

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Hampshire Economic Board
Date:	27 April 2010
Title:	Promoting Inward Investment to Hampshire
Reference:	1461
Report From:	Director of Economic Development

Contact name: Frances Stokes

Tel: 01962 845767

Email: Frances.stokes@hants.gov.uk

1. Executive Summary

- 1.1. The purpose of this paper is to inform the Hampshire Economic Board on the current regional and national activities which promote Hampshire for inward investment, and to advise Board Members on the current opportunities for undertaking a more proactive approach to this.
- 1.2. This paper seeks to:
- (i) explain why Hampshire needs to be promoted for inward investment;
 - (ii) set out what the Council currently does;
 - (iii) set out the current regional and national activities;
 - (iv) set out the activities of Hampshire authorities and agencies;
 - (v) look at what more Hampshire County Council could do.

2. The importance of Inward Investment Promotion

- 2.1. In the relatively buoyant economic times of the past, the Council has not felt the need to actively seek inward investment to the county but has instead focussed its economic development activity on providing a sustainable business environment and support service for existing Hampshire business.
- 2.2. However, the last 18 months of recession have highlighted the need for increased activity to support the economy of the county. It is felt that it is now appropriate for the Council to take a more proactive approach to attracting inward investment. This will maximise every opportunity to further support Hampshire's recovery out of the recession and to position Hampshire as a world class area for business and investment.

3. Current Activity

Current Hampshire County Council action

- 3.1. In recent years, most local authorities in the region have had little active involvement in promoting and encouraging investment in the region, bar localised small-scale initiatives and activities. Hampshire County Council has not undertaken any active promotion of Hampshire for inward investment for over ten years, primarily due to budget restraints and a relatively thriving economy. However, the Economic Development Office has, in this period, worked with other local authorities, the Hampshire Economic Partnership and commercial agents to:
- (i) provide property related advice on policies, plans and projects affecting strategic sites;
 - (ii) identify problems and issues affecting specific sites and seek solutions; and
 - (iii) respond swiftly and effectively to investment and relocation enquiries.
- 3.2. However, in the last 18 months new investment enquiries to the Economic Development Office have dwindled to one or two per month.

Current Regional Activity

- 3.3. **The South East Regional Development Agency (SEEDA)** undertakes most inward investment promotional activities in the region. As a result, any enquiries tend to come direct to SEEDA, bypassing the County Council, the districts and the cities, and only very few small-scale enquiries find their way direct to the local councils.
- 3.4. SEEDA employs a team of Investor Development Managers (IDMs) and International Trade Sector Advisers (ITSAs) in providing support for attracting inward investment and growing exports. Working in partnership with UKTI and the local partners, SEEDA maintains that it has developed and expanded its targeted investor development programme to build long-term strategic relationships with key investors in the region. In reality, the IDMs used to be county-based but now they are sector-based and work across the whole of the south-east, so now there is **no** dedicated resource for Hampshire.
- 3.5. Hampshire received over 90 overseas investments from April 2006 to March 2009, nearly half of which were assisted by SEEDA's inward investment team. These investments are forecast to create or safeguard 4,140 jobs over the next three years. Please see following table for details.

Hampshire Inward Investments 2006/07- 2009/10					
Year	2006 – 07	2007 - 08	2008 - 09	2009 – 10*	Total
SEEDA assisted investments	10	12	19	7	48
Jobs Created	386	536	253	162	1,337
Jobs safeguarded	103	262	1,105	0	1,470
Non SEEDA assisted Investments +	19	15	16	- ^	50
Jobs created	176	147	151	-	474
Jobs safeguarded	22	0	1,000	-	1,022
Total Investments	29	27	35	-	98
Total jobs created	562	683	404	-	1,649
Total jobs safeguarded	125	262	2,105	-	2,494

*Figures for 2009/10 are to Quarter 3

+ Includes both UKTI assisted and other non assisted investments

^ Figures for non SEEDA assisted investments for 2009/10 are available in May 2010

- Figures not available until May 2010

UK Trade and Investment (UKTI)

- 3.6. UK Trade and Investment Team South East is a Government organisation dedicated to helping companies in the south-east achieve their full international business potential. It aims to combine the expertise of local International Trade Advisers with the national resources of the Department for Business, Innovation and Skills (BIS) and the Foreign and Commonwealth Office's (FCO) global network of Trade Development Officers to help win business overseas. UKTI in the South East of England is focussed mostly on export and the associated practical matters but, in respect of inward investment, works jointly with SEEDA's inward investment team.

