taking investment decisions	No role	Consent required	Recommendation
Ensuring a sound system of internal control and risk management including: approving the company's risk appetite standards; receiving reports on, and reviewing the effectiveness, of the company's risk and control processes to support its strategy and objectives; approving procedures for the detection of fraud and prevention of bribery; undertaking an annual assessment of these processes;		Responsible for ensuring compliance	Day-to-day responsibility for implementation

<sup>30</sup> This is a reference to the Services Contract between GrowthCo and its private sector supplier. These consent matters are not considered in the existing Angle Holdings SHA.



Type of decision/role	CPCA	Growth Co Board <sup>27</sup>	Programme Management Committee
Approval of policies	May require certain CPCA policies to be adopted	To extent not required by CPCA, to consider what other policies may be appropriate and adopt them	Day-to-day implementation
Oversight of the responsibilities of senior management (inc Operational Committee)		Responsible	No role





<b>BUSINESS BOARD</b>	<b>AGENDA ITEM No: 3.4</b>
<b>15 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>

## **GOVERNANCE REVIEW UPDATE**

### **1.0 PURPOSE**

- 1.1. To update members on progress towards the Governance Review recommendations.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Austen Adams, Chair of the Business Board</b>
<b>Lead Officer:</b>	<b>John T Hill, Director for Business &amp; Skills</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
The Business Board is invited to:  Note the progress made on the preliminary recommendations and next steps outlined within the Governance Review.	

### **2.0 BACKGROUND**

- 2.1. This report follows the Business Board Governance Review brought to the Board at its meeting on 23 March 2020 and the Combined Authority Board on 25 March 2020 and seeks to update members on the recommendations and next steps taken following that review.
- 2.2. An induction session for existing and new Business Board Members took place in January 2020. As part of that session, Board Members provided feedback on the key areas and focused on suggestions for improved governance arrangements.
- 2.3. Composite findings of the Governance Review including feedback from

Business Board members assisted in devising preliminary recommendations for improved governance arrangements. Those recommendations are repeated at **Appendix 1**.

### **3.0 REVIEW OF PROGRESS**

- 3.1 The progress made in implementing the recommendations and next steps are outlined in **Appendix 2**.
- 3.2 The recommendations have been grouped under Board Oversight & Assurance, Board Membership & Governance, Board Performance and Effective Decision Making.
- 3.3 The majority of the recommendations have been actioned and/or are being addressed as part of the current review of the Cambridgeshire & Peterborough Combined Authority Constitution and Local Assurance Framework.

### **4.0 FINANCIAL IMPLICATIONS**

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

### **5.0 LEGAL IMPLICATIONS**

- 5.1. The National Local Growth Assurance Framework sets out the governance requirements for the Business Board. This guidance has been considered as part of this report.

### **6.0 APPENDICES**

- 6.1. Appendix 1 – Preliminary Recommendations and Next Steps
- 6.2. Appendix 2 – Progress Report

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
National Local Growth Assurance Framework	<a href="https://cambridgeshirepeterborough-ca.gov.uk/assets/Business-Board/National-Local-Growth-Assurance-Framework.pdf">https://cambridgeshirepeterborough-ca.gov.uk/assets/Business-Board/National-Local-Growth-Assurance-Framework.pdf</a>
Cambridgeshire and Peterborough Combined Authority Assurance Framework	<a href="https://cambridgeshirepeterborough-ca.gov.uk/assets/Business-Board/Governance/Local-Assurance-Framework-.pdf">https://cambridgeshirepeterborough-ca.gov.uk/assets/Business-Board/Governance/Local-Assurance-Framework-.pdf</a>
Business Board Governance Review paper March 2020	<a href="https://cambridgeshirepeterboroughcagov.cmis.uk.com/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=JWX%2fyyOgkiF%2f9683xGO3c3yVMtiubgrHTf4YzwBqHtiR%2f9HQ3GiTcw%3d%3d&amp;rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNlh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&amp;mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&amp;kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&amp;uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&amp;FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&amp;d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&amp;WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&amp;WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d">https://cambridgeshirepeterboroughcagov.cmis.uk.com/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=JWX%2fyyOgkiF%2f9683xGO3c3yVMtiubgrHTf4YzwBqHtiR%2f9HQ3GiTcw%3d%3d&amp;rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNlh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&amp;mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&amp;kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&amp;uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&amp;FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&amp;d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&amp;WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&amp;WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d</a>



## **Business Board Governance Review Preliminary Recommendations & Next Steps**

The Business Board Governance review focused on four main areas as detailed within the Business Board Governance Review specification:

- Combined Authority Board oversight & assurance
- Board Membership
- Board Performance
- Effective Decision Making

The purpose of the review was to better align the current governance arrangements with the priorities of the Business Board, ensuring compliance with the National Framework, while considering various options for improved governance arrangements. The review encouraged contributions from Board members, via the induction session which took place in January 2020. Member feedback has been summarised and is included within this review. Where recommendations are proposed, the intention is that changes will be made to the Constitution and the Assurance Framework to adopt those recommendations, should the Business Board approve the recommendations and seek approval from the Combined Authority for adoption.

- **Combined Authority Board Oversight & Assurance**

The Combined Authority is the accountable body for funding allocated to the Business Board and, as such, is responsible to Government for complying with any conditions or requirements attached to any such funding.

The current arrangements require funding decisions be ratified by the Combined Authority as accountable body for the Business Board. Prior to ratification, the Business Board review Growth Funding applications and make recommendations to the Combined Authority regarding whether those projects should be approved or rejected. That decision is based on officer recommendations, following the scoring process which encompasses the independent appraisal process.

Delegated authority has been granted to the Director of Business & Skills, in consultation with the Chair of Business Board, to approve grants to SMEs under the Small Business Capital Grant Programme.

Delegated authority has been granted to the Eastern Agri-Tech Programme Board (a sub board of the Business Board) to make decisions about applications for grant funding on behalf of both the Combined Authority, Business Board and NALP (New Anglia Local Enterprise Partnership).

## **Findings**

The existing process limits the decision-making power of the Business Board. As accountable body, the Combined Authority is not required to assess individual funding decisions but is responsible for overseeing the proper administration of financial affairs within the Business Board when these affairs relate to public funds.

The Combined Authority currently approves Business Board funding recommendations. The Combined Authority is provided with a one-page summary for each project. Assessment of the project is completed prior to Combined Authority decision making including compliance checking against the Combined Authority Assurance Framework, financial checks, legality and Local Industrial Strategy (LIS) considerations.

## Member feedback

- The volume of papers for each Business Board meeting is heavy and includes 400-500 pages. Separating Board papers into packs with separate sets of appendices could reduce volume.
- Should Combined Authority Board members be voting members to remove the Combined Authority ratification process?
- Speed at which Officers get decisions processed particularly compared to Charities and other LEPs is commendable.

## Preliminary recommendations and next steps

The Assurance Framework adopted by the Business Board and the Combined Authority Board, and approved by Government, sets out the Scheme of Delegation for Business Board Funding. This makes the Business Board's Section 73 Officer responsible for sign off of all funding decisions relating to funding allocated to the Business Board and sub-committee expenditure.

