

BOARD AGENDA AND BOARD PAPERS

DATE AND TIME: 7TH June 2016, 15.00 – 17.30

VENUE: CLUB ROOM 4, THE CLUB BUILDING, ALCONBURY WEALD ENTERPRISE CAMPUS, ALCONBURY, CAMBS PE28 4WX

Item	Brief description	Time	Access/circulation prior to board meeting
1. Welcome and Introductions	From Chairman, Mark Reeve	15.00 5 mins	
2. Chief Executive Update	Verbal update Update by Neil Darwin	15.05 10 mins	Board & Corporate Members
3. Devolution Update	Verbal update by Mark Reeve/Neil Darwin	15.15 30 mins	Board & Corporate Members
4. Greater Cambridge City Deal	Governance of the Greater Cambridge City Deal Paper by Neil Darwin	15.45 15 mins	Board & Corporate Members
5. University of Peterborough Business Case	To review the detailed Business Case and approve funding Paper by Neil Darwin	16.00 20 mins	Board & Corporate Members
6. Growth Deal Round 3	To review project submissions Paper by Adrian Cannard	16.20 30 mins	Board & Corporate Members
7. Growth Deal Update	To review the proposal and Heads of Terms for: i) Health Enterprise East ii) Collusion iii) Investment Committee Actions Paper by Adrian Cannard	16.50 20 mins	Board & Corporate Members
8. ESIF Update and Next Steps	For review and recommendation Paper by Michael Barnes	17.10 10 mins	Board & Corporate Members
9. Minutes from Board Meeting held on 4 May 2016	To agree Minutes	17.20 5 mins	Board & Corporate Members
10. AOB		17.25 5 mins	Board & Corporate Members

DATE OF NEXT MEETING: 15:00 on Thursday 23 June 2016

**VENUE: THE CLUB BUILDING, ALCONBURY WEALD ENTERPRISE CAMPUS,
ALCONBURY, CAMBS PE28 4WX**

Item 4: Governance of the Greater Cambridge City Deal

Recommendations

- i) The Board is asked to agree GCGP's continued engagement with the Greater Cambridge City Deal
- ii) That the Board notes the background to the Greater Cambridge City Deal as set out in this high level report
- iii) That the Board notes John Bridge's resignation (see Annex 1) from the Cambridge City Deal Board on 23rd May 2016 iv) That subject to the conclusion of point (i) the GCGP Board discuss appointing a new representative to the Cambridge City Deal Board

1. Overview of the City Deal

The Greater Cambridge City Deal is an agreement between Central Government and a partnership of local councils, business and academia representing the Greater Cambridge city.

The five City Deal partners are:

- Cambridge City Council
- Cambridgeshire County Council
- South Cambridgeshire District Council
- University of Cambridge
- Greater Cambridge Greater Peterborough Enterprise Partnership

The Greater Cambridge city region covers the city and the surrounding area of South Cambridgeshire.

2. What the deal will achieve

The City Deal will help Greater Cambridge to maintain and grow its status as a prosperous economic area.

The deal will:

- create an infrastructure investment fund
- accelerate the delivery of 33,000 planned homes
- enable delivery of 1,000 extra new homes on rural exception sites
- deliver over 400 new Apprenticeships for young people
- provide £1bn of local and national public sector investment, enabling an estimated £4bn of private sector investment in the Greater Cambridge area
- create 45,000 new jobs
- create a governance arrangement for joint decision making between local councils

3. Funding

An investment fund has been created to bring together national and local funding to invest in infrastructure.

- Between 2015/16 and 2019/20, Government will provide Greater Cambridge with £100m, made up of five annual payments of £20m.

- Dependent on the economic impact of the local investments (£100m), Greater Cambridge will be able to access up to an additional £400m over 10-15 years.
- This investment will sit alongside the over £500m that Greater Cambridge has pledged to invest in the area.

Together, this will lead to a total investment of up to £1bn over the City Deal period.

4. How decisions are made

Decisions around the City Deal are taken by the Executive Board, which coordinates the overall strategic vision and drives forward the City Deal's work.

The membership of the Executive Board comprises one representative of each of: Cambridge City Council, Cambridgeshire County Council, South Cambridgeshire District Council, the University of Cambridge and the Greater Cambridge Greater Peterborough Local Enterprise Partnership. The three Councils have voting powers, whereas the LEP and University do not.

The three Councils decided that their representatives should consider the advice of the Local Enterprise Partnership and University of Cambridge representatives, to ensure that decisions represent not only the Local Authorities but also the business and academic sectors. The Joint Assembly's role is to provide advice to the Executive Board, drawing on a range of expertise and stakeholder input.

It consists of 15 members, with a mixture of elected Councillors and stakeholders from the fields of business and academia. Each of the three Councils has three representatives on the Joint Assembly.

To date GCGP has been represented by John Bridge on the Executive Board with Sir Michael Marshall (Marshalls) Claire Ruskin (Cambridge Network) and Andy Williams (Astra Zeneca) representing the LEP on the Joint Assembly.

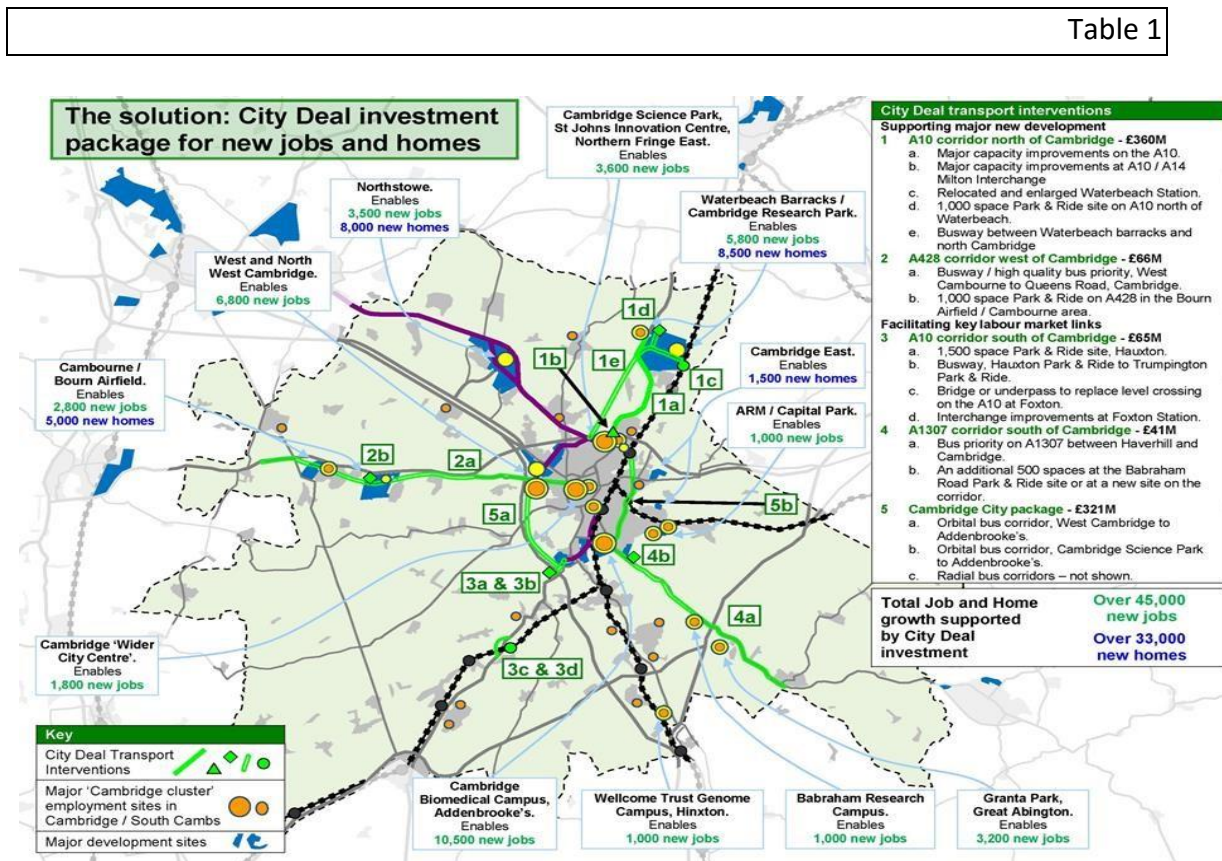
5. Prioritised activities for Phase 1 (2015-2020 – budget £100m)

