

## **CABINET – 02 06 15 EXECUTIVE SUMMARY OF AGENDA ITEM 11**

**Report title: INVEST IN BRISTOL AND BATH – LONG TERM FUNDING**

**Wards affected: City Wide**

**Strategic Director: Barra Mac Ruairí**

**Report Authors: Howard Swift, Service Manager Economic Development**

### **RECOMMENDATION for the Mayor's Approval:**

- i. approve the acceptance of the £5m grant offered by the West of England Local Enterprise Partnership Economic Development fund to support the running costs of the Invest in Bristol and Bath Service
- ii. accept the risk of the making good any shortfall of grant from the Economic Development Fund in future years
- iii. approve Bristol City Council hosting the service and to the relevant posts becoming established to deliver its mission.

### **Key background / detail:**

a. Purpose of report: *The Invest in Bristol and Bath (IBB) inward investment promotion service is shared between the four West of England Unitary Authorities. This report seeks approval of the Mayor to the acceptance of a £5m grant to cover the IBB's running costs from 2015 to 2020 and to consider the risks of acceptance.*

#### **b. Key details:**

1. The Invest in Bristol and Bath (IBB) inward investment promotion service is shared between the four West of England Unitary Authorities.
2. The Investment Board of the West of England Local Enterprise Partnership has accepted a business plan from the service (Appendix 1.) seeking funding to cover its revenue costs over the period 2015 to March 2020 in the sum of £5m to be funded from the West of England Economic Development Fund. This funding will take the form of a grant subject to continuing satisfactory performance of the service. This performance will be reviewed annually.
3. The grant would be subject to the costs being underwritten equally by the four authorities in the event that the Economic Development Fund has insufficient resources to meet this commitment at any point during the five year grant period. This would indicate that the risk to be carried would not exceed £250,000 at any time. Effective monitoring of the Economic Development Fund will enable us to limit the risk yet further.
4. The service will be hosted by Bristol City Council with any shortfall in grant becoming recoverable by the Council from the other three Unitary Authorities.

**BRISTOL CITY COUNCIL  
CABINET  
2 JUNE 2015**

**REPORT TITLE: INVEST IN BRISTOL AND BATH – LONG TERM FUNDING**

**Ward(s) affected by this report: City wide**

**Strategic Director: Barra Mac Ruairí / Strategic Director, Place**

**Report author: Howard Swift / Service Manager, Economic Development**

**Contact telephone no. 0117 35 74427  
& e-mail address: howard.swift@bristol.gov.uk**

**Purpose of the report:**

*The Invest in Bristol and Bath (IBB) inward investment promotion service is shared between the four West of England Unitary Authorities. This report seeks approval of the Mayor to the acceptance of a £5m grant to cover the IBB's running costs from 2015 to 2020 and to consider the risks of acceptance.*

**RECOMMENDATION for the Mayor's approval:**

*That the Mayor:*

1. approves the acceptance of the £5m grant offered by the West of England Local Enterprise Partnership Economic Development fund to support the running costs of the Invest in Bristol and Bath Service
2. accepts the risk of the making good any shortfall of grant from the Economic Development Fund in future years
3. approves Bristol City Council hosting the service and to the relevant posts becoming established to deliver its mission.

**Background**

1. Inward investment is identified as one of the main planks within the City Deal and the subsequent Strategic Economic Plan, launched in 2014.
2. Invest Bristol & Bath (IBB) is the investment promotion partnership for the West of England region delivering its activity in an integrated manner between the West of England Local Enterprise Partnership (LEP, WELEP) and the four Unitary Authorities' (UAs) economic development teams. The service is designed to provide a central resource, intelligence and co-ordination point for generating and handling investment leads and accounts with each UA partner fully engaged in the service in order to land and continually support investors.
3. IBB supports investment by companies that intend to directly create additional jobs or directly invest quantifiable capital in the region which has a direct link to the region's economic development priorities:
  - To support the creation of 5,300 jobs by attracting business inward investment over

five years by 2020 and including the anticipated 2,700 jobs objective contained in the SEP.

- To generate income for the region through City Deal by attracting investment to the Enterprise Areas and Enterprise Zone.
  - To increase gross value added to the region from the quality of jobs created.
  - To directly support the Strategic Economic Plan and UAs economic development priorities for the region.
  - Raise the regional profile as a destination for domestic, national and international investment.
  - Increase capacity for inward investment in the Enterprise Zone and Enterprise Areas by supporting infrastructure development and capital investment from developers, institutional and private equity funds.
  - Provide a client handling programme to support businesses as they invest in the region.
4. Between April 2012 and March 2015 IBB was funded principally by a direct grant from BIS of £2.35m.
  5. At the end of the initial funding period a review was undertaken by Mickledore to review the approach of the service and recommend areas for improvement.
  6. The new funding agreement is reliant on the four UAs underwriting the funding and covering shortfall at the outset.
  7. A memorandum of understanding has been drafted and signed by all UA partners. The strategy is identified as a key component of the MoU and provides the basis for the annual operation plan for the service.

