

Urban approaches to FDI attraction

A comparative analysis of UK and other European city approaches

April 2014



Belfast . **London** . New York . Paris

OCO – 36-38 Whitefriars St., London, EC4Y 2BH UK

W: www.ocoglobal.com

INTRODUCTION	3
COLLABORATING WITH NATIONAL AND REGIONAL PARTNERS	5
1. LIVERPOOL	7
2. NEWCASTLE	8
3. GLASGOW	9
4. BIRMINGHAM	10
5. MANCHESTER	11
6. BRISTOL	11
7. LYON.....	11

© OCO Global Ltd. 2014.

All deliverables submitted by OCO Global, whether interim or final, contain methodologies, models, pricing information and other materials which are proprietary and confidential to OCO Global, or may have been supplied to OCO Global by third parties who may have made such information available on the foot of confidentiality agreements, either written, implied, or under the law of confidence.

OCO Global identifies all such proposals, tenders, reports and other deliverables as protected under the copyright laws of the United Kingdom and other countries. Such documents, presentations and materials are submitted on the condition that they shall not be disclosed outside the recipient's organization, or duplicated, used or disclosed in whole or part by the recipient for any purpose other than that for which they were specifically produced.

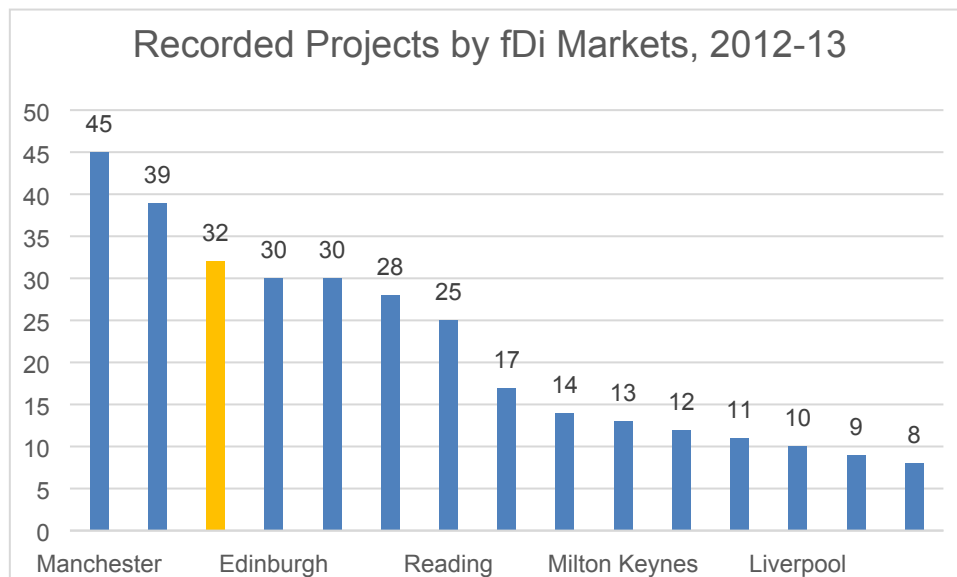
Introduction

This paper has been prepared in response to Belfast City Council's request for an overview of how other cities in the UK approach the attraction and facilitation of Foreign Direct Investment (FDI). For the purposes of this assignment, we have focussed our analysis on six UK cities. These are: Liverpool, Newcastle, Glasgow, Birmingham, Manchester and Bristol.

These cities have been selected on a combination of OCO's insights gathered from current or recent assignments and the fact that, with the exception of Liverpool, they are all top 10 cities for FDI projects in the UK, as can be seen in the graph below which shows the top 15 cities, excluding London. Furthermore, since the arena in which cities compete for FDI increasingly extends beyond national boundaries, a profile for an additional European city – Lyon – has also been developed as part of this paper.

As the city profiles in this document reveal, varied approaches to FDI attraction at a local level are being pursued by city authorities, either uniquely through their own structures or in collaboration with the private and even academic sectors. Along with these differing approaches come differing budgets and, consequently, differing levels of marketing and business development activity both domestically and internationally. We are also seeing a tendency for agencies of secondary cities to establish a presence in their capital cities, whether directly (as is the case with Liverpool and Lyon) or indirectly (for example with Invest Glasgow, who through their close collaboration with SDI can make use of the latter's London office.) This approach offers these agencies the opportunity to tap more effectively into the vast investor networks and potential major capital cities offer.