The current arrangements require all Business Board funded project approvals to be approved by Combined Authority Board as accountable body.

The National Local Growth Assurance Framework requires the Assurance Framework to outline the responsibilities of the Accountable Body, including providing detail of how they are ensuring proper financial oversight of their projects, programmes and portfolios, including clarity on the role of the Section 73 Officer. In our case that means that the Business Board must provide clarity on the role of the Section 151 Officer (or equivalent) and Accountable Body with regards to governance and financial oversight. This does not require individual LEP / Business Board funding decisions to be subject to Combined Authority approval but does require them to subject to financial oversight.

By way of comparison the Liverpool City Region Combined Authority's Assurance Framework includes the following [underlining added]:

*Decisions taken by the LEP are executed by the LCR CA as its Accountable Body but are not subject to LCR CA approval, but they are subject to the normal checks and balances of utilising public funds. The legality and appropriateness of these decision and the use of the funds is subject to Section 73 Officer approval and is within the scope of the LCR CA Overview and Scrutiny Committee.*

The issue therefore arises as to whether Business Board funding decisions should not require Combined Authority Board approval but would still be subject to financial oversight and sign off by the section 73 officer. This would be a decision for the CA Board and a further report will be brought to the Business Board when the Combined Authority Board have been consulted. If it was decided that it was appropriate to remove the need for the Combined Authority Board to approve individual Business Board funding decisions, that would be subject to Business Board and Combined Authority Board approval and consent from Government to the required amendments to the Assurance Framework.

### **• Board Membership**

The National Assurance Framework is relatively prescriptive regarding Board composition including:

- at least two-thirds of the Board representatives from the private sector
- a designated Diversity Champion
- adopting the best practice of nominating a designated SME Enterprise Champion



- a maximum of 20 members with the option to co-opt an additional five Board members
- from April 2020 all Boards must achieve a minimum of 33% female representation, with an expectation for equal representation by 2023

The Combined Authority Assurance Framework for the Business Board reflects the above criteria.

The most recent Board Member recruitment exercise was successful. Vacancy advertisements were promoted and a job description for Board members was devised, with qualifying candidates being invited for interview. Due diligence checks were conducted, and candidates attended an induction session prior to their formal appointment to the Board.

The quality of members including their potential and professional specification was dictated by clearly setting out the criteria within the job description. For example, the job description for the most recent recruitment exercise included the following:

#### Person Specification

You must inspire confidence in the local business community and within Local Government with strong networking experience. We are interested in applications from Entrepreneurs and Small or Medium Sized Enterprises, and particularly keen to recruit industry leaders within the following key sectors:

- Agri – Food, Drink & Horticulture
- Advanced Manufacturing & Materials
- Life Sciences & Healthcare
- Digital, ICT and Creative

#### Key Skills

- Strategic and Leadership
- Enthusiasm
- Collaborative
- Strong desire to make a positive contribution

### **Findings**

#### Recruitment

The current recruitment process included a formal appointment panel for interviewing into the roles of Chair, Vice Chair and private sector Board members. For example, the appointment of the Chair requires an appointment panel consisting of the Mayor, Lead Member for Economic Growth, three private sector members and the Director of Business and Skills. The National Assurance Framework does not stipulate who should be on interview panels. A smaller appointment panel would be effective and easier to accommodate.

#### Resignation

The National Assurance Framework requires appropriate succession planning and arrangements for the resignation of Board Members. Whilst there are current arrangements for resignation of the Chair mid-term, these arrangements should reflect the full remit of the National Framework with regards to how a Chair is appointed. In addition, arrangements for resignation of all Board Members are not stipulated within the constitution and should be.

#### Conflict of Interests

The National Assurance framework requires the Business Board to have a published Conflict of Interest policy which sets out the process for Board members and officers to declare and report interests. Business Board members are required to complete a register of interests, initially completed during the appointment process and updated annually. This document is published on the Combined Authority's website. Declaration of interests is dealt with as a formal agenda item at the start of each Business Board Meeting with a minute taken. A process for declaring officer conflicts of interest is not yet in place. The last Conflict of Interest policy was reviewed in October 2018. As this policy pre-dates the National Assurance Framework, the policy should be updated.

#### Remuneration

At its meeting on 31 July 2019 the Combined Authority Board, having regard to a report prepared by the East Cambridgeshire District Council's Independent Remuneration Panel, agreed the allowances and expenses that apply to private sector members of the Business Board with effect from 24 September 2018, and a Members Allowance Scheme was approved and adopted by the Business Board. Improved clarity on expenses should be provided for Board members.

#### Member feedback

Transparency around safeguarding against conflicts of interest was noted by Board members. Key improvements suggested by members included:

- Implementation of a written notice/declaration register which notifies of conflicts of interests. That document could be circulated before every Board meeting.
- Greater detail and breakdown of information on Business Board agendas to clearly show each item and to better inform Board members of decisions which gave rise to conflicts of interests.
- Clarity between Commercial, Personal, & Relationship, including family conflicts of interests. This could be provided via written guidance to members.
- Post approval conflicts (which may materialise at a future date from original declaration), should also be recorded at the earliest opportunity.
- Regular updating of conflicts of interest forms. This could be implemented by sending conflict forms out every three months.

Business Board meetings and format:

- Guidance on format and how Board meetings operate via a protocol could be adopted which sets out the interaction between the Business Board and the Combined Authority Board.
- Members identified that training for members on dealing with press, the public and social media would be beneficial.
- Pre-meeting briefings should include all Board members and not just the Chair and/or Vice Chair.
- Location of Board meetings should be flexible to include the locations in which projects are based and where members are located

Operational delivery noted by Board members:

- Maintaining a register of preferred methods of contact for each member
- Defining member lead responsibilities/accountability (based on B&S key deliverables)
- Officer mentoring opportunity to promote member development and operational knowledge

- Provision of key contacts list of officers and Stakeholder partners
- Sharing of best practice from other LEPs (at Business Board and Officer level)

### **Preliminary recommendation and next steps**

It is paramount that the Business Board contains representatives from different parts of the business community. The Business Board aligns well with the minimum criteria required. The recruitment campaign assisted with diversifying the industry sectors of Board members and the use of a 'job description' setting out the industry sectors and the skills required assisted the recruitment campaign. The option to specify sectors and locations (within the LEP area) of Business Board representatives remains including the option to specify that representatives include those from entrepreneurial and growing start-ups, voluntary and community sector.

The recruitment processes adopted in August 2019, along with the formal induction day, should be continued. In addition, the composition of the appointment panel should be reduced to a maximum of 4 panel members. Arrangements for resignation of all members including the Chair and Vice Chair should fully reflect the National Assurance Framework. The Conflict of Interest policy should be updated and include a process for declaration of officer conflicts. The implementation of a gifts and hospitality could provide better clarity for Board members and should be implemented. A Remuneration and Expenses policy should be adopted.

The added value of implementing Member feedback detailed above is noted. It is, therefore, recommended that this feedback in its entirety be implemented.

