

Member Led Review of Economic Development

1. Introduction

1.1 This report has been prepared by the Member Led Review Group on behalf of the Council's Overview & Scrutiny Panel. The Member Led Review Group has undertaken a wide-ranging review of the Council's Economic Development, Regeneration and Growth activities involving a variety of relevant stakeholders. This report explains the background to the review, its objectives and methodology, together with a summary of each meeting, including learning outcomes and subsequent conclusions and recommendations.

1.2 The aim of the Council as detailed within the Business Plan is "*to improve the quality of life for people living in Fenland*" and one of its three key outward facing priorities is "Economy" with the current objectives of:

- Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland
- Promote and enable housing growth, economic growth and regeneration across Fenland
- Promote and lobby for infrastructure improvements across Fenland

1.3 In order to ensure that Fenland is an attractive place for people to live & work and to underpin sustainable growth, it is essential to ensure that new businesses are attracted into the area. Increasing the number and range of businesses and jobs within the district 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.

1.4 The economic prosperity of the District is a key cornerstone to delivering Fenland's growth aspirations. As a pro-growth authority, Fenland District

Council has a significant pipeline of projects and future growth activity which is predicated on unlocking substantial and sustainable housing and job growth already committed within our adopted Local Plan. It is anticipated that 11,000 new dwellings will be delivered by 2031, allied to providing 7,000 additional jobs in the area which will ensure existing and new residents have local job opportunities. In addition there is the potential for an additional 10,000 -12,000 new homes as part of the Wisbech Garden Town project, and securing investment into much needed and significantly improved road, rail, digital connectivity and infrastructure.

1.5 Inward investment across the district facilitates business growth as well as creating jobs, enhancing skills and bringing financial investment into the area. Not only will business growth create broader prosperity but it will also create direct financial benefit to the Council and its residents from additional NNDR (Business Rates) income, which can be used to support existing and future Council services.

1.6 The Fenland Economic Development Strategy 2012 – 2031 aims to influence the shape and direction of the local economy and whilst we recognise that the district is not an isolated economy, we understand that other economic factors whether regionally, national and international will impact on the productivity and competitiveness of the district. It is how we adapt to these challenges and seize the opportunities that will define the vision and ambitions and in turn shape the future of our district.

2. Background

2.1 Members previously considered a report (Cabinet/Council May 2018) in relation to Economic Development followed by a meeting of Overview and Scrutiny. The report outlined a shared service proposal for the Economic Development Team in conjunction with the Borough Council of Kings Lynn and West Norfolk (BCKLWN). The proposal required some additional investment from Fenland however this investment would result in a larger team with a wider skill set than Fenland could potentially achieve in isolation.

The proposal would have seen the team expand its resources to include a shared Head of Service, a dedicated account manager to work much more closely with Fenland businesses, together with a shared intelligence officer and a shared inward investment officer.

2.2 The report proposals did not meet with general member approval and therefore it was proposed that an Economic Development Member Led Review, headed by selected members (the review team) of the Overview and Scrutiny Committee, be undertaken to consider the wider entirety of the Economic Development service and the Council's Economic Development activities. The review was tasked with examining the primary economic and growth objectives of the Council and the service priorities as well as the resources and skills which are required in order to achieve these objectives.

2.3 Prior to the publication of the Economic Development Shared Service Proposal report the Economic Development Service had been provided by a 0.5 Full Time Equivalent (FTE) Fenland District Council Officer post in addition to 0.6 FTE (funded by a frozen 1FTE post) delivered in conjunction with Opportunity Peterborough by virtue of an annually renewable Service Level Agreement. In addition the service was supported by the Head of Business and Economy. The contract with Opportunity Peterborough came to an end in February 2018 and a temporary four month extension was agreed ending in June 2018, therefore it was considered an opportune time to review future arrangements. Recently it has become increasingly apparent that Economic Development and Growth has grown in importance particularly with the formation of the CPCA. In addition Members recognise that with a reduction in core Council funding, increased investment, commercialisation and revenue creation - of which Business Rates growth and retention play a vital part - are key tools to creating a sustainably funded council.

