



28th March 2013

Agenda Item: 7

REPORT OF THE CHAIRMAN OF ECONOMIC DEVELOPMENT COMMITTEE

INVEST IN NOTTINGHAM AND INWARD INVESTMENT ACTIVITY 2012-13

Purpose of the Report

1. To offer the Committee an overview of the Council's inward investment activity for the current year and specifically its working relationship with the City Council and the Invest in Nottingham team.

Information and Advice

2. The Committee is aware that the City and County Councils work collaboratively on inward investment activity. This is undertaken by a combination of financial resources from its Economic Development budget and a member of staff co-located with the Invest in Nottingham (IIN) function based at the City Council.
3. For the current financial year (2012-13) the County Council's support may be summarised as follows :
 - £25,000 of financial support
 - 0.5 FTE of a post co-located with the City Council
 - Additional managerial support and input via the Economic Development Team on related enquiries
4. This relationship seeks to maximise energies, share intelligence and bring a perspective which works with local companies and investors whose needs are not dependant on precise local authority boundaries. The position as referenced in this report relates to the current financial year, for which statistics are presented for the end February 2013, compared to last year's totals (where appropriate) for the same equivalent period to allow for like-for-like comparisons.

Background

5. The Council has always maintained an active interest in inward investment activity. Historically this was delivered through a direct arrangement with the East Midlands Development Agency (emda). Funds were devolved from emda to local authorities to enable them to deliver inward investment activities related to enquiries from potential investors. The County Council hosted an inward investment function, but this was disestablished following the end of emda funding in 2011. At this time, the development of a relationship with the Invest in Nottingham team was started.

6. Nationally, UK Trade & Industry (UKTI) has two main objectives – to support UK-based businesses to export and to encourage overseas companies to look to the UK for investment. The Council works with IIN to support UKTI activity locally as well as dealing with potential moves within the UK and growth / movements from within the local business and commercial markets.
7. At a more local level, arrangements vary. Some District Councils have a healthy focus on investment activity, including their own branding arrangements and web presence. Others have no specific inward investment role. Regardless, efforts to engage via IIN are being made.

Invest in Nottingham

8. The IIN function promotes Nottingham as a top UK business location and works to attract and assist new companies to the area – both from abroad and from within the UK. The IIN team has a team manager plus 4 account staff, complemented by the County Council's staff and resources as above. IIN's support may be summarised as follows :
 - Bespoke research and economic data
 - Property solutions and location advice
 - Recruitment and training support
 - Exploring access to funding and incentives
 - Linkages into business networks, expertise and commercial opportunities
 - Continued support to ensure businesses succeed and expand
 - Press/PR support to raise profile of businesses moving to Nottingham
 - Links with USA, Germany, Russia and Ningbo in China
9. A further important link is achieved via the private sector. IIN supports a Club which is managed, driven and supported by Nottingham and Nottinghamshire businesses committed to supporting growth. The Club's support to investment is vital in bringing a "private sector to private sector" dimension to the wider activity and many investment opportunities arise as a consequence of informal conversations or trading links or other networks.
10. This year, the relationship between the City and County has been reinforced via a memorandum of understanding (MoU). The MoU is designed to ensure that operational arrangements are effective with an emphasis on joint working arrangements and the establishment a clear information flow.
11. The MoU covers three issues, specifically how information and enquiries are shared, handled and monitored between the two authorities; matters for development over the course of the year and the development of linkages with the IIN Club. Further detail on these three areas is offered below:

Inward Investment Performance

12. Targets were set based upon a review of previous years' achievements. It should be stressed that this is not an exact science. Benchmarking is helpful but of course any investment performance is required to be set in the context of the global economic trends; wider foreign investment and its destination and the relative performance of the UK

economy and business confidence. Information from Ernst and Young's 2011 survey provides additional context:

- From 2008, FDI tailed off markedly but the signs of improvement are visible up to 2011;
- The UK leads in European terms as the destination of choice. Historically this has been the case for some time but Germany's share of FDI is rising fast;
- Germany secured a higher share of manufacturing FDI than the UK for the first time and twice the number of projects from China;
- The USA remains the largest investor in the UK, followed by Germany, India, France and China. Trade with these partners should be seen in a two-way context;
- FDI investors see the nature of demand within the UK as key to decisions, alongside the wider UK attributes of quality of life, culture and language, the stable political context and technology and infrastructure;
- London and the south east dominate FDI decisions taking over 60% share of the total FDI decisions and there is a wide gap between those areas and other parts of the UK;
- The East Midlands took a 2.9% share, a decline of over 50% on the year.

