



*Inward Investment
Scrutiny Review*

DRAFT
Report
August 2015

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1.0 PURPOSE OF THE REPORT

The purpose of the report is to present an overview of the ELS&C PPB Inward Investment Scrutiny Topic Group.

2.0 STRUCTURE OF THE REPORT

This report is structured with an introduction, a brief summary of the methodology followed by evidence, analysis with findings/conclusions and recommendations. The annexes include the topic brief, methodology detail and an action plan to capture the recommendations from the scrutiny review.

3.0 INTRODUCTION

3.1 Reason the scrutiny review was commissioned

Halton Borough Council's Business Improvement and Growth (BIG) Team deliver Halton's inward investment service, which includes:-

- Managing inward investment enquiries from both inward investors and local companies wishing to expand and grow
- Managing the commercial property database and service enquiries for commercial property
- Engaging with the key companies in the Borough

The Liverpool City Region Local Enterprise Partnership has proposed the creation of a stand-alone inward investment agency for the City Region called 'Invest Liverpool'. However, any such agency would have to be resourced by the six Local Authorities, primarily through the provision of secondees.

The LEP have issued a tender for a private sector consultancy to work with the Local Authorities to identify the 'Liverpool City Region Offer' for inward investment. Following this work an analysis will need to be undertaken to determine how city region collaboration would lead to a more effective service to investors and what this would mean in practice.

However, in order to contribute to this analysis, it is important to understand the current arrangements for managing Inward Investment enquiries locally, including the source of these enquiries and the resources allocated to delivering the service. This will then help Members to determine whether there is synergy between a local and city-region wide inward investment service and where added value can be obtained.

To inform the Scrutiny Topic Group Members identified key lines of enquiry as follows:

- 1) How does Halton's inward investment service currently operate;
- 2) The Liverpool City Region Perspective;
- 3) Halton Business and Chamber of Commerce Perspective.

3.2 Policy and Performance Boards

This report was commissioned as a scrutiny working group for the Employment, Learning, Skills and Community Policy and Performance Board.

3.3 Membership of the Scrutiny Working Group

Membership of the Scrutiny Working Group included:

Members	Officers
Cllr Sue Edge – Chair Cllr Peter Lloyd Jones Cllr Andrew McManus Cllr Stan Parker	Wesley Rourke – Operational Director for Economy, Enterprise and Property Tim Leather - Principal Business Development Officer Paul Corner – Inward Investment Officer Debbie Houghton – Principal Policy Officer

4.0 Methodology Summary

This scrutiny review was conducted through a number of means:

- Meetings of the scrutiny review topic group;
- Presentations by various key members of staff and partners (detail of the presentations can be found in *Annex 2*);
- Provision of information.

5.0 Evidence (summary of evidence gathered) and Analysis with findings/conclusions

5.1 How does Halton’s inward investment service currently operate?

Tim Leather delivered a presentation to members on inward investment in Halton, starting with the role of the team, which is to:-

- Manage commercial property database.
- Deliver Halton part of LCR funding streams.
- Also proactive inward investment – limited due to lack of resources what we can do.

Direction of travel for inward investment in Halton and the wider LCR is towards an ‘Invest Liverpool’ joint approach which would be tasked with supporting inward investment across LCR. This approach would have to be resourced from each LA through secondments. Compromise solution each LA

auditing what they do and then hopefully can be used to draw down European match to resource 'Invest Liverpool'.

Foreign company investment in our economy

Halton has the greatest concentration of foreign owned companies in LCR, behind Liverpool, which accounts for 5% gross number of companies but have 20% employee posts, which is significant.

In 2013 26.5 billion dollars came in to UK as Foreign Direct Investment (FDI). Most FDI comes from US, but UK second i.e. UK companies investing abroad.

In terms of emerging market growth for FDI– significant growth is expected from South America and parts of Africa.

State owned enterprises have a lot of buying power. So need to be mindful of these significant businesses alongside private businesses.

Mergers and acquisitions of businesses have experienced a significant jump however one deal can alter figures, so need to bear that in mind.