#### **• Board Performance**

Board performance is indirectly and broadly measured through improvement outcomes arising from the LIS and the various delivery plans stemming from it, as well as the BEIS annual performance review process. Independent assessment of performance as a strategic and operational decision-making body could be undertaken.

The Government encourages LEPs to share and support best practice. MCAs with a Single Pot and LEPs are required to ensure that there is appropriate input, output and outcome monitoring, as well as evaluation of projects taken forward.

### **The Local Growth Fund Monitoring & Evaluation Plan**

The Local Growth Fund Monitoring & Evaluation Plan has been written to cover the projects invested into from the Local Growth Fund and sits as an appendix to the Combined Authority Monitoring and Evaluation Framework which sets out the framework for monitoring and evaluation for the whole Authority.

Monitoring and evaluation is a critical component of an effective performance management regime. Monitoring supports the effective tracking of a scheme or series of policy interventions ensuring that intended outputs are achieved. Evaluation quantifies and assesses outcomes, including how schemes were delivered and whether the investment generated had the intended impact and ultimately delivered value for money. The plan splits the evaluation phases of work between Greater Cambridge Greater Peterborough Local Enterprise Partnership awarded contracts as the first tranche to be evaluated and the Combined Authority awarded contracts to follow in second tranche to be evaluated in the coming three years. The plan outlines dissemination and publication routes for case studies and lessons learned.

All projects will be evaluated. The basis of the evaluation will build upon input, output and outcome monitoring data and consider if all the strategic objectives of the project including wider economic benefit have been achieved in accordance with the original business case and assumptions used in the appraisal process. Some projects will report on core LGF outputs of jobs, homes and learners; others will have a wider range of outputs and outcomes agreed at the approval stage or through a contract variation

#### Peer LEP's

The process of pairing with another LEP (West of England) has begun. It is anticipated that best practice will be shared and that improved processes for Board performance or otherwise will be recommended for implementation after the peer process has concluded.

#### Findings

The mechanism for measuring Board performance against the Local Growth Fund Monitoring & Evaluation Plan was recently adopted. The peer process is also underway. It is, therefore, untimely to analyse board performance until monitoring and evaluation, and peer review processes are complete.

#### Member feedback

Member feedback addressed the following:

- Capturing project outcomes from historic projects (GCGP) which have since completed is required as Business Board members have no information on the outcome of these projects.
- Project learning opportunities have not historically taken place. Current plans to implement this would facilitate knowledge sharing to help expand the focus and expertise of Business Board members.
- Poor Business Board communications outwards into the local business community and inwardly to Business Board members.
- Quality of outcomes which must be measured over a long timeline, particularly when looking at GVA.

Improvement ideas:

- Once the evaluation of past projects has been complete the Board could convene a Workshop on case studies of good and bad projects so the learning can be expanded and for Board members to understand what a 'good project' looks like. Projects could be those of the Business Board and other LEPs
- Implement project learning opportunities
- Peer to peer review and learning including involvement of Board members
- Performance data, for example measuring the number of projects approved and rejected.
- Board Members having the power to call into review failing projects at very early stages
- Creation of a Business Board communication plan both for external and internal purposes
- Reporting on progress of projects
- Create and use a Business Board performance dashboard that can track key measures and can provide each Business Board member with an aid memoire when having to comment on Business Board performance either publicly or privately

#### Preliminary recommendations and next steps

Performance is best measured by outcomes which are clearly set through strategic processes. The strategic direction for the Business Board is outlined within the LIS. A process of measuring outcomes against LIS priorities is the blueprint for measuring performance. To accompany internal appraisal of performance, comparative analysis of Board performance against other LEP provides helpful analysis of overall performance. The peer LEP process accommodates the process of understanding what other LEP's do, what their performance indicators/outcomes are and how they measure performance. The monitoring and evaluation plan defines the process for measuring outcomes. Both processes are underway. It is recommended that both processes run their course, with future reviews measuring effectivity.

Board performance includes performance of Board members, both during Board meetings and outside of the Board environment. Whether Board members are visible to the local community and play active roles outside of formal Board meetings and whether Board members vocal in their decision making is yet to be fully determined. For example, are Board members actively challenging the recommendations received from officers or are recommendations accepted at first instance?

Do Board member attend events, networking opportunities or otherwise to promote the work of the Business Board and encourage external interest?

It is recommended that performance outcomes around Board member activity, performance, participation and individual contributions to the success of the Business Board are implemented.

The Department for Business, Energy and Industrial Strategy (BEIS) were approached for direction regarding how best the Board could measure its overall performance. BEIS have committed to providing some guidance, the same will be recommended for implementation, as applicable. It is noted that the English Devolution White Paper, which was confirmed in the Queen's Speech in December 2019 may provide helpful direction that may assist defining Board performance measures.

The member feedback covers much of what is proposed as recommendations for implementation, excluding feedback from members regarding the communication plan and the dashboard, both of which are also recommended for implementation.

- **Effective decision making**

The national framework requires that the Combined Authority's Assurance Framework sets out the decision-making processes. Clear, transparent decision-making processes, on merit is fundamental. Decision making is not limited to decisions related to applications for funding.

#### Findings

Agendas for Board meetings are currently prepared by officers in consultation with the Chair and Vice Chair but without direct involvement from other Board members. This approach restricts the contribution of other Board members to meetings. Priorities for the Business Board and Forward Plan items are currently prepared by officers. This process does not currently include contributions from the Board regarding what a priority is and what should be included.

Strategic input from Board members is crucial to decision-making. The current processes do not accommodate strategic input and direction from Board members, relevant to horizon planning or decision making. Knowledge and skills unique to each Board member could be better utilised through adopting formal processes. That knowledge base and skill set should feed into decision making.

Board Papers and supporting documents are lengthy and this presents a challenge in respect of the amount of information Board members are required to read and understand prior to a Board meeting.

The flexibility to act 'reactively' to realise external funding and investment opportunities appears limited. A process by which impromptu, financially advantageous decisions regarding funding and investment opportunities would increase the effectiveness of the Board. The urgency procedure would allow for more spontaneous decision making, the remit of which is currently broad, although does not expressively accommodate funding decisions.

Business Board meetings ordinarily take place two days before the Combined Authority Board meetings. The difficulty this presents is that there is limited time for Officers to sufficiently consider and prepare recommendations and papers which need to go to the Combined Authority Board for approval. In addition, where papers are published but decisions within those papers change, following the Business Board meeting, there is insufficient time in between the two meetings for preparing and publishing these updated reports.

A process for updating Business Board members following Combined Authority Board meetings, where recommendations from the Business Board are approved, appears to be informal. This means that Board members often have no formal means of understanding what decision were made by the Combined Authority, until the following Business Board meeting.

