

West of England Combined Authority International Market Prioritisation

August 2020



The West of England is a place where ideas flourish and businesses grow, where creative, digital and high tech meet traditional industry and its strength in the global economy is dependent on being a dynamic, globally competitive, outward looking and creative place.

In an effort to define international priorities, the **West of England Combined Authority** has been supported by specialist FDI and trade consultancy **OCO Global** to work on a 'Market Prioritisation Strategy'.

This presentation highlights the main points and key findings identified in the final report for the region.



OCO Global worked alongside WECA and its partnership organisations, using a multi-faceted approach to identify the key opportunities and markets that the West of England could be pursuing internationally. This presentation will highlight the following:

- 1 Review of Regional Priorities** – A review of the strategies of the organisations that work in the West of England to identify common themes, priorities and opportunities in the region.
- 2 Supply & Demand Side Analysis** – Data analysis to underpin with evidence the key opportunities and markets that the region should be focusing its efforts towards.
- 3 Benchmarking Competitor Agencies** – A review of similarly sized agencies in other regions of the UK (Manchester, Liverpool, West Midlands) to identify the region’s strengths and weaknesses against its competitors.
- 4 Stakeholders Consultations** – Interviews with partner organisations in the region to establish ‘on-the-ground’ insights for the region on an international level.
- 5 Insights and Recommendations** – Key messages for WECA and its partner organisations

1 Review of Regional Priorities

The West of England – An Overview

The West of England contributes £33 billion/year to the national economy and counts on a variety of domestic and foreign investment, trade, tourism and students.



GDP

Between 2014 and 2018, the **regional GDP grew 8.25%**. Per capita GDP for Bristol was £34,418 and £33,273 for B&NES, North Somerset and South Gloucester.



FDI

Since **2009**, there have been **147** recorded FDI projects in the Bristol and Bath cities, with more projects also landing in the South Gloucestershire and North East Somerset regions.



Tourism

Over £540 million was spent by nearly 1.5 million visitors in 2018, with the number of visitors from the US market increasing by 15% from the previous year.



Jobs

Between 2009 and 2019, over 7,500 jobs have been created in Bristol and Bath from FDI, with further such jobs created in the surrounding areas of South Gloucestershire and North East Somerset.



Higher Education

Four internationally renowned universities attracting students from all over the world, with over **16,000** Non-UK students in 2018/19.

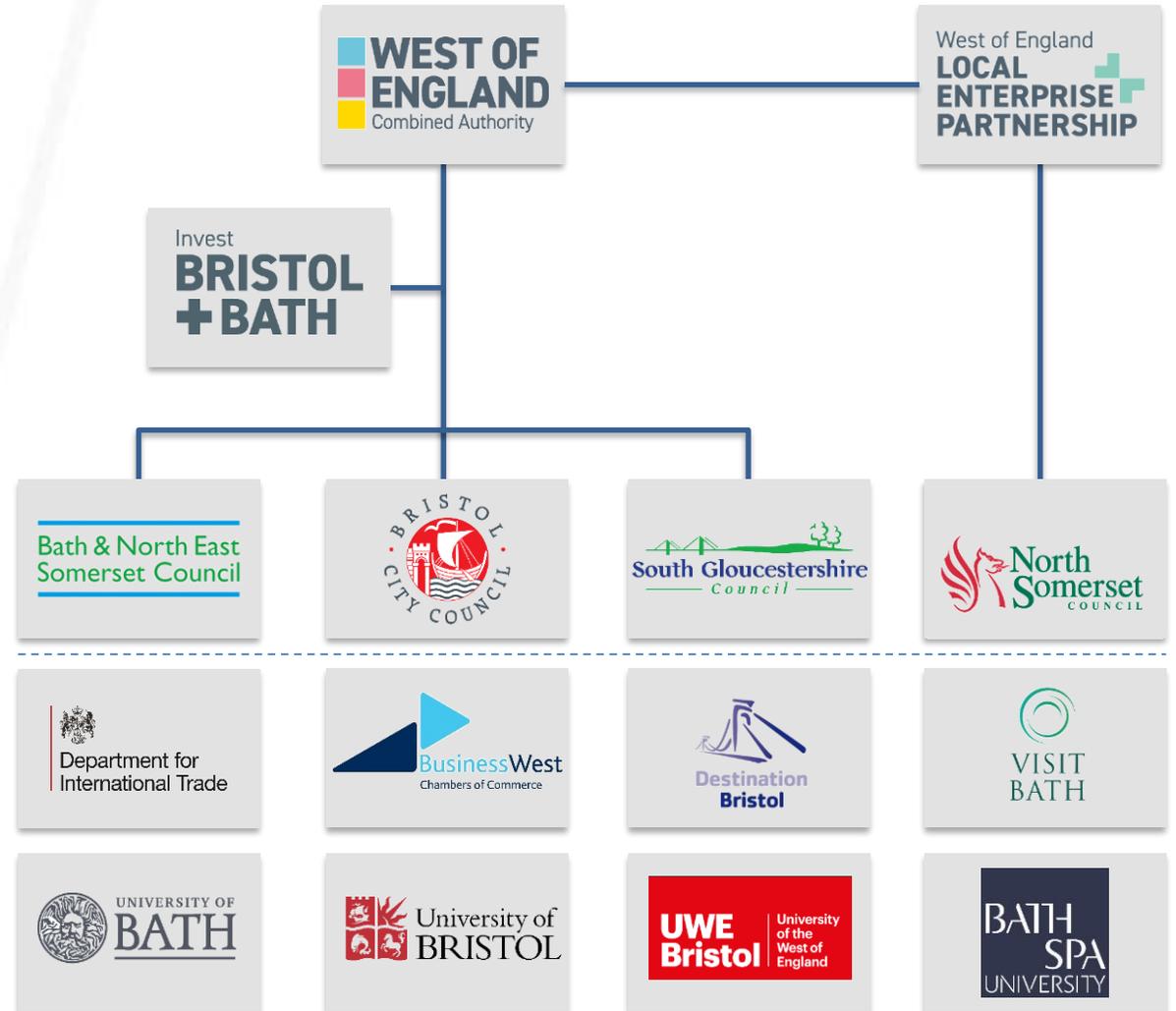
Who are WECA's primary internationally-focused stakeholders?

West of England Local Enterprise Partnership

- Bath & North East Somerset
- Bristol
- South Gloucestershire
- North Somerset

West of England Combined Authority

- Bath & North East Somerset
- Bristol
- South Gloucestershire



WECA's Organisation & Resources

The West of England Combined Authority (WECA) is made up of three of the councils in the region – Bath & North East Somerset, Bristol and South Gloucestershire, and these areas are where its remit lies. However, it also supports the West of England LEP Board and the West of England Joint Committee, which includes North Somerset Council. As stated on the WECA website, WECA and the Joint Committee make separate decisions on matters falling within their respective remits but will also be able to consider some jointly where this is appropriate.

Key Capabilities

The WECA is responsible for in excess of **£500M** of agreed funding in it's initial five years and this continues to increase as new and additional funding streams are directed to combined authorities.

This funding goes towards various services in the region such as **infrastructure, transport services and business & skills**, among others.

Sector Capabilities

WECA also has a range of capabilities across sectors to provide support to the region, including:

- **Growth Hub** – The region's free business support service **Future Bright** – offers free career, coaching, training and support **West of England Green Business Grants** – offers the chance for small and medium sized companies in the region to improve their energy efficiency
- **Creative Scale-Up** – a £1.3 million government programme which aims to support businesses in the creative industries to pitch for small grants for specific purposes.

