

**Report of Director of City Development**

**Report to Executive Board**

**Date: 17 December 2014**

**Subject: Review of Inward Investment in Leeds City Region**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of Main Issues**

This report informs Executive Board of the report of a Review of Inward Investment in Leeds City Region, and seeks approval for the conclusions and recommendations.

In the context of the increasing importance of a Leeds City Region approach to supporting economic growth, in October 2014 Leeds City Council, the West and North Yorkshire Chamber of Commerce, the Leeds City Region Local Enterprise Partnership (LEP), the West Yorkshire Combined Authority, and Leeds and Partners decided to review of the approach to attracting inward investment to Leeds City Region. The terms of reference for the Review were to consider:

- (a) How to deliver inward investment most effectively across Leeds City Region; and
- (b) The relationship of Leeds and Partners with Leeds City Council, the Chamber of Commerce, the Combined Authority and Local Enterprise Partnership (LEP), identifying how inward investment can be aligned with wider activity to support economic growth.

A Review Group was convened comprising representatives of Leeds City Council, the West Yorkshire Combined Authority, the Leeds City Region LEP, the Chamber of Commerce, and Leeds and Partners. This group has informed and received a report setting out the main findings of the review (included at Annex 1 of this report).

Leeds and Partners is a company owned jointly by Leeds City Council and the Leeds, York and West Yorkshire Chamber of Commerce. Leeds and Partners are commissioned currently by the LEP to lead on inward investment for Leeds City Region, and by Leeds City Council to lead on inward investment and the visitor economy for the city of Leeds.

The main issues for the Review have been how to realise the opportunities for closer alignment of work to promote inward investment with the wider approach to growing the Leeds City Region economy, whilst building on the successful aspects of the approach adopted by Leeds and Partners. The Review has considered factors for future success, optimum future organisational roles, and the best approach to leadership and resources.

The main conclusions from the Review are that:

- the inward investment and supporting marketing and communications function should be overseen by the LEP and relevant staff transferred to the Combined Authority;
- the visitor economy role of Leeds and Partners should be transferred to Leeds City Council in the short term, and that the potential for a city region approach to tourism should be considered over the longer term;
- Leeds and Partners should be discontinued as a separate organisation; and
- It will be important to build on the successful work of Leeds and Partners particularly the proactive approach to working with stakeholders to develop and promote inward investment propositions in growth sectors.

## **Recommendations**

Executive Board is recommended to:

1. Agree the recommendations of the Review of Inward Investment in Leeds City Region, as set out in the Final Report of the Review, included as Annex 1 to this report;
2. Approve the transfer of the Leeds and Partners inward investment, and supporting and marketing and communications functions to be overseen by the Leeds City Region Local Enterprise Partnership, with the West Yorkshire Combined Authority to be the employer of the relevant staff and the legally responsible organisation;
3. Approve the transfer of the Leeds and Partners visitor economy function to Leeds City Council;
4. Support the proposals for considering over the longer term a future city region or cross-boundary approach to the visitor economy, linked potentially to commissioning of Welcome to Yorkshire;
5. Approve, subject to the agreement of the West and North Yorkshire Chamber of Commerce, to the winding up of Leeds and Partners as a separate organisation;
6. Instruct officers to support the transition process, including dealing with relevant legal, financial and staffing issues;
7. Agree to put in place appropriate resources and capacity within Leeds City Council, to enable Leeds to work with the LEP to secure inward investment, to develop growth sectors and market and promote the city; and
8. Note that the new arrangements will be put in place by April 2015, and that the Chief Economic Development Officer will be responsible for implementation.

## **1. Purpose of this Report**

- 1.1. This report informs Executive Board of the findings of a Review of Inward Investment in Leeds City Region, and seeks approval for the conclusions and recommendations of the Review.

