

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Portfolio Holder for Growth and Commercialisation and the Executive Director Commercialisation

**To:** Cabinet Tuesday, 27 March 2018

**(Author:** Jo Mills, Growth and Regeneration Consultant)

**Subject** South Holland Economic Development Services

**Purpose:** To approve a contractual arrangement with Opportunity Peterborough to provide a range of services that will help to achieve the Council's priority 'to encourage the local economy to be vibrant with continued growth'.

### **Recommendation(s):**

- 1) That approval be given for Opportunity Peterborough to provide Economic Development Services for South Holland District Council for a period of 2 years, with a full review at 6 and 12 months; with final terms to be agreed by the Executive Director (Commercialisation)
- 2) That the new arrangement for Economic Development Services be funded through existing agreed service budgets.

### **1.0 BACKGROUND**

- 1.1 South Holland District Council has a small Inward Investment team that nurtures effective relationships with and between local employers and business networks; promotes business growth and inward investment and manages the Grants 4 Growth programme.
- 1.2 South Holland District Council has major new employment sites that are ready for development including: the Food Enterprise Zone (FEZ) in Holbeach and the Gateway and Clay Lake sites in Spalding. For South Holland to have continued economic success, it is critical that employers are drawn to these sites.
- 1.3 Opportunity Peterborough (OP) is an economic development company that was founded in 2005. It is a private not-for-profit business, wholly owned by Peterborough City Council. It provides economic development services to Fenland and South Kesteven as well as Peterborough. It markets these areas to businesses to attract inward investment, engages with local companies to support growth and development, and plays an active part in skills development to ensure that local talent is trained and ready to meet the needs of employers. OP also delivers a range of related programmes such as the Bondholder Network and Smarter Cities projects.
- 1.4 The proposal with OP will enable the council to provide an enhanced economic development and inward investment service that will help deliver major growth in Spalding and Holbeach. It is hoped that the new arrangement will assist South Holland to bring national and international business into the area on the back of its city neighbour, Peterborough. South Holland will benefit from OP's wider knowledge and bigger team. The

proposal offers opportunities to develop approaches across South Holland, Peterborough, Fenland and South Kesteven. South Holland has a unique identity and offer based around logistics, the agrifood sector and associated high technology. It is important that the area articulates its strengths in order to attract investment, and the new proposal includes such measures.

- 1.5 The South Holland Inward Investment Team has existing working relationships with OP through the Greater Cambridge and Greater Peterborough Local Enterprise Partnership network, and more recently through the University of Cambridge Agri-Tech and University of Lincoln Food-Tech programmes.
- 1.6 The number of industrial and commercial premises that pay business rates declined slightly from 2010 to 2017. During 2017, there was a rise in the number of offices and factories/workshops paying business rates. This data that will be used to underpin the proposed Economic Action Plan.

## 2.0 **OPTIONS**

### 2.1 **Option 1 – Service Agreement with Opportunity Peterborough**

The recommended option is to enter into an agreement with OP for the provision of Economic Development Services. OP is a company wholly owned by Peterborough City Council. OP retains close ties to the public sector whilst operating with a commercial mind set. It operates at the interface between the public and private sectors, bridging differences in approach, language and culture.

- 2.2 It provides services to Fenland and South Kesteven District Councils. References are included in Appendix B. Through working for Fenland, South Kesteven and Peterborough, OP has developed a unique strategic overview of the sub-regional economy. OP will work alongside our in-house team to strengthen our economic development service, and bring a breadth and depth of experience and expertise to help South Holland attract new inward investment.
- 2.3 There will be effective governance and reporting arrangements. Monthly reports will be provided to the Executive Director of Commercialisation highlighting progress with the agreed work plan. This will include monitoring progress towards achieving the target of 5 new business successes, creating a total of 50 jobs. The proposed work plan is attached as Appendix A, and defines a set of objectives including a new Economic Action Plan and a new pro-active Promotional Plan. The OP Head of Economic Strategy and Partnerships will attend monthly performance review meetings with the Executive Director for the first three months, thereafter moving to every quarter. There will be a full review of the agreement at 6 months and 12 months.
- 2.4 The Economic Development and Investment Manager will provide oversight for the new service arrangement, and there will be weekly liaison to ensure effective responses to external enquiries and local business growth opportunities.

2.5 The objectives of the service with OP are to:

- Support the regeneration and growth of Spalding and Holbeach
- Maintain and grow the rural economy
- Develop skills
- Improve digital infrastructure
- Promote invest opportunities in South Holland
- Propose new projects/funding bids.

