

GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE	AGENDA ITEM No. 13
28th SEPTEMBER 2020	PUBLIC REPORT

Report of:	Tom Hennessy, CEO, Opportunity Peterborough	
Cabinet Member(s) responsible:	Councillor Peter Hiller, Cabinet Member for Strategic Planning and Commercial Strategy and Investments	
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OPPORTUNITY PETERBOROUGH

R E C O M M E N D A T I O N S	
FROM: Tom Hennessy, CEO, Opportunity Peterborough	Deadline date: N/A
<p>The Growth, Environment, and Resources Scrutiny Committee is asked to:</p> <ul style="list-style-type: none"> • Note the achievements and impact of Opportunity Peterborough with regards to support for the local economy and jobs creation as described in this report and Appendix A. • Note the opportunities for enhancing its services, and thus its impact, as laid out in the Business Plan in Appendix B. • Note the challenges that the company will face should it be unsuccessful in securing a new contract with the CPCA. • Consider the benefits of Opportunity Peterborough as a valued asset, and the potential to share costs and service outcomes with neighbouring authorities such as Cambridgeshire County Council and South Kesteven District Council. 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Growth, Environment, and Resources Scrutiny Committee following a request from the Committee.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to provide an update on the activities and achievements of Opportunity Peterborough; to provide an overview of the opportunities and challenges that face the company in the very near future; and to provide information to the Committee for its consideration regarding the continued funding of the company.

- 2.2 This report is for the Growth Environment, and Resources to consider under its Terms of Reference Part 3, Section 4 – Overview and Scrutiny Functions, paragraph No. 2.1 Functions determined by Council:

5. Economic Development and regeneration including Strategic Housing and Strategic Planning
10. Partnerships and Shared Services

- 2.3 There is an exempt annex (Appendix B) attached to this report that is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because

it contains information relating to the financial affairs of Opportunity Peterborough Ltd. The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. **BACKGROUND AND KEY ISSUES**

4.1 **Introduction**

4.1.1 Opportunity Peterborough is the city’s economic development company, a private, not-for-profit company, limited by guarantee. It was formed in 2005 as an Urban Regeneration Company but in 2010/11, with the dissolution of two of its shareholders, the East of England Development Agency and English Partnerships, it was reconstituted as an economic development company under the sole ownership of Peterborough City Council.

4.1.2 Today, Opportunity Peterborough’s mission is to support economic growth across the Greater Peterborough area, improving prosperity, job opportunities, and life chances for those who live and work here. It does this by engaging with local companies to support growth and development, by marketing Peterborough to attract new businesses, by working with partners at a strategic level to create an enabling environment, and by playing a leading role in the city’s skills agenda to ensure the current and future talent pool have the skills they need to drive the region forward.

4.1.3 Opportunity Peterborough supports a wide range of stakeholders to achieve their objectives including Peterborough City Council, the Cambridgeshire and Peterborough Combined Authority, the Department for International Trade, the Careers Enterprise Company, South Holland District Council, schools and colleges across Peterborough and Cambridgeshire, and businesses seeking support to grow as well as those seeking a suitable location for expansion or relocation. To each of these stakeholders Opportunity Peterborough’s offer is different but to each of them it is the same – a deep pool of knowledge, experience, and expertise that they can draw upon, and a creative, proactive, and dedicated team, committed to delivering excellent results, client satisfaction, and ultimately, a positive impact on the local economy for the benefit of all.

4.1.4 Opportunity Peterborough has received a core grant of £100,000 from Peterborough City Council for the last 4 years (having previously been in excess of £500,000) as well as £40,000 for the provision of services related to strategic funding, and has successfully secured substantial grant funding from European and national sources to deliver specific programmes that align with its mission. It delivers inward investment and careers education services on behalf of the Cambridgeshire and Peterborough Combined Authority and provides economic development and skills services on a commercial basis to other local authorities. It also runs a fee-based membership network for businesses and other stakeholders in and round the city.