#### **The proposal:**

8. The Invest in Bristol and Bath (IBB) inward investment promotion service is shared between the four West of England Unitary Authorities.
9. The Investment Board of the West of England Local Enterprise Partnership has accepted a business plan from the service (Appendix 1.) seeking funding to cover its revenue costs over the period 2015 to March 2020 in the sum of £5m to be funded from the West of England Economic Development Fund. This funding will take the form of a grant subject to continuing satisfactory performance of the service. This performance will be reviewed annually.
10. The grant would be subject to the costs being underwritten equally by the four authorities in the event that the Economic Development Fund has insufficient resources to meet this commitment at any point during the five year grant period. This would indicate that the risk to be carried would not exceed £250,000 at any time. Effective monitoring of the Economic Development Fund will enable us to limit the risk yet further.
11. The service will be hosted by Bristol City Council with any shortfall in grant becoming recoverable by the Council from the other three Unitary Authorities.

#### **Consultation and scrutiny input:**

*In the context of the risk of any shortfall having to be made good by the Council being assessed to be very low, Scrutiny review has not been sought.*

##### **a. Internal consultation:**

*This proposal has been widely consulted upon both internally and externally. Internally, the proposal has been considered and reviewed within the Place Directorate including Finance and HR Business Partners, within the Business Change Directorate including Policy and Research, within the City Director's Office including Bristol Futures, and within the People Directorate including Employment and Skills.*

**b. External consultation:**

The proposal has been consulted upon across the other three West of England Unitary Authorities up to and including the Chief Executive of each.

**Other options considered:**

*In terms of the recommendation to accept the grant offer of £5m, the only alternative would be to decline the grant and the associated risk. This would however almost certainly mean that the service would be discontinued and valuable investment would migrate to our competitors. Discontinuing the shared service would not necessarily mean that the Council would not choose to deliver the same mission independently but it would have to find the resources itself to fund such alternative provision.*

**Risk management / assessment:**

<b>FIGURE 1</b>							
<b>The risks associated with the implementation of the (subject) decision :</b>							
No.	RISK	INHERENT RISK		RISK CONTROL MEASURES	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
	Threat to achievement of the key objectives of the report	Impact	Probability	Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	Impact	Probability	
1	That the Economic Development Fund has insufficient resources to sustain the grant and the Council has to make good the shortfall	<b>Mode rate</b>	<b>Low</b>	Close monitoring of fund headroom in advance of forward funding commitment to the IBB in each year.	<b>Very Low</b>	<b>Low</b>	Service Manager Economic Development

<b>FIGURE 2</b>							
<b>The risks associated with <u>not</u> implementing the (subject) decision:</b>							
No.	RISK	INHERENT RISK		RISK CONTROL MEASURES	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
	Threat to achievement of the key objectives of the report	Impact	Probability	Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	Impact	Probability	
1	That Bristol City Council needs to seek alternative funding for the same proposal OR has itself to fund a reduced service addressing the needs of the city without the support of the adjoining unitary authorities.	<b>High</b>	<b>High</b>	Operate a cut down service at greatly reduced cost accepting that such a service may not offer best value.	<b>Medium</b>	<b>High</b>	Service Manager Economic Development

**Public sector equality duties:**

***Before making a decision, section 149 of the Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:***

***i) eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.***

***ii) advance equality of opportunity between persons who share a relevant protected characteristic and those do not share it. This involves having due regard, in particular, to the need to:***

- *remove or minimise disadvantage suffered by persons who share a relevant protected characteristic.*
  - *take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);*
  - *encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.*
- iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice and promote understanding.*

There are no proposals in this report which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

#### **a. Environmental Impact Assessment**

1. The direct impacts of this proposal are related to a small number of staff and are not considered to be significant. As the service will be hosted by BCC, impacts such as office energy consumption and staff travel will be mitigated through our environmental management system, which is registered to the EU Eco-Management & Audit Scheme standard.
2. Indirectly, the promotion of inward investment can attract development which may bring negative or positive environmental impacts, depending on the nature of the development. These are considered as part of the Council's statutory planning function.
3. The net direct impact of the proposals are **negative but minor**.

