



CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY: MINUTES

Date: Wednesday 27 November 2019

Time: 10.30am – 1:15pm

Venue: Open Area, Cambridgeshire and Peterborough Combined Authority (CPCA), Incubator 2, The Boulevard, Alconbury Weald, Enterprise Campus, Huntingdon, Cambridgeshire PE28 4XA

Present: J Palmer (Mayor)

Councillors A Bailey – East Cambridgeshire District Council, C Boden – Fenland District Council, S Count - Cambridgeshire County Council, R Fuller – Huntingdonshire District Council, L Herbert – Cambridge City Council, J Holdich – Peterborough City Council and B Smith – South Cambridgeshire District Council

A Adams – Interim Chair of the Business Board

Co-opted Members: J Bawden (Clinical Commissioning Group) (till 12:30pm) and Councillor D Over (Vice Chairman, Cambridgeshire and Peterborough Fire Authority)

445. ANNOUNCEMENTS, APOLOGIES AND DECLARATIONS OF INTEREST

There were no Mayoral announcements due to the proximity to the general election.

Apologies were received from Councillor G Bull (substituted by Councillor R Fuller). The Mayor noted that Councillor Bull had stepped down as Leader of Huntingdonshire District Council. He expressed his thanks to Councillor Bull for his diligence and calm and assured presence in his role as a member of the Combined Authority Board and the Chair of the Housing and Communities Committee. The post of Police and Crime Commissioner was vacant so no substitution was permissible. The Acting Police and Crime Commissioner would take up the role of co-opted member of the Board on their appointment.

There were no declarations of interest.

446. MINUTES – 30 OCTOBER 2019

The minutes of the meeting on 30 October 2019 were agreed as a correct record and signed by the Mayor. Councillor Smith clarified that there were currently community land trust groups in South Cambridgeshire, but that they had not yet built any houses.

447. PETITIONS

No petitions were received.

448. PUBLIC QUESTIONS

No public questions had been received, but a number of questions had been raised by the Overview and Scrutiny Committee. These would be taken when the relevant agenda item was reached.

449. FORWARD PLAN

The Forward Plan was published on the Combined Authority website and updated regularly. Board members were reminded that if there were any Executive Committee which they considered should be dealt with by the Combined Authority Board they could request that this be considered and voted on. No requests were made.

It was resolved to:

approve the Forward Plan

450. PERFORMANCE REPORT

The report set out proposals regarding the content and format of future reports. It had been a year since the Board had agreed the current format and the changes proposed reflected the new decision-making role of the Executive Committees. Performance information would be submitted regularly to the relevant Executive Committee whilst the Combined Authority Board would continue to receive RAG rating data on its 17 key projects.

Councillor Smith asked how and when key growth outcomes would be measured. She further asked why the separate exempt report containing a breakdown of projects rated red or amber was not made public and whether this reduced opportunities for openness and transparency. The Director of Delivery and Strategy stated that growth outcomes would include GVA, jobs and housing in addition to the comprehensive detail contained in each business case. The exempt report often contained commercially sensitive information relating to relationships with partners and contractors. The Board had previously taken the view that it was not appropriate to place that information in the public domain.

On being proposed by the Mayor, seconded by Councillor Holdich, it was resolved unanimously to:

Note and approve proposed changes to the Performance Reporting process.

451. ASSURANCE FRAMEWORK

The Combined Authority Board and Business Board had both approved the Assurance Framework at their respective meetings in May 2019. Further discussions had since taken place with Government and the amended Framework was submitted for approval. Additional detail around the two Board's decision-making processes had been included to provide greater assurance to Government. More information around increased flexibility on Benefit Cost Ratios (BCR) for transport schemes had also been included which made clear that there might be strategic reasons for funding projects with a lower BCR.

Councillor Smith welcomed the move to what she judged to be a more robust Assurance Framework. She asked whether the changes made at paragraph 3.4.9 of the Framework were consistent with the statement at paragraph 2.3(d) of the covering

report. The Interim Monitoring Officer confirmed that this was the case. Councillor Smith further asked about the processes in place to ensure value for money (VFM) and the arrangements for assessment and scrutiny of proposals and projects. Officers stated that it was for the Chief Finance Officer (CFO) to assess VFM statements and to either approve or reject them. This could be done through a business case or an assessment, depending on the complexity of the scheme. The CFO continued to track projects over time and could bring these back to the Board if significant issues arose. Ms Sawyer, Chief Executive, offered to provide the Board with a flowchart setting out the processes relating to business cases and the arrangements by which these were scrutinised. This would also be included in officer training on the revised Assurance Framework.

