

WIRRAL COUNCIL

ECONOMY AND REGENERATION OVERVIEW AND SCRUTINY COMMITTEE

5TH SEPTEMBER 2011

SUBJECT:	INWARD INVESTMENT TARGETTING
WARD/S AFFECTED:	ALL
REPORT OF:	INTERIM DIRECTOR OF CORPORATE SERVICES
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR PHIL DAVIES REGENERATION AND PLANNING STRATEGY
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	YES

EXECUTIVE SUMMARY

1.1 This report sets out the Interim Director of Corporate Services plans to develop a series of targeted inward investment activities with the explicit aim of promoting Wirral as a business investment location to drive economic growth and create new jobs within the Borough. These activities will actively promote Wirral's investment opportunities by specifically targeting expanding companies with investment projects by using experienced intermediaries to undertake and manage inward investment lead generation activity. The report outlines how these activities will be co-ordinated and delivered in line with the wider investment support services framework.

2.0 RECOMMENDATIONS

2.1 That the plans for Inward Investment are noted and that the implementation of the proposals is supported.

3.0 REASONS FOR RECOMMENDATIONS

3.1 Attracting inward investment to Wirral is one of the key priorities of the Council's Investment Strategy which aims to deliver a strong, vibrant economy with high levels of investment and employment opportunities for the residents of Wirral. Significant amounts of hard work and effort by Wirral Council and its strategic partners has seen the development of several significant investment opportunities that now require promotion on an international stage. However, in order to succeed with the resources available, specific targeting is a critical part of the strategy to generate leads and secure appropriate investment.

3.2 Cabinet on the 21st July agreed the recommendation to support the Inward Investment activity.

4.0 BACKGROUND AND KEY ISSUES

4.1 Wirral's Investment Strategy recognises the importance of attracting new inward investment to Wirral in order to deliver a strong and dynamic economy and provide employment opportunities for Wirral's residents

4.2 In order to secure new inward investment, Wirral Council will need to work with its strategic partners to maximise the use of key resources to target specific companies in countries that are interested in the UK as an investment location and use the products and opportunities on offer to generate interest and where possible, secure investment for Wirral. Based on this, Wirral will seek to deliver inward investment activity based on the following four key principles:

1. Attract new successful businesses, particularly those in key growth sectors and matching the requirements our key investment products
2. Promote strategies and develop technical specifications that will help provide the appropriate environment to encourage investment
3. Link to strategies that help train, attract and retain talented, skilled and knowledgeable people in the Borough
4. Position Wirral as a leading, vibrant global business location with a gateway to the UK and mainland Europe

4.3 Wirral has a number of specific investment opportunities that have been developed since the inception of the Investment Strategy in 2007. The quality of these opportunities and products are now recognised as extremely high, particularly for promotion internationally. These opportunities include:

4.4 **Wirral Waters:** In 2010, Planning permission was given to Peel Holdings' Wirral Waters East Float development, which is the UK's largest regeneration project to have been given planning approval. The £4.5 billion regeneration scheme will take place over the next 25 years and will create in excess of 20,000 new jobs. Peel Holdings is beginning to promote the development on an international basis using a renowned team of property specialists to build a strong and recognisable brand for Wirral Waters, specifically identifying key investment projects within the short, medium and long term. It is essential that the Councils strategy supports that of Peels in the context of Wirral Waters.

4.5 **Enterprise Zone:** The whole of the Wirral Waters site has been designated as one of the four named 21st Century Enterprise Zones (EZ) by central government in Budget 2011. Along with Liverpool Waters, it forms the Mersey Waters EZ. Cabinet on the 14th April (Min 396) welcomed the designation of Wirral Waters as an Enterprise Zone and noted that this would assist businesses through tax incentives, superfast broadband, improved infrastructure and simplified planning rules. The EZ provides a clear opportunity to promote the Borough as a preferred location for inward

investment and it is anticipated that Wirral will receive an increased number of investment enquiries.

