

Report to: Business, Economy & Innovation Committee

Date: 29 March 2023

Subject: **Inward Investment**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this Report

- 1.1. To provide the Committee with an update on the key trade and inward investment achievements in 2022/23.
- 1.2. To seek support from the Committee on the need for a new inward investment strategy for 2023/24 onwards, and to seek input on the proposed areas of focus for a new strategy.

2. Information

- 2.1 The Trade and Investment service sits within the Combined Authority's Inclusive Economy, Skills and Culture directorate. Its primary functions are to attract new investment into the West Yorkshire region from business 'end-users', and to support the businesses based in the region to export more of their products and services into markets across the world.
- 2.2 To this end, the service makes a significant contribution to job creation and job retention across the region's districts. It also contributes to the region's GVA by supporting firms to trade more in familiar markets, whilst also establishing themselves in new and emerging ones. Furthermore, the service has a positive impact on supply chain resilience and sustainability by supporting new and existing investors to engage with our huge SME base, and it also helps to position West Yorkshire globally as an attractive and welcoming location.

Working with overseas-owned businesses that already have a presence in the region is also an important part of the service's work, which has yielded much success in recent years e.g. Thornton & Ross in Kirklees, Covea Insurance in Calderdale, Carnaud MetalBox Engineering in Bradford, Group Schneider in Leeds and Brilliant Stages in Wakefield.

- 2.3 The service works in close collaboration with a wide range of public and private sector partners to win new business investment and to support export activity. These include our Local Authorities, the region's universities and other knowledge-intensive organisations, the two chambers of commerce, the Department for Business & Trade (DBT), and with other similar services across the North via the Northern Powerhouse Trade & Investment group.

Key Achievement in 2022/23

- 2.4 The table sets out achievement against the core KPIs for the Combined Authority's Trade and Investment service in the current financial year. Several inward investment projects are expected to land this month (March 2023), and these will be reported in due course to the Committee.

Performance indicator	Targets for 2022/23	Progress as of February 2023
New inward investment enquiries generated	100	90
Inward investment successes	30	18
Jobs created / safeguarded	2000	1417
R&D collaborations brokered between investors and universities in WY	10	54
Strategic international trade initiatives / programmes delivered	10	8
Businesses assisted with international trade initiatives	350	180

- 2.5 Linking investors to the expertise within the region's higher education institutions has been a particularly effective way of landing new projects in the region this year. Much of our international focus has been on India, including a market entry accelerator programme visit to Bhubaneswar in Odisha, Hyderabad and Delhi in mid-March 2023. The CA partnered with the Department for Business & Trade and the Academic Health Science Network for Y&H on the visit, and outcomes will be reported to the Committee in future reports. The commentary below provides more detail on progress towards the performance indicators.

Inward Investment Successes

- 2.6 We have supported a number of new businesses to invest and grow in the region:

- **UK Greetings** – Kirklees-based business investing £11m in the manufacturing capacity of its Dewsbury site as part of a major reshoring project from China. This will result in 66 new jobs being created and the business was visited by the LEP Cahir in November 2022.
- **Allied Glass** – the business plans to invest over £40m in its West Yorkshire sites, creating 25 new graduate jobs and 60 in total. The investment includes a new building, new lines and a new furnace being installed to increase capacity. New posts will be filled across a range of disciplines, including engineers, and there will also be significant upskilling of the current workforce. The investment will increase the environmental sustainability and productivity of Allied's West Yorkshire sites, and the new furnace and building is expected to result in a 20% reduction in energy usage.
- **EMI** - announced in February 2023, EMI have launched EMI North and chosen the region as the location. Five new jobs are expected and the new operation will invest in local talent across the North. EMI will be the first British label to open a space outside London and have already partnered with Clue Record and Come Play with Me.
- **XDesign** – Scottish-owned tech company confirmed Leeds as their chosen location for expansion, creating an initial ten new jobs with up to 90 more at their Park Row address. The business recently announced a partnership with Leeds City Council to encourage more local people to consider tech careers.
- **LabCorp** - US-owned global diagnostics **and** drug development company has invested £100m into a new 100-bed clinical trials facility, pharmacy and UK headquarters in the region, thereby consolidating two existing sites into one. There is a strong R&D element to this investment which will create at least 72 new jobs and safeguard 300.
- US-owned provider of integrated insurance, tax and legal services that announced plans in early 2023 to take 20k sq. ft. of office space in Leeds City Centre. This will be a Northern Hub for the business and will create / safeguard circa 200 jobs. The CA team met with Markel on an anonymous basis in July 2022 and provided a bespoke investment proposal that set out the advantages of the region as a business location.
- **PEXA** – Australian-owned FinTech business that will be creating 50 new jobs and safeguarding 300 in the region following its acquisition of Leeds-based Optima Legal in late 2022. For the last nine months, the UK Chief Operating Officer has been in a continued dialogue with the CA team to develop a bespoke prospectus showcasing the region's strengths in finance and FinTech, alongside its world-class talent pool and quality of life. The Mayor met with the PEXA Chief Executive in early 2023 to welcome them to the region.