The Interim Chair of the Business Board stated that the recruitment process for new members of the Business Board was now complete. It had attracted a strong field of candidates and the Business Board had resolved at its meeting on 27 November 2019 to recommend that the Constitution be amended to raise the maximum number of business representatives on the Business Board. This would improve the gender balance of the Board. Two further candidates would be held as reserves to address any churn in membership as the Board continued to evolve. The Interim Monitoring Officer stated that the Constitution currently allowed the Business Board to set its own number of business representatives up to a maximum of 10. The proposal was to increase this to a maximum of 12. The reference to seven business representatives in the Assurance Framework related to the number in post at the time the Framework was last approved. There was sufficient flexibility in the quoracy requirements to accommodate this change in membership if approved.

Councillor Boden stated that he was delighted to hear that the calibre of applicants had been so high and that he was happy to support the proposal to increase the membership, particularly as this would increase the gender diversity of the Board. He expressed the hope that Business Board membership would also reflect geographical and sector diversity and that small business would be adequately represented. The Interim Chair of the Business Board confirmed that the Business Board was fully cognisant of these considerations and commented that he did not feel that the small business sector, of which he was a representative, would feel under-represented.

Councillor Smith commented that it would be helpful for the Combined Authority Board to see details of Business Board membership including who members were, what sectors they represented and what geographical part of the county they covered.

The Mayor, seconded by Councillor Holdich, proposed that the resolution be amended as follows (additional text shown in bold type):

Agree the adoption of the single Assurance Framework as amended to meet the requirements of the Ministry of Housing, Communities & Local Government (the amended Assurance Framework forms the Appendix to this report - amendments are highlighted in bold) **with an additional amendment to paragraph 3.3.33 of the Assurance Framework to replace the word “nine” with the word “fourteen” and the word “seven” with the word “twelve” and to delegate authority to the Monitoring Officer to amend the Constitution accordingly.**

On being put to the vote, the amendment was passed unanimously.

The Mayor moved the amended motion, seconded by Councillor Holdich, and it was agreed unanimously to:

Agree the adoption of the single Assurance Framework as amended to meet the requirements of the Ministry of Housing, Communities & Local Government (the amended Assurance Framework forms the Appendix to this report - amendments are highlighted in bold) with an additional amendment to paragraph 3.3.33 of the Assurance Framework to replace the word “nine” with the word “fourteen” and the word “seven” with the word “twelve” and to delegate authority to the Monitoring Officer to amend the Constitution accordingly.

452. CHANGE TO THE PUBLISHED AGENDA

The Mayor stated his intention to change the order of the published agenda to take the Draft Budget 2020/21 and Medium Term Financial Plan 2020-2024 as the last item of business to enable that discussion to be informed by decisions on other items on the agenda. There were no objections.

453. £100M AFFORDABLE HOUSING PROGRAMMES SCHEME APPROVALS (NON-GRANT) NOVEMBER 2019 – LINTON ROAD, GREAT ABINGTON

The Mayor stated that the report contained an exempt appendix and asked whether any member of the Board wished to discuss the information it contained. No member expressed the wish to do so.

The Board was recommended to approve the provision of a loan facility of £5.78m to Linton Road (Great Abingdon) LLP for a scheme to deliver a minimum of 13 housing units. Planning permission had been granted in April 2018, but the developer had been unable to find a complete or reliable source of funding from the market. No less than five affordable housing units would be included in the development and this might be increased to eight affordable housing units if the necessary variation to the planning permission could be obtained. There was also the opportunity to negotiate a profit share of no less than £250k.

Councillor Herbert noted that this was the second large loan proposed to Laragh Homes and expressed the hope that the Combined Authority's willingness to loan had been advertised to all developers to avoid any perception of favour. He further asked what percentage of the loan was guaranteed, commenting that he would not be happy with the proposal unless a substantial company was offering a 100% guarantee; from which part of the budget the money would come from; and whether, if agreed, this proposal would exceed the money available within the £40m revolving fund. The Director of Housing and Development confirmed that officers were actively talking to a range of developers in addition to more generalised communications around where blockages in the market existed. In his judgement it was appropriate for Laragh Homes to stand as guarantor for the Linton Road (Great Abingdon) LLP for 10% of the cost. If the developer failed the call would fall to the guarantor. If the guarantor failed the Combined Authority would step in, but would have the security of the charge over the land. In his judgement there was a low risk of this happening, but the final judgement would be for the Board. The quantum of loans within the revolving fund exceeded the £40m budget, but cash flow allowed a reasonable headroom on projects as they were delivered over time. This cash flow was monitored by the Housing and Communities Committee. A 10% guarantee and charge over the land was standard practice. Councillor Herbert stated that he was not happy with this position.