**Advice given by: Steve Ransom, Environmental Performance Programme Coordinator**

**Date: 22 April 2015**

**Resource and legal implications:**

#### ***Finance***

##### **b. Financial (revenue) implications:**

*"Our current projections indicate that there will be sufficient funds within the Economic Development Fund to ensure that the risk of any requirement on the Council to make good a shortfall will be extremely small."*

**Advice given by: Mike Allen / Finance Business Partner**

**Date: 21 April 2015**

##### **c. Financial (capital) implications:**

*There are no Financial (capital) implications of the proposal.*

##### **d. Legal implications:**

*There are no Legal implications of the proposal.*

##### **e. Land / property implications:**

*There are no Land and Property implications of this proposal*

**f. Human Resources implications:**

*“As the City Council is hosting Invest in Bristol and Bath, we will become the employer of staff working in the service. The service will have 7 FTE budgeted posts. Three posts are currently filled by agency staff and these will be advertised as permanent posts which will reduce the costs of the service’s pay bill.”*

**Advice given by: Mark Williams, People Business Partner**

**Date: 21 April 2015**

**Appendices:**

Appendix 1 – Invest in Bristol and Bath 2015-2020 Business Case

**Access to information (background papers):**

NA

# West of England Investment Board

## Full Business Case

### Programme: Invest Bristol and Bath, The West of England Investment Promotion Service

1	Version 1.0	30/10/13	Matthew Cross		
2					
3					
4					
5					
		Originated	Reviewed	Authorised	Date

## **Executive Summary**

### **The Project**

To build and maintain a strong investment promotion service for the region that;

1. Creates jobs by attracting business investment to the region.
2. To secure income for the region through City Deal by attracting investment to the Enterprise Zone and/or Enterprise Areas.
3. To support the regions and Unitary Authorities (UAs) economic development priorities for the region.

### **Need**

The LEPs Strategic Economic Plan positions investment promotion as one of four levers for growth in the regional economy. It recognises the relative weakness in the region historically and the risk this imposes on the regions managed growth strategy (West of England LEP, 2014, p78, appendix 1).

The strategy is supported by external research from OCO and from Mickledore. Both of which recognise the competitive nature of the inward investment marketplace but that the West of England benefits from a strong, advanced economy that makes potential impacts of a funded investment promotion programme significant (OCO, 2013, p6, appendix 2. Mickledore, 2014, p4, appendix 3).

### **Impacts**

1. Invest Bristol and Bath will create 5,200 jobs over the five year funding period.
2. Generate income for the region through driving investment into the Enterprise Zone and Enterprise Areas.
3. Support key economic development priorities of the LEP and UAs by attracting private sector investment.

### **Approach**

IBB has clear and proven approach to delivery that reflects the sectoral and spatial (through Enterprise Zone and Areas) strategy of the region. The approach has three prongs to it;

- Product development – detailed local intelligence and research matched with national and international economic trends to identify real investment opportunities.
- Marketing – communications focused on specific targets with clear messages tightly aligned to product development above. Effectiveness and impacts are measurable and adjustable.
- Account Management – intelligence led programme of client handling to ensure prospective investment succeeds in the region.

### **Track Record**



- 1,153 jobs created
- 331 safeguarded
- £84.5m GVA contribution
- 52 companies successfully supported

## **Strategic Case**

### **1.0 Promoter and Delivery Arrangements**

Invest Bristol & Bath will transition into the West of England LEP management structure.

Currently the service is delivered through Bristol City Council as accountable body. This relationship is currently under review.

### **2.0 Project Description**

#### **2.1 Background**

Bristol's City Deal secured the agreement from Government that additional rate income gathered in the Enterprise Zone and the Enterprise Areas could be retained by the West of England region (the region) in an Economic Development Fund (EDF). The region recognised its relatively weak track record in attracting new business investment to the region which if it failed to address would limit the potential size of the Fund. As such a stand alone bid was made to the Department of Business Innovation and Skills (BIS) for a fund to pump-prime an entirely new investment promotion service.

A fund of £2.35m was duly allocated over a three year period to be administered by Bristol City Council on the basis that it would play a part in generating an income from the EDF which could then take on the role of funding the service in the long term (Bristol City Council/BIS, 2012, p9, appendix 4).

#### **2.2 Track record**

Since operation began in January 2013, Invest Bristol & Bath has supported 52 companies generating 1,153 jobs contributing £84.5m in GVA to the region's economy, and safeguarded 331 jobs in the region.

In that time, IBB has established a 'strong platform' for attracting investment (Mickledore, 2014, p4). This has generated an active pipeline of 234 companies that could deliver 4,439 jobs to the region. 1,358 of which are expected to land in the next 18 months from a mix of international and domestic industries including high tech, creative & digital, aerospace and advanced engineering, and low carbon technologies.

#### **2.3 Partnership**

It has achieved this through a clear delivery approach and an established and successful partnership between the LEP, all four UAs (where the One Front Door approach is applied) and UKTI.

