

REPORT TO: JOINT COMMITTEE

DATE: 30TH NOVEMBER 2018

REPORT TITLE: INVEST IN BRISTOL AND BATH REVIEW

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1. Purpose of Report

- 1.1. To report the Expert Group's ("Group") strategic guidance and advice on the future of Invest in Bristol and Bath (IBB).
- 1.2. To adopt the Group's strategic guidance and advice and delegate to the WECA Chief Executive, in consultation with the other CEOs to prepare a business plan for new service arrangements with updated operating protocols and budget for 2019/20- 2024/25.

2. Summary

2.1. If the Group's advice is adopted, IBB team will refocus in the following way:

2.2. Continuity of:

- Proactive and responsive enquiry handling services for FDI, UK national and special projects of strategic and local importance;
- Refreshed partnership working arrangements and clarity of roles and responsibilities with the Department for International Trade (DIT) and the Unitary Authorities (UAs), especially the Economic Development Managers in the latter.

2.3. Stop mission creep into activities outside the new focus:

- Intra-regional business relocations;
- Fronting infrastructure capital pitches;
- Leading the organisation, funding and attendance at MIPIM (which may be picked up more broadly by WECA and UA partners) and;
- More appropriate deployment of brands dependent on audience.

2.4. Start an end to end FDI and UK national investment service comprising:

- *Pre-sales*: co-develop investable propositions as per the Local Industrial Strategy;
- *Sales*: promote these opportunities to investors both directly and through DIT's sector specialists and overseas network;
- *Account management*: to establish in-depth business & skills development support for FDI, UK national and fast growing businesses, in partnership with Growth Hub, DIT and UAs – to explore skills needs and engagement with left behind communities;
- *Reporting*: improve visibility and governance through quarterly reports to the Joint Committee, through Directors and then CEOs.

3. Issues for Consideration

3.1. The three main conclusions of the review are:

- i) **Value and effectiveness:** Inward investment has an important role in renewal of the region's economic base and creation of high skilled jobs. IBB, the UAs, DIT and a network of private sector ambassadors, work effectively in attracting and landing inward investment from elsewhere in the UK and overseas;
 - ii) **Triple dividend from inward investment:** IBB and the partners could create more value by adopting a new mission to realise a "triple dividend": a financial return to investors; benefits to the competitiveness of the region's industrial and services base and exports; and inclusive opportunities for jobs, skills and career progression for residents;
 - iii) **New service arrangements:** The existing partnership arrangements can be extended and made more effective by allocating resources to pre-sales, sales and after sales activities.
- 3.2. IBB was established in 2015 with a five-year grant from the Economic Development Fund (EDF) to support investment by companies in the region, i.e. companies moving into the region and creating new jobs. On 2 February 2018, the West of England Joint Committee approved a strategic review of IBB and requested the terms of reference be agreed by the LEP Chief Executive in consultation with members of the Joint Committee. Under the terms of reference (Appendix 1), an Expert Group was appointed with a remit to: review IBB's performance to date; provide direction and support in relation to mission and objectives of IBB; provide guidance advice on future IBB activities (development, delivery, implementation and governance) as appropriate and advice on the level and type of resources required, given an understanding of best practice and the purpose of IBB and together with other activities.
- 3.3. The Chief Executives added the need to: link the review to the development of the Local Industrial Strategy and how IBB's role fits with this; how IBB supports the inclusive growth agenda and whether there are other complementary intervention mechanisms; consider best practice from elsewhere and engage with the Economic Development Managers.
- 3.4. The Group at its meeting of 1st October 2018 considered briefings on background to, and governance of, IBB. In response to requests for further evidence, the Group, on 15th October, reviewed profiles of the UK Foreign Direct Investment (FDI) market (see Appendix 2); the region's role in this market and as a top six UK regional office centre; and IBB's performance in landing investment from these markets (see Appendix 3).
- 3.5. The Group also reviewed the emerging policy framework for IBB's activities most notably the Department for International Trade's (DIT) new FDI service strategy (see Appendix 4). The new focus is to identify and introduce 'qualified investors' to high value commercial investment opportunities. The strategy aligns with the UK's Industrial Strategy, which highlights the importance of innovation in renewal and growth of the economy, and the four grand challenge areas.
- 3.6. In the light of the evidence and emerging policy environment, four priorities for inward investment were identified:
- i) *New FDI projects:* New FDI projects arise mostly from DIT referrals, IBB's proactive marketing and direct enquiries. Under the proposed arrangements, IBB could take a more proactive role in generating pre-qualified leads by identifying and evaluating investable opportunities. To date, IBB has established investment priorities for the aerospace sector and secured DIT support to prepare investment cases for robotics and autonomous systems. Further opportunities will be identified in conjunction with an all partner programme of 'deep dive' sector studies for the Local Industrial Strategy. Once identified, IBB would work with DIT to match the opportunities against qualified overseas investors and reach them either directly or through DIT's sector specialists and 'post' network.