#### Member feedback

Decisions have the following structure:

- (1) Upstream Decision Planning – (not currently adopted within the current arrangements)
- (2) Decision Process – Type of Decisions (hard and soft to create ideas, direction, implementation)
- (3) Post Decision Scrutiny – The Combined Authority Board / Overview & Scrutiny, Audit & Governance

Possible improvements could include:

- More Strategic discussions (rather than operational decisions)
- Board members to find time to discuss issues/opportunities and then develop solutions and ideas in a less formal setting than Business Board Meetings. Alternatively, there should be an informal strategy/decision planning discussion item on Business Board meetings agendas. These discussions would help form the nucleus of an idea/action which could then form the foundation for a Board Paper. This would also help ensure that the experience and creativity of all Business Board members was being harnessed for the benefit of the Combined Authority area. This upstream discussion could be called a "Decision Planning Phase", which is then followed by the current Decision Process. Given that the ideas would have gained traction in a prior and informal setting, Board members would better understand the subsequent Board Paper on the relevant topic. Board members could also sponsor specific papers that are conceived in these informal strategic sessions and help oversee in the creation of this Board Paper (and its implementation).
- Several of these ideas/draft papers can be formed simultaneously ("Runway in Lanes")

#### Recommendations and Next steps

Board members should be involved in the agenda planning process by way of consultation with officers, prior to Business Board meetings taking place. This would complement the Chair's briefing

session which currently takes place. Members could propose agenda items by email to the Chair and/or Business Board Manager. Those items could then be discussed at the pre-brief, where the agenda is finalised.

To reduce the length of Board Papers, the use of links to supporting documents should be explored.

Priority and Forward Plan guidance from Board members forms part of the strategic direction for the Business Board. That direction should be set in consultation with the Board. Strategic direction should align with priorities as set out in the LIS. The process outlined within member feedback should facilitate more strategic involvement from Board Members. Adopting this process, would aid clarity and content of Board papers, which would be beneficial to members, who would have gained prior background information given their early involvement.

The urgency procedure should be revised to accommodate funding allocation decisions and align with any revisions made to the decision-making powers of the Business Board, taking account of any future proposals to amend the current ratification processes adopted by the Combined Authority Board.

To assist robust decision making at Combined Authority level, it is recommended that Business Board meetings take place two weeks before the Combined Authority Board meeting.

### **Summary**

The Governance Review explored current governance arrangements and considered processes for improved arrangements, taking account of Board member feedback. Preliminary recommendations are proposed and if adopted, next steps include formal implementation including amendments to the constitution and the Combined Authority Assurance framework. It is recommended that governance reviews take place annually to ensure that governance arrangements continually meet the needs of the Business Board. For Board member feedback that will also be implemented, it is recommended that members with skills to assist implementation should be encouraged to further contribution, in consultation with Officers, to the recommendation processes.

**March 2020**





**Update on Governance Review Recommendations (September 2020)****Combined Authority Board Oversight & Assurance:**

In line with the recommendations of the Business Board Governance Review, Combined Authority members considered revising the ratification process for LGF funding decisions. The outcome of those considerations was to make no change to the ratification process. Members noted that the current ratification process works well, and change was not required.

**Board Membership & Governance:**

<b>Member feedback</b>	<b>Action taken</b>
Implementation of a written notice/declaration register which notifies of conflicts of interests. That document could be circulated before every Board meeting.	A written notice has been developed for circulation ahead of all future Business Board meetings with agenda and papers. This will be implemented from the November Business Board going forwards.
Greater detail and breakdown of information on Business Board agendas to clearly show each item and to better inform Board members of decisions which gave rise to conflicts of interests.	This feedback is captured within the above written notice. Detail includes the agenda item, the report title and the conflicting member(s) or officer(s).
Clarity between Commercial, Personal, & Relationship, including family conflicts of interests. This could be provided via written guidance to members.	Improving the clarity between different types of conflicts will be addressed as part of the current review of the Cambridgeshire & Peterborough Combined Authority Constitution. The revised Constitution will be circulated to all Business Board members once updated.
Post approval conflicts (which may materialise at a future date from original declaration), should also be recorded at the earliest opportunity.	All Business Board members must ensure that they notify the Monitoring Officer of any conflicts as they arise and update their Business Board Register of Interest form accordingly.
Regular updating of conflicts of interest forms. This could be implemented by sending conflict forms out every three months.	It is unlikely that conflicts will arise within this short time frame and it is also a responsibility of members to notify of any new

	conflicts not detailed on their Register of Interests when they become aware of them.
Guidance on format and how Board meetings operate via a protocol could be adopted which sets out the interaction between the Business Board and the Combined Authority Board.	Business Board members are now familiar with the format of Business Board meetings and how the Board interacts with the Combined Authority and this is reflected with representation of the Business Board on the Combined Authority Board itself and Sub-Groups such as the Entrepreneur Assessment Panel (EAP) and the Employment & Skills Board.
Members identified that training for members on dealing with press, the public and social media would be beneficial.	Officers are exploring training options and contact has been made with the CPCA Communications Team to help facilitate this.
Pre-meeting briefings should include all Board members and not just the Chair and/or Vice Chair.	A process in place allowing for Business Board member input on the forward plan on a specific item on the Business Board meeting agenda. Members are equally encouraged to propose agenda items by email to the Chair and/or Business Board Manager at any time. This feedback can then be discussed at the pre meeting briefings with the Chair and Vice-Chair in the development of agendas and forward plans.
Location of Board meetings should be flexible to include the locations in which projects are based and where members are located	For the time being, all Business Board meetings are currently held virtually and this action will be kept under review.
Maintaining a register of preferred methods of contact for each member	A spreadsheet of preferred methods of contact exists for all Business Board members. Members are encouraged to update the Business Board Team of any change in preferred methods of contact.
Defining member lead responsibilities/accountability (based on B&S key deliverables). Officer mentoring opportunity to promote member development and operational knowledge.	Work has already begun to assign members to specific workstreams within the CPCA alongside Business & Skills project leads. This will be discussed further at Business Board Activity Update meetings.
Provision of key contacts list of officers and Stakeholder partners	Work has begun on collating stakeholder mapping data from each member to establish the wider network of the Business Board.

Sharing of best practice from other LEPs (at Business Board and Officer level)	This feedback is being addressed as a separate item on the Business Board Agenda to establish the LEP Partnering Strategy which will be brought to Business Board in November 2020.
The recruitment processes adopted in August 2019, along with the formal induction day, should be continued. In addition, the composition of the appointment panel should be reduced to a maximum of 4 panel members. Arrangements for resignation of all members including the Chair and Vice Chair should fully reflect the National Assurance Framework.	The recruitment process and arrangements for resignation of all members has been adopted and is reflected within the CPCA Constitution. These changes will also be reflected in Local Assurance Framework.
The Conflict of Interest policy should be updated and include a process for declaration of officer conflicts.	The Code of Conduct is being reviewed as part of a wider CPCA Constitutional review. Register of Interest forms for Officers are being developed and will be implemented in due course.
The implementation of a gifts and hospitality policy could provide better clarity for Board members and should be implemented.	The CPCA Gifts and Hospitality policy is being reviewed as part of a wider CPCA Constitutional review.
A Remuneration and Expenses policy should be adopted.	The Business Board Remuneration Scheme was approved in July 2019 and is available on the Business Board website.

### **Board Performance:**

Board performance is indirectly and broadly measured through improvement outcomes arising from the LIS and the various delivery plans stemming from it, as well as the BEIS annual performance review process.