The work programme for the first five years of the Greater Cambridge City Deal is:

- Transport infrastructure investment to improve connectivity, particularly between new homes and new jobs and make sure people travelling from within Greater Cambridge and beyond can get to work. The prioritised projects are:
 - Milton Road bus priority – facilitating new homes at Northstowe (10 000) and Waterbeach (8-9000) and new jobs in Northern Cambridge
 - Cambourne to Cambridge public transport improvements – facilitating 5800 new homes at Bourn and Cambourne and new jobs in West Cambridge. Includes Park and Ride investment
 - Histon Road bus priority – facilitating Northstowe
 - City Centre capacity improvements, strategy and tackling congestion
 - A1307 corridor public transport improvements to include bus priority/A1307 additional Park & Ride
 - Cycling improvements – Chisholm Trail and cross-City cycling
 - Year 1-5 reserve scheme development

- Years 6-10 programme development – future infrastructure investment priorities to support new homes and jobs
 - Programme management and early scheme development – ensuring delivery
- Establishing a Housing Development Agency, to use public-sector land and assets to build new homes, including affordable housing
 - With LEP leadership and as part of Signpost2Skills, working with business and young people to ensure 420 additional apprenticeships in the skills areas our economy needs
 - Promoting Greater Cambridge and the surrounding area as an inward investment location, creating investment and high-skilled jobs
 - Investing in smart cities infrastructure to improve data availability for businesses and others to develop a range of improvements, including applications

Table 1 sets out the agreed overall programme for the Greater Cambridge City Deal.



Annex A

John Bridge resignation email to Cllr Lewis Herbert, Cambridge City Deal Chairman 23 May 2016

Dear Lewis

I have spent a considerable part of my time away last week reviewing in depth the details of the strategy of the City Deal Executive Board and studying all the documents being produced for publication on 24th May.

Your note to me of 11th May referred to our discussions and the key questions and information I and other members of the Board required and for me to overcome my deep concerns. All the information I have seen since has not in any way dealt with these issues but rather raised even more significant concerns in my mind.

You were very clear when we spoke that you required full support from all members of the Executive Board for the strategy being pursued and the published documents and I promised to be totally honest with you if I was unable to do so.

Having now reviewed the situation in depth I very much regret I am not able to support the strategy and process going forward and therefore in the circumstances have no alternative but to resign with immediate effect as the representative of the GCGP Enterprise Partnership on the City Deal Executive Board.

I have raised over my period on the Board my real concerns with you over the bureaucracy and process being followed and the lack of real innovative thinking and the step change required in the existing transport strategy to meet the objectives of the City Deal to support Economic Success and drive the necessary growth to achieve this. Indeed we have had many conversations over my belief that we needed to utilise external expertise through individuals and organisations with international experience to really change the current thinking being pursued. This has just been ignored.

All I see now is a perpetuation of existing policies following an outmoded and outdated strategy in investing in walking, cycling, bus lanes and public transport in the same way which has been instrumental in creating the problems we have today and is against much of the more modern creative thinking and approach to these issues. In fact, it is quite shameful that the Board has been unable to propose the elimination of the charge for parking at Park & Ride sites as this has

been blocked politically by the County Council even though I believe a majority of the Board would be in favour of doing so. This has already increased congestion!!

In respect of the Workplace Parking Levy this is just another iniquitous tax on business to raise revenue (as with Park & Ride charge) for the perpetuation and investment in what I believe to be the wrong existing strategy and does not in any way focus on or deal with the real challenge of congestion. I still have no idea where all the cars and vehicles are going to go from the interventions which are predicting significant reductions in the numbers. There is also no clear strategy and timetable on the development and the investment and movement of some park & ride sites to cope with increased numbers to facilitate modal shift.

In my view much of where we are today has been driven by political expediency and unacceptable bureaucracy and processes and we have not even been able to sort out the Assembly and get the right Chairman and timings of the meetings as well as utilising it as a scrutiny committee meeting after the Executive Board as set out in the original proposals let alone wasting much of our time at Board meetings with repetitive public questions already rehearsed at the Assembly.

I wish you and the rest of the Board well in your endeavours and regret that I now feel unable to continue as part of the board representing GCGP but look forward to continuing to work with you in other ways.

With best wishes,

John

John Bridge OBE DL
Chief Executive

ITEM 5: UNIVERSITY OF PETERBOROUGH

RECOMMENDATION

The GCGP Board are recommended to release the feasibility funding to establish a university in Peterborough:

- Fund the Higher Education Stakeholder Group to establish a project team and deliver a University project plan (£120K, 12 months)
- Fund University Campus Peterborough to obtain 'Taught Degree Awarding Powers' (£600K, 24-36 months) through the University Campus Board

PURPOSE

1. At the January meeting the Board agreed in principle to support establishment of the University of Peterborough. This report seeks confirmation of funding following an appraisal (Appendix A) of the business case under our Assurance Framework.

BACKGROUND

2. Peterborough sits within a Higher Education (HE) Cold Spot. The city is the largest conurbation in the UK without a university. This restrains economic growth by perpetuating a high end skills shortage, deters future investment by technology-based industries in the northern part of GCGP area and drives an outward migration of academic talent. The University project is a long term undertaking that will require varying levels of support for the next 20 years before it is fully self-sustaining. Based on the experience of the fledgling University of Suffolk in Ipswich, this will require a combined public and private investment of circa £40M.
3. Two linked areas of work are proposed. The first is the development of a project plan that will map out the route to full University provision. A stakeholder group has been drawn together that includes government, academic institutions, businesses and industry, and the community. GCGP have been fully involved from the outset. Anglia Ruskin University (ARU), Peterborough City Council and Peterborough Regional College (PRC) are aligned to deliver this vision in conjunction with stakeholders. The second area of work is gaining Taught Degree Awarding Powers for University Campus Peterborough, which is an essential part of moving toward full University status (Degrees are currently awarded through ARU). Attaining TDAP is a structured process to demonstrate the academic independence and rigour of a potential university. It is an essential pre-requisite to obtaining university title. It brings short term economic benefits because course design and delivery can be optimised for local business demand and growth but it requires additional people, structures, oversight and 3rd party academic audit.
4. Since the submission of the Business Case the Government has announced the Higher Education White Paper. The processes, organisations and positions are clearly fluid given awaiting further detailed announcements. However, UCP comment: "The White Paper makes it possible for high quality providers like UCP to enter the sector and gain probationary degree awarding powers as

soon as the newly formed Office for Students is satisfied that the conditions of being an approved provider have been provisionally met. The process is entirely consistent with our ambition to achieve TDAP within 3 years. Furthermore, it will now be possible to go from Degree Awarding Powers to University title in as little as three years from award of TDAP in 2019. This is well inside the project plan assumptions defined by the HE Stakeholder Group and contained within the Business Case. It offers the opportunity to significantly accelerate the programme if a successful investment model is delivered in good time with LEP support.”

Appendix A

APPRAISAL FORM

project: Peterborough University – TDAP application		ref:
section a	project details	

A1 Project summary & governance arrangements

The project will support the submission of an application for Taught Degree Award Powers (TDAP) in April 2017 by a partnership known as University Centre Peterborough UCP (Anglia Ruskin University and Peterborough Regional College) with a decision anticipated in April 2019. The TDAP application and submission process would be overseen by UCP Board and the preparation of the business case for the University Peterborough will be overseen by the HE stakeholder group which comprises 20 education and skills, local authority and private sector partners and includes one representative from GCGP.

The award would enable UCP to award its own undergraduate and taught degrees. If successful, UCP would then apply for the University Title. Ultimately, the vision is to develop a University Campus of 12,500 undergraduates.

The application is for revenue support for two elements of the project development:

- £600,000 GCGP revenue support for a team of 3 officers, application costs, peer review, admin costs, initial restructure and creation of additional reporting line following co-ordinators report in January 2017. Total match is £209,000 from project partners PRC/ ARU/UCP.
- £120,000 revenue support for one year for University Project Team Leader, consultancy and professional fees. This work would be the development of the business case / full costings / details of a University Campus. Total match is £30,000 from PRC.

The submission states that there is a gap in HE provision and details in very broad terms the outcomes upon the successful implementation of the University and the wider benefits of a locally skilled workforce. The business case sets out a broad range of courses and faculty structure.

