

Agenda Item No:	16	
Committee:	COUNCIL	
Date:	17 May 2018	
Report Title:	Economic Development Update	

Cover sheet:

1. Purpose / Summary

- This report provides an update to Council on Economic Development activity on Fenland and requests endorsement to enter into a shared Economic Development service arrangement with the Borough Council of King's Lynn & West Norfolk (BCKLWN).
- The report explains that the Council is currently engaged with Opportunity Peterborough (OP) who supports FDC's internal Economic Development resources.
- It is considered an appropriate time to move forward with FDC's ambitions to secure more and higher skilled job opportunities, attract new business to the area and expand the existing support provided to Fenland businesses.
- Fenland shares a great deal in common with BCKLWN and a shared service would support an economic geography with a combined population of over 250,000, a combined Gross Value Added (GVA) of £5.1 billion and over 10,500 existing businesses.
- The shared service will provide additional resources to meet gaps in FDC's existing Economic Development service and strengthen its business engagement activities and aftercare support. It will also support additional work required to attract and secure inward investment.

2. Key issues

- The Service Level Agreement with OP expired at the end of February 2018 and a temporary four month extension was agreed, however it is considered an opportune time to review future arrangements.
- The shared service proposal would create a team of 6 (5.3 Full Time Equivalent (FTE), significantly increasing access to resources and skills across the shared geography for significantly less than the cost than creating a similar 'standalone' service.
- The proposals will cost FDC approximately an additional £43,000 p.a. but will provide a greatly enhanced and more proactive Economic Development service. BCKLWN will also be investing additional resource into the shared service.
- The shared service would operate initially for a period 3 years with an annual break clause providing an opportunity to terminate or extend the arrangements if both parties agree that they remain effective and beneficial.
- It will be necessary to restructure FDC's existing staffing establishment, the details of which, should the proposals be approved, are being dealt with via Staff Committee planned for 11 June 2018.

3. Recommendations

- Council is requested to agree to the following recommendations:
 - To approve the proposal for Fenland District Council to enter into a shared Economic Development Service with the Borough Council of King's Lynn & West Norfolk.
 - To agree to Fenland District Council entering into a Section 113 (of the Local Government Act 1972) agreement to share staff across both authorities To delegate authority to the Director of Growth & Infrastructure and the Director of Finance in consultation with the Leader and the Portfolio Holder for Growth and Portfolio Holder for Finance to finalise the agreement for an Economic Development shared service.

Wards Affected	All
Forward Plan Reference	
Portfolio Holder(s)	Cllr Chris Seaton – Leader Cllr David Mason –Portfolio Holder for Growth Cllr Mrs Anne Hay – Finance Portfolio Holder
Report Originator(s)	Gary Garford – Corporate Director (Growth & Infrastructure) Brendan Arnold - Corporate Director (Finance) Justin Wingfield – Head of Business & Economy
Contact Officer(s)	Paul Medd – Chief Executive Gary Garford – Corporate Director (Growth & Infrastructure) Brendan Arnold - Corporate Director (Finance) Justin Wingfield – Head of Business & Economy
Background Paper(s)	

4. Background

- 4.1 The economic prosperity of the District remains a key cornerstone to delivering Fenland's growth aspirations. As a pro-growth authority, FDC has a significant pipeline of projects and future growth activity which is predicated on unlocking substantial housing growth already committed within our adopted Local Plan, allied to potential additional 12,000 new homes as part of the Wisbech Garden Town project, and securing investment into much needed and significantly improved road, rail and digital infrastructure.
- 4.2 To ensure that Fenland is an attractive place for people to live & work and to underpin sustainable growth, a proactive Economic Development service is essential to ensure that new businesses are attracted into the area and that effective support is provided to enable our existing businesses to grow. All of this contributes towards creating higher skilled and better paid employment opportunities, with a significant proportion of that wage growth, expenditure and additional Business Rate revenue being spent and generated within the district, directly contributing towards the economic prosperity cycle.
- 4.3 This report seeks to build upon the success of the Economic Development Team and to take a leap forward in proactively seizing opportunities to build economic prosperity through the creation of a shared Economic Development service between Fenland District Council (FDC) and the Borough Council of King's Lynn and West Norfolk (BCKLWN) to support an economic geography with a combined population of 251,800¹, combined Gross Value Added (GVA) of £5.1 billion² and over 10,500³ businesses.
- 4.4 There is not only investment, jobs and skills benefits to the Fenland area following business growth and inward investment but also the potential benefit of increased inward investment can increase income directly to FDC via NNRDR income. As examples the following NNDR Fenland element can be achieved – Medium factory (£100,000), Warehouse (£75,000), retail (£50,000 - £350,000). This would be a welcome revenue income in these difficult public financial times.

