

Forward thinking
Straight talking

A Mid-term Review of the
Invest Bristol & Bath
Service for the West
of England Combined
Authority

Gateley Global

Executive Summary
July 2023

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1. Executive *summary*

Background and Context:

The West of England Combined Authority (CA) commissioned Gateley Global to undertake a Mid-term Review of the Invest Bristol and Bath service (2020-23) to assure continued effectiveness and value for money. The research was undertaken between the 15th March and 15th June 2023. Invest Bristol and Bath is referred to as “the service” or the “core team” in the report.

Approach:

Our approach to delivering a comprehensive qualitative and quantitative review consisted of both desktop research and multi-tiered stakeholder engagement. The conclusions and recommendations highlighted in the report are based upon findings from: two scoping interviews with the CA, 24 stakeholder interviews, documentary and quantitative analysis, six surveys, two workshops, and benchmarking research. The full approach is outlined in the Annex of this report.

Research findings:

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

We 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:

1. **Economies of scale:** The regional model enables the four Unitary Authorities (UAs) to pool resources to compete effectively against other inward investment services providing the Department for Business and Trade (DBT) with a single point of contact;
2. **Positive client feedback:** Investment Wins survey respondents scored the service 4.41 out of 5 in their likelihood of recommending the service. The service was viewed as competitive compared to its competitors.
3. **Positive stakeholder feedback:** Stakeholder respondents scored the quality of the service compared to other services 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.
4. **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.
5. **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 also leveraging private sector support.

Replacing the service with a UA led model would: (1) complicate the DBT relationship, (2) restrict resource, (3) weaken service quality, and (4) jeopardise the conversion of the investment pipeline.

Recommendations for the future of the service beyond 2025 are presented in *italics*.

1. Alignment of the service with DBT national Inward Investment strategy

DBT delivery and support for initiatives such as the Northern Powerhouse and Midlands Engine represents both an opportunity and a challenge for the West of England region and Western Gateway to engage more effectively with central government at a strategic level to access more resource and investment. DBT survey results indicated they perceive the service is aligned with DBT national inward investment policy. DBT respondents perceived the quality of the service to be extremely good with few enhancements needed. DBT feedback indicated that Invest Bristol and Bath (IBB) collaboration and sector expertise demonstrates best practice. DBT represent the greatest source of investment wins. Examples of collaboration were shared around the Smart & Sustainable Aviation High Potential Opportunity programme, the DBT nuclear sector proposition, enquiry handling, account management virtual team working and support for overseas DBT posts.

Strategic Recommendations:

- *R1.1. Develop a government relations strategy to raise the region's profile and its unique selling proposition (USP) to increase levels of funding dedicated to investment attraction and promotion.*

Operational Recommendations:

- R1.2. Prioritise DBT collaboration opportunities following the DIT/BEIS merger;
- *R1.3. Introduce overseas in-market representation either via external consultants or locally employed staff to increase pipeline in target markets and priority sectors.*

2. Relevance and alignment of the Full Business Case objectives with current regional and local strategy and priorities

The development of the new regional economic strategy provides an opportunity to review the objectives of the service. The CA workshop participants recognised the objectives should be updated to place greater emphasis upon employment and environment/Net Zero outcomes from inward investment. This was reinforced by feedback received from industry stakeholders and UAs on how the service objectives could be updated:

- Recognition of the difference between high value vs. high impact inward investment;
- Importance of adopting a more strategic approach to inward investment delivery;

- Stronger recognition of the supporting role played by the private sector/industry networks;
- Greater sector diversity to improve the social impact of inward investment into the region;
- Maximising the impact of public sector investment to attract private sector investment;
- A stronger focus on sustainability, the green economy and attracting green businesses;
- Ensuring funding is allocated to maximising additionality from inward investment;
- Stronger alignment with policy on inclusive growth, productivity and innovation;
- A more targeted, less volume-based approach to investment promotion;
- Greater clarity regarding how the core service works with UAs and the Western Gateway;
- More emphasis on sharing data on service performance with industry stakeholders.