In January GCGP Board received a presentation from UCP and determined that it fully supported the proposal and would provide the level of funding requested subject to submission of a detailed business plan.

Following discussions with the applicant, a business case has been submitted which includes the elements of work, specifications, timetables, key decision making points and outputs with milestones identified.

TDAP would be a critical step in moving towards the ultimate aim of a 12,500 undergraduate and research university by 2035. It is estimated that the university would have 3,000 undergraduates by 2020 (an increase from a current level of 850)

Since the submission of the Business Case the Government has announced the Higher Education White Paper. The processes, organisations and positions are clearly fluid given awaiting further detailed announcements. However, UCP comment: The White Paper makes it possible for high quality providers like UCP to enter the sector and gain probationary degree awarding powers as soon as the newly formed Office for Students is satisfied that the conditions of being an approved provider have been provisionally met. The process is entirely consistent with our ambition to achieve TDAP within 3 years. Furthermore, it will now be possible to go from Degree Awarding Powers to University title in as little as three years from award of TDAP in 2019. This is well inside the project plan assumptions defined by the HE Stakeholder Group and contained within the Business Case. It offers the opportunity to significantly accelerate the programme if a successful investment model is delivered in good time with LEP support.

A2 comment on the need for the project and fit with LEP priorities:

The project seeks to address two of the LEPs priorities:

- Skills and Higher Education
- Business investment and regeneration of Peterborough

The need for a University is based upon the Peterborough being a cold spot for Higher Education with opportunity to business focussed skills approach.

A3 comment on how and when the impact of the project will be delivered:

If successful, the TDAP application and approval will be secured by April 2019. The applicant has confirmed that there is no impact or outcome solely as a result of the TDAP application itself with the exception of 4 jobs. The outcome will be as a result of the next stage in allowing the College to award its own degrees and pursuing a University Title.

A4 what permissions are required before the project can proceed?

UCP comment in the light of the White Paper that it will now be possible to go from Degree Awarding Powers to University title in as little as three years from award of TDAP in 2019.

No permissions are identified before the TDAP application can commence or commissioning of the consultancy project. The project would expect to follow public sector procurement and employment obligations.

It is understood that an approval to proceed following the initial application is required from QAA. This may be a useful milestone to add to those submitted with the application and further details.

section b	additionality	
<p>B1 would the project go ahead without GCGP LEP's intervention?</p>		no
<p>please explain:</p>	<p>GCGP funding needed as the primary contributor to the project to attract other funding organisations. The project receives £209,000 contribution from other project partners.</p>	
<p>B2 would the net outputs be the same if the project did not go ahead?</p>		no
<p>please explain:</p>	<p>Unless alternative funding partners are identified the project would not start within the timeframe identified.</p> <p>Options analysis – alternative propositions not discussed within the Business Case</p>	

section c

outputs

C1 is the site:

sites and building projects only

brownfield?

greenfield?

Was previously greenfield until site servicing – now allocated employment land

direct output

2016/17 2017/18 2018/19 2019/20 total

jobs created (+ tech transfer jobs)

4	0	0	0	4
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direct output

2016/17 2017/18 2018/19 2019/20 total

jobs safeguarded

0	0	0	0	0
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direct output

2016/17 2017/18 2018/19 2019/20 total

new businesses

0	0	0	0	0
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direct output

2016/17 2017/18 2018/19 2019/20 total

New homes created

0	0	0	0	0
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direct output

2016/17 2017/18 2018/19 2019/20 total

brownfield land remediated

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indirect outputs likely to be produced by the project

output

2016/17 2017/18 2018/19 2019/20 total

Jobs created

4				
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Research and Dev investment

Tech transfer = increased turnover

C2. comments on the project outputs:

The outputs of the project are related to the TDAP process. The potential outcomes are wider but again those stated relate to a £60m university project. The jobs associated with the TDAP application include 3 jobs, an Independent Academic Officer, a TDAP Project Co-ordinator and a TDAP Administrator over the period to 2019. In addition, a Project Manager is to be appointed to support the preparation of the business case for the University.

The GCGP January Board paper states that attaining TDAP is a structured process to demonstrate the academic independence and rigour of a potential university. It is an essential pre-requisite to obtaining university title. It brings short term economic benefits because course design and delivery can be optimised for local business demand and growth but it requires additional people, structures, oversight and 3rd party academic audit. Without TDAP, these functions in UCP will continue to be discharged from ARU who accredit all the degree courses.

These immediate / short term benefits are stated as 4 jobs.

section d	Costs, income and repayments
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D1 comment on costs and procurement arrangements:

Costs are detailed in the updated Contractual Commitment Notice and Project Plan. The TDAP project is to support a small team of people with an annual cost of £141,000, £110,000 for the TDAP application itself with the remaining costs for QAA membership, fees, meeting costs. As the application does not

include the job specification no view on the appropriate salary scales can be given.

The Project Plan Team includes the appointment of a full time project manager for one year at £60,000 and the commissioning of a consultancy project which will provide a fully costed project plan for University of Peterborough, risk register and investment model based on: 12,500 undergraduate students; an independent, campus-based site; and incorporating a research facility within City boundaries.

As part of the due diligence it would be appropriate to agree the specification of the consultancy work as part of the funding agreement together with the job specification of the 4 new team members

Procurement is stated to follow the Peterborough Regional College procedures in all respects.

D2 comment on the breakdown of funding sources in the application form:

Funding is a revenue and grant support. This project may be capitalised if it is assumed that it would lead to a capital project.

The intervention rate of GPF funding for the TDAP application is 74% and the intervention rate of the Project Team/ Consultancy is 80%.

£209,000 contribution from other project partners. Confirmation of financial commitment from other partners should be required as part of the funding agreement conditions.

D3 comment on any funding shortfall:

As part of the due diligence written confirmation of all partners commitment to the funding proposition is required and therefore there should be no shortfall. The standard conditions to the funding agreement ensure that full funding is provided by the applicant.

D4 explain whether the project is deemed financially viable:

The project work would develop the understanding of options and analysis of viability of a University Campus.

Current analysis that Peterborough is a HE cold spot and given population and assets should have HE. Demand analysis, viability, costings to be developed as part of the project

section e

conclusion and recommendations

E1 appraising officer’s comments including the justification for your recommendation:

The concept of moving towards a University Campus supporting 12,500 undergraduates is supported by the GCGP Board and therefore there is clear support for the project management / key milestones towards that ultimate goal.

The TDAP application is currently a pre-requisite in this process and therefore as a principle is supported together with the development of a fully costed project plan for University of Peterborough including a risk register and investment model.

GCGP intervention rate is high – in excess of 74% towards the costs of the project. Therefore it is essential that appropriate safeguards are in place to ensure that any projects risks are minimised. It is recommended that alongside procedural safeguards that GCGP approves key work and job specifications, receives written commitment of partners financial support and the governance arrangements are aligned with GCGP objectives. UCP may wish to consider appointing a GCGP to the UCP Board.

The UK government has published its 2016 HE White Paper, entitled Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice. It states that in order to enable greater competition, Government will simplify the regulatory landscape. It will create a level playing field with a single route to entry and risk-based approach to regulation. Specifically it states that Government will introduce a range of reforms to the way in which providers can award their own degrees - degree awarding powers (DAPs) - or call themselves a University.

Given the potential to change the regulatory framework during the TDAP application timeframe, a degree of future proofing is required to ensure that the risk of any new regulations creating additional, accelerated or even delayed project outcomes needs to be addressed quickly. The appropriate representation on UCP Board and HE Stakeholder Group would ensure that any early requirements for amendments to the project are identified.

E2 what specific conditions should be inserted into the funding contract:

As part of the funding agreement and due diligence the following elements should be approved prior to any funding being released:

Specification of new roles and responsibilities

Specification of consultancy appointment

State aid advice should be confirmed on grant support

Delegation to CEO to agree the appropriate representation and Terms of reference agreed by GCGP for the Governance of the project including the Stakeholder Group

Confirmation of stakeholder funding secured

Add to milestones confirmation of TDAP to proceed to scrutiny stage /restructuring based upon co-ordinators reports

Demonstrated future proofing of the project given the publication of HE White Paper.

monitoring information will be requested each time a claim is made. Are additional reports required during the lifetime of the project?

if yes, please state frequency:

	yes
Quarterly	

Item 6: Growth Deal Round 3

Recommendations

The Board is recommended to:

- a) **note guidance received from Government; and**
- b) **agree the approach and timeline for GCGP development of Growth Deal 3 and emerging project pipeline.**

Introduction

1. This report provides an update on the current and third round of £1.8bn Growth Deal funding being made available to LEPs for projects in the period 2017/18 – 2020/21.

