

REPORT TO: WEST OF ENGLAND JOINT COMMITTEE

DATE: 06 OCTOBER 2023

REPORT TITLE: INVEST BRISTOL AND BATH REVIEW

DIRECTOR: STEPHEN BASHFORD (DIRECTOR OF BUSINESS AND SKILLS)

AUTHOR: ANTONY MERRITT (HEAD OF ENTERPRISE, INWARD INVESTMENT & TRADE)

Purpose of Report

- 1 To present Joint Committee with the outcome of the mid-term review of the West of England Inward Investment Service 'Invest Bristol and Bath', setting out the findings and consultants proposed recommendations.
- 2 For Joint Committee to agree the planned next steps.

Recommendation

- 3 **Recommendation 1:** Consider the findings of the Gateley mid-term IBB service review discussed in this report and outlined in the Executive Summary attached as appendix 1.
- 4 **Recommendation 2:** Agree the proposed short-term high-level plan through to the end of the current funding ending March 2025 as summarised in the proposal section below and attached as appendix 2. Detailed delivery activity will be worked on between the Head of Enterprise, Investment and Trade at the Mayoral Combined Authority (MCA) and the Unitary Authority (UA) Economic Development Managers and reported to the Business and Skills Directors and Chief Executive Officers.
- 5 **Recommendation 3:** Agree the planned approach to developing a model for future delivery as summarised in the proposal section below and recognising the long-term recommendations set out in appendix 2. This will consider evidence set out in the mid-term review and draw on other factors such as the emerging regional strategy and on UA strategic ambition. The outcome of this work will be a business case for inward investment activity in the region from April 2025 to 2030. This work will deliver a business case to Committee for decision by mid-2024.

Reasons for recommendation

- 6 As part of the 5-year funding agreement put in place in 2020, Invest Bristol and Bath (IBB) was required to undertake a mid-term performance review to assure continued effectiveness and good value for money. Additionally, it is recognised that the economic landscape has shifted in recent years with Brexit, the pandemic and cost of living crisis. This review also considered the impact of these challenges and how the service has responded.
- 7 Evidence from the review will also contribute to the future business case and model for a regional inward investment service from April 2025 when the current funding cycle ends.
- 8 The service is currently funded from the West of England Revolving Infrastructure Fund (RIF). This fund is governed by the West of England Joint Committee and the Mayoral Combined Authority is the accountable body. Gateley Global were appointed as external consultants to undertake the independent review.

Voting arrangements

- 9 Decision requires majority agreement of Committee Members in attendance, or their substitutes (one vote representing each Authority)

Key Findings of the Gateley review

- 10 The service is exceeding its targets for investment wins and jobs created by 222% and 98% respectively accelerating its performance in the last three years during a challenging period. It has helped create 11,254 new jobs across 228 investment project successes. However, the service has only increased its wins and jobs targets by 14% and 26% since its start in 2015 which suggests the targets may not have been challenging enough.
- 11 Service user, stakeholder, and Unitary Authority (UA) feedback highlighted the professionalism of the core service team. The Bristol Property Agents Association (BPAA) described the service personnel as the most effective in 35 years. Survey responses from investment wins, stakeholders and the Department for Business and Trade (DBT) indicate the service is perceived to perform well against competitors. The service has built strong collaborative relationships with industry stakeholders.
- 12 However, the UAs provided feedback that they would like to receive more value from the service. UA concerns included:
 - More value for money required from the level of inward investment where impact is currently low.
 - Service objectives need to be more aligned with regional sector strengths focus, inclusive growth and Net Zero.
 - Increase local supply chain knowledge and encompasses all parts of the region's strengths.

- Better communication required between the Mayoral Combined Authority and UAs at a strategic governance level and improve working practices.
 - More opportunity to influence sector campaigns and improved monitoring of results needed.
 - Ensuring funding is allocated to maximising additionality from inward investment.
 - Better communication of narrative, USPs and successes via networks and media channels.
- 13 The service has not fully implemented the original full business case proposal for an Advisory Panel to assess and approve quarterly reports; UA partnership working MoUs; and a Risk Register. This needs to be addressed to comply with programme management best practice. Inward investment impact data gaps identified included: GVA, local hires, employment of residents from disadvantaged communities, capital expenditure, R&D and Net Zero related investment.