#### **2.4 Method**

Delivery of quality is built around three interlocking work areas;

1. Product development – detailed local intelligence and research (gathered through four appointed sector experts) matched with national and international economic trends to identify real investment opportunities. This allows IBB to;
  - establish a clear understanding of the regions strengths and investment opportunities in key sectors, business functions and value chains.
  - Identify pools of commercial activity locally, nationally and internationally that could respond to those strengths and opportunities and invest in the region.
  - Identify the local networks and individuals best placed to establish contact and build relationships with the best quality investors.
  
2. Marketing – marketing and communications focused on specific targets with clear messages tightly aligned to investment opportunities identified in product development above.
  - To initiate, deliver and track marketing campaigns that will focus activity on the strongest possible investment opportunities (see appendix).
  - To establish and maintain a consistent investment profile for the region to ensure the region receives a high level of opportunities directly from investors or through partners and stakeholders (such as UKTI, local partners, local private sector etc).
  
3. Account Management – To provide high quality, intelligence led, regional level account management support to businesses with a qualified interest in investing in the region. To achieve this Invest Bristol & Bath (IBB) will;
  - Provide detailed and timely responses to investor requirements which directly addresses diverse business needs.
  - Works in seamless partnership between other core teams of the LEP and across relevant departments/divisions in each Unitary Authority.
  - Continually enhance the core proposition to investors.
  - Provide support and expertise when opportunities go direct to UA (and other) partners.
  - Prioritise activity to ensure that an investment (in order of priority);
    - i. Happens
    - ii. achieves the strongest possible outcome for the investor (and is, as such, economically sustainable)
    - iii. achieves the strongest possible outcome for the region.

## **2.5 EDF role**

The Economic Development Fund (EDF) should provide the majority of funding for the service from 2015. It can be bolstered and extended with private sector income but over reliance on sources other than EDF could weaken the impact of the service by 1) creating the need to spend time on fund raising and not investment promotion and 2) creating competing client demands which compromises the service to investors. In this light we anticipate EDF funding will be used to cover;

- Core overheads including – offices, staff, IT etc.
- Delivery of inward investment account management support
- Marketing and branding – profile raising through PR activities, events, digital tools and other core marketing material
- Intelligence – ongoing research and consultancy costs for sector champions.
- Campaigns – part of campaign costs (using private sector funding to increase reach and penetration).

Any further funding will be generated from the private sector and other partners (such as UKTI) in order to enhance campaign activity. This will only be done when there is clear alignment between the partners expectations and IBB objectives so as to not dilute IBBs core objectives.

### **Phasing**

Early 2015; we will begin a review of these campaigns along with a review of trends and activities across identified priority sectors.

February 2015; Roll out investor development and business growth programme

March/April 2015; marketing and campaign review

April 2015; launch Ambassadors

From April 2015; redesign, develop new and drop existing campaigns according to the review.

September 2015; roll out new and amended campaigns according to review and changes in funding environment.

Throughout this we will continue providing and improving ad hoc lead generation through partners and account management of investing businesses.

### **3.0 Project Objectives and Case for Change**

#### **3.1 What are the objectives of the project?**

1. To support the LEP priority of creating jobs in the region (directly and indirectly) by attracting business investment.
2. To secure income for the region by promoting and attracting investment to the Enterprise Zone and five Enterprise Areas.
3. To support the LEP priority of attracting capital investment to the region to support economic development and regeneration priorities of the LEP and each Unitary Authority in the region.

#### **3.2 What does the project seek to achieve?**

In order to fulfil the above objectives it is necessary that IBB achieves a number of key milestones;

1. Is recognised in the region as the first point of contact for all investment related activity and builds a network of high quality multipliers (organisations that provide introductions to prospective investors) inside and outside the region.
2. Builds and maintains an intelligence base that is geared to supporting the role of attracting inward investment but which remains consistent with other LEP data tools.
3. Continually improves the partnership with UAs to ensure that an investor experience is equally strong through all parts of the partnership.
4. Raises the profile of the region in the areas and sectors with the highest investment potential for the region.
5. Uses inward investment momentum built in the past year to continue building Bristol and Bath reputation as a destination for investment to generate greater and higher quality success.

#### **3.3 Case for change**

1. Funding for the project (as outlined in section 2.1 above) is currently supplied by BIS and which expires in April 2015.
2. Much of the BIS funding has been used to put in place the foundations of a long-term investment promotion service that assumes a consistent level of funding and which suggested that City Deal/Economic Development Fund (EDF) was the most likely ongoing funding mechanism (Bristol City Council/BIS, 2012, p9, appendix 4).
3. To at least maintain current levels of investment and continually improving trajectory it is necessary to continue funding at the current level.
4. To revert to the model prior to the BIS funding would fragment the regions propositions into four separate UA based offers with boundaries that would not reflect the needs of investing businesses and no collective ability to maintain the current levels of intelligence and market penetration.