While a centralised Inward Investment function that identifies investment opportunities, generates leads, delivers pre-landing services and measures service impact was regarded as still relevant, the account management focus and priorities were questioned by B&NES.

Strategic Recommendations:

- *R2.1. Develop an Inward Investment plan for the future of the service post 2025 in collaboration with UAs, industry, university and other stakeholders;*
- *R2.2. Agree strategy objectives relating to priority sectors, inclusive growth, capital investment, Net Zero and innovation and how this should be delivered;*
- *R2.3. Create specific objectives on industry stakeholder engagement, partnership working and attraction of public sector investment;*
- R2.4. Allocate additional funding for the delivery of the Inward Investment plan and leverage support from other CA teams.*

3. Assessment of the performance, value and financial benefits of the service

The service is exceeding its targets for investment wins and jobs created by 222% and 98% respectively and has accelerated its performance in the last three years during a challenging period. Over the three years the service has helped create 11,254 new jobs across 228 investment successes. Stakeholder/UA feedback highlighted the professionalism and experience of team members. However, the uneven distribution of investment wins and jobs created across the four UAs was raised as a concern by the UA delivery partners; notwithstanding the economic dominance of Bristol or UA spill-over effects. Additionally, the investment wins target has only increased by 14% since the beginning of the service in 2015 compared to an increase in actual investment wins by 70%. Similarly, the jobs target has increased by 26% compared to an actual job creation increase of 420%. There is currently no target to measure high quality investment or sector specific targets.

Strategic Recommendations:

- *R3.1. Increase current delivery targets and adopt stretch targets to drive high performance;*
- *R3.2. Include targets within the Inward Investment plan aligned with local strategies e.g. inclusive growth, Net Zero, R&D intensive investment, and value add client ratings.*

4. Perceptions of the region as a destination for inward investment

Three primary investment drivers were highlighted in feedback from investors, stakeholders and the UAs: access to talent, cutting edge world-class research and innovation and leading sector clusters. The region's geographic proximity to London, external transport connectivity, attractive quality of life, cultural assets and green credentials were viewed as important fundamentals. UAs referred to local workforce challenges in accessing high value investment. UAs questioned whether the sector focus and investment promotion is adequately aligned with the needs of local residents.

In addition to the cost of labour, the following issues were identified as barriers:

- Lack of access to suitable and affordable office space and development sites;
- Lack of affordable housing and sustainable transport infrastructure within the region;
- Lack of access to funding and incentives for inward investors

Low media profile for the region was partly attributed to a lack of marketing resource. Stakeholders emphasised the need for increased funding for investment promotion. A lack of Levelling-up funding was partly attributed to low awareness of economic deprivation within the region in government.

Strategic Recommendations:

- R4.1. Increase funding for the marketing of the region;
- R4.2. Wider CA to raise awareness within central government of economic deprivation;
- R4.3. Continue to share qualitative investor feedback with wider CA teams on policy issues.

5. Perceptions on profile raising of the region

Survey responses on communication channels were mixed: stakeholders and DBT were generally positive compared to UA respondents. Areas for improvement included press releases (PR), social media, conferences and events, national multiplier engagement and briefings for Local Government. Stakeholders called for clearer messaging on USPs and better communication to stakeholders on results and successes. The UA interviews provided a range of feedback on raising the region's profile internationally, the need for more effective collaboration and on service delivery. These are summarised below:

- Better communication of successes via networks and media channels;
- Greater clarity of how sector campaigns are measured and improved visibility of results;
- Better representation of local investment opportunities/industry within marketing narrative;
- Stronger lobbying of government by industry to attract public sector investment;
- More effective use of Bristol and Bath alumni within central government;
- Greater leveraging of Bristol's international brand/soft power via the Bristol Mayor's networks;
- Updating of investment promotion narrative including more focus on workforce health;

- Creation of a regional narrative around its economic strategy and wider infrastructure issues;
- More effective use of Bristol's diaspora communities;
- Recruitment of private sector expertise to develop and sell business cases to capital markets.

Strategic Recommendations:

- R5.1. Develop a communication strategy to promote successes and campaigns to stakeholders including a quarterly video, annual report, presentations, client interviews, annual inward investor awards ceremony and a roundtable with CA and UAs.

