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| Subject: | Greater Brighton Inward Investment Desk | | |
| Date of Meeting: | 26 January 2021 | | |
| Report of: | Chair, Officer Programme Board | | |
| Contact Officer: | Name: | Nick Hibberd | Tel: 01273 293756 |
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| Ward(s) affected: | All | | |

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 In July 2019, the Greater Brighton Economic Board “The Board” approved two projects aligned to its Five-Year Priorities and the ‘International’ theme. The first was the establishment of an inward investment resource as recommended by the Board’s Inward Investment Strategy and the second was the development of a Greater Brighton ‘Pitch for Place’, a place making narrative.
- 1.2 In November 2019, the Board commissioned Breeze Strategy to deliver both projects and a paper was presented to the Board in July 2020. Since then the team has been working on a number of elements to take the plans forward as directed, but there is still no dedicated permanent resource for the Desk.
- 1.3 The global pandemic, subsequent economic dislocation and the exit from the European Union presents significant threats and opportunities for Greater Brighton in terms of inward investment.

2. RECOMMENDATIONS:

- 2.1 That the Board agrees to the establishment and resourcing of an inward investment desk consisting as a minimum of two business managers and one researcher supported by additional communications and intelligence resources.
- 2.2 That the Board agrees first hire should be focussed on identifying new opportunities from London-based companies rethinking their footprints post-COVID. The research support would help to identify potential foreign targets that should be engaged.
- 2.3 That the Board seeks to work with Coast to Capital LEP on the development of a bid to DiT’s High Potential Opportunities programme, with partners agreeing on a collaborative approach to identify what the niche sector is that HPO should focus on and the support required to promote it.
- 2.4 That the Board agrees that initial cost of resourcing the desk should be underwritten by local authorities, with funding sought from other sources including Government incentives and private sector contributions.

3. CONTEXT/ BACKGROUND INFORMATION:

Summary update

- 3.1 In the last six months, the Inward Investment Desk has been managed by GBEB's Andy Hill and Clare Mulholland, supported by external consultant Adam Breeze (2 days a month). During this time, the progress on building the necessary basics of a service has included:
- Creation of a basic CRM system to track opportunities
 - Identification of likely FDI prospects (currently at around 10 per month)
 - Engagement with FDI prospects
 - Liaison with Department for International Trade (DIT)
 - Created Invest section of website
 - Developed basic collateral to support enquiries
 - Spoken with FDI journalists

Changed landscape

- 3.2 Previous studies prior to 2020 demonstrated the extent to which Greater Brighton was not punching its weight in attracting inward investment. With the rollout of vaccines and the implementation of the UK-EU trade deal, 2021 promises to be a pivotal year of rebuilding. Given its unique characteristics articulated in the Greater Brighton narrative, the area is perfectly positioned to take a lead role in responding to changing location needs of inward investors and attracting investments which align with the objectives of sustainable development and inclusive growth.
- 3.3 To take advantage of these opportunities GBEB partners now need to pool resources and create an agile and proactive inward investment service.

Key opportunities

- 3.4 Key opportunities for Greater Brighton include;
- Existing investors face changing supply-chains and threats to jobs and growth
 - London-based companies are rethinking corporate location strategies
 - International firms are continuing to expand into the UK
 - New landscape offers fertile ground for new messaging
- 3.5 Each of these trends open new opportunities for Greater Brighton in 2021, but each requires focus and resource. At present, there is little or no coordination or resource to support these opportunities.
- 3.6 The competitive environment is likely to be even more intense with locations seeking to attract new jobs and investment to spur economic recovery with a host of active inward investment teams in Kent, Thames Valley and London all proactively chasing opportunities in the South East. Additionally, the extra resources from national government as part of the 'levelling up' agenda will increase competition from teams in the Midlands and North; Birmingham is

receiving substantial amounts from the Department of International Trade (DiT) to attract inward investment on the back of the Commonwealth Games 2022; and Scotland has recently announced new resources for inward investment and a revamped strategy for 2021.

Priorities for 2021

3.7 Immediate priorities for 2021 should be;

- Supporting the retention of existing inward investors
- Identifying opportunities to attract potential London relocations
- Engaging with global inward investors planning expansion to the UK
- Promotion of the post-COVID, post-Brexit Greater Brighton narrative

3.8 Greater Brighton is under-performing for inward investment. Given the strength of its business advantages, high-quality connectivity, talent and lifestyle, Greater Brighton should have been attracting a far larger share of the more than 1,000 annual foreign investment projects. In the last figures pre-COVID-19, the UK recorded increased foreign investment in 2019 and the South East was the second-best region outside of London. Yet Greater Brighton was not represented in the top 20 UK destinations and the latest DiT figures show only a small handful of project successes.

3.9 In the post-Brexit, post-COVID world, Greater Brighton's economic recovery needs inward investors. The retention of existing businesses and the attraction of new companies, jobs, investment and talent pose significant challenges. Every competitor location will be keener than ever to win new projects and Greater Brighton simply cannot continue to be a bystander in this battle.

Resourcing inward investment activity

3.10 A Greater Brighton Inward Investment Desk (GBIID) needs to be created and resourced if the area is to compete successfully. There is an opportunity to create an agile, smart and lean investment team that reflects the changing realities around the 'new normal' both in terms of what businesses are looking for and how they can be engaged. Building a different type of inward investment service can be a real competitive advantage for Greater Brighton.

