

Agenda Item No. 7(y)

DERBYSHIRE COUNTY COUNCIL

CABINET

20 September 2016

Report of the Strategic Director – Economy, Transport and Communities

TRADE AND INVESTMENT PROMOTION FOR DERBYSHIRE (STRATEGIC POLICY, ECONOMIC DEVELOPMENT AND BUDGET)

(1) **Purpose of Report** To agree the development of a new Council Strategy for attracting increased inward investment and supporting economic growth across the County; to seek approval for a financial contribution to supporting representation and activity at the forthcoming Midlands Engine Trade Delegation to China; and to agree a review of overall staffing and financial resources targeted at supporting this activity.

(2) **Information and Analysis**

Background

As the birthplace of the Industrial Revolution, the creation of wealth and fostering enterprise is a feature of the Derbyshire economy. World renowned business such as Rolls Royce, Royal Crown Derby, John Smedley, Bombardier, JCB and Tarmac continue to trade and export globally, and the County has attracted major inward investors such as Toyota UK with its car manufacturing plant at Burnaston. The County enjoys a well-connected, central location; a strong manufacturing base; a highly skilled workforce in some key growth sectors; a range of excellent development sites; a world class tourism offer; and, an outstanding quality of life.

The current Derbyshire Economic Strategy Statement (DESS) recognises the need for the County to promote economic growth through attracting inward investment and promoting trade through the Strategic Theme: Boosting Investment and Place Making. Key objectives, for this Theme in this respect, include investing in physical infrastructure to improve connectivity, unlocking land and property to attract growth, supporting Derbyshire's businesses to diversify and grow, showcasing the vitality and viability of Derbyshire's market towns and urban centres as key hubs for growth.

The DESS also sets out the distinctive economic offer of Derbyshire based on Derbyshire's manufacturing excellence, entrepreneurial strength, excellent further education (FE) and higher education (HE) institutions and key sectors,

such as transport equipment manufacturing (notably automotive, rail and aerospace), minerals and aggregates, food and drink, etc. Furthermore, with improving broadband technology, the County is also developing a growing reputation in hosting high value and globally-agile sectors such as creative and digital industries and e-commerce.

However, with the anticipated economic slow down post-referendum, the need to actively market investment opportunities in the County has become even more important. Firstly, the ramifications of Brexit are yet to be fully understood and with the European Union remaining a key export market for many UK and Derbyshire businesses, uncertainty prevails. Within this context, there is an opportunity, and a clear need, for businesses to find new markets in places such as China and India, as well as exploring existing links with the Commonwealth. More active marketing across the UK is also vital in securing investment from those businesses looking to expand or re-locate. Competition for new business growth from other UK regions will be fierce over the coming years if the economic slow down becomes reality.

Secondly, the continued financial challenge of the Government's austerity measures and the introduction of 100% local business rate retention in 2020 mean it is vital for localities to secure increased investment and economic growth in order to yield the necessary business rate revenue to protect and deliver local services.

Finally, Derbyshire's ability as a Council, as a County and as a Local Enterprise Partnership (LEP) area, to demonstrate capacity and capability for delivering economic growth will be fundamental to securing any additional powers or enhanced funding (e.g. Local Growth Fund) from Government.

The Role of the Council

Working alongside the private sector, local authorities are well placed to understand, facilitate and successfully promote the economic, social and physical advantages of a place to both national and international investors.

The Council recognises the importance of international links in building cultural understanding and cohesion for Derbyshire's people and in providing economic opportunities for Derbyshire's businesses. It also understands the strategic role it plays in promoting Derbyshire as a place in which to invest, work, visit and live and this is exemplified by Derbyshire's current, (albeit) limited activity in "place marketing" to potential investors. Examples include representation at the annual MIPIM conference over the last couple of years, promoting sites and opportunities to both national and international investors.

In addition, Derbyshire continues to enjoy a highly valued and fruitful twinning relationship (now in its 20th year) with businesses and schools in Toyota City, whilst educational links are also maintained with Mamelodi in South Africa.