MCAs with a Single Pot and LEPs are required to ensure that there is appropriate input, output and outcome monitoring, as well as evaluation of projects taken forward. The LGF Monitoring and Evaluation is currently in its first phase of work, assessing projects from the Greater Cambridge Greater Peterborough Local Enterprise Partnership. Following this, a second phase of evaluation of the whole LGF programme will be undertaken.

The Government encourages LEPs to share and support best practice. An update on the LEP Partnering Strategy will be brought to Business Board at its meeting in November 2020. It is anticipated that best practice will be shared and that improved processes for Board performance or otherwise will be recommended for implementation after the peer process has concluded. Further to this, strategic partnership agreements are being implemented with overlapping authorities and LEPs, based on a mutual understanding

of commitments beyond Cambridgeshire & Peterborough. An update on the strategic partnership agreements will be brought to the Business Board at its meeting in November 2020.

It is noted there is a need for a Business Board Communication Plan. Work has begun on stakeholder mapping of member networks to strengthen channels of communication. The Combined Authority proposes to appoint a Business & Market Engagement Officer to strengthen the link between the Combined Authority, the Business Board and wider business community. The input of Business Board members on developing Business Board communications is recognised and valued.

The LGF Programme Management Review paper updates on progress made with overall programme and at different stages of each project, including development, contract, delivery, and monitoring.

Officers are looking at a process to establish activity/workstream leads to allow for more accountability around individual member performance. This will be discussed further at Business Board Activity Update meetings.

Annual Performance Review 2019/20 – following formal review meetings, officials in the Cities and Local Growth Unit undertook a review to look at

the performance of each LEP across the three themes: governance (good), delivery (requires improvement) and strategic impact (requirement met). CPCA officers are working together with BEIS to review the wider LEP requirements in relation to the assurance and reporting processes for 2020-21 given the current circumstances around Covid19.

### **Effective Decision Making:**

The input of all Business Board members is of significant value in forward planning and aligning strategic priorities from the LIS. The process in place allows for Business Board member input on the forward plan at a specific item on the Business Board meeting agenda. Members are equally encouraged to propose agenda items by email to the Chair and/or Business Board Manager at any time. This feedback can then be discussed at the pre meeting briefings with the Chair and Vice-Chair in the development of agendas and forward plans.

To assist robust decision-making at Combined Authority Level, Business Board meetings have now been scheduled to take place two weeks before Combined Authority Board meetings. The dates of the Business Board meetings and invitations have been circulated to members until May 2021.

To ensure a timelier process for updating Business Board members on Combined Authority Board meetings, where recommendations from the Business Board are approved, officers now circulate the Combined Authority Board Decision Summary to members following publication.

As no revisions have been made to the ratification process, no amendments are needed to the current urgency procedure.

Officers are encouraged to use appendices to reduce the length of board papers. In addition to the full agenda document pack available on the meeting web page, each agenda item is displayed on the web page with individual links to papers and appendices to allow for ease of access.



<b>BUSINESS BOARD</b>	<b>AGENDA ITEM No: 3.5</b>
<b>15 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>

## **NOMINATION TO THE GREATER CAMBRIDGE PARTNERSHIP EXECUTIVE BOARD**

### **1.0 PURPOSE**

- 1.1. The former Greater Cambridge Greater Peterborough Local Enterprise Partnership had nomination rights to the Executive Board of the Greater Cambridge Partnership. The current representative for business on the Executive Board was appointed on an interim basis while the former LEP was being reconstituted as the Business Board. The Greater Cambridge Partnership have confirmed in correspondence with the Mayor that the Business Board may at any time ask the Executive Board to replace the current business representative, who is not a member of the Business Board, by way of further nomination.
- 1.2. This report proposes that the Business Board nominates its Chair to be a non-voting co-opted member of the Executive Board and Andy Neely as a substitute member.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Mayor James Palmer</b>
<b>Lead Officer:</b>	<b>Rochelle White, Deputy Monitoring Officer</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
<p>The Business Board is recommended to:</p> <ol style="list-style-type: none"> <li>a) Nominate the Chairman of the Business Board to be a non-voting co-opted member of the Greater Cambridge Partnership Executive Board; and</li> <li>b) Nominate the Vice-Chairman of the Business Board as a substitute member.</li> </ol>	

## 2.0 BACKGROUND

- 2.1. The Greater Cambridge Partnership is the local delivery body for the Greater Cambridge City Deal, an agreement made in 2014 between central Government, Cambridge City Council, South Cambridgeshire District Council, Cambridgeshire County Council, the University of Cambridge and the former Greater Cambridge Greater Peterborough Local Enterprise Partnership. The City Deal was agreed for the purpose of allowing Greater Cambridge to maintain and grow its status as a prosperous economic area. The City Deal created an infrastructure investment fund and the Greater Cambridge Partnership is supporting and accelerating the creation of 44,000 new jobs, 33,500 new homes and 420 additional apprenticeships.
- 2.2. The Greater Cambridge Partnership brings key partners together to work with communities, businesses and industry leaders to support the continued growth of one of the world's leading tourism and business destinations. The Greater Cambridge Partnership received £100m of government funding for the period up to 2020 and has recently passed its gateway review which will unlock a further £400m of funding. The three workstreams of the Greater Cambridge Partnership are Transport, Housing and Skills.
- 2.3. In 2014 the Executive Board of the Greater Cambridge Partnership was established as a joint committee of Cambridge City Council, South Cambridgeshire District Council and Cambridgeshire County Council. The terms of reference and standing orders of the Executive Board form **Appendix 1** to this report and confirm the membership of the Executive Board as being three elected members with voting rights (one from each of the three member councils) and two non-voting members, one from the Business Board and one from the University of Cambridge. The Chair of the Executive Board wrote to the Mayor on 31 July 2020 offering the Mayor a non-voting seat on the Executive Board. This is being done at the Chair's discretion but will require a formal change to the terms of reference of the Executive Board to be agreed by the three constituent authorities of the Greater Cambridge Partnership. The Mayor hopes to take up the offer and subsequently attend the next meeting of the Executive Board on 1 October 2020.
- 2.4. The legislation on voting rights for co-opted members of joint committees restricts voting rights to elected members of the constituent local authorities in this context. Accordingly it is not possible for either the Business Board's nominee or the Mayor to have voting rights on the Executive Board as it is currently constituted. The standing orders permit the Business Board and the University to nominate an alternate or substitute non-voting member to act in the absence of their principal co-opted member.
- 2.5. At its meeting on 8 February 2018 the Executive Board agreed to endorse the appointment of the CEO of Cambridge Network, as the representative of the business community on the Executive Board. This followed an agreement between the Chief Executive of the Combined Authority and the Chief Executive of the Greater Cambridge Partnership that this individual, who was previously the LEP's representative on the Greater Cambridge Partnership's



Joint Assembly should cover the interim period while the former LEP was reconstituted, subject to endorsement by the Executive Board. However when the LEP was reconstituted as the Combined Authority's Business Board the representative from the former LEP continued on the Executive Board although she was not a member of the Business Board.

