

Agenda Item No:	7	
Committee:	CABINET	
Date:	19 JULY 2018	
Report Title:	Economic Development Update	

Cover sheet:

1. Purpose / Summary

- This report provides an update to Cabinet on Economic Development activity in 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 was previously engaged with Opportunity Peterborough (OP) who supported 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 £5.1billion 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 on 30 June 2018 and a review of potential future options and arrangements has been undertaken. Following that review, it was concluded that an Economic Development shared service with BCKLWN would be a preferred option.
- 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 £43,000 p.a. but will provide a greatly enhanced and more proactive Economic Development Team. A financial provision to fund the £43,000 has already been included within the 2018/19 annual budget.
- 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. This will include deleting the existing Economic Development Manager (currently vacant) and Economic Development Officer posts and the creation of two new FDC-employed posts: an FDC Account Manager 1FTE role and a Project Enabler (Intelligence) 1FTE role.
- The existing Economic Development Officer is employed 0.5 FTE for the Economic Development Team and 0.5 FTE working for the Leisure Services Team as a Tourism Officer.
- The proposals will therefore place the Economic Development Officer at risk of redundancy, although the proposed structure includes new full time roles.

3. Recommendations

- Cabinet Members are hereby 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 and in accordance with the provisions of Section 113 (of the Local Government Act 1972), to make such recommendations to full Council.
 - To delegate authority to the Chief Executive, 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 Ann Hay – Finance Portfolio Holder
Report Originator(s)	Gary Garford – Corporate Director (Growth & Infrastructure) Peter Carpenter - Corporate Director (Finance) Justin Wingfield – Head of Business & Economy
Contact Officer(s)	Paul Medd – Chief Executive Gary Garford – Corporate Director (Growth & Infrastructure) Peter Carpenter - Corporate Director (Finance) Justin Wingfield – Head of Business & Economy
Background Paper(s)	

Report:

1. Background

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 Business growth and inward investment not only bring investment, jobs and skills benefits to the Fenland area but also the potential benefit of increase income directly to FDC via increased Council Tax revenue and NNDR income. As an example 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.

2. Current Position

- 2.1 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.
- 2.2 The Economic Development function was previously delivered in conjunction with Opportunity Peterborough (OP) by virtue of an annually renewable Service Level Agreement (SLA). The SLA expired on the 30 June 2018. The SLA had been in place for just over two years and it was considered timely to review the future arrangements regarding the delivery of the Economic Development within Fenland.
- 2.3 The current ED structure is shown at **Appendix 1** and comprises the vacant Economic Development Manager post – 1 FTE and the Economic Development Officer post – of which 0.5 FTE is attributed to Economic Development and 0.5 to tourism. Both posts are overseen by the Head of Business & Economy.
- 2.4 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, not least

¹ ONS/NOMIS (2016)

² ONS/NOMIS (2016)

³ ONS/NOMIS – UK Business Counts 2017

because FDC's vacant ED Manager post (1 FTE) funded a matrix of different skills at OP which equated to only 0.6 FTE and created a total provision of just 1.1 FTE.

- 2.5 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 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 present and future need in Fenland.

3. Shared Service Proposal

- 3.1 In June 2017 Officers began to assess the various options for ED along with a review of additional resources likely to be required (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 Local Authority
- 3.2 The shared arrangement option offered a more flexible and diverse approach, gave better staff cover and utilised both Council's skills and experience.
- 3.3 In July 2017, FDC Officers approached colleagues at the Borough Council of King's Lynn and West Norfolk (BCKLWN) to discuss the possibility of exploring and establishing a shared service between the two Councils. Following the initial engagement, Officers developed a proposal for a Shared Economic Development Service which would respond to the needs and seek to address existing shortfalls in provision for each Council. The proposal would 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.
- 3.4 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 2** illustrates the significance of key socio-economic indicators that the combined geography includes. In addition, the two Councils were members of the Greater Cambridge Greater Peterborough LEP and are members of the emerging Combined Authority 'Business Board', which provides further common ground.
- 3.5 In preparing the proposal, the first things considered were the functions (scope) that the 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/Business Board 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.
- 3.6 The structure of the shared service is crucial to meeting the demands and needs of the Economic Development service and providing sufficient resources to address demand

and proactively pursue opportunities. The proposed structure includes 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 and the proposed structure is attached at **Appendix 3**

- 3.7 The day-to-day shared service delivery will be overseen by the Head of Shared Service who is employed by BCKLWN and is highly respected and vastly experienced - also being responsible for Heritage & Tourism services within BCKLWN. FDC's Head of Business & Economy will provide strategic direction and client side management for FDC, ensuring that FDC's demands are met and aspirations are acted upon. The key responsibilities of each shared service post will be developed into full Job Descriptions and Person Specifications and agreed/approved by FDC's Staff Committee which will be scheduled within the next two months.
- 3.8 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. It is intended that a minimum of 3 years is adopted to ensure that relationships can be established and to allow time for such new arrangements to 'bed in'.
- 3.9 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.
- 3.10 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).
- 3.11 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.