Figure 1:



Source: fDi Markets (Financial Times)

Cities play a vital role in the investment attraction efforts and results of regions and countries. They lead the way in attracting the best and brightest minds, whether new

university freshers, graduates or experienced professionals, and they play host to the majority of the world's leading industry clusters and centres of excellence. This clustering of talent and innovation in turn attracts companies, creating a virtuous circle where talent and investment attraction work hand-in-hand to generate urban hubs and hot-spots of national and international business activity.

In the UK, 59% of the UK's total recorded FDI projects from 2012-13 were attracted by the the top 20 cities alone.¹ In Capital Expenditure (CapEx) terms, these top 20 cities attracted 52% of the UK's total estimated FDI - US\$34.9 billion out of a total \$67.6 billion.² Add to this the dominance of the urban-oriented services sector in the UK's FDI mix and the vital role played by cities in the national investment attraction effort becomes even clearer – four of the top five sectors for FDI into the UK in 2012-13 were services (software and IT services, business services, financial services and communications). These four sectors alone accounted for 54% of the UK's total project numbers.³

More than half of the world's population now lives in urban areas, while in the UK, recent research from the Centre for Cities think-tank reveals that 73% of all highly-skilled jobs are hosted in cities, and that they are 15% more productive than non-cities. Alongside the opportunities trends like these generate, it also means that many of the challenges faced by people are increasingly in the hands of city authorities. This has prompted decision-makers, advisors and thought leaders around the world to consider the increasing role cities should have in coming up with solutions to these opportunities and challenges.

This concept arguably should – and to an extent already does – extend to the sphere of economic development. That's not to suggest that cities should act in isolation on the economic development front however. They have a vested interest – and arguably a duty – to work with regional and national economic development partners to ensure that synergies and spill-over effects of FDI beyond the city boundaries are maximised. The following section explores how existing city IPAs in the UK collaborate with UKTI's national and regional representatives, and in the case of Scotland and Wales, how the city IPAs collaborate with Scottish Development International (SDI) and the Welsh Government respectively.

¹ fDi Markets database (Financial Times Ltd.)

² Ibid.

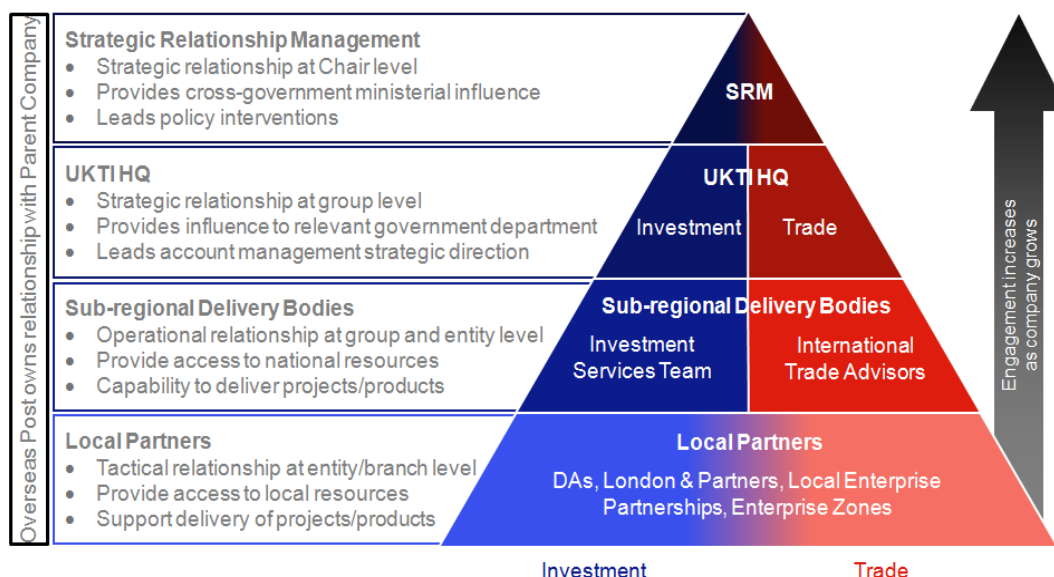
³ Ibid.

