

Business Board: Minutes

Date: 10 November 2020

Time: 2:30pm – 4:50pm

Present: Austen Adams (Chair), Andy Neely (Vice-Chair), Dr Tina Barsby, Faye Holland, Councillor John Holdich, Aamir Khalid, Nicki Mawby, Jason Mellad, Mayor James Palmer, Rebecca Stephens and Kelly Swingler.

180 Apologies for Absence and Declarations of Interest

Apologies were received from Mark Dorsett, Al Kingsley and Nitin Patel.

Tina Barsby declared a non-statutory disclosable interest in relation to 'Local Growth Fund Programme Management Review - November 2020' (agenda item 2.2) and 'Cambridgeshire and Peterborough Agri-Tech Sector Strategy' (agenda item 3.3).

181 Minutes of the Meeting Held on 15th September 2020

The minutes of the meeting held on 15th September 2020 were approved as a correct record.

The minutes of the extraordinary meeting held on 19th October 2020 were approved as correct record, pending the following correction to the third bullet point of Minute 2.1 – 'Getting Building Fund Project Proposal – October 2020' (removal in strikethrough, addition in bold):

Clarified that the Cities and Local Growth Unit expected the infrastructure to be completed by ~~March-2020~~ **2022**.

With regard to progress made since the Business Board nominated Austen Adams as its representative on the Greater Cambridge Partnership Executive Board at the extraordinary meeting on 19th October 2020, it was noted that a formal written response from the Greater Cambridge Partnership had yet to be received.

While considering the Action Log, it was noted that the stakeholder contacts provided by Board members (Minute 152) would be used for engagement to support public relations and marketing activity.

182 Public Questions

No public questions were received.

183 Budget and Performance Report

The Business Board received an update and overview of the revenue funding lines within the Business and Skills directorate, which included figures to 30th September 2020.

While discussing the report, the Business Board:

- Sought clarification on the reasons behind the high underspend on the Health and Care Sector Work Academy, one of the Skills Revenue Programmes listed in Appendix 1 of the report. The Finance Manager informed members that it was a pilot scheme that had been initiated by the Department for Work and Pensions in 2019, although delays and its initial short timespan had impacted on its deliverability and timeframe. She confirmed that the project was currently running and would continue to do so into 2021.
- Observed that monthly capital costs related to the Peterborough University project, as listed in Appendix 1 of the report, ranged between £45k and £175k but culminated in a significantly higher cost of £11.564m in March 2021. One member expressed concern about having such high costs in the last month of the financial year and the potential risk that it would slip into the following year. The Finance Manager informed members that the cost did not reflect Local Growth Fund investment but corresponded to the Combined Authority's equity investment in the project that would be transferred to the property company once share agreements had been signed. It was not certain exactly when this would occur, although the Director of Business and Skills indicated that Anglia Ruskin University, Peterborough City Council and the Combined Authority were on schedule to sign by the end of November. He emphasised the importance of achieving this in order to achieve the delivery deadline date of March 2022 and informed the Board that he had used his position as a director of PropCo, under provisions of the Combined Authority, to provide £360k of funding.

It was resolved unanimously to:

Note the update and financial position relating to the revenue and capital funding lines within the Business & Skills Directorate.

184 Local Growth Fund Programme Management Review – November 2020

The Business Board received an update on the Local Growth Fund's (LGF) programme performance to 16th October 2020. The final third of the £35m grant payment had been received from the Cities and Local Growth Unit on 30th October 2020, which provided reassurance that all funding commitments would be met, while the Brampton Hub LGF project had been withdrawn, resulting in an additional £2.4m for the LGF pot. The Board was asked to recommend to the Combined Authority to approve withholding a further £100,000 of funds allocated to the Eastern Agri-Tech Growth Initiative to close out the scheme, handle final claims and create a full programme evaluation and report during 2021-22. The Board was informed that the Mayor of Cambridgeshire and Peterborough had approved the Getting Building Fund to the Peterborough University Phase 2 Manufacturing and Materials Research & Development Centre project, subject to conditions recommended by the external appraiser, as had been recommended by the Business

Board at its extraordinary meeting on 19th October 2020. It was noted that a further £1.4m of the £5.5m COVID Capital Grant scheme had been paid out since the report had been written, bringing the total amount paid out to £3.6m.