4. Benefits of the Shared Service

The shared service will deliver the following benefits to Fenland:

- Provide a dedicated FDC-employed, 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 LEP/‘Business Board’, 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 Combined Authority and central 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.

5. FDC Staffing Considerations

- 5.1 As outlined above and in **Appendix 1 & 3**, the shared service proposal will seek to restructure FDC’s existing staffing establishment. This will include deleting the existing Economic Development Manager (currently vacant) and Economic Development Officer posts and the creation of two new FDC-employed posts: an FDC Account Manager 1FTE role and a Project Enabler (Intelligence) 1FTE role.
- 5.2 The existing Economic Development Officer is employed 0.5 FTE for the Economic Development Team and 0.5 FTE working for the Leisure Services Team as a Tourism Officer. The proposals will therefore place the Economic Development Officer at risk of redundancy, although the proposed structure includes the creation of new full time roles. It is understood that Leisure Services are also considering possible changes around Tourism resources but that will be dealt with separately.
- 5.3 It is proposed that the creation and deletion of FDC posts related to the shared service proposal will be agreed/approved by FDC’s Staff Committee which will take place within the next two months.

6. Member Engagement

- 6.1 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.
- 6.2 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 have 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.
- 6.3 In addition to the helpful advice and recommendations made by the Overview and Scrutiny Panel, the Chairman of the Panel has been invited to meet with the Portfolio Holder for Growth and senior Officers to discuss establishing an appropriate set of performance measures that can be suitably scrutinised and reflect the demands and needs of the service and Fenland.

6.4 Following the deferment of this matter from May's Cabinet and Council Members raised comments and observations with the Portfolio Holder for Growth which Officers were asked to respond to. The questions and responses are included as **Appendix 4** – ED Shared Service Update No.1. In addition to the initial comments and questions further clarification around the proposals was requested by the Portfolio Holder for Growth and an additional note was prepared - ED Shared Service Update No.2 and is included as **Appendix 5**.

7. Financial Considerations

7.1 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. The shared service will require a balancing payment to be made to ensure the shared service is funded on an equal 50:50 basis.

7.2 The additional resourcing of £43,000 has already been allocated within the approved Council budget for 2018/19 and therefore does not need to be identified from elsewhere.

7.3 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 budget provision.

8. Next Steps & Recommendations

8.1 As the SLA with Opportunity Peterborough expired on 30 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.

8.2 It is considered that the additional £43,000 p.a. required to fund FDC's contribution can be recovered 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.

8.3 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, which it is anticipated, will not be necessary.