5. To fail to deploy continued funding for the service would mean the likely loss of a considerable proportion of the IBB jobs pipeline of up to 4,000 jobs (see section 2.2 above).
6. The regions investment promotion service would suffer deep reputational damage which would take considerable time to rebuild. As a result a significant amount of the BIS funding's impact would be lost.

#### **4.0 Strategic Fit**

- Strategic Economic Plan (SEP); Investment Promotion is a centrepiece of the SEP as one of the four drivers for productivity (along with SME Business Support, People and Skills, Place and Infrastructure). "The most significant investment we can make for the region is to grow the Invest in Bristol and Bath service and our two destination organisations."
- City Deal/EDF – IBB has undertaken a detailed review of its potential job creation impact in the context of other major economic development interventions. To ensure any potential double counting was minimised the service commissioned OCO Global and Amion Consulting to do this assessment in line with the wider review undertaken by Amion to determine the impact of other major interventions through the EDF (see appendix 5).

#### **5.0 Rationale for Public Intervention**

- The region has been poorly served by investment promotion activity in recent years which has a direct impact on the regions ability to maximise potential income generated from City Deal. An investment promotion service with a focus on Enterprise Zones and Enterprise Areas will have a direct impact on rates uplift and income generation for the region.
- Both Mickledore and OCO, referencing different sources, recognised the relative poor performance of the region in attracting investment at a rate that reflects the size of the region (Mickledore, 2014; OCO, 2013). This phenomenon arguably stems from a failure in the market by allowing other regions and cities to gain a disproportionate advantage over the West of England through stronger investment promotion.
- Arguably not only has the region lost out on potential investment opportunities but so has the UK given the specificity of the regions investment offer. This has been proven in the flurry of internationally mobile investment projects landing in the region including Huawei, Cray Supercomputers and Somo.
- Recent report by Centre for Cities (Centre for Cities & McKinsey and Co, 2014) highlighted the historic failure of the regions cluster to be recognised nationally or internationally and identified the value of investment promotion agencies in addressing that weakness.

#### **6.0 Options Appraisal**

- **Do nothing;** ad hoc inward investment support would be provided at individual UA levels with no alignment of resources and frequent competition. Investors would receive a potentially inconsistent and confusing service based on administrative local authority boundaries which often will not reflect how businesses seek support.
- **Do minimum;** UAs could continue in partnership but with little core funding. This would significantly reduce the impact of the service as well as the ability to interact with sectors at a strategic level (through sector champions). There would be a high risk of all value and momentum generated by IBB during the period of BIS funding being lost.
- **EDF Funded;**
  - Provides the most logical and aligned funding source.
  - Will provide a suitable level of funding over a sufficiently long-term period in order for the service to really deliver results.
  - Allows the service to focus on its core business rather than time consuming and distracting fund raising rounds.
  - Minimises risk and out of pocket expense to the four local authorities.

## **7.0 State Aid Considerations**

As this is a public sector service performing an activity appointed by public sector institutions there is no State Aid implications for the fund.

## **8.0 Equality and Diversity Impact Assessment**

The SEP is clear that effective investment promotion marketing is vital to our local economy and important to the national economy. A core component of this activity is the inclusion of our diversity message which enhances our proposition in respect of direct inward investment, capital investment and indigenous business investment.

The LEP is clear that principles behind excellence in Equality & Diversity have been woven into the fabric of our Levers of Growth and that supporting our rich diversity is beneficial, leading to economic growth. Real progress can be made by communicating to businesses that innovation stems from diversity and through communicating our activity to support economic growth through delivering excellence in Equality & Diversity.

### **Strategic Focus**

The Local Enterprise Partnership has clear opportunities enhance investment promotion marketing through developing the delivery of our marketing strategy through the inclusion of our diversity message as a clear lever of growth and sustainable, long-term success.

## **9.0 Environmental Sustainability Considerations**

In line with LEP priorities IBB has prioritised Low Carbon industries as one of its priority sectors. In this respect it has;

1. Funded Low Carbon South West to provide sector champion input.
2. Sits on the LEP's low carbon sector group and takes into consideration low carbon impacts when developing campaigns and dealing with new investment enquiries.
3. Is working in partnership with Bristol 2015 (Green Capital) to roll out a high impact Green Technology investment campaign for the region throughout 2015.

## Economic Case

### 10.0 Economic Appraisal

#### 10.1 Quantitative

Based on modelling undertaken by OCO in collaboration with Amion in 2013 the service has identified a set of clear, simple and strategically aligned job based targets from investment promotion activity. The job related impacts were set against job related impacts of other interventions identified in the EDF and therefore *not* double counting.

