



**Business Board: Minutes**

(Draft minutes published on 24<sup>th</sup> January 2022)

Date: 10<sup>th</sup> January 2022

Time: 2:30pm – 4:50pm

Present: Austen Adams (Chair), Andy Neely (Vice-Chair), Tina Barsby, Councillor Wayne Fitzgerald, Mike Herd, Faye Holland, Mayor Dr Nik Johnson, Aamir Khalid, Al Kingsley, Jason Mellad, Nitin Patel, Rebecca Stephens and Andy Williams

**54. Apologies for Absence and Declarations of Interest**

There were no apologies for absence.

There were no declarations of interest.

The presence of the Business Board's Section 73 Officer was noted.

**55. Minutes – 8<sup>th</sup> November 2021**

The minutes of the meeting held on 8<sup>th</sup> November 2021 were approved as a correct record.

The Business Board noted the Minutes Action Log.

**56. Budget and Performance Report**

The Business Board received the latest budget and performance report, which provided an update and overview of the revenue and capital funding lines within the Business and Skills directorate. Members were informed that the final tranche of LEP Core Funding had been received just before Christmas, after the report had been published. Attention was drawn to the ongoing delay in the finalisation of legal documents between the Combined Authority and Growth Co., as set out in section 3.5b of the report, and it was highlighted that if the matter was not resolved before the end of the financial year, it could lead to impacts for external funding agencies, such as the Department for Business, Energy and Industrial Strategy (BEIS). Noting that section 3.5c of the report referred to an item that had been withdrawn from the agenda, the Finance Manager clarified that the £109.9k underspend on Local Growth Fund (LGF) costs was related to planned expenditure, such as legal costs, for the iMET and Wisbech Access Strategy projects. Following their termination, the underspend would be reallocated by the

Business Board at a later date. Members were also informed that the Energy Hub and Market Town programmes would undergo some reprofiling to their budgets by the Combined Authority Board at its meeting on 26<sup>th</sup> January 2022.

While discussing the report, the Business Board:

- Expressed concern about the delay in finalising agreements between the Combined Authority and Growth Co. and sought clarification on the causes of the delay. The Finance Manager indicated that it was partly due to resource issues but also due to the fact that final ratification of the documentation had not been made by the Combined Authority Board until September 2021, leading to delays in subsequent documents. Noting that similar companarial and secretarial issues with other subsidiaries of the Combined Authority had been occurring over recent months, the Director of Business and Skills informed the Business Board that a specialist provider was being sought to carry out such work on behalf of the Combined Authority, with the intention to commence within the next month. Members highlighted the difficulties that could arise if the Business Board was unable to honour its financial commitments at the end of the financial year, and the Director of Business and Skills provided reassurance that the matter had been escalated to the Chief Executive and acknowledged that it should be included on the Business Board's risk register.
- Observed that Table 7 in section 4.5 of the report indicated an underspend of over £25m in the Green Home Grant Capital Programme and expressed concern that at least £25m of this would need to be returned to BEIS. Noting that the programme had suffered from systemic problems that led to disincentives for the supply chain to engage, as well as competition from a parallel programme for energy projects, the Director for Business and Skills informed members that the government was asking for unspent funds to be returned in anticipation of a new programme being implemented in April 2022. The Finance Manager emphasised that the underspend did not reflect on the Energy Hub's performance, but was rather a countrywide problem due to failures of the programme itself that affected all regions on a similar level.
- Sought clarification on what incentives Enterprise Zones would be able to offer now that the business rate and tax advantages had ended. The Business Programmes and Business Board Manager informed members that regular updates were provided on projections in terms of business rates retained income, with the data profiled over a number of years to provide an indication of could be expected to be received moving forwards.

It was resolved unanimously to:

Note the outturn financial position relating to the revenue and capital funding lines within the Business & Skills Directorate for the 20/21 financial year.

## 57. Strategic Funds Management Review – January 2022

The Business Board received an update on strategic funding programmes and their progress to 1<sup>st</sup> December 2021, which included proposals for a revised strategic

approach for targeting Category 1 of the Business Board's recycled funds, proposed criteria for the project scoring assessment of applications to the recycled funds, and a proposed process for investing recycled funds at Category 1 and 2. Attention was drawn to the latest monitoring report attached at Appendix 1 to the report, which indicated that a total of 4865 jobs had been created by the projects, of which almost 2500 were created during 2021 as the projects funded in 2019 and 2020 began to fulfil their mandates.

