



## **SKILLS COMMITTEE**

**Date: Monday, 11 January 2021**

**Democratic Services**

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

**10:00 AM**

72 Market Street  
Ely  
Cambridgeshire  
CB7 4LS

**Due to Government guidance on social-distancing and the Covid-19 virus it will not be possible to hold physical meetings of the Combined Authority Board and the Combined Authority's Executive Committees for the time being. The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 allow formal local government meetings to be held on a virtual basis, without elected members being physically present together in the same place. Meetings will therefore be held on a virtual basis and the procedure is set out in the "Procedure for Combined Authority Virtual Decision-Making" which can be viewed at the foot of the meeting page under the "Meeting Documents" heading. That document also contains a link which will allow members of the public and press to attend the virtual meetings  
[Venue Address]**

# AGENDA

Open to Public and Press

## Part 1: Governance Items

- |     |  |         |
|-----|--|---------|
| 1.1 | Apologies for Absence and Declarations of Interest   |         |
| 1.2 | Minutes - 9 November 2020  | 5 - 10  |
| 1.3 | Public Questions   |         |
| 1.4 | Agenda Plan  | 11 - 12 |
| 1.5 | Combined Authority Forward Plan - December 2020<br><a href="#">Combined Authority Forward Plan - December 2020</a> |         |

## Part 2: Delivery

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|-----|---|---------|
| 2.1 | University of Peterborough – Incorporation of Propco2 | 13 - 38 |
| 2.2 | Adult Education Budget Statutory Annual Return        | 39 - 44 |
| 2.3 | Budget & Performance Report                           | 45 - 52 |

## Part 3: Date of Next Meeting

15 March 2021

The Skills Committee comprises the following members:

*For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact*

The Combined Authority is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens.

Councillor John Holdich	
Councillor David Ambrose-Smith	
Councillor Mike Davey	
Councillor Lis Every	
Councillor Jon Neish	
Cllr Chris Seaton	
Councillor Eileen Wilson	
Clerk Name:	Tamar Oviatt-Ham
Clerk Telephone:	01223 715668
Clerk Email:	Tamar.Oviatt-Ham@cambridgeshire.gov.uk





## Skills Committee Minutes

Date: Monday 9 November 2020

Time: 10.00am – 11.36am

Present: Councillors John Holdich (Chairman), David Ambrose-Smith, Lis Every, Jon Neish, Mike Sargeant, Chris Seaton and Eileen Wilson.

Apologies: Councillor Mike Davey (Substituted by Councillor Mike Sargeant)

### Part 1 - Governance Items

#### 102. Announcements, Apologies for Absence and Declarations of Interest

Apologies were received from Councillor Davey substituted by Councillor Sargeant.

Councillor Chris Seaton declared an interest as his wife worked at the College for West Anglia in the Apprenticeships Division.

#### 103. Minutes of the Skills Committee meeting on 14 September 2020

The minutes of the meeting on 14 September 2020 were approved as an accurate record. A copy would be signed by the Chairman when it was practical to do so.

#### 104. Petitions

No petitions were received.

#### 105. Public Questions

No public questions were received. Questions were received from the Overview and Scrutiny Committee.

#### 106. Skills Committee Agenda Plan

It was resolved to note the agenda plan.

#### 107. Combined Authority Forward Plan

It was resolved to note the forward plan

## Part 2 – Reports to Combined Authority Board

### 108. Kickstart Scheme

The Committee received a report that requested approval for the Business Growth Service to act as a Gateway Organisation to administer the Kickstart Scheme for the Cambridgeshire and Peterborough area and act as the primary referral partner for any Kickstart requests via the Combined Authority.

The Committee received a question from the Overview and Scrutiny Committee on this report and the written response was read out and can be found at appendix 1 of the minutes.

Introducing the report officers explained that the scheme was a Department for Work & Pensions (DWP) initiative offering six-month high-quality work placements designed to get long-term unemployed young people, aged 16-24 into employment and gaining valuable work experience with the ambition of ongoing sustainable employment. Officers highlighted that businesses in the area could access resource at little or no cost to themselves which would support their economic recovery whilst offering support to a young person displaced by the pandemic. The scheme was launched in September 2020 and was set to run for 12 months

In discussing the report Members:

- Queried how the scheme would be resourced and recruited to, in order to ensure that employers recruited on a fair basis. The Director of Business and Skills explained that the Growth Service, which would officially start on 20 November, which included skills brokerage, would act as the primary feedback loop servicing companies relatively evenly. Officers highlighted that they were working with the Department for Work and Pensions (DWP) to scope the caseloads of 16-24 year olds and were directing numerous questions from employers through job centre plus. Officers stated that through due diligence they were ensuring that employers were offering out ethical opportunities.
- Questioned who would ensure that the trainees were right for the companies and how the payments would flow. Officers explained that trainees would be matched by a DWP coach. Officers clarified that it was difficult at this stage to have a defined process and that the process would be shared with members once it was established. (Action)
- Raised concern in relation to the numbers with 16,000 applicants and if there was enough resource in the Growth Company to facilitate the scheme. The Director of Business and Skills explained that there was a lot of latent demand already and that contractors were already working on the scheme and that it would be financially supported to scale and paid by volume.

It was resolved unanimously to:

- (a) Approve the Business Growth Service to act as a Gateway Organisation for the Kickstart Scheme in the Cambridgeshire and Peterborough area.
- (b) Approve the Business Growth Service to act as the primary referral partner for any Kickstart requests via the CPCA.

## Part 3 – Delivery

### 109. Local Economic Recovery Strategy Update

The Committee considered a report that updated members on the latest version of the Local Economic Recovery Strategy following further evidence-based insight.

The Committee received a question from the Overview and Scrutiny Committee on this report and the written response was read out and can be found at appendix 1 of the minutes.

Introducing the report the Director of Business and Skills explained that the Economic Recovery Strategy Group (ERSG), which was formed to respond to the Economic and Business impacts of Covid-19, had co-created a joint Local Economic Recovery Strategy (LERS) over the summer of 2020, the first version of which had been presented to the Business Board, Skills Committee and Combined Authority Board in September 2020. He clarified that using the latest Covid-19 Economic Insight Data that has been generated through a parallel project with Metro Dynamics, the first draft of the Local Economic Recovery Strategy (LERS) had now been updated to: (a) reflect the evolving impact of the economic shock and the further national and global restrictions that are being imposed, and to (b) help prioritise the rollout of interventions. He stated that the Strategy would be evolving and updated on a regular basis with the next version being brought to January Committee. Officers from Metro Dynamics gave a brief overview of the updates to the Strategy and explained that it was still unclear what the impact on economic output would be for the third quarter and that it was important to keep this under review. Officers stated that there would be a focus on the longer term goals outlined on page 72 of the report. Officers clarified that the dashboard that accompanied the Strategy would be updated regularly. The Chairman requested that the Committee receive regular updates on the Strategy going forwards. The Director of Business and Skills clarified that he would review and reflect this on the Committee forward plan.

(Action)

In discussing the report Members:

- Queried action 26 on page 55 of the report in relation to the targeting of re-skilling and re-employment, and how this would be taken forward including if there had been any conversations with employers in relation to what their plans were in terms of going back to the office and the impact on the economy and congestion. Officers explained that they currently only had anecdotal feedback on future plans however the arrival of the Growth Service would allow for better engagement with businesses and would gain insights in real time. The Director of Business and Skills explained that the targeting would be focused on those that had been displaced during the pandemic. He stated

that officers had access to the HR1 redundancy data so that they could make estimates of the skills requirements going forwards.

- Question the pillars highlighted on page 63 of the strategy and if there were any timings for delivery identified. The Director of Business and Skills stated that he had already received feedback through the Leaders Strategy Workshop in relation to the missing timescales and that they would be included in the January refresh. A Member highlighted that action A10 in relation to the £125K investment into schools would only be supporting 1,000 young people which he felt was very low. The Director of Business and Skills stated that the investment was for companies to go into schools to give careers and pathways advice. He clarified there would be support for 1700-1800 learners over the course of the programme.
- Sought clarity on the interventions within the strategy for getting people back into city and town centres. The Director of Business and Skills explained that action A17 in relation to the EDRF grant had already been taken up very quickly and that Cambridge City and Peterborough City had been given £1/2 million to attract people back in to the cities. He explained that there was work ongoing to look at replacing the organisation that went insolvent over the summer, and replace it with a County wide organisation between Cambridgeshire and Peterborough. He also stated that South Cambridgeshire and Cambridge City were also looking at putting in place individual organisations. The Chairman stated that these options had been discussed at the Mayors Forum and that the Committee would be kept up to date with plans as they progressed.
- Commented that it would be useful to see more specific sectoral solutions
- Discussed the impacts the pandemic was having on a number of sectors including language schools and travel firms and highlighted concerns regarding research collaborations. The Director of Business and Skills commented that productivity may actually go up due to technological and organisational changes. He explained from the redundancy data received, redundancies were fairly well spread across sectors and there were no big outliers identified at the moment in the area. He stated that officers could not plan ahead in relation to the impact of Brexit until they had further information on the deal. He stated that there was no change to European research frameworks but that we would be participating in a different way, with 50% of funding coming from the UK. Officers stated that the Inward Investment Service would be a proactive function to safeguarding jobs and would work to plug the gaps of any major closures.

It was resolved to:

- (a) Recommend the Combined Authority Board approve the updated version of the Local Economic Recovery Strategy (LERS) for Cambridgeshire & Peterborough. *\* Recommendation to Combined Authority board withdrawn following the meeting by officer's decision and approved by the chair of the Committee.*



## 110. Lifetime Skills Guarantee and Post-16 Education

The Committee considered a report that gave an update and overview on the Government's recent policy announcement of a new Lifetime Skills Guarantee (LSG) and Post-16 Reform updates.

The Committee received a question from the Overview and Scrutiny Committee on this report and the written response was read out and can be found at appendix 1 of the minutes.

Introducing the report officers explained that the Lifetime Skills Guarantee would be the backbone of Covid recovery with the alignment of Further Education and Higher Education, giving individuals the choice on which route they took. Officers stated that there would be a fully funded level 3 qualification available equivalent to an A-level and that a white paper on post 16 education and training was due from government, with the Nine Metro Mayors (M9) lobbying for devolved budgets.

In discussing the report Members:

- Queried if there would be provision for those who had already been in work but had been made redundant in relation to childcare to attend courses and if there was a gap with people wanting to re-skill and being active to continue to retain benefits and not have to actively seek work. Officers explained that childcare payments were supported via the additional learning support fund and officers would bear both of these points in mind with the planning stages, working closely with the Department for Work and Pensions.
- Sought clarity on 2.10 in the report in relation to what was meant by immediate and remedial and whether the money had already been allocated. Officers explained at the local level they did not have the detail to hand. Officers stated that £2 million had already been allocated and that Cambridge Regional College and West Suffolk College had already received money. Officers stated that there was lobbying for further devolution of funding. Officers stated that they would keep the Committee up to date on progress.  
(Action)
- Commented that the reform would give further education a massive uplift and there was a big gap in the need to have a more integrated approach to post 16 education. The Chairman commented that sixth form provision was shrinking as there was a shortage of teachers for specialist subjects. Officers explained that they awaited the white paper with interest.

It was resolved to:

Note the updates around the Further Education Reform.

## 111. Employment and Skills Board Update

The Committee received a report that gave an update on the Employment and Skills Board (ESB).

It was resolved to:

Note the updates around the Employment and Skills Board.

