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| <b>SUSTAINABLE GROWTH &amp; ENVIRONMENT<br/>CAPITAL SCRUTINY COMMITTEE MEETING</b> | <b>Agenda Item No. 7</b> |
| <b>20 JANUARY 2014</b>   | <b>Public Report</b>     |

## Report from Opportunity Peterborough

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### OPPORTUNITY PETERBOROUGH UPDATE

#### 1. PURPOSE

- 1.1 This report provides an update on work being undertaken by Opportunity Peterborough and the overall economic picture in Peterborough.

#### 2. RECOMMENDATIONS

- 2.1 The Commission is asked to note this report.

#### 3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY

- 3.1 Opportunity Peterborough's (OP) focus is upon the priority 'delivering substantial and sustainable growth'.

#### 4. BACKGROUND

- 4.1 i) What is Opportunity Peterborough?

OP is the City's economic development company. The company is owned by Peterborough City Council as a single shareholder, operated by an independent Board of leading private sector figures. The company is responsible for:

- Attracting new businesses to the City;
- Supporting existing local companies to grow;
- Delivering the City's Skills agenda via the Skills Service;
- Managing the Eco Innovation Centre
- Leading relationships with the Greater Cambridge Greater Peterborough Local Enterprise Partnership; and
- Delivery the Future Cities Demonstrator programme.

PCC during 2013/14 provided a grant of £380k from a total income of £1.1m. Additional funds being secured from European projects/the Local Enterprise Partnership and small-scale private sources.

- ii) The current state of the Peterborough economy

The past five years have been the most difficult in economic terms in living memory. Nationally there are signs of growth. Reports are confirming that businesses are seeing growth and increased sales, unemployment is falling and inflation also decreasing. All signs point to renewed confidence.

Within Peterborough, the picture mirrors the national headlines. However, it has been recognised by external commentators that Peterborough has been 'bucking the trend' for some time. We have seen the McKinsey Global Institute state that Peterborough will be the fastest

growing city up to 2026. Projections suggest that the City could see its Gross Domestic Product increase by 40% between 2007-2025. This comment is supported by the Centre for Cities which has stated that Peterborough is the second fastest growing City in the UK (outlook 2013).

The local picture is matched in other areas. Unemployment has been steadily falling during 2013. The current rate is 5.2%. Within this the Claimant Count has reduced by 13.5% during 2013, while this remains too high the City is now better equipped to support residents looking for work. There is a range of provision available to provide skills to young people or retraining for others. The development of University Centre Peterborough continues. This remains a key project if the City's economy is going to expand and attract quality employment opportunities. We anticipate an announcement on whether the City has been successful in establishing a 'University Technical College' (under Peterborough Regional College leadership) during January 2014. This facility, assuming success, would provide a more vocational route for many young people rather than the more academic route we have become accustomed to.

Peterborough, unlike many other cities, benefits from a very diverse economy. This is a feature of the City's rapid growth during the New Town phase. The City retains a strong manufacturing base, a sizable financial services sector, growing reputation for logistics and a large presence of environmentally facing businesses.

Despite the economic pressures, the City continues to see new job announcements. Companies such as BGL and Royal Mail continue to recruit while new investors include Kelway and Genfrost.

The OP team area is hearing very positive comments from across the local economy. This is also reflected in our conversations with the Banks and Accountants. While this is not uniform, many of our local businesses have weathered the economic downturn and now appear primed for growth. However, we do continue to see some companies struggle; there remains potential for further closures although none appear to be on the horizon. One of the City's biggest weaknesses is that a greater proportion of our companies have foreign owners. This simply means that decisions concerning some of our largest businesses are not made locally and dependent on overseas factors and influences.

### iii) Investment enquiries

OP continues to receive a broad range of enquiries from businesses looking to invest or bring operations to the City. At any one time, the team will be working on 30/40 enquiries. Each of these will be at different stages of development, while some can take over two years to deliver.

The most major determinant on the levels of enquiry is the ability to proactively market the City. In the past 18 months due to budget pressures OP has not been able to proactively market in order to attract interest. While Peterborough won't be unusual in this respect, it is noticeable that other Cities that continue to invest are seeing improved returns.

Over the past ten years the type of enquiry has changed. Today there is less likelihood of seeing large scale foreign owned business move to the City. Broadly, the nature of enquiries is from small to medium enterprises based within the South East of England, this being a cost driven solution to the business. This may be a result of the economic downturn, although we will be able to test this once the economy is producing stronger growth.

### iv) Land and premises availability

A key ingredient driving business location decisions is the availability of land and premises. This area is competitive with other similar cities offering the same package. It is fair to say that Peterborough's cost (land and labour) are lower, however, the City suffers from having aged premises that are tired, non-compliant with legislation eg disability or simply location of premises. Again some of these issues are from the City's New Town past with premises now typically being 30 years old. Where new build has occurred, demand has been reasonably

strong, however, take up is determined by pricing which neither OP/PCC can control.

