

Report title: Inward Investment Contract : Future Plans	
Report to: Cllr Tony Ball; Cabinet Member for Economic Growth and Cllr David Finch; Leader of the Council	
Report author: Mark Carroll – Executive Director, Place and Public Health	
Date: 21 April 2020	For: Decision
Enquiries to: Mark Carroll – Executive Director, Place and Public Health email mark.carroll@essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1. Essex County Council (“ECC”) has a contract with the Let’s Do Business Group Limited (“LDBG”) dated 24 May 2017 for Inward Investment services and management of Ongar Business Centre - a 15,000 sq ft office building owned freehold by the Council.
- 1.2. This report seeks agreement to extend the contract for 12 months and vary funding provisions pursuant to the extension and variation provisions in the Contract.

2. Recommendations

Cabinet Member for Economic Growth:

- 2.1. Agree to extend the LDBG contract for inward investment services and management of Ongar Business Centre for 12 months from 30 April 2020 on the current terms, subject to a requirement that they do not furlough any employee working on the contract.
- 2.2. Agree to request that the net cost to ECC of £607,000 be funded through a combination reprioritisation of existing Economic Growth budgets of £407,000 spanning the financial years 2020/21 and 2021/22 and £200,000 from the Transformation Reserve as per the request below.

Leader of the Council:

- 2.3. Agree to the drawdown of £200,000 from the Transformation Reserve to fund the net cost of the service not covered under 2.2 above. A request will be made in the provisional outturn report to carry forward the underspend from 2019/20. If this carry forward is approved, the drawdown from the Transformation Reserve will be returned.

3. Summary of issue

- 3.1 Invest Essex is an Investment Promotion Agency (IPA) established in 2007, as part of the Essex Development and Regeneration Agency, in order to attract new businesses into Essex and help existing business grow with a view to creating additional jobs.

- 3.2 The service has been delivered internally and externally in the period between 2007 and 30 April 2020, having been brought back in-house to the Council in 2009 and outsourced again in 2017.
- 3.3 The current contract was awarded to 'The Let's Do Business Group' (LDBG) in 2017, and also provides for the management of Ongar Business Centre – a 15,000 sq ft office building owned by Essex CC.
- 3.4 Half the cost of the contract referred to in 1.1 is funded by the European Regional Development Fund and the funding for this expires on 30 April 2020. The original intention was to allow the contract to expire, with LDBG managing any redundancies.
- 3.5 The directions made by HM Government in response to the COVID-19 pandemic have already had a severe and unprecedented impact on the UK economy, including in Essex. Clearly, the future situation is highly uncertain, but this will certainly represent a significant and sustained period of disruption for the businesses and local economies in Essex.
- 3.6 Essex CC's Economic Growth team has been repositioned as a COVID-19 Business Response for at least for the duration of HM Government's support package, currently three months, requiring additional and specialist business support resources for at least 12 months.
- 3.7 Managers in the ECC's economic growth service are currently diverted to providing services such as Community Shield, constraining options for putting in place the required provision without a gap in service.
- 3.8 In order to provide additional and specialist business support resources to ECC during the pandemic and enable ECC to procure a longer term contract for the management of Ongar Business Centre, it is proposed to extend the LDBG contract for 12 months, as provided for in the contract terms and to replace the ERDF funding of £303,500 by:
- £200,000 2019/20 under spend from Economic Growth portfolio, which will be requested as part of the 2019/20 Provisional Outturn report
 - Reprioritising £100,000 for Economic Growth Initiatives (spanning the financial years 2020/21 and 2021/22).
 - And the remaining £3,500 from the Economic Growth team budget
- 3.9 It is proposed that the services provided and Performance Standards will be refocussed to reflect the loss of the ERDF funding and the fact that the targets achievement of the associated targets for job creation. The key services for the next year will be supporting the Essex economy by :
- monitoring and filtering of business support enquiries;
 - signposting requests for low-intensity business support to support available from central government, lower tier authorities and partners;
 - providing medium-intensity business support to safeguard jobs and maintain productivity through the COVID-19 pandemic;

- providing high-intensity business support to realise any opportunities through the COVID-19 pandemic and in preparedness for the subsequent economic recovery;
- gathering and analysing market intelligence, and; communications.

3.10 Overall the same level of resource will be available as on the current contract but it will be refocussed to the new services. The contractor will need to agree not to furlough staff if the contract is extended.

3.11 Ongar Business Centre is currently accessible to occupying businesses. The pandemic necessitates flexibility as the landlord of Ongar Business Centre to safeguard jobs, maintain business productivity and secure future rental income. This is likely to include a suite of temporary rent reduction / deferral interventions to maximise long-term income. Applying such flexibilities for tenants will aid survival of businesses and safeguarding of jobs and mitigate against increased arrears (and associated enforcement costs), defaults and rental voids in future.