Councillor Boden asked whether the charge over the land was a first charge and whether this information, together with whether there was any fixed or pertinent charge on the guarantor, could be included in future reports. He commented that he would welcome sight of the cumulative projected cash flow and asked how the use of the remaining monies within the £40m revolving fund was being prioritised. Councillor Boden expressed concern that funding was being sought when the private sector had presumably deemed the risk was too great. The Director for Housing and Development confirmed that the Linton Road proposal included a first charge over the land. The aim was to spread the benefit of the £40m revolving fund across the Combined Authority area. If possible, he wished to avoid rejecting suitable proposals whilst funding was available and unused. Banks would typically supply 50%-60% of the equity required by a developer. Developers would then look to a mezzanine lender to fund the balance and the interest rates could be very high, making their proposals unviable. The Combined Authority was able to offer more competitive rates which allowed suitable developments to proceed whilst retaining a 10% guarantee in addition to a charge over the land.

In his capacity as the Lead Member for Finance and Investment, Councillor Count stated that close attention was paid to security when a loan facility was set up. The Board had previously received a report setting out the basis on which it was proposed that loans should be made. This was accepted at that time and set the standard to which officers worked. In addition to the 10% guarantee there was a charge over the land which offered security. Risk was measured against set criteria as required by legislation. A clear commitment had been made to support small and medium sized enterprises and these were the developers most likely to need to look at mezzanine funding. The additional monies generated through the £40m revolving fund meant that the Combined Authority was now building affordable homes in excess of what could have been achieved solely through Government funding and where this would not otherwise have been possible.

Councillor Smith asked whether the proposed development was on green belt land and why the proposals were not considered by the Housing and Communities Committee. The Director of Housing and Development stated that he was not aware of whether the site was on green belt land, but that planning permission had been granted. Housing scheme proposals involving the £60m grant fund went to the Housing and Communities Committee for approval, but investment schemes from the £40m revolving fund required Board approval. Councillor Smith suggested looking again at whether the Housing and Communities Committee should have a role in relation to investment proposals given the knowledge and expertise of its members. The Mayor endorsed this suggestion. Ms Sawyer, Chief Executive, acknowledged this request, but noted that this might raise issues in relation to the speed of decision-making.

Councillor Count commented that his preference would be for investment proposals to continue to be decided by the Board at this stage to raise the profile of the opportunities available to developers. This could be reviewed in due course once the process had become more established.

Councillor Smith further asked whether the reference to £100k Homes in the exempt appendix might be perceived as giving de facto approval to this scheme before it had been considered by the Board. She had taken advice from the Chief Executive in advance of the meeting to confirm that this question could be raised in public session. The Director of Housing and Development stated that the developer was aware that £100k Homes was something which the Board was considering from discussions at

previous Board meetings and had referenced this, but that no commitment to £100k Homes was implied should the Board approve the specific development proposal contained in the report.

Councillor Herbert commented that there was a difference of opinion in relation to the £40m revolving fund. He remained concerned that tying up £40m of the £100m funds available in this way would only deliver a very small number of the 2,000 affordable homes required under the Devolution Deal at a high average cost. He accepted that the money invested in this way would be repaid and could be used to fund future developments, but this would take time and the Devolution Deal required homes to be delivered quickly. He was not against the business model, but commented that housing associations were already in existence and delivering affordable homes.

Councillor Boden commented that the Combined Authority was on track to deliver its commitment to provide 2,000 affordable homes, plus additional affordable housing funded through the money generated by the revolving fund.

Councillor Bailey commented that the Board had the choice of either spending the £100m affordable housing funding once to deliver the 2,000 homes required under the Devolution Deal or to use the revolving fund to finance additional affordable housing in excess of this number at no cost to the tax payer.

The Mayor stated that the Board faced a housing crisis. The options were either to continue to take the same measures to address this as had been tried in the past or to look at different ways of meeting this need. The need for additional affordable housing sat within the context of a wider housing deficit and it was his wish to see as many people as possible able to buy their own homes at affordable prices. The Linton Road proposal would offer between five and eight affordable homes in an area of Cambridgeshire with high property prices. His hope was to see many more similar projects come forward.