Collaborating with national and regional partners

Ever since the UK Coalition Government announced the dissolution of England's Regional Development Agencies (RDAs) in 2010, cities across the country have been either been establishing or enhancing initiatives that take ownership of their investment attraction prospects and efforts. The vacuum created by the disappearance of England's RDAs has meant that collaboration between city IPAs, Local Enterprise Partnerships (LEPs) and UKTI's national and regional teams has become increasingly important. National and regional strategic targeting and a tiered approach to account management remain important tools for ensuring that high-profile and large existing and potential investors in the UK are given the levels of information, support and aftercare services they require and expect.

The chart below illustrates the activities conducted at each level of authority (local, regional and national) and how the level of engagement with an investor increases as the company's actual or projected activity grows.

Figure 2:



There are also various investor lists that diminish in length the higher up the value chain the investors become:

- **Local lists:** these are managed solely by LEPs and city IPAs and tend to be smaller and less strategically-important investors from a national perspective.
- **Account list:** contains around 2000 companies in total. UKTI works with local partners to manage these accounts
- **Top 300 list:** these accounts are deemed strategic to the UK and are led by ministry officials. They are often multi-site investors and require coordinated account management
- **Top 30 list:** these top 30 accounts are highly strategic and can have political implications. These accounts are typically owned by Ministers and high-level officials.

In Scotland, the relationship between city IPAs and SDI and other regional investment bodies has also played an important role not only in coordinating activity with current and potential investors, but also in creating enhanced, joined-up offerings. For example, Invest in Fife, the IPA for the largely rural area north of the Firth of Forth, north of Edinburgh, is seeking to strengthen its ties with the capital's IPA, Invest in Edinburgh, as a means of capitalising on potential FDI spill-over opportunities in the financial and business services sectors. Meanwhile, Invest in Glasgow – a profile of which has been developed in this paper – makes extensive use of SDI's resources and international network to leverage the city's visibility and investment prospects.

Wales' former IPA, the Welsh Development Agency (WDA), was disbanded in 2006 and its functions were transferred to the Welsh Government. Meanwhile, Cardiff currently adopts a council-led approach to the city's investment attraction and broader economic development, although in July 2013, a company-led Cardiff Business Council was established to help promote inward investment. It replaced an organisation called Cardiff & Co., which was established in 2007 and had a double remit of attracting both visitors and investment: while the organisation did well on the visitor attraction front, it was not so able to sufficiently drive inward investment into the city – as evidenced by Cardiff's relatively low FDI ranking compared with other UK cities, seen previously in figure 1.

Cardiff Council attaches great importance to its relationship and collaboration with the Welsh Government – the latter offers Cardiff Council's economic development team important benefits both through its London office and also through the support it lends as a Devolved Administration in procuring office space for example.

Throughout the UK, the focal points of FDI – cities – are increasingly taking a degree of direct ownership and initiative when it comes to promoting, attracting and facilitating inward investment. Local, city-based knowledge, networks and solutions are often going to be the key to ensuring the day-to-day activities of a foreign investment project have the support they need, although a city's resources and reach is inevitably limited, which makes collaboration with regional and national partners both cost-effective and necessary if a city is to fully leverage its investment potential.

A key consideration for Belfast in determining the merits of an investment promotion function is how such a function could operate in the context of Invest NI's role. While the mechanics of any proposed body (particularly around coordinating pipeline development, which body manages investor visits and how success is captured) would require detailed consideration, there is strong precedent for local authorities to pro-actively seek inward investment in tandem with and alongside national agencies. The examples that follow note the structures, functions and resourcing in a selection of UK and European agencies.

1. Liverpool

Organisation name: Liverpool Vision (www.liverpoolvision.co.uk)

Key statistics:

- Staff - 4 lead generation staff based in London and overseas office network; 6 staff coordinating new investment and enquiries and 8 investor development/high growth company staff.
- Budget - £7.9 million (2013/14)
- Offices - Liverpool, London, China and the US

Scope of services:

- Market intelligence
- Stakeholder introductions
- Support with project plan implementation
- Marketing and events

Structure and place within local government:

- Liverpool Vision is a wholly-owned subsidiary of Liverpool City Council
- It has a board comprising two Directors: Mayor Joe Anderson (Chairman) and Councillor Malcolm Kennedy.
- Liverpool Vision works alongside the Liverpool City Region Local Enterprise Partnership (LCR LEP) to promote and facilitate FDI.