13. In the local context, Invest in Nottingham delivered the following up to February 2013:

- IIN handled 163 enquiries up to end of February 2013, up 28% on last year;
- Of these, 22 significant enquiries (being those involving foreign investments and / or significant inter-regional relocations) had a County focus, with the projected annual total of 24 exceeding the expectation of 22;
- A further 30 smaller enquiries (those involving local relocations or expansions) had a County focus, with the projected annual total of 33 exceeding the expectation of 22;
- 10 significant successes were recorded to date across city and county, helping to create over 1,100 new jobs and safeguarding a further 120 existing jobs. This is twice the number of successes from last year, evidencing recovery;
- Current "active pursuits" include a proposal for a new regional distribution centre, a regional manufacturing company and a food and drink sector requirement;
- Over 34,000 individual visits to / 95,000 pages visited on the IIN website, up by 17% for both over the year. The value of the website alongside the personal contact as a first port of call is important and forms part of the development issues referenced below.

Development Issues

14. In developing the relationship, the following have been progressed :

- **Financial Incentives.** The development of a guide to financial support available across the City and County. This is on-going; it is now by far the most significant request received from investors when considering the City / County area. There are emerging resources available for investment but are differentiated by sector, geography, size of company etc. This work will also relate to the D2N2 LEP's proposed solution via a Business Support portal, as referenced in previous reports to this Committee and will take into account important issues such as state aids.
- **Targeting.** The development of a targeted approach to emerging markets in China and potentially Europe / specifically Germany, to be championed by the County Council's Chief Executive at the Nottingham Economic Growth Board.
- **The Nottingham Enterprise Zone.** Overall responsibility for the Nottingham Enterprise Zone (NEZ) lies with the D2N2 LEP and a Steering Group has now been formed; the

County Council is a partner on the Group. With the support of the County Council, a Marketing & Communications Plan is being developed with resources potentially to be allocated to its implementation via the D2N2 LEP. IIN is positioned as the lead contact for promoting the NEZ on behalf of the D2N2 LEP partners.

- **IIN Website Refresh.** This is on-going to reflect the integration of the City and County offer. To date, this has been facilitated by the inclusion of information about sub-areas within the County and perceived sector strengths (eg Logistics). In a wider on-line context, IIN has initiated accounts on LinkedIn, You Tube and Twitter.
- **Business Investment Zones.** This too is being pursued via the Growth Plan and it is anticipated that a set of strategic employment land opportunities can be positioned on the IIN website in due course.
- **Relationship Building.** The MoU majors on how the parties are working together, sharing information and mutually supporting each other by the wider involvement of officers from the respective economic development functions. This allows us to respond quickly and effectively and forms part of the relationship building with local employers seeking to expand / generate new jobs. Further, relationships have been rebuilt with UKTI and IIN has embarked on regular meetings with the Districts to ensure information is shared and responses are jointly made. Finally, the D2N2 LEP has agreed a presence at MIPIM, the world's most important property market on the 12th – 15th March 2013, offering an important opportunity to stay on top of industry trends, promote the area and meet the most influential developers, corporate end-users and investors. All 3 of the above mentioned investment functions including IIN will be present.

Invest in Nottingham Club

15. A series of discussions have been held with the Club to review the potential to expand its role within the County in line with the ambitions set out within the Nottinghamshire Growth Plan. Initially, it has been agreed that :
 - The IIN Club explore enhanced relationships with Nottinghamshire based businesses through the various business County-based clubs (and specifically the Nottinghamshire Business Engagement Group) and through other direct business-to-business contacts;
 - Support is offered to the IIN Club's London Event in April 2013;
 - The County Council participate in the IIN Club's Board and Working Groups as appropriate.

Conclusions

16. It is considered that the relationship formed between the two Councils to respond to inward investment is working well and merits continued support over 2013/14. This Committee has previously agreed a continued relationship and the associated finances. It is proposed that the MoU be refreshed to reflect the conclusion of or new matters arising as a consequence of the development issues raised above. A healthy degree of flexibility is required to allow IIN to respond to emerging issues as and when they arise.

Other Options Considered

17. There are no other options applicable to this report.

Reason/s for Recommendation/s

18. This report offers a review of the Council's inward investment activity for the current year and specifically its working relationship with the City Council and the Invest in Nottingham team. The recommendation requests that the Council maintains and develops the relationship over the forthcoming year.

Statutory and Policy Implications

19. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described in the report.

Financial Implications

20. As referenced throughout the report, the relationship between the two authorities sees the Council contributing staff time and financial resources. The £25,000 in 2012-13 comprises £20,000 for supporting the IIN mainstream activity (materials, website development, case studies as referenced above) and £5,000 being towards co-sponsorship of the IIN Club's London event.

RECOMMENDATIONS

21. It is recommended that the review of the current year's activity is noted and that the Council maintains and develops the IIN relationship over the forthcoming year.

Report of Group Manager, Corporate Strategy

For any enquiries about this report please contact: Geoff George ext 72046

Constitutional Comments (NAB 13.3.13)

22. The Economic Development Committee has authority to consider and approve the recommendation set out in this report.

Financial Comments (SEM 15.3.13)

23. There are no specific financial implications arising from the report.

Background Papers

None

Electoral Division(s) and Member(s) Affected

All