5. Current Position

- 5.1 The Council's Business & Economy Team comprises the Valuation & Estates, Business Premises and Economic Development (ED) Teams. This report focuses on proposed changes which will affect the Economic Development Team only.
- 5.2 The Economic Development function is currently delivered in conjunction with Opportunity Peterborough (OP) by virtue of an annually renewable Service Level Agreement (SLA). The SLA is due to expire on the 28 February 2018 and a temporary four month extension has been agreed. The SLA has been in place for two years and it is considered timely to review the future arrangements regarding the delivery of the Economic Development within Fenland.
- 5.3 The OP SLA has helped to establish, rationalise and improve how resources are deployed to satisfy the ever-changing and ever-growing demands upon the service, although it is recognised that there are limitations on existing resources.
- 5.4 In the last 12 months it has become increasingly apparent that ED has grown in importance, particularly as Members recognise that with a reduction in core Council funding - investment; commercialisation and revenue creation (particularly Business rates growth & retention) are key tools to creating a sustainably funded Council. The creation of the Combined Authority, the emergence of a 'Business Board' from the GCGP LEP

¹ ONS/NOMIS (2016)

² ONS/NOMIS (2016)

³ ONS/NOMIS – UK Business Counts 2017

and the aspirational growth fuelled by the bold vision of FDC has resulted in a need to also review the scale and capacity of existing Economic Development Team to ensure it is able to meet the need in Fenland.

6. Shared Service Proposal

- 6.1 In advance of the end of the current OP agreement, officers assessed the various options for ED along with the need to increase resources as outlined, which would apply to all options. The options and assessment were as follows:
- a) Continue with OP
 - b) Bring the service in house
 - c) Enter into a shared arrangement with another LA
- 6.2 The shared arrangement option offered a more flexible and diverse approach, gave better staff cover and utilised both Council's skills and experience.
- 6.3 In July 2017, FDC Officers approached colleagues at the Borough Council of King's Lynn and West Norfolk (BCKLWN) to discuss the possibility of setting up a shared service between the two Councils. Following the initial engagement, Officers developed a proposal for a Shared Economic Development Service which responds to the needs and seeks to address existing shortfalls in provision of each Council. The proposal will enable both Council's to jointly deliver a shared Economic Development Service across the entire geography, sharing wider skills and resources at a significantly lesser cost than resourcing a single authority establishment.
- 6.4 It is important to underline that both parties share a series of commonalities and synergies between the economies of the two districts and the priorities of both Councils'. **Appendix 1** illustrates the significance of key socio-economic indicators that the combined geography includes. In addition, the two Councils are members of the Greater Cambridge Greater Peterborough LEP and emerging Combined Authority 'business board', which provides further common ground.
- 6.5 In preparing the proposal, the first things considered were the functions (scope) that a shared service would perform based on FDC's needs and aspirations and BCKLWN's existing gaps in provision. The structure of the proposed shared service was then built around these requirements, which include:
- Business engagement, support & relationship management;
 - Inward investment, including digital marketing and LEP liaison;
 - Aftercare programme, business closure & redundancy/redeployment assistance;
 - Funding support for businesses – signposting, pro-active support;
 - Project pipeline – developing projects that enable / unlock business and economic growth (possibility to include infrastructure, regeneration and housing, if needed / desired);
 - Business networking & event management.
- 6.6 The structure of the shared service is crucial to meeting the demands of the Economic Development service and providing sufficient resources to address demand and proactively pursue opportunities. The proposed structure include new roles for Inward Investment & Intelligence (including funding), supported by additional Administrative support providing improved social media and networking support and will comprise six posts (existing and new posts) equating to 5.3 FTE.
- 6.7 The day-to-day shared service delivery will be overseen by the Head of Shared Service who is also responsible for other services within BCKLWN. FDC's Head of Business & Economy will provide strategic direction and client side management for FDC. The key