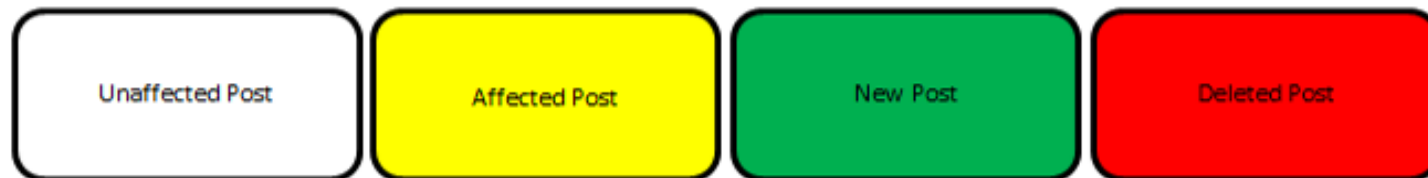
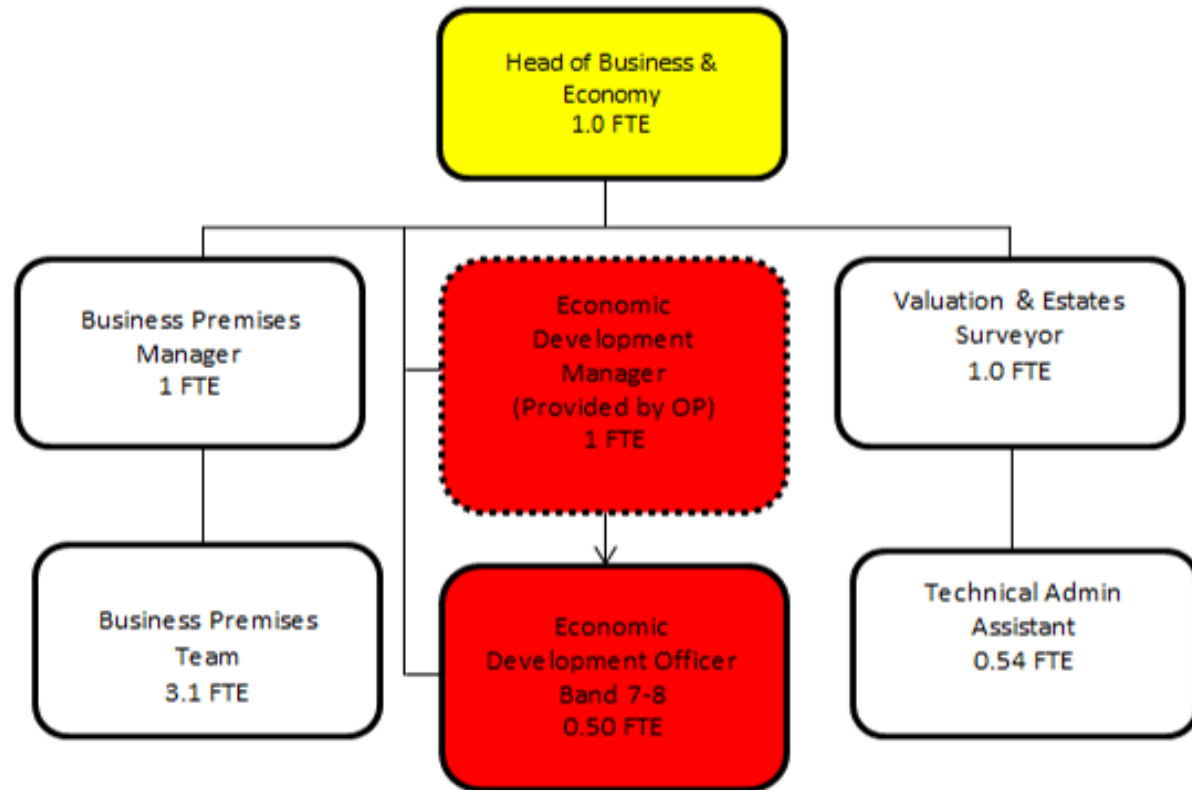
8.4 As the proposal seeks to create a shared service with two Local Authorities working together, such arrangements are subject to Section 113 of the Local Government Act 1972 and require full Council approval.

8.5 Cabinet Members are hereby 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 and in accordance with the provisions of Section 113 (of the Local Government Act 1972), to make such recommendations to full Council.
- To delegate authority to the Chief Executive, 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.

