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| SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE | Agenda Item No. 5 |
| 23 MARCH 2016 | Public Report |

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| Report of the CEO of Opportunity Peterborough | | |
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OPPORUTNITY PETERBOROUGH UPDATE REPORT

1. PURPOSE

- 1.1 The Committee has requested an update on the remit, functions and achievements of Opportunity Peterborough, a private company wholly owned by Peterborough City Council..

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee endorse the activities of Opportunity Peterborough.

3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY

- 3.1 The primary function of Opportunity Peterborough ['OP'] is to drive the economic growth of the city. As such it is crucial to delivering a 'bigger and better Peterborough' by increasing economic activity and job opportunities, reducing unemployment and developing a sustainable and resilient economy for the future.

No National Indicators relate to this activity.

4. BACKGROUND

- 4.1 As a wholly owned company of the City Council, it is important that members of the council are aware of the activities, remit, achievements of the company, and some of the challenges it faces. Founded originally as an urban regeneration company in 2005, Opportunity Peterborough became an economic development company in 2011. Further information on the role and functions of the company are included in Appendix 1.

5. KEY ISSUES

- 5.1 Proposals have been put forward to continue to fund OP's core activities from the Council budget and this commitment is both welcome and gratefully received. The scale of achievements and expectations that have been raised on OP's outputs mean that the amount of funding received needs to be greatly enhanced through additional grants and commercialisation. OP will always ensure that the activity to attract additional funding does not detract from providing the core remit expected of it by the city, but there needs to be a realisation of the tension and holding in balance the delivery of economic development support and the need to generate revenue to survive.

OP has always maintained positive relationships with its partners in the wider economic arena (GCGP EP, UKTI, Dept of Business Innovation & Skills). Central government initiatives and funding will often flow through many of these agencies and it is vital that Peterborough has an 'on-the-ground' function that can provide the local intelligence and impetus for one of the UK's

fastest growing cities, and indeed the largest city in this part of the East of England, and ensure that flow of funding is relevant and effective.

6. IMPLICATIONS

- 6.1 In simple terms, the main implications from the report are financial in terms of PCC's commitment or otherwise to support OP through a funding contribution. In all other terms, OP's operations comply with the necessary and appropriate governance arrangements established through its memorandum of articles. Perhaps more important, however, is the support that council members can give to OP vocally: that the economy of the city is prospering and that OP's approach, encompassing investment, enterprise, business growth, skills and city profile, is a distinctive proposition that will underpin the continued growth of the city.

This report has no direct ward-distinctive implications, as OP's remit is city-wide. It should be noted, however, that OP has been supporting the regeneration programme in the 'CAN-Do' project area to ensure economic and funding opportunities are fully explored and optimised.

7. CONSULTATION

- 7.1 No consultation has been necessary as part of the submission of this paper which is largely for information.

8. NEXT STEPS

- 8.1 As a paper largely for information, no further action is anticipated.

9. BACKGROUND DOCUMENTS

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

- 9.1 No background documents have been used in the preparation of this report.

10. APPENDICES

- 10.1 Appendix 1 – Opportunity Peterborough Overview Report
Appendix 2 – Economic Report October 2015 - <http://www.opportunitypeterborough.co.uk/wp-content/uploads/2015/10/Peterborough-Economic-Intelligence-Report.-October-2015-Final.pdf>

OPPORTUNITY PETERBOROUGH: OVERVIEW REPORT

The following report provides an overview of the remit, achievements and challenges faced by Opportunity Peterborough both in the 2015/16 financial year, and looking forward. It has also incorporated areas that the Sustainable Growth and Environment Capital Scrutiny Committee had indicated that it would have a particular interest in. As an overview report it cannot encompass all of Opportunity Peterborough's activities and achievements, but provides an insight into the breadth of its role and some of its key successes.

1. ROLE & REMIT

Opportunity Peterborough is a wholly owned company of the City Council. Originally established as an urban regeneration company ['URC'] in 2005, it had considerable success in leading the growth and regeneration of the city, with the award-winning Cathedral Square project, site assembly and masterplanning for South Bank, and a range of innovative projects. In 2011, it became an economic development company with a clearer focus on economic growth and development, and with PCC as its sole member. As sole member, PCC provided core funding for the company's operations, originally in the region of £400,000; a figure which has reduced to £130,000 in 2015/16.