Government Guidance

2. Written guidance and bidding criteria has not been issued by Government for a new round of Growth Deal funding. The LEP received a letter from Rt Hon Greg Clark MP on 12th April inviting LEPs to submit proposals. GCGP has also received verbal guidance from BIS Local team and via the LEP Network. The key points to note are;
 - whereas in previous rounds each LEP was expected to receive a Growth Deal allocation, no area will be entitled to a share of third round funding;
 - priority will be given to areas that have agreed or are agreeing devolution deals, both in terms of the negotiation process and share of funds available;
 - there is an expectation from Ministers that LEPs should focus on a smaller number of significant, large-scale and transformational projects;
 - growth deals should support Government's wider policy aspirations relating in particular to housing and productivity;
 - proposals should include a greater level of private sector investment than in previous rounds, as well as match funding from other bodies such as universities.
 - LEPs should demonstrate how SMEs will benefit from / be engaged with Growth Deal 3.
3. Government has not requested a wholesale review of the Strategic Economic Plan but LEPs will be expected to revisit priorities and ensure they are still valid in the current economic climate. As a general guide, project proposals should therefore be for;
 - capital projects which deliver clear jobs, homes or learner outputs and / or outcomes by 2020/21;
 - have at least 50% match funding in place or source clearly identified;
 - be State Aid compliant.

4. Growth Deal funding is likely to be available from 2018/19 with most budget in 2020/21 although projects could start from 2017/18 if match funding can be used first.

GCGP Approach

5. LEPs which are progressing towards a devolution deal will be able to submit a Growth Deal proposal on the basis of a programme allocation rather than detailed project proposals. Early discussions indicate that a Growth Deal budget over four years of £60-70m for GCGP would not be unrealistic and potentially could be broken down into a few broad programmes to enable as much flexibility as possible. Although shown below as split between types of capital, discussions at the Local Growth Strategy Group have focussed on how projects can be packaged under the spatial narrative/themes from the Strategic Economic Plan (currently being updated from those previously submitted: <http://www.gcgp.co.uk/local-growth-strategy/>).

Growth Deal – programme approach, example profile 2017-2021

	17/18	18/19	19/20	20/21	Totals
GCGP Growth Programme (Grant)	£5m	£5m	£10m	£30m	£50m
Growing Places Fund (Loan / Equity)	£0.5m	£1.5m	£3m	£5m	£10m
Skills Capital Programme	£0.5m	£1.5m	£2m	£6m	£10m
Totals	£6m	£8m	£15m	£41m	£70m

6. If a devolution deal should not go ahead, GCGP will be asked to submit a proposal based on a specific list of projects. Non-devolution areas are also likely to receive considerably less funding circa £25-35m. In this scenario, GCGP will need to prioritise those projects which most closely meet the criteria subject to full business case appraisal. The GCGP's Growth Team is currently developing both approaches in parallel – work to improve the quality and clarity of proposals received to date will not be wasted whether or not a programme approach is supported.

Timescales

7. Bids should be submitted by Summer Recess on 21st July to enable announcements in the Autumn. We have therefore circulated timescales to partners (in brief);
 - partners to submit Expressions of Interest to the LEP by 13th May (19th for Skills)
 - initial sift against core criteria, consideration of EoIs by Local Growth Strategy Group (formerly SEP2 group) on 26th May
 - paper on proposed approach and pipeline of projects to June Board
 - submission of draft proposal / snapshot to BIS in preparation for Ministerial Challenge Session
 - Challenge Session late June / early July

- GCGP Board signoff 19 July
 - submission to Government by 21 July.
8. The period between submission in July and feedback anticipated in Autumn 2016 will be used to develop and refine shortlisted proposals, with a view to full Due Diligence to begin once the shortlist agreed with Government. Contracting would then take place from January 2017.

Local Transport Majors Fund

9. The 2016 Budget announced the launch of a competitive process within the Growth Deal for large local transport schemes.
10. The aim of the Local Majors Fund is to provide funding for those exceptionally large, potentially transformative, local schemes that are too big to be taken forward within regular Growth Deal allocations and could not otherwise be funded.
11. LEPs have been invited to apply to the Department for Transport in two ways;
- for development funding to produce a fully worked up Outline Business Case (OBC).
 - for schemes with an OBC to fund final preparation and construction.

Timescales

12. Timescales are running parallel to the Growth Deals ie submission to DfT by Summer Recess. Expressions of Interest were requested at the same time as GD bids. There is a 'fast track' process for schemes which are already at an advanced stage of business case development and the deadline for this is 31st May.

Item 7: Growth Deal Update – i) Health Enterprise East

Health Enterprise East: Medovation Proposal for Investment Fund

Recommendation: Board approve £500,000 investment in Medovation subject to contract and satisfactory due diligence, to be signed off by the Chair.

Background:

1. The May Investment Committee received a presentation from Health Enterprise East on a proposal for the establishment of a Med Tech Accelerator Fund (Medovation Limited) to support proof of concept stage innovations. The Investment Committee supported this proposal in principle and requested draft Heads of Terms were produced, these are attached as Appendix 1.
2. Health Enterprise East was established in 2004 by the NHS as not for profit Innovation Hub for the Eastern region, they have been successful in bringing innovations. to market, the Investment Committee heard directly about this. (Presentation Appendix 2) They have a skilled team of 12 with a wide range of IP management and business analysis experience. The innovations funded to date have not only supported medical advancement but provided local jobs and GVA to the economy along with dividends to shareholders.
3. Health Enterprise East have an existing proof of concept funding pot however this is finite. Based on the pipeline they have identified an opportunity to expand and deliver more outputs. They want to create a new seed fund – with a focus on devices, diagnostics, software & medical equipment. They have identified a need for early stage development to take to business angels, venture capital etc. this is not being met by the private sector. A proposal has been put together for a separate legal entity- Medovation, of which GCGP would, subject to Board approval, be a shareholder.
4. This investment would be alongside other partners. The New Anglia LEP Board have already approved a £500,000 investment subject to a second investor being secured. Health Enterprise East are having discussions with Herts LEP and Eastern Academic Health Network to also invest.

Heads of Terms

5. The Heads of Terms are attached. Medovation would be set up as a limited company to become the MedTech Accelerator for the East of England. Medovation would provide proof of concept awards (ranging from £25,000 to £125,000) for innovations primarily arising from the NHS organisations throughout the area with the aim of developing those innovations to create new companies, new employment opportunities, new intellectual capital and new Med Tech produce development within the East of England. Medovation will take equity stake in each company it invests, it will target returns of 5 times capital.

6. The Geography would initially be limited to those areas covered by GCGP and New Anglia LEP, although it would be Medovation that invests, not a specific party. This enables an equal risk/benefit share.
7. The Investment ask from GCGP is £500,000 for a 12 month period, it is proposed that £250,000 be released on contract completion with a further £250,000 released at the point of £400,000 committed and upon a further match funder being in place, to give a total funding pot of £1.5m (New Anglia's commitment is on the same basis).
8. Day to Day running of the company along with innovation review and technology transfer would be by the experienced team at Health Enterprise East, the Heads of Terms item 3 detail the operation and costs. Health Enterprise East will also be shareholders, their investment is in kind through the work/resource put in.
9. GCGP would have a seat on the board along with other Investor stakeholders. Reports will be issued quarterly detailing:
 - The potential to create direct and indirect jobs from Medovation proof of concept awards;
 - Number of companies created or could be created from Medovation activities;
 - Follow-on investments/grants after proof of concept awards;
 - Businesses supported from Medovation or proof of concept activities (directly related to Medovation proof of concept awards);
 - Life-science sector of proof of concept awards; and
 - Commercial market area and growth potential of Medovation proof of concept awards/awardees.
10. Subject to approval, the next step would be to agree base heads of terms and complete due diligence to enter into an Investment agreement, it is proposed all due diligence and the final Investment agreement to be signed off by the GCGP Chairman.
11. Risks Identified

Ability for the LEP to take shares: New Anglia have a separate arm established already, New Anglia Capital who would take the shares in Medovation, we are still exploring whether GCGP is able to take shares in a company in its own right or if we need to establish a similar arm to do this. In addition, we will need to ensure the accountable body approve this proposal.

