



CAMBRIDGESHIRE  
& PETERBOROUGH  
COMBINED AUTHORITY

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| <b>MAYORAL DECISION TITLE:<br/>MEETING LIABILITIES OF GCGP LEP</b> |
| <b>EXERCISING POWERS:</b><br>Mayor James Palmer                    |
| <b>DATE OF DECISION: 20 March 2018</b>                             |

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| Responsible Director:   | <i>Kim Sawyer, Legal Counsel acting under delegated authority of the Chief Executive</i> |
| Is this a public report? If a key decision, it will be a public report and will be published on the CA website. | YES  |
| Does the report have any annex that contains exempt information?  | NO   |
| Is it a Key decision?   | YES  |

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| Decision taken                                 | <p><i>Please provide an overview of the decision taken.</i></p> <p>To pay to Greater Cambridge and Greater Peterborough Enterprise Partnership Limited (the Company) the sum of £400,000 enabling it to effect the necessary Director's resignations and place the Company into solvent members' voluntary liquidation.</p> <p>In addition to provide the necessary confirmation to the Company to meet all known remaining disclosed outstanding liabilities of the Company, and to indemnify the Company against unforeseen liabilities and costs that may arise in the ensuing solvent members' voluntary liquidation.</p> <p>These decisions will be reported to the Combined Authority Board at its meeting on the 28 March 2018.</p> |
| Authorisation ( <i>delete as appropriate</i> ) | This decision has been taken under the general power of competence of the Mayor under Article 12 Cambridgeshire and Peterborough Combined Authority Order 2017   |



## Background Information

In December 2017 the GCGP LEP took a decision to initiate a process to transfer its business to the Combined Authority and wind up its affairs by way of a solvent members' voluntarily Liquidation (MVL). That decision can be taken by the GCGP LEP in April consequent upon these decisions being made.

A local enterprise partnership is a key component of Government policy as a means of delivering economic growth. The Combined Authority, following a letter sent by the Mayor to the GCGP LEP in November 2017, agreed to support the development of a new local enterprise partnership for the area. This is to be known as the Business Board. To ensure the new Business Board can continue the work of the GCGP LEP, significant work has been undertaken to progress the Business Board arrangements and put the GCGP LEP into a position to proceed with a MVL. External support has been provided by Grant Thornton on the financial aspects and Pinsent Masons on the legal matters.

The Shadow Business Board has been meeting on a weekly basis and considering the steps that need to be put in place to establish the Business Board from 1 April 2018. The reports of the Shadow Board are available on the Combined Authority website.

### **Capital Funds**

Discussions have been taking place on the existing capital funding for the LEP programmes of work. These funds are currently held by Cambridgeshire County Council as the Accountable Body. Based on the profiled spend to the end of 2017/18, capital sums under the Growth Deal and Growing Places programmes will be transferred by the Department for Business, Energy and Industrial Strategy (BEIS) to the Combined Authority on the 1 April 2018.

### **Short and Long-Term Liabilities**

The Combined Authority and the GCGP LEP have also been working closely with the Government over the past three months to reduce the level of liabilities. Assistance has been provided by BEIS in reducing the level of debtors and therefore simplifying the GCGP LEP financial arrangements.

The net financial liabilities of the GCGP LEP have been quantified by Grant Thornton. Whilst the GCGP LEP has a positive position in terms of cash at the Bank to enable a MVL to proceed, there must be sufficient cash to cover all financial liabilities and costs, whether known, prospective or contingent. Currently when all the figures are considered there is a shortfall. The Mayor is therefore asked to commit funding of up to £400,000 to address this short term financial liability.



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|  | <p><b>Unidentified Liabilities</b></p> <p>In addition to the financial amounts above there is the question of unidentified liabilities and costs. Whilst significant work has been undertaken within the GCGP LEP and by Grant Thornton to clarify the finances and commitments there is a risk that something additional could materialise during the voluntary liquidation process. Provision needs to be made for this as otherwise this could ultimately lead to an insolvent position.</p> <p><b>Other Governance Changes</b></p> <p>The GCGP LEP Articles of Association will also be revised to ensure that any cash left at the end of the MVL process is paid to the Mayor. Should the Combined Authority at its meeting on 28 March agree to assume the responsibilities of the Mayor under this decision notice, then any cash left at the end of the process will be returned to the Combined Authority. At present it is expected that upon payment of all creditors and debtors there will be a positive cash sum to transfer.</p>  |
| <p>Alternative options considered.</p> | <p><i>List alternative options considered and rejected and the reasons for rejection. Do not leave this section blank or put 'None'. There is always an alternative even if it is to do nothing.</i></p> <p>Should the Mayor not take these decisions the GCGP LEP could not proceed to members' voluntary liquidation, as the directors of GCGP LEP would be unable to make the necessary statutory declaration stating that the GCGP LEP will be able to discharge its liabilities within 12 months. That would mean that the LEP continues to operate as a company but without sufficient short-term funds. An insolvent creditors' voluntary liquidation or court approved winding up order (compulsory liquidation) could therefore follow. This would mean that there is no provision for continuation of staff contracts and existing business contractors of the GCGP LEP. This would put at risk the current business of the LEP, with the potential to impact significantly on economic growth of the area, lead to loss of government funding and harm to the reputation of the area which is currently one of the top 5 places for growth in the country.</p> |
| <p>Consultation</p>                    | <p><i>List any relevant consultation undertaken in relation to the decision. For example portfolio holders, other Chief Officers.</i></p> <p>Members of the Combined Authority</p>  |



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|  | <p>This decision notice will be advertised on the Combined Authority website for 5 clear working days in advance of the decision being taken</p>   |
| <p>Declarations / Conflicts of Interests (only if the decision falls under the 'Express Authorisation' category)</p> | <p><i>List the names of any member who has been consulted on and declared an interest in relation to the decision.</i></p> <p>The Mayor is being advised in this decision by Kim Sawyer acting as Legal Counsel for the Combined Authority. The Chief Executive of the Combined Authority is currently the shared Chief Executive of the GCGP LEP and has been appointed as a Director of the GCGP LEP to assist and prepare GCGP LEP for transfer of its business, and conduct a degree of investigation as to what is being transferred and what concluded contracts are not being transferred.</p> <p>The Mayor does not have a conflict of interest as he is not a member of the GCGP LEP and holds no interest in the GCGP LEP.</p> |
| <p>Supporting documentation</p>  | <p><i>List any supporting documentation available in relation to this decision (all of this information must be retained for public inspection for a period of at least 4 years – there is no provision for the release of exempt/confidential information).</i></p> <p>Report of the GCGP LEP to Board on 19 December 2017<br/>Reports of the Combined Authority regarding the GCGP LEP December 2017, January and February 2018<br/>Indemnity to follow</p>  |

| <b>Mayor's signature</b>  | <b>Date</b> |
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| <p><b><i>Once signed pass to Democratic Services and we will arrange publication.</i></b></p> |             |