There are a number of key areas in OP's role to drive economic growth:

- i. **Business Growth:** enabling local companies to expand and employ more people. This can be through low-intervention advice, sign-posting, business intelligence, business connections. Recently this has evolved into providing more support for start-up enterprises through the Ignite programme, seeing Peterborough lead the way in business start-up and survival rates.
- ii. **Inward Investment:** encouraging existing businesses to reinvest in the city and attracting new companies to relocate to Peterborough. This is achieved through pro-active marketing, targeted approaches to business, raising the profile of the city through other measures, intelligence, and the provision of soft-landing support.
- iii. **Marketing:** ensuring that the economic successes of the city are promoted to businesses, partners and potential investors (underpinning both the business growth and investment ambitions).
- iv. **Skills:** through OP's Skills Service engaging with local businesses, schools and young people. The Service provides independent, impartial advice, helping schools to understand what business needs, young people to be aware of their choices and options, and businesses to influence the workforce of the future. It covers everything from employability and work-readiness, to informal advice on apprenticeships and careers, and even basic enterprise development skills.
- v. **Rebalancing the Economy:** OP also delivers a range of special projects that underpin all of the above while seeking to rebalance and diversify the economy. These include: co-ordinating the Water Innovation Network with Anglian Water, to encourage innovations through to the market-place and innovating companies to succeed; delivering the LEADER programme to provide funding to rural businesses; and of course leading PeterboroughDNA, the city's future cities demonstrator that has supported new ideas, innovations and jobs, encouraged digital connectivity and developed new approaches to skills and business.

2. ACHIEVEMENTS

OP has performed consistently well in driving the economic growth of the city, creating the confidence for businesses to invest and grow, increasing business numbers and job creation, and setting Peterborough firmly on the national and international arena.

- i. *Support for local businesses to set up and grow:*

The Ignite programme currently has over 200 young entrepreneurs receiving business support through seminars, advice and mentoring, has helped nearly 50 people (all ages) off JSA Claimant Count and into their own business, and placed 12 creative industry practitioners into national arts organisations.

The Bondholder network currently has over 200 members, receiving unique city intelligence, business connection opportunities and a bespoke website to showcase their products.

OP has made a conscious effort to engage large businesses into the agenda of the city, with significant connections now made with major companies in the city, who in return gain invaluable insights and connections to a network of academia and government agencies.

ii. Encouraging and supporting new business investment:

Directly supporting the relocation of Thomas Cook to Lynchwood and providing business intelligence and advice to a number of other investments by local companies.

Having transformed the city centre by attracting major investors such as Primark, TK Maxx, Nando's, Wildwood, Patisserie Valerie, Carluccio's and others, OP has turned its attention to wider city investment by supporting local agents and landowners with economic intelligence and advice. Lack of resource has precluded a more dedicated approach to this work, but steps are in hand to address this.

iii. Marketing

OP has represented the city at major conferences both nationally and internationally, raising Peterborough's profile for new investment opportunities. These include events in the British Embassy in Brussels (and reciprocated in London), Barcelona, India and China.

iv. Skills

OP's Skills Service has achieved tremendous success. With funding received from the Greater Cambridge Greater Peterborough Enterprise Partnership [GCGP EP], its geographic remit now covers the whole of the north LEP area (Rutland, Peterborough, Fenland, Kings Lynn & West Norfolk). Even so its achievements are impressive:

In 2015, over 17,000 interactions took place between young people and employers, with nearly 2,000 businesses signed up to help inform and inspire young people, and every secondary school in the area engaged.

Over 2,000 young people and over 100 employers attended the Careers Festival in 2015, which not only hosted a Formula 1 car and high tech companies, but also a rocket scientist from NASA who was here for a week to inspire young people and teachers.

Enterprise games have also been rolled across the area to encourage the entrepreneurs of the future.

Over 1300 young people enjoyed safe work experience placements in 2015.