- 4.6 **International Trade Centre:** In June 2011, Wirral Council received a planning application from Peel Holdings for the development of an International Trade Centre at the West Float site of the Wirral Waters development. The 4 phased development totals in excess of 2.5 million square feet that would enable up to a 1,000 separate companies from China, India, South Korea or other emerging economies, to exhibit, sell, assemble and distribute their goods into the UK, Irish and European markets. The facility will include showroom spaces, warehousing/ storage and assembly facilities. The ITC will be the first of its kind in the United Kingdom and the largest and most sustainable Trade Centre in Europe.
- 4.7 **Wirral International Business Park:** One of the region's most impressive regeneration success stories is Wirral International Business Park (WIBP). However, there is over 70 hectares of employment land still to be developed at WIBP and its strategic importance is higher than ever in terms of its ability to support the opportunities of key sector developments, such as the ones outlined below.
- 4.8 **Offshore Energy opportunities:** The port related facilities of the Eastern end of the Borough offer a unique opportunity of available land, skilled workforce, port and harbour facilities and access to an established supply chain to serve the West coast, East coast and Scottish West coast offshore renewable energy markets. Cammell Laird offers the offshore wind industry an excellent range of opportunities for both manufacturing and pre-assembly as well as operation and maintenance bases for the wind farms. At the heart of the UK economy's shift to low carbon, by 2020 the offshore wind industry alone could be worth £75bn and support up to 70,000 jobs in the UK and the uniqueness of the Cammell Laird offer, alongside high quality port related land, is a key investment offer for Wirral as a place to target appropriate investment to support this sector.
- 4.9 **Research and Development:** Wirral's R and D sector is a crucial part of the Council's enterprise and employment plans for the future and has seen considerable growth in recent years with notable investments made in research facilities by Bristol -Myers Squibb and Biofortuna. Over 13,000 people currently work in the Bio/life science industries in Wirral. The biomedical sector is an important employer in Wirral and Research and Development across all fields is hugely important to Wirral and forms part of the investment offer that exists in the borough.
- 4.10 Over the last six years, The Mersey Partnership (TMP) has delivered inward investment services on behalf of all of the Local Authorities in the Liverpool City Region. An annual subscription for inward investment of £140,000 has been paid to TMP by Wirral Council for the last three years. However, a decision taken by Liverpool City Region partners in response to current budget challenges faced by the LA's has seen the withdrawal of this additional money and TMP receive only a basic subscription for which they are now

delivering basic inward investment services. There is an facility to buy additional TMP investment services on a 'pay as you go basis, but Officers feel that whilst this is an option to work on specific LCR partnership activity, it will not provide as much added value as conducting specific targeted activity within the co-ordination of activity within the revised Investment Strategy prospectus, which members have discussed as a previous item on this Cabinet agenda.

- 4.11 It is proposed therefore that Wirral adopts a specific three stage inward investment approach that will add value to TMP's LCR 'umbrella' investment strategy and allow the Council to target specific sectoral and project based opportunities that identifies market opportunities by engaging with specialist intermediaries to generate leads and target specific companies. Cabinet is asked to support the following three stage model in its development and implementation:

Stage One

- 4.12 The recruitment of dedicated inward investment expertise to Wirral Council. This includes the appointment of an Inward Investment Manager to the staff establishment at the Council to run the day to day operations of inward investment from within the Investment Strategy Team. The post holder will be suitably qualified and have a high degree of experience of working with investment intermediaries and developing relevant strategy. A high competence of dealing at a senior executive level of large corporate organisations will be expected from this post holder. A report will be taken to Employment and Appointments committee on the 28th September for authorisation to advertise this post.

Stage Two

- 4.14 The appointment on a retained basis of a suitably qualified UK intermediary to facilitate international promotion of Wirral's key investment opportunities. This person will call upon an international network of leads and contacts to source viable investment opportunities to target based on Wirral's key opportunities and USP's. This person would be retained in the first instance on a set number of days. Work has already started to make contact with suitable qualified intermediaries.

