
Report to: Business Innovation and Growth Panel

Date: 24 May 2018

Subject: **Service Update – Trade and Investment**

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1. Purpose of this report

- 1.1 To provide the BIG Panel with a progress report on Trade and Investment activity in 2018/2019 to date, and seek views regarding MIPIM attendance.

2. Trade and Investment

Trade Outlook

- 2.1. In the year to December 2017, the value of UK trade in goods exported increased by 13% compared with the same period last year. There were increases in annual export values for all English regions with Yorkshire & the Humber showing an increase of 13.6%
- 2.2. The total number of UK businesses exporting increased by 1.2% between Quarter 4 2016 and Quarter 4 2017. The number of businesses in Yorkshire & the Humber similarly grew by 1.2% over the same period.
- 2.3. The British Chambers of Commerce Quarterly Economic Survey for Quarter 4 2017 shows that 25% of manufacturers reported improved export sales in the Quarter with 12% of service firms reporting improved export sales, both figures down slightly from the previous Quarter.
- 2.4. The EEF/BDO Manufacturing Outlook for Quarter 1 2018 also shows that global growth continues to support demand for UK exporters with a rise in export orders and an expectation that this will continue into the next Quarter. In particular, the manufacturing sector continues to see Europe as their main source of growth and positive market conditions are reported for Asian and North American markets.

Trade Plan Progress

- 2.5. In March the Trade and Investment team visited Hong Kong to participate in the UK's Great Festival of Innovation as part of the Northern Powerhouse group. The LEP met with and continued to build relationships with the Hong Kong Trade Development Council, Invest HK, the Department for International Trade, and the China policy team in central government. In total, the LEP met over 60 key intermediaries and businesses to discuss trade and inward investment opportunities. Meetings of particular interest included meeting with the Director of the Chamber of Commerce to discuss trade opportunities, the Head of China Outbound Investment at Grant Thornton, and the FinTech Lead at Cyberport to discuss the FinTech Bridge initiative.
- 2.6. A number of new international trade initiatives have been considered, as set out in the Trade and Investment business plan at the last BIG panel. This will include a larger China/Hong Kong delegation to follow up on contacts made on our recent trip, as well as focused initiatives around advanced manufacturing and the region's food and drink sector. These will take place through 2018/19 and provide tangible, direct opportunities for regional businesses to access new markets.

Inward Investment – Performance Update

- 2.7. The team exceeded its target for job creation in 17/18, having secured commitment for 2,519 new jobs, safeguarding 400 jobs and succeeding in reaching its target of 20 new investment projects this year. There have been four new investments since the last panel report in March, these are as follows:
- Freschfield PLC; 2 new jobs. Smart technology company setting up a global innovation centre in Leeds.
 - Silverstone Building Consultancy; 12 new jobs. Newcastle based consultancy firm launching a Leeds office.
 - Reed Smith; 73 new jobs. Major legal firm creating a legal services hub at the Platform building.
 - Perform Group; 400 new jobs. Digital sports content and media company expanding into Leeds at White Rose Office Park.
- 2.8. The team received a total of 88 new enquiries throughout 2017/2018, of which 33 were in Category A which receive higher priority. There was a strong mix of enquiries across our priority sectors, as shown below:
- Digital and Creative Technologies – 26%
 - Financial and Professional Services – 24%
 - Health and Life Sciences – 14%
 - Advanced Manufacturing – 21%
 - Other – 15%

- 2.9. A high profile integrated campaign started in April to emphasise the vibrancy of the digital and creative sector in Leeds City Region. In addition the team is in the final planning stages before launching the new £1m Digital Soft Landing Fund.
- 2.10. The LEP supported the Creative Cities Convention at Leeds College of Music on the 25 April 2018. This event hosted key figures from broadcast media, including representatives from Channel 4, BBC, ITV, Channel 5 and Pact.
- 2.11. Work to attract Channel 4's national headquarters to Leeds City Region is intensifying. A bidding process is now underway following the announcement that Channel 4 will establish three new creative hubs outside of London.
- 2.12. A strong effort to attract a high speed rail rolling stock Manufacturer is also underway

3. MIPIIM – Forward Plan

- 3.1. The Combined Authority is undertaking a review of its continued attendance at the MIPIIM property and investment conference, in the context of the LEP's objective to increase the global profile of Leeds City Region.
- 3.2. A number of alternatives have been assessed, and an overview of these is set out below. This consideration is set in the context of a number of factors including:
 - The LEP's presence at MIPIIM has grown successfully over the past two years to a point where it is now a substantial undertaking
 - The LEP and Combined Authority have received public criticism from local media for expenditure in relation to the event.
 - The MIPIIM event suffered criticism in the national and international media in 2018 and this could have an impact on its stakeholders and delegates.