Inability to secure other investors: If Health EnterpriseEast are unable to secure other investors the pot available is limited to £500,000, even at this size investments would still be made.

No proposals in GCGP area: There is a risk that all the proposals identified would be out of our area, we will receive quarterly updates on progress and there will be a committed to work across GCGP.

Lack of progress/ no proposals coming forward: Health Enterprise East are established in our area and already have a pipeline, this proposal has been put forward in the basis of need. If no proposals are received or failure to take up funding there needs to be a mechanism for LEP funds to be taken out of Medovation.

12. Rationale for GCGP Investment

- Key Sector for our area
- Investment rather than grant, potential for return.
- Supporting new business growth in GCGP area.
- Supporting SMEs in our area.
- Supporting job growth.
- HEE are experienced and established.
- Existing GPF programme has funding available and identified priority is using this in the private sector (£6.1m unallocated)
- Positive PR for Investments

Recommendation: Board approve £500,000 investment in Medovation subject to contract and satisfactory due diligence, to be signed off by the Chair.

APPENDIX 1 – MEDOVATION LIMITED INVESTMENT PROPOSAL



NHS Innovations East

Subject to Contract

**Medovation Limited
Investment Proposal
(DRAFT)**

Confidential

Date: 20th May 2016

Parties:

- 1) Health Enterprise East Limited (“HEE”),
- 2) New Anglia Local Enterprise Partnership (“New Anglia LEP”) through New Anglia Capital Limited (“NAC”), and
- 3) Greater Cambridge, Greater Peterborough Enterprise Partnership (“GCGP”)

Medovation Limited “the Company”

Medovation Limited is being created by HEE, the NHS Innovation Hub for the Eastern region, NAC and GCGP LEP to become the MedTech Accelerator for the Eastern Region. Medovation Ltd will provide proof of concept awards primarily for innovations arising from NHS organisations throughout the region with the aim of developing those innovations to create new companies, new employment opportunities, new intellectual capital and new MedTech product development growth within the East of England (initially defined as “area of New Anglia LEP and GCGP”).

1 Amount of Investment into Medovation Ltd

- 1.1 NAC and GCGP will each invest £500,000 over a twelve (12) month period, subject to 1.2 and 1.3 below.
- 1.2 NAC and GCGP will each invest £250,000 on initial investment completion.
- 1.3 NAC and GCGP will each invest a further £250,000 upon satisfactory completion of the following:
 - 1.3.1 Medovation Ltd committing proof of concept awards to the value of £400,000; and
 - 1.3.2 Medovation Ltd/HEE attaining an additional match-funder to invest in Medovation Ltd on terms similar to those described in 1.1 and 1.2 above.
- 1.4 Class of Shares NAC, GCGP and HEE will receive in Medovation Ltd: Ordinary Shares.
- 1.5 Portion of Medovation Ltd obtained in return for full investment (1.1 above) will be one third to NAC, one third to GCGP LEP and HEE will retain one third.
- 1.6 For the avoidance of doubt, HEE have approached other public sector parties and should any of those parties commit to invest in Medovation Ltd on similar terms as those in 1.1 and 1.2, within six (6) months of Medovation Ltd initial completion, the Parties agree to allocate a commensurate portion of shares to the new investee party (1 share equals £1) under the same terms and

conditions. Such an event will mean shareholding percentages detailed in 1.5 above will be reduced accordingly for all Parties.

- 1.7 The Parties will have an unrestricted right to transfer their shares to successor organisations. Any further share issues or transfers beyond 1.6 above will be offered first to the Parties in proportion to their shareholdings (pre-emption rights).

2 Shareholders Agreement and Subscription Agreement

On completion, the Parties will be asked to enter into a shareholders' agreement and subscription agreement with Medovation Ltd. This will include provisions relating to the following:

- 2.1 Medovation Ltd will provide proof of concept awards primarily for innovations arising from HEE member NHS organisations throughout the region with the aim of developing those innovations to create future new companies and employment opportunities throughout the East of England.
- 2.2 Medovation and its shareholders will pursue the objective of proof of concept award winner growth or award company profitability (for example, by dividend, IPO, merger, acquisition, management buy-out or trade sale) within 3-8 years of Medovation proof of concept award.
- 2.3 Medovation and its shareholders will promote proof of concept award winners to pursue follow-on or matched investment from 3rd parties such as grant giving organisations and private investors.
- 2.4 Medovation will report to its investors on a quarterly basis, such reports will include details on Medovation's financial position, any proof of concept awards made and any material issues together with:
 - 2.4.1 The potential to create direct and indirect jobs from Medovation proof of concept awards;
 - 2.4.2 Number of companies created or could be created from Medovation activities;
 - 2.4.3 Follow-on investments/grants after proof of concept awards;
 - 2.4.4 Businesses supported from Medovation or proof of concept activities (directly related to Medovation proof of concept awards);
 - 2.4.5 Life-science sector of proof of concept awards; and
 - 2.4.6 Commercial market area and growth potential of Medovation proof of concept awards/awardees.
- 2.5 Medovation will hold at least two (2) board meetings per year.
- 2.6 The Parties will be entitled to appoint a director or observer to attend board meetings, who have the right to receive board papers. For the avoidance of doubt, such Director will have the right to appoint a nominee to attend board meetings on their behalf.
- 2.7 All relevant intellectual property rights vested in Medovation will not be offered as security without majority approval of Medovation shareholders.
- 2.8 Certain matters cannot be changed without the prior majority consent of the Medovation shareholders, such as:
 - 2.8.1 issuing any new shares or changing rights to shares;
 - 2.8.2 changing any director;
 - 2.8.3 paying any future remuneration to any director.

3 Medovation Operation and Costs

- 3.1** HEE shall provide operational management of Medovation Ltd.
- 3.2** HEE shall market Medovation through its NHS innovation scouts network and to all its NHS member organisations.
- 3.3** The Parties will work together to jointly market the creation and launch of Medovation to local and national media agencies, together with their individual stakeholders.
- 3.4** Medovation shall have an operational budget of 5% the total invested money to cover activities such as marketing, finance, legal, market assessment/intelligence, advisor and other relevant costs.
- 3.5** Other operational costs above the 5% limit detailed in 3.4 shall be agreed by the majority approval of Medovation shareholders.
- 3.6** Medovation proof of concept awards will be within, and not exceed, the following range: £25,000 – £125,000.
- 3.7** Medovation will be entitled to provide proof of concept awards for award disclosures from outside the NHS or outside the East of England on the condition that outputs from such awards will be delivered in the East of England.
- 3.8** For such non-NHS awardees detailed in 3.7, Medovation will be require the awardees to establish a working relationship with a regional NHS partner (clinician, NHS Trust etc.) to ensure development is in line with requirements of the clinical end-user.
- 3.9** HEE will assess each proof of concept award submission, including within such assessment an IP analysis, market assessment, costings etc. which will be provided to the investment committee. The investment committee will meet at least once every two (2) months.
- 3.10** Investment committee will have a quorum of three (3) but will likely consist of five (5) people. HEE managers or members of the investment committee proposing a proof of concept award for consideration will abstain from voting. In addition, the investment committee will maintain a conflicts register and any investment committee member with a conflict relating to an award proposed for consideration will abstain from voting.
- 3.11** Minutes of investment committee meetings and proof of concept awards approved will be sent to the Parties within 5 working days of the meetings. Any requests for further clarification from the Parties about any proof of concept awards approved will be notified to HEE/Medovation Ltd within 5 working day's receipt of said minutes.
- 3.12** Medovation Ltd's proof of concept award mechanisms will consist of convertible loan notes and advance equity subscriptions, both giving the right of equity to Medovation Ltd.

4 Duration

- 4.1** Medovation will seek to make its proof of concept awards over an eighteen (18) month term from completion. Such term can be varied upon majority agreement of Medovation shareholders.
- 4.2** Should Medovation Ltd be successful the Parties will be offered first right of refusal to invest in any continuation of Medovation Ltd.

5 Governing Law

English Law.

APPENDIX 2 - MedTech Presentation is attached as a separate document

Item 7: Growth Deal Update – ii) Collusion

Recommendation: Board approve the Executive to work up with Collusion Ltd proposals for Digital and Creative activity over a three year period to a cost of up to £325,000 revenue, subject to clarification of outcomes, contract and satisfactory due diligence, to be signed off by the Chair.