Appendix 1 – Existing Economic Development Structure



Appendix 2 – 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

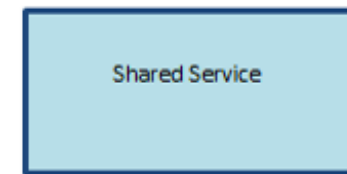
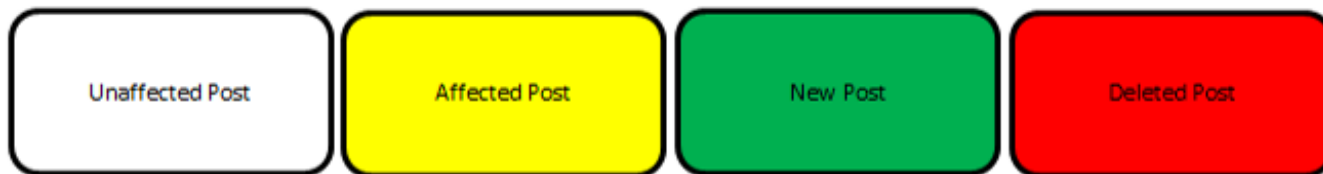
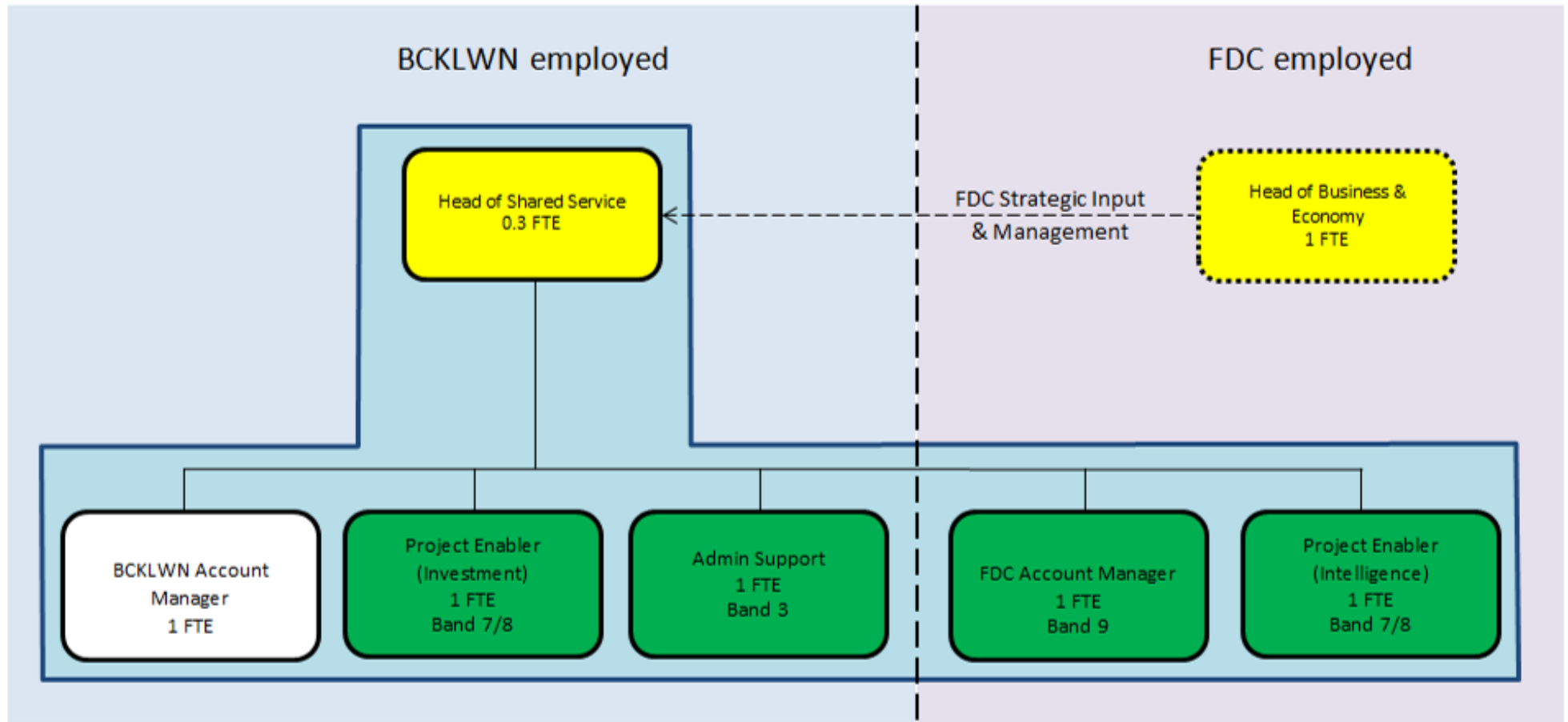
Combined – 251,800

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

Appendix 3 – Shared Economic Development Team Structure



Appendix 4 – ED Shared Service Update no.1

Economic Development - Shared Service Update No.1

25 June 2018

This update has been prepared in response to questions raised by Members following the deferment of the original Cabinet and Council decision in May 2018.

Here follows the summary questions from Members and responses prepared by Officers:

1. Concern about the £43,000 additional revenue funding.

The current ED service has been reduced over the years as part of the Council's response to the Government's austerity programme. Given the importance of the Economic Growth priority within the Council's business plan and the Government's proposed introduction of local business rate retention as a vital future revenue stream for the Council an increase in resource is proposed, which is common to all the proposed options in the report.

The BCKLWN option provided an effective proposition that increases our existing staff establishment from 1.5 to 2 FTE and enabled access to a combined team of 5.3 FTE for the additional cost of £43000.

This additional cost was recognised in our forward revenue budget setting earlier in the year and has been included in our currently agreed base budget from 2028/19.

2. Benefits unclear.

The initial idea for reviewing the team emanated from the earlier O and S meeting involving the GCGP LEP where it was highlighted that FDC could better engage with local business and also help with grant identification and applications for known funding from the LEP (now the CPCA Business Board).