On being proposed by the Mayor seconded by Councillor Boden, it was resolved by a majority to:

- a) Approve the provision of a loan facility of £5.78m to Linton Road (Great Abingdon) LLP for a scheme of no less than 13 units based on the heads of terms detailed in the exempt Appendix 1.
- b) Authorise the Director of Housing and Development, in consultation with the Interim Legal Counsel and the Lead Member for Investment and Finance, to conclude any necessary legal documentation to secure the loan, to include taking a charge upon the land.

454. APPOINTMENT OF THE CHAIR OF ANGLE HOLDINGS LTD AND ANGLE DEVELOPMENTS (EAST) LTD

Following interview, Brian Steward OBE was recommended to the position of Chair of both Angle Holdings Limited and Angle Developments (East) Limited. A copy of his curriculum vitae had been circulated to Board members in advance of the meeting and published on the meeting page of the Combined Authority website.

Councillor Herbert asked about the overhead costs of the two companies. The Director of Housing and Development stated that a proportion of officer costs of around £60k would be charged to the Development Company. This did not include

costs relating to the proposed site in Thorney as this was not now going ahead. Other sites were being considered and proposals would be brought forward in due course.

Councillor Boden asked about the extent of overhead costs associated with the limited companies over and above recharges to the Combined Authority. The Director of Housing and Development stated that these costs were minor.

On being proposed by the Mayor seconded by Councillor Fuller, it was resolved by a majority to:

Approve the appointment of Brian Steward OBE as the Chairman of both Angle Holdings Limited and Angle Developments (East) Limited.

455. CLIMATE CHANGE

The Mayor invited Councillor Dupré, Chair of the Overview and Scrutiny Committee, to share the questions raised by the Committee at its meeting on 25 November 2019.

Councillor Dupré asked how the Commission and its work would align with the work of the constituent authorities and of Cambridgeshire County Council's technical group on air quality. The Overview and Scrutiny Committee noted that Cambridgeshire County Council would publish its pre-consultation Climate Change and Environment Strategy the following month. The Mayor stated that the Commission's terms of reference asked it to provide independent advice addressed to business and the public sector. It would be a matter for the Commission to decide how to take existing and developing public sector plans and strategies into account as evidence, and whether to make recommendations about the content of future plans. The Commission's role was to create a narrative for the whole county to inform the Combined Authority's point of view. This would not replicate the work being done by others, but would provide a more complete picture.

Councillor Dupré asked how the Commission could effectively address the environmental effects of transport when the Local Transport Plan was going to the Combined Authority's Transport Committee in early January and would be considered by the Combined Authority Board at the end of January, given the importance of transport to climate change. The Mayor stated that the Commission's terms of reference asked it to provide independent advice addressed to business and the public sector. It would be a matter for the Commission to decide how to take existing and developing public sector plans and strategies into account as evidence, and whether to make recommendations about the content of future plans. Agreeing the Local Transport Plan or the Local Industrial Strategy now did not prevent them being refreshed in the future to take account of the Commission's findings if that was what the Board wished to do.

Councillor Dupré asked how the Commission would influence the decision-making processes of the Cambridgeshire and Peterborough Combined Authority. The Mayor stated that the Commission's terms of reference asked it to provide independent advice addressed to business and the public sector. It would then be for the Combined Authority to decide whether and how to take into account any recommendations the Commission might make.

Councillor Dupré asked whom the Commission would consult as part of its work. The Mayor stated that as an independent body that would be a matter for the Commission to decide.

Councillor Dupré asked how the Commission would work with the Executive Committees of the Combined Authority. The Mayor stated that this would be a matter for the Commission to decide.

Councillor Dupré asked whether the Commission's interim report would be made available before the pre-election period for the May 2020 elections. The Mayor stated that would be a matter for the Commission to decide, although he noted that local election purdah in 2020 was likely to begin in only 16 working weeks. Given the complexity of the work involved it seemed unlikely that the interim report would be produced in that time.

Councillor Dupré asked how the Combined Authority expected the panel to be recruited and hold its first meeting. The Mayor stated that subject to the Board agreeing to establish a Commission the recruitment of members would begin.