4.1.5 The company currently employs 20 individual equating to approximately 17 FTEs.

4.2 **2019/20: A review**

4.2.1 The 2019/20 financial year saw Opportunity Peterborough build on its success for delivering economic growth in Peterborough to establish a prominent role in driving growth at a regional level. Although international economies slowed towards the end of the financial year, confidence within Peterborough remained relatively high before the COVID pandemic, and international investment is still being secured for the city and its neighbouring districts.

4.2.2 During the year 35 investment enquiries were handled by Opportunity Peterborough, and a number of international companies established operations in Peterborough including US retailer URBN, and holiday agents JTA Travel. Foreign owned businesses such as Coloplast, are continuing to show confidence in Peterborough, reinvesting and expanding their operations.

4.2.3 Based on the organisation's strong track record with local partners, Opportunity Peterborough is leading a one year pilot for the Cambridgeshire & Peterborough Combined Authority (CPCA) on a cohesive inward investment proposition for the Greater Peterborough area, comprising the Peterborough, Fenland, Huntingdonshire and East Cambridgeshire areas. This approach combines the districts' shared economic strengths across five priority sectors - Agri-tech, Digital & IT, Advanced Manufacturing & Engineering, Logistics & Distribution, and Construction - to create a more compelling proposition for international investors and make significant contributions towards CPCA's ambitious targets for jobs growth and increasing prosperity. This work is complemented with the ongoing support provided to South Holland District Council's economic development team.

4.2.4 To future-proof one of the area's most important sectors, Opportunity Peterborough has made successful funding applications to establish a Smart Manufacturing Association. The investment will provide the platform for optimising the sector, developing workforce skillsets and catalysing growth, building on Peterborough's success as an internationally recognised smart city. This funding will not be paid to Opportunity Peterborough but will instead be paid to a JV to be established between Opportunity Peterborough and the CPCA.

4.2.5 Throughout this period, Opportunity Peterborough has provided key strategic advice and support for a wide range of public sector partners, ensuring that local decision-making around projects such as the University of Peterborough, the Local Industrial Strategy, and the Cambridge and Peterborough Skills Strategy are informed by the areas true economic needs. This level of high level strategic engagement has continued into 2020-21 as Opportunity Peterborough has been involved in regular stakeholder meetings regarding with Peterborough City Council, the Cambridgeshire and Peterborough Combined Authority, and the Mayoral Forum regarding to the immediate response to the COVID19 pandemic as well as the longer term recovery plans, confirming OP's growing influence in policy formulation across the CPCA area.

4.2.6 As well as the success of new investment into the city, there have been a number of other key highlights for the company over the period. The Skills Service continues to be a highly regarded element of Opportunity Peterborough's economic growth portfolio with over 34,000 young people across five districts gaining direct contact with employers to help increase knowledge of careers pathways, develop employability skills, and raise aspirations. Now in its ninth year, it delivered its 1,000th event since launch, having run 205 events in the 2019-2020 financial year alone. The team were key partners for the hugely successful Peterborough STEM Festival, have established a popular digital enterprise challenge, "Inspire Your City" with CityFibre, and have also begun work with cross-sector partners to make Peterborough the UK's first Youth Employment Friendly city.

4.2.7 Fundamentally, Opportunity Peterborough's approach to building Peterborough's economic success is not only through the breadth of its work, but also building confidence in the city. Through engagement with the Peterborough Tourism Focus Group, Peterborough Positive (the city's Business Improvement District initiative), and the City Leadership Forum, work has begun to establish a member funded forum for the leisure and tourism sector in Peterborough, funding co-ordinated marketing of the city and its attractions to increase visitor numbers, and develop a longer lasting, more positive perception of the city among residents and externally.

4.2.8 An overview of performance against KPIs can be found in the Business Plan in Appendix A. As can be seen from the KPI table, Opportunity supported the creation of 338 jobs across the CPCA area in 2019-20. Using the average salary for the CPCA area of £30,000, this has resulted in a GVA uplift of £10.14m. This means that for every £1 of PCC grant funding,

Opportunity Peterborough was able to generate £101.40 in increased GVA for the local economy.

