

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Cllr Nick Worth, Portfolio Holder for Growth and Commercialisation

To: Cabinet 12 March 2019

Author: Nigel R Burch Economic Development and Inward Investment Manager

Subject Review of the contract with Opportunity Peterborough

Purpose: To review the continuation of the Opportunity Peterborough contract for a further 6 months.

Recommendation:

- 1) That Cabinet give consideration to the activity pursued during the first period of the Opportunity Peterborough contract (as set out within the report), with a view to approving the continuation of the arrangement for a further six months.

1.0 BACKGROUND

- 1.1 The work of the Council's Economic Development and Inward investment team is highly important in the context of the council's corporate priorities and its long term financial strategy. Through undertaking initiatives and programmes that support business growth and economic output, the work of the Economic Development and Inward investment team is able to make a positive contribution to both the wellbeing and prosperity of the local area, alongside supporting the council in generating opportunities that support business rates income.
- 1.2 Given the importance of this agenda in supporting the council's key priorities and strategies, and following a review of the resourcing options available to the authority in respect of undertaking further work to promote economic development and inward investment activity across the district, a formal decision was made by the council in March 2017 to enter into a two year contract with Opportunity Peterborough; the economic development company owned by Peterborough City Council.
- 1.3 This decision was taken with a view to Opportunity Peterborough providing the Council with additional resources that would enable the authority to undertake proactive economic development and inward investment activity. This arrangement also aims to enable the authority to benefit from Opportunity Peterborough's wider knowledge and larger team, which includes expertise in respect of marketing, communications and dealing with major inward investment enquiries.
- 1.4 A two year contract with Opportunity Peterborough commenced on June 1st 2018. As part of the formal decision making process to enter into the contract, it was agreed with members that the arrangement would be subject to regular review, with the first review commencing following the initial bedding-in period of the contract. It was also agreed that Performance Monitoring Panel would undertake a review of the performance of the

arrangement six months into the contract, ahead of any formal decision by Cabinet as to whether to continue with the arrangement.

1.5 The purpose of this report is to set out the delivery and activity undertaken during the first period of the contract, to report to Cabinet the outcome of the discussions with Performance Monitoring Panel, and to set out the proposed activity for the next contract period if agreement is given to continue with the arrangement.

1.6 **Delivery and activity to date.**

1.7 The first period of the contract has focused on embedding the relationship between the Inward Investment team at Opportunity Peterborough and the team at South Holland, our businesses and our partners. It has also focussed on setting out working protocols and lines of communication, gathering baseline data, establishing economic indicators to be used across the life of the contract (Appendix A), starting and completing a business survey, producing a draft marketing and communications audit and economic action plan and undertaking business and stakeholder engagement.

1.8 The Chief Executive and the Inward Investment and Business Engagement Manager from Opportunity Peterborough are now working at least one day per week each out of the council's offices at Priory Road in the Economic Development and Inward Investment team, whilst meeting other key business facing staff and ensuring that they are embedded as part of the council as a whole.

1.9 Monthly contract management meetings are diarised to ensure regular checks on delivery against the contracted outputs.

1.10 **Evidence Collation**

1.11 A key focus of initial activity has been on evidence collection and the analysis of data as a means of refreshing and updating our joint understanding of the makeup of the South Holland economy, and from this, to establish the economic indicators that will be used throughout the two year contract. These cover indicators such as Gross Value Added (GVA), productivity, claimant count, economically active, unemployment and gross weekly pay.

1.12 A key component of this has been the launch of the first annual South Holland Business Survey; a survey developed by Opportunity Peterborough colleagues, to be used as a tool to obtain a greater understanding of the state of the local economy through the eyes of business, alongside understanding the challenges and opportunities that businesses are experiencing in relation to growth. This exercise was completed during August and September 2018, attracting responses from 42 businesses. The intelligence gathered from this exercise will inform the emerging South Holland Economic Action Plan; a key action planning document currently being prepared by Opportunity Peterborough as part of the wider contract.

1.13 **Business Engagement**

1.14 Another priority focus has been embedding the relationship between colleagues at Opportunity Peterborough and the businesses that the Economic Development and Inward Investment team have a good working relationship with.