responsibilities of each post will be developed into full Job Descriptions and Person Specifications and agreed/approved by FDC's Staff Committee scheduled for 11 June 2018.

- 6.8 The shared service would operate initially for a period 3 years with an annual break clause, to provide the parties with an opportunity to terminate, but would provide the opportunity to extend the arrangements if both parties agree that they remain effective and beneficial.
- 6.9 To ensure the shared service remains agile but with clear connectivity to the respective partner's geography, the proposal includes a combination of FDC & BCKLWN based staff and mobile staff that share / move between both locations. It is proposed that staff will be accommodated within existing office accommodation at no additional cost to either partner and facilities exist for permanent and 'touch down' office accommodation.
- 6.10 BCKLWN's ED Team make much greater use of cloud based technologies that enables file sharing, editing and commenting from anywhere with Wi-fi / data connectivity. The use of cloud-based applications will further underpin agile and flexible working practices. At this time FDC would need to expand its mobile operating practices to align with the established BCKLWN system, although it is expected that this could be easily achieved at a reasonable cost (the costs of which are to be confirmed).
- 6.11 An appropriate and proportionate performance management framework, with suitable indicators/reporting will be established, which seeks to reflect the best practice and ensures that stakeholders understand the nature of reporting and the often 'slow burn' nature of Economic Development outcomes, but also demonstrates the value of the shared service to the respective partners.

7. Benefits of the Shared Service

The shared service will deliver the following benefits to Fenland:

- Provide a dedicated full time Account Manager to build strong relationships and increase business engagement activity with potentially c.200-225 employers across Fenland, with particular focus our major employers;
- Build upon existing success and compliment this with access to dedicated support and expertise from a successful Economic Development Team at BCKLWN;
- Provides a dedicated resource to prepare funding bids for FDC projects and offer grant advice to support local businesses access business grants, including bid auditing, which will represent a significant improvement over the signposting support currently offered;
- Provides a dedicated resource to undertake pro-active and targeted digital marketing to promote the area for inward investment (97% of all enquiries start online) and will be complimentary towards other business support services within FDC, Business Premises, Licencing, Planning, etc;
- Offers the opportunities to seek support and develop business cases for the LEP and Combined Authority for key initiatives, including infrastructure and skills, which are identified as critical issues for the businesses;
- Stronger voice in dealings with the LEPs, as it will represent an area with approximately double the number of businesses and GVA;
- Provides strength to lobby for improvements and investment from the Government on collective issues and barriers affecting the shared geography;
- Stronger evidence base and rationale (approx. double the GVA and business base) when bidding for external funding.

- The outcomes this should lead to include expanding business growth, increased inward investment, more jobs and enhanced skills, increased local spend and NNDR business rate income for the Council.

8. FDC Staffing Considerations

- 8.1 As outlined above the shared service proposal will seek to restructure FDC's existing staffing establishment, the details of which will be dealt with via Staff Committee scheduled for 11 June 2018.
- 8.2 The Management, Trade Union and Staff Partnership (MTS) has already considered the proposals for consultation purposes.

9. Member Engagement

- 9.1 As part of the process to bring the shared service proposal forward, the proposition was presented to an All Member Seminar on 29 March 2018 and the proposals have been considered by the Overview & Scrutiny Panel at their meeting on the 2 May 2018. The Overview & Scrutiny Panel provided constructive feedback regarding the need to ensure a robust series of justifiable and evidence based performance indicators. Such indicators need to ensure that the investment made and resources deployed are being used effectively and are positively influencing outcomes and outputs.
- 9.2 The Overview & Scrutiny Panel are keen to review such performance measures once they are established to ensure their effectiveness. The panel also went on to recognise some observations that Fenland District Council has not been as effective as some other Local Authorities with respect to assisting local businesses to access grant funding. Officers recognise that existing resources are spread very thinly and that the proposed shared service seeks to create a role that is responsible for identifying and sharing grant opportunities and assisting local businesses through the application process.
- 9.3 Cabinet considered and recommended the report to Council at its meeting earlier today.

