



Business Board: Minutes

Date: 12th January 2021

Time: 2:30pm – 4:30pm

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

194 Apologies for Absence and Declarations of Interest

There were no apologies for absence.

Andy Neely declared a non-statutory disclosable interest in relation to 'Local Growth Fund Programme Management Review – January 2021' (agenda item 2.3), as a member of the Cambridge University Health Partners Board, and abstained from voting on the recommendations.

Councillor Holdich declared a non-statutory disclosable interest in relation to 'University of Peterborough – Incorporation of PropCo2' (agenda item 2.4) and 'University of Peterborough Manufacturing & Materials Research & Development Centre Project Change Request' (agenda item 2.5), as Peterborough City Council was a partner in the University of Peterborough project.

195 Minutes of the Meeting Held on 10th November 2020

While considering the minutes of the meeting held on 10th November, it was clarified that the Institute for Manufacturing would refine the draft Agri-Tech Strategy that had been previously presented to the Business Board into a more user-friendly document that prioritised key issues, as opposed to developing a redraft of the entire strategy.

The minutes of the meeting held on 10th November 2020 were approved as a correct record.

196 Covid-19 and EU Transition Update

The Growth Hub Manager presented a Covid-19 and EU Transition Update to the Business Board. Noting that the majority of calls and enquiries that had been received by the service were related to impacts of Covid-19 and requests for financial support, he highlighted the detrimental effects that the situation had on mental health and the need to provide business owners with a space to talk and discuss their options. Two business advisors were operating a telephone service, while a further two advisors were responding to enquiries submitted via email which mainly involved signposting. He

informed Members that due to a significant increase in the number of people starting their own businesses and their subsequent interest in the Growth Hub during previous lockdowns, a start-up programme would be launched on 25th January 2021 to provide them with additional support.

A call centre to respond to queries and issues related to the EU transition had been outsourced to the Chamber of Commerce and consisted of advisors receiving calls, as well as proactively making calls to ensure that businesses were receiving the help that they required, with the Department for Business, Energy and Industrial Strategy (BEIS) having set a target to contact 3000 businesses by 31st March 2021. Most enquiries were related to paperwork and uncertainties with the government's website, and funding had been set aside to provide specialist services for enquiries that could not be resolved by the Chamber of Commerce.

While discussing and noting the update, the Business Board:

- Expressed concern that the most common issue raised by businesses was a need for financial support. Advisors were signposting such queries to potential sources of funding, while the Growth Hub was sharing the concerns in weekly reports to BEIS.
- Acknowledged the wide variety of small businesses that were being created across sectors and supported the creation of a generic start-up programme to support them. While it was argued that the long-term strategy of creating high value jobs and growth would benefit more from limited resources being targeted towards larger businesses, members recognised the serious short-term issues faced by many smaller businesses and communities. The Director of Business and Skills highlighted that the programme was a response to the increase in the number of small businesses requiring help and observed that the Business Growth Service would be providing focused support to those businesses with the greatest potential for long-term growth and job creation.
- Paid tribute to the support provided by advisors to the business community.

197 Budget and Performance Report

The Business Board received an update and overview of the revenue funding lines within the Business and Skills directorate, which included figures to 31st October 2020. The Finance Manager noted that the report included additional information that allowed the Board to track levels of incomes that had been forecast and received. Members were also advised that future iterations of the report would be presented differently in order to comply with accessibility regulations.

While discussing the report, the Business Board clarified that the figures in the report did not include income that came from gainshare funding that was already within the Cambridgeshire and Peterborough Combined Authority (CPCA), and requested that future reports include comprehensive income figures that included contributions from the CPCA. **Action required**

It was resolved unanimously to:

198 Local Growth Fund Programme Management Review – January 2021

The Business Board received an update on the Local Growth Fund's (LGF) programme performance to 1st December 2020. Two of the twenty-four LGF projects currently in delivery had submitted formal project change requests, both of which were for an extension to the funding period due to impacts of Covid-19. BEIS had confirmed that the CPCA could use its funding flexibilities to ensure the requested extensions had no impact on the wider LGF programme, if they were recommended by the Business Board and approved by the Combined Authority Board. Members were also informed that of the three contract/funding agreement negotiations being undertaken prior to the commencement of delivery of approved projects, the University of Peterborough project's negotiations had been completed since publication of the report, while the remaining two were expected to be concluded during the financial quarter that would be reported on at the March Business Board meeting.

