

# Business and Property Committee

<b>Report title:</b>	<b>Inward Investment Activity</b>
<b>Date of meeting:</b>	<b>15 January 2019</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe – Executive Director, Community and Environmental Services</b>
<b>Strategic impact</b> The Economic Development service contributes directly to the delivery of the Norfolk and Suffolk Economic Strategy, and the County Council's corporate objectives.	

## Executive summary

This report gives members an update on our approach to attracting and retaining investment. It provides an overview of recent activity, shows the county's performance in attracting Foreign Direct Investment, and Invest East, our European Regional Development Fund project.

### Recommendations

Members are requested to:

- 1) Endorse the approach being taken by the Economic Development Team and the identified priorities in the report, and**
- 2) Suggest any areas for further consideration.**

## 1. Proposal

- 1.1. This report provides an update on inward investment activity over the past year, since the last update in Jan 2018 which provided a more comprehensive overview of strategy, broad concepts, terminology, actions and targets. It sets out current priorities and invites comments and endorsement of the approach being taken.

## 2. Evidence - Past performance

- 2.1. Inward investment outcomes for 2017-18 (for Foreign Direct Investment (FDI)) saw 5 successful projects in Suffolk and 14 in Norfolk (plus 3 pan UK projects impacting on one or other county). In Norfolk this led to 254 new jobs and 1612 safeguarded. This is an increase in the number of projects, although 10 of the successes are from existing businesses or acquisitions and the number of new jobs shows a decrease on the previous year (352 jobs created, 1043 safeguarded 12 projects).
- 2.2. This is inconsistent with the UK's performance as a whole in that year, which saw a 1% increase in jobs created and fewer investment projects, but consistent in the numbers of jobs safeguarded which also saw a 54% drop. Safeguarded jobs are a reflection of the amount of successful investment going into existing businesses in the UK and reflects an uncertain landscape where investment into existing companies is stalling, usually resulting in lower job safeguarded/created numbers overall.

## 3. Financial Implications

3.1. There are no direct financial implications.

#### **4. Issues, risks and innovation**

4.1. No risks identified. Some of the activity in the report provides examples of new approaches being taken to attract investment.

#### **5. Background**

5.1 New Anglia LEP, Norfolk County Council and the District Councils collaborate to encourage/enable inward investment, primarily to attract and retain investment by business as well as nurturing the growth of indigenous businesses. Broadly, in Norfolk there is a collaborative approach to inward investment and this has been enhanced with establishment of a Client Management System by the LEP – which all partners are starting to use. This is enabling all partners to share information about target companies and better manage enquiries and key accounts.

#### **A - Marketing and promotion**

5.2 Our marketing approach tends to be a blend of sector focused and location specific activity as appropriate, for example...

- We promote the county's strengths, assets and opportunities under the Locate:Norfolk brand. A recent update has been the ICT Digital and Creative sector which is focused heavily on the city but with additional features elsewhere in the county.
- We promote the East of England Energy Zone, with its focus on Gt Yarmouth and Lowestoft, using web based material ([www.theenergyzone.co.uk](http://www.theenergyzone.co.uk)), brochures, exhibition stands at 2-3 events per year, releases to trade journals and direct key account management. Members have been updated previously on this work. The Deputy Leader of the Council recently attended the All Energy event in Amsterdam at which he signed an MOU with other partners of the South North Sea Alliance.
- promotion of our Enterprise Zone sites under the Invest East banner
- A new promotional programme, funded via the EZ, to raise the profile of the Norwich Research Park
- Promotion of the Aerospace/Aviation cluster around Norwich that has been given a significant boost by the opening of the International Aviation Academy. A recent visit by the Department of International Trade's Head of International Trade has highlighted to us that we have an attractive proposition in this sector
- A new programme to promote Norfolk and Suffolk's Food and Drink offer, building on the highly successful Local Flavours event, we will be exhibiting with 20 local businesses at Europe's largest business to business food and drink show in Amsterdam – see Appendix A for more information
- We continue to promote the county's engineering, manufacturing and tech credentials as part of the Cambridge Norwich Tech Corridor initiative
- We promote a range of property offers at the MIPIM show in London, with Suffolk partners under the East brand

5.3 The LEP is looking at refreshing its branding and marketing approach which has until now used The East, in a 'nested branding' arrangement. We await to see what emerges, but this nested, or umbrella approach is likely to continue. The initiatives described in 5.2 are delivered using a number of approaches, tailored to the product being offered.