The proposed work plan, appended to this report, provides more detail.

## 2.6 Option 2 – Contract with alternative provider

Option 2 would involve procuring economic development services from an independent provider. Other providers would not bring the identified strengths of OP in terms of bridging the public-private interface, and would be unlikely to have such strong local knowledge and ability. A private sector consultancy would not provide better value for money.

## 2.7 Option 3 – Do Nothing

Option 3 would involve continuing with a stand-alone Inward Investment team that could procure ad-hoc consultancy support as appropriate. This option would continue the current position, and would not bring in the same level of new resource to drive forward investment at our strategic employment sites. This option would incur higher costs as a consequence of spend on consultancy support as well as employee costs.

## 3 REASONS FOR RECOMMENDATION(S)

3.1 The recommended option will provide an enhanced level of service within the existing cost envelope for the service, and enable the Council to benefit from additional resource and expertise and resource.

3.1 South Holland has major employment and housing sites at Holbeach and Spalding that are at key stages of implementation and delivery. The Council has a key role to play in enabling these sites to be delivered as quickly as possible, with the best possible outcomes. OP has a strong track record of supporting regeneration of Peterborough, and is able to bring this experience to strengthen the capacity of our small in-house team.

## 4 EXPECTED BENEFITS

4.1 The proposed arrangement with OP will:

- Include a one-off Marketing and Communications Audit with recommendations
- Develop a pro-active Branding and Promotional Plan for Inward Investment
- Develop an Economic Action Plan including approaches to the rural economy
- Aim to deliver 20 Inward Investment enquiries over a 2 year period, resulting in 5 successes and creating approximately 50 jobs
- Strengthen liaison with key partners including Lincolnshire County Council, Greater Lincolnshire Local Enterprise Partnership (LEP), Greater Cambridgeshire and Greater Peterborough LEP and the Chamber of Commerce.

## 5 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

### 5.1 **Carbon Footprint / Environmental Issues**

There are no particular environmental aspects to the service agreement, however OP is engaged in the Smarter Cities programme in Peterborough, and will be able to bring this expertise to its services to South Holland.

### 5.2 **Constitutional & Legal**

Cabinet will be asked to approve the proposed service.

### 5.3 **Contracts**

OP is wholly owned by Peterborough City Council. As a body wholly owned /controlled by public authority, OP can benefit from public sector status as Public Sector customers can contract directly with the Company without all the procedures required to place high value contracts in the open market. This is provided that OP does no more than 10% of its business by turnover with the private sector (per The Teckal and Hamburg Cases now set out in the Contract Regulations). OP does not do more than 10% of its business with the private sector. Peterborough City Council has a senior representative who serves as an adviser to the Board of OP, and attends its Finance and Audit Committee. South Holland Council will have monthly and quarterly review meetings with OP to ensure effective oversight and management of the new service arrangements.

### 5.4 **Corporate Priorities**

The Council's priorities include 'to encourage the local economy to be vibrant with continued growth'

### 5.5 **Equality and Diversity / Human Rights**

All Economic Development activity will promote good employment practice including in relation to equal opportunities and diversity.

### 5.6 **Financial**

Covered in Appendix B.

### 5.7 **Health & Wellbeing**

The proposal is intended to strengthen the economic wellbeing of the district, and thereby to enhance the general health and wellbeing of residents.

### 5.8 **Reputation**

The proposal offers potential for the Council to enhance its reputation as an outward-facing and forward-thinking organisation that is committed to supporting high quality growth. It can

help to promote Greater Peterborough as a great place to invest.

**5.9 Risk Management**

There is a risk that OP may not deliver its objectives. The contract will be supplemented by an agreed work programme with effective contract management processes in place. These will include monthly reports and full reviews at 6 and 12 months.

**5.10 Staffing**

The proposed arrangement has minimal implications for the staffing structure.

**5.11 Stakeholders / Constitution / Timescales**

Any necessary consultations will be undertaken.

**5.12 Transformation Programme**

This proposal supports the Council's Transformation Programme by strengthening our partnership approach towards service delivery.

**6 WARDS/COMMUNITIES AFFECTED**

6.1 The proposal is for a district-wide service.

**7 ACRONYMS**

7.1 HR – Human Resources

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**Background papers:-**

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**Key Decision:** N

**Exempt Decision:** N

**This report refers to a Discretionary Service**

**Appendices attached to this report:**

Appendix A Summary of Objectives for Service Agreement with Opportunity Peterborough

**Confidential Appendix attached to this report:**

**(Please note that the following appendix is not for publication by virtue of Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information))**

Appendix B Financial and Commercial Information