Investor development

Working with businesses already here in Halton so they remain here longer term and can grow and prosper. For example we have worked with Thermofisher Scientific, the outcome being that they have stayed in Halton.

Inward investment enquiries – we are now getting to pre-recession levels of about 300 per yr. Conversions also increasing and exceeding our targets currently about 10% conversions.

The geographical origin of direct investment enquiries to Halton are 94% local in origin, 4% from the North West and the remaining 2% from outside of that area.

Source of enquiries to inward investment service – 3% referred from UKTI, 94% made an enquiry over the telephone..

Halton Approach

- Travel distance important for business growth so Halton people can access new jobs.
- Team currently have a graduate working with businesses to identify what businesses want.
- Looking to engage with the 50 most significant employers
- Inward Investment post - Now recruited to this post, who will work with these 50 companies.

- Sector focused network group has been established to facilitate closer working between related businesses, which has been well received. Plan to extend these to other business sectors where possible.

Full presentation is attached in Annex 3

5.1.1 Conclusions

- The majority of inward investment enquiries are from local businesses based in Halton at 94%. A further 4% come from the NW.
- Foreign Investment enquiries are very low at less than 2%.
- Halton focus on the 50 most significant employers.
- Inward investment enquiries close to pre-recession levels of about 300 per year.
- Halton has the greatest concentration of foreign owned companies in LCR, behind Liverpool, which accounts for 5% gross number of companies but have 20% employee posts, which is significant.

5.1.2 Recommendations

- Implement rigorously the client management system (Evolutive) to iron out a number of inconsistencies with the information that we log.
- Develop and implements an investment social media strategy to link Halton with export agencies from around the world.
- Pursue relationships and links with the top 50 businesses in Halton to ensure retention and growth of the businesses.

5.2 The Liverpool City Region Perspective

Mark Basnett from the Liverpool City Region Local Enterprise Partnership (LEP) provided an overview on Inward Investment challenges in the Liverpool City Region and drivers for growth and the need to have the right Inward Investment product e.g. skills, talent, infrastructure, cost effectiveness.

Mark stated that the things we need to focus on are working smarter together with limited resources and pooling capabilities.

The LEP and partners were looking at options which focus on:

- 1) Creating an investment hub and a virtual team.
- 2) Spending time with sector specialists, developing a LCR investment strategy that we all agree to.

Mark remarked that looking to our strengths; logistics, parts accessibility, buildings are Halton's key strengths.

We have promoted Halton sites at national exhibitions e.g. 3MG at the NEC Multi-Modal Hub.

Mark reported on an area by area analysis and consideration of opportunities through a City Region Inward Investment Asset Matrix and working jointly can create economies of scale.

The LCR has some sector strengths i.e. automotive and relationship with the sector supply chain.

Just in time supply is critical in this sector and we can offer a broader package to businesses and reasons and a product to offer.

A third area focus on world class facilities including Big Data, for example, Si-Tech Daresbury.

LEP will work with local teams to promote and market opportunities in the area.

One team, operating on a Common Customer system as the key function of the LCR Inward Investment Framework would be a desired long-term position.

An Investment Strategy will focus on key sectors and would establish a set of performance measures and be accountable to City Region Leaders, and Chief Executives.

Also emphasis on engaging with business leaders.

Future proposals would not be about taking away existing lines of enquiry.

LA Leaders have signed up to these principles.

£1m had been allocated to Inward Investment. activity in LCR, of which 20% is a contribution from Local Authority partners.

The intention is to create a continual dialogue to refine a better product to attract investment to Halton and beyond.

Mark shared a paper that had been presented to Regeneration Directors identifying potential options and level of funding required.

There is an opportunity to demonstrate a collective approach to the “outside world”.

Full presentation is attached in Annex 3

5.2.1 Conclusion

- With limited resources there is a need to focus on working smarter together and pooling capabilities.

- Need to focus on the strengths that Halton has to offer e.g. Logistics and science.
- Also need to focus on the wider strengths of the LCR such as the automotive industry and the sector supply chain.
- There is an opportunity to demonstrate a collective approach to the “outside world”.