## 112. Budget and Performance Report

The Committee considered a report that gave an update and overview of the revenue and capital funding lines that were within the Business & Skills Directorate for the period up to 30 September 2020.

Introducing the report officers drew Members attention to the exception in relation to underspend on the Health and Social Care Work Academy and stated that this funding was ring-fenced and would be reallocated to the Work Academy for the next financial year and that this had been agreed with the Department for Work and Pensions.

It was resolved to:

(a) Note the September budget and performance monitoring update

## Part 4 – Date of the next meeting

### 113. It was resolved to:

Note the date of the next meeting as Monday 11 January 2021.

<b>SKILLS COMMITTEE AGENDA PLAN</b>	Updated 27 November 2020	 <b>CAMBRIDGESHIRE &amp; PETERBOROUGH</b> COMBINED AUTHORITY <b>JAMES PALMER</b> CAMBRIDGESHIRE & PETERBOROUGH MAYOR
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### Notes

Committee dates shown in bold are confirmed.

Committee dates shown in italics are TBC.

The definition of a key decision is set out in the Combined Authorities Constitution in Chapter 6 – Transparency Rules, Forward Plan and Key Decisions, Point 11 <http://cambridgeshirepeterborough-ca.gov.uk/assets/Uploads/CPCA-Constitution-.pdf>

- \* indicates items expected to be recommended for determination by Combined Authority Board
- + indicates items expected to be confidential, which would exclude the press and public.

Draft reports are due with the Democratic Services Officer by 10.00 a.m. eight clear working days before the meeting.  
The agenda dispatch date is five clear working days before the meeting.

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Agenda Plan
- Budget and Performance Report
- Employment and Skills Board Update

Committee date	Agenda item	Lead officer	Report to CA Board for decision	Reference if key decision	Deadline for reports	Agenda despatch date
<b>11/01/21</b>	Adult Education Budget 2019-20 Statutory Annual Return	Parminder Singh Garcha	No		<b>14/12/20</b>	<b>22/12/20</b>
	University of Peterborough Phase 2: Incorporation of Propco2	Alan Downton	No			

<b>Committee date</b>	<b>Agenda item</b>	<b>Lead officer</b>	<b>Report to CA Board for decision</b>	<b>Reference if key decision</b>	<b>Deadline for reports</b>	<b>Agenda despatch date</b>
<b>15/03/21</b>	Sector-Based Work Academies and High Value Courses Update	Fliss Miller	Yes		<b>25/02/21</b>	<b>05/03/21</b>
	National Retraining Scheme Pilot	Fliss Miller	Yes			
	University of Peterborough: Phase 2	Mahmood Foroughi	Yes			
	Business Growth Service – Skills Brokerage Mobilisation Update	Fliss Miller	No			
	SAP – Local Skills Report	Fliss Miller	No			
	Adult Education Budget Annual Review 2019-20	Parminder Singh Garcha	No			
	Local Economic Recovery Strategy: Updated refresh	Brian Hyland	No			
<b>28/04/21</b>					<b>11/04/21</b>	<b>20/04/21</b>

To be programmed:



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

**JAMES PALMER**  
CAMBRIDGESHIRE &  
PETERBOROUGH MAYOR

Agenda Item No: 2.1

## University of Peterborough – Incorporation of Propco2

To:	Skills Committee
Meeting Date:	11 January 2021
Public report:	Yes
Lead Member:	Councillor John Holdich Lead Member for Skills and Chair of the Skills Committee.
From:	John T Hill – Director of Business and Skills
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	The Skills Committee is recommended:  To note the content of the report
Voting arrangements:	A simple majority of all Members

# 1. Purpose

- 1.1 The purpose of this report is to brief the Skills Committee on the progress of the University Phase 2 Research & Development project with specific reference to the project's legal arrangement, the governance & ownership, the procurement approach to appoint the building contractor, commercial operator and the project management agreement
- 1.2 Appendix 1 has the business plan for PropCo2

The purpose of the Peterborough R&D Property Company (PropCo2) will be to manage the University phase 2 property development, its finances including the delivery Funds and with it, procure the services of a commercial operating company from the private sector.

This business plan is designed to provide an overview and detail of the:

- Objectives
- Deliverability including timescales
- Economic appraisal
- The shareholders
- Governance
- Dependencies and risk
- Financial plan

The drivers for establishing the Peterborough R&D Property Company (PropCo2) are:

- To assist with delivering current and future objectives of the CPCA and the other shareholder in the company where those objectives align
- To manage the Getting Building Fund investment awarded by PropCo2
- To procure the commercial operator from the private sector who will then manage and market the phase 2 property.

Benefits of the Peterborough R&D Property Company Ltd (PropCo2) are:

- Creating a Property Co will be a key part of providing a structure that will support and help to achieve the aims of the CPCA. Therefore, provides CPCA with a vehicle to assist the:
  - Development of a Low Carbon Economy and alignment with the Government's Net Zero aspirations.
  - Achievement of significant sector-cluster growth, based on technological innovation that will transform the knowledge intensity of products, services and jobs
  - Establishment of skills and learning in the very heart of the city, providing a platform for a high value manufacturing innovation eco-system with a Technical University at its core.
  - Holding and management of the CPCA's investment
  - Manage the partnerships with the other shareholder and wider stakeholders

- Provide more options for control of ownership and / or sale later

## 2. Background

- 2.1 The phase 2 of the New University of Peterborough (UoP) project is going to be a Research & Development (R&D) Building which will focus of delivering an Advanced Manufacturing Innovation Eco-system for Peterborough and the north of the economy. The R&D building will be a 3,283m<sup>2</sup> build across 3 floors and facilitating a mix of high-quality technical laboratory and office space for incubations and start-ups.
- 2.2 The CPCA element of the budget for the project is made up of £14.6m Getting Building Fund (GBF) from MHCLG. The award of the funding followed a formal joint application process by the CPCA and its partner Photocentric, which was approved by the Business Board and CA Board in November 2020. Of this £14.6m, £827k has been ring-fenced for the associated car park and £300k has been top sliced to cover staff costs as per the BEIS funding agreement, leaving £13.47m for the build itself.
- 2.3 In addition to the GBF funding, Photocentric have committed to invest its own finance, which is just over £3m into the project providing a total build cost of £16.47m
- 2.4 The land for the development of the R&D building will be purchased from the UoP Phase 1 company (Peterborough HE Property Ltd) by the new special purpose vehicle company (SPV, Peterborough R&D Property Company Ltd). This transfer will include obligations around the use of the building. These obligations have been implemented to provide confidence to the shareholders of the Phase 1 building, that the land will be used to support the overarching site aims. Specifically, the land (and any building upon it) may only be used for the purposes of operating a research and development and innovation centre that facilitates the commercialisation of research and the growth of knowledge intensive start-up businesses, with ancillary use for proof of concept and small-scale manufacturing of individual products and connected administrative purposes, or as an educational facility. The conditions on use will be specified in the land transfer agreement between PropCo1 and PropCo2.
- 2.5 Photocentric will be the anchor tenant to the project, owning 18% of the shares in PropCo 2 and occupying 39% of the building.

2.6

Subscriber	Number of New Shares (proportionate to value subscribed)	Total subscription monies (’000)
CPCA through the GBF	82% of Shares	£13,469
Photocentric	18% Shares	£3,000

The mechanism by which the project will be delivered is through the creation of a new SPV

which has been incorporated as a company limited by shares on 18<sup>th</sup> November 2020, by officer decision under ODN 222 – 2020, as Peterborough R&D Property Company Limited.

- 2.7 As part of developing the legal structure and the working arrangement both within the SPV (Peterborough R&D Property Company Ltd) and also with the Phase 1 company (Peterborough HE Property Ltd), the CPCA is working with all relevant parties to develop a set of Key Terms which will provide the foundation for the drafting of the legal, company and procurement documents.
- 2.8 The CPCA has commissioned Pinsent Mason LLP (through officer decision notice) to draft the Articles of Association and the Shareholder Agreement that will apply to the functioning of the SPV. The allocation of shares in the company will be proportional to the financial investment made by each shareholder
- 2.9 In order that the project can be delivered in a timely manner, the CPCA, on behalf of the SPV, and following advice from Pinsent Mason, issued a Voluntary Ex-Anti notice to publicise the intention to direct the construction works to the same contractor as is delivering the Phase 1 build. This approach and the issue of a notice was approved under an officer decision. There has been no challenge to this approach and so the contract can be concluded subject to Board Approval.
- 2.10 The proposed Construction approach is to let a service contract for the design and then incorporate this into a works contract for the build. Both documents, and associated warranties, will be drafted by Pinsent Mason and will be executed between the SPV and the contractor.
- 2.11 The CPCA will, on behalf of the SPV, procure a Commercial Operator to be responsible for the marketing and securing the tenants/ letting of the building and the day-to-day management of the facility. This will be procured through a Competitive Procedure with Negotiation (accelerated through the publication of a prior information notice) and awarded under a Concession Contract such that the operating risk for the building will be transferred to the successful company. This Contract will be for an initial five-year period with an option to extend for a further five years, at the discretion of the SPV shareholders. As part of balancing this risk and ensuring commercial interest, the SPV will agree to offer an initial rent-free period that will be agreed as part of the procurement negotiations and in accordance with State Aid Rules. In addition, to aid the Commercial Operator in securing suitable tenants, the tenants may be given reduction/ support with regards to their rent, in accordance with State Aid rules. This is detailed further in section 8 of the business plan in appendix 1.
- 2.12 As part of the suite of procurement documents, Pinsent Masons will draft a Concession Agreement for lease and a lease that will be entered into by the SPV and the successful Commercial Operator; this will address the required building management standards, services (such as soft FM/ICT services to include cleaning, security, catering and reception services, network connectivity and infrastructure), and letting obligations. It is anticipated that the building and land maintenance will be provided by the SPV. In addition, Pinsent Mason will provide a sublease that can be used/ tailored for use both between the Commercial Operator and Photocentric and with other identified tenants.

## **Concerning the use of the Business Board's investment in the building**



- 2.13 To enable the potential future expansion of the Campus, PCC have, through negotiation of the Key Terms, specifically requested that the CPCA as the original applicant for the GBF investment in the Research building, applies reasonable endeavours to make a case to the Business Board, for use of any recycled funding out of its investment in the building, for further expansion of the University & Research Campus, subject to compliance with CPCA's Assurance Framework and rules for the administration of the business board funding at that time.
- 2.14 It is important that the agreement provides for the option that the current investor Photocentric, or a third party, to invest further, which would allow the CPCA to sell some of its shareholding and recycle some or all of the GBF invested in the building for new projects.
- 2.15 Conditions Precedent - Completion of the overall Project and procurement of the Commercial Operator is conditional on:
1. The transfer of the land,
  2. The confirmation of the GBF and Private investment funding and the Shareholder Agreement being signed Planning Permission being obtained
  3. The Construction Contract being agreed and signed by the SPV
- 2.16 Photocentric, the co-investor in the new SPV, will also act as the Anchor Tenant, occupying one of the three floors of the building (nominally 39%) under a sub-lease from the Commercial Operator.
- 2.17 The intention is Photocentric will be afforded 18% of the building space at a peppercorn rent, on the basis of their 18% of shares in Propco2, while forgoing any rights to profits from the letting of the remaining space in the building (i.e. the CPCA will be entitled to 100% of the profits in return for its 82% shareholding). The remaining space they intend to occupy, will be charged to them, at the same discounted commercial rate as all other tenants. This approach will be subject to legal review in January once the state aid regime in place after the Brexit transition period ends has become clear.

