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**Report to:** Leeds City Region Enterprise Partnership Board (LEP Board)

**Date:** 22 November 2018

**Subject:** **Trade and Investment**

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## **1. Purpose of this report**

- 1.1 To update the LEP Board on the work of the Trade and Investment team in partnership with local authorities and to seek input on forward priorities.

## **2. Information**

### Sector and International Business Development Activity

- 2.1 Showcasing Leeds City Region as an investment destination is a key function of the LEP. Delivering the region's key messages globally on a sector and place perspective is important in attracting new inward investment and building on the City Region's growing reputation as a place to do business. This includes a series of high profile overseas visits and targeted exhibitions in support of the LEP's priority sectors and markets.

### China and Hong Kong

- 2.2 In September 2018, the Leeds City Region undertook an outbound mission to China and Hong Kong. The delegation was led by Cllr Judith Blake, Leader of Leeds City Council, Cllr Pandor, Leader of Kirklees Council, Steve Hartley, Strategic Director - Place for Bradford Council, and Ben Still, Chief Executive of Leeds City Region Enterprise Partnership. The visit showcased the strengths of the Leeds City Region in partnership with key representatives from our leading universities and businesses.
- 2.3 The delegation visit focused on three locations: Hangzhou, Qingdao and Hong Kong. There are strong existing links between these cities and parts of the City Region, including major investments from businesses headquartered in these Chinese cities and increasingly strong civic and business links.
- 2.4 Over the duration of the eight day programme of activity in China and Hong Kong 26 events were held – including four business roundtables and numerous one-to-one meetings with influential intermediaries, potential investors and government organisations. In total, the delegation met with over

100 key business and government contacts and signed four Memoranda of Understanding (MOU) with CCPIT Qingdao, CBIIP, Hangzhou Government and the Qingdao West Coast New Area.

- 2.5 It is expected that the benefits of the visit will include an increase in bilateral trade and inward investment opportunities.

#### MIPIM UK

- 2.6 Leeds City Region participated in the 5<sup>th</sup> annual MIPIM UK event in London. The Leeds City Region stand profiled key property and infrastructure opportunities and hosted drop in sessions and meetings with local partners. A delegation of Chinese investors was welcomed and briefed on the key investment opportunities.
- 2.7 This year, Leeds City Region increased its prominence on the main programme with a number of LEP and local authority colleagues participating in 'thought leadership' based panel sessions over the two day event. Prominent private sector ambassadors also participated including Reed Smith (a recent investor in the legal sector) and Get Living which are bringing forward major residential opportunities at Leeds South Bank.
- 2.8 A successful networking session was held attracting over 50 invited guests featuring a panel discussion on the economy, foreign investment trends and Brexit by led by Mark Gregory, Chief Economist at EY, Roger Marsh OBE and Cllr Susan Hinchcliffe.
- 2.9 Key meetings were held with new and existing investors. Sir Ed Lister and senior Homes England representatives met with local authorities and housing developers on the Leeds City Region stand. Local authority partners in attendance held a series of meetings on the stand with developers showing interest in opportunities across the region. Wakefield Council also hosted a complementary event alongside the main programme for over 40 potential investors which was well received. Feedback is now being gathered from partners on the effectiveness of the MIPIM UK event.

#### InnoTrans

- 2.10 Working in partnership with the Department for International Trade, Leeds City Region was part of a UK pavilion at InnoTrans, Berlin in September 2018. InnoTrans is the largest rail sector event globally and was attended by over 140,000 delegates and 3,000 exhibitors.
- 2.11 The LEP's Trade and Investment team showcased the region's strengths and growing investment opportunity in the rail sector and was supported by the Universities of Leeds and Huddersfield.
- 2.12 During this show engagement was secured with a major rail manufacturer surrounding the potential for them to locate a new UK design centre in Leeds City Region. The show was used to further dialogue with some of the Chinese

organisations met with earlier in the month and as a result a list has been developed of potential technology and funding providers who are interested in the plans for the future Leeds City Region mass transit system.