- 1.15 The Economic Development and Inward Investment team and colleagues from Opportunity Peterborough have undertaken a number of key business engagements during the first period of the contract, as a means of building relationships and helping the officers within the wider team to gain a more detailed understanding of the challenges and opportunities that some of our key businesses face.
- 1.16 This has included visits to businesses across the entire district, including the South Lincs Foundry to discuss their needs to facilitate growth, attendance and presentations to major businesses through the council's regular Business Breakfasts in September and January.
- 1.17 Recently visits have also taken place with, Gousto, Addo Food Group, Green Partners, QV Foods, Ashwood Homes and Port Sutton Bridge. Business intelligence gathered through these site visits is then used to tailor the ongoing support provided by the team, including Opportunity Peterborough colleagues, to the companies visited.
- 1.18 Examples of the support that has already been provided to businesses where it became apparent that they are not aware, include information about Research and Development grants, tax credits available, details of waste and plastic reduction, guidance on finding new land and premises, and to one company that were having recruitment issues, details of an upcoming jobs fair were supplied. One company were appraised of an upcoming 5g test bed opportunity for Lincolnshire and the MD of this particular company was very interested in becoming a part of the project that previously he had no knowledge of.
- 1.19 A further 15 businesses have been identified and meetings are currently being arranged.
- 1.20 Work is ongoing to establish a list of 50 companies to engage based on their potential to invest and grow.
- 1.21 On a more Inward Investment focussed level, OP have also done some very useful investigation on State Aid issues on our behalf, that were pertinent to a large business that we were working with, and recently they took an enquiry from a Dutch company who were looking for some warehousing in Peterborough and made them aware of the sector and availability of land in South Holland.
- 1.22 The Economic Development and Inward Investment Manager has also now been invited to the Peterborough Bondholder breakfasts organised by OP in order to network with Peterborough based businesses and promote South Holland to them and their clients.
- 1.23 **Public and strategic partner engagement.**
- 1.24 In addition to prioritising engagement and the embedding of relationships with businesses, there has also been a focus on maintaining contact with key strategic and public sector partners who have an involvement in supporting economic growth.
- 1.25 This has been facilitated through a number of stakeholder meetings with Boston College, the University of Lincoln, National Centre for Food Manufacturing, the Greater Lincolnshire Local Enterprise Partnership, and Lincolnshire County Council's Economic Development and Inward Investment team.

- 1.26 Opportunity Peterborough colleagues have also been involved through discussions Department of International Trade, principally through Opportunity Peterborough's Inward Investment and Business Engagement Manager who is a former DIT Area Manager and is working for OP alongside the South Holland Economic Development and Inward Investment team. This engagement has included promoting South Holland to DIT Officials working in Poland and Holland as a means of making local agents aware of South Holland as a district which is keen to encourage inward investment from international businesses. South Holland property options have also been provided to Taiwanese and Dutch companies looking to establish a UK presence, South Holland was not originally under consideration.
- 1.27 Discussions have also taken place with banks and accountants to better understand their offer to local companies and prospective new investors, and to discuss the benefits to their non-South Holland clients of establishing a presence in the district.
- 1.28 Internally, Opportunity Peterborough's Chief Executive has started to meet with SHDC internal services to explore opportunities for more effective partnership working across departments in order to achieve economic development and broader SHDC objectives under the Open for Business initiative. Opportunity Peterborough colleagues have attended all business breakfasts that have taken place since they were first engaged.
- 1.29 **Marketing and Communications Audit**
- 1.30 Another key activity has focused on the means by which the council currently communicates and markets the district as a place to invest and grow, and how the council's approach to communication and marketing could be strengthened to encourage regional, national and global investment.
- 1.31 Following extensive engagement with the council's own communication team, a draft marketing and communications audit has been prepared by Opportunity Peterborough's specialist marketing team. The audit presents some recommendations around future marketing and promotion with a view to attracting future inward investment.
- 1.32 Officers at the Council are currently reviewing the draft audit and subsequent additions and enhancements and continue to liaise with the relevant internal departments to explore the means through which those recommendations can be taken forward. The Marketing and Communications Audit, along with the recommended actions stemming from the exercise, will be presented to members for consideration in due course.
- 1.33 **Economic Action Plan**
- 1.34 The main underlying action that all these other activities have contributed towards is that of the development of an 'economic action plan'. The purpose of the plan is to set out a series of actions for the authority to pursue as a means of supporting economic development and inward investment activity in response to the evidence collated through the process undertaken during the initial contract period (including evidence collated through the South Holland Business Survey).
- 1.35 Alongside utilising data from the business survey and business visits to inform the emerging plan, the team from Opportunity Peterborough have engaged with a range of key partners to support the evidence collation designed to inform the plan. This includes

comparing evidence with that available through the GLLEP, the County Council, and the University of Lincoln Holbeach Campus, and refining the action plan accordingly. A final draft of the Economic Action Plan is anticipated to be completed in March 2019, after which implementation and delivery will commence.