## Significant Implications

### 3. Financial Implications

- 3.1 The table below sets out the funding streams being put forward by the two investors

<b>Funding</b>	<b>Total investment £'000</b>
<b>CPCA top-slice (GBF)</b>	<b>304</b>
<b>CPCA equity investment (GBF)</b>	<b>13,469</b>
<b>Photocentric equity investment</b>	<b>3,000</b>
<b>Total</b>	<b>16,773</b>

To minimise the risk to the funds, the CPCA will subscribe to the total value of their shares upon the shareholder agreement being signed. Then will pay them up to Peterborough R&D Property Company Ltd (i.e. make the actual cash transfer) as the company requires over the course of delivery to meet the costs of the project.

3.2 The draft table below sets out the expected cashflow for the SPV over the delivery phase of the project

	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>Total</b>
<b>Income</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
GBF Investment drawdown	-2,000	-9,200	-2,573	-	-13,773
Photocentric Investment	-190	-	-2,625	-185	-3,000
<b>Total</b>	<b>-2,190</b>	<b>-9,200</b>	<b>-5,198</b>	<b>-185</b>	<b>-16,773</b>
<b>Expenditure</b>					
Sustainability extras			300		
Land purchase	190				<b>190</b>
Construction Works	92	8,482	4,003	189	<b>12,766</b>
Fees & Surveys	886	714	209	-	<b>1,809</b>
Client Direct Costs	-	-	250	-	<b>250</b>
Contingency	-	911	547	-	<b>1,458</b>
<b>Totals</b>	<b>1,168</b>	<b>10,107</b>	<b>5,309</b>	<b>189</b>	<b>16,773</b>
Opening Balance	-	-1,022	-114	-3	<b>N/A</b>
Total Income	-2,190	-9,200	-5,198	-185	<b>-16,773</b>
Total Expenditure	1,168	10,107	5,309	189	<b>16,773</b>
<b>Closing Balance</b>	<b>-1,022</b>	<b>-115</b>	<b>-3</b>	<b>-</b>	<b>N/A</b>

Further detail is in appendix 1 section 12 of the business plan for The Peterborough R & D Property Company Ltd.

## 4. Legal Implications

4.1 None

## 5. Other Significant Implications

5.1 No other significant implications identified.

## 6. Appendices

6.1 Appendix 1 – Business plan

## 7. Background Papers

7.1 None



# Peterborough R & D Property Company Ltd - PropCo2

## Business Plan

Appendix 1

December 2020

The purpose of the Peterborough R&D Property Company (PropCo2), will be to manage the University phase 2 property development, its finances including the delivery Funds and with it, procure the services of a commercial operating company from the private sector.

This business plan is designed to provide an overview and detail of the:

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- Deliverability including timescales
- Economic appraisal
- The shareholders
- Governance
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Benefits of the Peterborough R&D Property Company Ltd (PropCo2) are:

- Creating a Property Co will be a key part of providing a structure that will support and help to achieve the aims of the CPCA. Therefore, provides CPCA with a vehicle to assist the:
  - ❑ Development of a Low Carbon Economy and align with the Government's Net Zero aspirations.
  - ❑ Achievement of significant sector-cluster growth, based on technological innovation that will transform the knowledge intensity of products, services and jobs
  - ❑ Establishment of skills and learning in the very heart of the city, providing a platform for a high value manufacturing innovation ecosystem with a Technical University at its core.
  - ❑ Holding and management of the CPCA's investment
  - ❑ Manage the partnerships with the other shareholder and wider stakeholders
  - ❑ Provide more options for control of ownership and / or sale later

## 1 - Introduction

The Manufacturing and Materials Research & Development Centre will be a joint venture company owned by CPCA and Photocentric Ltd. The intention is to achieve significant sector-cluster growth, based on technological innovation that will transform the knowledge intensity of products, services and jobs, arresting four decades of decline in prosperity to reset Peterborough's potential rate of recovery.

The building, the second phase of the development of a new University in Peterborough, will link academia and industry to establish skills and learning in the

very heart of the city, providing a platform for a high value manufacturing innovation eco-system with a Technical University at its core.

The Centre will have a focus upon contributing towards the development of a Low Carbon Economy and align with the Government's Net Zero aspirations.

This Business Plan will be developed further by the shareholders of the R&D Centre (Photocentric and the CPCA) and the procured Commercial Operating Company following procurements.

## 2 - Objectives and Deliverability

### 2.1 - The Purpose

The new Centre will transform the local economy which has suffered from extremely low levels of R&D activity and a complete absence of any research and innovation eco-system. This will turn around the current erosion in productivity and high value knowledge industry, and will lead to new aspirations, opportunities, wage growth, increased well-being and beneficial health outcomes.

### 2.2 - Objectives of the Centre

This facility has two significant objectives: to create research which should contribute to technology which will allow for reduced carbon emissions for innovative businesses and to provide the students of the new University with access to tomorrow's manufacturing technologies.

The building will house established and start-up companies developing cutting edge manufacturing technologies linked to advanced manufacturing. This phase of the University will link academia and industry to establish skills and learning in the very heart of Peterborough, providing a platform for a high value manufacturing innovation eco-system with a Technical University at its core.

The partners are committed to establishing a research centre to position Peterborough at the core of a new Net Zero economy. The building will host development work that will create the new manufacturing techniques that will define a low-carbon Industry 4.0 model for tomorrow.

The research performed there will create a wide range of technologies, including new energy storage devices, specifically car batteries, manufacture new products using sustainable plastics and print industrial parts as opposed to moulding them. This will define the next generation of manufacturing methods making plastic, ceramic, metal and composite parts.

As the anchor tenant, Photocentric has had a core belief in innovating since its formation in Peterborough in 2002. Today they employ over 30 scientists working on creating better ways to manufacture products using innovative 3D printing concepts that they have invented. They have a world-class chemistry team that are the leading innovators in visible light photopolymerisation, an engineering team that designs the 3D printers in the sector they invented, technicians, software developers, metallurgists, ceramicists and electro-chemists working on the next generation of printed batteries. In 2020, their unique

patented process using LCD screens was proven, by making millions of items of PPE, and they are now validating this digital manufacturing process in a variety of applications as an alternative to traditional manufacturing techniques. They hold 8 granted patents with 23 pending and have 3 Queen's Awards, two for Innovation.

The hub, with a world-leading research and manufacturing company, at its heart, will encourage other companies to join the hub. It is hoped that the other hub members will locate their associated manufacturing facilities nearby as have Photocentric.

The vision for the innovation centre is to invest in research today to enable manufacture tomorrow. Specifically, this will be a facility enabling efficient low to medium volume of manufactured parts, bridging the gap between the prototype and mass manufacture volumes. This facility will speed up the design and launch of new products and be of strategic value to Peterborough's innovative manufacturing companies.

The vision to work with the University is a central part of the partner's beliefs that *they are stronger when they educate*. Encouraging education is one of the partner's goals and students of all ages will be able to access facilities and labs to learn about the applications for industry-leading technology. It is envisaged that the students who graduate from the University will have the best grounding possible, being inspired with the applications for their education and because they gained experience that was at the cutting edge, becoming highly desirable to employers.

### 3 – Vision

The project will transform the local economy having suffered from extremely low levels of R&D activity and a complete absence of any research and innovation ecosystem. This will turn around the current erosion in productivity and high value knowledge industry, and will lead to new aspirations, opportunities, wage growth, increased well-being and beneficial health outcomes.

### 4 - Economic appraisal

There are broadly two direct quantifiable benefits from the proposed options:

1. Increased employment as a direct result of the creation of the Manufacturing and Materials Research & Development Centre as staff are recruited.
2. Employment created in the wider economy as an indirect result.

Economic appraisals of the Recommended option has been conducted on the following basis:

- a. Direct staff employment assumed from the Net Internal Area floorspace created is 237 jobs (as shown on page (10) of this business plan).
- b. Indirect employment taken from the Full Business Case and anticipated to be ten times that of the direct employment.
- c. Average GVA per employee for direct and indirect jobs created estimated at £42,700.

The key Inputs for each option are summarised in the table below:



Input Costs (Fiscal Costs)	Recommended
Capital Investment	£15,320,000
Revenue Investment	£0
<b>Total Fiscal Costs</b>	<b>£15,320,000</b>

The key output from this appraisal is summarised in the table below:

Appraisal Outputs	Recommended
Total Net Present Benefits	£221,836,749
Total Net Present Costs	£15,092,500
<b>Benefit Cost Ratio</b>	<b>14.7</b>

### Recommended option

This review confirms the recommended option delivers a Benefit Cost Ratio of **14.7** based on current costings and job numbers. This represents an exceptional return according to government guidance and benchmarks which defines the VfM category as:

- Poor VfM if the BCR is less than 1.0;
- Low VfM if the BCR is between 1.0 and 1.5;
- Medium VfM if the BCR is between 1.5 and 2.0;
- High VfM if the BCR is between 2.0 and 4.0; or
- Very high VfM if the BCR is greater than 4.0

However, reducing this project to a simple BCR number belies the fact that the success or failure of this investment in Peterborough, relies on many factors. Simply assuming that such a high BCR value assures its success can lead to a false sense of comfort.

### Sensitivity analysis

In light of the risks outlined above, sensitivity testing has been carried out by adjusting key variables as follows:

- 33% reduction in Net Present Benefits.
- 50% reduction in Net Present Benefits.

The key outputs from these appraisals are summarised in the table below:

Sensitivity Tests	Recommended Baseline	Sensitivity to 33% drop in Net Present Benefits	Sensitivity to 50% drop in Net Present Benefits
Total Net Present Benefits	£221,836,749	£146,412,254	£110,918,374
Total Net Present Costs	£15,092,500	£15,092,500	£15,092,500
<b>Benefit Cost Ratio</b>	<b>14.7</b>	<b>9.7</b>	<b>7.35</b>

Even allowing for these significant risks, a high BCR is sustained. Therefore, there remains a strong economic case for investing in the recommended option to generate direct and indirect benefits for the region.

Further testing has been carried out to determine the impact of a substantial cost over-run on the construction of the Building. The outcomes from this appraisal, which tested a doubling of the construction costs, are set out in the table below:

Sensitivity Tests	Recommended Baseline	Sensitivity to Construction Costs Doubled	Sensitivity to Construction Costs Doubled with 50% drop in Net Present Benefits
Total Net Present Benefits	£221,836,749	£221,836,749	£110,918,374
Total Net Present Costs	£15,092,500	£30,185,000	£30,185,000
<b>Benefit Cost Ratio</b>	<b>14.7</b>	<b>7.35</b>	<b>3.67</b>

The benefits are not particularly sensitive to even very significant rises in the cost (although naturally any cost over-runs will challenge the basic affordability of the scheme).

A critical point to note is that the key benefits stem largely as function of the ambitious indirect job growth projections. Only this factor will generate a significant direct and positive economic impact.