Evidence to support a business case for the service from April 2025-2030:

- 14 Gateley recommend the service continue to be delivered via a regional model under a post 2025 inward investment plan with greater stakeholder involvement based on the following research findings:
- **Economies of scale:** The regional model enables the four UAs to pool resources to compete effectively against other inward investment services providing DBT with a single point of contact.
 - **Positive client feedback:** Investment Wins survey respondents scored the service 4.41 out of 5 score in their likelihood of recommending the service. The service was viewed as competitive.
 - **Positive stakeholder feedback:** Stakeholder respondents scored the quality of the service compared to other service at 4.56 out of 5. DBT provided feedback that collaboration and sector expertise is best practice. BPAA described the team as the most effective in 35 years.
 - **High performance results:** The service helped the creation of 11,254 new jobs exceeding targets for jobs created by 98% and investment wins by 222% (228 wins). 76.6% of employees recruited by Investment Wins survey respondents were local hires.
 - **Benchmarking research:** The regional model is a tried and tested model used by key competitors with higher FDI levels (Cambridgeshire and Peterborough, Greater Manchester, Leeds City Region and the West Midlands) that are leveraging the support of the private sector.

Key recommendations in the Gateley review

- 15 Following a desktop review of the service and considering stakeholder and customer feedback carried out over a series of surveys and interview, Gateley have provided a suite of 54 strategic and operations recommendations. The full list of recommendations and the evidence as to

why they have been suggested are detailed in the Gateley executive summary attached at appendix 1.

- 16 The 54 detailed and extensive recommendations proposed by Gateley in appendix 1 provide both short-term interventions to enhance the existing service through to March 2025, and for building on this service delivery success from April 2025 to March 2030.
- 17 The recommendations set out in the Gateley review document (appendix 1) can be broadly interpreted and summarised in this report as follows:
- Align plans and objectives with national, regional, and local strategy.
 - Develop an Inward Investment plan for the future of the service post 2025.
 - Improve assessment, performance, value and financial benefits of the service, and perceptions of service delivery standards.
 - Raise the profile of the region and improve perceptions of the region as an inward investment destination.
 - Consider service impact related to Enterprise Areas and Enterprise Zones, leverage Centres of Excellence.
 - Improve planning and communications around sector based campaigns.
 - Consider further the strengths and challenges of partnership working with the UAs.
 - Improve governance, monitoring, evaluation and quality assurance.
 - Develop comparisons with other regional inward investment services.

Proposal / solution

- 18 Using the mid-term review evidence and recommendations, the Mayoral Combined Authority and UAs have jointly been through an initial process of prioritising, ruling out some recommendations (with rationale as to why), and developing a short-term improvement plan. This plan may be further co-developed by the Head of Enterprise, Inward Investment and Trade at the Mayoral Combined Authority and the UAs Economic Development Officers and will be ratified by the Business and Skills Directors Group before coming back to CEOs for final agreement.
- 19 To start the process the recommendations have been consolidated into a series of five core themes. This focuses on enhancements and improvements to the current service through to March 2025. How these five themes refer to the Gateley review recommendations is detailed in appendix 2.

	Themes
1	Review and confirm governance arrangements and ensure strategic leadership is in place.
2	Develop a communication strategy and campaign activity to showcase our offer to a global audience and to promote successes to stakeholders

3	Review and co-design campaign and activity plan for the remaining 18 months aligns to Mayoral Combined Authority and council policy drivers (to include local council specific delivery programmes, but recognising there is currently limited resource within the councils).
4	Review how we measure success: <ul style="list-style-type: none"> - campaigns activity - account management - jobs and outcomes for local people.
5	Review, enhance and modify internal working processes.

- 20 The second phase is to develop a long-term plan over the coming 12 months in the form of a business case for delivering inward investment and international activity across the region beyond March 2025. This will again reflect the evidence and feedback in the mid-term review, and the longer-term strategic recommendations set out in the review.