A change had been proposed to the strategy for awarding funding to Category 1 in order to comply with the National Assurance Framework and to ensure fairness, whereby rather than restrict the call for funding to existing LGF projects, it was proposed to run an open call for any applications. The proposed process and criteria for Category 1 and Category 2 were set out in sections 6.2 and 6.3 of the report respectively.

While discussing the report, the Business Board:

- Clarified that a limit in the region of £400k for applications to Category 1 of the recycled funding had been included to ensure applications were not made for the full available amount, although it was acknowledged that grants would be considered slightly above this limit if a project offered exponential benefits. The Senior Responsible Officer (SRO) for LGF and Market Insight & Evaluation confirmed that any money left over would remain in the pot and be carried over to Category 2 or subsequent funding programmes.
- Suggested that the criteria for Category 1 recycled funds was fairly restrictive and queried whether this was designed to restrict the number of applications due to the limited resources available. The Director of Business and Skills informed members that the criteria were established to increase the impact on Covid-19 recovery and ensure extra value for money, although he emphasised that applications for projects that did not fulfil all the criteria could still be considered.
- Sought clarification on how the grant allocation process for recycled funds would reflect the evolving strategic growth agenda and issues such as the Independent Climate Commission Review and public health concerns that had evolved since the funding had been initially allocated. The SRO clarified that reallocation of recycled LGF funds would still be required to follow the same original LGF process, and would be bound by the same criteria as before.
- Observed that at a previous meeting the Business Board had agreed to restrict the call for Category 1 funding to existing LGF projects, and sought further clarification on why it was now being proposed to run an open call. Acknowledging that an exemption to the National Assurance Framework had been made previously, the SRO informed members that it would be safer, more transparent and fairer for an open call to take place, especially as the Local Assurance Framework had not yet been amended or adopted to facilitate a closed call. He also suggested that the restrictive criteria would help limit the bids that were submitted, and agreed to the call clearly defining what would be expected of projects. Early engagement with prospective bidders would also minimise the potential for unrealistic expectations.

- Queried why it was being proposed to run an open call for Category 1, but to limit Category 2 to applicants to the Levelling Up Fund (LUF) Round 2 and Shared Prosperity Fund (SPF). The Director of Business and Skills confirmed that although LUF and SPF bids would be prioritised, other projects with high value for money linked to the economic growth and skills strategy would be considered, and that this would be made clear in the call for bids.

It was resolved unanimously to:

- a) Recommend to the Combined Authority Board the revised strategic approach for targeting Category 1 of the Business Board recycled funds;
- b) Recommend the Combined Authority Board approve the criteria for the project scoring assessment of applications to the Business Board recycled funds;
- c) Recommend the Combined Authority Board approves the process for investing Business Board recycled funds as stated at Category 1 and 2; and
- d) Note all programme updates outlined in this paper.

## 58. Growth Works Management Review – January 2022

The Business Board received an update on the Growth Works' programme performance up to 31<sup>st</sup> October. Noting that the report only provided data up to the end of October, the Growth Co Chair informed members that overall metrics for most of the key performance indicators for 2021 had either been met or exceeded, while run rates on the service lines were looking promising moving from Quarter 4 in 2021 to Quarter 1 in 2022. As part of the process to gauge levels of customer satisfaction, responses to a survey of 50 companies had indicated a net promoter score of 68% across the service lines, which was classed as excellent and only 2% from being rated world class. One of the main issues that had been raised was slowness in the payment of capital grants. Partners had also been asked to consider the effectiveness of the service in reaching the top 1000 growth companies out of the 37,000 companies in the region. An Inward Investment supply chain event centred on artificial intelligence had been held on 8<sup>th</sup> December 2021, with 10 out 30 overall applicants pitching on the day, and following discussions with Gateley at the event, one to ones would be held with all 30 applicants. Attention was drawn to section 6.4 of the report, which detailed the high rate of grant applications that had been made to date and measures that were being taken to ensure that capital expenditure funds remained available until mid-2023.