## 5 – Timescales

### 5.1 - Deliverability

The construction of the R&D Centre will be delivered through the following methodology:

- Planning Consent: the site has been selected based on there being an overarching Masterplan for a university and more specifically this particular location, because the requisite surveys and provisions to address the utilities requirements have already been procured and resolved. This approach has been agreed with the Peterborough HE Property Company, (consisting of Anglia Ruskin University (ARU), PCC and CPCA) along with the key terms for the purchase of the site. In addition, we have the commitment of the Leader and CEO at PCC that they will expedite planning along with the provision of a full-time and dedicated PCC Planning project manager. Together, PCC & CPCA have commitment to achieving full planning permission by March 2021- our build commencement target.
- Project Management – the CPCA has, on behalf of the project, appointed MACE through a direct award off a Crown Commercial Framework. MACE

lead a multidisciplinary team which includes project management, programme management, design, and cost management by way of a team of 19 individuals. The decision to make a direct award was based on their winning a competitive process for Phase 1 and their effective, against programme delivery

- Construction: The Peterborough R&D Property Company, with CPCA as the majority shareholder is required to procure the construction works in accordance with the Public Contract Regulations 2015. However, having carried out a site logistics and Health & Safety assessment, along with a programme review with MACE and the Phase 1 contractor, it was determined that the safe delivery of the project required a single contractor delivering both Phases. The CPCA therefore, on behalf of the project published a Voluntary Ex-anti (VEAT) Notification setting out its intention to direct award under Regulation 32 (exclusive rights) Public Contract Regulations 2015. This has enabled early engagement with the contractor and their assurance that the build is achievable by end March 2022.
- Budget: MACE have, based on the specified floor area and the building usage requirements, through applying industry standard estimating practices, confirmed that the secured funding and private investment is sufficient in consideration of the site constraints and infrastructure requirements
- Programme: Following the decision to direct award the construction works to the Phase 1 contractor, MACE has confirmed that the programme timescales are realistic and deliverable.

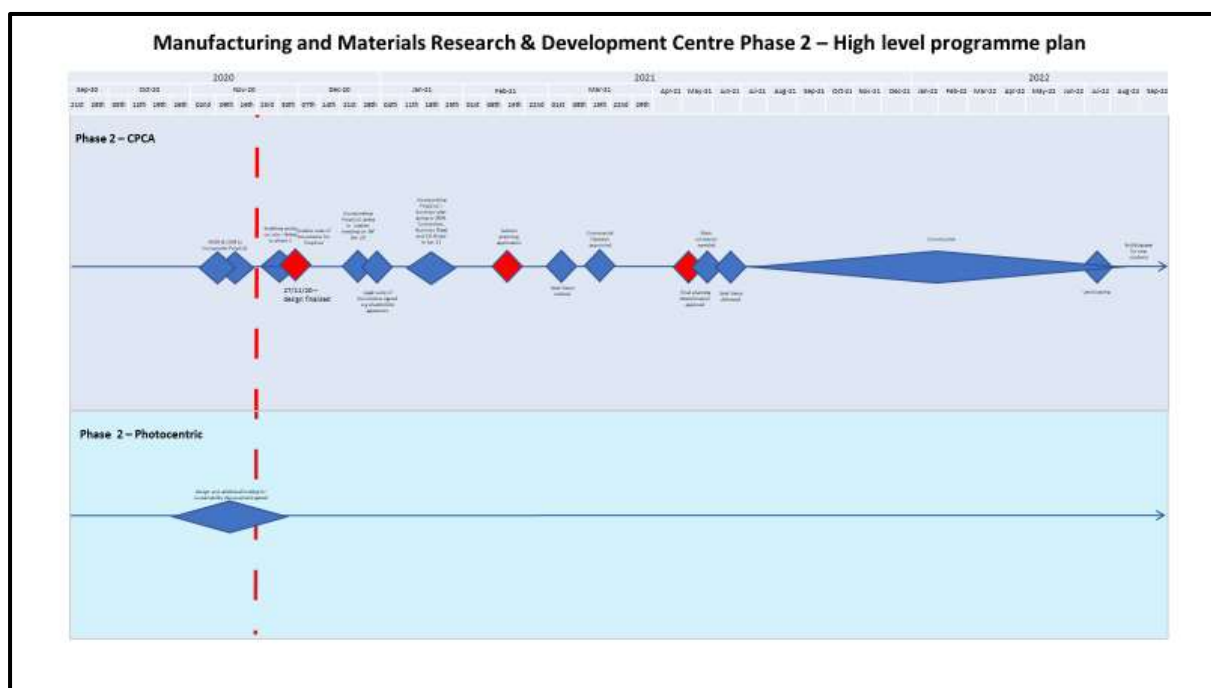
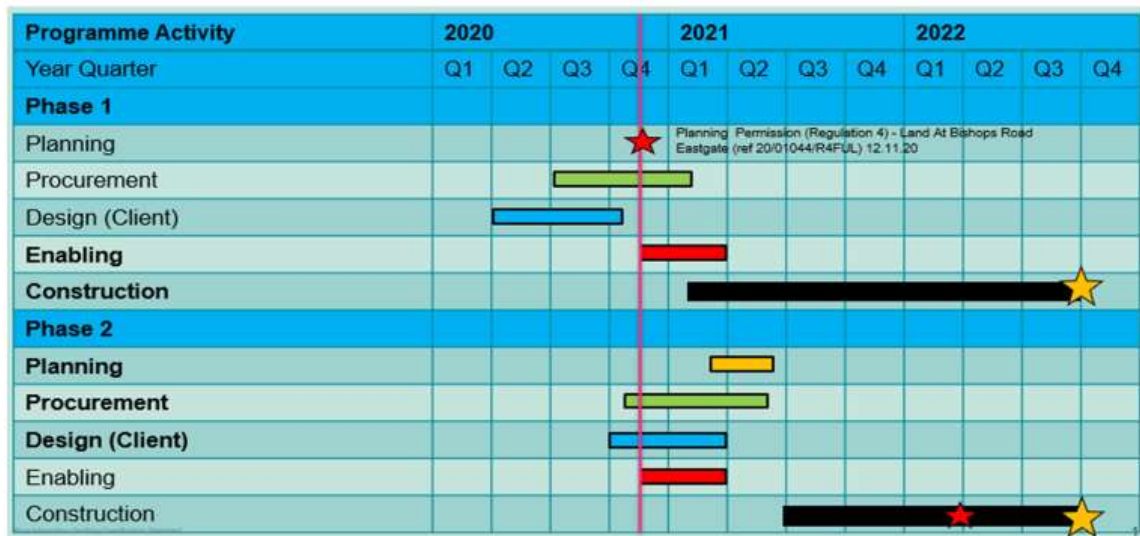
Post completion, in August 2022, the is the responsibility of the Commercial Operator to be taken up over the course of the following three years, which is made financially viable, through the CPCA's equity investment, allowing the operator to take up the lease on the building at zero cost for the first 3 years, rising to commercial rates over 10.

## 5.2 - Programme timeline

Below are the interphases between Phase 1 & 2 and the Phase 2 high level programme plan.

Phase 1 will establish a University Campus in Peterborough, intended for 2,000 students by September 2022, with a curriculum and delivery model that is designed to meet the skills needs that growth in the Greater Peterborough business base will generate. Phase 2 is the development of the Net Zero Manufacturing and Materials Research & Development Centre

## Interfaces phase 1 & 2



## 6 - Legal position

The CPCA has already incorporated PropCo2 on 18<sup>th</sup> November 2020 via an Officer Decision Notice 222 -2020 as the Peterborough R &D Property Company Ltd. The Key Terms of Reference have fundamentally been agreed between the shareholders of Propco 2 and more holistically, between Propco 2 and Propco 1 who own the current university campus site of 5 acres, upon which the Research Building is proposed to be situated.

The shareholders of PropCo 1 will lay down the following conditions upon the operation of the Research Building, to ensure its activities align and add value to the development of a strong and successful University & Research Campus. These are:

### Concerning the use of the building

The land (and any building upon it) may only be used for the purposes of operating a research and development and innovation centre for the purpose of facilitating the commercialisation of research and the growth of knowledge intensive start-up businesses, with ancillary use for proof of concept and small-scale manufacturing of individual products and connected administrative purposes, or as an educational facility. The conditions on use will be specified in the land transfer agreement between PropCo1 and PropCo2.

### Concerning the use of the Business Board's investment in the building

That the CPCA, as the original applicant for the Get Building Fund investment in the Research building, applies reasonable endeavours to make a case to the Business Board, for use of any recycled funding out of its investment in the building, for further expansion of the University & Research Campus.

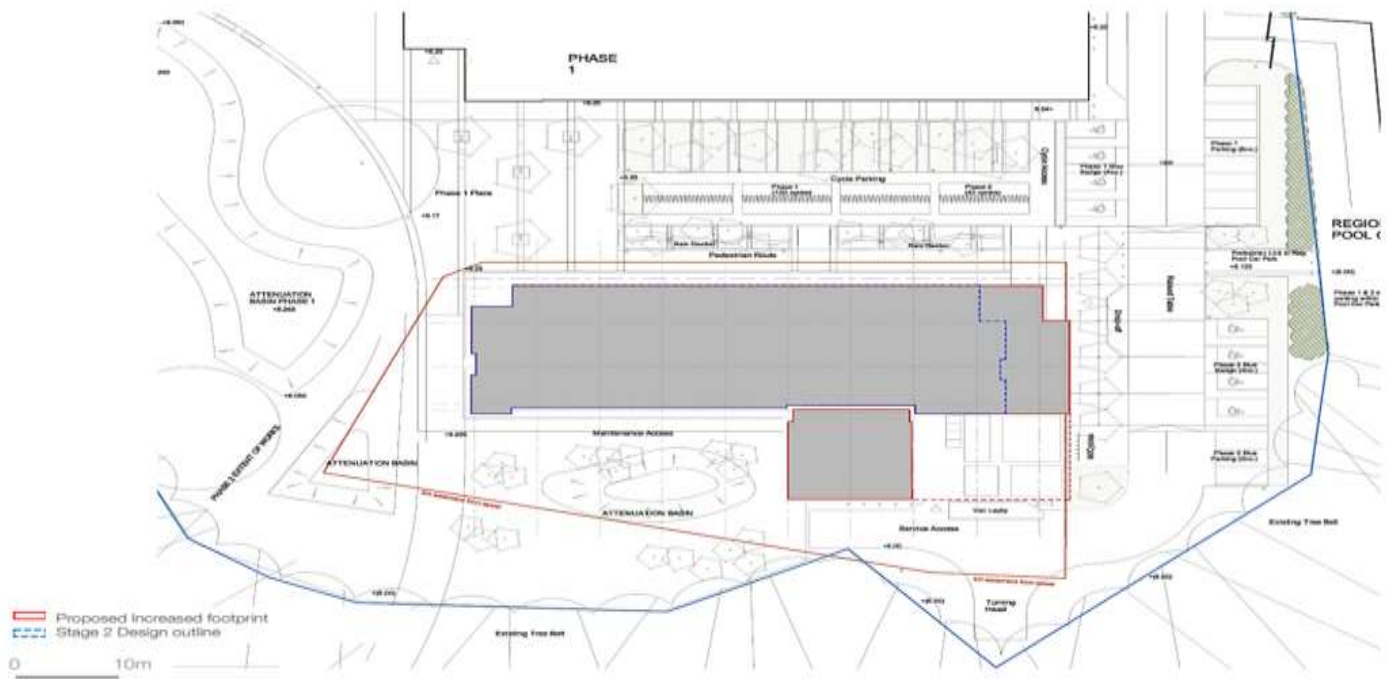
The Key Terms of Reference will include the investment for shares from each shareholder. The allocation of shares in the company will be proportional to the financial investment made by each shareholder, in the creation of the Phase 2 Research Building. Photocentric's share allocation of 18% will be subject to the change request being approved.