Officers explored best practice and determined that BCKLWN had a good track record in these areas so was a suitable organisation to partner with.

As outlined in the report 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 on establishing a 'relationship management' approach with 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 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 Business Board and Combined Authority for key initiatives, including infrastructure

and skills, which are identified as critical issues for the businesses, along with Market Town masterplans under the Growing Fenland banner.

- Stronger voice in dealings with the Business Board and CPCA, as it will represent an area with approximately double the number of businesses and GVA, comparable with the economic area of Peterborough and representing over 250,000 people and over 10,500 businesses (significantly more than those represented by either Cambridge or Peterborough).
- Provides strength to lobby for improvements and investment from the Government on collective issues and barriers affecting the shared geography;
- The objectives of this proposal include expanding business growth, increased inward investment, more jobs and enhanced skills, increased local spend and NNDR business rate income for the Council.

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 NNDR 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 annual revenue income in these difficult public financial times and would compensate for the additional staff investment.

3. Have we considered other Councils, including East Cambs?

Several options were considered, however it was seen as important to share a service with a similar economic and social area, for which BCKLWN was the most aligned in terms of its agri-food based economy and its challenges around connectivity, deprivation and migrant working etc.

The District in South Cambridgeshire looks towards Cambridge and has a different economy, plus it was felt important to share with an adjacent Authority. The City Councils have a different focus on the economy that is not necessarily aligned to the rural district.

A key driver was that Fenlands economy in the main looks east and west not south toward Cambridge, which leads to the fundamental connectivity driver for the District of an upgrade A47 economic corridor. The dualling of the A47 from Peterborough to Fenland and King's Lynn and onto the East coast would transform the economic fortunes of the area.

This was another reason that increased close working with BCKLWN has benefits as both authorities are key advocates on the A47 Alliance promoting improvements to the A47 corridor.

This essential highway connectivity is complemented by the additional rail connectivity proposals southwards provided by the Wisbech to Cambridge train line along with the Fenland railway station improvement programme.

In terms of East Cambs DC, they have confirmed a limited Economic Development capacity or specialism and are unable to offer the matrix approach proposed by BCKLWN.

Seeking to create a shared service with BCKLWN does not preclude working with other Council partners to further exploit opportunities. It is also vital to recognise that businesses do not see administrative boundaries as barriers to trade and growth.

The shared service aims to establish a robust and effective resource working for the benefit of both Fenland & BCKLWN at a localised level and the Eastern region at a macro level.

4. PCC Shared Planning not working.

The shared Planning service with Peterborough City Council consists of 2 officers; Shared of Head of Planning and Technical Team Manager. This enabled the Council to make £137,000 of savings per annum. The Planning Team are exceeding national performance targets for the determination of planning applications. The Leader and Portfolio Holder have requested that we invite the Planning Advisory Service to the Council to review the Planning Service. This will take place in summer 2018 with a resulting action plan to deliver any suggested improvements. Members are encouraged to participate in this review.

5. Proposals linked to a suggested Waste to Energy plant (incinerator) in Wisbech.

The proposal for partnering with BCKLWN has no links whatsoever with the suggested Waste to Energy plant (incinerator) in Wisbech. It is understood in the past that a Waste to Energy plant was proposed for King's Lynn and promoted by Norfolk County Council but vehemently objected to by BCKLWN. Any such proposals for a Wisbech plant would be considered by CCC as Waste Authority and would involve extensive stakeholder (including FDC) and community consultation.

Appendix 5 – ED Shared Service Update no.2

Economic Development - Shared Service Update No.2

10 July 2018

This update has been prepared in response to a request from Members for additional information regarding the proposed shared service arrangement with the Borough Council of King's Lynn & West Norfolk.

Here follows a summary of information prepared by Officers:

Aims

- As you will all appreciate Economic Development (ED) is essential to support the prosperity & growth of the District. This is evident from our pro-growth Business Plan 2018-21;
- Placing reliance upon ED, Members were keen that sufficient resources were committed to underpin such growth and take a more proactive approach to existing business engagement and inward investment. Under the previous Leadership, Senior Members endorsed a review of the existing Economic Development arrangements;
- The purpose of the Cabinet report and the recommendations I intend to make to Council are as a result of a review of the options for increasing the effectiveness of the Council's Economic Development activity in delivering our Economy priority.