## **2. Background**

### **2.1 Context**

- 2.1.1 In the context of the increasing importance of a Leeds City Region approach to supporting economic growth a number of relevant organisations decided in October 2014 that there should be a review of the approach to attracting inward investment to Leeds City Region. These organisations included: Leeds City Council, the Leeds, York and West Yorkshire Chamber of Commerce, the Leeds City Region Local Enterprise Partnership (LEP), the West Yorkshire Combined Authority, and Leeds and Partners.
- 2.1.2 Economic growth of Leeds City Region is gathering pace as recovery from the recession strengthens. Leeds City Region has hosted the start of the Tour de France. Its Strategic Economic Plan and Growth Deal proposals have been backed by Government, and the city region is next in line for further devolution.
- 2.1.3 Leeds and Partners are commissioned currently by Leeds City Council and Leeds City Region to lead on inward investment for Leeds and Leeds City Region, and the visitor economy for Leeds. The role, leadership and capacity of Leeds and Partners were strengthened in 2012. Since then Leeds and Partners has secured several significant inward investments, and developed clear investment propositions, working with the private sector.
- 2.1.4 The Leeds City Region LEP has recently enhanced its role and resources. It secured significant funding through the City Growth Deal process. The formation of the West Yorkshire Combined Authority in April 2014 has strengthened cross-boundary governance and delivery capability with a merged LEP and Combined Authority staff team in place.

### **2.2 The Review of Inward Investment**

- 2.2.1 The terms of reference for the review were to consider:
  - (a) How to deliver inward investment most effectively across Leeds City Region; and
  - (b) The relationship of Leeds and Partners with Leeds City Council, the Chamber of Commerce, the Combined Authority and LEP, identifying how inward investment can be aligned with wider activity to support economic growth.
- 2.2.2 A Review Group was convened, chaired by Councillor Keith Wakefield (Leader, Leeds City Council), and including Councillor Peter Box (WYCA Chair), Roger Marsh (LEP Chair), Andy Clarke (Leeds and Partners Chair) and Sandy Needham (CEO of Chamber of Commerce). An Advisory Group comprising Tom Riordan

(CEO of Leeds), Adrian Lythgo (WYCA Head of Paid Service), Joanne Roney (CEO Wakefield Council), and Kersten England (CEO City of York Council) supported the Review Group. The Leeds City Council Chief Economic Development Officer supported the Review Group by drafting the report. Discussions were held with members of the Review Group, the Advisory Group, and the senior management team of Leeds and Partners.

2.2.3 The Review has been undertaken in October and November of 2014.

2.2.4 The Report of the Review of Inward Investment, *Maximising the Opportunities for Inward Investment in Leeds City Region*, is included at Annex 1 of this report.

2.2.5 The review has considered the main issues associated with developing a city region approach to inward investment, including whether a free standing organisation continues to be required. It has also considered the implications for the Leeds visitor economy function.

## **2.3 Inward Investment**

2.3.1 Inward investment can be defined as projects that create jobs when companies from outside Leeds City Region decide to locate and expand within Leeds City Region.

2.3.2 National government has made attraction of inward investment a main priority, and UK Trade and Investment (UKTI) has been strengthened as a result.

2.3.3 Leeds City Region, along with Yorkshire and Humber as a whole, has traditionally underperformed on inward investment compared to comparable neighbouring regions. However there is evidence that Leeds City Region has performed well in terms of job creation from companies already located within the area.

2.3.4 Yorkshire Forward led previously on inward investment. Following abolition of the Regional Development Agencies (RDAs) it has generally been LEPs that have taken the lead.

2.3.5 There is significant national and global competition for inward investment. Competitor city regions are spending significant sums on their inward investment agencies.

## **2.4 Leeds and Partners**

2.4.1 Leeds and Partners is a company owned jointly by Leeds City Council and the Leeds, York and West Yorkshire Chamber of Commerce.

2.4.2 Leeds and Partners are commissioned currently by Leeds City Council to promote inward investment to Leeds and to increase the value of the Visitor Economy of Leeds. Current funding from Leeds City Council to Leeds and Partners is in the region of £2m a year, made up of a combination of cash and seconded staff. Leeds and Partners are commissioned by Leeds City Region LEP to promote inward investment, with funding of £750k a year with scope to increase this by 10% each year.

2.4.3 There are four main components to Leeds and Partners:

- **Inward investment** – which is both a Leeds City Region and Leeds city function, and also has involved sector development work for Leeds and Leeds City Region.
- **Visitor Economy** – a Leeds function to increase the value of the visitor economy, attract overnight stayers and major conferences (this has also included the Leeds Visitor Centre, but it has been agreed previously this function will return to Leeds City Council.
- **Marketing and Communications** – to support both inward investment and visitor economy work; and
- **Corporate functions** – including the Chief Executive, finance, HR, Corporate Services.