<b>Subscriber</b>	<b>Number of New Shares (proportionate to value subscribed)</b>	<b>Total subscription monies (’000)</b>
CPCA through the Getting Building Fund	82% of Shares	£13,469
Photocentric	18% Shares	£3,000

An experienced and professional research building and incubator operator will be procured under a concession contract arrangement by way of a Competitive Procedure with Negotiation. This form of contract will provide the successful supplier with the right to exploit the property along with the responsibility for the sourcing of suitable tenants and the running of the building.

The building design has been developed to a RIBA 2 level of detail based on Category A design for Tenant and Landlord areas. This will be further developed to RIBA 3 for submission of planning at the end of January 2021





**Ground Floor**

- GIA 942 + 143 plant = 1085 sqm
- NIA 717 sqm
- Lettable 478 sqm
- Stage 2 Design outline

**First Floor**

- GIA 983 + 143 plant = 1126 sqm
- NIA 800 sqm
- Lettable 682 sqm

**Second Floor**

- GIA 1029 sqm
- NIA 865
- Lettable 763 sqm

The full suite of legal documents for CPCA and Photocentric including the Articles of Association and the Shareholder Agreement will be worked up by Pinsent Mason LLP over the first quarter of 2021.

## 7 - The Partners

### 7.1 - Photocentric

Photocentric are a profitable, rapidly growing, technology company operating at the intersection of innovative photopolymers, materials and engineering, based in Peterborough.

They have in-house chemical manufacturing, machining, design, engineering facilities and over 50 3D printers for making test parts and evaluating binders. R&D is carried out in a large open area devoted to photochemistry, software, engineering, and testing with over 30 scientists, 5 of which are PhDs. Recently Photocentric's core research has become focussed on new battery manufacturing techniques.

Photocentric forecasts growth of over 160% in 2020, from £8 million to over £21 million, with sales in 2021 forecasted to be more than £35 million.

They are currently leading three Innovate UK Government Innovate funded projects researching into new 3D printed battery technology, and work with the following catapults: WMG, APC, MTC and CPI. They co-research with several of the leading Universities around the world and have become the world's leading manufacturer of photocured objects.

In energy storage, they believe that they have created the world's most effective means of creating photocured objects in 3 dimensions and are now proving this can deliver better batteries. Their novel additive manufacturing techniques can create lighter, smaller batteries and thus deliver faster charging combined with increased power density, enabling an order of magnitude improvement in battery performance.

Photocentric and BASF have cooperated as both manufacturing and research partners in 3D printing chemistry - a testament to the strength of their chemistry division. The cornerstone of future developments will be to make all their products sustainably.

As anchor tenant, Photocentric will situate its entire research and senior managers within the building creating a significant amount of high value employees and International visitors. Photocentric has a core value of supporting education and will work with the University to inspire their students, giving them open access to learn under trained supervision.

### 7.2 - The CPCA

In 2017, the Cambridgeshire and Peterborough Combined Authority was established as a Mayoral Combined Authority for the Cambridgeshire and Peterborough area. The Combined Authority is made up of a directly elected Mayor and seven constituent authorities, with a representation from the Local Enterprise Partnership (Business Board) who is also the Chair of the Business Board. The Combined Authority works with local councils, the Business Board (Local Enterprise Partnership), local public services,

Government departments and agencies, universities and businesses to grow the local and national economy. The key ambitions for the Combined Authority include: doubling the size of the local economy, accelerating house building rates to meet local and UK need, delivering outstanding and much needed connectivity in terms of transport and digital links and transforming public service delivery to be much more seamless and responsive to local need.

This project is of high importance to the CPCA, as it will contribute significantly towards their objectives of;

- strengthening the UK's economic recovery from COVID-19;
- levelling-up of prosperity and opportunity for the "left behind" region of Peterborough and the Fens
- helping to make the UK a scientific superpower including leading in the development of technologies that will support the government's ambition to reach net zero carbon emissions by 2050
- strengthening the UK's place in the world.

## 8 - Operational Plan

### 8.1 - Centre Operational Management

A commercial operator for the building will be secured through a procurement; this management company will manage the day to day running of the building under a Concession contract, which will include a number of prerequisite clauses that offer subsidised rental arrangements for an initial period to companies within the building. Photocentric will lease a proportion of the building for their own Research and Development use based on their investment and other R&D tenants will be sourced to occupy the remaining space.

Fast-track procurement options are being explored for the procurement of the Building Operator. However, the current plan is to use a concession contract through which PropCo2 passes on, the commercial risk of operating the building as a research centre and incubator. In doing so, the contract transfers the operating risk to the commercial operator, and this involves real exposure to the vagaries of the market, and a potential for making a loss is not nominal or negligible. To balance this risk for the Operator, the concession contract will be offered at zero cost for the lease of the building for up to 5 years. The business model below, shows a breakeven at year 5 on this basis, with a modest profit by year 10. On the basis of this model, bidders will be required to tender, using their experience and capabilities to either or both, increase potential revenues and/or reduce potential costs, relative to the base business model. The business model has already undergone early-stage market validation through advice from Savills and will, during January be exposed to potential bidders. Officers are currently preparing a Prior Information Notice (PIN) to go out to the market. Legal advice has been sought from Pinsent Mason to confirm that the proposals for a rent-free lease period will be State Aid compliant.

The procured building operator will be required to provide a full range of 'soft' Facility Management and ICT services and resources required to operate the Research Building effectively and to deliver an excellent tenant experience. Such soft FM/ICT services to include cleaning, security, catering and reception services, network connectivity and infrastructure. It is anticipated that PropCo2 will deliver 'hard' FM



services, which are the physical building and land maintenance. The procured building operator will provide commit to working with the CPCA to establish an investment model to meet the initial start-up costs at low tenant occupation levels and fund/finance the working capital requirements; and to establish a viable business model and financial framework sufficient to indemnify PropCo2 against all maintenance and operating costs of the Research Building and can support any rental payment demands agreed through procurement for the lease of the building from PropCo2.

## Building Operator Business Model - Draft for Consultation with Bidders

Year	1	2	3	4	5	6	7	8	9	10
INCOME										
Target Tenant Occupancy	33.00%	50.00%	66.00%	80.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Car Park utilisation balancing remote learning with non-staff access	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Rent Charges to Tenants	£63,092	£95,595	£126,185	£152,951	£172,070	£172,070	£172,070	£172,070	£172,070	£172,070
Service Charge to tenants	£30,044	£45,521	£60,088	£72,834	£81,938	£81,938	£81,938	£81,938	£81,938	£81,938
Rates re-charged to Tenants at cost	£0	£0	£0	£0	£0	£45,521	£45,521	£45,521	£45,521	£45,521
Broadband Charges to tenants	£6,009	£9,104	£12,018	£14,567	£16,388	£16,388	£16,388	£16,388	£16,388	£16,388
Hot Desking	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Dedicated Desks	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Virtual Office	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Meeting room / meeting space	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Catering	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Post	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Utility recharge	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Car park income (100 slots x 240 days x £4 day)	£23,760	£36,000	£47,520	£57,600	£64,800	£64,800	£64,800	£64,800	£64,800	£64,800
Total Income	£122,906	£186,221	£245,812	£297,954	£335,198	£380,719	£380,719	£380,719	£380,719	£380,719
COSTS										
Rates paid to PCC - Under Negotiation & TBC	£0	£0	£0	£0	£0	£45,521	£45,521	£45,521	£45,521	£45,521
Lease paid to Propco	£0	£0	£0	£0	£0	£63,730	£63,730	£63,730	£63,730	£63,730
Car parking paid to PCC	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000
Broadband	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000
Insurance (Building)	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850
Maintenance	£30,727	£40,969	£54,626	£72,834	£72,834	£72,834	£72,834	£72,834	£72,834	£72,834
Security	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104
Energy	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059
Water and Sewerage	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463
Waste	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463
Reception	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850
Management	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626
Total Costs	£213,141	£223,383	£237,039	£255,248	£255,248	£354,499	£354,499	£354,499	£354,499	£354,499
Profit/Loss	-£90,234	-£37,162	£8,773	£42,706	£79,950	£16,220	£16,220	£16,220	£16,220	£16,220
Profit at year 5					£4,032	Profit at year 5				
Offer to Operator										
Contract for all maintaining & operating costs of building estimated at	£1,184,059	over 5 years as a COST to operator								
Rates per sqft - discounted free for 5 yrs passed on to SME tenants	£0	over 5 years as a BENEFIT to operator								
tenants	£318,549	over 5 years as a BENEFIT to operator								
Intervential rate on offer to operator 27%										

The table above is purely an example.

CPCA has already clarified the above is State Aid compliant for the Commercial Operator and any tenants – email from Pinsent Masons dated 08<sup>th</sup> December 2020. It will also ensure it is for CPCA and Photocentric.

CPCA is working with Savills on the commercial aspects of the financial table above.

## 9 – Governance

Strong governance arrangements are in place that mimic the successful Phase 1 university project processes. This involves the formation of a Research Centre Property Company (PropCo2) which will include Photocentric and the CPCA. This will be established using similar Article of Association and Shareholder Agreements to the Higher Education Property Company, involving ARU, PCC and CPCA (PropCo1). A Collaboration Agreement between PropCo1 and PropCo2 has been drafted, as will the sale agreement for the land, from PropCo1 to PropCo2.

The directors will consist of two positions from CPCA, one being John T Hill - Chief Officer Business Board and Director Business & Skills and the other Robert Emery - Business Board S73 & CPCA Deputy S73, and one position for Paul Holt of Photocentric.

This is an interim measure, and it will be reviewed to ensure the directors both fit culturally with the company and who are best placed so that conflicts of interest are managed appropriately

The chair will be a rotating role between the 3 directors

No less than 3 directors will be sufficient for quoracy of Board decisions.

Expectations of the directors, which are statutory duties owed by each director to the company:

1. A director must act within their powers under the company's constitution
2. A director is to promote the success of the company
3. A director must exercise independent judgement
4. A director must exercise reasonable skill, care and diligence in their role
5. A director must avoid or manage conflicts of interest which may affect their objectivity
6. A director must not to accept benefits from third parties
7. A director must declare interest in proposed transactions or arrangements

Directors will be legally responsible for the running of the company including filing responsibilities to Companies House. A company secretary will also be appointed.

## 10 - Dependencies and Risk

Completion of the Centre will require;

- i. Successful development of the University of Peterborough Phase 1. This project is already underway and the established joint project management and building programmes for the two Phases will ensure optimum delivery of both.

- ii. Securing the required match funding, which has now been guaranteed by Photocentric and Peterborough City Council as indicated in the budget forecasts.
- iii. Achieving planning by March 2021; mitigated through the special arrangements and high-level commitments, afforded to this project by PCC.
- iv. Procurement of the site from PropCo1 by January 2021; mitigated through agreement of Key Terms Reference on the sale of the land to PropCo 2, by PropCo 1 shareholders.
- v. Procurement of a build contractor by January 2021; addressed in 'Deliverability' above.
- vi. Procurement of an expert and experienced R&D centre operator by July 2021 mitigated through early engagement with the market.
- vii. Appropriate car parking provision; a Project Initiation Document for a proposed decked car park, to be built upon the currently surface facility at Peterborough Regional Pool has been produced.
- viii. Although not decedent upon the next phase of development of the University; Phase 2 will be inexorably linked to Phase 3; the establishment of a new scientific equipment and capability building, that will expand the Cambridge innovation eco-system into Peterborough. This Net Zero Hub will expand and build upon the existing TWI (the lead partner) extensive technology, research and innovation network and form a closely linked knowledge sharing and research excellence cluster around Peterborough and into Fenland.
- ix. A risk register has been developed and will be regularly revised throughout the project. The current register is attached as annex 1.