4. Overview of Local Authority and agency activity

- 4.1. There are a number of agencies and local authorities in Hampshire that undertake some inward investment activity.

Harbour Economic Development Forum (HEDF)

- 4.2. HEDF was set up a number of years ago and has been the main inward investment handling service for Portsmouth, Fareham, Gosport and Havant. It has recently joined forces with Invest in Southampton, and launched a joint property register covering all of South Hampshire, including the two cities, New Forest, Test Valley and Winchester.

Partnership for Urban South Hampshire (PUSH)

- 4.3. In 2009 a broad agreement to developing a sub-regional inward investment service was reached between PUSH, Southampton City Council and HEDF. The aim of the sub-regional service is to develop an effective marketing strategy and provide high quality coordinated service to ensure development and implementation of the inward investment aspirations set out in the PUSH Business Plan.
- 4.4. Subsequently, a framework for this new service has been agreed. A governance and organisational structure has yet to be established, as does commitment and funding from PUSH local authorities and other sources. PUSH is looking to have a fully operational Inward Investment Service in place by 1 April 2011.

Portsmouth City Council

- 4.5. Similarly, Invest in Portsmouth portal is the main focus for Portsmouth City Council alongside working with HEDF. There is also independent activity on inward investment such as promotion of the existing key sites (eg Gunwharf Quays), marketing of new development sites and active involvement in pre-application master planning stage, and joint working with key site owners, but budget limitations dictate their level of activity in this regard.

Southampton City Council

- 4.6. Running and maintaining the Invest in Southampton portal is the main strand of activity. The portal is a local authority lead initiative and has been developed by Southampton City Council Economic Development Office. It provides comprehensive facts and data on Southampton, together with a joint property database covering Southampton, Portsmouth and respective surrounding areas.
- 4.7. Following the merge with Harbour Economic Development Forum (HEDF) earlier this year, Invest in Southampton remains in-house and there are staff sharing arrangements in place with HEDF to ensure effective running of the new joint service. This is currently funded jointly by Southampton City Council and HEDF but in view of PUSH proposals with regard to the new sub-regional inward investment service it may be that the working arrangements/staffing/funding will be reconsidered to avoid duplication.
- 4.8. In addition, Business Southampton (a strong city brand group comprising business and public sector representatives) is collaborating to raise Southampton's profile and promote it as a business destination, with the

emphasis on marine, cruise and waterfront industry, financial services, distribution and tourism. At present this group does not actively target investment opportunities and instead concentrates on big scale PR and marketing projects.

North Hampshire Economic Board

- 4.9. Basingstoke and Deane Borough Council provides detailed and tailored information to businesses looking to relocate to the area but does not have a dedicated Inward Investment team or strategy. The new North Hampshire and M3 Corridor Board, which includes Surrey Heath Borough Council, is currently discussing the development of an Inward Investment strategy with SEEDA for North Hampshire, with the area of focus mainly being Basingstoke and Deane, Hart, Rushmoor and Test Valley. It is envisaged that this initiative will lead to the development of a proactive system of promotion for north Hampshire and close links with SEEDA Inward Investment, UKTI and the Innovation and Growth teams. However currently **no** funding or organisational proposals have yet been developed.
- 4.10. **Other local authorities** in Hampshire do not undertake any specific inward investment activity but rely on the services provided by SEEDA and referrals from Hampshire County Council and other larger authorities in Hampshire.

Other local authority activity

- 4.11. Many county councils across the country, particularly in the North and Midlands, have an Inward Investment function of some sort. Many focus this function through a county or region-based economic partnership or development company. In the South East there is not a great deal of self-promotion for investment purposes by the neighbouring local authorities, beyond basic facts and figures on the relevant council's website, with the notable exception of the following counties:
- (i) Locate in Kent
Locate in Kent is the investment agency for Kent and Medway, working in partnership with public and private sector organisations to promote Kent as a business location and to provide a complete service from location sourcing to aftercare. The website offers a detailed profile of the region and other useful information, including infrastructure, workforce, industry sectors and availability of grants as well as commercial property database search.
 - (ii) Locate East Sussex
Similar to above but on a lesser scale.
 - (iii) Cornwall Pure Business
Cornwall Pure Business is a service of the Cornwall Development Company that has been established to offer a one-stop shop to businesses which are thinking of relocating, and provides expert advice and support to help facilitate the move, including assistance with loans and grants, recruitment and training, initial research and

introductions to key contacts, together with a raft of after-care services. The website is very well put together and provides comprehensive information on Cornwall, its economy, business sectors, grants and other useful information for potential investors, together with commercial property database search.