2.4.4 The role and leadership of Leeds and Partners was strengthened in 2012. Inward investment and tourism activity (undertaken previously by Leeds City Council) was transferred to Leeds and Partners. Relevant information, intellectual property, and resources (such as websites and the Leeds City Council property database) were also transferred. The Leeds and Partners staff team comprises direct employees of the organisation, alongside secondees from Leeds City Council, other local authorities and the private sector.

2.4.5 Leeds City Council has commissioned Leeds and Partners to focus on two main objectives: creating jobs through inward investment; and creating jobs through enhancing the value of tourism. To support these two main objectives, place marketing and stakeholder liaison activity was also commissioned.

2.4.6 Leeds and Partners were commissioned separately by the Leeds City Region LEP to undertake inward investment activity for the City Region. This included promoting inward investment in the Enterprise Zone.

2.4.7 Leeds and Partners has developed an approach to inward investment that is proactive and focused on priority sectors and geographic markets, based on formulating and taking to market investment propositions based on the strengths and assets of Leeds City Region. There has been an emphasis on working with and through others, mobilising the private sector, universities and other partners to develop and sell inward investment propositions and to promote the visitor economy. This approach has been successful in raising the performance of Leeds and Leeds City Region in attracting inward investment, and provides strong foundations on which to build.

## 2.5 Leeds City Region

2.5.1 Leeds City Region has made great progress over the last four years, recovering from being the UK city-region most affected by the recession to above average levels of economic growth, jobs and investment. Against this backdrop, the success of the Local Enterprise Partnership (LEP) and the success of Leeds and Partners along with the excellent showcasing of the area by Welcome to Yorkshire during the Tour de France, the City Region is now firmly placed on the world stage.

- 2.5.2 In addition the LEP and Combined Authority's Strategic Economic Plan has been backed by Government. Leeds City Region received the largest Local Growth Deal settlement of any city region in England. Along with Manchester and London, Leeds City Region was identified by the City Growth Commission as one of only three city regions ready for further devolution. The Deputy Prime Minister has indicated that Leeds City Region would be next in line for a major agreement for further devolution, following the recent devolution agreement with Greater Manchester.
- 2.5.3 Leeds City Region has been strengthening its capacity and governance through the Combined Authority and a LEP. An integrated Combined Authority and LEP staff team is in place, and this is working well with individual local authority teams and the private sector. Through initiatives such as the Business Growth Programme, the West Yorkshire plus Transport Fund, the business rates pool, the University Enterprise Zone and innovation capital investments, and the Apprenticeships Hub, the city region is working together in an increasingly powerful and mature way.
- 2.5.4 The Leeds City Region Strategic Economic Plan (SEP) was produced in spring 2014. It sets out a compelling case for a series of interventions to accelerate economic growth and job creation to create by 2021:
- £5.2b billion additional national economic output;
  - 62,000 extra jobs;
  - £675 benefits savings to the exchequer;
  - leverage of £10 private sector investment for every £1 of public sector investment; and
  - for the city region to be a net contributor to the UK public purse.
- 2.5.6 The priority growth sectors identified in the Strategic Economic Plan are:
- Financial and Professional Services;
  - Health and Life Sciences;
  - Innovative Manufacturing;
  - Creative and Digital;
  - Food and Drink; and
  - Low Carbon and Environmental.
- 2.5.7 The Strategic Economic Plan identifies the importance of inward investment to the city region's future economic growth.

### **3. Main Issues**

#### **3.1 The case for a city region approach to inward investment**

- 3.1.1 There is a strong case for closer integration of the inward investment function with the wider work of the LEP to promote economic growth. There are potentially strong synergies between inward investment and wider city region work aimed at

accelerating the growth of priority sectors, providing access to finance (for instance through the Business Growth Programme), enhancing innovation, bringing forward development sites, improving skills and training, promoting exports, and supporting businesses. With the city region able to access increased resources as a result of the growth deal, and greater powers likely to be devolved through further devolution, the benefits are clear of positioning inward investment as part of the LEP and Combined Authority.