## 11 - Marketing

The commercial operator will be responsible for all marketing activity

## 12 - Financial Plan

### 12.1 - Funding Streams

<b>Funding</b>	<b>Total investment £'000</b>
<b>CPCA topslice (GBF)</b>	<b>304</b>
<b>CPCA equity investment (GBF)</b>	<b>13,469</b>
<b>Photocentric equity investment</b>	<b>3,000</b>
<b>Total</b>	<b>16,773</b>

To minimise the risk to the funds, the CPCA will subscribe to the total value of their shares upon the shareholder agreement being signed. Then will pay them up to Peterborough R&D Property Company Ltd (i.e. make the actual cash transfer) as the company requires over the course of delivery to meet the costs of the project. The funding streams shown in the above table are for the two shareholders, one being CPCA the other Photocentric.

## 12.2 - Expenditure and Cash flow

The draft table below sets out the expected cashflow for the SPV over the delivery phase of the project. The expense streams are those worked up by MACE on the provision that the additional funding from Photocentric (£3m in total) is approved. Should this not be the case, then a revised plan will be drafted by MACE. This number also includes a £300k top-slice for CPCA costs

	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>	<b>Total</b>
<b>Income</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
GBF Investment drawdown	-2,000	-9,200	-2,573	-	-13,773
Photocentric Investment	-190	-	-2,625	-185	-3,000
<b>Total</b>	<b>-2,190</b>	<b>-9,200</b>	<b>-5,198</b>	<b>-185</b>	<b>-16,773</b>
<b>Expenditure</b>					
Sustainability extras			300		
Land purchase	190				<b>190</b>
Construction Works	92	8,482	4,003	189	<b>12,766</b>
Fees & Surveys	886	714	209	-	<b>1,809</b>
Client Direct Costs	-	-	250	-	<b>250</b>
Contingency	-	911	547	-	<b>1,458</b>
<b>Totals</b>	<b>1,168</b>	<b>10,107</b>	<b>5,309</b>	<b>189</b>	<b>16,773</b>
Opening Balance	-	-1,022	-114	-3	<b>N/A</b>
Total Income	-2,190	-9,200	-5,198	-185	<b>-16,773</b>
Total Expenditure	1,168	10,107	5,309	189	<b>16,773</b>
<b>Closing Balance</b>	<b>-1,022</b>	<b>-115</b>	<b>-3</b>	<b>-</b>	<b>N/A</b>

## Annex 1 – Risk register

Risk Identification											
ID	Title / Description (Cause)	Effect	Category	Risk Owner	Likelihood	Cost Effect	Time Effect	Quality	Assessment	Management Plan	Action Owner
001	Expectations of the R&D commercial operator cannot be accommodated in building design	Redesign or building that cannot be used by R&D operator as business case isn't sustainable in space provided	15. Operational	CPCA	4	5	5	5	100	CPCA to ensure that as far as reasonably practicable the R&D Tenants' requirements are considered in the business case.	Alan Downton CPCA
002	Sustainability accreditation - Expectations of Photocentric are unclear and their financial contribution to a sustainable agenda cannot be agreed for RIBA 2	Delays to planning and design to incorporate their potential sustainability requirements. Requirements could be realised too late so sustainability agenda won't be met.	6. Design	CPCA	4	4	3	5	100	Qualify assumptions in the RIBA 2 report. Engagement with Photocentric to understand their requirements and highlight options available to meet a sustainable agenda. Review sustainability approach with the project team (MCW / CPW).	Photocentric
003	Assumptions made to enable the contractor to submit their initial costs are different to those agreed at the end of stage 2.	Price received from contractor may not allow for all of the design elements	8. Procurement	CPCA	5	3	4	3	80	Continual engagement with B&K throughout the pricing process.	Project Team
004	Overlap of operational requirements between Phase 1 and 2 not understood	Cause dispute between stakeholders	15. Operational	CPCA	4	4	3	2	64	Liaise and agree with B+K on award and agree with Photocentric and ARU regarding design proposals	ARU
005	Parking strategy doesn't accord with Phase 2 timeline for planning	If parking strategy isn't agreed, it could cause delays to planning application	4. Programme	CPCA	4	4	4	2	64	Agree strategy early prior to submission of planning	PCC
006	Planning determination not secured by required date	Delay to construction commencement	4. Programme	CPCA	4	4	4	2	64	Continual engagement with PCC through the application process.	PCC
007	Transport modelling assessment - not instructed by PCC	Will delay determination of planning - which is on the critical path	4. Programme	CPCA	2	4	5	2	50	Evidence of instruction from PCC subcontractor Skanska required	PCC
008	Lack of brief from end users could lead to undefined spacial requirements	Assumptions need to be made, possibly causing late changes during the design and construction phase which will cause delay to programme and increased cost.	6. Design	CPCA	2	5	3	3	50	Qualify assumptions in the RIBA 2 report and seek advice from CPCA and or commercial operator as to the viability of the space being provided	CPCA
009	Anglian water could object to building too close to their sewer	Could lead to the need for a large change to the design or decreasing the size of the building	7. Surveys and Site conditions	CPCA	2	4	5	3	50	Liaise with Anglian Water to understand expectations	Smith and Walwork
010	Electrical supply capacity. Peterborough Football Club may be looking to a reserve large electrical capacity in the area.	Risk of the building not being operational as it contains a lot of machinery dependant on electrical supply. Could prevent the electrical supply to future phases	9. Construction/ Logistics	CPCA	2	5	4	5	50	CPW to submit applications to relevant utility providers in due course to gain an understanding of the current supply and capacity (takes up to 35 working days for a response).	CPW
011	Ground contamination not as expected in phase 1	Increase project cost above budget; increase construction duration. Removal of contaminated material from site causing increased costs and programme.	11. Environmental	CPCA	3	4	3	3	48	Review phase 2 site GI and trenching by Main Contractor	Main Contractor





## Adult Education Budget (AEB) 2019-20 Statutory Annual Return

To:	Skills Committee
Meeting Date:	11 January 2021
Public report:	Yes
Lead Member:	Councillor John Holdich, Lead Member for Skills and Chairman of the Skills Committee
From:	John T Hill, Director of Business and Skills
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Skills Committee is recommended to:</p> <ul style="list-style-type: none"><li>a) Approve the AEB Statutory Annual Return for sending to the Department for Education. This is the first Statutory Return since devolution of the AEB which provides an overview of performance of the first year of devolution</li><li>b) Note the planned Annual Review of AEB 2019/20 has been carried forward to the March 2021 meeting of the Skills Committee.</li></ul>
Voting arrangements:	A simple majority of all Members

## 1. Purpose

- 1.1 To inform the Skills Committee of the first submission of the Adult Education Budget (AEB) Statutory Annual Return to the Department for Education (DfE), in relation to the 2019/20 academic funding year and first year of devolution. This requirement is set out in the Ministry of Housing, Communities and Local Government's (MHCLG) *National Local Growth Assurance Framework* (January 2019).

## 2. Background

- 2.1 Mayoral Combined Authorities (MCAs) are required to report to Government in January on the delivery of devolved functions, as part of wider monitoring and evaluation submissions as per their devolution agreements.
- 2.2 The CPCA has developed a monitoring and evaluation framework which sets out plans going forward, this also includes assessing the impact of AEB spending in the area. In line with MHCLG's model, the framework is updated annually and includes both a logic model and evaluation plan for AEB. Originally categorised and planned for as a Category C project in 2019/20 (where there are lessons to be learnt), a formative evaluation will be undertaken to capture lessons from the setting up and first year for the CPCA, wider partners, stakeholders and providers.
- 2.3 The Evaluation Report will look at performance of devolved AEB, considering both quantitative and qualitative data and intelligence. It will consider how well devolution is working and the extent to which it is being implemented as designed, looking at delivery so far in 2019/20. The interim evaluation will take place by December 2020 to support the first devolution return in January 2021. The Evaluation Report will be tabled at the March 2021 Skills Committee and propose changes for AEB delivery for Committee approval.
- 2.4 At the time of writing, the DfE have not issued a proforma for completion of the evaluation report, other than the generic headings which have been incorporated into the CPCA submission (Appendix 1).

## 3. Financial Implications

- 3.1 In the 2019/20 academic year, the CPCA is reporting an underspend of £119,283 out of the first year AEB grant of £11.5m. This is due to underperformance among some providers, reportedly as a direct result of the COVID-19 pandemic. The ESFA have confirmed that the underspend may be carried-forward into 2020/21 and will remain within the CPCA's AEB allocation. Members are asked to note that some of the underspend relates to funding associated with learners whose courses are continuing into the 2020/21 academic year.

## 4. Legal Implications

- 4.1 The Statutory Return will be submitted to the DfE by the deadline in January 2021. There are no further legal implications to report.



## 5. Other Significant Implications

5.1 There are no significant implications to report.

## 6. Appendices

6.1 Appendix 1 – Adult Education Budget 2019-20 Statutory Annual Return

## 7. Background Papers

7.1 Ministry of Housing, Communities and Local Government's *National Local Growth Assurance Framework* (January 2019)

[National local growth assurance framework - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/771107/nlg-af-2019-01.pdf)

### Appendix 1 - Adult Education Budget 2019-20 Statutory Annual Return

A. Adult Education Policies	
<p>In discharging its duties in the commissioning of the delegated AEB in the first year, the CPCA has ensured best practice with efficient, accountable and transparent decision-making. The strategic focus in 2019/20 had been to:</p> <ul style="list-style-type: none"><li>• Ensure a 'soft-landing' for AEB in the region for both providers and learners</li><li>• Ensure existing provision is not destabilised</li><li>• Ensure delivery of learner legal entitlements</li><li>• Provide better alignment of AEB delivery with the Local Industrial Strategy (LIS) and the CPCA Skills Strategy</li></ul> <p>This has been underpinned by strong governance and transparency through attendance at the executive Skills Committee. A strategic outcome of this has been greater accountability, coherence, targeting and transparency for skills investment in the region. This has ensured some 14,000 adult learners have benefited.</p> <p>Alongside the procurement and grant funding process in readiness for the 1<sup>st</sup> August 2019 start date, included the CPCA setting out our own funding rules and policies for the 2019/20 academic year. The changes that the CPCA had chosen to make in 2019/20 with the intention of looking to make more substantive changes in 2020/21 were:</p> <ul style="list-style-type: none"><li>• Building strategic high-quality relationships</li><li>• Making a single allocation to each grant funded provider to support the activity agreed in the delivery profile</li><li>• Implementing a risk-based performance management approach for all providers</li><li>• Supporting the Low Wage pilot previously being funded by DfE, for learners in employment and earning less than £16,009.50</li></ul>	
B. Spend from AEB in 2019/20	
Academic Year	2019/20

<b>Income</b>	
<b>ESFA Grant</b>	£11,513,052
<b>Total Income</b>	<u>£11,513,052</u>

<b>Expenditure</b>	
<b>Programme Costs</b>	£381,170
<b>Grant Providers</b>	£9,260,762
<b>ITP's</b>	£1,415,137
<b>Innovation Fund</b>	£336,700
<b>Total Spend</b>	<u>£11,393,769</u>
<b>Balance Remaining</b>	£119,283

### C. Analysis of Delivery in the Area

CPCA have commissioned Cambridgeshire Insights to provide an independent evaluation of the 2019/20 devolved AEB programme. The key findings of the AEB devolution evaluation are:

- 1. Achieving efficiency and coherence:** The total number of providers has reduced significantly from **190** in 2018/19 to **17** in 2019/20, with an additional notable reduction in the subcontracting of delivery.
- 2. Shifting provider relationships from transactional to transformational:** Providers report they are satisfied with the processes associated with the devolution of the budget and highlight the beneficial impacts of a closer working relationship with the AEB team. The more localised network has helped providers tailor their provision successfully to existing employment and skills-based demand. This localised approach provides a foundation for greater communication, cross-fertilisation of good practice between providers, through the formation of an AEB Working Group, to collaborate in developing quality provision across the CPCA area.
- 3. Better alignment of AEB with regional skills needs:** Adult Education delivery has shifted considerably, with a lower proportion of Community Learning and a **higher proportion of Adult Skills learning** in the first year of delivery. Whilst COVID-19 has played a role with a reduction in Community Learning enrolments for the summer months, provider consultations identify an active shift from 'leisure/pleasure' provision and towards courses targeting local skills needs.
- 4. Targeting AEB to 'level-up' provision across the region:** Community Learning provision in 2019/20 has become more evenly spread across the CPCA area, particularly within the North where the need for 'first-steps' engagement is greater, having previously been disproportionately focused in South Cambridgeshire and Huntingdonshire prior to devolution.
- 5. Better place-based targeting of AEB to improve skills in areas of need:** The proportion of all learning aims which were delivered to learners from areas of high deprivation increased from under a quarter (22%) in 2018/19 to over a third (35%) in 2019/20. This shift has in part been driven by an increase in Community Learning in Fenland and Peterborough, which are the CPCA districts with the highest number of

areas falling in the top 20% most deprived nationally. Providers have undertaken active community engagement in deprived areas and the targeting of specific relevant programmes in these locations.