4.3 Opportunity

4.3.1 The financial year 2020/21 holds many challenges and some opportunities. For Opportunity Peterborough and the company's long term security can be realised through being part of a consortium that wins the Cambridgeshire and Peterborough Combined Authority's Growth Service contract. This is a 3 year contract for the provision of economic development and skills support services across the Cambridgeshire and Peterborough area worth £32m. It also replaces a number of Opportunity Peterborough's existing contracts. The 2020/21 Business Plan (Appendix A) is based on the successful outcome of this bid and securing the 3 year contract. Our optimism is based on the success of our previous work as described earlier and the value offer that Opportunity Peterborough provides to Peterborough and beyond. It would be unwise to ignore the threat to Opportunity Peterborough from not securing this important contract and therefore a 2020-21 Reserve Business Plan is also provided within the Business Plan.

4.3.2 An announcement regarding the outcome of the contract is expected w/c 21st September 2020.

4.4 Support for Peterborough City Council

4.4.1 The CPCA Business Growth Service contract presents a great opportunity for the company, but as a contract it is very specific in terms of the scope of activity and the nature of outcome being procured. In this instance this would be for the provision of inward investment services across Cambridgeshire and Peterborough in order to create high quality jobs, and the creation of additional apprenticeships.

4.4.2 However, there are numerous ways on which Opportunity Peterborough supports the city's economy beyond these narrow services and which can continue to be realised through Peterborough Council's ongoing support and funding of the company.

4.4.3 Opportunity Peterborough has long enjoyed the support of Peterborough City Council and is proud of its continued close working relationship with both organisations striving to improve the resilience and vibrancy of the local economy as well as the livelihoods of residents.

4.4.4 The structure of Peterborough City Council having its economic development function placed within a wholly-owned company has been very effective over the years, providing a sense of separation from the public sector which can prove beneficial when working with the business community, enabling a degree of flexibility and agility that could not necessarily be achieved as a local authority department, but also allowing officers to work hand-in-glove when required in order to achieve positive outputs for the city.

4.4.5 Due to ongoing pressures on the public purse originating around the time of the 2008 financial crisis, PCC's funding for OP is not what it once was having reduced from in excess of £500,000 p.a. to core funding of £100,000 p.a. plus an additional £40,000 for services related to funding and strategic input. However, for a number of years, due to increasing budgetary pressures, there has existed a risk that PCC may need to withdraw its funding and so in preparation for this OP has been working towards becoming a more commercial organisation so that it can be more self-sufficient and move to a model that is sustainable without the Council's financial support.

4.4.6 However, despite Opportunity Peterborough's ability to become self-sufficient should it win the CPCA contract, continuation of funding would result in Peterborough City Council continuing to benefit from Opportunity Peterborough's activity in the city, over and above inward investment and apprenticeship activity, such as:

- Peterborough City Council would retain an experienced, effective, and reputable economic development function at a time when support for businesses, jobs, and the economy has rarely been more needed.
- PCC would continue to receive excellent value for money. OP currently takes £140,000 of PCC funding and turns it into an economic development unit with a turnover in excess of £800,000 employing 20 individuals (c.17 FTEs). In the last financial year OP supported the creation of 338 jobs just through its inward investment activity. This equates to additional economic output of £10.14m, a return on investment to PCC of £101.40 for every £1 invested.
- OP would continue to respond to consultations on behalf of Peterborough regarding the development of strategic documents such as the National Industrial Strategy, the Cambridgeshire and Peterborough Independent Economic Review, the Local Industrial Strategy, the CPCA Skills Strategy, or the CPCA Local Economic Recovery Strategy.
- OP would continue to represent Peterborough on strategic groups such as the CPCA's Economic Recovery Sub-Group or the Mayoral Forum, both of which have been set up in response to the current COVID crisis.
- OP would continue to organise events such as the Thomas Cook jobs fair which was put together at less than a week's notice in response to the closure of the company.
- OP would continue to run the Bondholder network which provides PCC with a highly effective channel through which to drive business engagement.
- OP would continue to support PCC business facing teams by presenting the needs, challenges, language, and perceptions of business in ways that enhance policy making and service delivery.
- OP would continue to support PCC in major initiatives such as the re-opening of the city centre in which OP has played a critical but low key role:
 - Leading on the development and delivery of directional signage in and around the city centre to reinforce and encourage social distancing
 - Focusing on targeting communities where English is a Second Language – producing signage and adverts on local community radio stations (including translation into Urdu)
 - Production of directional signage for businesses
 - Working with PCC Comms on COVID-19 media activity, supporting the business messaging
 - Creating and managing a Facebook group for city centre businesses, providing updates on funding / regulatory changes, answering questions
 - Test and trace - identifying and contacting employment agencies that provide staff to priority workplaces (logistics, distribution, food, cold storage, warehousing), and development surveys for agencies.