- **LHV Bank** – Estonian-owned banking services provider, opened its second office in the UK in Leeds in May 2022, with the creation of circa 50 jobs. LHV provides services to over 200 FinTech and crypto companies, including Wise, Paysafe, Coinbase and Blockchain. The arrival of such a prominent player in FinTech sends out a strong, resounding message to the global FinTech community about this region’s clear credentials as a global leader in the sector.
- A UK-based medical device manufacturer (confidential at this stage) has committed to create 100 jobs in the region. This investment has landed following a well-established relationship with the University of Leeds for R&D and the strength of the talent pool for the sector in West Yorkshire.
- **Ledidi** – Norwegian digital health business with a focus on providing software for clinical trials for life science companies. The business has committed to 15-30 new jobs in the region over the next three years, following its participation in the first Nordic Propel bootcamp. The business visited the region in mid-March 2023 as part of a wider Nordic mission.
- Netherlands-based VR/AR business supported by the CA team locate in the region and become embedded in the digital health ecosystem. The CA is also supporting with recruitment and the business expects to create 10 new jobs initially.
- Rolls-Royce SMR - although not successful in getting **Ferrybridge** through to the final three shortlisted sites for the Heavy Pressure Vessel factory, the region remains well-placed for the two further SMR factories which will be required for Rolls-Royce to deliver SMR technology for the UK and worldwide export markets. The CA team has built a strong relationship with Rolls Royce who have been very complementary about the high quality of the investment proposition put forward by West Yorkshire.

International Trade

India

- 2.7 The Mayor led a trade mission to Bangalore and Mumbai in September 2022. She was joined by the LEP Chair her Chief of Staff, and members of the trade and investment team. The delegation met with key businesses, cultural groups, and government leaders, and was joined by senior representatives from the British High Commission in India.
- 2.8 The purpose of the visit was to unlock trade opportunities, encourage inward investment, create new jobs, and drive forward innovation partnerships. The Mayor provided a keynote speech at FICCI Frames, Asia’s largest convention

on the business of Media and Entertainment, to a live audience of over 700 people and shared a stage with Bollywood superstar, Ranveer Singh.

- 2.9 Following a visit to its Bangalore headquarters during the mission, the Mayor was also able to announce that global technology and business process outsourcing company, Mphasis, will create 1,000 new jobs in West Yorkshire.
- 2.10 During the above visit, the CA delegation also met with senior representatives from one of the largest online marketplaces, Flipkart, to discuss export opportunities for West Yorkshire businesses. As a follow-up, the team organised a webinar entitled, 'India - exciting export opportunities for Northern Powerhouse businesses" in partnership with Flipkart, the UK India Business Council (UKIBC) and the Department for International Trade. 170 people registered from across West Yorkshire, the Northern Powerhouse, and India, and this was followed by in-person meetings with 11 West Yorkshire businesses to discuss the opportunity in more detail.
- 2.11 The CA team has supported the forging of stronger ties with Estonia, Norway (Oslo), India, the US and Israel, via trade missions and the signing of the Leeds Israel Innovation Gateway in May 2022.