Year	13/14		14/15		15/16 target	16/17 target	17/18 target	18/19 target	19/20 target
	Target	actual	Target	Actual (as at 28/10/14)					
Jobs	529	589	850	610	950	1050	1050	1050	1200
GVA '000	24008	-	42,629	42,629	47,740	55,062	56,173	57,267	67,339
Successes	24	32	35	18	35	35	35	35	40
Projects handled	50	69	70	82	90	90	90	90	90
Leads generated	120	127	140	108	160	170	180	190	200
Cost per job '000	-	1417	1,372	-	1055	963	972	981	866

#### 10.2 Qualitative

In August 2014 IBB commissioned inward investment specialist consultancy Mickledore (see Appendix 3) to undertake a review of the activities of IBB to assess its performance and operation prior to the end of the funding regime. It found;

- Historically the West of England region has rarely achieved its full potential in attracting inward investment to the region.



- That IBB's investment promotion activity was of a standard to match any investment promotion agency in the UK and has made a substantial impact on the economy in its short lifespan.
- That the service's impact could be further enhanced by improvements to the partnership model in place.
- It strongly recommended that the service should;
  - continue at broadly the same level of funding it currently operates at,
  - covering the full LEP area and
  - is fully integrated into the LEP management structure.

## Financial Case

### 11.0 Scheme Cost

N/A

### 12.0 Spend Profile and Funding Sources

- The total funding of £5m will have a start date of 01 April 2015 and a completion date of 31 March 2020. It is suggested that a maximum of £1.25m would be made available in any year, with a minimum claim of £750,000 in any financial year between the start and completion date.
- There is an expectation that additional income will be generated from the private sector where there is a strong fit with the service activity. We anticipate this to be circa £200k per annum. Any such additional income generated will be used to bolster marketing activity.
- There are no capital costs for the service.

#### Revenue (Total) Spend (£000s)

	<i>Pre 15/16</i>	<i>15/16</i>	<i>16/17</i>	<i>17/18</i>	<i>18/19</i>	<i>19/20</i>	<i>Total</i>
<i>EDF</i>		<i>981.5k</i>	<i>991</i>	<i>1000</i>	<i>1009</i>	<i>1018</i>	<i>4999.5</i>
<i>BIS</i>	<i>1167</i>						
<i>Rental Income</i>		<i>21</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>21</i>	<i>105</i>
<i>Total</i>	<i>1167</i>	<i>1002.5</i>	<i>1012</i>	<i>1021</i>	<i>1030</i>	<i>1039</i>	<i>5104.5</i>

## Commercial Case

### 13.0 Procurement Strategy

- Procurement requirements are relatively high in number but small in amount. The service currently complies with all BCC procurement requirements.
- This may change following the completion of the structural review.

- However it is certain that the service will be accountable to one of the four UAs and therefore required to operate within that council's procurement rules.

#### **14.0 Operation and Financial Viability**

- The operational structure of the service is currently being reviewed (Led by the BCC Strategic Place Director).
- This review, which aims to be complete by 31 March 2015, will formally lay out the management and accountability structure of the service.
- During the penultimate year of operation alternative sources of funding will be investigated. It is possible that the service will need to continue to draw on the EDF after the initial five year period (unless another more cost effective but equally strategically appropriate funding source can be identified in the meantime).
- The service will develop a business case in the year before the final year of funding to ensure sufficient time is left to resolve any barriers or issues.

## Management Case

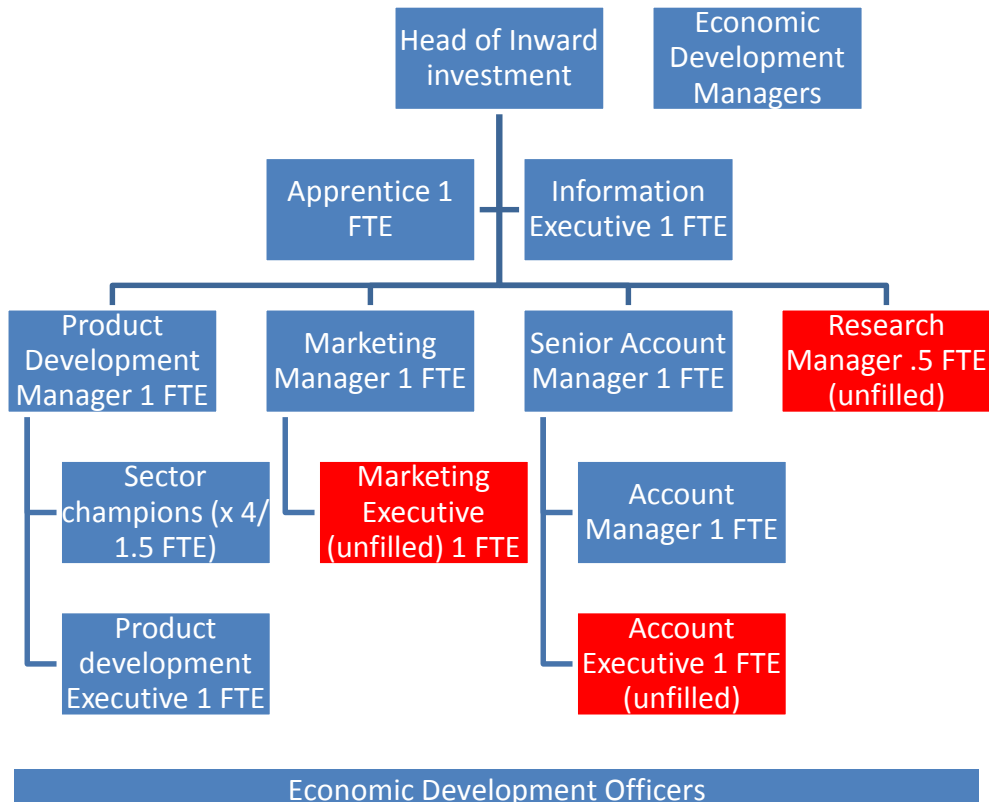
### 15.0 Project Governance and Delivery