- 5.4 Some of the materials described in 5.2 will be available for members at the meeting. (copies of Digital brochure and EEEZ to hand out at meeting)

## **B – Key Account Management**

- 5.5 The team continues to manage ongoing relationships with many of the county's major and significant employers, many of which are foreign owned. Keeping our fingers on the pulse of local businesses is essential so we are able to appreciate emerging opportunities and threats, especially with the continued uncertainty over the outcome of Brexit. So far in 2018/19 we have had discussions with over 40 key businesses including Lotus, Baxter Healthcare, KLM, Air Livery, Multimatic, Eastern Attachments, Thurne, Britvic, Unilever, Proserv, Aviva, Marsh, Lintott, Peterson and Armultra.
- 5.6 Ensuring we capitalise on the opportunities presented by offshore renewables remains a key area of work. We have excellent dialogue with all the offshore developers that are active off the Norfolk coast, their Tier 1 supply chain businesses and a number of other major supply chain companies with a view to attracting manufacturing into the area when the time is right. We are working closely with Peel Ports, the LEP, DIT and the Borough Council on a number of leads in this respect.
- 5.7 The size of the opportunity provided by each offshore wind project is substantial and whilst the local supply chain is becoming more attuned to the offshore requirements of developers, onshore works present a different set of businesses with new openings. This will include construction of transformer stations, laying cable routes, project management, landscaping and many other activities. We will work with developers to ensure local businesses are equipped with the necessary capability to bid.

## **C – Development, Regeneration and Infrastructure Opportunities**

- 5.8 The Economic Development team has led on the assembly of a Norfolk Growth Strategy whereby we have sought to assess all of the sites capable of hosting development/investment in the very near term, and those that need intervention to progress them. We have identified a relatively small number of sites in the first category – Broadland Gate, Snetterton employment area (2 sites), Nar Ouse (King's Lynn), the Food Enterprise Park (subject to the Condimentum deal progressing) and Attleborough.
- 5.9 The team is working to help progress a number of sites across the county in order to increase the range available to accommodate investment. Most notably the plans to expand Gt Yarmouth port in order attract manufacturing, Operations and Maintenance, and additional construction/assembly work. This is in conjunction with promotional activity described above and a lobbying campaign to ensure Gt Yarmouth is at the forefront of Government thinking, most notably in the emerging Sector Deal for Offshore Wind. Other sites we are progressing include Norwich Research Park, Gt Yarmouth Energy Park, Scottow Enterprise Park and Hethel Technology Park.

## **D – Enquiry Handling**

- 5.10 The Inward Investment team handles on average around 100 enquiries a year – the rate of these enquiries peak during and after exhibitions. For example, this year the

team has attended Global Offshore Wind in Manchester (offshore wind), Offshore Energy (oil, gas and renewables) in Amsterdam and is due to attend Horecava (largest food and drink expo in the Netherlands) in January 2019.

- 5.11 There has been a distinct reduction in number of enquiries sent through from Department of International Trade, versus this time last year.

We are advised that this is a national trend and likely linked to businesses waiting for clarification around Brexit before committing to expansion or investment plans for the UK.

- 5.12 Enquiries are discussed with district colleagues, LEP and DIT at the Norfolk Investment Group. Further discussion takes place more frequently with the relevant partners involved.

### **E – Local Organisation**

- 5.13 In order to deliver Inward Investment effectively across the three tier system and reporting upwards to central government, Norfolk County Council led on the formation of the Norfolk Investment Group – which consists of representatives involved in inward investment from county, each district council across Norfolk, as well as the Inward Investment Manager at the LEP and representation from the Department of International Trade (DIT).

- 5.14 The group meets quarterly and provides a platform to review inward investment enquiries and successes, updates on investment campaigns, as well as review of threats/ economic shocks. As well as feeding into DIT, the group reports into the Growth Delivery Group, and also the LEP's Inward Investment sub-group.

### **F – Invest East Project**

- 5.15 The above activity has been significantly enhanced recently due to the advent of the Invest East project that was conceived and launched by the Economic Development team. £1.8m ERDF funded business support programme operating from September 2018-2021 in Norfolk and Suffolk. This is a substantial investment and incorporates a significant amount of new activity.

- 5.16 The Invest East programme aims to enhance the reputation and capability of investment readiness support to accelerate businesses that wish to scale up. It seeks to use the outcomes, case studies and messages from this work to enhance and provide assurance to foreign investors that there is a healthy local investment offer; and that Norfolk and Suffolk demonstrate a fantastic opportunity for investment.