While discussing the report, the Business Board:

- Expressed concern that the report presented a misleading impression that there were increases across the board, with there being no alternative to the green arrows indicating an improvement on the previous quarter. While the inward investment service line had significantly overperformed, growth coaching had underperformed, and it was suggested that the data could be better represented to reflect such information. Acknowledging that similar feedback had been received previously, the

Senior Responsible Officer (SRO) for Growth Works undertook to raise the issue with Gateley. **Action required**

- Acknowledged that the data collated to date was effectively establishing a baseline, such as the number of companies starting growth coaching and the number of grants awarded, but suggested that information should also begin to be provided on the service's impact on businesses, including whether they had grown, become more competitive, and improved the quality of their product or services. Confirming that outputs and outcomes, such as the number and quality of jobs, were being measured, the Director of Business and Skills emphasised that these indicators, as opposed to the level of engagement or activity, were the deciding factors on whether contractors received performance bonuses. The SRO undertook to raise the suggestion with Gateley. **Action required**
- Suggested that the Investment Panel could provide some feedback on what had been achieved to date compared to what it had initially set out to achieve in supporting the right companies with the right performance.
- Sought information on how many grant applications had been rejected and how companies had been prioritised throughout the process. The Growth Co Chair informed members that not all applications reached the investment panel, as they initially passed through a triage stage, with only the best applications proceeding to later stages. Noting that the assessment process involved a scorecard that produced weighted responses on issues such as the geographical location, the value of jobs, and whether the company offered apprenticeships, the SRO undertook to provide members with information on the number of rejected applications. **Action required**
- Queried whether decisions on investments and grants aligned with recommendations made by the Independent Climate Commission Review and considerations of the wellbeing of society, arguing that the scoring mechanism could be weighted towards applications involving climate commission targets. Confirming that weighting on sustainability was included in the scoring process, the Growth Co Chair suggested that wellbeing of society could also be included when looking at types of industry. It was, however, observed that the programme had already been agreed by the Business Board, with contracts drafted and a provider in place, which meant that although minor amendments to the scoring process could be made, fundamental changes would implicate a significant piece of work that would require approval from the Business Board, and it was also noted that contractors could be adverse to significant changes if it was likely to negatively affect their outcomes and subsequent financial recompense.
- Noted that there was a certain level of uncertainty in the business community as to how Growth Works differed to other programmes and other mechanisms of support in the region and suggested that it would be useful to provide clarity on what Growth Works could offer and provide to businesses. The Director of Business and Skills informed members that data-driven targeting of companies had been given priority over marketing, with a wide range of data sources helping to identify companies with high growth or the potential for high growth. Nonetheless, the SRO undertook to ensure such clarity was made available. **Action required**

- Requested a comparison of Growth Works' performance in comparison to other similar initiatives around the country. **Action required**
- Expressed concern about the significant risk identified in section 4.7 of the report related to the lack of resources in the International Investment Services team, and sought further information on what additional resources were required and whether the risk extended to the continued growth of the programme. Noting that there was little involvement of the Department for International Trade in the region, the SRO informed members that budgetary changes had affected the inward investment services due to impacts from the loss of access to the European Regional Development Fund. Work was being undertaken to increase the size of the team's workforce to ensure clients continued to be served in efficiently and successfully.

It was resolved unanimously to:

Note the Growth Works programme performance up to 31<sup>st</sup> October 2021.

## 59. Peterborough University – Phase 3 Business Case

The Business Board received a report outlining the vision of the third phase of the University for Peterborough in the form of a Business Case, and a range of actions that would be presented to the Skills Committee for recommendation to the Combined Authority Board that were necessary to achieve the legal and contractual framework needed to deliver Phase 3 of the University project through the Peterborough HE Property Company Ltd (PropCo1). Attention was drawn to the financial arrangements for Phase 3 outlined in section 3 of the report, following the securing of £20m funding from the Levelling Up Fund (LUF), which required a change to the shareholder subscription. In order to comply with the LUF timeline, a number of amendments, such as drag rights, also needed to be collectively agreed between the Combined Authority, Peterborough City Council and Anglia Ruskin University (ARU) by the end of February 2022, in order to have spent the funds and commenced work by March 2022.