(iv) Invest Essex

This is one of the better examples of an interactive inward investment web site funded and supported by Essex County Council, with a comprehensive range of powerful case studies of previous investments.

(v) Invest in Bournemouth

There are many smaller local authorities such as Bournemouth and Poole with good web sites promoting their areas for inward investment.

5. Future Hampshire County Council Action

- 5.1. Currently, inward investment activities tend to be small-scale, localised and disjointed, instead of a wider promotion of Hampshire as an area. Investors do not normally want to restrict their search to a small local authority area or sub-regional geographical area.
- 5.2. There appears to be a consensus amongst the local authorities in Hampshire that successful promotion of the area requires more proactive and carefully targeted action, which can only be effectively delivered by joining up forces, especially in view of limited resources available and the ongoing economic problems.
- 5.3. It is believed, therefore, that there is a need for Hampshire County Council to take a lead in promoting the whole county for inward investment. It is important that in any approach on a county-wide basis, the County Council works closely with all the players, including national, regional, and local agencies, to secure investment in the area, for the wider benefit of the economy of Hampshire. With a single offer for Hampshire, consistency of approach, message and direction will be achieved, together with best value for money.
- 5.4. It is believed that any future focus for inward investment activity should be on the key growth sectors and strengths for Hampshire, ie advanced manufacturing, knowledge-based economy, marine industries, etc.
- 5.5. The Economic Development Office has recently filled an existing post with an officer with inward investment and property experience who will be able to provide a more effective service to deal with enquiries and undertake appropriate inward investment promotional activity and work on promoting the County for inward investment should be able to commence quickly.

- 5.6. In addition to this officer expertise, the most important tool that can be employed fairly quickly is the development of a new “Invest in Hampshire” web site with key information for potential investors, to include information on:
- (i) the talents of the workforce - skills and education levels;
 - (ii) infrastructure - communication links, ferry ports, Farnborough and Southampton airports, etc;
 - (iii) Universities and Research and Development Centres of Excellence – Qinetiq, Oceanography Centre, etc; and
 - (iv) property and employment sites, key business sectors.
- 5.7. It would also need to include practical information on doing business in Hampshire, information on the “Quality of Life” factors – countryside, coast - and also promote the county’s stable and business-friendly political environment.
- 5.8. The site would need to link to other local authority sites and sources of information. The endorsement of successful international businesses in specific sectors that have chosen Hampshire as their UK HQ would also be very important to include.
- 5.9. In parallel with the development of the web site, the new officer will keep abreast of the local property market, and set up and maintain a database of property and sites that are available or have good potential for industrial or commercial developments, prepare bespoke information for potential new investors/employers in the area and offer advice and guidance to potential investors on information, research, funding, and other agency support.
- 5.10. In addition, an after-care programme will need to be developed in conjunction with the SEEDA Investment Development Managers and other agencies, to ensure ongoing support is available to any new investors and some major existing employers, including providing access to other businesses in the supply chain, information on training, apprenticeship grants and skills development opportunities.

6. Finance

- 6.1. It is anticipated that to deliver the key aims of a new Inward Investment Strategy will require an operational budget of £70,000 per annum, to be funded from the new budget provision for economic development.
- 6.2. This project would initially be set up for a two year period. The level of enquiries and investment in that period would be closely monitored to evaluate the effectiveness of this new service and scrutinise its value.

7. Recommendations

- 7.1. That an Inward Investment Strategy be based on the proposals set out in section 5 of the report.
- 7.2. That expenditure of £70,000 per annum for this project be approved for the next two years and a costed action plan drawn up for approval by the Executive Member for Economic Development on this basis.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1. A full EIA will be undertaken before the development of an Inward investment Strategy.

2. Impact on Crime and Disorder:

2.1. There will be no impact on Crime and Disorder as a result of this project.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint/energy consumption?
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

There is not likely to be any impact on our carbon footprint/energy consumption.