2.6. The Executive Board's terms of reference include the following:

*The Business Board and University of Cambridge may at any time ask the Executive Board to replace their nominated co-opted member and alternate or substitute member by way of further nomination.*

And the Greater Cambridge Partnership has referred to this provision on the issue of membership of the Executive Board in correspondence with the Mayor.

2.7. It is recommended that the Business Board nominate its Chair as a non-voting member of the Executive Board and Andy Neely as a substitute member to act in the absence of the Chair. This will allow the Business Board to engage with the Executive Board's decision making and allow for better co-ordination between the two bodies.

### **3.0 FINANCIAL IMPLICATIONS**

3.1. There are no direct financial implications.

### **4.0 LEGAL IMPLICATIONS**

4.1. There are no direct legal implications.

### **5.0 APPENDICES**

5.1. Appendix 1 – GCP Executive Board Terms of Reference and Standing Orders

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
GCP Executive Board minutes February 2018 [Minute 2 refers]	<a href="https://scambbs.moderngov.co.uk/documents/g7208/Public%20minutes%20Thursday%2008-Feb-2018%2016.00%20Greater%20Cambridge%20Partnership%20Executive%20Board.pdf?T=11">https://scambbs.moderngov.co.uk/documents/g7208/Public%20minutes%20Thursday%2008-Feb-2018%2016.00%20Greater%20Cambridge%20Partnership%20Executive%20Board.pdf?T=11</a>





## **GREATER CAMBRIDGE PARTNERSHIP EXECUTIVE BOARD**

### **TERMS OF REFERENCE**

#### **1. Parties**

Cambridge City Council.

Cambridgeshire County Council.

South Cambridgeshire District Council.

The Business Board of the Cambridgeshire and Peterborough Combined Authority [the Local Enterprise Partnership (LEP) for the region – hereafter referred to as the ‘Business Board’].

The University of Cambridge.

#### **2. Status**

The Greater Cambridge Partnership (GCP) Executive Board has been established by Cambridge City Council, Cambridgeshire County Council and South Cambridgeshire District Council. It is a joint committee of the three Councils, established by Cambridgeshire County Council under section 102(1) (b) of the Local Government Act 1972 and by Cambridge City Council and South Cambridgeshire District Council under section 9EB of the Local Government Act 2000.

#### **3. Membership**

Three elected members with full voting rights (one from each of the three member Councils).

Two non-voting members (one from the Business Board and one from the University of Cambridge).

#### **4. Functions of the Executive Board**

- 4.1 The Executive Board is established to ensure that the objectives of the Greater Cambridge City Deal are met. The Greater Cambridge City Deal aims to enable a new wave of innovation-led growth by investing in the infrastructure, housing and skills that will facilitate the continued growth of the ‘Cambridge Phenomenon’. To this end, the Executive Board will have oversight of the strategic direction and delivery of the City Deal and its objectives.
- 4.2 The Executive Board will also be responsible for the commissioning of projects funded by money provided through the City Deal and for overall control of that programme of investments. The scheme promoter for each individual project will be responsible for the delivery of that budget, under the oversight of the Executive Board. This shall also apply to

circumstances in which funding is provided to the Executive Board by the member Councils or by other parties, such as the Business Board.

4.3 The three Councils agree to delegate exercise of their functions to the Executive Board to the extent necessary to enable the Executive Board to pursue and achieve the objectives of the Greater Cambridge City Deal and to undertake any actions necessary, incidental or ancillary to achieving those objectives, and, accordingly, the three Councils shall make the necessary changes to their respective schemes of delegation. The Executive Board may further delegate to officers of the three Councils.

4.4 The Executive Board will consider any reports and recommendations from the Joint Assembly as appropriate.

## **5. Professional and Administrative Support**

5.1 Cambridgeshire County Council shall act as the accountable body for the Executive Board in respect of financial matters and its financial procedure rules will apply in this context.

5.2 Committee management and administrative support to the Executive Board will be provided by one of the constituent councils [Cambridgeshire County Council from May 2019].

5.3 The lead role on projects shall be determined by the Executive Board, subject to the principle that the lead authority should be the Council primarily responsible for the service in question for their area. The procurement and other rules of the lead authority will apply in respect of projects.

## **6. Standing Orders**

6.1 The Executive Board will be governed by the Standing Orders set out in Annex A attached to these Terms of Reference.

## **7. Costs**

7.1 The three Councils will each bear its own costs in relation to the operation of the Executive Board, with the exception of approved project delivery costs met from budgets managed by the Executive Board.

7.2 Each Council makes a legally binding commitment that, should it withdraw from or modify its role within the Executive Board, it agrees to pay all additional costs that fail to be met by the other partner Councils that are reasonably attributable to that decision. This could include, for example, the costs that are locked in to projects that have already been committed to, or the costs of dissolving integrated officer and Member arrangements and re-establishing independent arrangements.

- 7.3 The firm intention is that the Executive Board will continue until it is either replaced by a Combined Authority, subject to the carrying out of a governance review following necessary legislative changes, or until the programme is completed. Recognising the very serious implications of withdrawal from the Executive Board for the delivery of the City Deal programme, if a Council decides to withdraw from or modify its role within the Executive Board, it commits to sharing this with the GCP at the earliest possible opportunity, and to entering into constructive discussions to avoid this happening or to reach a way forward.

**GREATER CAMBRIDGE PARTNERSHIP EXECUTIVE BOARD**  
**STANDING ORDERS**

**1. Membership**

- 1.1 The Executive Board will have a voting membership of three, each Council being entitled to appoint one voting member.
- 1.2 The Executive Board will also have two non-voting members, to be co-opted by the Committee on a nomination by each of the Business Board and the University of Cambridge.

**2. Alternate or Substitute Members**

- 2.1 Each Council will be entitled to appoint one named alternate or substitute member who may act in all aspects as a voting member of the Executive Board in the absence of the voting member appointed.
- 2.2 Alternate or substitute members will be invited to attend all meetings of the Executive Board.
- 2.3 The Business Board and the University of Cambridge will each be entitled to nominate an alternate or substitute non-voting member to act in the absence of their principal co-opted member.

**3. Term of Office**

- 3.1 The term of office of voting and alternate or substitute voting members shall end:
- if rescinded by the appointing Council; or
  - if the member ceases to be a member of the appointing Council.
- 3.2 The Business Board and University of Cambridge may at any time ask the Executive Board to replace their nominated co-opted member and alternate or substitute member by way of further nomination.

**4. Appointment of Chairperson and Vice-Chairperson**

- 4.1 The Executive Board will appoint a Chairperson and Vice-Chairperson at its first meeting and thereafter annually at the first meeting following the Annual Meetings of the three Councils. The Chairperson and, in his or her absence, the Vice-Chairperson shall have a casting vote.

- 4.2 The non-voting co-opted members of the Executive Board shall not act in the role of either the Chairperson or the Vice-Chairperson of the Executive Board.