5.2.2 Recommendations

- Chanel foreign Investment enquiries through the LCR/LEP where appropriate.
- With limited resources there is a need to focus on collaborative working across local authorities and the LCR.
- Focus on the strengths that Halton and the wider LCR has to offer.
- There is an opportunity to demonstrate a collective approach and the Liverpool brand to potential investors, particularly of benefit to Halton.

5.3 Halton Business and Chamber of Commerce Perspective.

Paula Cain gave some background on the borough from a business perspective, including strengths such as location and opportunities from the new Mersey Gateway etc.

Paula talked about the challenges such as diminishing council resources and the bridge tolls and the advantages of Halton’s BIG Team approach which provides a focus, builds loyalty and provides better use of scant resources. The disadvantages of the current approach were identified as a risk in terms of available resources in the future ? Paula also identified opportunities of a LCR approach including, pooling of resources and using Liverpool as an international recognised brand.

Should the LCR proposal go ahead then the Chamber highlighted some key issues that need clarification. These include Governance arrangements, clarity of roles and clarification of the offers available. Also what will be the impact on Halton’s brand?

Paula then identified four things that we could do:-

- Image/Brand (Runcorn and Widnes vs Halton)
- Local marketing initiatives
- Business at the forefront
- Business Champions

There was a discussion around Merseyside Business Support Programme (MBSP) which provides support for SMEs that have been in business for over 12 months. They provide an in depth diagnostic to help them develop and grow. There is no financial support and this ends in September 2015. The Chamber delivers specialist modules of support to businesses.

There was comment about the significant differences between small and medium business, many small businesses have only 1-2 people where medium businesses are perhaps in a better position to grow more quickly. MBSP hasn't provided cash but helps enable business leaders to step back and look objectively at their business.

The Topic Group asked Paula about links between the Halton CoC and that of Liverpool. Paula responded that the Chambers do collaborate but there are two powerhouses Liverpool and St Helens. However there have been discussions around combining to provide one LCR Chamber of Commerce. Businesses are not enthusiastic for this to happen currently and perhaps there may be a different model with more collaborative working that can be developed?

Businesses are perhaps more concerned about the Offer rather than who provides it. Going forward we need to be clear about what the LCR offer is and how Halton contributes to that. Halton for example could be the lead in the LCR around investment in Science and any science enquiries to the LCR directed to us? Signposting to funding providers is also key as is a quick response. Perhaps the 'Smart City' model is a good one where access, skills, IT etc. are all linked together.

Devolution and the role of each LA may present some issues as well as collaboration, there will be potentially competition amongst LAs. We need to market Halton as well as the LCR and focus on what we can offer. Concern was expressed that a LCR approach may result in a Liverpool bias

Full presentation is attached in Annex 3

5.3.1 Conclusion

- Diminishing resources and bridge tolls are challenges for support for inward investment going forward.
- Halton's BIG Team approach is an advantage for Halton providing a clear focus, building loyalty and presents good use of scant resources.
- Opportunities of a LCR approach include pooling of resources and using Liverpool as an international recognised brand.

5.3.2 Recommendations

- With limited resources there is a need to focus on collaborative working across Halton and the LCR.
- Focus on the strengths that Halton and the wider LCR has to offer.

5.4 Business Tour

ELS&C PPB members were invited on a tour of selected businesses in Halton, which was attended by:-

Cllr Sue Edge
Cllr Andrew McManus
Cllr Peter Lloyd-Jones
Cllr Geoffrey Logan
Tim Leather
Paul Corner
Debbie Houghton

Site Visit 1

Sigmatex Group, Manor Park Runcorn

Sigmatex are converters of carbon fibre, manufacturing a high tech range of reinforcements for a wide variety of applications, including the aerospace industry. They also have premises in Shanghai, California and Rochdale. They are an independent fibre provider and they develop fibres in a number of different formats, ranging from materials to form vehicle upholstery to vehicle carbon components. They started out in Whitehouse industrial state in Halton. 10% of the workforce works in R and D. As well as this plant in UK there is a centre in Rochdale.

Overall group turnover is £250m. A very interesting fact is that 95% of space fibres are developed in Runcorn.