3.12 ECC's Economic Growth team recognises the need to demonstrate value for money for and avoid unintended consequences from any flexibilities for tenants. Any financial impacts will be managed within the Economic Growth team's net budget by the Head of Service within existing delegations, subject to the approval above.

4 Options and Recommendation

Option 1 - Allow LDBG Contract to expire and directly manage the Ongar Business Centre

4.1 The existing contract is due to expire on 30 April 2020. This option is not recommended because:

- ECC would not have access to resources from LDBG or a successor beyond this date.
- The Council would need to make arrangements for the operation and maintenance of Ongar Business Centre.
- The economies of scale, management expertise and procurement flexibilities of the private sector would be unavailable to ECC.
- The Council would be liable for any financial deficit from the operation and management of Ongar Business Centre.

Option 2 - Extend and vary the LDBG Contract for 12 months and replacing ERDF Funding

4.2 The contract provides a provision allowing it to be extended. This option is recommended because:

- It would provide additional and specialist business support resources to Essex CC following the outbreak of COVID-19.
- The economies of scale, management expertise and procurement flexibilities of the private sector would continue to be available to ECC.
- The Council would not be liable for any financial deficit from the operation and management of Ongar Business Centre.



4.3 Option 2 is the recommended option as it will secure the required additional and specialist resources more effectively and efficiently than Option 1.

5. Issues for consideration

5.1. Financial Implications

5.1.1. The ERDF element of funding (contributing approximately 50%) comes to an end on 30 April 2020. An allocation of £200,000 from the Transformation Reserve will be requested to partly fund the net cost of the service not covered following a reprioritisation of Economic Growth team budget. A request will be made in the provisional outturn report to carry forward the underspend from 2019/20. If this carry forward is approved, the drawdown from the Transformation Reserve will be returned. The net cost to ECC of £607,000 would therefore be funded as follows:

Expenditure	2020/21	2021/22	TOTAL
LDBG contract extension	614,167	55,833	670,000
Income from Ongar Business Centre	-57,750	-5,250	-63,000
Net cost to Essex CC	556,417	50,583	607,000

Funding source	2020/21	2021/22	TOTAL
Economic Growth team budget	278,208	28,792	307,000
Transformation Reserve *	200,000		200,000
Economic Growth Initiatives	78,208	21,792	100,000
Total Essex CC funding	556,417	50,583	607,000

*should the carry forward from 2019/20 be agreed this will be returned

5.1.2. Costs of operating and maintaining Ongar Business Centre will continue to be paid for through the LDBG contract value, with any rental income reinvested into service delivery.

5.1.3. The likelihood of Ongar Business Centre returning a surplus at the end of the extension period are significantly reduced by the COVID-19 pandemic. Any financial impacts from flexibilities for tenants as landlord of the Centre will be managed within the Economic Growth team’s net budget by the Head of Service within existing delegations, subject to the approval above.

6 Legal Implications

6.1 The LDBG contract allows for extension of up to 12 months, on the same terms as the initial contract period. A procurement waiver is therefore not required. The contract allows for review of the service provided, performance standards, the terms of the agreement and any other matters with a view to deciding whether any improvements can be made an implemented during the agreement term.

6.2 It is proposed that the contract will be extended for 12 months on the same terms albeit with the service refocussed on the priority services for the COVID-19 pandemic and recovery phase.

7 Equality and Diversity implications

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 Having fully considered the equality and diversity implications of this decision, the equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of appendices

Equality Impact Assessment

9 List of Background papers

- None

I approve the above recommendations set out above for the reasons set out in the report.	27 April 2020
Councillor Tony Ball, Cabinet Member for Economic Growth	
I approve the above recommendations set out above relating to my portfolio for the reasons set out in the report.	28 April 2020
Councillor David Finch, Leader of the Council	

In consultation with:

Executive Director for Finance and Technology (S151 Officer)	27 April 2020
Stephanie Mitchener on behalf of Nicole Wood,	

Director, Legal and Assurance (Monitoring Officer) Paul Turner	21 April 2020
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Exemption from call in

Exemption from call in

I agree that it is in the best interests of the Council for this decision to be implemented urgently and therefore this decision is not subject to call in (paragraph 20.15(xix) of the constitution applies).