- 6. Ensuring a 'soft-landing' for AEB and coherent commissioning framework for future years:** the CPCA's Commissioning Strategy set out clearly the CPCA's commissioning priorities and the outcomes for the region. This has allowed providers to re-align their provision to meet local labour market needs and plan for future growth.
- 7. Challenges and Opportunities for the future:** there are significant challenges for the CPCA, local providers and Adult Education delivery going forward into year two given the impact of COVID-19. These will be understanding skills demand within the post-COVID labour market, and matching provision to local skills needs to help continue to engage our residents to retrain, upskill or progress into learning.

The impact of COVID19 on delivery in 2019/20 is being assessed as part of the final evaluation of the programme. All Adult Education provision nationwide has been affected and analysis is underway of the specific challenges within the CPCA area.

## D. Local Impact

### Overall Participation in AEB Funded Provision

<b>Funding Category 2019/20</b>	<b>Learner Participation*</b>	<b>Number of Enrolments</b>
<i>Adult Skills Learning (Including Learning Support Funding)</i>	7,251	11,738
<i>Community Learning</i>	1,841	2,329
<b>Total</b>	<b>8,848</b>	<b>14,067</b>

**NOTE:** \*Learners are counted using a count of UKPRN+Learner Reference Number. A learner who has taken part in learning across multiple providers may, therefore, be double counted. As a learner can enrol in multiple learning aims an individual may have taken part in both Adult Skills and Community Learning aims. Therefore the total will not equal an addition between the number of Adult Skills Learners and Community Learners

### Learners Exercising their Statutory Entitlement to Full Funding

The following table sets out the number of learners, enrolments and adult skills funding that were a part of the legal entitlement for eligible learners. That is:

- English and maths, up to and including level 2, for residents who have not previously attained a GCSE grade A\* - C or grade 4, or higher, for residents aged 19 and over
- First full qualification at level 2 for residents aged 19 to 23; and
- First full qualification at level 3 for residents aged 19 to 23

<b>Entitlement 2019/20</b>	<b>Learner Participation*</b>	<b>Number of Enrolments</b>
English	1,291	1,335
Maths	976	1,026
Level 2	36	36
Level 3	130	132
<b>All Entitlement</b>	<b>1,909</b>	<b>2,529</b>
Non-Entitlement	5,871	9,209
<b>Total Adult Skills</b>	<b>7,251</b>	<b>11,738</b>

NOTE: \*Learners are counted using a count of UKPRN+Learner Reference Number. A learner who has taken part in learning across multiple providers may, therefore, be double counted.

As a learner can enrol in multiple learning aims an individual may have taken part in qualifications that correspond to different types of funding (both Entitlement and non-Entitlement). Therefore the totals will not necessarily be equal to a straight sum of the different sub-categories.

## E. Achievements

The table below shows the enrolments for 2019/20 against their completion status:

<b>Funding Model</b>	<b>Total Enrolments</b>	<b>Completed Learning Activities</b>	<b>Withdrawal/Break in Learning/Transfer to New Aim</b>	<b>Study Continuing/Outcome Unknown</b>
Adult Skills	11,738	9,558	1,630	550
Community Learning	2,329	2,092	137	100
<b>All Enrolments</b>	<b>14,067</b>	<b>11,650</b>	<b>1,767</b>	<b>650</b>

Source – Individualised Learner Record (2019/20, R14), Education and Skills Funding Agency

## Outcome Status

The following table shows enrolments against their 2019/20 Outcome status

<b>Funding Model</b>	<b>Total Enrolments</b>	<b>Achieved</b>	<b>Partial Achievement</b>	<b>No Achievement</b>	<b>Withdrawal, Break in Learning or Transfer to a new Aim</b>	<b>Study Continuing</b>
Adult Skills	11,738	8,872	31	665	1630	550
Community Learning	2,329	2,070	16	6	137	100
<b>All Enrolments</b>	<b>14,067</b>	<b>10,942</b>	<b>47</b>	<b>671</b>	<b>1767</b>	<b>650</b>

Source – Individualised Learner Record (2019/20, R14), Education and Skills Funding Agency



## Budget and Performance Report

To:	Skills Committee
Meeting Date:	11 January 2021
Public report:	Yes
Lead Member:	Councillor John Holdich, Chair of the Skills Committee
From:	Vanessa Ainsworth, Finance Manager
Key decision:	No
Forward Plan ref:	N/A
Recommendations:	<p>The Skills Committee is recommended to:</p> <p>a) Note the update and financial position relating to the revenue and capital funding lines within the Skills Committee remit.</p>
Voting arrangements:	A simple majority of all Members

## 1. Purpose

- 1.1. To provide an update and overview of the revenue and capital funding lines that are within the Business & Skills Directorate to assist the Skills Committee to enable informed decision making regarding the expenditure of these funds.

## 2. Background

- 2.1 The Skills Committee has requested a summary of the revenue and capital funding lines available within the Business & Skills Directorate, to assist in ensuring financial decisions relating to the revenue and capital funding lines under their control are well informed, financially viable, and procedurally robust.
- 2.2 At the June 2020 Combined Authority Board Meeting, the Board approved a refreshed Medium-Term Financial Plan (MTFP) in relation to the COVID-19 pandemic, including balanced revenue and capital budgets for 2019/20. This report shows the actual expenditure to date and forecast outturn position against those budgets as approved up to the November CA Board meeting.
- 2.3 The outturn forecast reflects costs incurred to date, accrued expenditure and the impact on the current year assumptions made on staffing, overheads and workstream programme delivery costs as set out in the revised MTFP.

## 3. Revenue Expenditure & Income

- 3.1 A breakdown of the Business & Skills Directorate 'Skills Revenue' expenditure for the period to 31<sup>st</sup> October, is set out in Table 1. below.

<b>Skills Revenue Expenditure</b>	<b>Nov Budget £'000</b>	<b>Nov Board Approvals &amp; Adjustments £'000</b>	<b>Revised Budget £'000</b>	<b>Actuals to 31st Oct 2020 £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Outturn Variance £'000</b>
AEB Devolution Programme	11,646.3	-	11,646.3	7,489.7	10,756.6	(889.7)
AEB Innovation Fund - Revenue	336.7	-	336.7	-	336.7	-
AEB Programme Costs	372.7	-	372.7	168.2	402.3	29.6
Apprenticeship Levy Fund Pooling	76.2	-	76.2	33.8	39.4	(36.7)
Careers and Enterprise Company (CEC)	86.2	-	86.2	77.5	84.1	(2.1)
HAT Work Readiness Programme	52.8	-	52.8	36.6	52.9	0.0
Health and Care Sector Work Academy	3,235.6	-	3,235.6	215.5	1,053.1	(2,182.5)
High Value Courses	153.8	-	153.8	-	120.0	(33.8)
National Retraining Scheme	65.1	-	65.1	-	40.0	(25.1)
Sector Based Work Academies	152.0	-	152.0	-	120.0	(32.0)
Skills Advisory Panel (SAP) (DfE)	114.0	-	114.0	12.6	92.6	(21.4)
Skills Brokerage	107.0	-	107.0	75.4	111.6	4.6
Skills Strategy Implementation	120.5	-	120.5	36.0	116.9	(3.6)
University of Peterborough	4.2	-	4.2	143.4	4.2	-
University of Peterborough - Legal Costs	150.0	-	150.0	138.1	150.0	-
<b>Total Skills Revenue Expenditure</b>	<b>16,673.0</b>	<b>-</b>	<b>16,673.0</b>	<b>8,427.0</b>	<b>13,480.5</b>	<b>(3,192.6)</b>

- 3.2 The Forecast Outturn as set out in the table above shows a reduction in expected costs for the year of £3,192.6k compared to the budget. 'Actual' figures are based on payments made and accrued expenditure where known. The year to date costs may therefore be understated due to the delay between goods and services being provided by suppliers, and invoices being raised and paid.
- 3.3 Variances between the predicted revenue outturn position and the annual budget for the main budget headings are set out below:
- The £889.7k underspend in the AEB Devolution Programme is due to estimates being in place for the ITP expenditure and a provision for the underspend within the Grant Providers. A reconciliation of payments to provision for grant providers will be made in February after 6 months of delivery and where necessary figures will be adjusted at that point.
  - AEB Programme costs is showing an overspend of £29.6k, however, this will be within the new budget limit once the approved top slice is added in from the increased funding from the DfE which will give a revised budget of £433.9k. This will be updated at the January CA board.
  - As reported at previous committees, the Health & Social Care Work Academy is forecasting a large underspend for the current financial year of £2,182.5k. This is partly due to COVID-19 and a revised agreement with Department for Work & Pensions. It is understood that this project will roll into 2021/22.
  - The majority of the Skills budgets are currently forecasting an underspend for the financial year in varying quantities. The new S.R.O. for Skills joined in November and is currently reviewing all committed and potential spending whilst drawing up plans for future expenditure. Those budgets that have not yet spent anything are currently in evaluation on their delivery and are believed to be on course to deliver their expected aims within the financial year.
  - The Skills Brokerage budget is overspent due to the amendments to the contract with Opportunity Peterborough, and this will be managed within the overall Skills budget lines.
  - The University of Peterborough, whilst not showing any change in budget outturn, is currently overspent by £140k. This is due to costs that have been incurred and will be recharged to Prop Co 1 once the legal agreements have been finalised.
- 3.4 A breakdown of the Business & Skills Directorate 'Skills Revenue' income for the period to 31<sup>st</sup> October, is set out in Table 2. below.