3.1.2 The case for a city region approach to inward investment was set out comprehensively in a previous report by the inward investment specialists Breeze Strategy and East West Locations, *“Inward Investment Collaboration in the Leeds City Region”*, March 2011. This report identified the following reasons why there should be collaboration on inward investment at Leeds City Region, reasons that are still valid today:

- With constrained resources it makes sense to pool efforts and work together;
- Inward investors don't see local boundaries, and they think in city region terms;
- The reality that without Yorkshire Forward, there is a significant gap in provision;
- The competitive landscape suggests that a city region approach is best practice;
- The extent of UK opportunities that are not being pursued by any partners;
- No single district in the city region has a truly national offer across all activities;
- Individual districts gain “location selling” strength from combined assets and factors;
- The combined strength of assets makes the LCR-wide proposition more competitive;
- The importance of UKTI makes it essential that LCR has a single contact point;
- The potential for co-operating with neighbouring city-regions;
- Places of comparable size deliver investment activities at a city region level; and
- A city-region is the smallest level that any inward investor would take notice of.

### **3.3 Building on the successful aspects of the Leeds and Partners approach**

3.3.1 It will be important to retain and build on the successful aspects of the Leeds and Partners approach. Leeds and Partners have worked closely with the private sector to develop proactively distinctive inward investment propositions and to engage with potential investors. Leeds and Partners have focused on the sectors in Leeds City Region with the greatest potential for inward investment. They have mobilised business leaders and senior figures in universities and national bodies with genuine clout, and have worked with pace, flexibility and business orientated culture.

### **3.4 Visitor economy function**

- 3.4.1 Leeds and Partners currently lead on the visitor economy for Leeds, but not for other local authorities for Leeds City Region. Therefore the role and position of the Leeds visitor economy function needs to be considered alongside any move to a clearer city region approach to inward investment. Whilst there are synergies between promoting inward investment and the visitor economy, there would also be benefits of clearer differentiation between Leeds City Region, and Leeds specific roles.
- 3.4.2 There is a need to consider the best future cross boundary arrangements for tourism, including the scope for greater collaboration at Leeds City Region level, linked potentially to future commissioning of Welcome to Yorkshire. Within Leeds there is also potential for the proposed City Centre Business Improvement District to play a role in the marketing and promotion of the city, but it would be premature to make assumptions on this at this stage.
- 3.4.3 The Leeds Visitor Centre function transferred recently from Leeds Partners to Leeds City Council.

### **3.5 Factors for Success**

- 3.5.1 It is clear from the progress made by Leeds and Partners, and best practice from elsewhere, that there are a number of factors for success in attracting inward investment. These have been put in place by Leeds and Partners, and provide foundations to build on. These are set out below.
- 3.5.2 Leadership and Resources:
- There needs to be an appropriate level of resource dedicated to inward investment, which provides sufficient critical mass, but is also commensurate with levels of resourcing to support economic growth.
  - There should be a high calibre staff team, led by a Director, with inward investment experience and the ability to take to market inward investment propositions, and to work with senior leaders in business and public sector, and manage complex inward investment projects.
  - Political and senior leadership is necessary from the public and private sector on the inward investment agenda, and a mature partnership that presents a “single front door” to potential investors, and plays to the city region’s genuine strengths.
- 3.5.3 Approach:
- There should be a proactive approach to developing inward investment propositions, based on analysis of Leeds City Region’s strengths.
  - The approach should be to work with and through others, mobilising business leaders, senior leaders in universities to act as ambassadors for Leeds City Region.



- A proactive, sales orientated approach is needed, focused on activity and raising profile outside of Leeds City Region.
- There needs to be recognition that overseas travel and expenditure on hospitality and networking are necessary features of any successful approach to inward investment.
- A strong, coherent, and credible profile is necessary, but it is important not to place too much focus on branding and logos.
- It is essential to develop close links with and strong leverage of UKTI as the primary national intermediary body. It is essential to provide UKTI with a single point of contact for Leeds City Region given the scale and complexity of their contact points (UKTI covers 51 overseas markets, 39 LEPs plus London, 3 devolved administrations, 24 Enterprise Zones, and 20 priority sectors).