While discussing the report, the Business Board:

- Established that ARU was in the process of recruiting students, and following two enrolment days there were indications that 1000-1200 people were showing interest in enrolment, although clearer figures would become available later in the year. Noting that the business model was predicated on achieving planned student numbers, it was requested that updates on enrolment levels be provided at future Business Board meetings. **Action required**
- Sought clarification on whether further capital investment during Phase 4 and Phase 5 of the project would require a subsequent change to the shareholder arrangement. Clarifying that Phase 4 would not be related to PropCo1, the Director of Business and Skills acknowledged that further investment during Phase 5 through Prop Co 1 would lead to subsequent changes, although he emphasised that funding for that phase was likely to come from separate sources, such as the UK Infrastructure Bank or philanthropic sources. He further noted that this was the reason for requesting drag rights as part of the amendments in order to be able to sell the buildings in Year 10 and recuperate the invested funds.

- Expressed support for all partners' investment to be made into a third property company PropCo3, which was reflected in Option B in section 4.2 of the report, as recommended by officers. It was clarified that it was the constitutional role of the Skills Committee to make the recommendations to the Combined Authority Board, but members indicated a desire to explicitly endorse the recommendations.

It was proposed by the Chair and agreed unanimously to amend recommendation b) as follows (addition in bold):

- b) Note **and endorse** that the Skills Committee will be asked to recommend to the Combined Authority Board the approval of a range of actions necessary to achieve the legal and contractual framework needed to deliver the phase 3 of the University project through the Peterborough HE Property Company Ltd (Prop Co 1).

It was resolved unanimously to:

- a) Note the University of Peterborough Phase 3 Business Case; and
- b) Note and endorse that the Skills Committee will be asked to recommend to the Combined Authority Board the approval of a range of actions necessary to achieve the legal and contractual framework needed to deliver the phase 3 of the University project through the Peterborough HE Property Company Ltd (Prop Co 1).

## 60. Covid-19 Economic and Skills Insight Report

The Business Board received a report on the latest data in relation to Covid-19 impacts and overall economic performance in the Cambridgeshire and Peterborough region. Noting that the data was published just before Christmas and therefore did not include the impacts of current restrictions pre-Christmas trading, the representative of Metro Dynamics, who produced the report, informed members that overall there had been a steady economic recovery. Highlighting that current employment levels were now above pre-pandemic levels, driven by both the success of the Government's job retention schemes and the speed of the recovery, it was noted that vacancy rates were now higher than the pandemic, particularly in areas and sectors effected by a shortage of seasonal labour following the UK's exit from the European Union. Data on the pandemic's long-term impacts on business sectors remained relatively uncertain. Whilst a slight local reduction in the number of businesses was similar to the UK average, the region appeared to have experienced a steeper decline in the manufacturing sector than elsewhere, and it was suggested that non-covid impacts, such as costs of energy, raw material and labour, also needed to be monitored in this sector over the coming months. He also expressed caution about over-confidence, noting that the combination of cost increases and a tight labour market suggested that there were still challenges ahead for local firms. Attention was also drawn to the fact that impacts were disproportionately weighted to already disadvantaged areas and cohorts, including Peterborough, young people and lower-earning groups.

While discussing the report, the Business Board:

- Observed that although employment was above pre-pandemic levels and productivity had arguably also increased, output remained lower. Noting that there was a lag in such data, the Metro Dynamics representative cautioned against drawing too many conclusions from local output indicators at this stage.
- Expressed concern about the disproportional impacts on certain areas, and suggested that the scoring mechanisms and weighting systems for funding should be cognisant of such issues, particularly in the Growth Works, where opportunities were sought to support growth.
- Clarified that for the purpose of the report, March 2020 was used as the start point of the pandemic.
- Suggested that one of the reasons that less people were looking for jobs was because some had decided to retire early. Acknowledging that there were some signs of reduced economic inactivity along these lines, the Metro Dynamics representative informed members that the manufacturing sector in particular had expressed concerns about struggling to recruit and replace experienced workers as people left the labour force.
- Observed that certain sectors, such as catering, were struggling to employ staff, resulting in wage inflation. Members expressed concern that, when considered alongside the data in the table on page 11 of Appendix 1 of the report, Cambridge was recovering at a slower pace than could have been expected. The Metro Dynamics representative observed that the data appeared to differ with the level of confidence on the ground in Cambridge, and suggested that once the reduced footfall, sales and take-up of hospitality over the Christmas period was incorporated into the data, an even greater impact could become evident.
- Clarified that future updates would be received on a quarterly basis, and requested that the format remained the same in order to facilitate comparisons over time.
- Suggested that the data and analysis in the report could be disseminated more widely to the business community to provide helpful background context to the evolving situation. It was suggested that it could be published on the Growth Hub's website, and the Business Programmes and Business Board Manager informed members that it was also being established whether it could be included on the Business Board's dashboard and sub-pages. It was also suggested that the Communications team could disseminate the information to the wider community to provide information and demonstrate the Combined Authority's work on Covid-19 recovery. **Actions required**

It was resolved unanimously to:

Note the Metro Dynamics Report and provide any necessary feedback as applicable for an updated version.