Background:

13. The May Investment Committee received a presentation from Collusion Ltd on a proposal for a programme of activity to support economic growth in the Digital and Creative sector. The Investment Committee supported this proposal in principle. The appraisal is attached as an appendix.
14. Collusion is a not for profit SME operating since 2014 by two Directors who have long standing experience in the Creative sector. They undertook research for GCGP at the end of 2015 that identified the scope of the creative sector and the potential barriers to growth.
15. Collusion have identified a broad programme of activity to support the Digital and Creative sector. A bid has also been submitted to the Arts Council to match the potential grant from GCGP. The Investment Committee felt there was merit in the approach, but wanted to understand in more detail the outcomes of the programmes (as highlighted in the Appraisal). It is therefore recommended that the Executive continue to work up the detail of the proposals with Collusion, along with support for their matching bid to Arts Council.
16. Rationale for GCGP Investment
 - Key Sector for our area
 - Supporting new business growth in GCGP area.
 - Supporting SMEs in our area.
 - Collusion’s Directors have significant experience in the creative sector.

appraisal form

project: Creative Enterprise Programme	ref:
section a	project details

A1 Project summary & governance arrangements

Creative Enterprise Partnership is a not for profit organisation operated since 2014 by two Directors who have long standing experience in the Creative sector. The project seeks to build upon research at end of 2015 which identifies the creative industries sector and the potential barriers.

The project plan / Business case seeks to identify the relationship between creative industries and digital economy. The total project cost is circa £900,000, with £325,000 requested from GCGP over the period to 2019.

The Project's stated objectives between 2016 and 2019 are to:

1. Support the next generation of innovators by engaging with a minimum of 200 creative individuals and companies, assisting growth and the development of new ideas.
2. Increase technology skills levels by delivering a minimum of 100 professional development opportunities (workshops, seminars, talks, labs, etc) developing participant's creativity and skills, and addressing the mismatch between aspirations and the needs of local employers
3. Produce a minimum of 10 new art works, 10 creative technology 'products', and 3 community engaged creative technology projects, using the area as a test-bed for locally grown ideas/tech.
4. Showcase the programme's outputs to the public in Spring 2019, supporting the growth of civic pride around the area's technology heritage and industry by raising the profile of the inventions, activity and companies in the area
5. Improve the quality of life across the GCGP area by stimulating a high quality contemporary cultural offer that engages a wide selection of the population.

Key to the project is activity hubs - 7 locations in Bury St Edmunds, Huntingdon, Kings Lynn, Peterborough, Wisbech, Northstowe and Stansted. Each of the first five hubs will work with an operating budget of £40,000 whilst Northstowe and Stansted will operate to £10,000 each. The activity across the hubs is determined by an action plan (micro labs £17,500).

Other programme elements include:
Talent development programme (£66k)

- Session for 5 days for up to 8 participants – immersing participants in a topic
- Workshops – one day workshops focused on rapid learning
- Seminars – planning, budgeting, risk assessment
- Talks
- Peer to peer sessions

Commissioning Programme (£99k)

- Programme for artists supporting grants of £1k to £30k for small R&D grants determined by a commissioning panel
- Live experiments that support skills and generation of new ideas
- Mentoring – one to one hour long sessions with mentors

Showcase event £40,000

- Public showcases
- Dinners

Project Management and Overheads £433,225

- Costs include Project Management, Admin, Marketing, Websites, Evaluations, overheads, equipment

There would not appear to be a wider Governance structure / steering group / project Board to control the direction of the project over the 3 years.

A2 comment on the need for the project and fit with LEP priorities:

The project seeks to address two of the LEPs priorities:

Firstly, to exploit the digital economy by using a relationship with creative projects at each of the 5 hubs.

Secondly, it also seeks to improve creative and technology skills in tandem. Creative ways of working are seen to address future business skills needs.

The need is based upon the concept that there is a need to connect technology and creative industries – an enabler, collaboration, innovation.

A3 comment on how and when the impact of the project will be delivered:

Online surveys

Evaluations of participants

Evaluation of ongoing connections through peer interaction

A4 what permissions are required before the project can proceed?

None identified although business case suggests that funding and delivery partners commitment is yet to be secured

section b	additionality
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B1 would the project go ahead without GCGP LEP's intervention?

no

please explain:

GCGP funding needed as the first contributor to the project to attract other funding organisations – the project would not be able to lever other funding opportunities

B2 would the net outputs be the same if the project did not go ahead?

no

please explain:

Unless alternative funding partners are identified the project would not be started.

Options analysis – alternative propositions not discussed

section c	outputs
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C1 is the site:
sites and building projects only

brownfield?

greenfield?

Was previously greenfield until site servicing – now allocated employment land

direct output

20016/17	2017/18	2018/19	2019/20	total
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jobs created (+ tech transfer jobs)	0	0	0	0	3
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direct output	20016/17	2017/18	2018/19	2019/20	total
jobs safeguarded	0	0	0	0	0

direct output	20016/17	2017/18	2018/19	2019/20	total
new businesses	0	0	0	0	0

direct output	20016/17	2017/18	2018/19	2019/20	total
New homes created	0	0	0	0	0

direct output	20016/17	2017/18	2018/19	2019/20	total
brownfield land remediated					

indirect outputs likely to be produced by the project

output	20016/17	2017/18	2018/19	2019/20	total
Jobs created					
Research and Dev investment					
Tech transfer = increased turnover					

C2. comments on the project outputs:

The direct project outputs are very limited.

The broader outcomes are stated to be:

- Greater Cambridge is recognised nationally alongside cities such as Bristol and Brighton as a centre for centre for interdisciplinary creative innovation
- Networks supporting sustainable knowledge transfer out of Cambridge across the LEP area support continued skills development and innovation, supporting future business needs and generating innovative new products, services and companies, and engaging communities strengthening quality of life, cohesion, and civic pride.
- A stronger cultural offer for the area, boosting quality of life and civic pride, attracting greater investment and people/businesses to the area.

section d

Costs, income and repayments

D1 comment on costs and procurement arrangements:

Confirmation of key partners and the level of intervention still required:

Arts Council England

Technology Companies

Universities

Cultural organisations

Costs are detailed in the Project Plan:

The costs attributed to the project and admin are high relative to the total costs – for instance to the hubs

Directors £180,000

Project manager £35,000 (April 2018 to May 2019)

Project manager £75,000 (November 2015 to May 2019)

Admin Support £33,700

Team expensed £19,575

Details of how each of the hubs would be operated or procured is not provided.

Details of how the panel would operate the grant awards need to be explored.

D2 comment on the breakdown of funding sources in the application form:

State aid appraisal both for the project and for the commissioning element (grants for R&D) must be secured

Collusion has operated since 2014. This project would be a significant increase the operation and turnover of this limited company with consequent increase in governance etc.

D3 comment on any funding shortfall:

The total funding milestones for GCGP are identified as

£17,250 for micro labs and local action plans

£100,000 – programme delivery 2016

£100,000 – programme delivery 2017

£91,750 – programme delivery and showcase 2018

£16,000 – final reporting

No breakdown of programme delivery is provided by hub or activity.

No indication is provided of how the process of allocation between hubs / activity would be assessed.

Funding is required in advance of project delivery

Funding is a grant

The project has £5,000 commitment from Collusion

All other funding is unsecured

D4 explain whether the project is deemed financially viable:

The project seeks grant funding for programme delivery - assume that part of the project could be delivered on smaller grant

E1 appraising officer's comments including the justification for your recommendation:

One of GCGP's sector priorities is Digital and Creative. The Collusion project needs to be seen in comparison to GCGP effectively taking on a staff team to deliver activity in that sector. The other sector priorities are covered (in different ways) by staff working directly to GCGP. Those arrangements provide strategic enabling as well as direct delivery. Strong governance would need to be put into place to influence the Collusion project if the desired outcome was also to cover the strategic enabling role.

The project does benefit from potential attracting match funding from Arts Council.

Given the lack of direct SEP outputs the relationship between creative / digital needs to be explored, identified and strengthened. A concern to be addressed is that the Collusion background might seem to favour the creative aspect rather than digital/business application.

State aid advice to be secured on grant to Collusion and their ability to grant R&D grants

No Options analysis / prioritisation

Project management costs high relative to programme costs

Procurement / vfm / governance systems undeveloped

E2 what specific conditions should be inserted into the funding contract:

See above for areas to be addressed.