1.36 Contract performance during the first contract period

1.37 As per the original cabinet decision, the performance of the arrangement with Opportunity Peterborough was subject to scrutiny of the council's Performance Monitoring Panel on November 13th 2018. The minutes from the meeting of PMP capture the following;

'Members commented that a good foundation had been achieved, but that the next few months would bear out whether it had been beneficial. It was important that the forthcoming marketing and communication document was robust, and that South Holland was sold well to the Peterborough/Cambridgeshire area.'

1.38 It was agreed that a further report will be brought back to PMP in due course to scrutinise the performance of the arrangement further, subject to Cabinet first giving consideration as to whether the arrangement should be continued.

1.39 The officer assessment of the performance by Opportunity Peterborough is that the work undertaken during the initial contract period has been undertaken in accordance with the service scope captured within the contract for the arrangement.

1.40 Officers are also of the view that the activity developed and pursued over the first period of the contract, specifically the work relating to further proactive business engagement and the development of a well-articulated approach to marketing South Holland as a location which is 'open to business', points to the relationship having the potential to be effective over the lifespan of the two year period.

1.41 However, officers recommend that the contract and the arrangement is kept under continuous close review as a means of ensuring that the arrangement continues to be the optimum solution, and that it returns good value for money for the district. Therefore it is proposed that a further report is presented to PMP in due course, and the matter is returned to Cabinet for a further formal review in six months' time.

1.42 Proposed next steps

1.43 If agreement is given for the arrangement to continue into the next period of the contract, the main focus of the next contract period will be as follows;

- Agreeing the council's approach to marketing and communication of the district as a location for inward investment, and moving towards implementation of any subsequent marketing and communications strategy
- Securing approval for the council's Economic Action Plan, and commencing delivery
- Undertaking the next South Holland Business Survey
- Focusing on visiting and building relationships with businesses within the district with whom there is a need to build a stronger relationship, as a means of providing support to local businesses who are looking to grow.

- Benchmarking 2017/18 economic indicators with 2018/19 information to map the direction of travel within the economy, as a means of further informing the Economic Action Plan.

2.0 **OPTIONS**

- 2.1 **Option 1 – To** continue the existing arrangements with Opportunity Peterborough as contracted, with a view to approving the continuation of the arrangement for a further six months (Recommended)
- 2.2 **Option 2 – To** give notice of termination of contract and cease work with Opportunity Peterborough, and to not conclude the remaining period of the contract

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 The officer assessment of the contract with Opportunity Peterborough is that the work undertaken during the initial contract period has been completed in accordance with the service scope captured within the contract for the arrangement.
- 3.2 Officers are also of the view that the activity developed and pursued over the first period of the contract, specifically the work relating to further proactive business engagement and the development of a well-articulated approach to marketing South Holland as a location which is 'open to business', points to the relationship having the potential to be effective over the lifespan of the two year period.
- 3.3 However, officers recommend that the contract and the arrangement is kept under continuous close review as a means of ensuring that the arrangement is effective, and returns good value for money for the district. Therefore it is proposed that a further report is presented to PMP in due course, and the matter is returned to Cabinet for a further formal review in six months' time.

4.0 **EXPECTED BENEFITS**

- 4.1 By continuing the contract with Opportunity Peterborough, the district, the Council and the Inward Investment service will continue to benefit from Opportunity Peterborough's wider knowledge and larger team with a diverse range of economic development and inward investment skills that are difficult to encompass in one individual, thereby negating the need for the difficult and potentially expensive task of recruiting and retaining additional staff to the Inward Investment department. This will allow the council to continue to maximise the impact of its Inward Investment offer.

5.0 **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 **Contracts**

5.1.1 This report refers to the first 6 monthly review of an existing two year contract

5.2 **Corporate Priorities**

5.2.1 The contract with Opportunity Peterborough supports the Councils corporate priority 'To encourage the local economy to be vibrant with continued growth'

5.3 **Financial**

5.3.1 The costs of the contract with Opportunity Peterborough have been covered by the completed review of the Economic Development/Inward Investment service which identified the salary plus on costs of the vacant Senior Economic Development/Team Leader post as available and adequate to fund this initiative.

5.4 **Staffing**

5.4.1 The continuation of this contract negates the need for the recruitment of any additional staff by South Holland District Council.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 This report encompasses all Wards in the South Holland District

7.0 **ACRONYMS**

7.1	ED	Economic Development
7.2	G4G	Grants4growth
7.3	SHDC	South Holland District Council
7.4	OP	Opportunity Peterborough
7.5	GLLEP	Greater Lincolnshire Local Enterprise Partnership
7.6	DIT	Department for International Trade
7.7	GVA	Gross Value Added

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 Baseline Economic Indicators