#### Upcoming planned activities

##### SMART City Expo World Congress November 2018 – Barcelona

- Bradford, York and Leeds have agreed to attend
- This event was used to showcase our region's smart cities capabilities and ambitions, including projects that demonstrate how the Leeds City Region is embracing Smart City technology

##### Valve World Expo November 2018 - Dusseldorf

- International valve trade fair, which presents an excellent opportunity for the LEP to provide practical support for businesses in the Leeds City Region to showcase their products to overseas buyers

##### Leeds City region showcase at Arab Health January 2019 – Dubai

- This is the next stage in our business plan to support the medical and life sciences sector in the region to maximise the opportunities in the growing healthcare market in the Gulf States and on a wider international basis.
- Largest gathering of healthcare and trade professionals in the Middle East and North Africa (MENA) region
- The LEP attended Arab Health in 2018 as part of a UK delegation including local MedTech businesses and made over 100 contacts on the Leeds City Region stand
- The LEP is working again with Medilink to form a stronger City Region presence

#### Investor Development

- 2.13 In partnership with the Department for International Trade (DIT) the LEP secured funding for the period April 2018 to March 2019 to carry out investor development activity with specific foreign owned companies that currently do not have an established relationship with Government.
- 2.14 Working with foreign owned businesses enables the LEP and partner local authorities to secure increased volumes of investment and jobs whilst gathering vital intelligence to help shape future economic strategies and approaches.
- 2.15 In the first six months of activity (May-October 2018) the team has:
- Identified 105 foreign owned companies in the City Region to engage with against a target of 100 -120.
  - Held over 40 investor development meetings.
  - Generated 26 Foreign Direct Investment (FDI) projects/prospects. Examples of FDI projects include:

- Swiss manufacturer investing in new machinery to improve resource efficiencies and create additional jobs.
  - French manufacturing business seeking to expand footprint in the city region.
  - Automotive supply chain company exploring options to increase production capacity in the city region.
  - Indian IT company increasing software engineering workforce.
- 2.16 Companies are sharing business insights with the team, which will help inform LEP policy. These include:
- Brexit: views are varied across sectors. Companies are keen to see clarity as soon as possible on the UK's future trading relationship.
  - Exporting: businesses are keen to understand what support DIT can provide in exploring new markets. The LEP is providing direct referrals to International Trade Advisers at DIT.
  - Skills: topics discussed include recruitment and succession planning.
- 2.17 Looking ahead the LEP is now seeking to secure future funding to retain the team of key account managers beyond March 2019 from DIT.

## Trade

- 2.18 In the year to June 2018, the value of UK trade in goods exports increased by 5.4%. There was an increase in annual export value for seven English regions with Yorkshire & the Humber showing an increase of 8.4%.
- 2.19 The total number of businesses exporting from the UK increased by 2.2% between Q2 2017 and Q2 2018. The number of businesses in Yorkshire & the Humber, however, grew by only 0.2% over the same period.
- 2.20 The British Chambers of Commerce Quarterly Economic Survey for Q3 2018 shows that 19% of manufacturers reported improved export sales in Q3 2018, down from +24% in Q2 2018 with 14% of service firms reporting improved export sales in Q3 2018, down from +15% in Q2 2018. Both indicators are reported to be at their lowest level since Q4 2016.
- 2.21 The EEF/BDO Manufacturing Outlook for Q3 2018, however, shows that manufacturers are benefitting from improving demand from a number of overseas markets, with Europe remaining at the forefront. Export orders are reported to be higher than domestic orders offering an advantage to those businesses trading outside of the UK. Growth is seen to be coming from both European markets and North America, the latter particularly in mechanical equipment and electronics. Expectations for the next three months remain positive.
- 2.22 Key LEP activities to promote trade during this quarter have included:
- The trade and investment delegation to China and Hong Kong which has initiated a number of trade related follow-up actions (see above). The LEP is now considering further initiatives with the CCPIT and three global e-

commerce platforms. The LEP is also considering potential involvement in the Business of Design Week which takes place in Hong Kong during December 2019 and was recently launched by UK Government.

- The first three events in the series of 'Doing Business in Europe' events have covered the topics of HR & employment, contracts and legal issues and IT and ecommerce. These are a joint initiative with Enterprise Europe Network, DIT and have had expert input from Squire Patton Boggs, Walker Morris and Freeman Clarke. Two further "Doing Business in Europe" export events are scheduled for November & December.

2.23 Feedback from the above workshop attendees has been very positive commenting that the presentations were of a very high quality and extremely useful. Content from the workshops will be made available on the LEP website in the form of practical checklists. This will help reach a wider audience.