Consultation

- 21 The Mayoral Combined Authority commissioned Gateley Global to deliver a Mid-term Review of the Invest Bristol and Bath service (2020-23) as part of its 5-year funding agreement put in place in 2019. This research was undertaken between the 15th March and 15th June 2023. The conclusions and recommendations are based on findings from: 24 stakeholder interviews, documentary and quantitative analysis, 6 surveys, 2 workshops, and benchmarking research.
- 22 Economic Development Managers (EDMs) from the West of England local councils have collectively reviewed the Gateley report with the Mayoral Combined Authority and contributed to feedback to Gateley on the draft review and have contributed to this report.
- 23 CEOs considered the Gateley review, its findings, and the proposed action plan on the 27th of July.
- 24 Business and Skills Board considered the Gateley review, its findings, and the proposed action plan on the 7th of September.
- 25 The Local Enterprise Partnership considered the Gateley review, its findings and the proposed action plan on the 29th of September.

Public Sector Equality Duties

- 26 Public sector equality duties were considered in the business case set out in 2019 for the delivery of inward investment services from 2020 – 2025. A full review of equalities matters, and an equalities impact assessment will be made in relation to any new activities brought forward and in the business case proposed for service delivery post March 2025.

Report and advice reviewed and signed off by: Stephen Bashford, Director of Business and Skills

Climate Change Implications

- 27 This review considers how the inward investment service can be positioned in the future to specifically address climate and ecological implications. Feedback suggests that the development of the new regional economic strategy provides an opportunity to review the objectives of the investment service placing greater emphasis on environment/net zero outcomes from inward investment.
- 28 The Invest Bristol and Bath service does not currently have a system in place to monitor the Net Zero impact of inward investment projects into the region. It is recommended that the service should begin to gather Net Zero project verification data to support future assessment of the extent to which the Invest Bristol and Bath service is contributing to Net Zero and green jobs as a proportion of the total pipeline of investment wins. This data can be used to inform future campaign activity and targeting of investors.

Report and advice reviewed and signed off by: Roger Hoare, Head of Environment

Finance Implications, including economic impact assessment where appropriate:

- 29 There are no immediate direct financial implications arising from this report. The business case approved in 2019 provided £5m funding for 2020-2025 at an estimated £1m spend per annum. Current spend is approximately £3.1m and with 19 months left to run in the current plan the forecast is that the remaining £1.9m will be spent. Project highlight reports are submitted quarterly.
- 30 Some recommendations made in the Gateley review will require financing. The review implementation plan will identify where existing funding can be used and where additional funding would be required. No additional funding will be sought within the term of the current business case up to March 2025.
- 31 The development of a new business case for regional inward investment and international activity beyond from April 2025 will be co-developed with the UAs over the next 18 months. The April 2025 – March 2030 business case will require a new financial package in place.

	Budget	Spend to Date	Forecast Spend	Variance
April 2020 – March 2025	£5m	£3.1m	£1.9m	0

Report and advice reviewed and signed off by: Selonge Russell, Head of Finance and Deputy Section 73 Officer.

Legal Implications:

- 32 The West of England Mayoral Combined Authority constitution (adopted 07/11/2017, amended 19/06/2022) states on page A4 that the Mayoral Combined Authority has a function to ‘Support Invest Bristol and Bath’. It is also stated within the terms of reference for the West of England Local Enterprise Partnership (LEP) on page A19 of the constitution, that the LEP has a key responsibility for ‘Supporting the attraction of new inward investment and nurturing business development, innovation and creativity’.

Report and advice reviewed and signed off by: Daniel Dickinson – Interim Director of Legal Services and Monitoring Officer

Human Resources Implications:

- 33 This report carries no direct HR implications. Recommendations in the Gateley report will inform a future implementation plan. It is unlikely short-term actions undertaken prior to March 2025 will have any direct HR implications.
- 34 The development of a new business case for the service post March 2025 will require resourcing. The resource requirements will be set out in the business case to be co-developed with the UAs over the next 18 months. If agreement is not reached and a new financial package for the delivery of inward investment isn’t agreed there is the potential for up to 10 staff redundancies.

Report and advice reviewed by Monica Ogborne, HR Business Partner and signed off by Alex Holly, Head of People and Assets

Appendices:

List any appendices to the report:

Appendix 1 – Gateley Global Final Report - Mid-term Review of Invest Bristol and Bath Service_July 2023

Appendix 2 – IBB Review Short Term Action Plan

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