## **5. Quorum**

- 5.1 The quorum for meetings of the Executive Board will be three voting members.
- 5.2 If there is no quorum at the published start time for the meeting, a period of ten minutes will be allowed, or longer, at the Chairperson's discretion. If there remains no quorum at the expiry of this period, the meeting will be declared null and void.
- 5.3 If there is no quorum at any stage during a meeting, the Chairperson will adjourn the meeting for a period of ten minutes, or longer, at their discretion. If there remains no quorum at the expiry of this period, the meeting will be closed and the remaining items will be declared null and void.

## **6. Member Conduct**

- 6.1 Executive Board members appointed by the three Councils shall be bound by the Code of Conduct of their nominating authority. Board members nominated by the Business Board and the University of Cambridge will be bound by the Code of Conduct of the council providing democratic services support to the GCP.
- 6.2 If a member persistently disregards the ruling of the Chairperson, or person presiding over the meeting, by behaving improperly or offensively or deliberately obstructs business, the Chairperson, or person presiding over the meeting, may move that the member be not heard further. If seconded, a vote will be taken without discussion.
- 6.3 If the member continues to behave improperly after such a motion is carried, the Chairperson, or person presiding over the meeting, may move that either the member leaves the meeting or that the meeting is adjourned for a specified period. If seconded, a vote will be taken without discussion.

## **7. Notice of and Summons to Meetings**

- 7.1 Notice will be given to the public of the time and place of any meeting of the Executive Board in accordance with the Access to Information rules of the council providing democratic services support to the GCP.
- 7.2 At least five clear working days before a meeting, a copy of the agenda and associated papers will be sent to every member of the Executive Board. Other than in exceptional circumstances this will take place five working days before the deadline for submission of public questions. The agenda will give the date, time and place of each meeting and specify the business to be transacted, and will be accompanied by such details as are available.

## **8. Meeting Frequency**

- 8.1 The Executive Board will meet on at least a quarterly basis, with one of those meetings acting as the annual meeting.

## **9. Voting**

- 9.1 Executive Board members commit to seek, where possible, to operate on the basis of consensus.
- 9.2 Should it not be possible in a specific instance to find a consensus, the issue will be deferred to a later meeting of the Executive Board. Executive Board members can choose to simply re-submit the item to a following meeting, or to refer the item to the Joint Assembly for consideration and recommendation. Following this, a vote will be again taken and, if a consensus is still not achievable, the decision will be made on the basis of a simple majority.
- 9.3 The voting members of the Executive Board will act with due regard to the opinions of the non-voting members of the Board.

## **10. Reports from the Joint Assembly**

- 10.1 The Executive Board will receive reports and recommendations from the Joint Assembly as appropriate and the Chairperson of the Joint Assembly, or a nominated representative on his or her behalf, will be entitled to attend meetings of the Executive Board to present them.

## **11. Questions by the Public and Public Speaking**

- 11.1 At the discretion of the Chairperson, members of the public may ask questions at meetings of the Executive Board. This standard protocol is to be observed by public speakers:
- (a) Notice of the question should be submitted to the GCP 'Public Questions' inbox by 10am at least three working days before the meeting;
  - (b) Questions should be limited to a maximum of 300 words;
  - (c) Questioners will not be permitted to raise the competence or performance of a member, officer or representative of any partner on the Executive Board, nor any matter involving exempt information (normally considered as 'confidential');
  - (d) Questioners cannot make any abusive or defamatory comments;
  - (e) If any clarification of what the questioner has said is required, the Chairperson will have the discretion to allow other Executive Board members to ask questions;
  - (f) The questioner will not be permitted to participate in any subsequent discussion and will not be entitled to vote;
  - (g) The Chairperson will decide when and what time will be set aside for questions depending on the amount of business on the agenda for the meeting;



- (h) Individual questioners will be permitted to speak for a maximum of three minutes;
- (i) In the event of questions considered by the Chairperson as duplicating one another, it may be necessary for a spokesperson to be nominated to put forward the question on behalf of other questioners. If a spokesperson cannot be nominated or agreed, the questioner of the first such question received will be entitled to put forward their question; and
- (j) Questions should relate to items that are on the agenda for discussion at the meeting in question. The Chairperson will have the discretion to allow questions to be asked on other issues.

## **12. Petitions**

- 12.1 Petitions received in relation to the Greater Cambridge Partnership will be referred to the Joint Assembly for consideration. Any matters arising from petitions considered by the Joint Assembly can be reported to the Executive Board, as per Standing Order 10.

## **13. Participation at Executive Board Meetings by Other Members of Partner Councils or Other Representatives of Partner Bodies**

- 13.1 At the discretion of the Chairperson, other elected members of the three partner Councils or other representatives from the Business Board or the University of Cambridge may be entitled to speak and participate at meetings of the Executive Board.

## **14. Minutes**

- 14.1 The Chairperson will sign the minutes of the proceedings at the next suitable meeting. The Chairperson will move that the minutes of the previous meeting be signed as a correct record.
- 14.2 The minutes will be accompanied by a list of agreed action points, which may be discussed in considering the minutes of the previous meeting should they not be specifically listed as items on the agenda for the meeting.

## **15. Exclusion of the Public and Press**

- 15.1 Members of the public and press may be excluded from meetings in accordance with the Access to Information rules of legislation as applied by the administering authority with regard to the consideration of exempt or confidential information.

## **16. Recording of Proceedings**

- 16.1 The recording in any format of meetings of the Executive Board is permitted, except:

- Where the Chairperson, or person presiding over the meeting, rules that filming is being undertaken in such a way that is disruptive or distracting to the good order and conduct of the meeting;
- Where the public have been excluded from the meeting during the consideration of exempt or confidential information [see section 15].

## **17. Disturbance by Public**

- 17.1 If a member of the public interrupts proceedings, the Chairperson, or person presiding over the meeting, will warn the person concerned. If the individual continues to interrupt, the Chairperson will order his or her removal from the meeting room.
- 17.2 If there is a general disturbance in any part of the meeting room open to the public, the Chairperson, or person presiding over the meeting, may call for that part of the room to be cleared.
- 17.3 If there is a general disturbance making orderly business impossible, the Chairperson, or person presiding over the meeting, may adjourn the meeting for as long as he or she thinks is necessary.

## **18. Interpretation of Standing Orders**

- 18.1 The ruling of the Chairperson of the Executive Board as to the application of these Standing Orders shall be final.

## **19. Suspension of Standing Orders**

- 19.1 Any of these Standing Orders may, as far as is lawful, be suspended by motion passed unanimously by those entitled to vote.