A similar picture exists around land where Peterborough's principle offering is via Roxhill Developments, the Great Haddon Gateway site. Initial investors include Yearsley Logistics and Geopost. By this site's nature, it is almost inevitable that it will favour logistics operations. However, beyond this site, the City can only currently offer smaller parcels in more restricted, less accessible areas which are obviously less attractive to investors. This issue also needs to be balanced against the political imperative to attract higher value jobs to Peterborough.

v) Peterborough Skills Service

For the past two years, OP has hosted the Peterborough Skills Service (PSS). This at the time was a unique offer which sought to better understand the types of skills the business community requires in short and medium terms. This would then help shape local education and training delivery. After two years the service has delivered significant support for which the key outputs are:

- Provide 1,200 work experience placements;
- Worked with 1,300 business – either providing work placements or visiting young people in schools;
- Working with secondary schools in the City with business leaders providing CV support writing activities and overviews of careers in businesses; and
- Held a successful 'Careers Fair' on the Embankment in July 2013. Attracting over 2,000 young people and 100 businesses providing demonstrations

Our Skills work has been successful to the point where the Local Enterprise Partnership has now agreed to fund a pilot building on the Peterborough Skills Service alongside Rutland, Fenland and King's Lynn and West Norfolk councils. Other areas across the country have been in contact seeking to replicate the approach, most notably Cambridge.

vi) Managing the Eco Innovation Centre (EIC)

OP was contracted by PCC to manage the EIC in April 2013. The role of the EIC is an important one for the City in supporting new start up businesses and acting as a draw for innovative products. The EIC produces a small annual surplus, which is returned to PCC.

Since April, rental take up has improved from 80% occupancy to 95% occupancy. This level is now optimal in terms of operation of the Centre. OP now also hosts a monthly 'Peterborough does Business' event. This is always 'sold out' with over 50 micro businesses at each event. Growing these networks remains important in terms of developing supply chains.

vii) Peterborough's supply chains

Economically, Peterborough is relatively self-contained. Our geographic location makes it far more cost effective to trade locally and with a diverse base of companies most goods and services can be sourced.

While OP does not focus specifically on supply chains, we are aware that many of the largest businesses in the City tend to have global supply chains. Perkins Engines still utilise a sizable local supply chain, however, this is likely to be the exception to the rule. The overall focus on global supply chains has come as a result of modern trade cycles and practices. That said the Peterborough economy consists of 95% small medium enterprises which sees a lot of local sourcing.

viii) The role of the Greater Cambridge Greater Peterborough Enterprise Partnership

The Greater Cambridge Greater Peterborough Enterprise Partnership (GCGPEP) was formed in 2010 bringing together representatives from 13 local authorities and business community. Representatives come from Peterborough, Cambridgeshire, Rutland, West Norfolk, West

Suffolk, North Herts including districts. A group of 14 form the LEP Board. There are 39 EP's across England. Each designed to cover their economic footprint. Although in GCGPEP's case the absence of Southern Lincolnshire means Peterborough has a gap in its footprint.

Local Enterprise Partnerships were designed by Government to replace the Regional Development Agencies (such as EEDA). OP plays a leading role in GCGPEP. Operationally OP is leading the following activities:

- Implementation of Local Skills teams (based on Peterborough Skills Service);
- Developing a coherent inward investment offer across the area; and
- Co-ordinating the '2014 Year of Exporting' campaign.

The GCGPEP is responsible for producing a Single Economic Plan which is currently being drafted. It is anticipated that following negotiation this could be worth around £30m-£40m in 2014/15.

In addition, OP is currently working on the Future Cities Demonstrator programmed awarded to Peterborough by the Technology Strategy Board. OP is currently leading the Innovation strand and overall programme management.

OP delivers the 'Bondholder' Scheme which acts as a network to bring all companies large or small together. This includes helping to build trade and sales between companies. OP provides monthly e-newsletters to companies which reflects local news and provides a facility for local companies to promote themselves. OP also hosts bi-monthly Breakfast meetings attracting on a regular basis 150-200 attendees. This approach has gained national profile and replicated in a growing number of areas eg Hull, Derby and Burnley.

## **5. IMPLICATIONS**

5.1 Items within this report are city wide in nature.

## **6. CONSULTATION**

6.1 None undertaken for this report.

## **7. NEXT STEPS**

7.1 Further updates will be brought to the Sustainable Growth & Environment Capital Scrutiny Committee during 2014.

## **8. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

8.1 None

## **9. APPENDICES**

9.1 None