	Nov Budget £'000	Nov Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Oct 2020 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000
<b>Skills Revenue Funding Streams</b>						
Skills Advisory Panel Grant	(75.0)		(75.0)	(75.0)	(75.0)	-
Careers Enterprise Company Funding	(124.9)		(124.9)	(34.9)	(124.9)	-
Adult Education Budget	(12,084.1)	-	(12,084.1)	(12,762.2)	(12,762.2)	(678.2)
Apprenticeship Levy Fund Pooling	(86.2)		(86.2)	-	(86.2)	-
<b>Total Skills Revenue Expenditure</b>	<b>(12,370.1)</b>	<b>-</b>	<b>(12,370.1)</b>	<b>(12,872.2)</b>	<b>(13,048.3)</b>	<b>(678.2)</b>

- 3.5 The Forecast Outturn as set out in the table above shows an increase in funds to the agreed budget. This is due to additional funds received from the DfE for delivery of a variety of programmes already passed through the Skills Committee. These will be updated at the January CA Board.
- 3.6 To provide transparency and completeness on the Skills budgets as a whole, all revenue Income will be reported to the Committee as part of this report from this meeting forward. This will allow the Committee to understand the various income streams, note the effect of any increases and be able to understand any delays or lack of receipt.

## 4. Capital Budget

- 4.1 A breakdown for the Business & Skills Directorate 'Skills Capital' expenditure for the period to 31<sup>st</sup> October, is set out in Table 3 below.

Table 3. Skills Capital 2020/21						
	Nov Board Approvals & Adjustments £'000	Revised Budget £'000	Actuals to 31st Oct 2020 £'000	Forecast Outturn £'000	Forecast Outturn Variance £'000	
<b>Skills Capital Programmes</b>						
University of Peterborough - Phase 1	-	12,300.0	665.4	12,300.0	-	
<b>Total Skills Capital Expenditure</b>	-	<b>12,300.0</b>	<b>665.4</b>	<b>12,300.0</b>	-	

- 4.2 The balance of the funding for the University is tied into the shareholders agreement and subscription agreement. The funding will be allocated to the university upon signing of the documents and will show in the accounts as fully spent. However, the actual transfer of funds will occur on a required cashflow basis. This has been written into the documents and agreed as the best utilisation of the funding.

## 5. Performance Reporting

- 5.1 The Cambridgeshire and Peterborough Devolution Deal is about delivering better economic outcomes for the people of our area and commits us to specific results. The Combined Authority needs to monitor how well it is doing that.
- 5.2 Appendix 1 shows the Skills Performance Dashboard, with an update on delivery against the following growth outcomes at the heart of the Devolution Deal (of which outcomes are embodied in the business cases which the Board and Committee consider):
- Prosperity (measured by Gross Value Added (GVA))
  - Housing
  - Jobs
- 5.3 These metrics are updated to align with the Board Performance Reports
- 5.4 Appendix 1 also shows the current RAG status for Skills' projects, as at the end of October 2020.

## 6. Financial Implications

- 6.1 There are no financial implications other than those included in the main body of the report.



## 7. Legal Implications

- 7.1 The Combined Authority is required to prepare a balanced budget in accordance with statutory requirements.

## 8. Other Significant Implications

- 8.1 There are no significant implications.

## 9. Appendices

- 9.1 Appendix 1 – Performance Dashboard

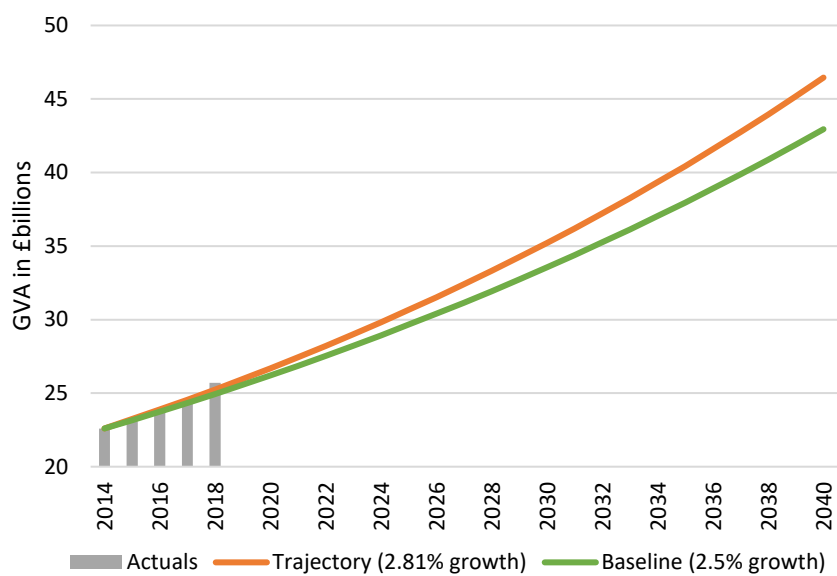


Sources:  
Baseline: Current trend without Devolution Deal interventions  
Outturn data source: GVA and Jobs - Office of National Statistics (ONS);  
Housing - Council Annual Monitoring Reports/CambridgeshireInsights.

SKILLS COMMITTEE

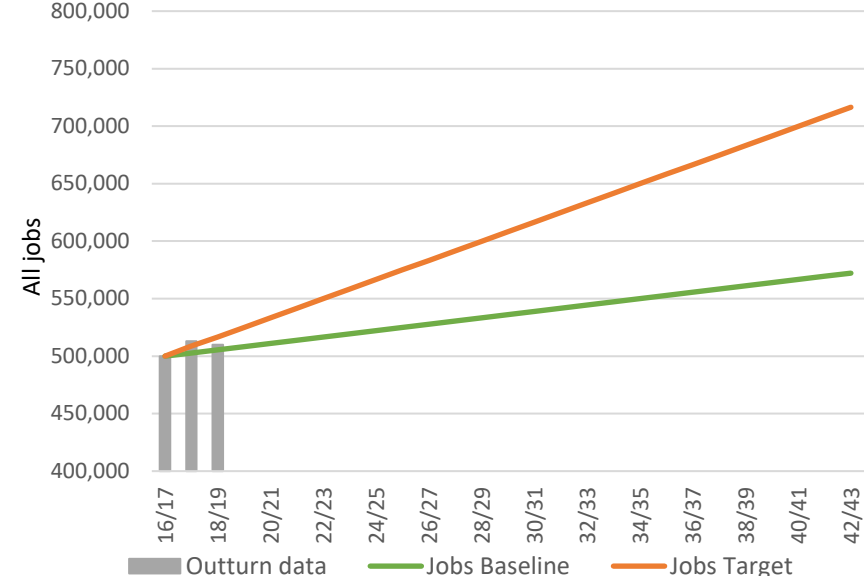
COMBINED AUTHORITY PERFORMANCE DASHBOARD  
DEVOLUTION DEAL TRAJECTORY

GVA TRAJECTORY V BASELINE



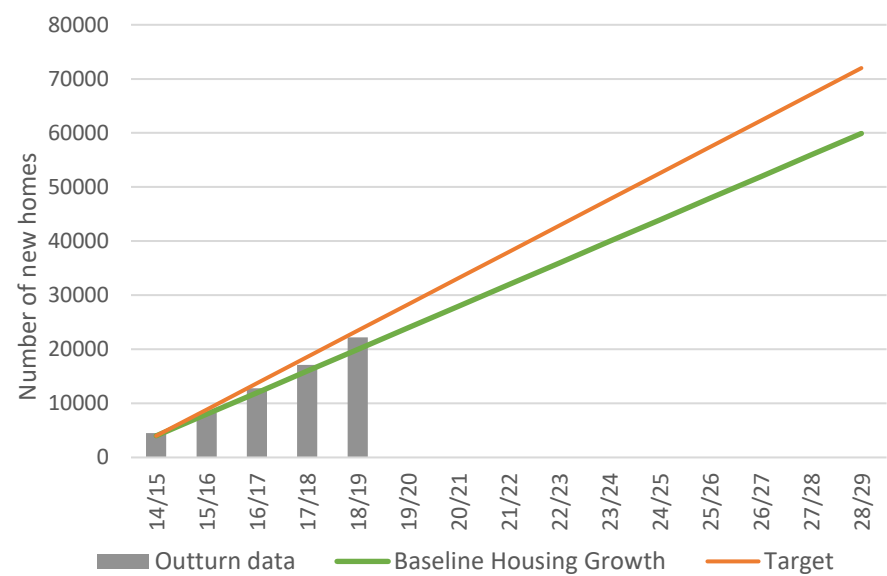
This has been updated in line with National Reporting standards. The CPCA Devolution Deal committed to doubling GVA over 25 years with 2014 as the baseline. To achieve this target the CPIER identified the region would require annual growth of 0.31% on top of the 2.5% baseline growth.

JOBS TRAJECTORY V BASELINE



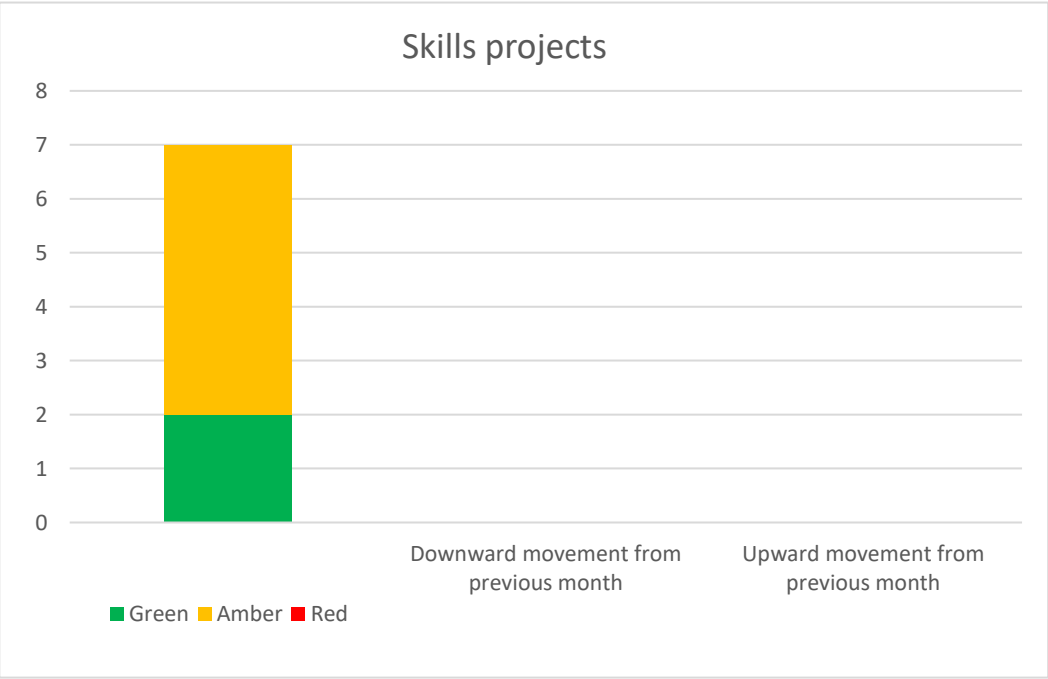
Target is derived through the CPIER by the GL Hearn report with a high growth scenario of 9,400 additional job growth per annum and a baseline of 4,338 jobs per annum.

HOUSING PERFORMANCE (\*cumulative figures)



Devolution Deal target to deliver 72,000 new homes over a 15-year period. £170m affordable homes programme is expected to deliver over 2,500 additional homes.

Combined Authority Skills Project Profile:



Skills projects	
Project	RAG status
National Retraining Scheme Pilot	Green
University of Peterborough	Green
Adult Education Budget (AEB)	Amber
Apprenticeships	Amber
Careers and Enterprise Company (CEC)	Amber
HAT Work Readiness Programme	Amber
Health & Care Sector Work Academy (HCSWA)	Amber

Data as at the end of November 2020