- ii) *Existing UK and FDI projects:* The Group advised that ‘keeping what we have’ as a first priority and found that existing FDI expansion projects account for around 60% of all FDI investment in the UK. Co-ordinated client account management between DIT, UAs and Growth Hub would enable the region to respond to threats to existing UK and FDI investment and opportunities for expansion projects;
- iii) *Office markets:* Over 1m sq ft of office are let in the Bristol city centre and out of town office markets per annum, key sources of demand arise from occupiers from outside the region attracted by the region’s labour markets in the professional services; creative and digital and tech. IBB has established a trusted intermediary role in this market handling confidential enquiries and supporting agents making cases to interested occupiers;
- iv) *Special projects:* Special projects are those which require rapid and significant multi agency responses to enable the region to compete effectively for landmark investments. The recent Channel 4 success was an example of a multi-agency response initiated by the City Mayor and supported by IBB’s sector specialist, UWE and local firms. Future cases could include packages to help high growth companies to adopt and practice inclusive employment practices and to promote investment in left behind places.

3.7. The outcome, in short, is that the Group reconfirmed the need for an inward investment service for the region. It advised that IBB focus on the above priorities and proposed a new mission and objectives (see Appendix 5) to realise a “triple dividend” from inward investment that: i) delivers a financial return to investors; ii) adds to the competitiveness of the region’s industrial and services bases, productivity and UK exports, and iii) provides inclusive opportunities for jobs, skills development and career progression for our residents.

3.8. The three dividends will require alignment inputs from UAs, IBB and rest of the WECA Business and Skills team, Growth Hub, wider institutions and the network of private sector ambassadors concerned with:

- **Pre-sales:** Region wide engagement to identify compelling commercial investment opportunities to be presented to qualified investors;
- **Sales:** Enquiry handling by drawing together inputs from IBB’s networks to fulfil investor’s business case information requests and soft-landing packages; and
- **After sales:** Key accounts to be established and maintained by the partners to ensure strategic UK and existing FDI investors have full access to national, regional and local support services as required and adopt and deliver on inclusive recruitment, skill development and career progression practices.

3.9. A new business plan and agreement will be prepared to translate the proposals into: service products and activities; allocations of roles and accountabilities; protocols; performance measures and governance arrangements. For example, on the sales side, IBB would lead on new FDI and office occupiers, but would not lead on company relocations within the region and capital investment, including not leading the region’s presence at MIPIM. The inclusive growth agenda will need to be developed through a collaboration between the UA’s skills team, Economic Development Managers and WECA’s Directorate of Business and Skills.

3.10. Turning to after-sales, DIT has 40 strategic accounts in the region, UAs hold accounts as the first point of contact for existing firms and IBB holds accounts with new FDI firms. An all partner collaboration will be required to adopt best practices with key account management, secure continuity of existing after-sales accounts and relationships, identify gaps and propose future coverage including Growth Hub.

3.11. The partners’ brands will be as appropriate with IBB being used in pre-sales and sales in respect of new FDI and commercial office markets.

3.12. The governance of IBB will be clarified to afford a new level of visibility and accountability. Reporting to the Director of Business & Skills, quarterly highlight reports will be submitted to the Directors, CEOs, and Business Advisory Board meetings and annual reports submitted to the Joint Committee.

3.13. A change management project will be required to implement the new business plan.

4. Consultation:

4.1. Please state any consultation that has taken place with regards to this report.

5. Other Options Considered:

5.1. Please state any other options considered, and why they have not been put forwards as a recommendation.

6. Risk Management/Assessment:

6.1. Please identify the key risks the recommendations will address, and any risks associated with implementation of the recommendations of this report.

7. Public Sector Equality Duties:

7.1. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

7.2. The Act explains that having due regard for advancing equality involves:

- Removing or minimizing disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

7.3. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

7.4. Please state any equalities implications in relation to this report

8. Finance Implications:

8.1. Funding is currently secured by way of an annual grant (for five years from 2015/16 to 2019/20) from the Economic Development Fund and underwritten by the four West of England Councils. Sponsorship income is also received for representation at trade conferences and specific marketing programmes. For 2019/20, budgets will be set in alignment with the new business plan and refocused activities.

8.2. Investigations will take place to identify a sustainable medium-term source of revenue funding and proposals will be brought back to the Committee as part of the budget process [in February 2019].

8.3. Advice given by: Malcom Coe, Director of Investment & Corporate Services

9. Legal Implications:

Schedule 5 of the West of England Authority Order 2017 provides the power under s144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities)

Advice given by Shahzia Daya, Director of Legal

10. Land and Property Implications:

10.1. None.

11. Human Resources Implications:

11.1. Should the recommendations of this report be adopted by the Joint Committee, a full implementation plan will need to be developed, including any implications for current and future staffing. Human Resources will be fully involved in this and will give appropriate advice and guidance in line with policy and best practice as necessary

11.2. Advice given by: Alex Holly, Head of Human Resources

12. RECOMMENDATION:

12.1. To adopt the Group's strategic guidance and advice and delegate to the WECA Chief Executive, in consultation with the other CEOs to prepare a business plan for new service arrangements with updated operating protocols and budget for 2019/20- 2024/25.

Background Papers:

1. IBB Review Terms of Reference
2. UK Foreign Direct Investment Market 2017/18
3. IBB Investment Landings 2016/17 – 2017/18
4. Department for International Trade Foreign Direct Investment Strategy
5. IBB Proposed Mission and Objectives

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: democratic.services@westofengland-ca.gov.uk