

CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY
BUSINESS BOARD: MINUTES



**CAMBRIDGESHIRE
& PETERBOROUGH**
COMBINED AUTHORITY

Date: Monday, 25th November 2019

Time: 2.30pm – 5.00pm

Location: Alconbury Weald Enterprise Campus, Huntingdon

Present: Austen Adams, Aamir Khalid, Mark Dorsett, James Palmer, Professor Andy Neely, William Haire and Councillor John Holdich

92. APOLOGIES AND DECLARATIONS OF INTERESTS

Apologies were received from Tina Barsby.

Aamir Khalid declared an interest as CEO of TWI in relation to an application for the Local Growth Fund (Minute 97).

Professor Neely declared an interest in both the Growth Service and Cambridge And, in relation to applications for the Local Growth Fund (Minute 97).

Austen Adams declared an interest in the Local Growth Fund but advised that the relevant applications were not being considered until a future meeting.

James Palmer and Councillor John Holdich declared interests in both the Growth Service and University of Peterborough items (Minutes 97/99 and 101 respectively) but reminded Members that they were both non-voting Business Board Members.

93. MINUTES OF THE MEETING HELD ON 23rd SEPTEMBER 2019

The minutes of the Business Board meeting held on 23rd September 2019 were agreed as a correct record and signed by the Chairman.

The following items in the minutes were discussed:

Business Board Constitution – there would be a proposed amendment to the Constitution to increase the number of private sector Business Board members permitted.

Vision for Nature document – this would be circulated to the Business Board. **Action required.**

James Palmer confirmed that as agreed at the September meeting, he had written to the Secretary of State for BEIS and the Secretary of State for Housing, Communities & Local Government, highlighting that the effective 18 month freeze on LEP expenditure had left Cambridgeshire and Peterborough at a disadvantage. Business Board Members debated whether this should be reinforced with a letter from the Chairman of

the Business Board, but concluded that this was not necessary at the moment, especially given the impending General Election. It was noted that it was likely that the Business Board would be in a position at its next meeting to commit all funding.

Regarding a query as to whether the Growth Company would be subject to financial regulations given its significant equity holdings, it was confirmed that legal advice had been sought and circulated to Business Board members, and this advice confirmed that the Growth Service vehicle was both legal and State Aid compliant.

It was agreed that an Action Log would be appended to the minutes in future.

94. COMBINED AUTHORITY UPDATE

The Business Board considered a report on key headlines from the Combined Authority Board meeting held on 30th October 2019. A document was also tabled highlighting key projects.

It was suggested that at future Business Board meetings, guest presentations could be scheduled on key projects. Members' views were sought on which projects should be considered at the January meeting. The Mayor advised that he was able to give an update on any of the key projects listed. At the January meetings of both Combined Authority and the Business Board, reports would be presented on funding for the University of Peterborough.

It was agreed that presentations on the Cam Metro and Market Town Masterplans would be considered at the January Business Board meeting.

It was resolved to:

Note the update.

95. BUSINESS ADVISORY PANEL UPDATE – OCTOBER 2019

The Board considered the minutes of the Business Advisory Panel meeting held on 24th October 2019. Members were reminded that the Business Advisory Panel was formed to provide the Business Board with independent advice from representatives of the business community, representing nearly 9000 businesses since the addition of the CBI.

One of the main issues raised at the Business Advisory Panel was Brexit readiness and retention and recruitment of EU workers. Panel Members had also confirmed that they were totally committed to being a voice for their respective business networks. The introduction of nominated deputies would ensure better attendance at future meetings.

A Member referred to previous discussions about identifying the evidence base for the Business Advisory Panel's recommendations, specifically how input from the business community was gathered, and the level of awareness of the Business Advisory Panel in the business community. Officers agreed that they could challenge the Business

Advisory Panel on how they were collating and capturing their feedback, and how they were disseminating information. **Action required.** It was suggested that the Business Advisory Panel could be used as an active consultation mechanism by the Business Board e.g. awareness of the Local Industrial Strategy.