In response to growing international interest in Derbyshire, on 29 June 2016, the County Council hosted a senior delegation from Anhui Province in China. The visit coincided with the signing of a friendship agreement between the Province and the Council focused primarily on developing economic and trading links. The new friendship arrangement builds upon similar links forged between Derby City Council and the provincial capital, Hefei (following its successful trade visit in March 2016) and established educational links between the University of Derby, Hefei University, Anhui University of Chinese Medicine and Anhui Agricultural University.

These complementary links provide an opportunity for a wider, coordinated approach to international relations with Anhui Province and China in general, and offer a great opportunity for strengthening Derbyshire's overall approach to place marketing, developing trade links and attracting significant inward investment over the medium and longer term.

Developing a Strategy for Inward Investment

The challenges facing the UK and local economy set out above and the Council's current approach to place marketing and attracting inward investment require review. The time is right, and critically so, for the economic development function to develop a more comprehensive approach to stimulating demand and increasing inward investment with businesses, sites and communities across the County which will subsequently raise business rate income for the County Council and its district/borough council partners.

It is therefore proposed that a new Strategy be developed, setting out the Council's comprehensive approach to identifying local 'supply-side' opportunities; developing a strong Derbyshire narrative through input from district/borough councils; and increasing demand for investment from other regions in the UK and globally. In this way, the Council's ambitions can be secured and the wider investment opportunities across the County can be supported.

The work of existing networks and organisations such as the Derbyshire Economic Partnership (DEP), Visit Peak District and Derbyshire (VPDD), Marketing Derby and Destination Chesterfield, alongside the concerted input of district/ borough councils, will be critical to securing strong content and clear ambitions for the Strategy.

It is proposed the Council's Economic Development Service leads the development of the Strategy, supported by senior officers from the D2 (Derby and Derbyshire) Economic Development Officers Group.

Delivery and implementation of such a Strategy will be challenging given current financial constraints. However, it is proposed that the on-going review of the Economy and Regeneration Service be used as the vehicle for

assessing and aligning appropriate resources, should Cabinet agree to this strengthened focus around international trade and inward investment.

The continuing move towards greater collaboration and partnership working across D2 within the context of devolution also provides a significant opportunity for maximising the input and resources of key partners such as DEP, VPDD and Marketing Derby, to support delivery of the Strategy, particularly in relation to promotion and marketing. The support of the local Chamber of Commerce will be important in facilitating business links and the overarching role of the D2N2 LEP will ensure alignment with the ambitions of Nottingham and Nottinghamshire (N2) and the wider Midlands Engine. To ensure early success in the development, launch and implementation of the Strategy, it is proposed additional, temporary staffing vacancies be secured, working to the Head of Economic Development

Midlands Engine: Trade Delegation to China

Within the emerging activity to support increased inward investment on a region-wide basis, a ministerial-led trade mission has been organised by the Government's trade promotion agency, UKTI, and will take place from 30 October to 5 November 2016. The mission is a high-profile, multi-sector delegation, including business and civic leaders, which will showcase trade and investment opportunities and expertise from across the Midlands.

The Midlands Engine for Growth has been developed by Government and local partners with the ambitious aim of growing the regional and UK economy to generate an additional £34bn over the next 15 years and to create 300,000 jobs. The objective is to ensure the Midlands is at the centre of future economic success in the UK by creating jobs, supporting economic growth and increasing tourism, inward investment and import/ export opportunities for new and existing businesses.

There will be three main elements of the Mission:

- Launch of the Midlands Engine Pitch Book of investment sites which includes Infinity Park Derby and key sites in Derbyshire.
- Attendance at the China Outbound Conference (organised by the China-Britain Business Council) on 3 November 2016 in Shanghai. This is a major investment event where UK projects market their proposals and pitch to potential Chinese investors.
- Hosted visits to cities/regions in China that are most relevant to each local business and civic delegations – supported by a Derbyshire Pitch Book.

To build upon Derbyshire's specific links with China, it is proposed that a Derbyshire business and civic delegation visits Anhui Province on 1 and 2 November 2016. Derby City Council has already confirmed that the Leader of

the Council and Chief Executive will follow up on their visit earlier this year, whilst the University of Derby will be represented by Vice-Chancellor, Professor Kathryn Mitchell, and Pro-Vice Chancellor, Professor Judith Lamie. It is therefore recommended that Cabinet approves an appropriate level of member/officer representation from the Council to participate in the Trade Delegation.