## 61. Adult Education Budget – Delivery Outcomes and Impact

The Business Board received a report containing performance data and outcomes for the Adult Education Budget (AEB) for the first two years of devolution with respect to employed status learners, and which also outlined future plans for the devolved AEB, as approved by the Combined Authority Board, and proposals under development to support employer-responsive skills provision. The first two years of the budget had been heavily impacted by the Covid-19 pandemic, as evidenced in the reduction in employed status learners, although the Senior Responsible Officer (SRO) for Adult Education emphasised that enrolment, participation and spend had increased, largely due to the blended offer of provision that had been established. It was highlighted that most of the learners were undertaking level 2 courses, with only 2% of enrolments being for level 3, although this was expected to rise now that level 3 courses for adults were fully funded. Attention was drawn to the outcomes and destinations set out in section 5 of the report, and it was noted that work was underway to commission a destination tracking tool on a longitudinal basis to address the gaps that had been identified.

While discussing the report, the Business Board:

- Sought clarification on how the selection of courses was made and how demand was identified. Informing members that that the choice of courses offered was determined by the courses historically delivered by the providers, the SRO noted that the development of the Employment and Skills Strategy sought to reframe this process and base the selection on local need.
- Noted the high demand in industry for workers with high levels of technical ability, and expressed concern about the low level of enrolments for level 3 courses. Although it was acknowledged that the issue was being addressed, members queried why there was such high demand for level 2 courses compared to level 3. The SRO assured members that work was underway to try and redress the imbalance through the Combined Authority's commissioning levers.
- Suggested that the number of learners who progressed from level 2 courses to level 3 courses should be monitored, to determine the level of success in developing skills. The SRO noted that other Combined Authorities were looking to develop tools such as progression agreements to try and drive such development, and he acknowledged that progression should be one of the measures of success.
- Sought clarification on whether there were any geographical areas within the region where it had been more challenging to establish the right courses in the right places. The SRO informed members that the focus during the first two years had been on the north of the region, where there were a lower proportion of people qualified to level 3 and a significant portion of the population without any qualifications, although he acknowledged that there were also areas across the whole region that required greater focus as well.

It was resolved unanimously to:

- a) Note the performance data and outcomes for the Adult Education Budget (AEB) for the first two years of devolution with respect to employed status learners; and
- b) Note the future plans for devolved AEB, as approved by the Combined Authority Board and proposals under development to support employer-responsive skills provision.

## 62. Business Board Appointments

The Business Board received a report that provided information on the appointment of two new private sector members to the Business Board. Following a recruitment process that culminated in the appointments being made by an appointment panel that consisted of the Chair, the Mayor of Cambridgeshire and Peterborough and the Director of Business and Skills, it was confirmed that Belinda Clarke and Vic Annels had been selected and would join the Business Board at the next meeting on 14<sup>th</sup> March 2022, following the completion of an induction programme. It was noted that one private sector place on the Business Board remained vacant.

While discussing the report, the Business Board:

- Welcomed the appointment of Belinda Clarke and Vic Annels, noting that they would provide a further dimension to the work of the Business Board.
- Agreed to hold an informal meeting to discuss the pending appointment of a new Director of Business and Skills. **Action required**

It was resolved unanimously to:

- a) Note the appointment of new private sector Business Board members made by the Appointments Panel, subject to completion of the induction programme; and
- b) Note the one remaining vacancy on the Business Board.

## 63. Business Board Headlines for Combined Authority Board

The Business Board noted the headlines that the Chair would convey at the Combined Authority Board meeting on 26<sup>th</sup> January 2022.

## 64. Business Board Forward Plan

While considering the Forward Plan, the Chair observed that there were a large number of items scheduled for the next meeting, some of which could be required to be discussed in a private session. Confirming that the next meeting would be held on 14<sup>th</sup> March 2022, the Business Board noted the Forward Plan.

Chair  
14<sup>th</sup> March 2022