Operational Recommendations:

- *R5.2. Commission a communications agency to create a high impact campaign communicating the emerging narrative and USPs to an international and national audience;*
- *R5.3. Build a network of Bristol and Bath advocates across key research fields, business sectors, culture and arts, sport, government and politics, and in key international markets;*
- *R5.4. Appoint a Bristol and Bath senior officer tasked with generating investment leads from London based foreign export and trade promotion agencies, embassies and chambers;*
- *R5.5. Commission a supporting specialist provider to deliver a trade and investment multiplier engagement programme to increase high quality lead generation;*
- *R5.6. Appoint Honorary Ambassadors in Priority Markets to harness the soft power of the region's diaspora via receptions, trade missions and other profile-raising activities.*

6. Perceptions of service delivery standards

Research findings show that the service is perceived as having two primary foci: 1. Raising the region's profile internationally; and 2. Generating leads and converting them into investment opportunities. One inward investor interviewed suggested that the service should work with its clients to help them build actionable projects around their corporate goals. This approach resonates with the benchmarking research insights on the West Midlands Growth Company (WMGC).

The Investment Wins and Strategic Accounts survey respondents indicated a high likelihood of recommending the service but indicated that the service needs to add more value around skills, presentation material, finance, funding, developing partnerships, and access to centres of excellence. The Strategic Accounts responses indicated lower impact by the service. Stakeholder responses were positive around support and different types of investment attracted; however, access to funding was identified as an area for improvement. UA survey responses identified a particular need for improvement relating to service delivery standards and governance structures.

Stakeholder feedback on service delivery was positive. The BPAA described the service personnel as the most effective in 35 years. Project Daffodil was cited as an example of a collaborative and responsive approach to enquiry handling even though it has not yet led to an investment in the region. Suggestions for improvement included earlier and more strategic stakeholder engagement and the need to occasionally challenge a client brief.

UAs highlighted a number of positive aspects of the service including:

- Quality of enquiry handling speed and response reflected by good client feedback;
- Hosting of delegations and supporting programmes (but more visibility needed on outcomes);
- Reporting processes: quality of information provided.

However UA interviewees raised the following concerns:

- Lack of supply chain knowledge and bias towards Bristol strengths;
- Tailoring of visit programmes needed and more information required on events/delegations;
- Lack of sufficient notice given for responding to enquiries and need for better planning;
- Better coordination of involvement by political leaders at an earlier stage of an enquiry/pitch;
- More notice given to UAs of upcoming delegation visits and more strategic collaboration;
- More joined-up approach to Strategic Accounts around company visits;
- RIF funding for the service is not delivering the value for money expected for communities;
- A focus on supporting investments that would land anyway.

This paints a mixed picture of the service ranging from positive responses on enquiry handling to value for money concerns regarding the outcomes (job creation and project wins) for communities.

Operational Recommendations:

- R6.1. Increase sector specialist resource to develop local knowledge and generate leads;
- R6.2. Increase UA collaboration via formalised Memorandum of Understandings (MoUs) and UA account management plans; R6.3. *Provide clients with a market entry project management plan, access to a client portal platform and self-service diagnostic tool highlighting relevant support;*
- R6.4. Increase value for strategic accounts via collaboration with wider CA and stakeholders;
- R6.5. Conduct quarterly Net Promoter Score (NPS) surveys to monitor service delivery.

7. Impact of inward investors on the region

There are a number of gaps in the data that is collected to measure the impact of inward investment within the region. These include: local hires, employment of residents from disadvantaged communities, salary level data, capital expenditure, R&D activity, fundraising, Net Zero related investment, local supply chain procurement, expansion to new premises, and export sales. Survey responses showed most investors and strategic accounts are planning to recruit; most commonly, with 11-20 employees (and 50-100 in the case of strategic accounts), with the vast majority (77%) being local hires. Service users interviewed are engaging local universities, colleges, schools and less represented groups. Feedback from investors interviewed indicates investors value aftercare introductions to BristolWORKS and local schools. There is an opportunity for the service to facilitate more strategic introductions to skills providers working with

disadvantaged communities to promote inclusive growth working with the UAs in response to client demand.