Councillor Dupré asked whether the Combined Authority would appoint a lead officer for climate change. The Mayor stated that climate change was a cross-cutting issue and the management team owned responsibility for acting collectively to ensure that it was reflected in every Combined Authority policy.

The Director of Delivery and Strategy stated that the Combined Authority had a key role to play in relation to climate change. Two fifths of carbon emissions in Cambridgeshire were transport related and as the Transport Authority the Combined Authority had a major role to play on this. A further one fifth related to business emissions. In addition, the Mayor had a convening and advocacy role for the county as a whole. Central Government policies tended to follow a one size fits all approach and it was for the Combined Authority to create an authoritative evidence base to inform its response and demonstrate the particular challenges and opportunities which existed in Cambridgeshire and Peterborough. The area had an abundance of world class academics and entrepreneurs which meant it was exceptionally well placed to respond to the demands of tackling climate change. Following the success of the Cambridgeshire and Peterborough Independent Economic Review (CPIER) model Professor Leslie had approached the Combined Authority with a proposal for a Climate Change Commission. Subject to the Board's approval the Mayor would write to a potential chair to enable work to start as quickly as possible. The Commission would initially be established for a year with an interim report delivered during spring 2020.

Councillor Herbert commented that Cambridge City Council welcomed the initiative. He accepted the recommendation not to have political representatives sitting on the Commission, but expressed the hope that the Commission would be open to listening to the views of all groups and organisations who could reflect the experience in different parts of the county. He further asked about the proposed budget of £125k and expressed the hope of broadening representation if these costs should rise. The Mayor acknowledged these points, noting that the members of the CPIER had represented a broad spectrum of opinion. The budget could be reviewed in the spring if this was considered appropriate when the interim report was received.

Ms Bawden expressed the hope that the Commission's work would take into account work which had already begun in relation to issues such as air pollution to avoid duplication. She noted that the terms of reference contained no reference to the impact on health and asked whether this important aspect would be addressed in the Commission's work. The Director of Delivery and Strategy stated that there was an expectation that the Commission would draw on the existing evidence base to inform

its work and undertook to ensure that the Chair of the Commission was seized of the importance to the Board of the health dimension to climate change.

Councillor Smith suggested a number of individuals and organisations which she felt might usefully contribute to the Commission and its work and expressed the hope that the Commission would tap into the valuable resource offered by those already actively engaged in this area.

Councillor Boden endorsed Councillor Herbert's comments regarding the benefit of obtaining perspectives from across the Combined Authority area and emphasised the value of the Commission engaging in challenging thinking. In his judgement there was a need avoid short-term solutions and to focus on removing fossil fuel dependency from the road transport system. To this end he welcomed the work on hydrogen power options which was suggested in the draft terms of reference. Fenland District Council would welcome the opportunity to input into this work, especially in relation to buses and heavy goods vehicles.

Councillor Count welcomed the proposals. Cambridgeshire County Council had already taken steps to address not only carbon reduction, but also plastic waste and biodiversity. The positive impact on health of reducing vehicle use was a key motivator. He emphasised the need to avoid duplicating existing work and stated that county council officers would engage fully with the Commission's work. Councillor Count acknowledged the comments in relation to hydrogen power options, but commented that positive changes which could be made quickly would have a bigger impact. The electrification of vehicles was at a more advanced stage now than hydrogen technology and he would not want to delay one to wait for the other. It did seem that potentially hydrogen power might be better for heavier vehicles, but the Commission would look at the evidence on this.

On being proposed by the Mayor seconded by Councillor Herbert, it was resolved unanimously to:

- a) Approve the establishment of an Independent Commission on Climate Change with a mandate to report within the next 12 months;
- b) Agree the proposed terms of reference of the Commission set out in the Annex to this paper;
- c) Authorise the chief executive, in consultation with the Mayor, to appoint a chairman and members of the Commission; and
- d) Approve a revenue budget of £125,000 to support the commission's work

456. CHANGE TO THE PUBLISHED AGENDA

The Interim Chair of the Business Board asked to take Item 4.3: Local Industrial Strategy Delivery Plan – Business Growth Service Outline Business Case as the next item of business as it formed the central pillar of the Business Board strategy. There were no objections.

457. LOCAL INDUSTRIAL STRATEGY DELIVERY PLAN – BUSINESS GROWTH SERVICE OUTLINE BUSINESS CASE

The Business Board's delivery plan for the Local Industrial Strategy comprised five elements:

- i. a growth coaching service;
- ii. an inward investment service;
- iii. a skills brokerage service;
- iv. a small business capital growth investment fund;
- v. an innovation and re-location grant.