#### 3.5.4 Integration with wider activity to support economic growth

- A “hub and spoke” approach to inward investment would have the advantages of combining a “single front door” and coordinated approach at city region level, with local capacity and knowledge to inform development of inward investment propositions, and to bring forward specific opportunities.
- There needs to be the right skills, capacity and mechanisms at local authority level to help provide intelligence and support in soft landings packages for inward investment, and close links between the city region function and local authorities.
- It is important that there are close links with a well-resourced Key Account Management framework at local level for liaison with firms already in Leeds City Region in order to retain investment and support them in growth and re-investment projects.
- There would be merit in ensuring the approach to inward investment is integrated with the approach to promote exports from Leeds City Region, so that activity in target markets and sectors can be coordinated.
- The approach to inward investment should be embedded in wider work to develop and grow priority sectors where Leeds City Region has particular strengths.
- The Leeds City Region should be positioned as a major inward investment opportunity in a way that is integrated with the overall approach to growing the city region economy.
- The various LEP access to finance mechanisms (Business Growth Programme, Growing Places Fund, Revolving Investment Fund) and incentives in Assisted Areas and the Enterprise Zone should be leveraged to help attract inward investment.
- There needs to be good links with property developers, property owners, and public sector investment to bring forward sites and premises.

## **4. Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Discussions have been held with the Leader of the Council, the Executive Member for Transport and the Economy, and Executive Member for Digital and Creative Technology, Culture and Skills.
- 4.1.2 The Leader of the Conservative Group on Leeds City Council, and the Leader of the Liberal Democrat Group have both been briefed.
- 4.1.3 Discussions have been held individually and collectively with the Review Group and Advisory Group.
- 4.1.4 The Review Group was convened, chaired by Councillor Keith Wakefield (Leader, Leeds City Council), and including Councillor Peter Box (WYCA Chair), Roger Marsh (LEP Chair), Andy Clarke (Leeds and Partners Chair) and Sandy Needham (CEO of Chamber of Commerce). An Advisory Group comprising Tom Riordan (CEO of Leeds), Adrian Lythgo (WYCA Head of Paid Service), Joanne Roney (CEO Wakefield Council), and Kersten England (CEO City of York Council) supported the Review Group.
- 4.1.5 Discussions have also been held with the senior management team of Leeds and Partners. The Chamber of Commerce Board have provided input.
- 4.1.6 A discussion has been held with the Director of the Leeds Hotels and Venues Association
- 4.1.7 Discussions have been held with UK Trade and Investment.
- 4.1.8 Subject to Executive Board approving the recommendations of this report, consultations with the Trade Unions and relevant Leeds City Council staff will be undertaken.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 There are no equality and diversity, cohesion and integration considerations at this stage. Although Equality, Diversity, Cohesion and Integration has been initially considered, a further and more comprehensive EIA process will be undertaken if the Executive Board approves the recommendations of this report and prior to any implementation as part of the consultation process.

### **4.3 Council policies and city priorities**

- 4.3.1 The way forward proposed in this report is in line with the priorities in the Leeds City Council Best Council Plan on: Promoting Sustainable and Inclusive Economic Growth; and Becoming a More Efficient and Enterprising Council. The recommendations are also consistent with the main themes of the report of the Commission for the Future of Local Government on Good Growth, and (by strengthening city region capacity) Devolution.

#### **4.4 Resources and value for money**

- 4.4.1 The recommendations set out in this report will enable Leeds City Council to make a saving in 2015-16 of £950,000. This will be achieved because there will no longer be a need for a separate Leeds and Partners corporate function, and the cost of the new city region inward investment function will be shared more equally across the Leeds City Region local authorities.
- 4.4.2 The new city region arrangements for inward investment will cost between £1.1m and £1.3m. The cost of these arrangements will be met from shared resources across Leeds City Region local authorities.
- 4.4.3 The budget for the Leeds Visitor Economy function, excluding the Leeds Visitor Centre, will be in the region of £435,000. In addition, it is proposed that Leeds City Council fund from the savings made by discontinuing Leeds and Partners an enhanced local inward investment and sector development function.
- 4.4.4 Leeds and Partner's assets and liabilities will need to be assessed and transferred to relevant organisations.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 TUPE rules will apply. TUPE transfers will occur in relation to Leeds and Partners employees wholly or substantially engaged in the undertaking which is being transferred, so there will need to be an HR process to determine which employees will transfer where.
- 4.5.2 Following the transfer of staff, and 3 months of inactivity, a voluntary application can be made to have the company removed from the register. This application has to be made on behalf of the company by its directors or by a majority of them, so ideally one or two (the minimum number is one) members of the board will stay on until the application needs to be made, and to deal with any other board matters in the interim.
- 4.5.3 There may be finance / tax factors re the timing any transfer of residual assets and liabilities by L&P to the Council / the Chamber. Any contractual obligations will need to be transferred / novated to the West Yorkshire Combines Authority or Leeds City Council.
- 4.5.4 The Council's Executive and Decision Making Procedure Rules state that if a matter which is likely to be a Key decision has not been included in the List of Forthcoming Key Decisions (LOFKDs) for 28 clear calendar days before the decision is planned to be taken, and the decision must be taken by a date which makes it impracticable to defer it until the decision has been included in the LOFKDs for the 28 day period, then it may still be taken under the 'General Exception' procedures, which require the reasons why the matter cannot be deferred to a later date to be included within the associated report. In this circumstance, the Review of Inward Investment was not concluded until early December 2014 and it is deemed that it is in the public interest to bring the matter to the Board at the earliest opportunity. It is also not possible to delay a decision and still meet the timetable of having the new arrangements in place by April 2015.