OP has also supported the development of the business case for the University of Peterborough, and supported the progress of the UTC.

v. Special projects have a wide breadth, and the following are only highlights from the various schemes

Having secured £3M as part of the Future Cities Demonstrator programme: 11 local innovators have been supported in bringing their products to market, with 35 jobs created as a result; new skills are being developed, either through the weather stations now in 25 schools across the city to encourage young people to mine and analyse data, or through the Smart Supper programme, where over 80 school children have learned to develop business ideas to solve local challenges.

Through the Peterborough DNA programme, OP and the city are now involved in a range of funding bids that could amount to over £5m in value, and a recent proposition on the Internet of Things is one of only

14 schemes nationally to form part of a portfolio of investment opportunities to be presented by UKTI in China.

Peterborough has been awarded an international Smart City Award 2015, as well as 'Green Apple' awards of environmental innovation under this project.

£1.3M has been secured for the LEADER programme, to support rural business growth over the next 4 years; although only launched relatively recently, enquiries are flooding in and the first applications have been received.

OP also supported PCC in its CLLD bid (Communities & Locally Led Development) which has been passed through to Round 2, with potential funding of £1.5M.

Anglian Water has recognised significant business savings through the Water Innovation Network which has also provided new business opportunities.

The real achievements through this combination of activities and approaches is the boost in city confidence and the overall impact on Peterborough's economy. Not only did Peterborough's economy ride out the recent recession reasonably well, it has prospered over the last 5 years. Job Seekers Allowance (JSA) claimant count has fallen dramatically over this period: for 2015 its rate of decrease out-performed both the East of England and Great Britain. Private sector jobs growth has consistently featured in the top 10 tables of the 64 largest UK cities prepared by the Centre for Cities and although average wages are not as many would wish, they have seen an increase over this period.

3. Challenges

The biggest challenge facing OP operationally is in ensuring a secure level of funding that can enable it to continue to perform at the highest level in an area where it is not always possible to generate additional income. However, it has always been creative and opportunistic, and will continue to explore external funding and additional contracts to underpin its core remit. A good example of this has been that as a result of refocusing support on existing business and start-up enterprise, there has not been a dedicated resource for inward investment. With sound financial planning, however, and the generation of new income leads, this is due to be addressed in early F/Y 2016/17.

Financial input and expenditure is not always necessary or the right move. With more money available, more things could be done: for example, aggressive marketing campaigns (posters, radio, TV etc), showcasing the city at specific high profile conferences (eg MIPIM). More money, would also mean the ability to recruit dedicated staff to directly approach potential investor companies and maintain more aggressive contact. The reality of public sector funding circumstances, however, means that we need to be smarter in optimising any opportunity to 'sell' the city that arises. This is currently being done through the effective exploitation of editorials, media engagement and PR, and being proactive with investors when the opportunity arises.

Uncertainty and perception can also be challenges: with the creation of local enterprise partnerships some 4 years ago, there was a perception that these would compete with or negate the need for OP. The reality is that LEPs operate at a crucially important strategic level (lobbying government, securing funding and setting a strategic vision), while OP can deliver on the ground Peterborough's economic ambitions and support its ambitious growth agenda.

4. Performance

OP has a range of primary objectives for the city, and the following section illustrates performance against targets.

City Objectives

CO1 Attract investment to the city through both existing and new companies to increase business rate yields.

- CO2 Support business growth, enterprise development and job creation by providing a first-point stop for businesses including initial advice, sign-posting and networking opportunities.
- CO3 Rebalance the economy by supporting the development of skills, the knowledge economy, and innovation.
- CO4 Raise the city's profile on the local, national and international stage to build confidence and underpin investment opportunities.

| Obj. | Target Areas | Annual Target / KPI | 2015/16 Figures |
|------|---|-------------------------------|-----------------|
| CO1 | Number of serious enquiries generated | 9 | 11 |
| | Number of conversions directly supported by OP | 3 | 2 |
| | Number of conversions indirectly supported by OP | 9 | 10 |
| CO2 | Number of jobs created through direct OP engagement | 50 | 68 |
| | Number of companies accessing support through OP | 36 | 45 |
| CO3 | Number of business interactions with Skills Service | 420 | 480 |
| | Patent registration (position in Centre for Cities reports) | KPI baseline 38 th | 6 th |
| | Number of KTPs (Knowledge Transfer Partnerships) active in city | 5 | 8 |
| CO4 | Number of positive regional media stories covered | 9 | 9 |
| | National / international conferences with OP speaking | 5 | 8 |

5. Peterborough Economy

An economic intelligence report is included at Appendix 2.