It was resolved to:

- a) note the minutes of the Business Advisory Panel meeting held on 24th October 2019;
- b) consider the recommendations from the Business Advisory Panel as set out in the minutes.

96. ADVANCED MATERIAL AND MANUFACTURING SECTOR STRATEGY

Members considered a report on the Advanced Material and Manufacturing Sector Strategy. The Business Board was reminded that they had first considered the Strategy at its meeting in July.

A number of Members commented that there was no coherent narrative on how the Strategy fitted together, and it was felt that there more work was required to get this to a stage where it could be rolled out. As sponsors, it was confirmed that there was capacity to develop the document further.

Alice Reeve, General Manager of Hethel Innovation, joined the meeting and gave a presentation on the Strategy. She explained how the Strategy had been developed, using local interviews and questionnaires, and also by looking at the evidence base from other regions to see what worked. Following on from that stage, an Intervention Map had been developed, setting out recommended interventions, how they related to one another, and potential gaps. In response to a question, it was confirmed that this was a generic approach, which may not work for every sector. Members noted the five challenges that the Strategy addressed, and the suggested interventions proposed:

- Enterprise & Growth
- Productivity & Performance
- Innovation and Commercialisation
- Competitiveness and Trade
- Sustainability and Carbon reduction

A Member asked how data had been analysed and interventions selected. It was confirmed that the 26 interventions were developed from the responses that had been fed through in the interviews, which had then been themed. It was confirmed that around 25 individuals had been interviewed.

Officers explained that they had worked with Hethel colleagues and most of the suggested interventions matched either current proposals or initiatives that were coming through from the market reactively e.g. incubators or innovation launch pads. The Board's direction was sought on which interventions should be prioritised e.g. skills brokerage.

Ms Reeve was thanked for her presentation and withdrew from the meeting.

Following the presentation, Business Board Members made a number of observations and expressed a number of concerns. Officers summarised the issues raised and proposed the following steps:

- Officers to review the overlaps with the LIS Delivery Plan and the reactive proposals coming through for Local Growth Fund;
- Once those overlaps had been identified, officers to work with colleagues at Hethel to detail on how this would lead to specific design changes or adaptations to the proposed interventions;
- The potential impact of each intervention identified so that they could be ranked;
- the BAP to be consulted on the revised Strategy, particularly on how interventions could be adapted and changed.

A Member commented that it would be useful to have an understanding of which businesses that had been consulted to date. **Action required.** Concerns were also expressed that the Strategy as presented was based on the views of only 25 individuals, which was not a very large sample size. It was agreed that the final strategy needed to be in a more dynamic form which Business Board members would be happy to deliver, identifying clear interventions that the sector could implement, enabling the Business Board to have a real impact.

It was resolved to:

Defer the adoption of the Advanced Materials and Manufacturing Strategy pending completion of actions set out by the Business Board and consideration by the Business Advisory Panel.

97. LOCAL GROWTH FUND PROJECT PROPOSALS – NOVEMBER 2019

The Business Board considered a report on eight new applications that had been submitted for Growth Fund funds. Members were asked to consider project against the ranking that had been given through the scoring matrix. Projects above £1M had been considered by the Entrepreneurs Assessment Panel.

The Chairman proposed that the first report recommendation be amended to read:

“Recommend to the Combined Authority Board that the Combined Authority Board approve funding for the projects numbered 3 and 6 in the table at paragraph 2.8 of the report.” This amendment was seconded by Mr Haire.

With regard to the interests declared by individual Board Members at the beginning of the meeting, the Chairman indicated that he was happy for those individuals to stay in the meeting for the other applications, as decisions on whether to proceed on individual applications did not impact on other applications.

Presenting Application 1, officers explained that the technology was to trial nine companies' technologies in live settings on buses. By taking a small amount of equity, the envisaged benefit was that some of those companies would hopefully stay in the county. The potential of the project in terms of job creation was noted. In terms of fit with the Transport Strategy, it was assumed that by trialling technologies that were commercially viable this would have a positive effect on the introduction of new technologies in Cambridgeshire and Peterborough.