Operational Recommendation:

- R7.1. Build on existing support to connect investors with UAs, education institutions, skills providers and disadvantaged groups to achieve their diversity and inclusion objectives.

8. Service impact related to Enterprise Areas and Enterprise Zones

Interviewees referred to investment promotion of Temple Quarter investments, Engine Shed, Setsquared, Bristol University Temple Quarter campus plans, Food Works, The Hive, Bristol and Bath Science Park and Bath Quays investments. However, the lack of a visible link between marketing and investment, along with the withdrawal of incentives and planning issues, was highlighted as a challenge. The UA survey results indicate the service is perceived as having an impact in attracting investment into Filton, Emersons Green, Temple Quarter and Avonmouth-Severnside; however, it was perceived to be less impactful in attracting investment into Weston and Bath and Somer Valley. B&NES plans to attract investment to this EZ to provide employment opportunities bridging the gap between low and high value/wage such as manufacturing, rural economy as well as energy, lifesciences, science and technology R&D. The UAs called for better communication of investment promotion, and some UAs conceded they need to provide better narrative and would value advice to develop more compelling messaging.

Operational Recommendations:

- R8.1. Refresh the promotion of the EZs/EAs with the UAs to ensure sector alignment;
- R8.2. Maximise the inward investment impact of new university developments in the EZs;
- R8.3. *Recruit expertise to assist UAs with the development and promotion of investment business cases to institutional investors.*

9. Leveraging of Centres of Excellence

The service regularly engages with the universities and centres of excellence in the following ways:

- Graduate placements and talent related matters;
- Sector specific campaign content;
- Introductions for inward investors interested in R&D collaboration;
- Meetings with Setsquared and research departments;
- Hosting delegation visits, joint pitches and collaboration on CA co-funded initiatives.

UAs are liaising directly with universities to facilitate R&D collaboration conversations. The UAs explained it can be difficult to access concise information on centres of excellence from universities.

Feedback was received that that the region needs an investment promotion strategy linked to

universities as a source of talent and research. The recently published HEPI report ‘The role of universities in driving overseas investment into UK Research and Development’ highlights the benefits for research institutions in attracting private sector investment including FDI with the scope to increase this source of funding by collaborating with local economic growth organisations.

Strategic Recommendations:

- R9.1. Set up R&D intensive FDI task and finish groups involving universities and industry.

Operational Recommendations:

- R9.2. Promote webinars on specific areas of R&D in collaboration with the universities;
- R9.3. Commission a provider to deliver targeted R&D focused FDI lead generation.

10. Service impact related to Sector based campaigns

Sector based campaigns are central to driving the marketing activity for inward investment attraction but the service does not currently use sector targets to drive or prioritise this activity. Stakeholder survey results highlight that the sector campaigns are perceived to be successful in relation to supporting their organisation, the attraction and engagement of clients and the promotion of the region. The UA respondents perceived the aerospace and advanced manufacturing campaigns to be the most successful while the Food and Drink innovation campaign was perceived to have the least impact. Some strategic and operational concerns were shared that should be given consideration.

Strategic issues:

- Sector prioritisation to ensure strategic alignment with the UAs;
- More effective contribution by UAs needed in the development of sector campaigns;
- Greater visibility of costs, resources, KPI results, and ROI evidence from marketing activity;
- Stronger coordination needed to leverage Bristol Mayoral networks via joint planning;
- Improved resourcing for capital investment promotion including monitoring and pitch book.

Operational issues:

- Better communication of updates to stakeholders needed despite lead gen collaboration;
- Improved communication of existing proactive investor targeting activity and successes;
- Enhanced supply chain knowledge and clarity in UA investment narrative needed;
- Improved analysis of event selection rationale, results and best practice transfer needed;

- Longer notice required by UAs for responding to pitch requests to improve submission quality.

UA feedback on the development of the annual campaign plan highlights the perception of a lack of joint ownership of the service between these parties. What service outcomes look like and how they are to be agreed, delivered and monitored by the partnership appears to be at the root of the mis-alignment. This should be resolved at a strategic level rather than an operational one. However, recent discussions between CA and UA directors is evidence this is already partly underway.