Target sectors:

- Digital and creative
- Port logistics
- Life sciences
- Multilingual Service Centres and Financial/Professional Service Back Office

Key marketing activities:

- Hosting International Festival of Business 2014
- “It’s Liverpool” – the city’s umbrella brand and marketing initiative for the live, visit, invest, study agenda, encompassing: website, digital marketing material, video, extensive social media coverage, print media, and free-to-use brand adoption for local businesses and ambassadors.

Measures and targets:

- Based on its 2013-16 business plan, Liverpool Vision will deliver the following key outputs:
 - Creation of 5,400 jobs
 - Creation of 540 businesses
 - 2,200 business assists
 - Attraction of £500m of private sector investment

2. Newcastle

Organisation name: NewcastleGateshead Invest
(www.investnewcastlegateshead.com)

Key statistics:

- Staff – Core Inward Investment team of 4 full-time employees, plus 1 part-time employee
- Budget – Overall amount not disclosed: £673,500 comes from Gateshead Council alone
- Offices – Gateshead

Scope of services:

- Provision of research and statistics to support the development of a business case
- Advice in relation to wider costs, recruitment and staffing
- Skills and training guidance to support a sustainable and flexible labour pool
- Relocation advice, presentations and tours of the local area
- Introductions to centres of excellence

Structure and place within local government:

- NewcastleGateshead Invest was formed in 2012 as a new team within the NewcastleGateshead Initiative – a public private partnership funded by Gateshead Council, Newcastle City Council and 170 private sector partners.

Target sectors:

- Creative and Digital
- Science and Health
- Offshore and Marine

Key marketing activities:

- Dedicated investment website (link above) launched in December 2012
- Embedded social media features and interactivity (especially LinkedIn) via website
- Monthly investment eNewsletter 'InFocus'

Measures and targets:

- Within 12 months of being founded, 9 new investments had been secured, creating 192 jobs
- Currently working with close to 70 other businesses to bring new investments.

3. Glasgow

Organisation name: Invest Glasgow (www.investglasgow.com)

Key statistics:

- Staff – 6 full-time employees
- Offices – Glasgow (works closely with SDI and its global network of 27 offices)

Scope of services:

- Comprehensive business support and guidance on recruitment, premises and market intelligence
- Fast-track planning support
- Professional, bespoke property searches
- Assistance to access training grants, loans and funding
- Access to Commonwealth Initiatives subsidies for graduates and apprentices
- Dedicated aftercare

Structure and place within local government:

- Invest Glasgow was established by Glasgow City Council in June 2012
- The city's economic strategy is driven by a partnership of public and private sector bodies, led by Glasgow Council, Scottish Enterprise and Scottish Development International, in conjunction with key partners (including Universities and Chambers of Commerce)

Target sectors:

- Low Carbon
- Life Sciences
- Engineering, Design & Manufacturing
- Financial & Business Services
- Tourism & Events
- Higher & Further Education
- Creative Industries
- Retail
- Property

Key marketing activities:

- During the 2014 Commonwealth Games, the Invest Glasgow team will be present at a dedicated Business embassy
- The team works in close partnership with the Glasgow City Marketing Bureau (GCMB) – the city's destination marketing organisation
- In 2010, Glasgow became the first UK city to sign up to a Major Events charter. The Charter outlines [12 promises](#) to organisations that choose Glasgow for their major event.

Measures and targets:

- As of November 2013, Glasgow had reportedly attracted nearly 3,500 new jobs since 2012, across financial and business services, life science, engineering, design and manufacturing and low carbon industries.
- Each international sector team has a series of targets to grow inward investment which are reviewed on a monthly basis.