**THE BUSINESS BOARD**

# **FORWARD PLAN**

**Business Board Meeting – 15<sup>th</sup> September 2020**

	REPORT TITLE	DECISION MAKER	DECISION EXPECTED	DECISION	PURPOSE	REPORT AUTHOR	LEAD MEMBER
1.	<b>Minutes of the Meeting Held on 27<sup>th</sup> July 2020</b>	Business Board	15 <sup>th</sup> September 2020	<b>Decision</b>	To approve the minutes of the last meeting as a correct record.	<i>Monitoring Officer for Combined Authority</i>	Chair
2.	<b>Business Board Finance Update</b>	Business Board			To provide an update and overview of MTFP funding lines.	<i>Vanessa Ainsworth, Finance Manager</i>	Chair
3.	<b>Local Growth Fund Programme Management Review – September 2020</b>	Combined Authority Board	30 <sup>th</sup> September 2020	<b>Decision</b>	To monitor and review programme performance and risks.	<i>Steve Clarke, Strategic Funds Manager</i>	Chair
4.	<b>Local Growth Fund Project Proposals September 2020</b>	Combined Authority Board	30 <sup>th</sup> September 2020	<b>Decision</b>	To review and approve the project proposals and make recommendations to the Combined Authority Board for individual project funding.	<i>Steve Clarke, Strategic Funds Manager</i>	Chair
5.	<b>Covid-19 Evidence &amp; Insight Report</b>	Combined Authority Board	30 <sup>th</sup> September 2020	<b>Decision</b>	To update members on evidence-based insight to support the delivery of the Local Economic Recovery Strategy.	<i>Brian Hyland, Deputy Chief Officer, Business &amp; Skills</i>	Chair
6.	<b>Covid-19 Local Economic Recovery Strategy</b>	Combined Authority Board	30 <sup>th</sup> September 2020	<b>Decision</b>	To review and recommend the Combined Authority Board approve the Economic Recovery Strategy for Cambridgeshire & Peterborough.	<i>John T Hill, Director Business &amp; Skills</i>	Chair

7.	<b>Growth Service – Full Business Case</b>	Combined Authority Board	30 <sup>th</sup> September 2020	<b>Decision</b>	To approve the Full Business Case for mobilisation of the Growth Service.	<i>John T Hill, Director Business &amp; Skills</i>	Chair
8.	<b>Governance Review Update</b>	Business Board			To update members on the recommendations implemented following the governance review.	<i>Rochelle White, Deputy Monitoring Officer</i>	Chair
9.	<b>Nomination to the Greater Cambridge Partnership Executive Board</b>	Business Board		<b>Decision</b>	To make nominations to the Greater Cambridge Partnership Executive Board.	<i>Rochelle White, Deputy Monitoring Officer</i>	Chair
10.	<b>Forward Plan</b>	Business Board			To note the Forward Plan.	<i>Monitoring Officer for Combined Authority</i>	Chair

<b>Business Board Meeting – 10th November 2020 (Public Meeting)</b>							
	<b>REPORT TITLE</b>	<b>DECISION MAKER</b>	<b>DECISION EXPECTED</b>	<b>DECISION</b>	<b>PURPOSE</b>	<b>REPORT AUTHOR</b>	<b>LEAD MEMBER</b>
1.	<b>Minutes of the Meeting Held on 15th September 2020</b>	Business Board	10 <sup>th</sup> November 2020		To approve the minutes of the last meeting as a correct record.	<i>Monitoring Officer for Combined Authority</i>	Chair
2.	<b>Update on the Business Board's Activities in relation to the impact of Covid-19 on Businesses</b>	Business Board			To update members on activity in support of Covid-19 economic recovery for Cambridgeshire & Peterborough.	<i>John T Hill, Director, Business &amp; Skills</i>	Chair

3.	<b>Business Board Finance Update</b>	Business Board			To provide an update and overview of MTFP funding lines.	<i>Vanessa Ainsworth, Finance Manager</i>	Chair
4.	<b>Local Growth Fund Programme Management Review – November 2020</b>	Combined Authority Board	25 <sup>th</sup> November 2020	<b>Decision</b>	To monitor and review programme performance and risks.	<i>Steve Clarke, Strategic Funds Manager</i>	Chair
5.	<b>Insight &amp; Evaluation Programme – Strategic refresh and LIS update</b>	Business Board			To update members on progress with the strategy refresh and updating of the LIS.	<i>Alan Downton, Senior Interim Programme Manager</i>	Chair
6.	<b>Business Growth Service Mobilisation Update</b>	Business Board			To update members on progress made with mobilising the Business Growth Service.	<i>Brian Hyland, Deputy Chief Officer, Business &amp; Skills</i>	Chair
7.	<b>University of Peterborough Update</b>	Combined Authority Board	25 <sup>th</sup> November 2020	<b>Decision</b>	To update members on Phase 2 and 3.	<i>Kim Cooke, Project Lead for University of Peterborough</i>	Chair
8.	<b>Local Enterprise Partnership Partnering Strategy Update</b>	Combined Authority Board	25 <sup>th</sup> November 2020	<b>Decision</b>	To approve the Local Enterprise Partnership Partnering Strategy.	<i>John T Hill, Director, Business &amp; Skills</i>	Chair
9.	<b>Coterminous and Strategic Partnership Agreements Update</b>	Combined Authority Board	25 <sup>th</sup> November 2020	<b>Decision</b>	To approve the remaining seven Memorandum of Understanding with the neighbouring Local Enterprise Partnerships under LEP coterminosity.	<i>John T Hill, Director, Business &amp; Skills</i>	Chair
10.	<b>Business Board Mid-Year Review</b>	Business Board			To update members on the mid-year review with BEIS.	<i>Domenico Cirillo, Business Programmes Manager</i>	Chair

11.	Forward Plan	Business Board			To note the Forward Plan.	<i>Monitoring Officer for Combined Authority</i>	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.	<i>Monitoring Officer for Combined Authority</i>	Chair
2.	Business Board Finance Update	Business Board			To provide an update and overview of MTFP funding lines.	<i>Vanessa Ainsworth, Finance Manager</i>	Chair
3.	Local Growth Fund Programme Management Review – January 2021	Combined Authority Board	27 <sup>th</sup> January 2021	<b>Decision</b>	To monitor and review programme performance and risks.	<i>Steve Clarke, Strategic Funds Manager</i>	Chair
4.	Forward Plan	Business Board			To note the Forward Plan.	<i>Monitoring Officer for Combined Authority</i>	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.	<i>Monitoring Officer for Combined Authority</i>	Chair
2.	Business Board Finance Update	Business Board			To provide an update and overview of MTFP funding lines.	<i>Vanessa Ainsworth, Finance Manager</i>	Chair
3.	Local Growth Fund Programme Management Review – March 2021	Combined Authority Board	31 <sup>st</sup> March 2021	<b>Decision</b>	To monitor and review programme performance and risks.	<i>Steve Clarke, Strategic Funds Manager</i>	Chair
4.	Forward Plan	Business Board			To note the Forward Plan.	<i>Monitoring Officer for Combined Authority</i>	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.	<i>Monitoring Officer for Combined Authority</i>	Chair



<b>2.</b>	<b>Business Board Finance Update</b>	Business Board			To provide an update and overview of MTFP funding lines.	<i>Vanessa Ainsworth, Finance Manager</i>	Chair
<b>3.</b>	<b>Local Growth Fund Programme Management Review – May 2021</b>	Combined Authority Board	26 <sup>th</sup> May 2021	<b>Decision</b>	To monitor and review programme performance and risks.	<i>Steve Clarke, Strategic Funds Manager</i>	Chair
<b>4.</b>	<b>Forward Plan</b>	Business Board			To note the Forward Plan.	<i>Monitoring Officer for Combined Authority</i>	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?