How will the project be governed?



- Robust Governance arrangements will continue to be in place during the review including a shadow Board with all four UAs and the LEP Chief Executive represented (and led by the Director of Place at Bristol). The Head of IBB will report to the LEP Chief Executive during this transition period. Governance arrangements will continue to be developed in the review currently underway.

How is the project to be delivered and by whom?

- The project will be delivered by an established dedicated team. The current team has been established over the past two years and has built up a strong level of understanding of the particular economic and political conditions in the West of England. Recognising the importance of continuity and momentum consideration will be given to how the current team can transition into the emerging structures as part of the review.
- The team will need to be formalised with ongoing temporary contracts ended or converted as soon as possible into fixed term contracts.
- Team structure is as below;



## Experience

<p>Head of Inward Investment</p>	<p>Matt Cross</p>	<p>Inward investment professional with 15 years' experience at the London inward investment agency Think London in London and New York where he was responsible for managing strategic relationships with key London investors such as Bloomberg, Goldman Sachs, NBC etc. More recently he was Marketing and Investment Director at Plymouth City Development Company.</p>	
<p>Product Development Manager</p>	<p>Ben Shorrock</p>	<p>Almost a decade's experience of working in inward investment, primarily with a focus on Creative/High-tech and Professional/Financial Services. Ben worked for MIDAS, Manchester's investment agency promoting the city before setting up the Netherland's trade consulate in the North of England as Deputy Chief Representative. Most recently Ben worked on UKTI's national investment contract managing a strategic account programme.</p>	
<p>Marketing Manager</p>	<p>Liz Humphries</p>	<p>Communications and marketing professional with 10 years experience of promoting public/private initiatives in the West of England region. Liz has led multiple marketing programmes in strategic initiatives covering inward investment, economic development, planning and regeneration. Examples include Bath Enterprise Area, MIPIM and with prospective investors Dyson, Coutts and others.</p>	
<p>Senior Account Manager</p>	<p>Jane Wright</p>	<p>Highly experienced Account Manager with 18 years of experience working in inward investment with Bristol City Council, providing account management support to global and high growth companies throughout that time. Jane has been at the core of the organisation since its inception and has been recognised for her excellent work in building the vital partnerships for the service.</p>	

## **16.0 Programme Plan**

The programme is a five year rolling programme built around a core set of principles (as laid out in section two above) and responding to developments as they emerge.

## **19.0 Engagement and Consultation**

- Extensive engagement has been undertaken in reviewing the service to determine future structure.
  - IBB Board (led by South Gloucestershire Development Director) undertook a high level consultation of UA partners (Directors and Chief Executives) in late 2013/early 2014 to agree the principle of ongoing collective funding from the EDF.
  - Bristol City Council (led by Strategic Place Director) undertook a separate but related review to sense check IBB's performance, strategic fit and structure to provide a more detailed proposal to the LEP Exec. This review consulted with UA Development Directors or equivalent.
  - IBB undertook an externally commissioned study to evaluate the performance of the service against peers and to make recommendations on areas for improvement in the partnership. Mickledore consulted widely throughout the partnership at strategic and operational levels, as well as with investors, private sector partners, other public sector partners (including UKTI) and IBB staff themselves.
- Going forward and in line with recommendations of the Mickledore review IBB will put in place regular briefings with senior council officers and politicians in each UA partner to secure continuous feedback on the service performance and identify any issues arising.
- IBB will continue its regular engagement with UKTI on a monthly basis.
- IBB will build closer relationships with other core city investment promotion agencies to constantly absorb best practice.
- In the penultimate year of operation the service will launch a full scale service review (similar to Mickledore) before new funding bids are made.
- Development Directors in each UA will constitute the key stakeholders. They are all represented on the IBB Board which will continue to meet on a regular basis (regularity to be determined in the current review) throughout the period of the five year funding round.