Funds

The region also has various funding programmes to drive economic success, including:

- **The Economic Development Fund** – due to run for 25 years from 2014, supporting capital infrastructure to unlock job creation in the enterprise zone & other areas
- **The Local Growth Fund** – together with local partners and the private sector will create over 9,000 jobs for the region from capital investment projects.
- **Revolving Infrastructure Fund** – to drive economic growth and is used to front end the infrastructure required to enable development.
- **Mayor's Investment Fund** – £1.25bn package for innovation, including the Future Fund loan scheme

West of England – Common themes, sectors and markets from Strategic Documentation across major stakeholders

Priority Sectors



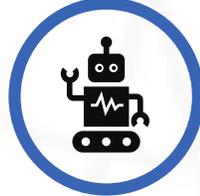
Aerospace & Advanced Engineering



Creative & Digital Industries



Energy / Low Carbon



High Tech



Financial and Professional Services

Priority Markets



United States of America



Germany



France



Spain



Netherlands

Priority Themes



Clean Growth



Infrastructure



Connectivity



Visitor Economy & Tourism

These link closely to the UK's Grand Challenges

The West of England region will use its strengths in innovation to help address some of the UK's Grand Challenges, alongside its own regional priorities:



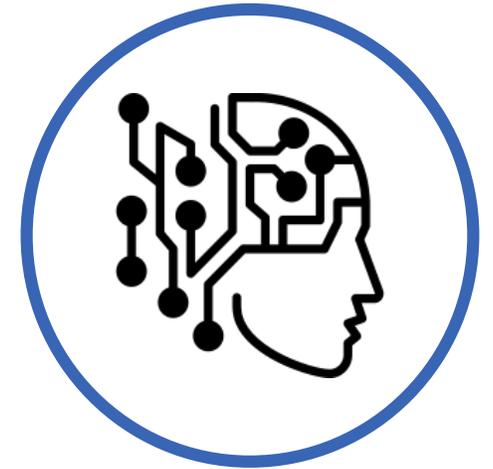
Ageing Society



**The Future of
Mobility**

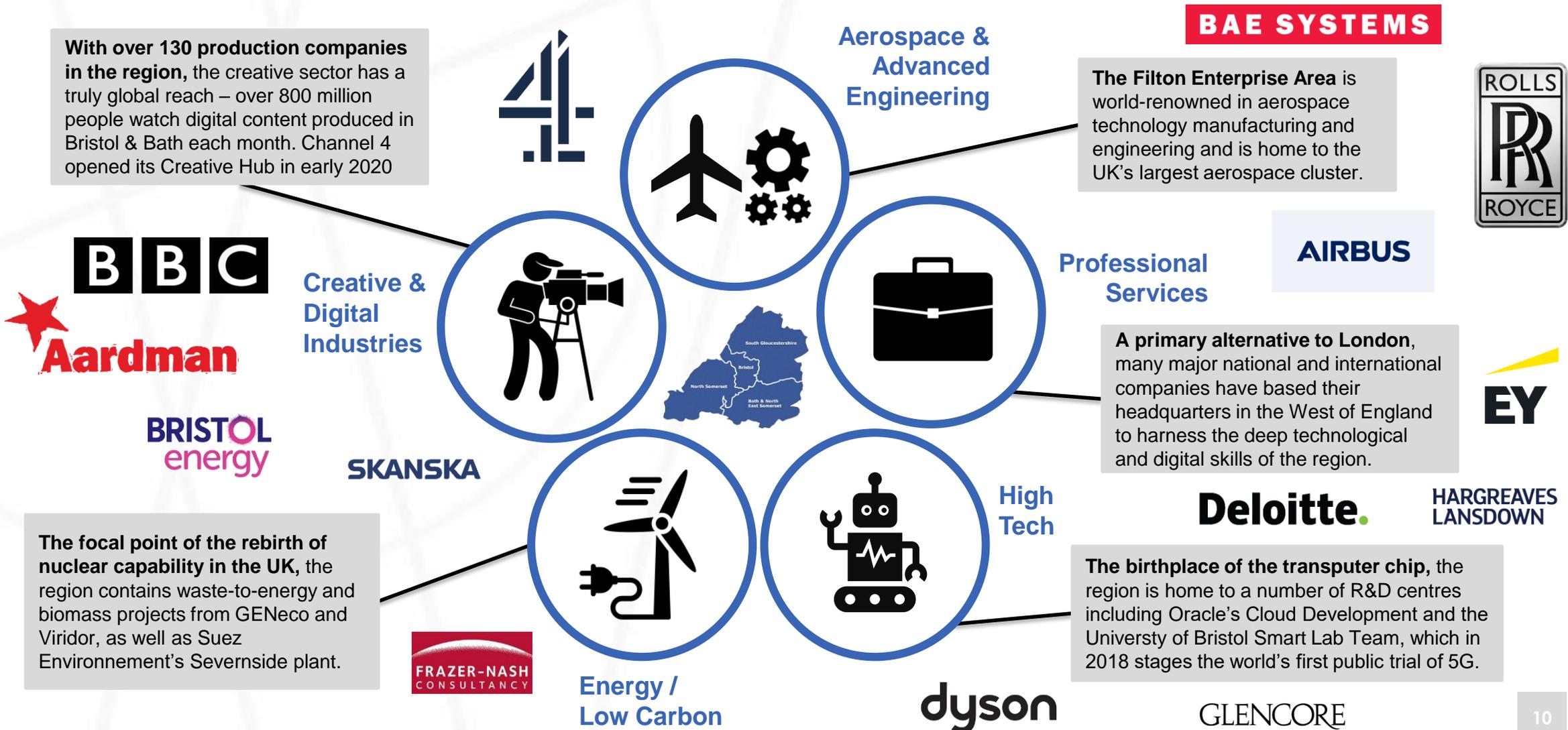


Clean Growth



**Artificial Intelligence
& Data**

The West of England's priority sectors are world-leading and should be at the forefront of the region's international approach

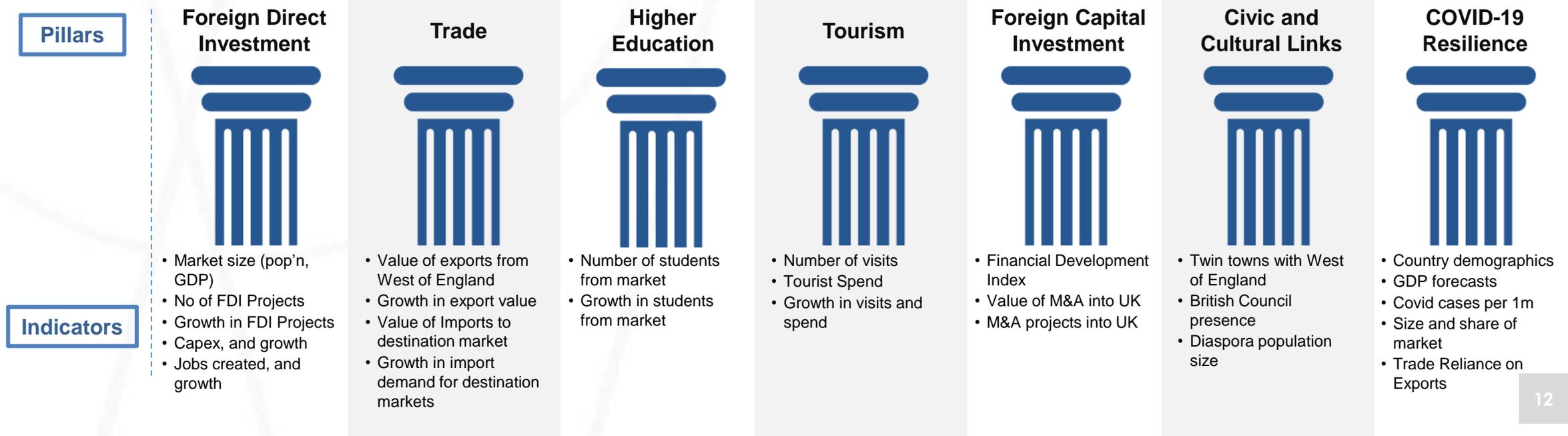


2 Supply & Demand Side Analysis

Supply & Demand Side Analysis - Methodology Overview

In this section, we conducted a deep data review across the West of England's priority themes and sectors in order to identify which markets the region should target as part of its internationalisation strategy.