The Business Board had developed a strategy to build a Growth Service Delivery Fund of £19.5m to deliver the Business Growth Service. Market Engagement meetings had been held with 30 supplier representatives as part of the early stages of procurement for these services, and it was agreed that a consortium approach to delivery of the five service-lines across the three sub-economies would be most effective. Governance would be addressed through the establishment of a Project Management Board to meet monthly with service providers. Directors of the Growth Service Management Company would be appointed by the Mayor and the chair would be accountable to the Skills Committee for the Skills Brokerage aspects of the service and the Business Board for the other four service-lines. After three years the Business Board would set up an independent review of the performance and impacts of the Growth service, and, subject to the outcome of that review, would consider rolling the programme forward with fresh funding from the planned Shared Prosperity Fund.

Councillor Herbert commented that he saw major virtue in the different work programmes and was impressed. There was a lot of information in the outline business case contained in the exempt appendix to the report which would benefit from wider input and he saw considerable benefit in this information being made public, excluding the financial information. He noted that there would be different priorities in different geographical areas and was keen to engage with and obtain input from businesses of all sizes beyond the Business Board. The Interim Chair of the Business Board stated that the intention was to place the Business Growth Service on a truly commercial footing and to form a contract with the procured service providers based on payment by results.

Councillor Bailey commented that she was supportive of the proposals which she judged to be to be both creative and to provide a great offer.

Councillor Count commented that he too was supportive of the proposals. He congratulated the Business Board on the innovative thinking which had generated the £19M of funding required, the methodology of which had been approved by the Chief Executives and Interim Monitoring Officer.

On being proposed by Mr Adams, seconded by Councillor Bailey, it was resolved to:

- a) Endorse the Outline Business Case and agree to establish a Growth Service Management Company initially to be a wholly owned subsidiary of Angle Holdings Limited as set out in Section 4 below.
- b) Approve the making of a bid for Local Growth Fund monies as set out in paragraph 4.3 below:

- c) Approve the making of a bid for European Regional Development Fund (ERDF) and European Social Fund (ESF) monies as set out in paragraph 4.4 below:
- d) On condition that recommendation (a) above is accepted and the bids referred to at recommendations (b) and (c) above are successful, agree to allocate £2.185m funding from a combination of Enterprise Zone receipts and funding within the Medium Term Financial Plan and from Enterprise Zone receipts, as set out in paragraph 4.5 of the report, to the Growth Service Management Company to part fund the procurement of the Business Growth Service.
- e) Note that the Skills Committee has resolved, subject to all the remaining public funding set out at paragraph 4.5 below being secured, to approve the allocation of £50,000 per annum for three years starting in 2020/21 from the £150,000 per annum Skills Strategy Implementation Budget set out in the Combined Authority's Medium Term Financial Plan, for the part funding of the Skills Brokerage element of the proposed new Business Growth Service
- f) Subject to all the remaining public funding set out at paragraph [4.5] being secured, to delegate to the Director for Business and Skills authority to manage the procurement process, to bring forward a Full Business Case in March 2020 and to contract with the successful bidder(s), subject to confirmation of award of the funding components from the Local Growth Fund, European Regional Development Fund and European Social Fund
- g) Delegate to the Director of Business and Skills authority to task the Business Growth Service with the administration of the Small Business Capital Growth Investment Fund, as set out at paragraph 5.4 below.

458. FOR APPROVAL AS ACCOUNTABLE BODY – LOCAL GROWTH FUND PROJECT PROPOSALS NOVEMBER 2019

The Interim Chair of the Business Board reported that there had been detailed discussion of the proposals at the Business Board meeting on 25 November 2019. Each project was scored against agreed criteria and scrutinised by a sub-committee of the Business Board at a 'Dragon's Den' style session. This had the benefit of identifying some good projects which had not been evident at the initial application stage. Conversely, some proposals which looked promising on paper were found to be lacking in substance or requiring more work when tested in this way. Following this rigorous examination the Business Board was recommending eight project proposals to the Combined Authority Board for approval in its role as Accountable Body. A further two proposals had been deferred in case proposals still in the pipeline for consideration should be scored more highly.