6. Peterborough Investment Partnership

OP works very closely with PIP. It can provide invaluable market intelligence and connections to potential investors. It is also able to connect PIP to major strategic players: for example, through OP's intervention recently, Fletton Quays was highlighted as a development opportunity in the London Stansted Cambridge Consortium's material for the MIPIM development conference in Cannes.

7. Environment Capital

OP takes a positive approach to the Environment Capital agenda both through its promotion of the agenda with local and new businesses, and through identifying new strategic partnerships and potential funding for its principles and participants. For 2 years, OP has been a partner with ARU in a 'water efficiency' EU project, looking at sharing best practise and developing the industries around water management and security in urban areas. This has resulted in Peterborough being identified as a regional hub for the Water Cluster, and the area linking with industry partners and opportunities in Peru and Nevada, US.

Many of the projects funded through the Brainwave Innovation strand of Peterborough DNA closely support the principles and goals of the Environment Capital agenda: ranging from the redirection from landfill of hessian sacks to productive new use; to solar, digital and materials technology; and social enterprise and local food production.

OP has also worked closely with PCC, in partnership to establish the Circular Peterborough agenda: providing support, influence, direction and connections. At its heart, this agenda will see the optimisation of all the city's resources.

8. Environment Cluster

The formal network of environmental companies, 'Eco-Cluster', was established by UKCeed, and although it continued for a short period after the demise of that company, resources have not been available to support its operations for some while. However, OP is working proactively with partners in the city to review and refresh the model and explore a more collaborative approach which would spread any resource implications among partners.

The low carbon goods and environmental services sector in the city appears to be in good health. Larger companies such as Royal Haskoning DHV, AECOM and LDA Design are both leaders in their consultancy marketplaces, with projects ranging from off-shore wind to the recently announced Swansea tidal basin.

9. Evening Economy

OP has been instrumental in transforming the evening economy, particularly through its hard work, negotiations and creativity in generating a genuine restaurant destination in the city. It has engaged with cinema operators and other cultural practitioners. It would like to do more in this arena, and has the skills base to do so, but there would be a very real risk that with its current staff complement a dilution of its focus could reduce its impact on the pure economic initiatives.

10. Brief SWOT Analysis

| STRENGTHS | WEAKNESSES |
|--|---|
| <ul style="list-style-type: none"> • Knowledge & skills of staff • Creative, innovative, entrepreneurial attitude • Speed of delivery • Financially responsible • Strong reputation & connections locally, nationally, and internationally • Positioned across public, private and third sectors • Holistic approach to achieving economic growth | <ul style="list-style-type: none"> • Annual bidding for core funding grant leads to financial uncertainty • Lack of understanding of OP role & achievements by partners and city • Lack of recognition for achievements |
| OPPORTUNITIES | THREATS |
| <ul style="list-style-type: none"> • Potential to sell services to other organisations and areas • Significant funding routes to support transformational economic development initiatives • Recognition as a thought-leader translates into larger scale initiatives and high profile partnerships | <ul style="list-style-type: none"> • Lack of certainty over core funding • Salary levels of other organisations could attract staff to leave • OP's credibility undermined by lack of support locally • Uncertainty over national funding picture |

11. Scrutiny Committee Support

OP's future, sustainability and its consequent ability to continue to deliver the city's successful economic growth agenda would be greatly enhanced by vocal support for its aims and achievements. This can come from any part of the city – public, private, third sectors – but it carries considerable weight if it comes across a single voice of support. As such, the Committee's endorsement of OP's approaches and/or aims, and its vocal support of those would be invaluable.

Additionally the Committee can offer strong insights on the local economy: its members have considerable understanding of the challenges and opportunities faced by their ward constituents which can provide greater depth to standard data and statistics.

Steve Bowyer
CEO, Opportunity Peterborough
9 March 2016