## 20.0 Risks, Constraints and Dependencies

Risk	Rag Rating		Mitigation	Owner
	Like-likelihood	Impact		
Failure of supply to meet demand	7	7	<ol style="list-style-type: none"> <li>1. Work with relevant councils/LEP Infrastructure &amp; Place Team to ensure they are planning development in line with demand.</li> <li>2. Work with developers to develop appropriate sites using demand pipeline as incentive to develop,</li> </ol>	<p>IBB</p> <p>IBB</p>
Breakdown in Partnership	6	8	<p>Implement recommendations of Mickledore report.</p> <ol style="list-style-type: none"> <li>1. Reissue MoU</li> <li>2. Develop detailed protocols</li> <li>3. Regular one to one engagement with Directors and Politicians from each council.</li> <li>4. Improved reporting</li> </ol>	<p>IBB</p> <p>IBB</p> <p>IBB</p> <p>IBB</p>
Loss of investment due to competition	5	8	<ol style="list-style-type: none"> <li>1. Develop increasingly focused competitive pitch response.</li> <li>2. Engage and build credibility with relocation consultants.</li> <li>3. Acquire data sources to provide rich comparative data on other city locations.</li> </ol>	<p>IBB</p> <p>IBB</p> <p>IBB</p>
Loss of continuity in transition – staff, partnerships	5	5	<ol style="list-style-type: none"> <li>1. Move early to confirm employment status of key staff.</li> <li>2. Confirm future arrangements of service and make public through PR ASAP.</li> <li>3. Reform wider private sector advisory board.</li> </ol>	<p>BMR</p> <p>BMR/IBB</p> <p>BMR</p>
Failure to meet targets	4	5	<ol style="list-style-type: none"> <li>1. Constant monitoring of performance against targets to identify risk of failure and adjust activity to respond.</li> <li>2. Constant monitoring of market activity to identify risk of market slow-down with knock-on performance risks. Intelligence will allow early realignment of targets and/or focus on other opportunities.</li> <li>3. Put in place evaluation of marketing activity to identify elements that are not working to allow programmes to be adjusted.</li> </ol>	<p>IBB</p> <p>IBB</p> <p>IBB</p>

## 21.0 Project Assurance

- April 2013 – OCO Global conducted detailed assessment of the regional market and corresponding inward investment opportunities. This data was used to evaluate potential impact of the service alongside other major Economic Development interventions to provide a robust set of quantitative performance measures (see appendix 5).
- August 2014 – Mickledore undertook a detailed service and partnership review in light of the impending funding changes. The review concluded the service compares favourably performance and cost wise with any other Core City or LEP based investment promotion operation. It also made a series of recommendations to improve the quality and understanding of the partnership. These recommendations are all very relevant to the transition currently underway and to the veracity of this bid (see appendix 3).

## 22.0 Monitoring and Evaluation

Activity	Type	Frequency	Use
Account activity report	Quantitative	Monthly	Allows stakeholders to ensure sufficient attention is being given to their area in relation to account handling.
IBB Board	Qualitative	To be determined	Regular, frequent review of performance and strategic direction from a board comprising key stakeholders (Board membership to be agreed by Transition Board).
Progress against targets dashboard	Quantitative	Quarterly	Allows stakeholders to monitor performance against core job related targets and impacts on their areas.
Marketing and campaign evaluation	Qualitative	Annual	Allows stakeholders to evaluate effectiveness of proactive lead generation activity in general and against priorities of their own area.
External review of successes in the region	Quantitative	Bi-annual	Externally commissioned review of successes – are they achieving expected outcomes? To allow stakeholders insight into more detailed assessment of service impacts.
Partnership and service peer review	Qualitative	Every four to five years	Opportunity for stakeholders to analyse service performance through expert, external advisors with the opportunity to make smart recommendations for improvement.

## References

McKinseys & Centre for Cities; Industrial Revolutions, Capturing the Growth Potential, 2014

## Appendices

1. *West of England Strategic Economic Plan 2015-30*, West of England LEP, 2014
2. *Inward Investment in the West of England - Performance & Potential*, OCO Global, 2013
3. *Invest Bristol & Bath Report, Review of the Agency*, Mickledore, 2014
4. *Bristol City Deal; Business Case for the West of England Growth Hub*, Bristol City Council/BIS, 2012
5. *Impact of IBB*, OCO/Amion, 2013