

CITY OF WOLVERHAMPTON COUNCIL	Stronger City Economy Scrutiny Panel 05 February 2020
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Report title	Attracting Investment	
Cabinet member with lead responsibility	Councillor Harman Banger City Economy	
Wards affected	All	
Accountable Director	Richard Lawrence	
Originating service	City Economy	
Accountable employee	Richard Nicklin Tel Email	City Investment Manager 07464981823 Richard.nicklin@wolverhampton.gov.uk
Report to be/has been considered by	Leadership Team City Economy Portfolio Holder	07 th January 2020

Recommendations for decision:

The Stronger City Economy Scrutiny panel is recommended to:

1. Agree the current approach in place through the council Inward Investment service to attract and support investment and expansion from new or existing businesses.
2. To consider and agree the revised approach to inward investment and the, International Trade and Investment marketing strategy, for Wolverhampton.

1.0 Purpose

- 1.1 The purpose of this report is to provide an update on our current inward investment position and to outline a new, formalised international trade and investment marketing strategy.

2.0 Background

- 2.1 Attracting new investment and jobs to the city is fundamental to achieving managed growth and delivery of the overall aims of the council plan: 'More good jobs and investment in our city'. Improving the city's presence and position in overseas markets that leads to the attraction and securing new businesses will raise the overall GVA growth of the city generating business rates, training and job opportunities for local residents
- 2.2 There is an increasingly competitive global market particularly with those outside of the EU, following the announcement of BREXIT. Within this global market 'place' it is becoming increasingly important that Wolverhampton can direct overseas investment opportunities to the city. We need to emphasis the high-quality connected location that has an attractive offer for both living and working, which are critical for investment success, particularly for higher value and knowledge-based industries.
- 2.3 Wolverhampton, as a place that offers a labour market of skilled and semi-skilled people is increasingly attractive to businesses. This coupled with the city's Higher Education institutions and expertise are having a greater role to play in Wolverhampton's offer to investors.
- 2.4 To be a successful investment location, we need to have and articulate a strong sense of Place and People offer, promoting our distinctiveness and existing investors, which form an increasingly important role in testing and defining the city's strengths and propositions.
- 2.5 The new International Trade and Investment strategy will set out Wolverhampton's objectives and priorities for securing inward investment and growth for the next three years (2020 – 2023). It will identify the key strengths of our local economy and the sectors, technologies and opportunities that business investment activities will focus on. It will also recommend the global locations the city should focus on and present the high-level actions and initiative to deliver these. These will be taken forward and reviewed on an annual basis.
- 2.6 Appendix 1 outlines the current approach, within the Enterprise Service, to attracting inward investment including examples of successfully landed projects.

3.0 Challenges

- 3.1 The awareness and visibility of the city's evolving offer is not yet fully visible to the market and needs to be strengthened. The West Midlands Growth Company's 2019 Regional Perceptions Study indicates that:

- Only 10% of international foreign direct investment intermediaries feel they know either a lot or a fair amount about the city's offer. More than half, meanwhile, know the name but nothing else and nearly 20% have never heard of Wolverhampton.
- Only 7% had positive perceptions of the city, while 86% were either neutral in their feelings or had no particular view.
- Only then will it be possible to start to achieve penetration within key markets across the world, allowing Wolverhampton to reach its full potential compared with other regional cities.

4.0 Response

4.1 In order to improve our approach to attracting inward investment and address the challenges faced in section 3.0, the service needs to take stock and consider the series of questions set out below. This will help provide a clear rationale in relation to the key markets, sectors and industries we will be actively targeting the city more competitively. We need better knowledge and understanding of our key target markets including:

- A. A stronger focus on Wolverhampton's specific strengths in terms of key sectors, industries and specific niche activities.
- B. Intelligence - In which sectors, industries and specific niche activities does the city have a particularly strong representation of businesses, employment and key strategic companies?
- C. Knowledge and understanding - Which of these are potentially 'key investing sectors or industries', aligning closely to key global foreign direct investment growth markets?
 - Where are the fastest growing source markets?
 - With which cities and regions will Wolverhampton be primarily competing with for investment?
- D. Influencing - Which are 'key enabling sectors or industries', i.e. acting as supply chains for key investing sectors and/or providing services and facilities critical to the city's offer to investors?

5.0 Market Needs

- 5.1 The service needs to have a greater understanding on the demands of the market when looking to invest. We have to identify if the city can meet these demands, to know:
- What is the market looking for in a location and does the city provide this kind of business eco – system to investors?
 - What are the characteristics of typical investors?