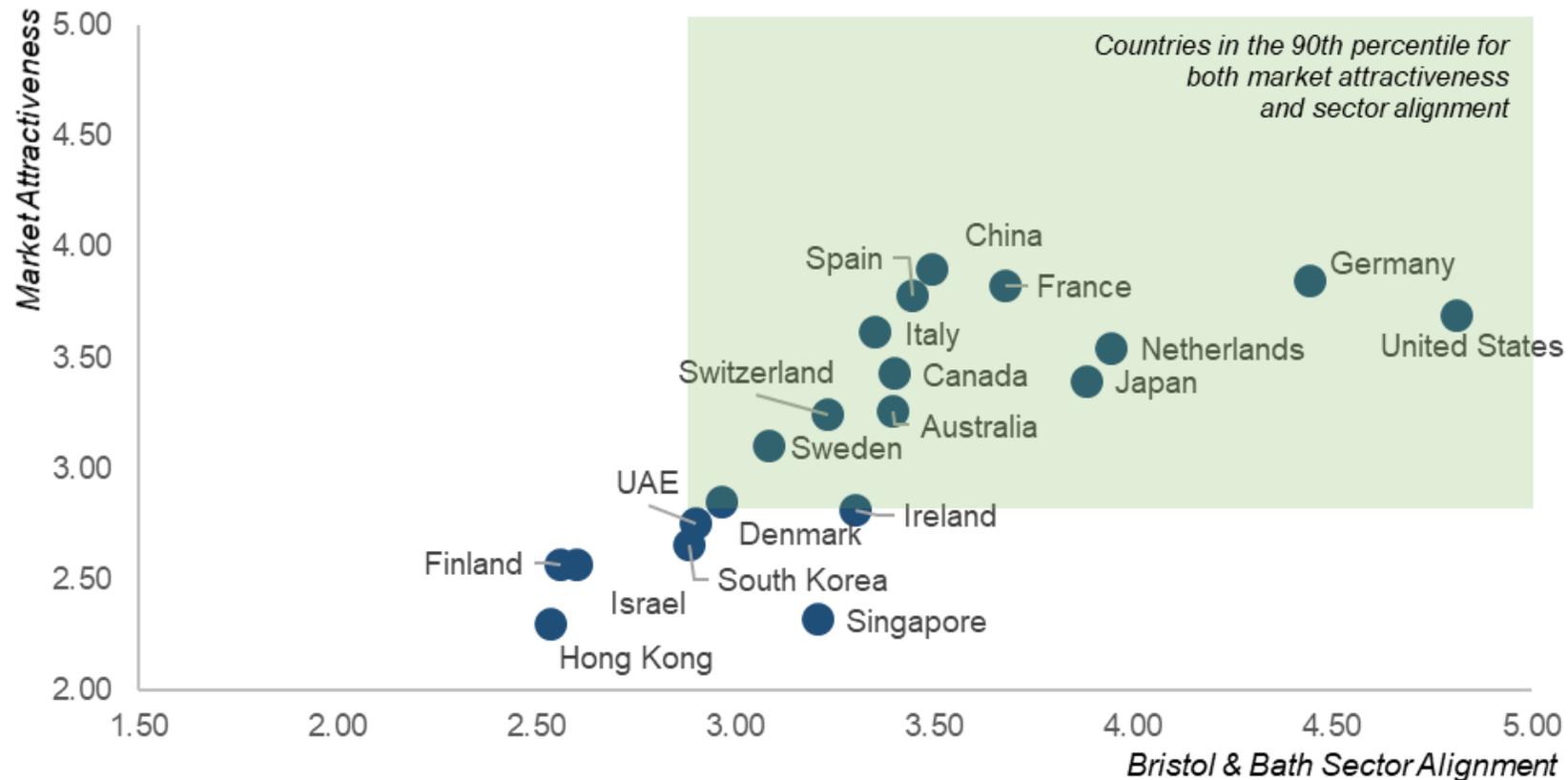
We developed a model that collated data on 7 key pillars for international markets (including a forecast for the resilience of the market to the impact of the Covid-19 pandemic). Data was gathered for the indicators under each pillar for 157 countries, and then each country was scored on a scale of 1 to 5 on the attractiveness of the market for each pillar, and overall.



Supply & Demand Side Analysis – Overall Results

The 20 countries which scored highest for overall market attractiveness and sector alignment with the West of England are primarily **European** countries; with the **USA, China, Canada and Australia** also making strong appearances.

Overall Market Attractiveness versus Alignment with Bristol & Bath Key Sectors (Top 20 countries)

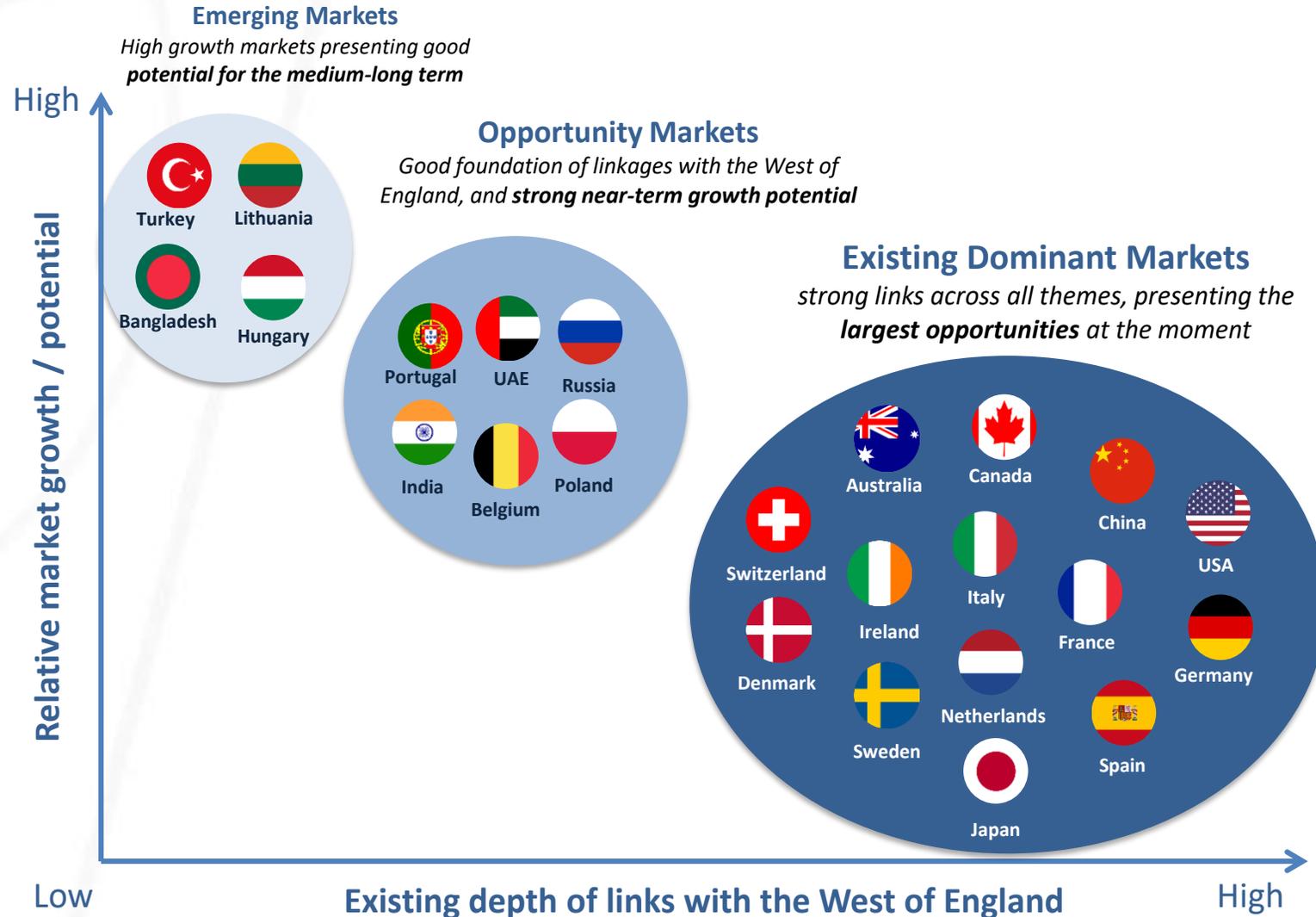


Top Markets are mainly in Europe and North America, but there is lots of growth potential in Asia Pacific

The West of England should continue to target the existing dominant markets such as Germany and the United States

However, we noted that good opportunities exist in markets such as India, the UAE and Poland that are worth exploring.

An eye should also be kept on emerging markets such as Turkey, Bangladesh and Hungary.



*Full list and scoring details can be found in the Market Prioritisation Report

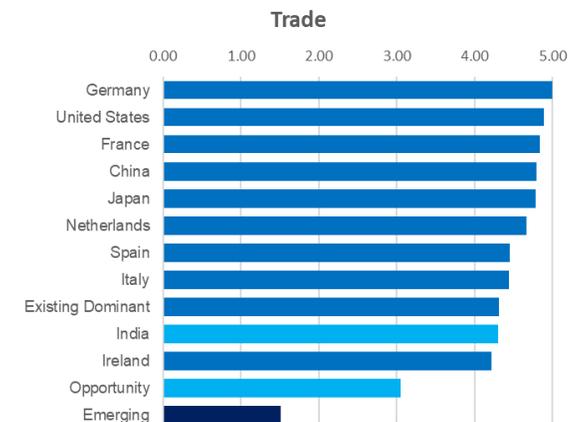
Markets were scored according to the 7 themes, with Germany, China and the US coming out top overall