Whilst supporting the proposal in principle, a Member asked if there was a potential issue in terms of competitive advantage in a limited market. It was pointed out that the LGF was open equally to all organisations, and was assessed in an open and transparent way. In the context of the Bus Review, there was a degree of separation between the commercial activities of bus operators. It was agreed that the application be recommended for funding, pending legal advice, as follows:

Recommend to the Combined Authority Board 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.

The amendment was proposed by Professor Neely and seconded by Mr Khalid, and agreed unanimously.

The second application was for a Healthcare & Life Science Start-up Accelerator Fund and Programme in Cambridge

Professor Neely declared an interest in this application as a shareholder and Board Member of Cambridge Innovation Capital, which was one of the other investors in the applicant. *(Professor Neely withdrew from the meeting).*

The company was seeking a £3M investment. It had scored quite highly on the basis of the Full Application Form but the Entrepreneur Advisory Panel had had concerns. It was noted that deferral was recommended on this application, as whilst it had many merits, a number of individuals would be taking significant management fees. Officers advised that they would provide this feedback to see if the applicants wished to change their request. *Professor Neely rejoined the meeting).*

The third application was for the creation of a new and unique life-science technology and social enterprise park, refurbishing a Listed property south of Cambridge. This application had previously been considered by the Business Board, and Members had expressed concerns on a number of issues. There had subsequently been extensive dialogue with the company Directors, who had advised that they had significant sources of funding from personal and private sources, and that the company had been trading at a loss the past year due to purchase of and investment in the site. The applicants had provided a demand study report along with their vision, and information on employment and other economic benefits.

Application (4) was for investment in a 3D Centre of Excellence Launchpad in Peterborough, for an innovation centre. It was requested that this application be

deferred until the January meeting. Whilst it was seen to be a worthwhile project, it was clear that more consideration needed to be given to issues such as governance.

On a general point, it was suggested that in terms of process, there needed to be more information where there were significant differences between the Full Application Form and the Entrepreneur Advisory Panel. It was noted that the process did not allow for the score to be changed retrospectively, but the ranking given was only an indicative guide, and applicants with a mid range score could be selected.

The fifth project was for an Agri-tech start up incubator/Launchpad. There were fifteen companies rotating through this incubator, with two permanent incubator staff. There was strong backing for this application, which had a well-developed risk matrix. It was noted that if the valuation of the land turned out to be significantly inflated, it was likely that the absolute value of the grant would be reduced, or the applicant would be asked to find match funding or an additional source of funding.

Application (6) was for an Agritech Waste R&D centre extension. This was an established, successful facility which was looking to expand its space and facilities. Between 10 and 15 jobs would be created. However, there were some outstanding questions on the mix of funding, so it was recommended that the scheme be approved, subject to certain conditions being met.

(Mr Khalid withdrew from the meeting)

The seventh application was for an Innovation Eco-system: the applicant would be refitting space at Granta Park to create an incubator space. The £1.23M requested represented half the funding. Four jobs would be created directly and many others were predicted over 5 years. *(Mr Khalid rejoined the meeting)*

Application (8) was for the Growth Service. The Mayor explained that the whole idea of the Growth Fund was to open up opportunities to bring financial growth in to Cambridgeshire and Peterborough. A body separate to the Combined Authority needed to be established in order to facilitate this service to help business grow. It was noted that the Outline Business Case would be presented as part of a later item, it was therefore proposed to defer consideration of this application until after that item.

On a general point, it was noted that quite often Business Board members would be involved directly or indirectly in some proposals. This was not surprising given the background of Board Members, but it was vital that the Combined Authority Board was satisfied that the relevant processes were fully transparent and any conflicts were clearly minuted. The Interim Monitoring Officer advised that amendments to the Constitution would be proposed at the next meeting, which would include some dealing specifically with Conflicts of Interests.