Councillor Smith commented that in her experience it was unusual for projects to be deferred in this way and asked about the reasoning behind this. The Interim Chair of the Business Board stated that the Board was reluctant to allow applicants the opportunity to adjust their pitch if initially unsuccessful. They would though be placed on a ranked list of applications and any funds remaining at the end of the current round would be allocated according to this. The Director of Business and Skills stated that this ranking system was based on the practice of the European Commission. It had been adapted so that projects scoring above an agreed threshold would be funded immediately whilst those scored in the range below would be parked whilst

other projects in the pipeline continued to be assessed. This ensured that top quality projects had the best opportunity to receive funding whilst ensuring that all of the available funding would be utilised.

Councillor Herbert commented that he had difficulty with a procedural aspect of the process whereby the Combined Authority Board was asked to approve decisions involving significant sums of money without seeing the detail of the proposals which lay behind them. Without wishing to detract from the work of the Business Board he could not for this reason support the proposals. The Director of Business and Skills stated that the guidance from the Department for Business, Energy and Industrial Strategy was clear that it was for the Business Board to make decisions about the merit of the project proposals and the Combined Authority Board's role to ensure due diligence around the process. Ms Sawyer, Chief Executive, stated that a review of Business Board governance was about to begin and that the way in which the Combined Authority Board discharged its Accountable Body role in relation to the Business Board would be considered as part of this review. Councillor Count commented that an Accountable Body had a specific role and it would be helpful if this was made clear. He asked that the Chief Finance Officer and the finance team should be involved in the review to look at how this might best be achieved. The Mayor stated that, as a non-voting member of the Business Board, he knew the detail in which each proposal was examined. The Interim Chair of the Business Board acknowledged Councillor Herbert's concerns and endorsed the suggestion that this should be explored as part of the Business Board governance review. In the meantime, he suggested developing a one page template to summarise the detailed project information available to provide additional assurance to the Combined Authority Board.

The Director of Business and Skills stated that the Business Board had resolved at its meeting on 25 November 2019 that approval of Project 1 should be subject to legal advice being taken to confirm that approval would be lawful in the context of the Bus Review. The project proposed a joint venture vehicle to invest in a transport technology accelerator. To reflect this decision the Mayor, seconded by Councillor Count, proposed the following amendments to the published recommendations:

- a) Approve projects number 4, 3 and 6 in the table at paragraph 2.8;
- b) Approve funding for the projects numbered 5, 7 and 8 in the table at paragraph 2.8;
- c) *Agree that the Director of Business and Skills be granted delegation to approve the application numbered 1 in the table at paragraph 2.8 in the report subject to legal advice to confirm that approval would be lawful in the context of the Bus Review.*

(Additions shown in *italics*. Deletions ~~struck through~~)

On being put to the vote, the amendments were passed by a majority.

On the substantive motion being proposed by Austin Adams, seconded by Councillor Count, it was resolved by a majority to:

- d) Approve projects number 3 and 6 in the table at paragraph 2.8;

- e) Approve funding for the projects numbered 5, 7 and 8 in the table at paragraph 2.8;
- f) Agree that the Director of Business and Skills be granted delegation to approve the application numbered 1 in the table at paragraph 2.8 in the report subject to legal advice to confirm that approval would be lawful in the context of the Bus Review.

459. FOR APPROVAL AS ACCOUNTABLE BODY – LOCAL GROWTH FUND UPDATE

The Interim Monitoring Officer stated that recommendations (e) and (f) had been endorsed by the Business Board on 25 November 2019, but as key decisions they needed to be included on the Forward Plan for a minimum of 28 days before they could be ratified by the Combined Authority Board in its role as Accountable Body. Both decisions would therefore be deferred to the Board's next meeting in January.

Councillor Smith noted that recommendation (b) related to former employees of Thomas Cook and asked how many people this might involve given her understanding that many had already secured alternative employment. The Mayor stated that it was difficult to give a precise figure. Whilst it was encouraging that many of those affected did already appear to have found alternative employment it was important to provide support to those who had not already done so and who might want to consider starting up a business. Any ring-fenced monies which were not required would be returned to the wider Small Business Capital Growth Grant Programme. Although Thomas Cook was no longer in the news headlines work was actively continuing to support those affected by its collapse.

Councillor Smith asked whether the Board might wish to consider setting up a similar fund now in case of any comparable situations in the future should another major local employer collapse. The Director of Business and Skills stated that one of the Business Board recommendations which had been deferred to January as a key decision related to the allocation of an additional £9m to the Small Business Capital Growth Grant Programme to create a total £12m budget. This would allow sufficient flexibility to respond should a similar event occur in the future.