Market Attractiveness Analysis by Theme – Top 20 Markets

		Market Attractiveness						
		Foreign Direct Investment	Trade	Higher Education	Tourism	Foreign Capital Investment	Civic and Cultural Links	COVID-19 Resilience
Rank	Top Markets							
1	Germany	4.4	5.0	3.3	3.6	4.8	4.8	1.0
2	China	3.5	4.8	3.7	4.0	3.8	3.5	4.0
3	United States	4.8	4.9	2.8	4.1	5.0	2.3	2.0
4	France	3.7	4.8	4.1	3.3	4.8	5.0	1.0
5	Spain	3.4	4.4	4.9	4.1	4.6	3.0	2.0
6	India	2.5	4.3	5.0	3.9	3.8	3.0	4.0
7	Netherlands	3.9	4.7	2.2	3.6	4.8	3.5	2.0
8	Italy	3.4	4.4	4.2	4.1	4.2	3.0	2.0
9	Japan	3.9	4.8	2.4	2.7	5.0	3.0	2.0
10	Canada	3.4	4.2	2.2	4.7	5.0	2.5	2.0
11	Australia	3.4	3.4	1.8	3.5	5.0	2.8	3.0
12	Switzerland	3.2	4.0	3.5	2.9	5.0	2.0	2.0
13	Sweden	3.1	3.7	2.4	3.5	4.4	2.5	2.0
14	Belgium	2.4	4.0	3.3	3.6	4.2	2.0	1.0
15	Ireland	3.3	4.2	2.3	3.2	1.6	3.0	2.0
16	Denmark	3.0	3.2	2.0	3.0	3.8	2.0	3.0
17	UAE	2.9	2.4	1.4	4.1	3.6	2.0	3.0
18	Poland	1.8	3.8	2.7	4.2	1.6	3.0	3.0
19	Portugal	2.4	2.3	3.0	3.5	2.6	3.8	2.0
20	Russia	2.5	3.0	3.5	2.6	3.2	2.3	2.0



The US came top for FDI, but Germany scored highest for Trade



Opportunities were also scored by sector, with strong opportunities in Energy and High Tech across the markets

Market Attractiveness Analysis by Sector
– Top 20 Markets

Top sector opportunities in the US were for Creative, Business Services and Aerospace, and Energy in Germany and Japan

Rank	Top Markets	Sectors				
		Aerospace & Defence	Energy	High Tech	Creative Industries and Digital	Financial, Business and Legal 'Tech' Services
1	Germany	4.4	5.0	4.7	3.9	4.3
2	China	2.8	4.3	4.9	3.0	2.4
3	United States	5.0	4.4	4.7	5.0	5.0
4	France	2.7	4.8	4.4	2.7	3.7
5	Spain	2.5	4.8	4.2	3.1	2.7
6	India	1.7	3.2	3.5	2.1	2.2
7	Netherlands	4.2	4.4	4.2	2.6	4.3
8	Italy	2.7	4.6	3.9	2.1	3.5
9	Japan	2.7	5.0	5.0	4.2	2.5
10	Canada	3.1	4.7	3.8	2.9	2.5
11	Australia	2.3	3.2	4.3	2.8	4.3
12	Switzerland	2.9	3.9	4.5	2.1	2.8
13	Sweden	2.5	3.5	4.5	2.8	2.1
14	Belgium	2.3	2.8	3.0	2.4	1.6
15	Ireland	2.7	4.4	4.3	2.8	2.3
16	Denmark	2.2	4.6	3.6	2.3	2.2
17	UAE	2.0	3.9	3.9	2.4	2.2
18	Poland	1.1	1.7	2.3	1.9	2.0
19	Portugal	1.3	4.2	2.8	1.8	1.7
20	Russia	2.8	3.1	2.2	1.8	2.3

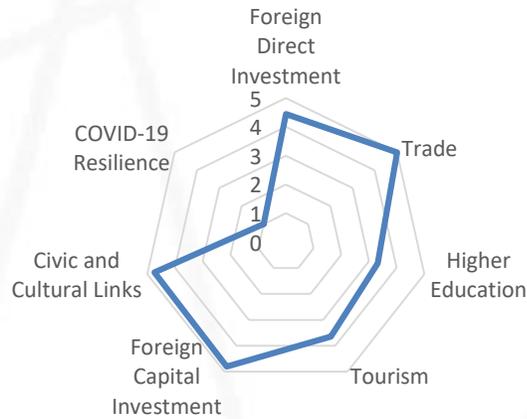


The Top 3 Markets varied in their scores by theme / sector

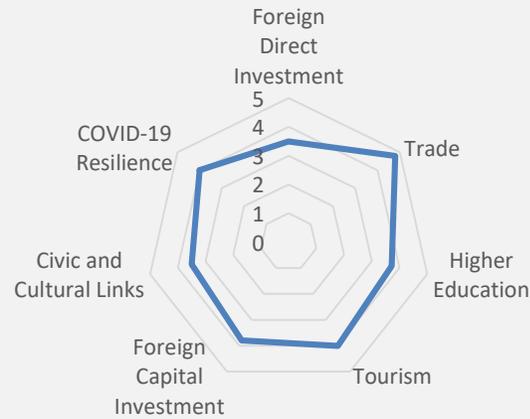
US and Germany stronger for FDI; China strong for Trade

By Theme

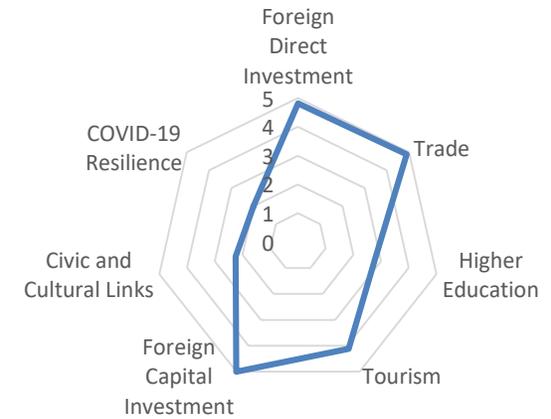
Germany



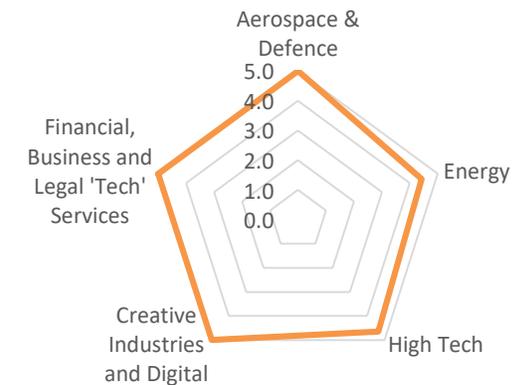
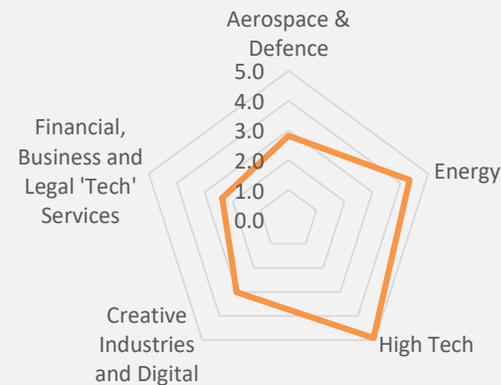
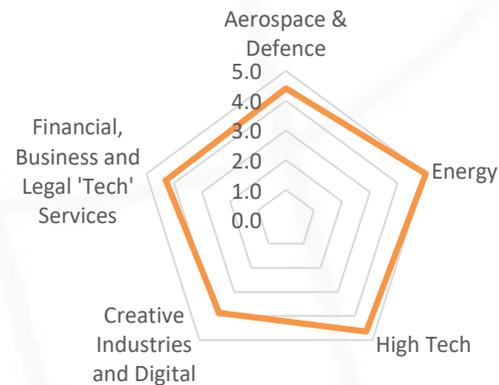
China