It was resolved to:

1. Recommend to the Combined Authority Board 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;

2. Recommended that the Combined Authority Board approve funding for the projects numbered 3 and 6 in the table at paragraph 2.8 of the report;
3. Recommend that the Combined Authority Board approve funding for the projects numbered [5 and 7] in the table at paragraph 2.8 in the report;
4. Defer consideration of the projects numbered [2 and 4] in the table at paragraph 2.8 in the report until the January meeting of the Business Board.

98. LOCAL GROWTH FUND UPDATE

The Business Board considered a report on the performance of the Growth Deals Programme to deliver new homes, jobs and skills across the LEP area for the period ending 31st October 2019, and the current in-year position for both the Growth Deal and Growing Places Funds combined. The report set out an assessment of the pipeline of both current and expected projects.

At the end of October, the Local Growth Fund had nine projects in delivery with a contracted forecast spend total of £99.9M. The Kings Dyke crossing scheme was still red-flagged because the project lead had confirmed both an overspend and time overrun. The Wisbech Access Strategy remained at amber flag due to concerns that some elements of the project may overrun the 31 March 2021 deadline. The remaining funding to be allocated to new proposals and SME capital grant scheme comprised of £45.1M of Local Growth Funds, plus £8.8M of recycled Growth Funding. It was noted that because the £8.8M was recycled, it could be used at any time i.e. the March 2021 deadline did not apply. The financial implications, specifically the mechanisms and processing being used for recycled capital growth funds, were detailed.

Business Board Members welcomed the proposal for £100,000 to be allocated to a new Entrepreneurs' Accelerator Fund, ring-fenced to Thomas Cook employees, or affected supply chain companies' employees who have been redundant and were exploring the option of starting up a business.

It was also recommended that the Business Board reallocated the £3.5M reduction in the Eastern Agri-Tech Growth Initiative to increase the funding available to support the Growth projects application pipeline. It was also proposed that the additional £12M of funding previously proposed for the Small Business Capital Growth Grant Programme to £9M, and approve the allocation of £9M from the remaining £53.9M to the Small Business Capital Growth Grant Programme. Authority was only sought for officers to sign off grant funding awards of up to £150,000.

It was resolved unanimously to:

1. Recommended all the programme updates outlined in the report to the Combined Authority Board;
2. Recommended to Combined Authority Board the delegation of 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;

3. Recommended to Combined Authority Board approval of 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;
4. Recommended to Combined Authority Board approval of 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;
5. Approved a reduction in the Local Growth Fund allocated to the Eastern Agri-Tech Growth Initiative scheme of £3.5m;
6. Approved the allocation of an additional £9m to the Small Business Capital Growth Grant Programme from Local Growth Fund and recycled Growth Fund to create a total £12m budget for the Small Business Capital Growth Grant programme;
7. Noted that in the event recommendations (e) and (f) are approved, the revised total budget available to fund the £63.4million of applications in the Local Growth Fund pipeline would become £48.4million, allowing approximately 75% of the 22 proposals to be funded, rather than 65%.

99. LOCAL INDUSTRIAL STRATEGY DELIVERY PLAN – THE BUSINESS GROWTH SERVICE

The Business Board considered the Outline Business Case (OBC) for the Business Growth Service, a package of key interventions identified in the Local Industrial Strategy for development and delivery by the Business Board. The interventions within the Business Growth Service would be a Growth Coaching Service, an Inward Investment Service, a Skills Brokerage, a Small Business Capital Growth Investment Fund and an Innovation and Relocation grant.

A strategy had been devised to build a Growth Service Delivery Fund of £19.5M. to deliver the Business Growth Service. This comprised:

- (i) the establishment of a growth Service Management Company
- (ii) a capital equity investment of £5.4M from the Local Growth Fund
- (iii) application by CPCA for European Regional Development Funding (ERDF) for the remaining financial allocation, which would be allocated through the 2020-21-2022/23 MTFP
- (iv) to recommend to the Combined Authority Board and Skills Committee funding of £2.335M be allocation from a combination of Enterprise Zone receipts and the Business & Skills Directorate's 2020/21-2022/23 MTFP.