- 5.17 The primary focus for activity will be to deliver an investment readiness business support programme. This will provide intensive 30+hour interventions with businesses in Norfolk and Suffolk bringing in specialists as required to develop their investment proposition. This will form a key part of the scale up directive in the Norfolk & Suffolk Economic Strategy and the obligation New Anglia has with Central Government. The project will integrate fully with the New Anglia Growth Hub, allowing for better integration and promoting a single point of contact for businesses.

- 5.18 Norfolk County Council is the accountable body and a key delivery partner in the project. Other project partners and their roles are:
- UEA Innovation funding team, co-ordinating and delivering Investment Readiness support.

- The New Anglia Growth hub will act as the first point of contact for referrals onto the Investment Readiness Programme.
- Norfolk and Suffolk County Councils will lead on supporting investment and delivering account management to clients, working closely with NALEP.
- NALEP will co-ordinate external promotion, campaigns and supply chain development opportunities.

5.19 The outputs required to secure the ERDF match is:

- 150 high level intensive business supports in SMEs looking to scale up
- 5 new SME business created through new foreign investment
- 80 new jobs
- 40 new products developed
- Enhanced landing offers for all foreign investors in key sectors
- Proactive marketing and lead generating activity to draw in investment and talent

5.20 We expect to exceed these targets and to explore the potential to draw down additional funding based on strong performance.

### **Officer Contact**

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.



Norfolk & Suffolk County Councils, working in partnership with New Anglia Local Enterprise Partnership, the Lively Crew and Department of International Trade, have come together to promote Norfolk & Suffolk's outstanding food and drink sector and encourage trading relationships with the Netherlands.

This will be the first time that any UK business will be present at the major Dutch fair for food and drink producers and catering professionals. Small to medium sized businesses can showcase their products to Dutch buyers and have a premium opportunity to do business in a new major market.

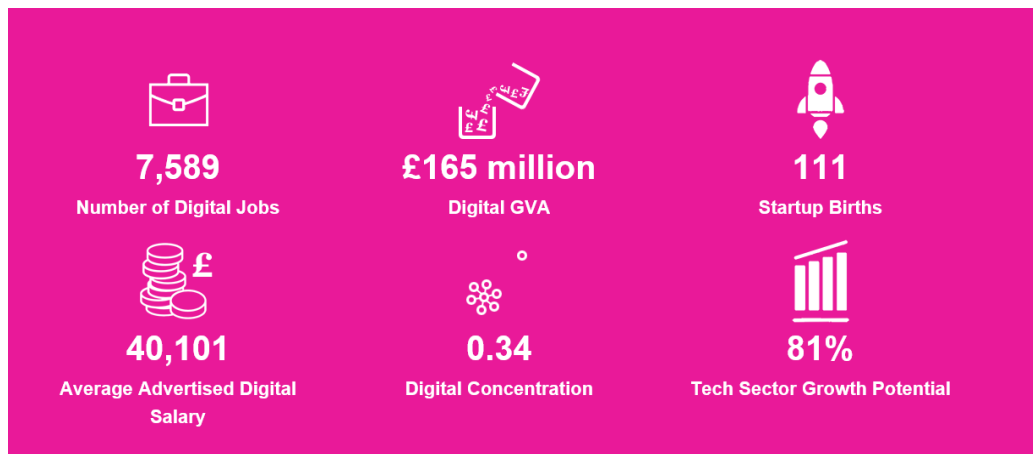
Horecava is the largest food, drink and catering expo in the Netherlands, The trade show attracts more than 40,000 businesses and nearly 66,000 visitors in search of leads, business contacts, new products and trends. It will be held from 7 to 10 January 2019 at the Amsterdam RAI.

Businesses can take a subsidised spot on the 105m2 stand from 'The East - Food and Drink Pavilion'. From £500 per position, stand holders will benefit from:

- Business support from the Department of International Trade during and in the lead up to the expo
- New Anglia Growth Hub support, including grants, efficiency, coaching and tax advice
- Position on The East's Food and Drink Pavilion stand with company branding
- One exhibitor pass to the exhibition
- Publicity during and in the lead up to the Horecava expo
- Support and briefing ahead of the fair
- Invitation to 'The East's reception.

Confirmed stand holders include: Yare Valley Oils, Bullards Gin, Black Shuck Gin, James White Drinks, Great British Cake Company, Essence Monty's Foods, Quickfill, Paddy & Scotts, Stewart & Guild, Taste of Suffolk, Algy's Popcorn, Nova Farina, Fresh Pod, Giffords Hall Vineyard, Stokes Sauces, Fresh Pac, Fen Farm Dairy, Suffolk Salami and Crush Foods.