USA

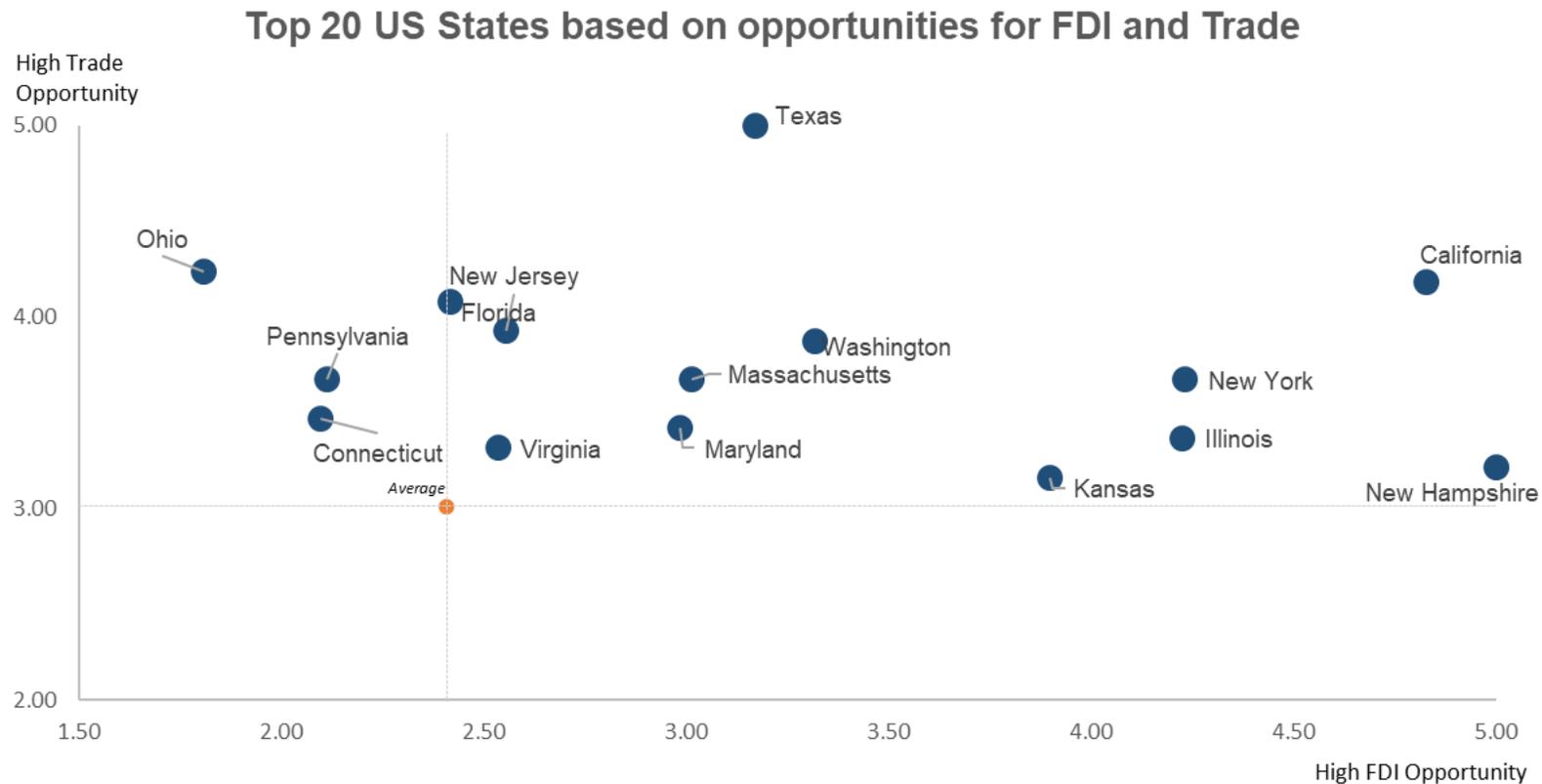


By Sector



In large markets like the US, trade and FDI opportunities vary by state: California better for FDI; Texas for Trade