Councillor Mike Mackrory – Chairman of the Corporate Policy and Scrutiny Committee
Date: 28 April 2020

Appendix C – Equality Impact Assessment



Equality Impact Assessment

Reference: EQIA196339958

Submitted: 15 April 2020 16:03 PM

Executive summary

Title of policy or decision: Inward Investment Future Plans - extension of contract

Describe the main aims, objectives and purpose of the policy (or decision): The decision seeks agreement to extend an existing contract between Essex County Council ("ECC") and The Let's Do Business Group Limited ("LDBG") for 12 months and vary funding provisions pursuant to the extension and variation provisions in the contract.

ECC has a contract with LDBG dated 24 May 2017 for Inward Investment services and management of Ongar Business Centre. The ERDF element of funding for this contract (contributing approximately 50%) expires on 30 April 2020 and the original intention was to allow the contract to expire, with LDBG managing any redundancies. However it was decided to extend and vary the contract with LDBG pursuant to the terms of the contract - extend to enable ECC to run a fully compliant procurement process which will be subject to a separate decision and vary to enable funding to be used from a different source following an end to the ERDF funding.

As a result of COVID-19 UK citizens were told to avoid non-essential travel on 16 March 2020 and nightclubs, theatres, cinemas, gyms and leisure centres were told to close "as soon as they reasonably can" on 20 March 2020. These directions by HM Government have already had a severe and unprecedented impact on the UK economy, including in Essex. The future situation is highly uncertain, but this will certainly represent a significant and sustained period of disruption for the businesses and local economies in Essex.

In response, ECC's Economic Growth team has been repositioned as a COVID-19 Business Response team for the foreseeable future, requiring additional and specialist business support resources in the short to medium term. The organisation's corporate functions have been refocused on priorities such as Community Shield and experienced an increase in workload, constraining options for putting in place the required provision without a gap in service.

In order to provide additional and specialist business support resources to ECC during a pandemic and to enable ECC to re-procure a longer term in this unprecedented situation, it is proposed to extend the LDBG contract for 12 months, as provided for in the contract terms and to vary the contract by replacing the 50% of ERDF funding of £303,500.

Whilst the terms of the contract would remain the same, the services provided and Performance Standards will be improved to reflect the end of the ERDF funding and achievement of the associated targets, rebalance of activity carried out to date, and; current market conditions. This would involve: monitoring and filtering of business support enquiries; low-intensity business support signposting to support available from central government, lower tier authorities and partners; medium-intensity business support to safeguard jobs and maintain productivity through the COVID-19 pandemic; high-intensity business support to realise any opportunities through the COVID-19 pandemic and in preparedness for the subsequent economic recovery; gathering and analysing market intelligence, and; communications.

What outcome(s) are you hoping to achieve?: Enable inclusive economic growth

Which strategic priorities does this support? - Enable inclusive economic growth: Help people in Essex prosper by increasing their skills, Enable Essex to attract and grow large firms in high growth industries, Target

economic development to areas of opportunity

Is this a new policy (or decision) or a change to an existing policy, practice or project?: a change to an existing policy, practice or project

Please provide a link to the document / website / resource to which this EqlA relates: n/a

Please upload any documents which relate to this EqlA, for example decision documents: n/a

Assessing the equality impact

Use this section to record how you have assessed any potential impact on the communities likely to be affected by the policy (or decision): As this is a continuation to an existing contract, it does not have any impact on the wider community.

Does or will the policy or decision affect:

Service users: No

Employees: No

The wider community or groups of people, particularly where there are areas of known inequalities: No

Which geographical areas of Essex does or will the policy or decision affect?: All Essex

Will the policy or decision influence how organisations operate?: No

Will the policy or decision involve substantial changes in resources?: No

Is this policy or decision associated with any of the Council's other policies?: Yes

Description of impact

Description of Impact. If there is an impact on a specific protected group tick box, otherwise leave blank. You will be given the opportunity to rate identified impacts as positive, negative or neutral on the next page: No impact on any of the above groups

I confirm that I have considered the potential impact on all of the protected characteristics: I confirm that I have considered the potential impact on all of the protected characteristics

Describe any actions that have already been taken to mitigate negative impacts on any of the protected characteristics: This decision does not have any impact on any of the protected characteristics groups

Action plan to address and monitor adverse impacts

Does your EqlA indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?: No

Details of person completing the form

I confirm that this has been completed based on the best information available and in following ECC guidance: I confirm that this has been completed based on the best information available and in following ECC guidance

Date EqlA completed: 15/04/2020

Name of person completing the EqlA: Dominique Keogh

Email address of person completing the EqlA: Dominique.Keogh@essex.gov.uk

Your function: Economy, Localities & Public Health

Your service area: Economic Growth

Your team: Economic Growth

Are you submitting this EqlA on behalf of another function, service area or team?: No

Email address of Head of Service: dawn.redpath@essex.gov.uk