Pending the Board's approval of an application in the subsequent item and resulting from the withdrawn Brampton Hub project, £2.043m of the LGF pot remained available for allocation and spending prior to March 2021, and the Business Board was asked to consider two options for recommendation to the Combined Authority Board. The first option was to restart the COVID Capital Grant scheme, which had a backlog of 200 applications totalling £6.725m from the previous scheme, although it was noted that all such applications could not be approved and that this could risk causing further disquiet in the business community. The second option was to place the funding in the Growth Grants strand of the Business Growth Service, which would represent a new resource for a wider range of potential applicants. The Director of Business and Skills noted that over £200m was being made available to firms through the furlough scheme and various business-related grants, suggesting that an additional £2m would not have as large an impact on Covid-19 recovery projects as it would on business growth projects. Based on job creation figures from the previous COVID Capital Grant scheme, he estimated an additional 320 jobs could be created through the first option, while the second option was likely to create two to four times as many jobs. He also emphasised that the funding could only be spent on capital and could not therefore be treated as an emergency revenue grant.

While discussing the report and considering the options for allocating the remaining LGF funds, the Business Board:

- Queried whether sole traders would be able to access funding through either of the two options for additional LGF funding. It was clarified that LGF funding could not be allocated to sole traders and was therefore targeted to small and medium-sized enterprises. A previous scheme targeting sole traders and smaller businesses had run alongside the COVID Capital Grant scheme, but it was funded by Gainshare funds with fewer constraints.
- Expressed concern that funding from the Business Growth Service would target specific high-growth sectors and therefore fail to assist the businesses areas that were suffering the most, such as restaurants and cafes. The Director of Business and Skills observed that high-growth companies existed across all sectors and were not limited to specific high-growth sectors, although he acknowledged that local restaurants and pubs were not likely to be high-growth.
- Acknowledged the success of the previous COVID Capital Grant scheme in providing vital support and confidence to keep local businesses running, but argued that the long term strategy required a significant level of retraining of unemployed workers, which would be better provided through the Business Growth Service. This included assisting companies in adapting to the evolving situation and post-Covid-19 environment. One member identified the evidence of the previous COVID Capital Grant's success as a reason for supporting a restart of the scheme, whereas the Business Growth Service represented an untested approach.
- Noted that the Mayor of Cambridgeshire and Peterborough was seeking business development funding to be provided from the government on an annual basis, which would provide support similar to that of the COVID Capital Grant scheme, although

there was no guarantee that the efforts would be successful or indication of when any annual funding would be agreed or provided.

- Emphasised the importance of the fact that allocating the funding to the Business Growth Service was likely to create a higher number of jobs. It was suggested that accelerating and ensuring the success of high-growth industries would also be of benefit to smaller businesses.
- Confirmed that the Business Growth Service contractor would have the capacity to incorporate the additional funding. The Director of Business and Skills informed the Board that its original tender had been for £6m funding, although that had been halved to support the COVID Grant scheme, and therefore reincorporating £2.043m would serve to replace that initial drop in funding.
- Recognised the success of the Eastern Agri-Tech Growth initiative and supported the withholding of funds as proposed in the report.
- Requested that the recommendations that arose from the LGF Processes Review be added to the Minutes Action Log to ensure they were followed up on. **Action required**
- Suggested that it would be useful to be provided with greater visibility of the working progress of LGF projects in achieving delivery of their expected outcomes, rather than just finding out at the end whether they were achieved or not. The Strategic Funds Manager noted that job creation was continually monitored and included in the monitoring report that was attached as an appendix to the bimonthly LGF Programme Management Review reports. He agreed to investigate including further measures as well as job creation in future reports. **Action required**

Following discussion on the two options presented to the Business Board, it was proposed by the Chairman, seconded by Aamir Khalid, and resolved to:

Recommend to the Combined Authority to allocate the remaining £2,043,178 Local Growth Fund into the Growth Grants strand of the new Business Growth Service.