USA – Deep Dive by State



3 Benchmarking Competitor Agencies

FDI in the West of England – Overview of Trends

Number of FDI projects and jobs created in Bristol & Bath between 2009 and 2019*

Overview (2009-2019)*



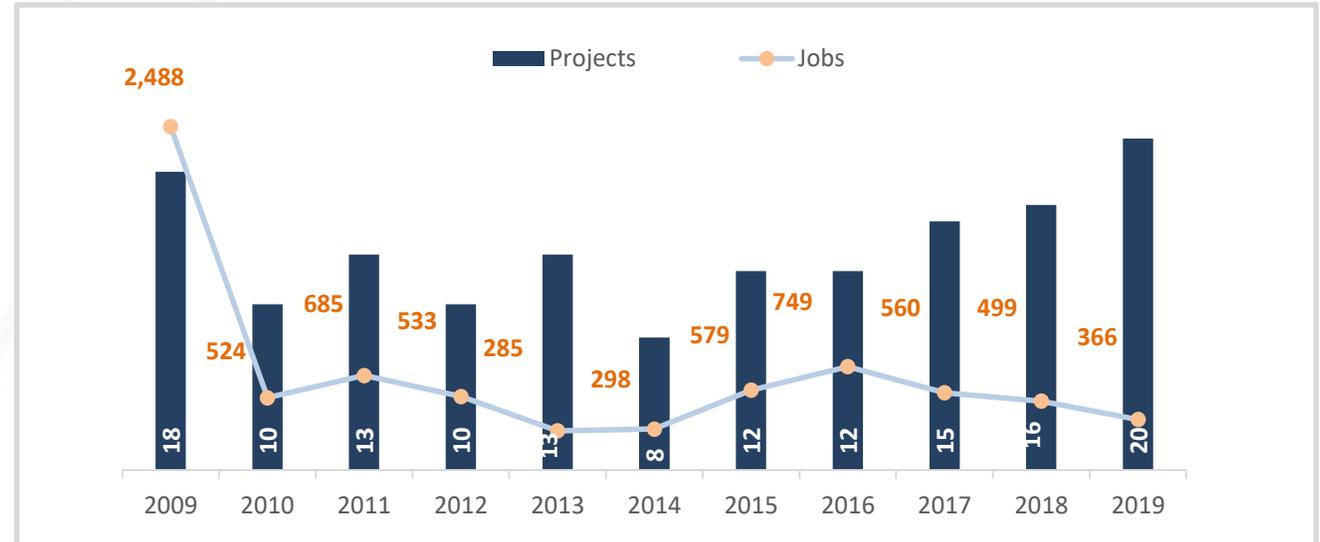
£2,837.0m
Foreign Direct Investment



147
Inward FDI projects



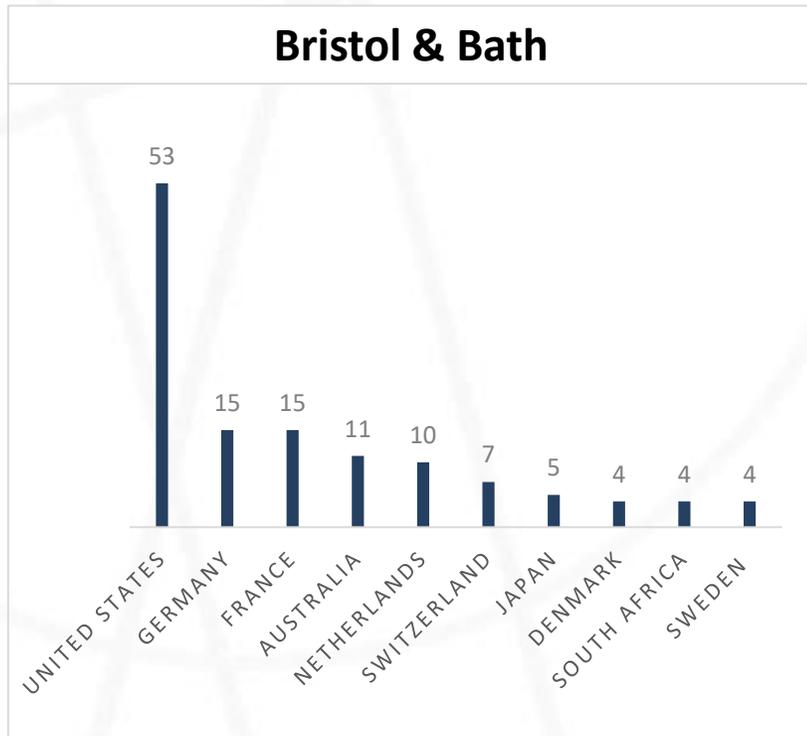
7,566
Jobs created by FDI projects



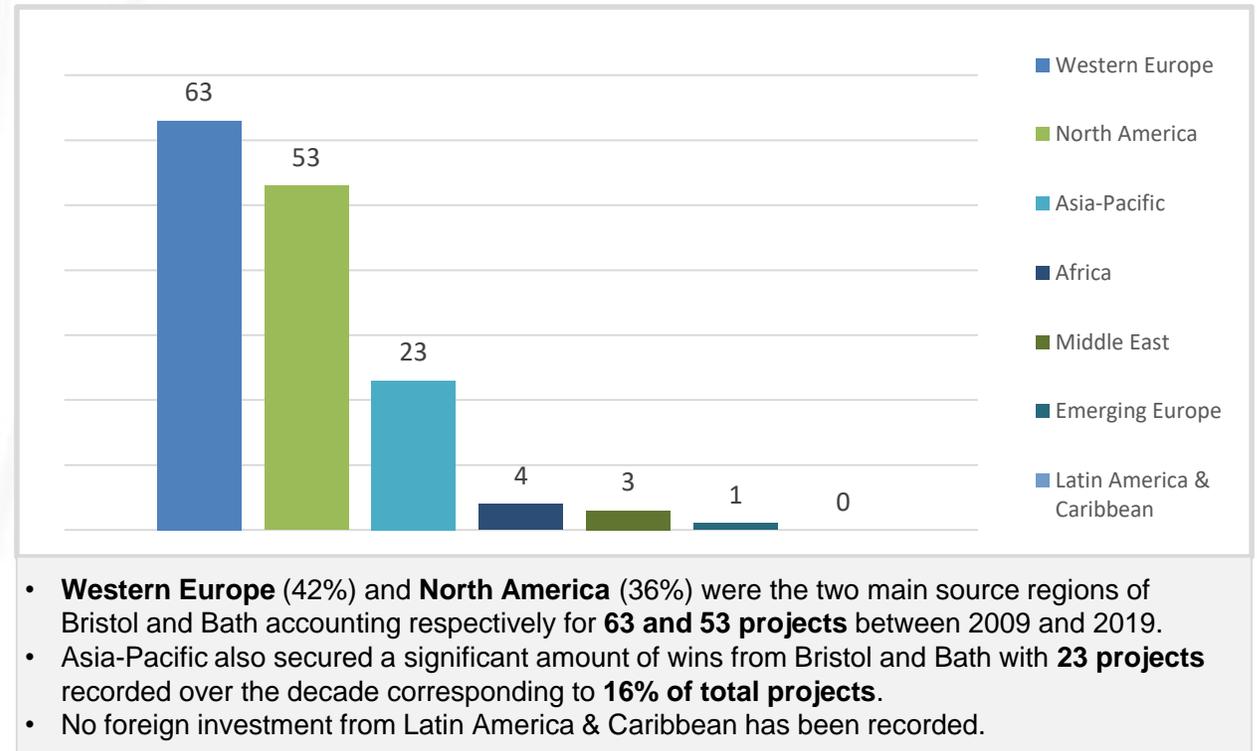
- Between 2009 and 2019 a total of **147 FDI projects** were recorded in Bristol and Bath. During the period, a total of **7,566 jobs** were reported as created by these FDI projects.
- Some 20 projects, or **13.6% of projects**, were recorded in 2019. This was the year in which the highest numbers of projects were recorded. During this period a total of **366 jobs** were also created by these FDI projects, equating to a **4.8% total jobs**.
- The largest number of projects was announced in 2019, with **20 projects** that year. Average project size peaked in 2009 for jobs created with **138 jobs per project** on average.

Current Dominant Source Markets for FDI are from Western Europe and North America

Top 10 source countries across the four Combined Authorities between 2009 and 2019*



Source markets of FDI projects in Bristol & Bath between 2009 and 2019*



*data sourced from FDI Markets. Please note, these figures are not comprehensive, but are valid for the purposes of comparison between regions and benchmarking

West of England was benchmarked against 3 UK regions, chosen based on similarity of size, setup and focus areas



Three regions in the UK were chosen for benchmarking:
 Liverpool – similar size and focus to WECA
 Greater Manchester and the West Midlands – similar focus to WECA, though larger (seen as ‘ambition’)



Liverpool

Greater Manchester

West Midlands



West Midlands Combined Authority



Business Birmingham
West Midlands Growth Company



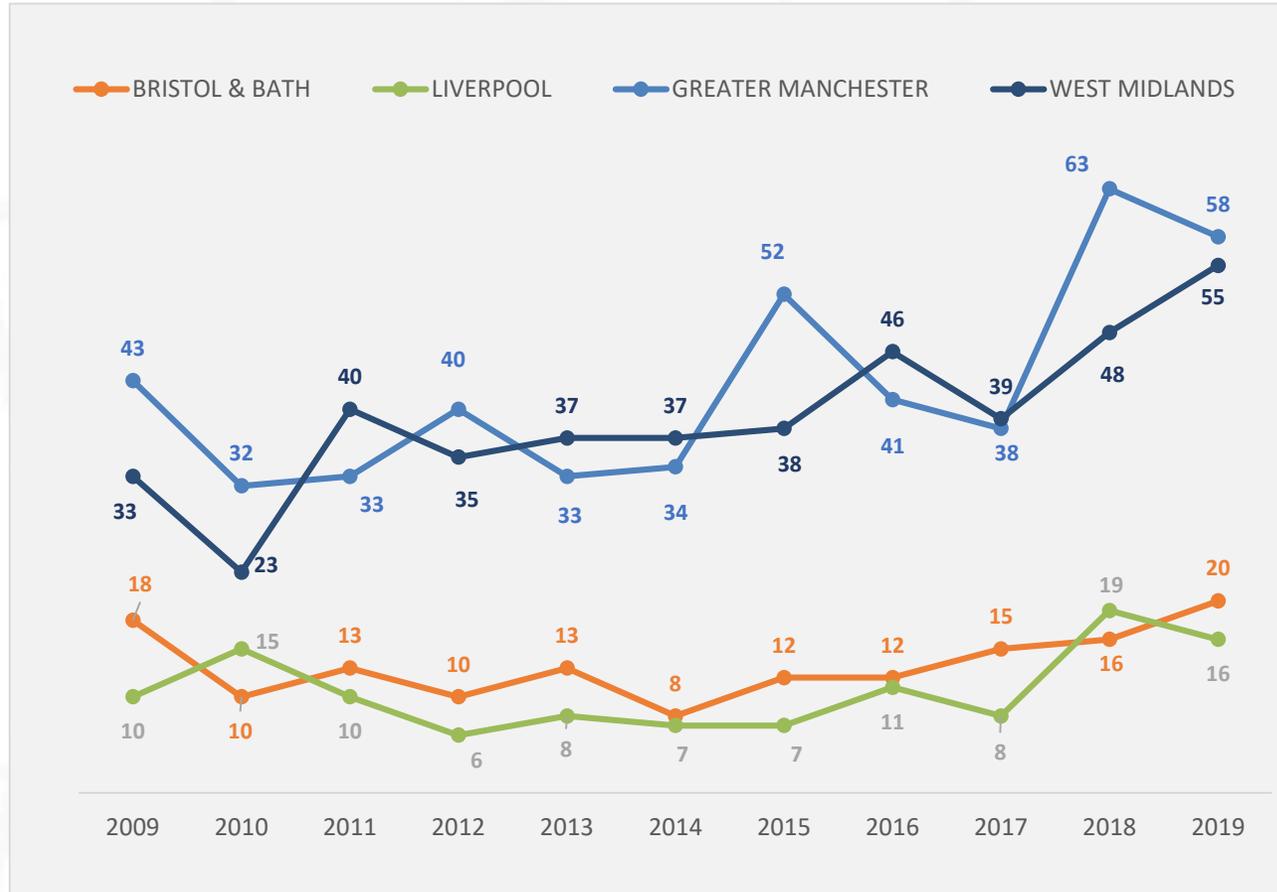
Strategic Partnerships with China

Strategic Partnerships with China and India

Strategic Partnerships with China and India



WoE has shown consistent growth in FDI Projects, though still smaller than Manchester and West Midlands