While discussing the report, the Business Board:

- Suggested that it would be helpful to track the level of financial returns from projects in order to monitor their performance levels, establish whether expectations had been achieved and assess whether suitable outcomes had been proposed in the first place. The LGF Senior Responsible Officer noted that grant funding was distributed without expectations for financial return, in return for alternative outcomes such as jobs, roads and houses, although he acknowledged that some projects did recycle resources. He undertook to consider whether the information could be mapped, although he observed that some of the funding had been granted by the Greater Cambridge Greater Peterborough Local Enterprise Partnership (LEP) before the Business Board had been established and also noted that some issues that had arisen, such as businesses entering administration, were beyond the Business Board's control and could not necessarily be predicted. **Action required**
- Clarified that although 79 companies had completed their projects and claimed the Covid-19 Business Capital Grant that they had been allocated, a further 53 companies continued to claim all of their allocated grant. Members were reassured that all the companies had been reminded of their allocations and the 31st March deadline, although it was noted that there was flexibility to manage the endpoint and still satisfy requirements set by BEIS.
- Observed that although the Business Board had previously benefited from significant levels of funding to allocate, resources would shortly be fully distributed and clarification was therefore sought on potential future levels of funding that would be available. Noting that there would be a report to the March Business Board meeting on future funding, the Director of Business and Skills indicated that it was likely to receive around £5m from the upcoming Shared Prosperity Fund in 2021, while future years would see those funding levels increase closer to £30m. He also noted that the government had announced a £4bn Levelling Up Fund in November 2020, and it was anticipated that an allocation of around £60m could be provided from this fund.

- Paid tribute to the work of the Business and Skills directorate in supporting businesses through a challenging year and noted that its achievements would enhance the prospects of receiving an increased allocation from the Shared Prosperity Fund.
- Suggested that the production of an annual report of the Business Board's investments to provide an overall narrative of its achievements, such as the number of jobs that it had created, as well as indicating its future investment prospectus, would be of benefit when promoting the region across the country and with the government. The Director of Business and Skills noted that the LGF monitoring report already demonstrated the high performance and achievement level, while seven Strategic Outline Business Cases were being developed to present to the government so as to encourage additional funding allocation from the Shared Prosperity Fund. However, he acknowledged the value that could be provided from collating the diverse information into an annual report and undertook to consider the proposal. **Action required**

It was resolved to:

- a) Note the funding position and forecast for Local Growth Fund Programme including the projects completed and in delivery;
- b) Recommend that the Combined Authority Board approve the project change request for Cambridge Medipark Ltd Biomedical Multi-occupancy building project; and
- c) Recommend that the Combined Authority Board note all the programme updates outlined in this paper.

199 University of Peterborough – Incorporation of PropCo2

The Business Board received a report which provided an update on the progress of the University Phase 2 Research & Development project, and which sought the Business Board's recommendation to the Combined Authority Board that delegation be granted to officers to develop the legal documentation for the Peterborough R&D Property Co Limited, that the business plan for the company be approved and that consent be granted for the company to enter into a contract with the commercial operator which was successful in the procurement exercise. The Manufacturing and Materials Research & Development Centre would be a joint venture company owned by CPCA and Photocentric, with equity investment coming from both Photocentric and the Getting Building Fund through a special purpose vehicle company called PropCo2, which was officially incorporated on 18th November 2020.

While discussing the report, the Business Board observed that although owning 18% of the shares in PropCo2, Photocentric would occupy 39% of the building and the Director of Business and Skills confirmed that the remaining 21% of the space occupied by the company would be let on commercial terms.

It was resolved unanimously to:

- a) Recommend the Combined Authority Board delegates authority to the Director of Business and Skills, in consultation with the Lead Member for Economic Growth, the Section 73 Officer and the Monitoring Officer, to develop the necessary legal documentation for the Peterborough R&D Property Company;
- b) Recommend the Combined Authority Board approves the Business Plan for Peterborough R&D Property Company Ltd; and
- c) Recommend the Combined Authority Board consents to Peterborough R&D Property Company Ltd entering into the contract with the commercial operator which is successful in the procurement exercise.

200 University of Peterborough Manufacturing & Materials Research & Development Centre Project Change Request

The Business Board received a report which sought a recommendation for the Combined Authority Board to approve a £1.13m increase in equity investment from Photocentric, the existing project partner, into the Peterborough R&D Property Company Ltd. If approved, the additional investment would increase the overall project budget and allow for a 16% increase to the size of the rentable area in the property. Subject to state aid analysis, Photocentric would be forgoing its rights to dividends or other financial proceeds from renting the building and would instead be granted space in the building at a peppercorn rent equal to the percentage of their shareholding. By increasing their percentage of the shareholding from 12% to 18% through the proposed additional investment, they would therefore benefit from a subsequent increase in the space granted to them. The area that they wished to occupy, however, would continue to exceed this and the remaining required space beyond the peppercorn allocation would be rented at a market rate. Attention was drawn to the table in section 2.10 of the report, which demonstrated that the CPCA would not be disadvantaged through the proposed increase in investment, and given that Photocentric would be forgoing profits from the asset, it would be likely to benefit the CPCA at no extra cost of public funds.