Arab Health

- 2.12 In January, the team attended Arab Health 2023, exhibiting as part of the Medilink UK Pavilion. Arab Health forms part of our trade and investment plan of activity as it is the largest gathering of healthcare and trade professionals in the Middle East and North Africa region, if not the world. The event brings together the world's leading manufacturers, distributors and service providers, displaying the latest technology, innovations and trends within the healthcare and life sciences industries. The exhibition has regularly attracted in excess of 100,000 visitors from 150 countries attracting a truly global audience from the Middle East, Asia, Europe and North America.
- 2.13 The Mayor also attended Arab Health as a guest of Healthcare UK to support the UK's drive to increase exports from the sector. This also presented a valuable opportunity to position the region at the forefront of that national focus and promote it in the wider context of the UK health & life sciences offer.
- 2.16 Specific outcomes so far from attending Arab Health include:
 - The UK Government's Trade Minister referring to West Yorkshire, and the businesses based here, in his speech to an international audience of 200 people, and his agreement to visit West Yorkshire, following his meeting with the Mayor.
 - The Mayor's meeting with the Estonian Ambassador to the MENA region and Estonian health tech businesses, which has led to a potential MOU with the Estonian Government and their health tech cluster. This would bring closer economic links between the region and Estonia.

- The CA and Mayor's presence at the fringe events led to developed conversations with several inward investment leads, including a US multibillion dollar business.
- Progress in discussions between the CA, DIT and the British Embassy in Manila, on a potential working relationship between the region and a city in the Philippines developing health and care institutions.

2.17 The CA team is now considering with partners how we can capitalise on this momentum and enhance our presence for Arab Health 2024 and beyond.

Sector Development in 2023/23

2.18 Following the launch of the international accelerator programme, Propel, by the Yorkshire & Humber Academic Health Science Network, there have been the first cohorts of international companies to pass through this health-focussed accelerator in 22/23. This includes a US and two Nordics-focused accelerators. On the US programme, 3/5 of the companies who attended have commenced investment in the region, including setting up subsidiaries and community membership at Nexus in Leeds. We expect to see these companies mature into full investments in 2023/24.

2.19 A high level of activity has been maintained on the Space Sector, particularly around our world class capabilities and cluster in Radio Frequency, Synthetic Aperture Radar and Earth Observation technologies. Working with external partners such as SHY, Clarion and our Universities and we have:

- Managed to attract two significant international space conferences to the region which will take place in the Autumn of 2023.
- Generated over a dozen space sector investment enquiries
- Held three RF/SAR sector roundtable events
- Helped SHY to secure over £800,000 of UK Space Agency funding to continue the level of sector activity across the wider Yorkshire region
- Brought industry together with Bradford Council, Bradford & Selby colleges, Leeds, Huddersfield and Bradford Universities and our Employment & Skills team to develop a comprehensive strategic solution to deliver the highly skilled talent required by the cluster for it to thrive.

2.20 The CA has continued to build relationships with DBT, both in the UK and overseas and in the process has produced high quality investment proposals which are often considered by DBT as being the best in class. The team has managed to successfully position the region as one of the UK's primary manufacturing locations, which has resulted in West Yorkshire being invited to respond to major (500+ jobs) investment enquiries, several of which are currently being handled by the Advanced Manufacturing Sector team.

2.21 In the coming months we will be finalising and launching two export showcases, one for the Food & Drink sector and another for the Space sector.

Inward Investment Strategy from 2023/24

- 2.22 The previous Leeds City Region Trade and Investment Strategic Plan was produced in 2014. It set out the priority sectors for attracting business investment into the region and for supporting businesses in the region to trade overseas. The sectors identified in the plan remain the priority ones and are as follows : -
- Business, Professional & Financial Services
 - Creative & Digital
 - Health & Life Sciences
 - Advanced Manufacturing
- 2.23 The Combined Authority adopted a new Trade Strategy in October 2022 to cover a five-year period up to 2027, but this does not specifically address inward investment priorities. Therefore, and to complement the Trade Strategy, it is proposed to Committee that a new strategy is commissioned for inward investment to cover the same period i.e. up to 2027.
- 2.24 It is proposed that the strategy would need to set out a clear framework, evidence base and rationale for which sectors and markets are targeted for inward investment from 'end-user' businesses. Furthermore, that it reflects the region's assets and opportunities as an investment destination in a post-Brexit and post-COVID world, and that it becomes the underpinning strategic plan to inform and improve our approach to positioning the region as an attractive business investment and re-investment location.
- 2.25 Views and input from Committee members are invited, but at this stage it is suggested that the strategy covers the following headline areas: -
- I. Set clear and unequivocal objectives and outcomes for the CA's inward investment workstream that benefit the whole region.
 - II. Target sectors and sub-sectors that have emerged / are emerging as areas of strength and opportunity for the region e.g. Space, Radio Frequency, Fintech, Green Finance, Electric Vehicles supply chain etc. What can we win and why we should target it.
 - III. Target markets (as above) and in terms of investment flows, trends and drivers, plus alignment to changing Government strategies and priorities and impact on our resources.
 - IV. Most effective and value for money interventions in sectors and markets (e.g. attending events / conferences, showcasing of key sectors, use of in-market experts, use of intelligence tools to directly approach potential investors, approach supply chain linkages, HEI alumni, civic linkages etc.), including some impact evaluation / assessment of recent interventions by the CA.
 - V. A proposed approach to Key Account Management / Investor Development i.e. working with existing large businesses to support investment and re-investment, and the balance of resources for this alongside 'new-to-region' investment, noting that circa 60% of UK inward investment comes from KAM.

