



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

JAMES PALMER
CAMBRIDGESHIRE &
PETERBOROUGH MAYOR

Agenda Item No: 3.3

Peterborough and Cambridgeshire Business Growth Co

To: Cambridgeshire and Peterborough Combined Authority Board

Meeting Date: 27 January 2021

Public report: Yes

Lead Member: Mayor James Palmer

From: John T Hill, Director of Business & Skills

Key decision: No

Forward Plan ref: n/a

Recommendations: The Combined Authority Board is recommended to:

- a) Approve the appointment of Barclays Bank as Company Bankers.
- b) Approve amendment of the Accounting Reference Date from 31st August 21 to 31 March 2021.
- c) Approve amendment of the Company's name at Companies House from Peterborough and Cambridgeshire Business Growth Co Ltd to Cambridgeshire and Peterborough Business Growth Co Ltd.
- d) Approve access for staff employed in Growth Co, to the NEST Pension Scheme with a total contribution of 10%, of which there is a 5 % minimum employer contribution.
- e) To grant the Monitoring Officer delegated authority, in consultation with the Director of Business and Skills to agree a final Shareholder Agreement in substantively the same form as is set out in Appendix 1 and to execute the agreement and any related deeds of adherence and succession or of amendment and restatement necessary to substitute it for the previous Shareholder Agreement approved by the Combined Authority.

Voting arrangements: A simple majority of all Members

1. Purpose

- 1.1 To gain Combined Authority approval, as the sole shareholder of the Peterborough and Cambridgeshire Business Growth Co, for a number of Company Board resolutions and decisions, to enable the company to function and deliver the Business Growth Service.
- 1.2 To update the Board on progress with recruitment of an independent Director for the Peterborough and Cambridgeshire Business Growth Co.
- 1.3 To seek authorisation for the Monitoring Officer to finalise and complete a revised Shareholder Agreement.

2. Background

- 2.1 The Full Business Case (FBC) for the Business Growth Service and the business case for setting up a “Growth Co” as a subsidiary of Angle Holdings Ltd and the CPCA was approved by the Business Board and Combined Authority Board in September 2020. Links to both documents are in paragraphs 7.1 and 7.2 below. This was on the basis of a number of benefits:
 - The provision of a special purpose vehicle with the single focus of delivering jobs growth as set out in this FBC.
 - The provision of a vehicle that is able to develop and deploy more efficiently and more effectively, new and innovative forms of growth support.
 - 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.
- 2.2 A Growth Co Board of Directors is responsible for the strategic direction and success of the company. It will establish and maintain an effective service and financial performance management reporting system which will include reports to Angle Holdings Ltd and the CPCA Board. Growth Co will be subject to any audit and inspection requirements of the CPCA.
- 2.3 On 4 December 2020, Growth Co (Peterborough and Cambridgeshire Business Growth Co Ltd) held its first Board meeting. At that meeting a number of points were discussed and agreed, four of which require ratification by the Combined Authority Board as laid out in the Growth Co shareholders agreement. These included:
 - 2.4 That Growth Co requires a bank account, and that the Board should appoint Barclays Bank, LE87 2BB as the Company Bankers. These are CPCA bankers.
 - 2.2 That the current Accounting Reference Date of 31st August 21 should be brought in-line with the CPCA and all other CPCA subsidiary Accounting Reference Date of 31st March

2021

- 2.3 That the original incorporation of Growth Co, on the 05th August 2020, at Companies House as Peterborough and Cambridgeshire Business Growth Co Ltd, was incorrect, and should be amended to Cambridgeshire and Peterborough Business Growth Co Ltd.
- 2.4 That, given that under the Pensions Act 2008, every employer in the UK must put certain staff into a workplace pension scheme and contribute towards it. The staff employed by Growth Co should be given access to a pension scheme. The CPCA currently offers all its staff an LGPS pensions, with a current Employer contribution of 18.3%. However, Growth Co is not under any obligation to offer its staff the same pension (LGPS) as the CPCA. And having taken advice from specialist external pension advisors Bevan Brittan solicitors the Growth Co board resolved to use an alternative scheme, NEST Pensions, with an overall contribution of up to 10%, up to 5% from Growth Co and a 5 % minimum employer contribution. This reduces any potential pension strain created on the CPCA, from its subsidiary. Given the cost effectiveness of this scheme, other CPCA subsidiaries may want to look into whether they wish to adopt this pension provider.

Progress on the Appointment of an Independent Director of Peterborough and Cambridgeshire Business Growth Company Ltd

- 2.5 Further to the decision of the Combined Authority Board at its meeting on 5 August 2020 the Director of Business & Skills has carried out an open and transparent recruitment campaign for an independent Director. An interview panel of the Chair of the Business Board, Director of Business & Skills and officers from Business & Skills and Finance interviewed the four shortlisted candidates. The successful candidate was Mr Nigel Parkinson.
- 2.6 Mr Parkinson has over 30 years' experience as an executive at Unilever, Perkins Engines and Caterpillar. For the last 13 years, before retiring in 2020, he was the managing director of the Marine Business Unit at Caterpillar. He is a highly effective executive leader with extensive global experience and a proven track record of building high performing teams; developing and executing strategies that are focused on delivering a best in class customer experience leading to strong financial results in terms of profitable growth through the business cycle.
- 2.7 The next step will be for the Directors of Angle Holdings Limited, currently the Parent Company of Peterborough and Cambridgeshire Business Growth Company Ltd, to appoint Mr Parkinson as a director of Peterborough and Cambridgeshire Business Growth Company Ltd.

Revised Shareholder Agreement

- 2.8 At its meeting on 5 August 2020 the Combined Authority Board approved the execution of the deed adherence and accession contained within the shareholder agreement for Angle Holdings Ltd. Following the meeting further legal advice was obtained to the effect that a more comprehensive Shareholder Agreement was required and should replace the existing Shareholder Agreement.

- 2.9 The draft revised Shareholder Agreement forms Appendix 1 to this report and it is recommended that the Board delegate to the Monitoring Officer, in consultation with the Director of Business and Skills, authority to agree a final Shareholder Agreement in substantively the same form as set out in the Appendix 1 and to execute the agreement on behalf of the Combined Authority together with the documents necessary to substitute it for the previous shareholder agreement.
- 2.10 The draft Shareholder Agreement at Appendix 1 has been approved in principle by the Board of Directors of the Peterborough and Cambridgeshire Business Growth Company Limited and will also be considered by the Boards of Angle Holdings Limited and Angle Developments (East) Limited, who will be parties to the Agreement.

Significant Implications

3. Financial Implications

- 3.1 The cost of the employed staff in Growth Co was set out and approved in the BGS FBC and the business plan to incorporate Growth Co in September 2020

4. Legal Implications

- 4.1 The recommendations accord with CPCA's powers under Part 4 of the Cambridgeshire and Peterborough Combined Authority Order 2017 (SI 2017/251)
- 4.2 The meeting shall be conducted in accordance with Parts 2 and 3 of the Local Authorities and Police and Crime Panels (Coronavirus)(Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020.

5. Other Significant Implications

- 5.1 None

6. Appendices

- 6.1 Appendix 1 – Draft Revised Shareholder Agreement

7. Background Papers

- 7.1 [Report to Combined Authority Board 30 September 2020 Business Growth Service – Full Business Case](#)
- 7.2 [Report to Combined Authority Board 5 August 2020 Growth Company Corporate Governance](#)