The procurement was being launched in December, and once completed, a full Business Case would be presented to the March 2020 Business Board meeting. Market engagement with 50 representatives from over 30 potential suppliers had indicated that a consortium approach would be required to deliver the full range of technical and market experience required.

It was noted that recommendations (c) and (d) linked to application (8) in the Local Growth Funding Item (Minute 97). Mr Khalid proposed:

That it be recommended that the Combined Authority Board approve funding for project 8 (the Business Growth Service).

This proposal was seconded by Mr Dorsett and carried unanimously.

It was confirmed that the European Social Fund and ERDF were paid in advance, and that in 2018 HM Treasury had issued a guarantee that applicants could continue to put those applications forward.

It was resolved unanimously to:

- a. Note the Outline Business Case and recommend to the Combined Authority Board the establishment of a Growth Service Management Company to initially be a wholly owned subsidiary of Angle Holdings Limited as set out in Section 4 of the report;
- b. Note the proposal for the Combined Authority to bid for Local Growth Fund monies as set out in paragraph 4.4 of the report;
- c. Support the proposal for the Combined Authority to bid for European Regional Development Fund (ERDF) and European Social Fund (ESF) monies as set out in paragraph 4.5 of the report;
- d. Recommended that the Combined Authority Board agree, subject to the proposed bids in (b) and (c) above being successful, to allocate £2.335m funding from a combination of Enterprise Zone receipts and funding within the Medium Term Financial Plan, as set out in paragraph [4.6] of the report, to the Growth Service Management Company to part fund the procurement of the Business Growth Service;
- e. recommended that the Combined Authority Board approve funding for project 8 (the Business Growth Service)* ***(recommendation carried forward from the Local Growth Fund Project Proposal item).***

100. ENTERPRISE ZONES UPDATE

A report was presented on progress being made on each of the Enterprise Zone sites. The report also set out the associated National Non-Domestic Rates income profiles for the Combined Authority.

In discussion, it was confirmed that politically, there was agreement between the County Council, District Council and Combined Authority on the Alconbury Weald EZ and this would be backdated. It was also confirmed that the column headers for Table 2 were the same financial years as set out in Table 1.

It was resolved unanimously to:

1. 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 of the report;
2. 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 of the report.

101. UNIVERSITY OF PETERBOROUGH – PROGRESS UPDATE

The Business Board considered an update on progress with the delivery of the University of Peterborough.

The Skills Committee had released £364,854.85 to mobilise a number of activities and services in relation to the delivery of the University of Peterborough. Mace, the Project Management consultants, had been appointed in the Summer, and the Mace team comprised a strong group of 18 expert consultants from varying professions, the majority of whom were based in Peterborough and Cambridgeshire. Work was ongoing with Peterborough City Council regarding the land, and it was anticipated that the planning application would be made in February/March 2020, dependent on consultation events and the outcome of the land use surveys. The public consultation had been deferred until February because of the General Election.

A shadow curriculum had been developed and three faculties were being proposed. The vision was for a very different University, based loosely on the German model of a technical university, with diverse cohorts and based around the needs of local businesses.

Responding to questions on the total budget, it was noted that £20M had been identified for the building, and an additional £5M for either a larger building or equipment. It was anticipated that Higher Education providers would bring equipment, and some providers would be investing up to £3-4M to extend the building.

Noting that there was only a limited amount budgeted to subsidise operating costs, and given the likely number of students and income from tuition fees, a Member queried the financial viability of the project longer term. It was noted that the full Business Case would be presented in March 2020, by which point Higher Education providers would have been contracted.