3.11 The funding required for this would be in the region of £250,000 per annum, (which is a fraction of what other comparable areas invest in their inward investment service Locate in Kent for example receives four times this amount, which last year generated 46 successes and creation or retention of 3,233 jobs, with 678 as a result of investment from overseas.). A phased ramp up of the service could be achieved with one manager and the researcher in the first year with a second one being added in 2022/23. This phased approach could be achieved with a minimum commitment of £120,000 for 2021/22.

3.12 The initial cost should be underwritten by local authorities, with funding sought from other sources. This would include seeking funding from any relevant Government initiatives, including Coast to Capital LEP, private sector contributions and potential DiT funding around account management of existing investors.

- 3.13 Additional in-kind support and assistance from DiT and other partners such as the High Potential Opportunities programme and potential secondments could also be added to the cocktail of funding. These additional streams of funding can only be realised once the desk is up and running and beginning to prove its worth.
- 3.14 Partnership working is key to the successful operation of the desk, with local economic development teams, the LEP, DiT, academic and business partnerships across Greater Brighton. This should always recognise gaps in existing provision rather than duplicate the work of others.
- 3.15 The GBIID should report to the Board on a regular basis (to be agreed) and inward investment should be a standing item on the Officer Programme Board. A transparent approach to tracking and reporting the numbers of prospects, leads and activities is key to demonstrating and measuring the added value of the desk's work.

DiT's High Potential Opportunities (HPO) Programme

- 3.16 The High Potential Opportunities programme launched in 2018 by the DiT is an initiative to help promote niche strengths at a local level and match them with potential inward investment opportunities in overseas markets. Local Enterprise Partnerships (LEPs), can bid on behalf of a local cluster and a number are selected (there have been three rounds to date resulting in around 30-40 chosen opportunities ranging from plant-based foods to data diagnostics in health). Successful bids receive in-kind support from DiT to develop a niche proposition and create collateral that is then promoted through the DiT website and shared with DiT overseas posts in target markets. There is likely to be a further round in 2021 and Greater Brighton's inward investment activities and profile among key national partners would be greatly enhanced by a successful bid.
- 3.17 Initial discussions have taken place around potential niche areas of strength and opportunity (Tech for Good, Haptic Technology, AviationTech). These discussions should be progressed to ensure Greater Brighton is ahead of the game for the next round.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The rationale for a Greater Brighton inward investment desk has been highlighted by a number of reports and strategies in recent years. This report suggests a work programme that seeks to build a deliverable plan of action and identify appropriate funding, governance and staffing of the service. The need for this service was clear before the current pandemic - the need to rebuild and recover the Greater Brighton economy now makes it an imperative.
- 4.2 A do-nothing approach would indicate that previous approval for the need of this work has now been de-prioritised due to the current situation. However, in a post COVID world, the Greater Brighton region needs investment. No support for

inward investment would limit the potential recovery and economic growth of the region at a time when neighbouring regions are increasing their activity levels.

- 4.3 The recommended budget allocation is a best-case scenario and with the financial pressure faced by local authorities may not be a feasible option in the short term. There are options to phase up to this level of funding and these could be explored.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Adam Breeze from Breeze Strategy has consulted with all Greater Brighton Economic Board members and strategic partners for the development of both the Pitch for Place narrative and the Inward Investment Desk. A list of these consultees can be provided.
- 5.2 The Greater Brighton Officer Programme Board have been consulted on both pieces of work and will continue to be consulted and updated on progress as and when required.

6. CONCLUSION

- 6.1 Greater Brighton has an opportunity to address its relative under-performance in inward investment by adopting a proactive approach to engaging potential investors and supporting those already here. The post-Brexit and post-COVID landscape makes this all the more important. There are particular opportunities for Greater Brighton to take a more active role in the changes relating to how and where companies establish a presence in the post-pandemic recovery. The resourcing of an inward investment desk is a vital next step.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The establishment and resourcing of an inward investment desk is estimated to cost approximately £250,000 per year. The proposal is to have a phased approach to the service starting in 2021-22 at a cost of £120,000 before moving to the full investment of £250,000 annually from 2022-23. The current GBEB operating budget is not expected to have sufficient funds for this investment and therefore alternative proposals include member authorities underwriting the initial investment whilst permanent funding options are explored. This would include seeking funding from any relevant Government initiatives and Coast to Capital LEP funding, as well as private sector contributions and potential DIT funding. Agreement with local authorities to support this underwriting proposal will be required and fair proposal on the basis of the split also required.

*Finance Officer Consulted: Rob Allen, Principal Accountant
Date: 15/01/2021*

Legal Implications:

- 7.2 With reference to recommendation 2.1 to 2.4 of this report, what is proposed falls within the functions of the Board as set out in paragraph 3.2 of its Heads of Terms. In incurring expenditure, the Board should consider the factors referred to in paragraph 3.3. of the heads of terms. In addition, and with regards to the expenditure that will need to be authorised by recommendation 2.4, the unanimous approval of the Board is required pursuant to the Memorandum of Understanding that was entered into in accordance with paragraph 13 of the Heads of Terms.

Lawyer Consulted: Joanne Dunyaglo, Senior Property Lawyer
Date: 15/01/2021

Equalities Implications:

- 7.3 There are no equalities implications directly arising from this report.

Sustainability Implications

- 7.3 There are no sustainability implications directly arising from this report.

SUPPORTING DOCUMENTATION

Appendices:

None

Background Documents:

[Greater Brighton Place Narrative & Inward Investment](#) (July 2020)
[Greater Brighton Inward Investment & Trade Strategy](#) (April 2018)