Main clients are in automotive, aerospace and marine transport and they worked on the Bloodhound supersonic car. Also supply upholstery to the prestige motor vehicle brands and Supercars.

They operate an apprenticeship scheme and they invest a large amount of resource in helping young people with the transition from education to work. A willingness to work is more important with young people than purely job specific skills as you can build these skills.

Key issues facing Sigmatex

1. Skills
2. Recruitment

Address: Manor Farm Rd, Runcorn, Cheshire WA7 1TE

Site Visit 2

Whitford Group, Manor Park Runcorn

Whitford Group is the manufacturer of the largest range of fluoropolymer coatings in the world with applications including the chemical, petrochemical and automotive industries. Research & Development also takes place at the Runcorn site. Most notable Fluoropolymer to domestic user is Teflon.

The main product produced at this plant is car fluoropolymer solutions. For example paints to regulate the temperature of a timing belt in extremes of heat and cold. So, in effect they service the majority of automotive businesses in Europe. The other smaller line produced here is a coating for bakeware.

Their sister plant in Italy produces coating for pans etc.

Key issues facing Whitford Group

1. Training and Employability
2. Planning and extension

Address: 11 Stuart Road, Manor Park, Runcorn, Cheshire WA7 1TH

Site Visit 3

Fresenius-Kabi, Manor Park Runcorn

Fresenius Kabi is a global health care company specialising in lifesaving medicines and technologies for infusion, transfusion and clinical nutrition. The company's products and services are used to help care for critically and chronically ill patients. On these premises the business services the nutrition market. There are 400 people working on site.

Key issues facing Fresenius:

1. Business continuity
2. Recruitment issues at all levels of employment
3. The possibility of developing bespoke programmes was raised and this could be achieved with the SFA, College and Halton Employment Partnership.

Address: Cestrian Court, Eastgate Rd, Manor Park WA7 1NT

5.4.1 Conclusion

1. Skills development is a major issue affecting all of the businesses visited.
2. Attitude and approach to work is a key attribute recruiters look for with existing and potential new staff.
3. All employers support apprenticeships
4. The mix, status and impact of local companies on the international supply chains of aerospace, automotive and bio-tech sectors is stunning.

5.4.2 Recommendations:

- Focus on skills required in Halton to support key sector business needs and their growth in Halton.
- Work together with planning to help ensure where appropriate that businesses in Halton can expand and grow.

6.0 Overall Conclusions from the Scrutiny Review

6.1 This scrutiny review has been both a successful and a worthwhile exercise in terms of covering all the outputs and outcomes from the initial topic brief and gaining a sound knowledge and understanding of the issues affecting inward investment in Halton and the wider Liverpool City Region.

6.2 It is recognised that there is much good practice happening in Halton and excellent working relationships between the council and the Liverpool City Region.

6.3 The key ingredients of inward investment broken down into:

- Foreign Direct Investment
- Indigenous Development

The emphasis on the two elements underscores the importance of both in attracting new foreign investors as well as retaining existing investors and supporting them to grow and expand. Both are a vital source of local employment in Halton.

6.4 The current position in relation to inward investment is set out in the diagram below and the context of both the local and LCR position is explained in the bullet points that follow.

Marketing / Events

City and City Region Place Marketing
Civic/Culture/Events Promotion
Business Events Organisation (EG IFB)
Marketing Input to sector/business development strategy
Investment Strategy Input
Commissioned to Deliver City Region Investment Marketing

**MARKETING
LIVERPOOL**

Strategy, Propositions, Sales & Brokerage

Investment Strategy Coordination and Development
Sector Leadership & Value Proposition Development
Sales process and Lead Generation & Promotion
Coordination and Management of Private Sector Input
Client Solutions worked out with partners
City Region Investment Enquiry Handling & Brokerage

**LEP
with LAs & Private Sector**

 Liverpool City Region
Local Enterprise Partnership

Product Development, Enquiry Handling & Aftercare

Investment Strategy Input
Local Sites/Projects Development and Promotion
Sector Development Participation
Local Investment Enquiry Handling
Business Support – property, funding etc.
Strategic Investor Account Management

LOCAL AUTHORITIES



Strategy

6.5 Local Position

- The vast majority of investment enquiries handled by the BIG Team are both relatively local in origin (94%) and follow direct enquires to the Local Authority (94%).
- Halton Borough Council receive relatively few investment enquires from either UKTI\LEP (3%) or from intermediaries (3%).
- Foreign Investment enquiries are low at less than 2%.
- Inward investment enquiries close to pre-recession levels of about 300 per year.
- Halton has the greatest concentration of foreign owned companies in LCR, behind Liverpool, which accounts for 5% gross number of companies but have 20% employee posts, which is significant.