It was resolved unanimously to:

- a) Note the funding position and forecast for Local Growth Fund Programme including the projects completed and in delivery;
- c) Recommend that the Combined Authority Board delegate authority to Director of Business and Skills in consultation with the Monitoring Officer, Lead member for finance and Section 73 Officer to approve launching the grant scheme approved by the Business Board to receive the remaining £2,043,178 Local Growth Fund;
- d) Recommend to the Combined Authority Board approval, allowing the carry forward of £100,000 of the current funding allocation to the Eastern Agri-tech Growth Initiative scheme to enable the close out of the scheme, handling of final claims, a full programme evaluation and report during 2021-22; and
- e) Recommend all the programme updates outlined in this paper to the Combined Authority Board.

It was resolved to:

- b) Recommend to the Combined Authority to allocate the remaining £2,043,178 Local Growth Fund into the Growth Grants strand of the new Business Growth Service.

185 Local Growth Fund Project Proposals – November 2020

The Business Board received a report which included an application that had been submitted as a Local Growth Fund project proposal, with a view to making a recommendation to the Combined Authority Board. The application was a variant of a project that had been rejected by the Business Board at its meeting on 15th September 2020, although it was noted that the Board had simultaneously encouraged the applicant to rework and resubmit the application for further consideration. The project was to make adaptations to Cambridge city centre to assist the area in overcoming challenges arising from the impact of Covid-19, including for the hospitality and leisure sectors. It was emphasised that funding would be subject to the project complying with conditions that had been proposed by the external appraiser.

While discussing the project proposal, the Business Board:

- Queried how it could be ensured that the project achieved the number of job creations that were estimated in the application. The Strategic Funds Manager clarified that all projects were subject to any conditions set by the external appraiser, one of which in this case was related to job creation. Once grant funding agreements had been signed, projects were held to the conditions laid out in the agreements.
- Welcomed the changes that had been made to the application, arguing that it was more immediate and impactful than the original project which the Board had considered. It was suggested that the project could prove transformational for Cambridge city centre.

It was resolved unanimously to:

- Recommend that the Combined Authority Board approve funding for the Cambridge Visitor Welcome project based on the project scoring criteria and external evaluator recommendation.

186 IMET Investment Update and Recovery Recommendations

The Business Board received a report seeking a recommendation for the Combined Authority Board to approve the partial recovery of the LGF investment of £10.502m in the legacy project design and build of a vocational training centre at Alconbury Weald. The Board was also asked to consider a refocusing of the existing legal Grant Funding Agreement to enable the Equipment paid for by the LGF grant to continue to be utilised to achieve skills outcomes to benefit of the current and future cohorts of learners.

Having considered various disposal options for the iMET, it had been established that the only workable process was to take the current lease for the building to the open market, which would also maximise the restitution of funds back to the Combined Authority. The Board was informed that positive meetings to discuss how to achieve this had been held between Cambridge Regional College (current owners of the lease), Urban and Civic (owners of the freehold), and the Combined Authority (the accountable body), leading to the recovery plan under consideration. It was noted that Urban and Civic had agreed to a 70%/30% split in their favour of any funds received over the value of the lease by turning it into a freehold.

While discussing the proposed recovery plan, the Business Board:

- Queried who would retain ownership of the land if the freehold on the building was sold. The Combined Authority's Principal Solicitor of Property, Planning and Highways confirmed that a sale of the freehold would include the land, while ownership would be retained by Urban and Civic under a re-assignment of the existing lease. The Combined Authority would not own the freehold under either of the potential scenarios.
- Acknowledged that it was the Local Enterprise Partnership that had originally approved funding of the project before the Business Board had been formed, but suggested that it would be beneficial to review how such an undesirable situation had arisen, in order to avoid a repetition. The Director of Business and Skills acknowledged the concern and assured the Board that an extensive analysis had been carried out. He observed that the project would not have been approved on the basis of current requirements, as it had been an application for a 100% grant to build that had been submitted without a business plan, a demand survey or a market plan, and without any further procurement.
- Clarified that there were no time restraints on spending any recycled funds that were repatriated into the Local Growth Fund pot.
- Confirmed that the recommendations represented a set of sequential steps to achieve the desired outcome.