## Digital



(\*Norwich: Tech Nation Report 2017)

Norwich hosts a vibrant cluster of digital businesses, with home grown companies such as Epos Now, Foolproof, Fountain and Rainbird AI serving global digital technology customers. UEA and NUA's strong computing and digital creative programmes provide a ready supply of digital and creative graduate talent - and a developing Norwich based specialism in gaming. Strong university and business collaboration supports a notable range of meet up and networking platforms within Norwich and ensures a range of annual events to inform and generate interest from the wider business community, and increasing, within schools – Step into Tech providing a shining example.

The Government's 2017 Tech Nation report provided metrics shown above. The 2018 report again recognises a vibrant digital creative sector focused on Norwich, which has seen particularly impressive growth in earnings power for digital creative positions. Norwich has benefitted from an annual average of 111 digital start-up companies between 2011 and 2015. Digital business turnover has increased by +27%. Sector specialisms include artificial intelligence; IoT; Fintech; advertising and marketing; and cyber security.

This dynamic cluster includes advertising & marketing companies such as: Proxama (worldwide platform provider of mobile contactless payment solutions), FXHome (global supplier of visual effects products), Foolproof (Europe's biggest user experience design specialist) and Fountain (winning multiple awards as a Google partner). Epos Now provide till equipment and cloud-based software to the SME market.

A key driver for the growth is the strong supply of creative graduates coming out of Norwich University of the Arts (NUA) and University of East Anglia (UEA). Norwich is developing a distinctive strength in computer games. The two universities and local authorities have been strong supporters of local digital creative networks, which thrive in Norwich. Norwich has a notable "giving back" ethos within digital founder members, and they have strongly supported the networks, which include: SyncNorwich (over 1300 members), Hot Source 1100 LinkedIn members; Norfolk Developers (over 1,000 members); TechEast Ltd (created in 2016 to accelerate East Anglia's tech scene); along with other meet up groups for entrepreneurs and professions: (Norfolk Network, Norwich Hackspace/Makerspace; Digital East Anglia are good examples. Norwich TechVelocity incubator/accelerator programme was launched by the private sector in 2017. Norwich's Step into Tech provide coding clubs for kids and the #DigitalCity Trail promoted ICT to children. The Norwich Gaming Festival in 2017 attracted 40,000 visitors.

Norwich located companies benefit in other ways. According to Irwin Mitchell's quarterly tech powerhouse report Norwich had the UK's 6<sup>th</sup> fastest year on year growth rate of 2%. Norwich was one of five 'fast growth cities' identified in a 2016 report by the Centre for Cities. Quality of life is rated at 97% by digital employees; digital growth optimism is at 81%.



**Norfolk Investment Successes 2017.18**

	Company Name	Country	Type of investment	Investment £	New Jobs	Safe Jobs
1	Proserv	UK	creation of new site and consolidation of sites	8,000,000	0	190
2	Retroactive fit	UK	creation of new site	300,000	27	3
3	Ofo Bikes	China	creation of new site	80,000	12	
4	Marnavi UK	Italy	Creation of new site or activity	£3,000,000.00	5	0
5	Wolong Holdings - New equipment & plant at ATB Laurence Scott site in Norwich	China	Expansion of existing site or activity	£2,100,000.00	3	0
6	Simmons Edeco - Expansion at Great Yarmouth facility	Canada	Expansion of existing site or activity	£10,050,000.00	10	0
7	KLM R&D	Netherlands	Expansion of existing site or activity	£100,000.00	3	0
8	KLM Air France KLM Engineering & Maintenance BV - Expansion into new hanger at NIA	Netherlands	Expansion of existing site or activity	£7,100,000.00	20	0
9	Quorn Methwold Expansion	Philippines	Expansion of existing site or activity	£3,000,000.00	20	0
10	Danish Crown - Tulip King's Lynn expansion	Denmark	Expansion of existing site or activity	£1,121,000.00	0	419
11	Geely acquisition of Lotus	China	Acquisition	£100,000,000.00	0	800
12	Zertus Group - New novelty chocolates line at Fakenham site	Germany	Expansion of existing site or activity	£1.00	4	0
13	Huntsman Corporation - Acquisition of IFS Chemical Ltd	USA	Acquisition	£1.00	0	200
14	Smyths - New Store - Norwich	Ireland	Creation of new site or activity	£11,240,000.00	50	0
			<b>Total</b>	<b>146,091,002</b>	<b>154</b>	<b>1612</b>