

SHAREHOLDER CABINET COMMITTEE	AGENDA ITEM No. 4
8 JULY 2024	PUBLIC REPORT

Report of:	Adrian Chapman, Executive Director: Place and Economy		
Cabinet Member(s) responsible:	Cllr Nick Thulbourn, Cabinet Member for Growth and Regeneration		
Contact Officer(s):	Tom Hennessy, Head of Economic Growth and Development	Tel. 07950960108	

Smart Manufacturing Alliance (Opportunity Peterborough)

RECOMMENDATIONS	
FROM: Head of Economic Growth and Development	Deadline date: July 2024
<p>It is recommended that the Shareholder Cabinet Committee agrees to the proposal that the Smart Manufacturing Alliance Ltd be wound up and seek authorisation from Cabinet to commence the process of dissolving the company.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Shareholder Cabinet Committee following a referral from the Monitoring Officer.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to inform the Committee of developments regarding the Smart Manufacturing Alliance and to seek their support for the winding up of the company.

2.2 This report is for the Shareholder Cabinet Committee to consider under its Terms of Reference No. 3.3.2b

To provide the necessary oversight from the shareholder’s perspective and ensure that those companies, partnerships, and charities comply with relevant Council policies, strategies, and objectives.

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 Opportunity Peterborough is a company limited by guarantee, wholly owned by Peterborough City Council. The Smart Manufacturing Alliance was launched in October 2021 as a joint venture between Opportunity Peterborough and the Cambridgeshire and Peterborough Combined Authority (CPCA).

4.2 Initial funding (£715,000) came from the CPCA’s Local Growth Fund following a successful application by Opportunity Peterborough.

- 4.3 In line with the CPCA's Advanced Materials and Manufacturing Sector Strategy, the purpose of the joint venture was to support the growth of manufacturing companies, and the manufacturing sector, across Cambridgeshire and Peterborough.
- 4.4 In order to reduce costs and gain efficiencies (marketing, HR, finance etc), the team responsible for delivering the Smart Manufacturing Alliance was initially employed by Opportunity Peterborough, with costs recovered from the Smart Manufacturing Alliance under an SLA.
- 4.5 The services provided by Opportunity Peterborough and associated staff were transferred into the Council in February 2023, the Smart Manufacturing Alliance team were also part of the insourcing. An SLA was established between Opportunity Peterborough and Peterborough City Council mirroring that between Opportunity Peterborough and the Smart Manufacturing Alliance so that all costs could be recovered.
- 4.6 Since its launch, the Smart Manufacturing Alliance has:
- Delivered 31 events and exhibited at a further 10
 - Recruited 45 business members and 13 affiliate partners
 - Delivered digital assessments to 75 businesses
 - Delivered diagnostic assessments to 8 businesses
 - Created 2 Executive Networking Cohorts
 - Provided support to over 140 businesses
 - Provided grant funding of £129,000 and leveraged £197,000 of additional private sector investment
 - Produced £750,000 of additional GVA and created 14 jobs
- 4.7 The financial model of the Smart Manufacturing Alliance was predicated on its ability to use its initial investment in decreasing amounts over a 5-year period whilst it built up enough commercial income to cover its costs into the future.
- 4.8 Unfortunately, for a number of reasons including launching during COVID, and international energy and supply chain crises, the manufacturing sector has been under significant pressure since 2021 and it has not been possible to generate the required income levels.
- 4.9 This has meant that the initial investment has been used at a quicker rate than expected.
- 4.10 It was clear that without further public sector intervention, the company would run out of funds and have to cease trading. Discussions between the Council and the CPCA regarding either further funding or the transfer of the team to the CPCA Authority were unsuccessful.
- 4.11 As such, it was with great regret that in order to avoid the company becoming insolvent, the directors of the company were forced to terminate the SLA for delivery which it had with Opportunity Peterborough, which in turn meant that the agreement between Opportunity Peterborough and Peterborough City Council was also terminated.
- 4.12 The outcome of this resulted in some staffing implications.
- 4.13 The company now has no staff delivering its services. It does have enough funds to cover its wind up costs. As one of the shareholders, the CPCA has provided its written approval for the winding up of the company.
- 4.14 Opportunity Peterborough is the other shareholder and its approval is also needed in order to pass a resolution to wind up the company. The directors of Opportunity Peterborough therefore request the approval of the Shareholder Cabinet Committee so that this can take place.

5. CORPORATE PRIORITIES

5.1 Consider how the recommendation links to the Council's Corporate Priorities:

1. Sustainable Future City Council

- How we Work – The process enables robust and transparent governance and assurance in that the Council to be seen to making informed decisions.

However, the closing of the Smart manufacturing Alliance, whilst considered necessary, does not in itself meet the Council's Corporate Priorities.

Whilst the decision to close the SMA will not have a direct impact on emissions as services have already ceased, the closure of services itself will impact carbon emissions.

The Smart Manufacturing Alliance delivered business support to organisations across Cambridgeshire and Peterborough, with some focus on carbon reduction and Net Zero growth. Examples of business support included a roadshow event discussing how digitalisation can support the transition to Net Zero. Local businesses will no longer receive this support from the SMA, which is expected to reduce potential business decarbonisation.

Through its work in developing and delivering the Economic Growth Strategy, the council will provide support to businesses to decarbonise.

Further information on the Council's Priorities can be found here - [Link to Corporate Strategy and Priorities Webpage](#)

6. CONSULTATION

- 6.1
- Corporate Leadership Team – 25th June 2024
 - Cabinet Policy Forum (CPF) – Will progress to Cabinet if the Shareholder Cabinet Committee recommends that the company should be wound up.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 Support for the proposal to wind up the Smart Manufacturing Alliance as a company will enable the directors of that company to work with the auditors to achieve a controlled and orderly closure.

8. REASON FOR THE RECOMMENDATION

- 8.1 The company is unable to continue trading due to a lack of commercial income or ongoing public sector investment.

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 The alternative to winding up the company would be to leave it as a dormant company, registered on Companies House. However, this is not deemed to be in the best interests of the shareholders as there will be no continuation of activity in the future and there are ongoing administrative requirements associated with dormant companies which, whilst minimal, do incur costs and there is no perceived advantage.

10. IMPLICATIONS

Financial Implications

- 10.1 There are no financial implications for Peterborough City Council. All cost will be covered by the Smart Manufacturing Alliances reserves.

Legal Implications

- 10.2 Under section 1 of the Localism Act 2011, the Council has a power to do anything an individual can do, including for a commercial purpose, subject to no other prohibition in any other legislation.

It is proposed that the directors of the company work with the company's auditors to have the company struck off from Companies House following a period of no trading, in compliance with the Companies Act 2006.

Equalities Implications

- 10.3 There are no equalities implications from the closing of the company.

11. BACKGROUND DOCUMENTS

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

- 11.1 NA

12. APPENDICES

- 12.1 NA