Strategic Recommendations:

- R10.1. Resolve campaign plan tension to ensure agreement on sector focus and monitoring;
- R10.2. Run two separate meetings to discuss campaign performance and next iteration;
- R10.3. Monitor effectiveness of marketing and campaign activity via a defined set of KPIs;
- R10.4. Measure the ROI results from this marketing activity to assess impact;
- *R10.5. Include annually refreshed sector targets within the campaign and activity plan to drive marketing activity and support monitoring and evaluation;*
- R10.6. Collaborate with BCC's International team to leverage the Bristol Mayor's networks;
- *R10.7. Develop a private and public sector infrastructure investment prospectus with partners.*

Operational Recommendations:

- R10.8. Share sector campaign activity updates more extensively with regional stakeholders;
- R10.9. Develop knowledge of local market opportunities via UA lunch and learn briefings;
- *R10.10 Respond to green investment strategy objectives by piloting new marketing activity:*
 - *A FDI cleantech academy programme providing investors with UK market access, market intelligence, strategic partnerships and UK establishment support;*
 - *A Market Access Programme competition to attract clean tech FDI with the opportunity to pitch to a high-level virtual panel of industry representatives;*
- *R10.11. Collaborate with UAs that receive a lower proportion of inward investment on targeted marketing activity such as a food innovation Market Access Programme competition.*

11. Service impact related to local business growth support

While professional services, financial and business support, and trade support were viewed as the most helpful, the survey indicated investors considered the wider business support could be more helpful. The collaboration between the service and the CA Innovation and Communications teams on the space campaign was an example of how the service can attract central government funding into an emerging cluster to attract private sector investment. Other CA teams recognise the value of: engaging with the service for acquiring business intelligence, achieving policy objectives, increasing the outreach of Growth Hub, adding value to Growth Hub clients and enabling inward investors to become more integrated into the local

economy and ecosystem. However, the UAs lack visibility of the integration between the core service and the wider CA teams.

Strategic Recommendations:

- R11.1. Increase collaboration with the CA Innovation team to attract public sector funding.

Operational Recommendations:

- R11.2. Increase the exposure of Strategic Accounts to CA value add support;
- R11.3. Provide UAs with more information on CA business support for strategic accounts;
- R11.4. Improve CA understanding of the availability of local business support.

12. Strengths and challenges of partnership working with the UAs

UA survey respondents perceived that the service could be more effective at collaborating with the UAs across a range of areas. UA respondents indicated that the service is effective at promoting lab space but less so with other types of property. UAs responded that the creation of employment opportunities for local residents was poor although survey responses from investment wins reveal an average of 76.6% employ local hires.

Interview findings demonstrate that the service has built strong collaborative relationships with industry stakeholders; however, the four UA delivery partners want to receive more value from the service. The core team expressed concern over perceived communication inefficiencies within the UAs leading to consumption of valuable time and resources. Some UAs concede that they have not provided the required narrative. The UAs confirmed that the reporting mechanisms for joint working at an operational level are mostly in place. The UAs are concerned about the current partnership approach and want more opportunity to influence the strategy underpinning the service.

The UAs expressed concern that the service they founded, now managed and delivered by the CA, is not perceived to be working for them. The UAs suggested that a new hub and spoke model could help decentralise some of the resource back to the UAs involving rotating part-time secondments to better understand UAs. However, this contrasts with a call from the LEP stakeholder to centralise more resource into a more integrated service. It will be more time efficient for UA officers to provide briefings to the whole of the core service rather than embed core team within UAs.

Strategic Recommendations:

- R12.1. Increase UA confidence and trust in the service by providing value add briefings and giving UA areas public recognition when investments land;
- R12.2. Ensure a strong partnership approach to the new Inward Investment Plan;
- R12.3. Increase core resource and UA/stakeholder engagement.