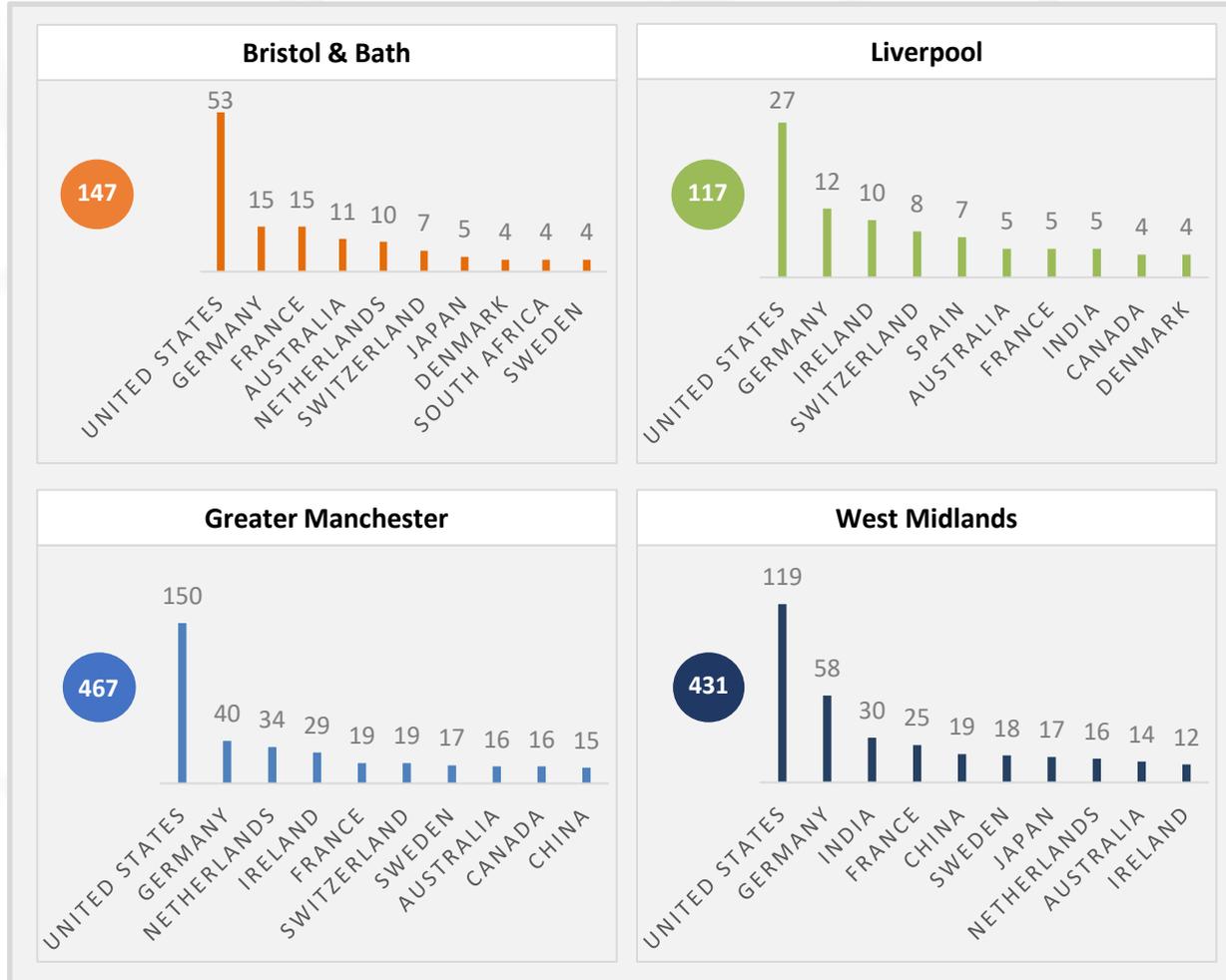


Number of FDI projects across the four Combined Authorities between 2009 and 2019*

- 467** in Greater Manchester
- 431** in West Midlands
- 147** in Bristol & Bath
- 117** In Liverpool

*data sourced from FDI Markets. Please note, these figures are not comprehensive, but are valid for the purposes of comparison between regions and benchmarking

Source Markets for FDI in four regions are dominated by the US and Europe



West Midlands
Combined Authority

**Top 10 source countries
across the four Combined
Authorities between 2009
and 2019**



*data sourced from FDI Markets. Please note, these figures are not comprehensive, but are valid for the purposes of comparison between regions and benchmarking

4

Stakeholder Consultations



Stakeholder Interviews – Who we spoke to

A range of interviews were conducted with the various stakeholders in the region, in order to get a deeper view of the region and its international efforts. Stakeholders were asked about how their organisation works across the 6 aforementioned themes, and what the region could/should be doing to capitalise on overseas opportunities.

The following organisations were interviewed as part of the process:



Bath & North East
Somerset Council



Department for
International Trade



Invest
BRISTOL
+ BATH

Note: As part of the planned extension work on the Western Gateway, we will also be conducting engagement with universities and businesses in the region

Stakeholder Consultations – Key Takeaways

China and India



In addition to the markets that the region already has strong links with such as the U.S. or Germany, the majority of stakeholders suggested **China and India** as markets that the region should be turning its international efforts towards, especially considering the links that exist between Bristol and China.

Other markets suggested by stakeholders include **Japan, Brazil, Malaysia, Australia, New Zealand, North Africa and the Middle East.**

Digital and High Tech

The priority sectors of the region are consistent across the various areas of the West of England, and various stakeholders suggested **capitalising on the region's digital and high-tech capabilities** in order to combat the effects of the COVID-19 pandemic, while also focusing on job retention and account management for companies in the less resilient sectors such as aerospace.

Furthermore, other sectors outside of the region's priorities have shown signs of growth in recent times, with sectors emerging in the region such as **Food & Drink, Life Sciences** and **other digital subsectors** such as **data analytics, cybersecurity** and **fintech contributing to the region's pandemic recovery**



FDI focus; Trade and FPI growing

Foreign Direct Investment is highlighted as the priority among the themes/pillars focused on in this report, primarily due to employment it can create for the area and the quantifiable nature of FDI projects.

However, across the economic development organisations of the area, **an appetite for other methods of international success such as trade and capital investment (FPI) is growing.** With the new market recommendations given by this report, the West of England should pursue more than just FDI, but trade, capital investment, tourists and students into the region,



Challenge of Regional Cohesion & Skills

Various challenges were mentioned by stakeholders when it comes to the region's international strategy, with common difficulties including the **lack of a specific sales message for the region** and the **lack of talent/skills to match the opportunities** the region has going for it. Making sure that there is a clear, differentiated offer for the West of England is of utmost importance to ensure that more international trade, investment, tourism and talent enters the region.

With this report providing data-backed recommendations for target markets to pursue in terms of the six aforementioned pillars, the objective of capitalising on the numerous overseas opportunities should become more focused and thus, more successful.



5 Insights and Recommendations

Market Prioritisation for FDI – USA, Germany, Netherlands & Japan are top markets for FDI

The **USA** tops the list for Priority Countries for FDI across the four analyses done, and is strong in all sectors.

Germany, the **Netherlands** and **France** are the top European markets to look at for FDI

Japan is the strongest market for FDI in Asia, followed by **China**



Country	Current Strategic Priority based on Strategic Review	FDI Attractiveness Rank (Supply/Demand Analysis)	Key Source Market for Benchmarked Competitor Institutions	Highlighted by stakeholders as priority market	Sector Alignment							
					Aerospace	Energy	High Tech	Creative & Digital	Professional Services	Life Sciences	Food and Drink	
United States	✓	1	✓	✓	●	◐	●	●	●	●	●	●
Germany	✓	2	✓	✓	●	●	●	●	●	●	●	●
Netherlands	✓	3	✓	✓	●	◐	◐	◐	●	◐	◐	●
Japan	✓	4	✓	✓	◐	●	●	●	◐	●	●	●
France	✓	5	✓	✓	●	●	●	◐	●	●	●	●
China	✓	6	✓	✓	●	◐	●	●	◐	●	●	◐
Spain		7	✓	✓	◐	●	◐	●	◐	◐	◐	◐
Canada		8	✓		●	●	◐	●	◐	●	●	◐
Australia		9	✓	✓	◐	○	◐	●	●	●	●	○
Italy		10			◐	●	◐	○	●	◐	◐	◐
Ireland	✓	11	✓	✓	◐	◐	◐	●	◐	●	●	●
Switzerland		12	✓		●	◐	●	○	◐	●	●	●
Singapore	✓	13			○	○	◐	◐	●	○	○	○
Sweden		14	✓		◐	○	●	◐	○	◐	◐	◐
Denmark		15	✓		○	●	○	◐	○	◐	●	●

Key to Sectors	
●	Country Ranked Top 10 for FDI in Sector
◐	Country Ranked Top 11-20 for FDI in Sector
○	Country Ranked Top 21-30 for FDI in Sector
	Country Ranked Lower than 30 for FDI in Sector

Market Prioritisation for Trade – Germany, USA, France and China are key markets for exports

Germany tops the list for Priority markets for Exports across the four analyses done – with opportunities in all sectors. **France** and the **Netherlands** are the next highest European markets to look at for FDI

The **USA** is the second highest priority market

China is higher up the priority list as a potential destination for exports than FDI



Country	Current Strategic Priority based on Strategic Review	Exports Attractiveness Rank (Supply/ Demand Analysis)	Key Source Market for Benchmarked Competitor Institutions	Highlighted by stakeholders as priority market	Sector Alignment						
					Aerospace	Energy	High Tech	Creative & Digital	Professional Services	Life Sciences	Food and Drink
Germany	✓	1	✓	✓	●	●	●	●	●	●	●
United States	✓	2	✓	✓	●	◐	●	●	●	●	●
France	✓	3	✓	✓	●	●	●	◐	●	●	●
China	✓	4	✓	✓	●	◐	●	●	◐	●	◐
Japan	✓	5	✓	✓	◐	●	●	●	◐	●	◐
Netherlands	✓	6	✓	✓	●	◐	◐	◐	●	●	●
Spain		7	✓	✓	◐	●	◐	●	◐	◐	●
Italy		8			◐	●	◐	○	●	◐	◐
India		9	✓	✓			○	○	○	◐	○
Ireland	✓	10	✓	✓	◐	◐	◐	●	◐	●	●
Canada		11	✓		●	●	◐	●	◐	◐	◐
Switzerland		12	✓		●	◐	●	○	◐	◐	
Singapore	✓	13			○	○	◐	◐	●	◐	●
Belgium		14		✓	◐		○	◐		●	●
South Korea	✓	15			○	◐	●	○	○		

Key to Sectors	
●	Country Ranked Top 10 for Trade in Sector
◐	Country Ranked Top 11-20 for Trade in Sector
○	Country Ranked Top 21-30 for Trade in Sector
	Country Ranked Lower than 30 for Trade in Sector

Market Prioritisation for Capital Investment – USA, Japan and Canada are key markets

The USA tops the list for Priority markets for Capital Investment opportunity, closely followed by **Japan**. **Canada** and **Australia** complete the top 4, suggesting non-European markets present a fertile hunting ground for capital.