It was resolved unanimously to:

- a) Recommend to the Combined Authority Board approval of pursuing clawback of Local Growth Funding in relation to the iMET LFG investment, by selling the iMET building on the open market for a cash receipt back into the recycled Local Growth Funding budget, through agreements with Cambridge Regional College and the Landlord Urban and Civic;
- b) Recommend to the Combined Authority Board to approve to the Combined Authority owning and disposing of the iMET building to effect claw-back, if required. It is not the intention of the transaction as currently envisaged that CPCA would take ownership of the iMET Building. If CPCA do take ownership, it would only be for a short period of time before the iMET is transferred to the end purchaser;
- c) Recommend to the Combined Authority Board, approval of a refocussed Grant Funding Agreement between Cambridge Regional College and the Combined Authority and that final sign-off of that agreement, in relation to the

iMET equipment being retained and utilised by Cambridge Regional College to continue delivering learner outputs, is delegated to the Director Business and Skills in consultation with the s73 Officer and the Lead Member for Finance;

- d) Recommend to the Combined Authority Board that delegated authority is given to Director Business and Skills, in consultation with the Section 73 Officer, the Monitoring Officer and the Lead Member for Finance, to finalise the form and then sign-off the Surrender or Assignment Option Agreement between Cambridge Regional College and the Combined Authority, once full and final agreement with the landlord has been achieved; and
- e) Recommend to the Combined Authority Board that delegated authority is given to Director Business and Skills in consultation with the Section 73 Officer, Monitoring Officer and the CA Member for Finance to finalise Heads of Terms on an agreement with the landlord of the iMET building, which in turn facilitates the final sign-off of the option agreement with Cambridge Regional College.

187 Cambridgeshire and Peterborough Agri-Tech Sector Strategy

The Business Board received a report on the development of an Agri-Tech Sector Strategy for Cambridgeshire and Peterborough. Promar had been commissioned to undertake the work in February 2020 and despite delays as a result of Covid-19, had carried out extensive consultations with organisations and businesses across the region. The Board's input was sought in order to finalise the strategy and allow for it to be formally adopted. It was suggested that the roles of the Board were to leverage the Combined Authority's influence, to provide strong leadership to fulfil the narrative, to help agri-tech businesses become ever more resilient and flexible to volatile and uncertain market conditions, and to identify opportunities.

Promar suggested that Cambridgeshire and Peterborough benefitted from one of the strongest Agri-Tech sectors in the country, and although caution was advised given a variety of current and upcoming challenges, including the impacts of Covid-19 and the UK's withdrawal from the European Union, it was argued that the region was in a good position to overcome the difficult period. Attention was drawn to two areas of key importance in the strategy, which were "policy push" and "commercial pull", while the four underlying themes were identified as narrative, focus, integration and synergy with others, and support business to develop growth.

While discussing the report, the Business Board:

- Queried who had been consulted in the development of the strategy. It was explained that an online survey in conjunction with the Agri-TechE, along with face to face sessions on a remote basis, had been carried out. These processes identified a disconnect between the strength of the sector in the region and the understanding of companies about what was available to them.
- Indicated a desire to discuss the strategy in greater detail before it was presented for final approval. **Action required**

- Suggested that there was a lack of clarity in the report as to whether it was detailing with agri-tech or agri-food issues.
- Welcomed the overview of the strategy's development that was provided by the report but argued that greater emphasis was required on the overall objective, direction and vision. It was also argued that it should include more explicit calls for action and intervention, particularly on the part of the Business Board, as well as a clear identification of the key issues for the region and their possible solutions.
- Suggested there was a need to review other areas of work, including the Local Industrial Strategy, to consider how they were informed or affected by the work carried out so far by Promar.
- Agreed that future iterations of the strategy would be produced and that various Board members would participate in the drafting process, with Tina Barsby coordinating their participation.