Item 7: Growth Deal Update – iii) Investment Committee Actions: 11 May 2016

Peterborough Southbank Update

Recommendation - to offer a loan at commercial rate with backdated interest.

MR proposed meeting with all parties to discuss way forward, and for LEP to understand how the loan will be underwritten, repaid etc. LEP to organise meeting at C/Ex level

Enterprise Zone Proposals

- a) Haverhill Epi Centre – 25% each LEP, applicant unable to raise private match based on LEP conditions – now suggesting a mixture of grant and loan from the two LEPs to provide 100% support at commercial rate.
Recommended that GCGP be willing to loan fund additional investment required.

- b) Lancaster Way Ely – infrastructure needs from EZ (GPF) seeking longer term / larger requirement eg 10 year investment circa £3m against £6m programme of investment.

LEP to explore as part of EZ infrastructure investment / Growth Deal in terms of immediate investment needs plus LEP legacy / long term role vis a vis EZs and major investments / land interests for example Joint Ventures / Equity. Any lessons to be learned from 'old' EZs? Growth team to explore.

Growth Deal Risk Register

AC highlighted key risks in programme.

Ely Southern Bypass - LEP may be asked to articulate economic benefits more clearly to DfT. AC to provide update by email re timescales / deadlines vis a vis County Council / DfT.

Wisbech Access Study – as discussed at LEP Board.

GCGP Revenue Funding position and current proposals

AC working with County Council re position on current commitments and will provide further information once clearer. Has made recommendations to council re using programme funding to support LEP resource ie programme 'top-slicing' vs recharging against individual projects and activities.

Feasibility / revenue costs related to specific project can be capitalised, but accountable bodies need to be clear on underwriting risk if no capital project materialises.

CCC still having dialogue with auditors to clarify final current position and future processes / solutions to enable LEP to continue to commit revenue. AC exploring models of borrowing against future revenue, for

example AC keen to pursue development of pipeline projects but LEP should not commit until position clear. ND to raise with LEP Network re experience / models from other LEPs.

- a) Whittlesea/Manea stations – came forward as previous underspend GD proposal. Agreed to work up proposal subject to LA underwriting revenue / capital risk to clearly identify end capital project as above. Need to articulate economic / wider outcomes & benefits.
- b) West Wisbech Housing Flood Study
Agreed not to support – premature for LEP to support flood study on a site in individual ownership early in planning process and with discussion around Wisbech Garden Town ongoing with Government.
- c) Cambridge Northern Fringe East – agree LEP can continue DD on recommendation for LEP to match fund development feasibility work with two local authorities.
LEP funding would need to be capitalised / risk underwritten as above.
- d) Ely North – priority will remain on table, all partners keen to seek to bring forward into CP5. Need to develop business case.

Co Investment Proposal : Health Enterprise East (presentation by Stuart Thompson and Robert Donald)

MedTech Accelerator Seed Fund presentation - background to HEE, opportunities for developing spin-out companies and innovations, product development & design. From EoE / SE up to NE.

Want to create new seed fund – focus on devices, diagnostics, software & medical equipment. Need for early stage development to take to business angels, venture capital etc.

Seeking £1-2m - £0.5m from each LEP on patch plus East of England Innovation Network. NALEP approval in two tranches ie 2nd point after X no. investments & subject to other LEPs matching – met with Herts LEP this morning. Potential for national / European growth.

Collusion Proposal (presentation by Rachel Drury and Simon Poulter)

Programme proposal to encourage collaboration between LEP and arts / creative industries sector

£900k programme 6 hubs across LEP areas

Support from Cambridge University, ARU, ARM talking to other potential partners eg Cambridge Consultants, Redgate etc. Application to Arts Council has reached stage 2.

Seeking £325k from GCGP. 3 year programme to 2019

Growth Deal Round 3 strategy and update

Written update provided in advance of meeting.

Summary of Programmes

Growing Places Fund - written update provided in advance of meeting.

Item 8: European Structural and Investment (ESI) Funds 2014-20 – Update

Recommendations

1. That the Board notes the good progress made in committing 34% of the GCGP European Regional Development Fund (ERDF) allocation in the first operational year of the programme.
2. That the Board approves the issuing of open calls for the European Social Fund (ESF) to deliver a better local response to skills and employability requirements.

Introduction

1. This report provides an update for the Board on commitment of the 2014-20 European Structural and Investment (ESI) Funds in the GCGP area.

Background

2. The ESI Funds comprise the European Regional Development Fund (ERDF), the European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD). The notional allocation for the GCGP LEP area is €84.4 million (£66 million at the current exchange rate).

ERDF

3. The table below shows ERDF commitment to date:

Priority Axis	£ allocation	£ committed	No. of projects	% committed
Research and Innovation	11,187,785	4,626,264	6	41
ICT and broadband	3,802,000	605,144	1	16
SME Competitiveness	6,847,592	3,716,640	3	54
Low Carbon Economy	8,287,178	1,376,100	1	17
Total	30,124,555	10,324,148	11	34

4. The LEP's ERDF facilitators have supported applicants to develop a suite of innovative projects. Those that have received an ERDF funding agreement, or will soon do so, include:
 - a cross-disciplinary, business-led ecosystem creating gaming start-ups and enabling existing SMEs to innovate new products through the application of gaming technologies and knowledge;
 - a vehicle for increasing innovation in SMEs using knowledge exchange partnerships, research and innovation partnerships, innovation internships, capital grants and open innovation networks;

- an expanded Growth Hub offer for the GCGP area, providing targeted support to established and start-up businesses with growth potential.

5. A further round of calls for ERDF applications under all four Priority Axes in the GCGP area was published on 14 April and will remain open until 3 February 2017. Experience to date is that ICT and broadband and Low Carbon Economy projects are proving difficult to attract. Facilitators are placing additional emphasis on generating projects under these two priority axes during the current call period.

ESF opt-ins

6. ESF activity has so far been confined to large-scale procurement via the DWP and SFA opt-in routes. Reed in Partnership will deliver employability provision worth £3 million ESF, while an Invitation to Tender for a £5.7 million ESF contract to deliver skills and vocational training was launched on 5 May.

7. Four projects worth £4.9 million will begin delivery later this year, tackling barriers to work, social isolation and poverty and promoting financial inclusion via the Big Lottery Fund match-funding opt-in. In addition, Community Led Local Development initiatives worth up to £3 million ESF will tackle urban deprivation in Wisbech and Peterborough. Projects aimed at assisting local community groups will be selected by Local Action Groups in each of the two areas.

ESF open calls

8. While the opt-in contracts will deliver significant LEP-wide interventions, their scope for local specificity is limited. To address this, the LEP is developing targeted calls for more locally-focussed interventions based on the employability training needs in local areas and skills demand among priority business sectors. These calls will be issued via an open bidding process, starting in the summer. The Board is asked to confirm agreement to this approach.

Technical Assistance

9. The LEP has signed funding agreements to run Technical Assistance (TA) projects aimed at ERDF and ESF programme facilitation and promotion in the GCGP area.

10. As part of ERDF TA, in which Anglia Ruskin University and Peterborough Regional College are our delivery partners, we are planning a series of events to promote the ERDF programme and encourage project ideas under the latest round of calls. Workshops will be run through June and July in Cambridge, Peterborough, Huntingdon, Bury St Edmunds, King's Lynn, Ely, Wisbech, Oakham and Royston and at locations to be confirmed in South Cambs and Uttlesford.

11. Our ESF TA delivery partners – the Association of Colleges in the Eastern Region (ACER) and the STEM Foundation – are researching future labour market need to inform the second part of the ESF programme in the GCGP area.

EAFRD

12. A first call for rural business support grant applications in the GCGP area is currently live and will remain open until 26 August. The call is worth £1 million and offers grants of between £50,000 and c. £140,000 to new and existing rural businesses to expand and to help farmers diversify into non-agricultural activities. The applications received to date, if successful, will commit more than 60% of the total value of the call.
13. Further calls for business support and food processing grant applications worth a total of £3 million are expected to be launched in September, with a call for rural broadband support grants worth £2 million expected in April 2017.