While discussing the project change request, the Business Board:

- Clarified that the peppercorn rate for rent would be charged in perpetuity, due to state aid rules not allowing Photocentric to benefit financially from the income of the remainder of the building.
- Sought clarification on what would happen to the asset in the event of Photocentric finding itself in an unexpected situation, such as moving to a different country. Noting that Photocentric was investing in the property company rather than the building itself, the Director of Business and Skills informed members that potential analysis had been carried out on the scenario of the company failing, as well the opposite potential scenario, whereby the company experienced unprecedented success and offered to buy out the CPCA's stake in the property. It was confirmed that the shares would either be sold on the open market or offered to an alternative partner similarly interested in renting the space, while the shareholder agreement would establish provisions on buying or selling the asset in the event of it becoming the concern of an administrator.

- Established that the shareholder agreement would also place restrictions on who Photocentric could sell its shares to, if it decided to do so in the future, and it was emphasised that the grant requirements ensured that the whole building could only be used for research, development, incubation and education purposes.
- Confirmed that the long-term objective was for the CPCA to sell its portion of shares once the building became entirely self-sustaining, in order to recycle the funding in further projects.
- Requested information on the existence of any mutual rights or non-competitive clauses in the shareholder agreement that might prevent other potentially interested companies from acquiring shares in PropCo2. **Action required**

It was resolved unanimously to:

- a) Recommend the Combined Authority Board agree to the £1.13m increase in equity investment from the existing project partner into the Peterborough R&D Property Company Ltd; and
- b) Subject to the approval of recommendation (a), recommend the Combined Authority Board note the new revised total project budget of £19.5 million and the revised shareholding split in Peterborough R&D Property Company Ltd, the Joint Venture Company delivering the project.

201 Local Growth Fund Project Change Request for March Adult Education Centre

The Chairman informed the Business Board that he had consented to the inclusion of a late report, which had been published on 8th January 2021, to accommodate an LGF Project Change Request from Cambridgeshire Skills in regard to the Adult Education Centre Project in March, Fenland, which was not part of the Grant Funding Agreement. The report provided detail on the request for an extension to their funding period from 31st March 2021 to 30th April 2021, due to delays in completing procurement for a contractor to deliver the works, mainly caused by Covid-19 impacts. The LGF Senior Responsible Officer noted that the Cities and Local Growth Unit had confirmed that, as with the previously discussed project change request, the CPCA could use its funding flexibilities to ensure the extension had no impact on the wider LGF programme. The alternative option would be to defund the project but he observed that it would be difficult to find a different way to spend the funding before the deadline of 31st March 2021.

It was resolved unanimously to:

Recommend that the Combined Authority Board approve the Project Change Request for the Cambridgeshire Skills March Adult Education Project.

202 LEP Partnering Strategy

The Business Board received a report which provided a summary of ongoing collaboration between the Business Board and strategic partners within the LEP

network, including the LEP network itself. The short-term period of the next three months would see a continuation in sharing best practice between OxCam LEPs on local economic recovery, which would lead into a medium-term strategy over the next year of demonstrating the added value of the OxCam arc to the UK in strengthening the national recovery through the arc's innovation assets. The long-term strategy over the next three years would focus on the implementation and mobilisation of the large-scale programmes across the OxCam Arc, the potential continuation and expansion of the AgriTech Growth Initiative with NALEP, SEMLEP and GLLEP, and an expansion of collaboration across the wider LEP network.

Five main initiatives had been established to network, integrate and enhance innovation assets across the OxCam Arc, including a Life Science Innovation Network, a Sustainable Aviation Network, a UK Space Gateway, a Future Mobility Network and a Zero Carbon Energy Network. Proposals to expand the agritech initiative into a broader rural growth initiative that went beyond technological diversification would be presented to the Business Board later in 2021. It was proposed that the Business Board partner with the West of England LEP and Combined Authority during 2021, as part of the LEP Network Peer-to-Peer Review, to learn from shared mistakes and opportunities.