#### Inward Investment Activities and Performance

2.24 There have been seven new inward investment successes since the last report in September.

- Dahua: 10 new jobs. A Chinese owned base for Dahua's video surveillance operations
- UST Global: 50 new jobs. A USA owned digital company opening its first digital technology hub in the UK for the digital solutions and service provider
- Overlap Associates: 15 jobs. A Canadian business which has established UK offices
- Thin Cl: 14 jobs. A USA (Silicon Valley) owned firm entering the UK through acquisition of talent
- Pharmerit International: 8 jobs. A Dutch company specialising in health economic consultancy projects for Drug and Medical Device companies worldwide
- Channel 4: 300 jobs. Major national broadcaster locating second HQ in the region as well as a major new Channel 4 News hub.
- Gama Healthcare: 27 jobs, 8 safeguarded. UK company working on antimicrobial solutions. Expansion project to create a new R&D facility.

2.25 A decision by Channel 4 on the location of its National HQ operation was announced on 31 October and Leeds City Region successfully secured the National HQ (please see appendix 1 for PR and press images). This achievement follows a long period of bid development working with a strong partnership of public and private sector organisations, including fantastic support from the region's creative, digital and screen industries. The win has generated high levels of media attention and will be a catalyst for attracting more interest from within and outside the region, especially in attracting more companies to relocate and grow here.

- 2.26 The Trade and Investment team has worked to provide a strong value proposition to Talgo, the Spanish rail rolling stock manufacturer bidding for the HS2 rolling stock manufacture contract. Unfortunately, the Leeds site was not shortlisted for inclusion within Talgo's final tender submission.
- 2.27 During November, the LEP will host two overseas delegations in partnership with the Department of International Trade, local businesses and education partners:
- Nordics Fintech Mission in partnership with Fintech North.  
The delegation will participate in Fintech North's Northern Powerhouse programme which will include a visit to Leeds. There will be opportunity to present the business case for investment by fintechs in the Leeds City Region.
  - Canadian Tech Businesses Northern Powerhouse Mission  
The participants on the delegation each work for Canadian tech businesses which have plans to invest in the UK in the next 1-2 years. The LEP is coordinating a programme to highlight the strengths of the digital tech sector which will include participation by SkyBet, University of Leeds and recent Canadian investors.
- 2.28 These opportunities will be used to promote the Digital Inward Investment Fund, known as #Welcome, which will also be able to support digital and TV production firms moving to Leeds City Region to take advantage of content commissioning opportunities from Channel 4.

#### Planning for 2019/2020

- 2.29 Combined Authority business planning for next year is in progress including the LEP's trade and inward investment priorities. The key topics of consideration for the Trade and Investment plan include:
- To develop new approaches to increase the level of inward investment interest beyond the core city of Leeds to broaden the impact and increase the benefit to the other districts, working in partnership with local authorities. This will require a consideration of how to balance market interest with rebalancing objectives, as well as opportunities to attract Government relocations and other specialist niches which play to district strengths.
  - To increase the amount of FDI from indigenous firms, through effective investor development by our newly established key account management team, in particular to support companies to secure and win additional local investment post-Brexit.
  - To increase the focus of our international trade work by helping companies exploit post-Brexit export opportunities, in particular to develop stronger links with key emerging markets in particular China and India.
- 2.30 Comments are particularly welcomed from the LEP Board on these and any other priorities to be considered as part of the Trade and Investment plans for 2019/2020.

- 2.31 The LEP/Combined Authority business planning work is considering how to deploy the available resources to deliver the above priorities, once agreed. There is a budget working group on which the LEP Chair sits and a desire to strengthen the focus on key export markets given Brexit, and so consider how to resource this and what activities elsewhere might need to be reduced.

### **3. Financial Implications**

- 3.1 There are no financial implications directly arising from this report. The budget for the Trade and Investment work programme is determined as part of the Combined Authority budget setting process at its forthcoming meetings which conclude in February.

### **4. Legal Implications**

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

### **5. Staffing Implications**

- 5.1 There are no staffing implications directly arising from this report, however there may be revisions to staffing needed to respond to the forward plans once finalised.

### **6. External Consultees**

- 6.1 No external consultations have been undertaken.

### **7. Recommendations**

- 7.1 That the LEP Board notes the report and welcomes the collective achievement in securing the Channel 4 National HQ.
- 7.2 That the LEP Board comments on the trade and investment priorities flagged for 2019/20 including a greater focus on developing emerging markets in China and India.

### **8. Background Documents**

None.

### **9. Appendices**

Appendix 1 – Channel 4 PR and Press images