2.4 The creation of the Cambridgeshire and Peterborough Combined Authority (CPCA) following the devolution deal for Cambridgeshire and Peterborough has also offered significant opportunities for Fenland with

support for major growth initiatives and infrastructure across several key projects, including Wisbech Access Study, March Access Study, Wisbech Garden Town, Fenland Railway Stations, Growing Fenland Market Town Economic Masterplans and the recent Growth Prospectus Programme. All these initiatives required input and development from the Councils various regeneration related teams and in particular the Economic Development service.

2.5 The recent publication in September 2018 of the Cambridgeshire and Peterborough Independent Economic Review (CPIER) helps map the future of the region economically, with a focus on The Fens as one of the three economic entities. It has never been more important to grasp these opportunities and the challenge is what role does Fenland wish to play in this to inform, shape and deliver the emerging Local Industrial Strategy (LIS).

2.6 Since the expiry of the arrangement with Opportunity Peterborough in June 2018 the Economic Development Service has been reduced to a 0.5FTE Officer (with a frozen 1FTE post), which has undoubtedly had implications for the successful delivery of the service, particularly at a time when the prosperity of the Fenland Economy remains a key priority for the District Council.

3. Review Objectives

3.1 The Member Led Review Group agreed that the review would present a series of findings and associated recommendations to the wider Overview and Scrutiny Committee but ultimately to Cabinet. It was agreed that any recommendations would be practical and constructive, with the aim of ensuring the continued effective delivery of the Economic Priority from the Business Plan.

The agreed original Aims and Objectives were as follows

1. To examine the current Fenland economic landscape, including the different issues and opportunities across the four market towns and rural areas. Examine

the Councils' and partners future aspirations and objectives for both the region and Fenland.

2. To consider Economic Development opportunities in Fenland, the role the Council wishes to take and how and future service provision can support the realisation of these opportunities.
3. To consider feedback from key internal and external stakeholders received in relation to the Economic Development Service.
4. To examine the current approach to Economic Development of other equivalent Local Authorities and the associated performance metrics and outcomes.
5. To consider the key service objectives and the skills and resources requirement to deliver those objectives.

3.2 In November 2018 the Chairman of the Overview and Scrutiny Panel, Councillor Chris Boden, received a letter from the Chairman of the Corporate Governance Committee, Councillor John Clark. The letter requested that the Overview and Scrutiny Panel consider the fact that four of the five trading accounts disclosed in the Council's accounts, namely Markets, The Port, Economic Estates as well as the Light Industrial Units and Business Centres appear to require financial subsidy rather than being cost neutral. The Overview and Scrutiny Panel considered a report in relation to the trading accounts during their meeting on 10 December 2018. During that meeting the panel agreed that due to the close links with the Fenland Economy the Trading Account considerations should be included in the scope of the Economic Development Member Led Review. The scope of the Review was expanded to include a sixth point namely

6. To include the consideration of the Trading Accounts and what if any action is required to address the apparent financial subsidy.

3.3 The Economic Development Member Led Review Group was made up of Members of the existing Overview and Scrutiny Committee and comprised of

- Councillor Boden - Overview and Scrutiny Panel Chairman
- Councillor Humphrey – Overview and Scrutiny Panel Vice Chairman
- Councillor Sam Clark
- Councillor Tierney

- Councillor Booth
- Councillor Benney (joined the Review Group as an observer)
- Councillor Oliver was also requested to attend as the current Portfolio Holder with responsibility for Economy and Growth

The meetings were also supported by The Chief Executive, Corporate Director (Growth and Infrastructure), Head of Business and Economy, Head of Governance and Legal, along with other invited Officers and Member Support Team.