- VI. Incentives and their importance in winning investment, including financial support (investment and tax), land and property, employment and skills, and other support.
 - VII. The role that Diaspora communities across the region can play in attracting inward investment, building on the existing successful work with India and other parts of South East Asia.
 - VIII. Supply chain and reshoring opportunities, including those from the region's existing large businesses and those holding strategic positions in significant global supply chains.
 - IX. Ethical position in terms of engaging with certain regimes around the world.
 - X. The role of the Mayor, and other political leaders in the region, in delivering the strategy.
- 2.26 Some specialist technical elements of the strategy may need to be procured externally, for example, analysis of global investment flows, trends and insights, and best practice from competitor locations and their trade and investment services. Whereas, other elements could be delivered in-house by the Policy and Intelligence functions of the CA based on our existing understanding of sector strengths, R&D assets, the region's labour market and its and business base, including track record on attracting foreign direct investment.
- 2.27 The estimated budget for the work is circa £50k and it is anticipated that significant consultation with a wide range of public and private sector stakeholders will be required. The below table sets out some proposed key milestones involved in the work: -

Activity	Timeline
Project scope defined following feedback from BEIC, internal project group established & project plan produced	April / May 2023
Initial consultation workshop with key internal & external stakeholders e.g. LAs, Universities, DBT, sector specific bodies, chambers etc.	June 2023
External delivery partner procured (if required), and ongoing consultation with key stakeholders	June - September 2023
First draft of strategy presented to original workshop attendees	October 2023
Strategy adopted by CA and delivery commences	December 2023 / January 2024

3. Tackling the Climate Emergency Implications

- 3.1. The service will continue to target sectors and sub-sectors with opportunities to contribute positively towards the climate emergency e.g. electric vehicles and the associated supply chains, environmental technologies (including on and off shore wind power), digital technologies and telehealth.
- 3.2. Large business investors in the region can benefit from the support of the CA's Travel Plan Network. This enables them to embed sustainable and active travel into their business operations via such activities as walking and cycling routes and schemes, public transport incentives, car sharing initiatives and carpark management. In addition, SMEs investing in the region can also access support from the CA's new Business Sustainability Programme, which can help them reduce energy use and costs and increase recycling and reuse.

4. Inclusive Growth Implications

- 4.1. Businesses supported to invest in the region are actively encouraged to adopt Inclusive Growth commitments, such as paying the Real Living Wage, working with a local school, taking on apprentices, employing people that have faced disadvantage in the labour market, paying suppliers in accordance with the Prompt Payment Code and upskilling their lowest paid employees.

5. Equality and Diversity Implications

- 5.1. The service will continue to work closely with the Diaspora communities in the region to increase trade and investment, and to engage more businesses led by people from diverse backgrounds in export support provision. Service targets on gender, ethnicity and disability will be set for the number of business leaders engaging with support programmes.

6. Financial Implications

- 6.1. None directly related to this report.

7. Legal Implications

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

8. Staffing Implications

- 8.1. It is not proposed that the inward investment strategy addresses structure and resources for the CA to be able to deliver against it, but it will help to shape and inform them.

9. External Consultees

9.1. No external consultations have been undertaken at this stage. Although this will be planned as part of the development of the new inward investment strategy.

10. Recommendations

10.1. That the Business, Economy and Innovation Committee:

- a) Notes the CA's key inward investment achievements in 2022/23; and
- b) Supports the need for a new inward investment strategy for 2023/24 onwards and provides input on the proposed areas of focus for the strategy.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

There are no background appendices referenced in this report.