It was resolved unanimously to:

Note the draft Agri-Tech Sector Strategy and a presentation from Strategy authors.

188 Covid-19 Local Economic Recovery Strategy – Business Board (November 2020)

The Business Board received a report which updated members on the development of the Local Economic Recovery Strategy (LERS) following further evidence-based insight that had been gained since its first presentation in September 2020, with a second presentation scheduled for the Board meeting on 12th January 2021. The Chair noted that an amended version of Appendix 2, which was itself an appendix to the actual LERS, had been published separately as a late document.

While the underlying long-term goals and objectives had not changed, and the actions that had already been agreed, funded and put into practice would not be halted, it was emphasised that the LERS was and would continue to be an evolving document. As the social and economic impacts of Covid-19 became clearer over the coming weeks, more clarity would emerge on the long-term strategy and actions required, allowing for the second version in January 2021 to identify a more fundamental approach.

While discussing the report, the Business Board:

- Welcomed some members being able to participate in the development of the dashboard produced by Metro Dynamics.
- Paid tribute to how the LERS had been developed since its first draft version, particularly with regard the ability to trace through why the Board was making particular interventions to the original objectives.
- Suggested that there was not a consistent understanding throughout the LERS of what constituted a sector, with some of those labelled as sectors in the document

actually serving more as underpinning or facilitating capacities of other sectors, rather than as a sector themselves.

- Supported the classification of recovery projects into primary, secondary and tertiary interventions, with the suggestion that the Business Board should focus on the identifying and prioritising tertiary interventions, which consisted of those which neither had clear cost-benefit data nor were formally approved.

It was resolved unanimously to:

Recommend the Combined Authority Board approve the updated version of the Local Economic Recovery Strategy (LERS) for Cambridgeshire & Peterborough.

189 Kickstart Scheme

The Business Board received a report asking the Business Board to recommend that the Combined Authority Board approve the request for the Business Growth Service to act as a Gateway organisation and Combined Authority primary referral partner for the Kickstart Scheme, which was launched in September 2020 as an intervention to support economic recovery and offer young people the opportunity of gaining valuable work experience via a 6-month placement.

It was resolved unanimously to:

Recommend the Combined Authority Board:

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

190 Business Board Annual Report and Delivery Plan

The Business Board received an annual report on activities that had been carried out over the previous 12 months, as well as a Delivery Plan setting out ambitions for the coming year. The period covered in the annual report was from March 2020 to March 2021 due to the deferral of the report's presentation when the annual general meeting was rescheduled from May 2020 to November 2020. As a result, activities had been adapted to incorporate the response to the Covid-19, including the Local Economic Recovery Strategy and ongoing reconsideration of other strategies, such as the Local Industrial Strategy.

Members paid tribute to the work identified in the report and acknowledged the challenges that lay ahead.

It was resolved unanimously to:

- a) Approve the Business Board Annual Report for 2019-20 & Annual Delivery Plan for 2020-21; and
- b) Recommend the Combined Authority Board approves the Business Board Annual Report for 2019-20 & Annual Delivery Plan for 2020-21, and for these to be published and formally submitted to the Department for Business, Energy & Industrial Strategy (BEIS).

191 Business and Market Engagement Update

The Business Board received a report which provided an update on business and market engagement activities across the Business and Skills directorate, which sought to raise the Board's profile in the business community and encourage target audiences to engage with interventions.

The Chair welcomed the new format that would be presented to the Board at each meeting and emphasised the importance of promoting the work of the Business Board, especially during the current climate.

It was resolved unanimously to:

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

192 Business Board Headlines for Combined Authority Board

Acknowledging that all but one of the decisions had been reached unanimously during the meeting, the Business Board noted the headlines that the Chairman would convey at the Combined Authority Board on 25th November 2020.

193 Business Board Forward Plan

Confirming that the next meeting would be held on 12th January 2021, the Business Board noted its Forward Plan.