Stage 3

- 4.15 This stage will give the Council the ability to use internationally based intermediaries payable upon on the success of a.) lead generation and b.) actual inward investment secured (eg terms agreed). The exact terms are to be set and agreed in accordance with procurement rules and regulations. This will include attendance at appropriate trade fairs in line with the targeted investment activity.
- 4.16 Overall, Wirral is developing a new approach to inward investment, moving away from general marketing to implement specific strategies based on investment opportunities and products and explicitly targeting appropriate investment leads which will be generated by experienced investment intermediaries who will have the contacts internationally to promote Wirral's

products. This will complement the investment marketing that is being done via investwirral.com and further enhance the work being done by TMP at a City Region level.

- 4.17 The Investment Strategy Manager will work closely with Invest Wirral and promote Wirral under the Invest Wirral brand.

5.0 RELEVANT RISKS

- 5.1 A full risk analysis had been carried out by Wirral Officers and the business targeted approach to inward investment been designed to offer Wirral businesses the highest quality level of support.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Officers have carefully developed the proposals taking into account past experience of dealing with inward investment in Wirral and other experiences of best practice from elsewhere. The options outlined in this report have been designed to offer the maximum return on the money invested in this activity.

7.0 CONSULTATION

- 7.1 Wirral's investment strategy has been reviewed following an extensive consultation with partners. More detail is included in the Investment Strategy refresh report that has been presented to Cabinet on this agenda. Inward Investment and the attraction of new businesses to Wirral forms an essential part of this investment strategy.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 None as a direct result of this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 9.1 Stage One of this proposal will mean the creation of the post of Inward Investment Manager will be taken through Employment and Appointments Committee on the 28th September. This post will be created through a restructure of the Councils Investment Strategy Team which will be implemented by the Interim Director of Corporate Services in consultation with the Portfolio Holder. All costs associated with this re-structure will be met within existing staff budgets.

- 9.2 Cabinet on the 21st February 2011 (Min 327) confirmed funding to support investment growth and to continue some investment support services previously funded by Working Neighbourhoods Fund. Cabinet on the 24th June supported the delivery of the investment Support Services Framework which included an outline proposal for inward investment activity. The activity set out within Stages two and three of this Inward Investment report will be funded via the resources identified in the June report (£1.625m) which was

agreed by Cabinet. The funding for stages two and three is proposed to be £70k

- 9.3 The Director of Finance confirms that one of the most cost effective ways of procuring the Stage Two services outlined in the report would be through the operation of the Council's Matrix contract. This service has been procured by Wirral Council and will enable individuals or private sector businesses to be employed on a task and finish basis. This would enable a UK intermediary to be engaged that possesses the key attributes and experience specified within this report. The implementation of Stage Two will allow suitable arrangements for Stage Three to be sourced using the UK intermediaries experience and network of contacts to engage with them. As detailed within para 4.15, the exact terms are to be set and agreed in accordance with procurement rules and regulations.
- 9.4 Market analysis has indicated that an appropriate daily rate to obtain the necessary qualified and self employed individual for Stage Two could be obtained via Matrix. The cost of using the Matrix contract will be in addition to this and is likely to be within the range of 5 – 10% of the costs. The procurement of the Matrix contract through the Council's tender process will assist the service demonstrate value for money through the efficient and competitive procurement of staff.

10.0 LEGAL IMPLICATIONS

- 10.1 The development of the targeted inward investment activity will need to comply with the obligations arising under the Bribery Act 2010 which comes into force on the 1st July 2011.

11.0 EQUALITIES IMPLICATIONS

- 11.1 None as a direct result of this report
- 11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

12.0 CARBON REDUCTION IMPLICATIONS

- 12.1 None as a direct result of this report, but the investment strategy will target low carbon investment opportunities as a key sector for Wirral.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 13.1 None as a direct result of this report

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SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet Investment Support Services Framework	23 rd June 2011
Cabinet Business Support Services	14 th April 2011
Cabinet Council Budget 2011-12	21st February 2011
Cabinet Targeted Inward Investment Activity	23 rd July 2011