4 **Review Approach and Methodology**

4.1 The following approaches were used to gather evidence for this review:

- Consideration of the current economic landscape in the region and Fenland to set the context of the Member Led Review
- Consideration of the approach other Local Authorities, these included East Cambs DC and Borough Council of King's Lynn and West Norfolk, of a similar nature to Fenland have taken to Economic Development.
- Consider whether, given the unique nature of each of the four market towns in the district in addition to the rural villages, if the delivery of Economic Development ought to reflect these differences and opportunities at a local level.
- Feedback gathered from the Portfolio Holder for Growth, Officers, External Stakeholders including local Business Leaders and small Business Representatives.
- Engagement with the Cambridgeshire and Peterborough Combined Authority and in particular engagement with representatives of the Business Board.
- Engagement with Mike Emmerich from Metro Dynamics as lead organisation on the CPIER report.

4.2 The Member Led Review Group commenced a demanding schedule of meetings commencing January 2019 and concluding March 2019. The Chairman, in conjunction with the wider Review Group, would like to

acknowledge and thank the beneficial contributions from internal and external stakeholders in addition to other public sector organisations, which have been invaluable in helping to inform the resulting review recommendations.

4.3 **Meeting 1** – (15 January 2019) The panel heard evidence from the Head of Shared Planning, Head of Business & Economy, Corporate Director for Growth & Infrastructure, the Corporate Director for Finance and the Council's Chief Executive. The meeting focussed on the current approach to Economic Development and the associated performance metrics and outcomes, including consideration of:

- The adopted Economic Development Strategy 2012-31;
- National Non Domestic Rates (NNDR) and exemptions;
- Potential impact of Central Government Business Rates Retention initiative;
- Council tax on residential properties;
- Effect of a new business on the Council's revenue;
- Business Rates discretion;
- Key points from the PAS review and growth ambitions of the Local Plan including the proposed review to begin in 2019;
- Enterprise Zones;
- In addition the Review Group also considered the correlation between outcomes (jobs, investment etc) and the financial impacts within the district as a result of Economic Development activity and conversely the impact of non-activity.

Key learning points from the initial meeting included:

- An understanding of the Council's economic priorities supported by the adopted policy of an Economic Development Strategy.
- An understanding of the residential council tax bands which are most prevalent across the district
- The scale of businesses within the district which currently generate the greatest levels of NNDR and therefore income for the Council

- In order for growth in the district to lead to greater levels of prosperity this needs to include job opportunities and not just be limited to increasing the number of houses.
- Enterprise zones are now not supported by Government so recovery of business rate holiday funding by FDC is not possible.

4.4 **Meeting 2** - (21 January 2019) the panel heard evidence from Toby Barlett, Director at Alan Barlett & Son, together with Mike Emmerich & Daniel Timms from Metro Dynamics. This meeting focussed on examining the current Fenland and regional economic landscape including the different issues and opportunities across the four market towns and rural areas. The meeting also considered the economic development opportunities in Fenland, the role the Council wishes to take and how any future service provision could support delivery of the aspirations and opportunities.

4.5 During the second meeting the Review Group received a presentation from Mike Emmerich and Daniel Timms in relation to the CPIER findings, Growing Fenland Masterplans, opportunities for Fenland as well as the approach to the Local Industrial Strategy (LIS).

4.6 In addition the Review Group also benefitted from a discussion with Toby Bartlett from Alan Bartlett and Sons Chatteris regarding their experience of Economic Development and the challenges and opportunities facing their highly successful agri-food business.

Key learning points from the second review group meeting included:

- An understanding that Whittlesey and The Fens represent two distinct economic areas within the wider Cambridgeshire and Peterborough Combined Authority area
- An understanding of the importance of the CPCA and its funding opportunities to Fenland and its economic future
- A requirement for an economic vision for the district aligned to regional strategies and opportunities

- Each of the four market towns have different characteristics and needs to enable them to maximise opportunities arising from economic growth
- A long term plan and approach to economic growth will yield ultimately the most beneficial outcomes.
- There are a limited number of different employment sectors across the district including agriculture and agritech companies. The competitive nature of the agriculture industry limits opportunities for further investment particularly in research and development therefore impacting wage growth.

4.7 **Meeting 3** – (11 February 2019) the panel heard evidence from Jo Evans, Economic Development Officer and Marketing Officer at East Cambridgeshire District Council (ECDC), Dan Thorp Assistant Director at Cambridgeshire and Peterborough Combined Authority (CPCA) and Tony Sinkinson, Regional Manager for Jack’s Supermarket (Tesco). The focus of the third and penultimate meeting was in relation to feedback from external stakeholder in relation to Economic Development. The Review Team also received information from other public sector organisations regarding their approach to Economic Development.