Item 9: Minutes from Board Meeting held on 4 May 2016

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF THE GREATER CAMBRIDGE AND GREATER PETERBOROUGH ENTERPRISE PARTNERSHIP LTD HELD AT ALCONBURY WEALD ON WEDNESDAY 4TH MAY 2016

Present: Mark Reeve (Chairman)
John Bridge
Cllr Steve Count
David Gill
Cllr John Holdich
Cllr Robin Howe (Alternate for Cllr Ablewhite)
Cllr Terry King
Mark Read
Cllr James Waters

In attendance: Neil Darwin – Chief Executive
Adrian Cannard – Director of Strategy
Peter Abel - BGL
Laura Welham-Halstead – Head of Communications and Connectivity
Steve Bowyer – Board Advisor
Mick Lazarus – BIS Advisor
Michael Tolond – Company Secretary
Steve Frost and Tom Byers – Hubl (for Minute No 2016/15)
Jeremy Smith – Cambridgeshire County Council
Tanya Sheridan – Cambridge City Deal (for Minute No 2016/19)

MINUTE NO.		ACTION
2016/13	<p>APOLOGIES FOR ABSENCE Apologies for absence were received from Cllr Jason Ablewhite, Trevor Ellis, Terry Elphick, Claire Higgins, Prof Iain Martin and Prof Nigel Slater.</p>	
2016/14	<p>CHIEF EXECUTIVE UPDATE Neil Darwin reported that more detail had been made available for Growth Deal 3 and the Executive was now working on projects to bring forward. The date for submission to Government would be mid-June with the expectation of housing being a strong Government theme. The full amount available was £1.8 billion on a competitive basis for 39 LEPs with funds being available in 2020-21 and encouragement for matched funding.</p>	

	<p>There would be opportunities to link bids to Enterprise Zones, Rail Station redevelopment and Town Centre revitalisation. Adrian Cannard confirmed that the first bids would be considered by the Board in June.</p> <p>Neil Darwin reported that there would be imminent announcements on occupiers of the Lancaster Way Enterprise Zone in Ely with an announcement being made on Friday 6th May and further options were being taken on the Alconbury site.</p> <p>The LEP was also concentrating on building relationships and partnerships with local stakeholders. Cllr King commented that these could be opportunities to develop relationships with local businesses. Neil Darwin confirmed that these would be taken into account when projects were developed.</p>	
2016/15	<p>PROPOSAL FOR AN URBAN LOGISTICS NETWORK</p> <p>Steve Frost and Tom Byers of Hubl presented the proposal for a new delivery mechanism to address congestion across the GCGP area and Cambridge in particular. Hubl had developed a novel network for first and last mile delivery with the potential to significantly reduce congestion, improve the utilisation of existing resources and enhance the city environment. By consolidating goods deliveries on to a smaller number of electric vehicles and cycles and by making use of a network of collection boxes, the model would substantially reduce the number of part-loaded vehicles entering the city centre. Hubl aimed to be a commercially viable sustainable model, supporting the use and expansion of the city's Park and Rides and the introduction of future vehicle restrictions, would drive the development of smart loading bays in the city centre and would be highly flexible and scalable.</p> <p>The full pilot project was budgeted at a total cost of £700,000 of which Hubl hoped to fund this with £450,000 of local support. A reduced research project to enable additional market research had been costed at £175,000. Hubl would seek support from the LEP in terms of match funding to attract investment and project advocacy.</p> <p>It was confirmed that the Hubl business case would need to be tested by the LEP Executive who would revert to Hubl with their views after a full review by the Investment Committee.</p>	ND
2016/16	<p>WISBECH ACCESS STRATEGY</p> <p>Jeremy Smith of Cambridgeshire County Council presented the Wisbech Access Strategy which considered how to proceed with the Growth Deal project examining Wisbech access issues and the implications of the Wisbech to March Rail GRIP2 works. The current Wisbech Access Strategy work was for a total of £1.2m with completion of the Wisbech Access study due in late 2016/early 2017, the A47 study now completed, and the March to Wisbech Rail reopening GRIP2 assessment now completed. The move to GRIP3 was estimated as a cost between £2m and £3m with a ready to construct stage requiring £10m. Revenue costs were not funded.</p> <p>The Board confirmed that the £10.5m additional capital funding in the Growth Deal for the Wisbech Access Strategy remained available and focused on scheme delivery to maximise economic and housing growth outcomes in Wisbech. GCGP LEP would seek from Government either specific revenue funding or capital commitment to enable the progression of the Wisbech to March Rail reopening beyond GRIP2 stage. However the</p>	

	<p>LEP would require confirmation that expenditure of £3m capital funding and if the project did not proceed the LEP would require return of the funds. The LEP could only use capital funds and would not have revenue funds available due to Government accounting rules.</p> <p>It was agreed that assurances would be sought from Government that this expenditure could be recovered if the project did not proceed.</p>	
2016/17	<p>THE TRIANGULAR ALLIANCE – TRIPARTITE AGREEMENT</p> <p>Neil Darwin presented the proposal for a tripartite agreement between GCGP, Anglia Ruskin University (ARU) and Allia. This would form an alliance around common and challenging themes helping to achieve a sustainable local economy as envisaged in the GCGP Strategic Economic Plan but also looking beyond 2020. The common mission would bring expertise and resources together across a broad geography in order to impact on society through enterprise, skills, research, innovation and business models offering new social tools and alternative finance infrastructures. The range of organisational benefits, the delivery details and the principal themes of homes growth, the ageing population and the silver economy and sustainability actions, enterprise and entrepreneurship were outlined. An innovative and collaborative approach to sustainable economic growth would initially entail the flexible use of existing staff to 'embed and evolve' Alliance principles and activities in emerging activities and newly funded projects. The Board committed to becoming a founder partner of the Alliance with GCGP's CEO representing the LEP on the Reference Group. It was not an exclusive arrangement and similar alliances could be progressed with other third parties. It was confirmed that there would be no exchange of funds involved in the alliance.</p>	
2016/18	<p>MEMORANDUM OF UNDERSTANDING WITH EAST CAMBRIDGESHIRE DISTRICT COUNCIL</p> <p>Neil Darwin presented the proposal for a Memorandum of Understanding with East Cambridgeshire District Council. This would entail GCGP as a strategic partner assisting the District Council with strategic insight and advice, acting as an early consultee and founding member of scheme Steering Groups and providing additional capacity and specialist expertise to support project delivery. Mark Reeve confirmed that the MOU would not involve any special status or funding for East Cambs District Council. It was therefore confirmed that the MOU was not an exclusive agreement and would not provide any advantage in terms of funding being made available from the LEP.</p> <p>The Board therefore endorsed the proposal and the model could be used to engage with other councils in the overall LEP area.</p>	
2016/19	<p>OVERVIEW OF CAMBRIDGE CITY DEAL</p> <p>Neil Darwin confirmed the importance of linking the LEP Board with the Greater Cambridge City Deal Board and Tanya Sheridan presented the context of Cambridge City Deal activities.</p> <p>In particular house price availability, skill shortages and transport issues remained the key priorities. At present Government had allocated £100m to support the City Deal with key projects including access to Cambridge City centre due to increasing road traffic</p>	

	<p>coming into the city. Alternatives such as workplace parking levies, restriction to vehicles accessing the centre at key times, congestion charging, public transport initiatives, new cycle routes, new park and ride schemes, use of smart technology and behaviour charges.</p> <p>The next steps would involve a consultation on transport issues on June 9th and further consultations with businesses.</p> <p>John Bridge as the LEP representative on the City Deal Board noted that insufficient details had been given to the business community of the City Deal proposals via the Executive Board. He added that businesses would have serious concerns over the City Deal proposals in particular proposals for work place parking levy. He proposed that the Board should seek an independent assessment of the City Deal proposals before commitment and this was agreed.</p> <p>Mark Reeve stated that the LEP's views and those of the business community were not being fully represented in discussions on transport and infrastructure in Cambridge.</p> <p>Tanya Sheridan suggested that the LEP could challenge the City Deal on financial issues and within public consultations and on economic intervention issues.</p> <p>The LEP Executive would submit a proposal to the City Deal Board to identify how the LEP could make a more substantial and meaningful contribution to the City Deal and transport and infrastructure issues which would add value overall.</p>	ND
2016/20	<p>APPROVAL OF MINUTES</p> <p>The minutes of the meeting held on 26th April 2016 were approved.</p>	
2016/21	<p>ANY OTHER BUSINESS</p> <p>There was none.</p>	
2016/22	<p>DATE OF NEXT MEETING</p> <p>The date of the next meeting was fixed for Tuesday 7th June 2016 at 3pm at Alconbury Weald.</p>	