Councillor Count commented that the Combined Authority Board had approved £16m for the Kings Dyke project in 2018, but that Cambridgeshire County Council was still waiting for the funding agreement to be signed off. He sought a commitment that this situation would be resolved. Councillor Count further commented that County Council and Combined Authority officers had been tasked to agree a way forward in relation to the Wisbech Access Strategy project and a funding package, but that no progress appeared to have been made and that it seemed that the County Council was being singled out for risk. He judged that the project was at risk of further delay if this was not signed off by the Combined Authority and suggested that the Audit and Governance Committee be involved if the matter could not be resolved. The Mayor acknowledged Councillor Count's comments, but stated that he had been advised that the delay was due to County Council officers not having signed off on the funding agreement. His wish remained for Combined Authority and County Council officers to work together to deliver this money and he offered an assurance to Wisbech residents that the funds would not be directed elsewhere. In relation to Kings Dyke he offered a further assurance that the money concerned was not at risk and would be available for the King's Dyke project. The Mayor confirmed that he would be available to meet with Councillor Count and their respective officers to discuss matters further.

On being proposed by Austin Adams seconded by Councillor Bailey, it was resolved unanimously to:

- a) Delegate authority to the Director of Business and Skills, in consultation with the Chair of Business Board, to approve grants to SMEs under the Small Business Capital Grant Programme.
- b) Approve the allocation of £100,000 from the Small Business Capital Growth Grant Programme to a new Entrepreneurs' Accelerator Fund to be ring-fenced for Thomas Cook employees or affected supply chain companies' employees who have been made redundant and are exploring starting up a business.
- c) Approve delegated authority to the Director of Business and Skills, in consultation with the Chair of the Business Board, to adopt appropriate application evaluation criteria and award processes for the Entrepreneurs' Accelerator Fund.

460. ENTERPRISE ZONES

The Board received an overview on progress being made on each of the Enterprise Zone sites and the associated National Non-Domestic Rates income profiles for the Combined Authority.

On being proposed by Austin Adams seconded by Councillor Count, it was resolved unanimously to:

- a) Note the progress being made with delivery on each of the area's Enterprise Zone sites, and the associated Enterprise Zone National Non-Domestic Rates income profile for the Combined Authority as per table 1.
- b) Note the existing financial commitments and allocations from the Combined Authority share of Enterprise Zone National Non Domestic Rates income in supporting core Local Enterprise Partnership services as set out in table 2.

459. A605 ALWALTON TO LYNCHWOOD

The Board considered a request to approve £795k of additional funding required to progress with the construction of the A605 Alwalton to Lynchwood. The proposal was considered by the Transport and Infrastructure Committee on 8 November 2019 where it received unanimous support.

On being proposed by the Mayor, seconded by Councillor Fuller, it was resolved unanimously to:

Approve the additional £795,000 of funding required to progress with construction.

460. 2020/21 DRAFT BUDGET AND MEDIUM TERM FINANCIAL PLAN 2020 TO 2024

Councillor Count stated that the decisions made earlier in the meeting would be reflected in the final budget submitted to the Board in January 2020. It was proposed that the consultation period on the draft budget would open on 28 November 2019 and close on 21 December 2019, meeting the requirements set out in the

Constitution. The draft budget and Medium Term Financial Plan (MTFP) set out the objectives and principles of the Mayor and the Combined Authority. The capital and revenue budgets set out expenditure which was already approved and that which was still to be approved. The overall position indicated a balanced and affordable budget. Details of the Mayor's draft budget were included for completeness, but this would be submitted separately to the Board in January 2020 in accordance with the process for determining the mayoral budget set out in the Combined Authorities (Finance) Order 2017. There was no proposal to precept councils in the 2020/21 financial year.

Councillor Herbert commented that he felt that the report conflated the draft budget with the MTFP and that he did not feel that commitments should be made against future years' budgets. Budget decisions needed to be made annually whereas the MTFP reflected agreed priorities.

On being proposed by Councillor Count, seconded by Councillor Boden it was resolved unanimously to:

- a) Approve the Draft Budget for 2020/21 and the Medium Term Financial Plan 2020/21 to 2023/24 for consultation purposes.
- b) Approve the timetable for consultation and those to be consulted.

461. DATE OF THE NEXT MEETING

The reserve meeting date on 18 December 2019 was not required so the Board would meet next on Wednesday 29 January 2020 in Ely.

(Mayor)