4. Birmingham

Organisation name: Business Birmingham (www.businessbirmingham.com)

Key statistics:

- Staff – 12 people across inward investment, PR and marketing, which includes a sales and delivery team of 7 employees
- Budget – ERDF funding of £8.8million over 3 years (Marketing Birmingham – see structure section below)
- Offices – presence in North America, India, Australia, Northern Europe and China

Scope of services:

- Four core service groupings:
 - 'Plan, Set-Up, Grow'
 - 'Business Catalyst' programme
 - SME Fast Track
 - Property advice and support

Structure and place within local government:

- Part of 'Marketing Birmingham' - the city's strategic marketing partnership
- Marketing Birmingham is funded by the public and private sectors, including Birmingham City Council, European Regional Development Fund and c.400 local companies

Target sectors:

- Advanced Engineering (automotive and environmental technology)
- ITEC
- Digital and Creative Media
- Food & Drink
- Life Sciences
- Business, Professional & Financial Services

Key marketing activities:

- businessbirmingham.com website re-launched in 2012
- Extensive use of social media channels (Twitter, LinkedIn, Pinterest etc.)
- 'Business Bulletin' e-newsletter
- Investment roadshows put together with lead generation agents
- A new marketing campaign is being designed to position Birmingham as a catalyst for inventions. The first phase will be based on the food and drink, life sciences and digital and creative sectors, targeting the USA and Australia.

Measures and targets:

- During 2012/13, Greater Birmingham attracted an 88% increase in FDI projects (49 up from 26)
- The following targets have been established for delivery by end of 2014:
 - 6,750 new jobs directly generated by FDI
 - 4,690 indirect roles and a further 500 to be created by business support in priority local areas

5. Manchester

Organisation name: MIDAS (www.investinmanchester.com)

Key statistics:

- Staff – 16 full-time employees
- Budget – £1.4 million
- Offices – Manchester

Scope of services:

- Research support
- Property solutions
- Introductions and advice on networks (business, research/academia etc.)
- HR/recruitment advice
- Relocation support

Structure and place within local government:

- MIDAS is a wholly-owned subsidiary of the Greater Manchester Combined Authority (GMCA)

Target sectors:

- Advanced Manufacturing
- Business Services
- Creative Media and Digital
- Energy and Environment
- Financial and Professional Services
- ICT
- Life Sciences and Healthcare

Key marketing activities:

- 'Manchester TV' initiative - online video series (news, case studies, investor vox pops etc.)
- Social networks (LinkedIn, Twitter, Google+)

Measures and targets:

- 2012/13: directly assisted in the creation and safeguarding of 4,123 jobs through 81 projects

6. Bristol

Organisation name: Bristol + Bath (www.bristolandbath.co.uk)

Key statistics:

- Staff – 7 full-time and 4 part-time employees
- Budget – £1.2 million
- Offices – Bristol

Scope of services:

- Research
- Mediation
- Property Solutions
- Talent Solutions
- Training Solutions
- Incentive Solutions
- Relocation Solutions
- Network introductions
- Investor Development Solutions

Structure and place within local government:

- Part of the West of England LEP
- Public- and private-sector funding

Target sectors:

- Advanced engineering, aerospace and defence
- Creative
- Finance and Professional
- Low Carbon
- Micro-electronics

Key marketing activities:

- Marketing budget: £500,000
- Attendance/stands at key industry events (MIPIM,
- Website in four languages (English, French, German and Chinese)
- Social media engagement (Twitter, YouTube)

Measures and targets:

- Target to drive 95,000 jobs into the West of England by 2015

7. Lyon

Organisation name: Invest in Lyon (ADERLY) (www.aderly.com)

Key statistics:

- Staff – 30 employees dedicated to FDI
- Budget – €4.5 million
- Offices – Lyon and Paris

Scope of services:

- ADERLY has also developed an M&A-specific offering to help foreign companies that wish to invest through the acquisition of a local company to identify the right target.

Structure and place within local government:

- ADERLY is a non-profit organisation, co-founded by Greater Lyon, Lyon's Chamber of Commerce and Industry, the Rhône Council and the Lyon-Rhône employers' association (Medef).

Target sectors:

- Life Sciences
- Business Services (and especially BPO)
- Clean Tech
- IT and Smart Cities

Key marketing activities:

- Newsletter prepared several times per year which is sent out to the agency's 6000 subscribers.
- The agency uses a series of 'ONLY LYON' ambassadors across the globe to spread the word about Lyon internationally.
- Present on all major social networks

Measures and targets:

- The overall objective of the agency is to attract 60 new companies per year, generating 1,800 direct jobs within 3 years.