The Business Board congratulated officers, particularly Kim Cooke and John T Hill on their work to date on this project. Members requested that future reports include a high level risk matrix to help inform the Board going forward. **Action required.**

It was resolved to:

1. Note the progress made to date on the programme of delivery for the New University of Peterborough;
2. Note the decision of Skills Committee to release of £364,854.85 from the 2019/20 budget to mobilise activities and services. The £364,854.85 is made up of £294,110.55 capital and £70,744.30 revenue.

102. ASSURANCE FRAMEWORK

A report was presented on the amended Assurance Framework. At the May meeting, the Business Board had agreed a revised single Assurance Framework for the Combined Authority and the Business Board in order to comply with the National Local Growth Assurance Framework. The Ministry of Housing, Communities and Local Government had subsequently required further amendments, and the final version was submitted for adoption by the Business Board.

The Assurance Framework set out how both the Combined Authority and Business Board would operate in terms of governance and transparent decision making, including standards on Conflicts of Interest, and detailed how projects would be appraised and evaluated. This was not only a useful document for the Business Board, but also for the government and the wider public.

The most significant changes in the report were around transport projects, specifically meeting value for money and best practice criteria for transport projects, and increased flexibility on Benefit Cost Ratios for transport schemes. The latter point would enable transport projects to be progressed which may not have otherwise been viable on the basis of Cost Benefit Analysis.

It was noted that the Assurance Framework would be considered by the Combined Authority Board on 27th November, and once approved, would be available on the CPCA website.

It was resolved unanimously to:

Agree the adoption of the Assurance Framework as amended to meet the requirements of the Ministry of Housing, Communities and Local Government.

103. APPOINTMENT OF NEW MEMBERS TO BUSINESS BOARD

Members were reminded that at their July meeting, a process and timetable had been identified for the recruitment of additional private sector Business Board members.

Following interviews in October, six suitable candidates had been identified. However, the current Business Board Constitution permitted a maximum of ten private sector Members. It was therefore proposed that four were appointed, and two more appointed following the Business Board in January, at which point a report recommending a change to the Constitution could be considered by the Combined Authority Board. An induction training workshop was scheduled for 16-17 January.

Members also noted the breakdown of the shortlisted candidates in terms of gender and ethnicity, in line with the Business Board's commitment to a diverse Business Board, which was also one of the requirements of the LEP Review.

It was agreed that further information on candidates' background and geographical spread would be circulated. **Action required.** It was confirmed that none of the candidates had yet been formally appointed. It was agreed that due to the increase in Business Board size, a more suitable venue for future meetings would be identified.

From a governance perspective, Business Board members suggested that a recommendation be put to the Combined Authority Board to increase the membership of private sector members from ten to twelve as soon as possible, so that all of the shortlisted candidates could be appointed at the same time:

The following recommendation was moved by Professor Neely and seconded by Mr Dorsett:

Recommend to the Combined Authority that the limit on the number of business representatives on the Business Board of 10 set out at paragraph 8.3 of Annex 5 [Business Board] of the Constitution be raised to 12.

It was resolved unanimously to:

1. Note progress made with the recruitment of additional Business Board members;
2. Note the appointment of new private sector Business Board members, subject to due diligence, and the identification of reserve candidates;
3. Note the new Business Board members will be attending the Business Board meeting in January 2020;
4. Recommend to the Combined Authority that the limit on the number of business representatives on the Business Board of 10 set out at paragraph 8.3 of Annex 5 [Business Board] of the Constitution be raised to 12.

104. FORWARD PLAN

A number of additions to the Forward Plan were noted, including:

- SME High Growth Observatory

- Oxcam Update (January meeting)

Officers advised that the Combined Authority's draft budget was being considered at the Combined Authority Board meeting on 27th November: the Business Board would be a consultee in that budget process, as the Growth Deal funding was entirely subject to Business Board recommendations.

It was resolved to note the Forward Plan.

105. BUSINESS BOARD HEADLINES FOR COMBINED AUTHORITY

The Interim Chairman, Austen Adams, advised that he would be attending the Combined Authority Board meeting on 27th November, and would be advising Board Members of a number of key areas covered at the meeting.

Chairman