The proposed focus of the Derby and Derbyshire offer for the Mission will be economic development, technology and innovation, knowledge exchange, tourism promotion and twinning. Partners are currently working on the appropriate marketing content, including the development of a targeted “Derbyshire Pitch Book”, which will include major, strategic projects across the City and County, a heritage asset investment portfolio of major development opportunities relating to Derbyshire’s tourism offer (for example, Elvaston Castle and Belper North Mill) and enhanced tourism promotion for the purposes of this visit, focused on the Chinese market. The material will then form the basis of the proposed Derbyshire delegation to Hefei in Anhui Province and a visible presence at the China Outbound Conference, alongside Midlands Engine partners. Discussions are ongoing with VPDD to encourage appropriate representation to join the core delegation. Industry representation would enhance the tourism focus.

It is recommended that a budget is approved to support the costs of the proposed delegation and provide a partnership contribution to the preparation of marketing and promotional material for the visit.

Immediate outcomes from the proposed delegation and Trade Mission would be to further the economic opportunities available as a result of the recent friendship arrangements forged at city and county level. Promoting Derby and Derbyshire as part of the Midlands Engine will maximise the opportunities for stimulating foreign investment, trade links for Derbyshire businesses and, ultimately, the creation of jobs in the local economy.

Longer term outputs will be around the value of increased investments and GVA uplift.

(3) Financial Considerations It is proposed that a budget of up to £15,000 is allocated to support any relevant partnership promotional development work, including strong marketing material and other costs associated with the proposed delegation to the Midlands Engine Trade Mission to China. Initial estimates for flights and accommodation per delegate would be approximately £1,400 per delegate for the 5 day visit whilst an estimate for a contribution towards the preparation of marketing materials is estimated at £6,000. Some allowance has been made for financial contingency. The proposed budget is based on a delegation of a maximum of

three County Council representatives. The financial allocation will be met from Economy and Regeneration budget 2016-17.

In addition, it is proposed that two Senior Economic Development officers be appointed on a two year temporary basis to support development and early implementation of the Investment and Trade Strategy, working to the Head of Economic Development.

Details of the financial resourcing of these temporary posts will be subject to a separate Cabinet report but potentially could be funded by General Reserves and DEP.

(4) **Social Value Considerations** Attracting more businesses and increasing investment in the local economy will provide more job opportunities for local people. The availability and accessibility of local skills and use of the local labour market will be an important consideration and critical area of negotiation for inward investors.

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

(5) **Key Decision** No.

(6) **Call-In** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(7) **Background Papers** Held by the Economic Regeneration Service within the Economy, Transport and Communities Department. Officer contact details – Frank Horsley, extension 38348.

(8) **OFFICER'S RECOMMENDATIONS** That Cabinet:

- 8.1 Notes the significant economic challenges facing the UK and businesses in Derbyshire, post referendum and the pending financial challenges for local government as part of business rate retention proposals.
- 8.2 Agrees the preparation of a comprehensive Investment and Trade Strategy to marshall the Council's economic development and activity to drive growth.
- 8.3 Approves that the Leader and up to two senior officers provide representation from the County Council to take part in the proposed

Midlands Engine Trade delegation to China from 30 October to 5 November 2016.

- 8.4 Approves a budget of up to £15,000 to support the development of a quality marketing product for opportunities within the County to promote new trade and investment activity as a response to Brexit, and to help meet the costs of the proposed delegation to China.
- 8.5 Notes that the ongoing service review in Economy and Regeneration will consider the availability of resources, both within the Council and in collaboration with key partners, to more effectively deliver inward investment activity and trade promotion for Derbyshire.
- 8.6 Notes the proposed increase in temporary officer resources to support development and implementation of the strategy which will be subject to a further report to Cabinet sitting out the requirements and proposed activity. Clear performance output for these posts will be developed and linked to the value of inward investment attracted.

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