13. Governance, monitoring, evaluation and quality assurance

It was not clear whether there is a MoU to govern the partnership between the CA and the UAs as set out in the Full Business Case. Similarly, it is not clear that the formal Advisory Panel mentioned in the Full Business Case exists. It was due to be a sub-group of the LEP, chaired by the LEP, meeting on a quarterly basis and undertaking the following governance tasks:

- Review output and monitoring data providing regular oversight of activities and performance;
- Assess and approve quarterly reports to lead to annual reports to be assessed and approved by the Regional Business Board annually;
- Input into the annual forward plan to be developed by the service and approved by the Regional Business Board.

It is possible that these two omissions may explain some of the challenges that have occurred in the relationship between the CA and the UAs within the partnership model.

There are regular meetings with the UA Economic Development Managers who report up to their Business and Skills directors; however, this could be more formalised. The LEP Board also receives updates on the service and can provide business perspective updates. There is a Business and Skills Advisory Board which includes the elected member portfolio leads from the UAs chaired by the Metro Mayor. The service does not currently use the Risk Register outlined in the Full Business Case.

Strategic Recommendations:

- R13.1. Establish an advisory panel comprising UA, universities and industry stakeholders.

Operational Recommendation:

- R13.2. Re-introduce and utilise the risk register.

14. Impact of economic changes on inward investment and service response

Investor survey responses identified the most significant challenges to investment were finding appropriate premises, access to talent, funding and finance. Macro-factors cited for having the most negative impacts on business were Inflation, the skills shortage, and rising energy and fuel costs. This was closely followed by rising interest rates, Brexit, UK immigration laws, supply chain shortages, exchange rate fluctuations, COVID, customs processes, rising childcare costs and disruptive technology. The impact of COVID varied according to stakeholders; however, it has changed the demand for office space. Occupiers are now searching for hybrid, flexible working and smaller offices with higher ESG credentials. Other challenges included the availability of funding and tax incentives in other UK locations and a downturn in the tech sector. The service has risen to the challenge posed by COVID through its strategic accounts work.

Operational Recommendation:

- R14.1. Continue to monitor the effect of economic pressures upon inward investors and strategic accounts working closely with UAs and wider CA teams to provide support.

15. Comparisons with other regional inward investment services

The survey results on benchmarking indicate the service is perceived to perform well in areas such as: quality of service, range of services provided, regional profile raising and integration with wider business support. The Investment Wins respondents rated the service as “competitive”, and areas such as visit programmes, speed of service and practical set up support were given “highly competitive” ratings. Funding, service value-add, strategic introductions and branding were viewed as less competitive. The desk-based benchmarking research focused on seven locations that have attracted higher levels of FDI, revealing various approaches to structure, focus, delivery models and funding sources. It is recognised that GVAs and funding for these locations will vary in comparison to the region. The benchmarking analysis demonstrates the importance other regions attach to:

- Regional inward investment delivery models representing multiple local councils;
- Allocating significant funding to develop a strong global brand and attract investment;
- Combining public and private sector resource through strong partnership working;
- Developing an investment strategy to tell the region’s story and reflect its values;
- Setting challenging targets utilising a comprehensive set of KPIs;
- Articulating compelling investment propositions across both inward and capital investment;
- Strong involvement from universities, developers and other private sector partners;
- Combining a focus on inward investment, capital investment, trade and research;
- Attracting central government and private sector funding to support investment promotion;
- Leveraging international partnerships and soft power for raising global profile;
- Adding value via account management diagnostics and strategic introductions;
- Including private sector expertise within the governance model;
- Integrating inward investment service delivery with wider business support;
- University led inward investment activity to plug inward investors into the ecosystem.

This research demonstrates the importance of developing an investment strategy by harnessing an alliance of interests to transform a region economically, socially and environmentally.

Strategic Recommendations:

- R15.1. Establish a partnership with developers to leverage private sector funding;
- R10.6. *Increase capital investment promotion to increase the supply of Net Zero property;*
- R15.2. *Leverage international connections, events, and soft power to develop a global brand;*
- R15.3. *Establish an Equity Investment Fund linked to inward investment job creation.*

Operational Recommendations:

- R15.6. *Establish a Net Zero inward investment narrative with the Western Gateway.*

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