4.4.7 The very specific nature of CPCA Business Growth Service contract would require that services delivered under the contract would be focussed on inward investment and the creation of additional apprenticeships. That means foreign-owned businesses, and those headquartered outside of the CPCA area, would take priority and it would be very difficult for OP to directly support any home grown businesses. Continued funding would enable OP to continue supporting PCCs strategic work regarding sustainability, inclusive growth, and smart cities.

4.4.8 If OP were unsuccessful in securing the CPCA Business Growth Service contract then PCC's continued financial support would enable OP to pursue its reserve business plan. In doing so it would continue promoting the city through the development of a commercial, place marketing model; provide consultancy services to businesses and local authorities; continue to deliver the Smart Manufacturing Association JV with the CPCA; and refocus efforts on the commercialisation of the Bondholder Network.

5. CONSULTATION

5.1 No consultation is required at this time.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 Continued funding of Opportunity Peterborough will enable the company to continue to play an active role in supporting the Council in its strategic priorities namely:

1. Drive growth, regeneration and economic development
2. Improve educational attainment and skills
3. Implement the Environment Capital agenda

Continued funding will enable the company to work with business and residential communities across the city to help drive economic resilience and vibrancy in ways that have farther reaching impacts than those that can be achieved via commercial contracts by specifically addressing market failure.

7. REASON FOR THE RECOMMENDATION

7.1 It is recommended that the Growth, Environment, and Resources Scrutiny Committee consider the benefits and valued services that Opportunity Peterborough could continue to deliver, particularly in this time of economic uncertainty.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 **8.1.1** Peterborough City Council could withdraw funding for Opportunity Peterborough from 2021/22 with the associated loss of the benefits as outlined above.

8.1.2 Peterborough City Council could contract Opportunity Peterborough to deliver specific services to the Council on a case by case basis. However, without a long term commitment to levels of funding it would be difficult to retain resources to enable delivery.

8.1.4 Given that Cambridgeshire County Council and Peterborough City Council enjoy a close relationship sharing many officers, and given that CCC does not have its own economic development function, services could be further enhanced or a cost saving could be realised if costs were shared with CCC and both organisations were provided with access to OP's services. Likewise, an approach by PCC to South Kesteven District Council suggesting a merging of OP with InvestSK, which has recently been through a streamlining process, could again provide some costs savings to PCC whilst retaining access to services currently provided by OP. Such arrangements would not have to be mutually exclusive and could provide increased efficiencies and collaborative working across Cambridgeshire, Peterborough and South Lincolnshire providing ongoing benefits to all involved.

9. IMPLICATIONS

Financial Implications

9.1 This report is provided for information and to update Members on the opportunities and challenges currently facing Opportunity Peterborough, as well as to highlight the benefits that the Council would continue to receive in support of the delivery of its aims and objectives. There are therefore no financial implications.

Legal Implications

9.2 There are no legal implication arising from this report.

Equalities Implications

9.3 There are no equalities implications arising from this report.

10. BACKGROUND DOCUMENTS

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

10.1 N/A

11. APPENDICES

11.1 Appendix A – Opportunity Peterborough Update
EXEMPT Appendix B - Opportunity Peterborough Business Plan 2020/21
Appendix C – Opportunity Peterborough Ltd Annual Report and Financial Statements Year Ended 2019/20

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