6.6 LCR Position

- Currently deal with UKTI Investment inquiries as appropriate.
- With limited resources there is a need to focus on working smarter together and pooling capabilities.
- Need to focus on the strengths that Halton has to offer e.g. Logistics and science.
- Also need to focus on the wider strengths of the LCR such as the automotive industry and the sector supply chain.

- There is an opportunity to demonstrate a collective approach to the potential investors and export agencies.
- Marketing Liverpool currently market the LCR through the Liverpool brand both inside and outside of the UK.

6.7 Overall Recommendations from the Scrutiny Review

Local Authority role - recommendations

- A significant role for the local authority is to support the promotion of the LCR City Region with attracting investors from overseas.
- Implement the client management system (Evolutive) to ensure high quality and up-to-date CRM producing management information to drive continuous improvement.
- Develop and implements an investment social media strategy to link Halton with export agencies from around the world.
- Pursue relationships and links with the top 50 employers in Halton to ensure retention and growth of the businesses. This will include skills development and working with planning to help enable businesses to physically expand and grow.
- Focus on skills required in Halton to support key sector business needs and their growth in Halton, focusing on meeting the skills needs of local businesses in target high-value-adding sectors.
- Work together with planning to help ensure where appropriate that businesses in Halton can expand and grow.

LEP/LCR Role- Recommendations

- Channel foreign Investment enquiries.
- With limited resources there is a need to focus on collaborative working.
- Focus on the strengths that Halton and the wider LCR has to offer.
- There is an opportunity to demonstrate a collective approach and the Liverpool brand to potential investors, particularly of benefit to Halton.

A Halton Inward Investment Action Plan will be developed integral to investment activity within the LCR. All of the recommendations and any

actions that come from these will be delivered on a cost neutral basis using newer and more effective working practices.

DRAFT

Employment, Learning, Skills and Community Scrutiny Panel

Review of Inward Investment 2015

Aims and Objectives

Aim and Objectives	<p>The aim of the review is to support the Employment, Learning, Skills and Community PPB to determine if:</p> <p>(a) the inward investment service provided in Halton is fit for purpose;</p> <p>(b) there is synergy between a local and city-region wide inward investment service and where added value can be obtained.</p>
Context/Background	<p>Halton Borough Council's Business Improvement and Growth (BIG) Team deliver Halton's inward investment service, which includes:-</p> <ul style="list-style-type: none"> ▪ Managing inward investment enquiries from both inward investors and local companies wishing to expand and grow ▪ Managing the commercial property database and service enquiries for commercial property ▪ Engaging with the key companies in the Borough <p>The Liverpool City Region Local Enterprise Partnership has proposed the creation of a stand-</p>

	<p>alone inward investment agency for the City Region called 'Invest Liverpool'. However, any such agency would have to be resourced by the six Local Authorities, primarily through the provision of secondees.</p> <p>The LEP have issued a tender for a private sector consultancy to work with the Local Authorities to identify the 'Liverpool City Region Offer' for inward investment. Following this work an analysis will need to be undertaken to determine how city region collaboration would lead to a more effective service to investors and what this would mean in practice.</p> <p>However, in order to contribute to this analysis, it is important to understand the current arrangements for managing Inward Investment enquiries locally, including the source of these enquiries and the resources allocated to delivering the service. This will then help to determine whether there is synergy between a local and city-region wide inward investment service and where added value can be obtained.</p>
Methodology	
Timescale	<p>It is proposed that this review will be conducted during the period February to June 2015 with a view to submitting a report/ recommendations to the ELS&C PPB meeting in June 2015.</p> <p>It is proposed that the review will comprise 4 meetings, covering topics set out below, followed up by a final session to consider the content of Scrutiny topic Group report and recommendations.</p> <ol style="list-style-type: none"> 4) How does Halton's inward investment service currently operate; 5) The Liverpool City Region Perspective; 6) Halton Business and Chamber of Commerce Perspective; 7) Final session to consider the content of Scrutiny topic Group report and recommendations.