While discussing the report, the Business Board:

- Welcomed the increased collaboration between LEPs but cautioned that the benefits of such collaboration needed to be considered alongside the benefits of competition, particularly in terms of where people and businesses chose to locate themselves. It was argued that the LEPs were collaborating and competing at the same time and that it was therefore important for the Business Board to ensure that Cambridgeshire and Peterborough was represented strongly.
- Considered whether greater focus should be given to agritech in the OxCam arc, given that it was a strength that could be taken advantage of when promoting the region and seeking additional resources. It was argued, however, that agritech was a strength particular to the Cambridgeshire and Peterborough region that was not shared across the arc, unlike other sectors such as life science, which featured heavily across the different regions and would therefore benefit from a joined up approach.
- Queried whether the collaboration would only consist of joint working between officers or whether members of the Business Board could become involved, with one member proposing member engagement with groups such as LEP Women Leaders. The Director of Business and Skills clarified that members were being asked for their perspective on what form the collaboration should take, although he would welcome further participation by any of the members if they wished. It was agreed to hold a workshop session for members to identify what could be gained from the collaboration and consider how they could contribute. **Action required**
- Acknowledged the value of the OxCam arc's LEP chairs meeting regularly to develop a non-political growth strategy, which was more difficult to achieve in a forum with the multiple local authorities from across the arc, given their diverse views, priorities and needs. These meetings had intensified following a £3.2b bid to the government from West Midlands to support economic recovery, with the intention being to develop an OxCam prospectus of economic development to attract further financial support.

- Noted the collaboration between the different universities across the OxCam arc, as requested by the government. Members were informed that the universities' steering group had recognised the need to support the LEPs.
- Acknowledged the government's support for the OxCam arc and willingness to treat it in a similar way to other regions, such as the Northern Powerhouse, although one member expressed concern about focusing too much attention and resources on the marketing aspect of the collaboration. The Director of Business and Skills emphasised that the development of an OxCam prospectus was a form of promotion and he argued that having caught the attention of the government, it was now important to develop strong business cases for projects in order to attract funding.

It was resolved unanimously to:

- a) Note the current collaboration and best practice sharing between OxCam LEPs on local economic recovery planning; and
- b) Recommend that the Combined Authority Board approve the Partnering Strategies approach between the Business Board and:
 - i) The OxCam LEPs;
 - ii) NALEP, GLLEP & SEMLEP; and
 - iii) The LEP Network.

203 Business and Market Engagement Update

The Business Board received a report which provided an update on business and market engagement activities across the Business and Skills directorate. Drawing attention to a campaign to highlight the impacts of LGF funding across Cambridgeshire and Peterborough, and noting the CPCA's commitment to experiment with innovative ways to showcase activity through digital and print media, the Business and Market Engagement Officer informed members that an interactive map was being developed to indicate where LGF investments had been made, which would also highlight some of the forecasts.

It was noted that following the reintroduction of national restrictions due to Covid-19, work was being undertaken with the Local Resilience Forum's Economic Recovery Sub-Group to signpost businesses and raise awareness of funding opportunities available to them. A joint marketing campaign would also be launched with the Chamber of Commerce to provide businesses with support on the EU transition, with a particular focus on engaging those involved with import and export.

While discussing the report, the Business Board:

- Observed that the news section of the Business Board website had not been updated since March 2020. Noting that this was due to problems with the tagging system, the Business and Market Engagement Officer informed members that a new website would be launched in February 2021, which would resolve the issue. He also confirmed that business-related news items had been published on the CPCA website's main news section.

- Welcomed the digital techniques that were being trialled with the LGF map and established that they would be rolled out on a wider scale across other Business and Skills projects on the new website, once the capability had been developed.
- Requested information on the level of interest shown for the dashboard produced by Metro Dynamics. The Business and Market Engagement Officer informed members that headline figures had been positive, with around 85 signups in the first two weeks. Although dedicated landing pages for the stakeholder version of the website did not include a data capture form, the wider public one did, and he undertook to collate the figures from this and circulate them to the Business Board to provide an understanding of current engagement levels with the dashboard. **Action required**
- Expressed concern that members were not receiving all the press releases and suggested that the process of cascading messages needed to be assessed. It was noted that some Business Board members specialised in marketing and promotion, and that they were willing to participate in the development of a marketing strategy.
- Encouraged wide publicity for the high impact launch programme for the Business Growth Service. Members were informed that discussions had commenced with the contractor and providers, as well as briefing sessions with local authority partners to look at core messages for the service and service lines. It was emphasised that the service was responsible for its own marketing, although the Director of Business and Skills acknowledged that the Business Board could exert influence and had around £60k available to contribute. It was agreed that interested members would be invited to participate in future meetings on marketing with the contractor. **Action required**

It was resolved unanimously to:

- a) Note the update on recent Business and Market Engagement activity; and
- b) Note the future activities to drive increased engagement with target audiences by raising the profile of ongoing and future workstreams within Business and Skills.

204 Business Board Headlines for Combined Authority Board

The Business Board noted the headlines that the Chairman would convey at the Combined Authority Board on 27th January 2021.

Mayor Palmer paid tribute to the work carried out by the Business Board for the CPCA and noted that the Combined Authority Board enjoyed following its progress.

205 Business Board Forward Plan

Confirming that the next meeting would be held on 16th March January 2021, the Business Board noted its Forward Plan.