Background

- As you will be aware, over the last two years Economic Development in Fenland has been supplemented by a Service Level Agreement with Opportunity Peterborough (OP) which only provided an additional **0.6 FTE** to Fenland's existing **0.5 FTE** employed staffing (**Total 1.1FTE**);
- The OP agreement was via a 'commissioned service' (i.e. a contracted service) approach rather than as a shared service and it provided a matrix of support;
- The OP relationship was only ever intended to be a short term solution following the departure of the previous FDC Economic Development Manager;
- A review of the arrangements with OP and potential alternative options commenced in July 2017, with the aim of providing a seamless transition to coincide with the expiry of the OP agreement on 30 June 2018.

Proposal

- Members recognised that to do more it was essential that sufficient resources were made available to deliver the ambitious growth plans and the intended proactive approach.
- Reflecting upon this Member-led approach, Officers were requested to shape a delivery structure that meets the needs of Member objectives;
- Officers researched and considered the most practical options available, also taking into account our financial constraints:
 - Continue with OP;
 - Bring the service in-house;
 - Enter into a shared arrangement with another LA.
- The review concluded (and the report details this) that the most effective and cost-efficient solution would be to enter into a true **shared service arrangement** with the Borough Council of King's Lynn & West Norfolk;

- The shared service with BCKLWN would enable the pooling of existing resources and the investment into additional shared resources which could be used to a far greater effect, in total creating a combined team of **5.3FTE**.
- Under the proposal the day-to-day shared service delivery will be overseen by the Head of Shared Service (employed by BCKLWN), with FDC's Head of Business & Economy providing strategic direction and client-side management for FDC.

Finance

- The review identified that in order to deliver an effective service additional resources would be required and in turn, sufficient funding in order to pay for the service;
- The existing establishment cost of the Economic Development Service to FDC is **£69,820**, per annum which comprises:- 1FTE Economic Development Manager post (£47,000 p.a. – which previously funded OP); and 0.5FTE Economic Development Officer (Tourism) post (Economic Development funded - £22,820);
- The shared service proposal will result in an additional annual cost of approximately **£43,000** p.a. for FDC and this has already been approved and included within the budget provision;
- The shared service will create and enable access to **a combined team of 5.3 FTE** covering the combined geography and will allow for agile working and cloud based file sharing and storage;
- The proposal will require a total financial commitment for staffing establishment of **£112,820** (£69,820 existing + £43,000 additional), which **will fund 2 no directly employed FDC staff members** and will contribute towards the cost of **access to 3no. BCKLWN employed staff members**.
- The BCKLWN has also decided that ED in its area needs further investment, so it has taken this shared service opportunity as the springboard to launch such and commit to a similar additional amount of investment (£51,000) to FDC investment (£43,000).
- **The estimated cost a total shared ED team will equate to approx. £230,000, which is fit for purpose to deliver our combined ED ask.**

Structure	Employed	FDC Cost	BCKLWN Structure
Existing FDC establishment	1.5FTE (FDC-employed)	£69,820	Existing establishment 1.5 FTE – Head of Service (0.5) plus Account Manager
Proposed FDC establishment	2.0FTE (FDC-employed)	£89,000 (approx.)	Proposed 3.0 FTE (KLNW employed)
Access to shared service establishment	5.3FTE (2.0FTE FDC)	£112,820 (inc. FDC contribution to BCKLWN – employed shared establishment)	

- **The shared service proposals results in 2 FDC employed staff based at FH and access to 3 KLWN employed staff along with guidance from a qualified ED Head of Service. All staff will be mobile and work as a when specific activities dictate.**
- The other alternative to the shared service would be to employ a FDC in-house ED team. This would need further thought but indicatively would consist of 3 ED FTEs and an admin support FTE. The estimated costs would be **£180,000**.
- This option would not necessarily give the breadth of skills available from the shared service option and would increase our costs by **£67,000** above the current £112,820.

Notes

- Members will be aware that FDC has been on a transformative journey, particularly as a result of the austerity and there has been a continued effort to reduce operational costs and provide high quality front-line services;
- In this instance Senior Members feel that the right option is to increase the establishment and costs by a modest amount to maximise the effectiveness of the ED service;
- FDC currently have shared service arrangements with other Council's and shared staff working in Planning, Payroll, Internal Audit, Health & Safety, Anglia Revenues Partnership and CNC Building Control;
- A shared service with BCKLWN also includes sufficiently flexibility for both parties to terminate or extend as necessary and FDC will not be locked into a long term arrangement which might adversely impact its service delivery.
- In terms of performance measures, I would suggest that these are jointly developed with input from the Chairman of O and S going forward.