	<p>Following endorsement by the ELS&C PPB, it is anticipated that the final Inward Investment Scrutiny Topic Group report and recommendations will be submitted to a meeting of the Executive Board .</p>
<p>Scrutiny Topic Group Session 1</p>	<p>Date of meeting: 12th March 2015</p> <p>Purpose of the session: To provide a clear understanding of inward investment in Halton</p> <p>Expert witnesses: Wesley Rourke - Operational Director, Economy Enterprise & Property Tim Leather - Lead Officer – Business Improvement & Growth</p>
<p>Scrutiny Topic Group Session 2</p>	<p>Date of meeting: 30th April 2015</p> <p>Purpose of the session: To consider the inward investment proposals being considered by the Liverpool city Region.</p> <p>Expert witnesses: Mark Basnett (Local Enterprise Partnership)</p>
<p>Scrutiny Topic Group Session 3</p>	<p>Date of meeting: 24th June 2015</p> <p>Purpose of the session: To consider the business perspective of Halton’s inward investment offer</p> <p>Expert witnesses: Paula Cain (Chamber of Commerce)</p>

Scrutiny Topic Group Session 4	<p>Date of meeting: Tbc</p> <p>Purpose of the session: To consider and agree the review’s final report and recommendations.</p>
Potential outcomes	
Expected outcomes	<p>It is expected that this review will support the ELS&C PPB in:</p> <ul style="list-style-type: none"> (a) Providing a clear understanding of inward investment in Halton; (b) Providing a steer as to whether Halton’s approach to inward investment is fit for purpose; (c) Deciding if the approach to inward investment is meeting the needs of Halton businesses; (d) Identify activities that we could undertake to better meet the needs of Halton businesses (e) Inform future inward investment activity in Halton to complement the emerging model proposed within the Liverpool City Region (LCR)
Measuring success	<p>Any recommendations arising out of the review will be considered by the Employment, Learning, Skills and Community PPB and once agreed presented to the council’s Executive Board. Subject to Executive Board approval, recommendations will be implemented and monitored.</p>

Officer/Member involvement

Members

All Members of the ELS&C PPB were given the opportunity to be involved in the Scrutiny Topic Group review. The following members took part in the Scrutiny Topic Group.

Chair of the scrutiny topic group – Cllr Sue Edge
Cllr Peter Lloyd Jones
Cllr Andrew McManus
Cllr Stan Parker

The Scrutiny topic Group was supported by the following council officers:-

Wesley Rourke - Operational Director, Economy Enterprise & Property
Tim Leather - Lead Officer – Business Improvement & Growth
Debbie Houghton – Principal Policy Officer

Other officers and guest speakers will be invited to participate in the Scrutiny Topic Group as appropriate.

METHODOLOGY DETAIL**a) Presentations**

The following officers gave presentations as part of this scrutiny review:

Name of officer	Title of Presentation
Tim Leather	Halton's approach to Inward Investment
Mark Basnett	Inward Investment proposals being considered by the Liverpool city Region.
Paula Cain	A Business Perspective of Halton's inward investment offer

b) Site Visit

A site visit was arranged for members of the ELS&C PPB to the following businesses.

- **Sigmatex Group, Manor Park Runcorn**
- **Whitford Group, Manor Park Runcorn**
- **Fresenius-Kabi, Manor Park Runcorn**

Presentations delivered as part of the review

- [Employment, Learning, Skills & Community Scrutiny Panel
Inward Investment in Halton - A Halton Perspective](#)
- [Employment, Learning, Skills & Community Scrutiny Panel
Inward Investment in Halton - A LCR Perspective](#)
- [Employment, Learning, Skills & Community Scrutiny Panel
Inward Investment in Halton – A Business Perspective](#)