- What are they looking for in a potential investment location? (e.g. in terms of land and property (e.g. i9, i54), connectivity, market access, supply chain, talent base, R&D ecosystem, supply chain, living environment/quality of life etc.)
- What is Wolverhampton's USP's as an investment location?
- How well do the characteristics and strengths of Wolverhampton's offer line up against investor requirements in each investing sector?
- With which cities and regions - in the UK and globally - will Wolverhampton be primarily competing with for investment?
- What are the key proof points on Wolverhampton's specific strengths and USPs relevant to each target market?

6.0 First stage activity and key findings

- 6.1 The service has commissioned West Midlands Growth Company's research team who have started the process of answering and formulating responses to the above. The team has completed the first phase of the project which has shared:
- Analysis of the city's strengths in terms of the representation of businesses, employment and key strategic companies
 - Specialist foreign direct investment market intelligence from a range of sources on key global growth sectors
 - Recommendations on sector priorities for the Wolverhampton international trade and investment marketing strategy sub-divided into:
- 6.2 Wolverhampton's key economic sectors aligned to the current global foreign direct investment (FDI) market opportunities are:
- A. Transport technologies (and automotive and aerospace in particular),
 - B. Advanced manufacturing (and fabricated metal products and machinery in particular)
 - C. Business services (and financial services in particular)
 - D. Environmental technologies (notably waste treatment).
- 6.3 These sectors have associated with their industries and business, strong supply chain and access to customer base which form a key element of the city's offer to investors. This attracts and help secure foreign direct investment for the city, bringing with it, significant new market opportunities for Small Medium Enterprises (SME's), which make up the city local supply chain. These include advanced materials (notably basic metals) and logistics (notably road and air freight transport).

6.3 Supporting sectors and industries are also critical to the city's offer to investors. These include a number of the enabling sectors such as health services, retail, the visitor economy and sports.

7.0 Place Marketing

7.1 The next step is to address the questions "What is the market looking for in a location, and what are Wolverhampton's USPs as an investment location?" The work will look at current market insights to identify:

- Wolverhampton's competitive strengths linked to specific investor requirements
- Examples of key overseas investors based in the city
- Key market opportunities expanding businesses in the sector are likely to be looking to take advantage of
- Characteristics of typical inward investors in the sector
- Global source markets, where there are significant concentrations of potential investors
- Locations around the world Wolverhampton will be competing with to attract investment
- Examples of key investors into Western Europe in recent years with no significant presence to date in the West Midlands

8.0 Next Steps

8.1 The research findings, recommendations and final report will be provided by West Midlands Growth Company on 28th February 2020.

9.0 Evaluation of alternative options

9.1 Option 1 – Make no change to business as usual activity and continue with our current approach. This approach will prevent us identifying areas for improvement and may hinder our ability to attract foreign investment in the future.

9.2 Option 2 – Address the challenges facing the city outlined in paragraph 3.0 and implement the new international trade and investment marketing strategy. This will improve perceptions of the city amongst investor markets, raise its profile as an inward investment location that is 'open for business,' leading to increased international investment.

10.0 Reasons for decision(s)

- 10.1 Agreeing these proposed approaches will enhance the city's presence in overseas markets leading to increased foreign direct investment entering the city creating jobs and opportunities for local residents and businesses.

11.0 Financial implications

- 11.1 There are no further direct financial implications of this report for the Council. The cost of this piece of work is £45,000. Costs will be met through the Council's existing service level agreement with West Midlands Growth Company. There is no additional expenditure from Council revenue budgets required for this project.

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12.0 Legal implications

- 12.1 There are no direct legal implications arising from this report

[Legal Code: TS/15012020/T]

13.0 Equalities implications

- 13.1 None

14.0 Climate change and environmental implications

- 14.1 As new companies set up operations in the city there may be associated environmental impacts through increased energy usage for example. However, these can be addressed through attracting, carbon neutral / low emission companies and ensuring that eco-friendly building processes are used in construction of new premises. We can also encourage existing companies to make their business premises more environmentally friendly / efficient.

15.0 Health and Wellbeing Implications

- 15.1 Being in long-term employment often improves the health and wellbeing of residents. Therefore, creating new jobs through attracting new businesses in to the city will raise levels of health and wellbeing for local people.

16.0 Project Implications

None

17.0 Human resources implications

- 17.1 The CWC Enterprise Service will be responsible for delivering the strategy which will impact on staffing and resourcing.

18.0 Corporate landlord implications

18.1 The strategy may have positive implications for corporate landlord as new overseas investors considering the city may be interested in purchasing / leasing council owned assets for their operations.

19.0 Schedule of background papers

19.1 None.

20.0 Appendices

20.1 Appendix 1 – Enterprise service current approach to attracting inward investment