10. Financial Considerations

- 10.1 The shared service proposal will result in an additional annual cost of approximately £43,000 p.a. for FDC and a similar level of investment will be required by BCKLWN. This investment will increase FDC's existing staffing establishment from 1.5FTE to 2FTE and enabling access to a combined team of 5.3 FTE.
- 10.2 The additional resourcing of £43,000 has already been allowed for in the recently approved Council budget.
- 10.3 There will be a requirement to invest in some limited ICT hardware and software to enable FDC-employed officers to access the established cloud-based systems currently utilised by BCKLWN, the costs are to be confirmed but will be met from existing revenue budgets.

11. Next Steps & Recommendations

- 11.1 As the SLA with Opportunity Peterborough will conclude at the end of June 2018, Officers consider that the proposed shared service between FDC & BCKLWN would create a service that is best placed to meet the growth needs and support the economic prosperity of the respective Districts, whilst pooling resources and expertise with BCKLWN will enable Fenland to create an economic area comparable to Peterborough or Cambridge in terms of GVA, population and numbers of businesses.
- 11.2 It is considered that the additional £43,000 p.a. required to fund FDC's contribution can be received many times over, from the economic activity it stimulates and supports within Fenland and across the combined geography. Working with OP has proven how authorities' representing different areas can work together and avoid competition with

each other. Recognising that both parties to this shared service proposal have much more in common than what separates them, growth stimulated anywhere within the wider geography will create economic prosperity both Districts can enjoy – after all, businesses do not stop at administrative boundaries.

- 11.3 The proposal for an initial 3 year arrangement will allow sufficient time to establish the possible and build on existing work, but along with the annual break clause, will provide the parties with sufficient comfort that they can go their own way if necessary.
- 11.4 As the proposal seeks to create a shared service, such arrangements are subject to Section 113 of the Local Government Act 1972 and require full Council approval.

Appendix 1 – Key socio-economic indicators

Gross Added Value (GVA) (Income approach) – ONS 2016

The GVA of Fenland's economy is £2.23 billion and West Norfolk's is £2.87 billion giving a combined figure of £5.10 billion for the economic geography covered by the two local authorities.

Table 1 shows that the combined GVA of Fenland and West Norfolk is similar to Cambridge's and Peterborough's, higher than Norwich's and one fifth of the Cambridgeshire and Peterborough Combined Authority's GVA.

Table 1

West Norfolk + Fenland	Peterborough	Cambridge	Norwich	CA
£5.10bn	£5.38bn	£5.91bn	£3.9bn	£24.21bn

Number of businesses – UK Business Counts 2017

The number of businesses (local units) in Fenland is 4,140 whereas West Norfolk has 6,415 businesses, giving a combined 10,555 across the two economies.

In terms of number of businesses (local units), West Norfolk is similar to Cambridge and Norwich and the combined areas of West Norfolk and Fenland count for a quarter of all businesses within the Combined Authority (Table 2).

Table 2

West Norfolk + Fenland	Peterborough	Cambridge	Norwich	CA
10,555	8,400	6,670	6,200	41,650

In terms of economic sectors, the two economies are very similar with agri-food, manufacturing and transport & distribution being the main contributors to the overall GVA.

Population – ONS 2016

West Norfolk – 151,600

Fenland – 100,200

Combined – 251,800

The combined population of West Norfolk and Fenland is approximately the same with the combined population of Cambridge and Peterborough and represents one third of the population of the Combined Authority (Table 3).

Table 3

West Norfolk + Fenland	Peterborough	Cambridge	Norwich	CA
251,800	156,407	108,113	141,000	849,000