



North East Leadership Board

Tuesday 21st April, 2015 at 2.00 pm

Members' Pre-meeting at 1.30 pm

Meeting to be held at Northumberland County Council, County Hall, Morpeth, NE61 2EF

www.northeastca.gov.uk

SUPPLEMENTAL AGENDA

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10. Inward Investment Function Proposals	1 - 6

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To All Members

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North East Combined Authority

North East Leadership Board

DATE: 21 April 2015

SUBJECT: Inward Investment Function Proposals

REPORT OF: Economic Development and Regeneration Thematic Lead

EXECUTIVE SUMMARY

This report provides an update on progress to develop arrangements for an enhanced, regional inward investment function and a proposal to move forward.

RECOMMENDATIONS

The Leadership Board is recommended to agree to an increased core budget of £140,000, funded by an equal contribution of £20,000 per local authority to support an enhanced level of NECA-wide inward investment activity.

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1 Executive Summary

- 1.1 This report provides an update on progress to develop arrangements for an enhanced, regional inward investment function.
- 1.2 The Leadership Board is recommended to agree to an increased contribution of £140,000, funded by an equal contribution of £20,000 per local authority to support an enhanced level of NECA-wide inward investment activity. This increased level of funding has the potential to be matched by additional funding, which is currently being explored with the NELEP, that could result in a significant further increase in inward investment capacity and activity.

2.0 Background

- 2.1 At the NELB meeting of 17th February 2015, the Leadership Board agreed that the current £70,000 base budget for inward investment should continue and that options should be explored for an enhanced inward investment function that adds value to existing activities and improves co-operation across the NECA area.

3 Current Position

- 3.1 The current budget of £70,000 funds the employment of a part-time officer to provide a concierge service for the enquiries generated predominantly by UKTI. The current arrangements have certainly improved the delivery of some inward investment functions in the area, but are considered to be the absolute minimum provision required for the NECA area to meet UKTI's requirement to channel its foreign direct inward investment (FDI) enquiries through a single point of contact at a regional or LEP level.
- 3.2 Individual local authorities continue to play an important role in the attraction of inward investment to local areas and the region's performance in respect of certain types of inward investment (specifically account management of existing investors) remains strong. For this reason it is vital that the collaborative arrangements at the NECA / LEP level work in conjunction with the capacity that exists at the local authority level. However, there are opportunities to add value to this work by filling gaps in provision. In particular, it would be beneficial to add value by providing a coordinated response to enquiries which span the wider NECA geography and by providing a more proactive approach to the generation of enquiries from the sectors within which the NECA/LEP area has considerable assets.
- 3.3 The current concierge service arrangements are only partially able to fill the gap in NECA area-wide provision left by the demise of ONE North East and the winding up of the Tyne and Wear Economic Development Company. Notwithstanding the work being done by individual local authorities, other agencies and, more recently by the Combined Authority's concierge function, the North East as a whole is failing to match the efforts of many of its main competitors in international investment markets. Most LEP areas have

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developed inward investment functions at a LEP area level that are better equipped to service enquiries in a coordinated manner and, in some cases, generate new investment leads by effectively communicating an area's investment offers.

- 3.4 Recently, representatives of the NELEP Board, representatives from private sector consortiums (including Developing Consensus) and representative bodies such as NECC and the CBI have met with NECA representatives including the Economic Development and Regeneration Thematic Lead to make the case for the development of a NECA / NELEP area inward investment resource that has the capacity to effectively coordinate an area-wide function, compete effectively with other regions and go some way to filling the gap left by previous regional bodies.

4.0 Proposals for an Enhanced Function

- 4.1 In consultation with the aforementioned agencies and partners, officers have begun to consider a number of options in order to develop a proposal to establish an enhanced inward investment function for the NECA area.
- 4.2 The function should have the capacity to adequately handle enquiries that are originated by UKTI or other sources, to monitor and oversee collaborative initiatives to promote inward investment, and of key importance, is the ability to promote sector based offers and priorities in order to generate enquiries at the NECA level. Hub and spoke arrangements would be developed between the NECA function and individual local authority teams so that all related activities are cohesive and coordinated.
- 4.3 Initially, it is proposed that with an increased contribution of £20,000 per authority in this financial year (from £10,000 currently, per authority), to create a total budget of £140,000, a proposal for enhanced provision and activity – building on the existing concierge function – is developed by the Economic Development and Regeneration Advisory Board once established, for the Leadership Board's consideration.
- 4.4 Beyond this 'first phase' of development, it is suggested that options continue to be explored to further enhance the function to ensure the Combined Authority can adequately fulfil its objectives and compete effectively with other areas. This would include requesting the NELEP to match the Combined Authority's contribution of £140,000 and commit a further sum of £80,000 to create a marketing collateral resource. A total budget of £360,000 would enable the right ratio of staffing and marketing resource that would be sufficient to deliver the appropriate levels of coordination and sector marketing development.

5 Potential Impact on Objectives

- 5.1 The report sets out a proposal that will support the Authority in meeting its objectives.

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6 Finance and Other Resources

- 6.1 It is requested that each local authority agrees to increase its contribution to the development and operation of an enhanced regional inward investment function from £10,000 to £20,000 in the current financial year.

7 Legal

- 7.1 There are no specific legal implications arising from this report.

8 Other Considerations

8.1 Consultation/Community Engagement

There are no issues arising from this report for consultation.

8.2 Human Rights

There are no specific human rights implications arising from this report.

8.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

8.4 Risk Management

There are no specific risk implications arising from this report.

8.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

8.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

9 Background Documents

- 9.1 North East Strategic Economic Plan – More and Better Jobs

10 Links to Plans in the Policy Framework

- 10.1 This report links to the Strategic Economic Plan and other plans in the Policy Framework.

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11 Appendices

11.1 None.

12 Contact Officers

12.1 Dave Smith, dave.smith@sunderland.gov.uk, 0191 561 1112

13 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

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