MIPIIM'S role in Leeds City Region's Trade & Investment Strategy

- 3.3. For many years there has been a strong strategic fit between MIPIIM and the region's ambitions to grow the economy. Leeds City Region has exhibited for the last five years, working in partnership with regional stakeholders who have an expectation of the Combined Authority and the LEP to utilise its convening powers to create a platform for their representation at MIPIIM.
- 3.4. The past few years have seen increasing levels of demand, engagement and expectation from stakeholders. The LEP's most recent consultation reinforced the public and private sector partners' positive stance towards attendance at the event.
- 3.5. In summary, the key areas of strategic fit for the LEP have been:
 - The attraction of inward investment from both businesses and institutional investment in infrastructure, which is a key priority for Leeds City Region and a critical part of the work to grow the City Region's economy faster.

- Attendance at MIPIM is closely linked to the objective of enhancing the City Region's international profile and becoming a globally recognised economy;
- The main theme of MIPIM 2018 was 'Be Part of Our Success'. This reinforces the momentum of strong commercial investment flows that the City Region is currently experiencing;
- Broader economic priorities of culture, transport, technology, housing and lifestyle were emphasised as major themes of the Leeds City Region delegation.

Partner Consultation

Based on conversations with representatives from Local Authorities in attendance this year, there is a strong appetite to continue attending MIPIM, and early feedback from private sector sponsors has been extremely positive. Further consultation on this will take place at the MIPIM feedback session on 17 May 2018, and Local Authority Chief Executives will be canvassed for further input.

Alternative Options

Firstly, it is important to consider whether attending MIPIM continues to be the best method of achieving the Trade and Investment team's overall objectives, as set out in Appendix 1.

3.6. A number of alternative options are available, which include

- Attend MIPIM Cannes 2019 as part of a wider Northern Powerhouse delegation
- Continue to attend MIPIM UK
- Attend MIPIM Asia
- Suspend MIPIM attendance altogether
- Deliver a sustained all-year round enhanced place marketing campaign
- Deliver a sustained all-year round attendance at other national/international events (e.g. Leeds City Region in London).
- Alternative major events: consider using the same MIPIM delivery model to attend other events such as World Expo 2020, Expo Real and/or Dubai International Property Show (see below).

Alternative Major Events

- 3.7. A number of other globally renowned conferences and exhibitions that specifically focus on economic development, property and infrastructure have been considered.
- 3.8. Each has been assessed in terms of their relative effectiveness in achieving key objectives. This initial assessment is summarised below:

Event	Location and Month	Comments
Expo Real	Munich, October 2019	International Trade fair for property and Investment, and the leading B2B trade fair in Europe. It allows networking opportunities across the entire supply chain, including property developers, investors and economic regions from over 75 countries. In 2017, the expo had over 40,000 participants, and over 2,000 exhibiting companies. The timing of this event does provide ample lead in time.
Dubai International Property Show	Dubai TBC, April 2019	This is the largest property, development and real estate conference in the Middle East where a growing number of investment flows into the UK are arising. Costs in relation to this event would be higher due to the costs of flights for delegates. 40 countries are represented with 16,000 visitors. It has a much wider global reach than MIPIM Cannes which is mainly a conference attended by European delegates. This may help us broaden the sponsorship base.
World Expo 2020	Dubai, October 2020	<p>This is a much broader event than MIPIM with the overall focus being Human Ingenuity and themes such as opportunity, mobility, innovation and sustainability. This is a huge event, however attendance would be an enormous statement of ambition. Property Developers (Gold sponsors) may not feel the target market is their priority and subsequently may not be able to achieve the same objectives at this event. For profile raising it could however be a far superior event than attending MIPIM.</p> <p>A strong business case could be made for attendance at World Expo in 2020.</p>

- 3.9. The options outlined above will be presented to the LEP Board in June, with supporting analysis, to inform a decision regarding future participation in MIPIM and/or alternatives.

4. Financial Implications

- 4.1. MIPIM is currently funded by a blend of contributions from the public and private sector. Most of the public sector contribution towards the event is provided by the Combined Authority, with the large majority of the expenditure covered by income which is predominantly private sector sponsorship.
- 4.2. A number of alternative funding options can be considered; further enlargement of private sector sponsorship towards MIPIM, reduction of the Combined Authority expenditure or a continuation of the existing funding model.

5. Legal Implications

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

6. Staffing Implications

- 6.1. There are no staffing implications directly arising from this report.

7. External Consultees

- 7.1. Feedback from delegates relating to MIPIM 2018 suggests an overwhelming appetite for Leeds City Region to maintain its presence at next year's show. A further feedback session for the delegates is planned for 17 May 2018.
- 7.2. Local Authority informal feedback suggests that partner councils remain committed to a joint presence at MIPIM. Further soundings are to be taken in relation to the options in this paper.

8. Recommendations

- 8.1. That the BIG Panel notes progress on the trade and inward investment activity reported above.
- 8.2. That the BIG Panel considers the options for raising the city region's global profile, including attendance at MIPIM, as set out in this report, and offers its views ahead of consideration at the LEP Board on 13 June 2018.

9. Background Documents

None

10. Appendices

Appendix 1 Trade and Investment – Key Objectives