4.8 During the meeting the Review Team received a presentation from Dan Thorp from CPCA in relation to the importance of the role of Fenland in Cambridgeshire, the emergence of the Growth Team within the CPCA, Funding opportunities for Fenland in addition to regional infrastructure developments.

4.9 Jo Evans, Economic Development and Marketing Officer from ECDC attended the meeting to provide the Review Team with a vital insight into the approach to Economic Development at ECDC.

4.10 Tony Sinkinson from Tesco’s Head Office regarding the Jack’s store at Chatteris attended the meeting and gave a presentation as well as engaging in a question and answer session regarding their experience of Economic Development.

Key learning points from the third meeting included:

- The CPIER report provides an in-depth analysis of the area's economy, which provides the foundation for the emerging Local Industrial strategy (LIS).
- The growing Fenland project will provide information on each of the markets towns which will inform the development of the LIS
- A new Growth Service will be developed by the CPCA tailored to each economic area within the Cambridgeshire and Peterborough area to provide greater support to businesses to enable their growth. This service will be operational by 2020 and could be complemented by FDC resource.
- The concept of Mayoral Development Corporations (MDC) is that they provide a potential support mechanism to economic growth. MDC could offer support on developments with viability and financial issues and offers a mechanism to expedite these developments through the planning process.
- The remit of East Cambridgeshire District Council's (ECDC) Economic Development Team is to promote East Cambs as a place to do business. The team has 3 full time equivalent staff. Work is also undertaken on inward investment opportunities, Enterprise Zones and member engagement with local businesses.
- ECDC highly supports the work of the Economic Development team and their success is reflected in the increased income generated by business rates.
- Evidence from Tony Sinkinson suggested that most businesses require local authorities to engage and assist with streamlining the development process

4.11 **The fourth and final meeting** – (4 March 2019). This meeting was conducted in two parts, in part 1 (the morning) the review panel heard evidence from Councillor Brian Long, Leader of the Borough Council of King's Lynn & West Norfolk. This meeting focussed on the receipt of further evidence from a public sector organisation regarding their approach to Economic Development and the impact of an investment strategy and the way it is resourced to deliver the Council's ambition.. The Review Team also received detailed information regarding the Markets, the Port and the Light Industrial Units and Business Centres in relation to the trading accounts.

4.12 The final meeting part 2 (afternoon) summarised the key points from the previous Review Group meetings and translated these into recommendations arising from the review to be presented to the wider Overview and Scrutiny Panel in the first instance and ultimately to Cabinet for consideration.

Key learning points from the fourth and final meeting included:

- The benefit an Investment Strategy has had for the Borough Council of Kings Lynn and West Norfolk as it has resulted in more businesses moving into the area as well as increasing housing growth
- BCKLWN has successfully taken on the role of house builder due to low viability in the private sector to which Fenland could learn from
- Understanding the organisational risk appetite will help inform any future approach to investment

5 Review Conclusions and Recommendations

5.1 The Review Team concluded that the review has been extremely positive, with many opportunities identified for Fenland in which will have a beneficial impact on local residents.

The resulting recommendations arising from the Review of Economic Development are as follows;

- Whilst it is accepted that at the outset of the Review the emphasis was on Economic Development, however as the Review has progressed and the Review Group have received evidence from a number of sources it has become increasingly evident that the organisation should have a greater focus and emphasis on Economic Growth across the district as opposed to Economic Development. Evidence obtained as part of this review has clearly indicated that there is more added value to be gained within Fenland from focussing more on intrinsic economic growth from our current position. Such an approach can align to the delivery of housing and infrastructure along with jobs/skills creation therefore taking a more

proactive approach to improving economic prosperity in the district.

Intrinsic Economic Growth can be led from within Fenland District Council by utilising an appropriate Investment Strategy, which needs to align with the wider Economic Growth ambition for the area.