The remainder of the top 10 are all European markets, led by **Switzerland**, **Germany** and **France**.



Country	Current Strategic Priority based on Strategic Review	Capital Investment Attractiveness Rank (Supply/Demand Analysis)	Key Source Market for Benchmarked Competitor Institutions	Highlighted by stakeholders as market of interest
United States	✓	1	✓	✓
Japan	✓	2	✓	✓
Canada		3	✓	
Australia		4	✓	✓
Switzerland		5	✓	
Germany	✓	6	✓	✓
France	✓	7	✓	✓
Netherlands	✓	8	✓	✓
Spain		9	✓	✓
Sweden		10	✓	
Italy		11		
Belgium		12		✓
China	✓	13	✓	✓
India		14	✓	✓
Denmark		15	✓	

Political Considerations for Market Prioritisation

Markets such as **China, the US and the European Union** feature high up on the prioritisation list - presenting the largest **economic opportunities** for FDI and Trade for the West of England.

However, our analysis does not take into account **Political and Social factors** which are harder to quantify and less tangible.

The UK's **political relationships** with most of the markets which feature on the shortlist is constantly in flux, and is likely to change in the short, medium and long term. In particular, the presence and nature of any future **free trade agreements** will have a strong effect on the attractiveness of markets, as well as the sectors/subsectors to prioritise.

For example:

- China is a massive trading partner with the UK, but recent events relating to Hong Kong and with the Uighur ethnic group have raised long standing concerns relating to human rights, which have strained the bilateral political relationship.
- Similarly, the United States is about to undergo elections, which could potentially mean a change in their "America First" policy to an alternative world view characterised by policy changes focused towards FDI, trade and capital markets.
- The UK and the EU are currently undergoing extensive negotiations regarding the nature of the UK's trading relationship with the EU after the end of the transition period on 31st December 2020. A number of outcomes are still on the table, from no-deal to a full UK-EU trade deal

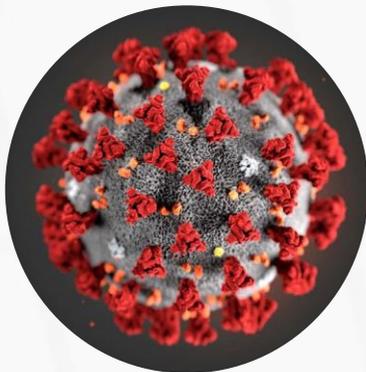


Key Challenges related to Current Events



The Brexit Challenge

- Over the period 2014-2020, the West of England has received **€70.09m** in funding from the EU Structural Funds, which includes the **European Regional Development Fund**, the **European Social Fund** and the **European Agricultural Fund for Rural Development**.
- Moreover, WECA's **Green Business Grants**, **Workforce for the Future** and **Local Energy** programmes are just some of those that have benefitted from EU funding in recent history.
- The institution is clearly essential for a wide range of stakeholders in the West of England region and with the UK now officially leaving the EU within the next 12 months, alternatives are going to be needed to replace funding or support that the EU is currently providing the region.



The Covid-19 Challenge

- In terms of FDI, the industries that are likely to be **hit the hardest** include 'the **energy** and **basic materials industries** (-208% for energy, with the additional shock caused by the drop in oil prices), airlines (-116%), and the automotive industry (-47%) – key sectors for the West of England region.
- Trade is also suffering significant declines due to the ongoing pandemic. **China** has a **key** role as a manufacturer and exporter of intermediate products, particularly in the **machinery** and **automotive** industries, and interruptions in supply are likely to impact these sectors which are crucial to the West of England economy.

Recommendations related to Current Events and Politics

In order to mitigate the circumstances surrounding current events impacting UK and West of England businesses such as Brexit and the COVID-19 pandemic, it is important for the region to be adequately prepared to face the challenges and aware of the efforts needed to retain foreign investment projects in the region. The region should:

- Keep abreast of the latest developments with each of these factors and gain clarity on the implications of each on FDI, Trade and other international engagement – incorporating these into a **clear strategy for resilience and growth** and a set of actions to maintain / facilitate a return to normality, and support key stakeholders at critical junctures. This should include management of short-term risks and challenges, as well as planning for growth in the medium and long term.
- Explore new methods of FDI attraction **using technology to access global resources** – Changing work patterns, such as the move to remote working and virtual conferencing present an opportunity to access a globalised market for resources and FDI and trade opportunities
- Concerns about restarting and continuing global supply chains impact demand planning. As a result, WECA and its partner institutions should be conducting **scenario planning** to prepare for a variety of circumstances – political, economic, social and natural. Using market insights and external databases can support this preparatory planning.
- Creative, Aerospace and Advanced Manufacturing are some of the West of England’s key sectors, and certain subsectors within these are likely to be some of the hardest hit by Covid-19, meaning that investment and trade in the region may become a lot harder to attract for these sectors. It is therefore recommended that in these sectors, WECA should consider focusing their **short term efforts towards job retention and account management** of businesses currently in the region, rather than seeking to attract new businesses and projects. **FDI attraction and Trade activities should be focused towards subsectors which are more resilient** or are bucking the trend and growing, such as by using innovation or technological solutions.

COVID-19 Resilient Subsectors

The following subsectors were identified by OCO (for the Department for International Trade) as ones that are bucking the trend and represent growth opportunities amidst the COVID-19 crisis:

The West of England region is strong in a number of these subsectors, as many of them are in the priority sectors of **Creative Industries, Digital and High Tech**, so WECA should look to build on opportunities in these areas as we emerge from the crisis.



Cooperation via the Western Gateway

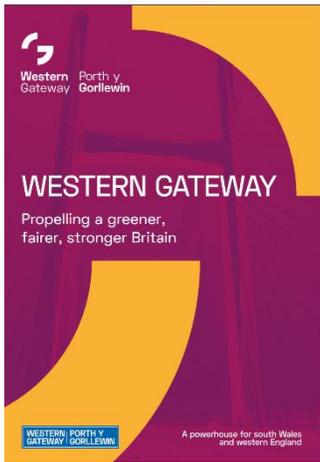
In light of the opportunities and challenges above, for the West of England to continue to be prosperous, it is critical that the region is able to present a **coherent sales message** to prospective investors and customers in international markets, which clearly differentiates the region from its competition elsewhere in the UK and in Western Europe. This is something that a number of stakeholders we interviewed mentioned was not wholly clear, and something that is very important in presenting a strong offering to international investors. Another key takeaway from the interviews was the **skills shortages** in the region, which hold back expansion and investment.

The new **Western Gateway**, which released its official prospectus in February 2020, is an opportunity for the West of England to address both of these challenges by combining its resources with the surrounding cities and counties, including in Wiltshire, Gloucestershire and South Wales.

Having a **unified vision and offering** for the wider region would potentially present a **stronger, more coherent message** to prospective investors, and would allow businesses to more easily draw upon skilled labour in nearby areas (such as across the Severn bridge) to address local gaps or shortages.

While there are significant opportunities presented by cooperation with the wider region, such as the **amplification of resources and additionality** to existing projects and local strategies, there are also potentially **challenges with internal competition**, as a number of the other LEPs have similar strategic priorities to the West of England (such as Energy and Digital in Wiltshire, and Advanced Manufacturing in Gloucestershire, and Creative in Cardiff).

It is therefore important that WECA ensure that, as they help to develop and shape the strategy for the Western Gateway over the coming months and years, it is **aligned with their local strategic priorities**, and that any potential **conflicts of interest are minimised**.



Regional FDI and Trade Coordination

We noted in our engagement that there currently is no **Regional Steering Group for the West of England** to set the strategy and priorities for FDI and Trade.

While sub-regional groups do exist, such as the Bristol City Council International Group, these are typically only focused on their local area, and their remit does not usually seem to cover FDI and Trade.

A new steering group could be focused primarily on the West of England, bringing together the variety of Economic Development Organisations in the region, or it could be aligned/integrated with the governance structure of the Western Gateway to enable a broader strategic view over the wider Western region.





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