- The Investment strategy could benefit from two approaches namely a purely commercial element focussed on raising revenue for the Council, with the second element having a greater focus on regeneration therefore having a positive impact on the local community that a public sector organisation can lever as opposed to a purely commercial focussed business.
- The Review Team acknowledge that the emergence of the CPCA has the capacity to bring with it significant opportunities for the area not least because of the scale, capability and significant funding streams available. It is vital therefore that Fenland proactively influence the development of the Local Industrial Strategy (LIS), Skills Strategy, Mayoral Development Corporation and Growth Fund to maximise the potential benefits for the area.
- The Council needs to align any future Economic Growth Service with the CPCA to ensure the realisation of any mutual benefits in addition to the avoidance of any duplication of effort.
- The Review Team recommends that future structures for the delivery of an Economic Growth Service should be explored including consideration of a closer alignment with the planning team to ensure a greater focus on Economic Growth.
- The CPIER Report provides a shared common understanding of the position from which to work in promoting Economic Growth in Fenland.
- Whilst the CPIER Report highlights the difference between the economic drivers in Whittlesey and those in the rest of the District, it is important to recognise that all parts of the District are distinct and that a "one size fits all" approach to Economic Growth in Fenland would be sub-optimal and potentially counter-productive. The Council should engage with local partners to help inform the solutions to ensure a non-standard approach reflective of each area is achieved

- The Review Group recognises that the impending review of the Local Plan is of crucial importance in fostering medium and long term Economic Growth in Fenland as the extension of the current economic base will involve land that is not currently used for industry or homes.
- The Review Group is aware that there is advantage to the Council and district of having larger-scale commercial developments within the area as they have the scope to contribute significantly to Economic Growth across Fenland whilst also supporting the financial security of the Council.
- The Review Group understands that there are few if any medium sized office space within the district therefore providing less opportunity for small office-based businesses in Fenland to expand without moving away. There are opportunities to include this consideration within the Investment Strategy.
- A future Economic Growth Service could more actively target, encourage and support initiatives in agriculture-related industries, including processing, manufacture and transport being the leading sector in the district.
- Fenland can benefit from its geographical proximity to the growth area of Peterborough with its industrial base and the evolving University. Whilst the district is further away from the growth area around Cambridge, the much greater quantity of Economic Growth in Cambridge with the problems associated with 'over heating' which have arisen provides opportunities in Fenland, which should be exploited in terms of business relocation, skills and homes.
- In relation to the matter raised by the Chairman of the Corporate Governance Committee in relation to the Trading Accounts regarding Markets, The Port, Economic Estates as well as The Light Industrial Units and Business Centres, The Review Team recognises that because the Trading Account disclosures in the financial statements are prepared in accordance with accounting standards, the figures shown will differ from those included in the Council budget and internal in-year reporting. This is principally because the financial statements include charges for depreciation and some of the movements in the value of land and property

used to deliver those services associated with each Trading Account. In Local Authority accounts legislation requires that such charges are reversed out at the year-end so that they do not impact on the Council's General Fund balance or the Council Taxpayer.

- The Review Team considers that the support costs attributed to the Markets, Light Industrial Units and Business Centres appears high and therefore a review of how support costs are attributed should be undertaken by Officers to inform decision making in 2020/2021 onwards.
- The Review Team accept that further options in relation to the Port will be presented to Cabinet later this calendar year.
- The provision of the Markets service represents an economic opportunity and as such should be considered by the Council and our partners and included within the scope of the future Transformation and Efficiency Plan (TEP) regarding the future provision of the service

6 Next Steps

The Chairman of the Review group is keen that the review findings are circulated to all members, to ensure members have the opportunity to comment on the review findings before being considered by the wider Overview and Scrutiny Panel and any subsequent Cabinet considerations and decision making.

Review findings circulated to all Members	15 March 2019
Review Considered by the wider Overview and Scrutiny Panel	18 March 2019
Final Review report to be considered by Cabinet	April 2019

If endorsed by Cabinet the review recommendations will then be reflected the future Investment Strategy and Business Plan