## **4.6 Risk Management**

- 4.6.1 There is a risk that successful aspects of the Leeds and Partners approach to inward investment will be lost. It will be important to retain and build on the proactive approach to working with stakeholders to develop and promote inward investment propositions in growth sectors. This risk can be mitigated by ensuring the right leadership and governance is put in place, the right balance is struck between achieving integration with the wider LEP functions whilst ensuring a degree of operational independence. There will also be benefits of the city region inward investment function in appropriate premises that are suitable to use to welcome potential inward investors.
- 4.6.2 There is a risk that uncertainty around future arrangements for the visitor economy becomes a distraction from continuing the good recent work to promote Leeds as a major destination for business and leisure tourism. This risk will be mitigated by ensuring certainty and stability in arrangements in the short term, by transferring the Leeds and Partners visitor economy function to Leeds City Council. This will provide a solid foundation to consider a more arms-length arrangement and potential city region approaches over the medium to longer term
- 4.6.3 The transition process poses risks as a result of the complexity of there being five organisations involved (Leeds City Council, The Chamber of Commerce, Leeds and Partners, the LEP, and the Combined Authority) and a range of legal, financial and HR issues. These risks will be mitigated by appointing a suitable independent person to oversee the transition and chair a transition board.

## **5. Conclusions**

### **5.1 Overview and Main Principles**

- 5.1.1 The Review of Inward Investment sets out a series of main conclusions, which are summarised below.
- 5.1.2 Leeds City Region needs to sustain and build on the current momentum in strengthening its approach to inward investment. The aim should be to increase the numbers of new jobs to Leeds City Region through inward investment, and also to boost economic performance by attracting major firms that bring substantial productivity gains, and innovative firms that bring new technologies and ideas. The way forward should be to sustain and strengthen the successful aspects of the approach adopted by Leeds and Partners, whilst realising the benefits of an approach that is integrated better with wider activity to grow the city region's economy. This should be integrated with the approach to securing re-investment and expansion of firms already located in Leeds City Region.
- 5.1.3 The approach needs to be:
- Proactive, based on developing inward investment propositions in sectors where Leeds City Region has genuine strengths;
  - Focused externally, with activities and profile focused on priority markets for potential inward investment (which by definition will be outside Leeds City Region);

- Coherent, providing clear, coordinated messages and a single point of contact for potential investors, and intermediaries such as UKTI;
- Working with stakeholders, particularly businesses, universities and cultural bodies, to provide intelligence to inform propositions, and credibility and clout with potential investors; and
- Integrated with the wider approach to growing the Leeds City Region economy, particularly developing priority sectors, securing investment from firms already in the city region, and promoting exports.

## **5.2 Organisational Roles**

- 5.2.1 The inward investment and supporting marketing and communications functions of Leeds and Partners should transfer to be overseen by the LEP, with the Combined Authority acting as the legally responsible organisation and employer.
- 5.2.2 In the context of the strengthening of the LEP there is no longer a clear rationale for a separate organisation to undertake inward investment at city region level. Therefore Leeds and Partners should be discontinued as a separate organisation. There is also a need to evolve the inward investment brand to reflect the city region approach, whilst not embarking on a major rebranding exercise.
- 5.2.3 The city region inward investment team in the LEP should work with teams at local authority level on a hub and spoke basis. The city region function should provide the primary means of taking propositions to market, the single first point of contact with potential investors and UKTI, and the lead body in managing inward investment enquiries and projects. Capacity at local level can provide intelligence to inform the development of sector propositions, links with work to grow businesses already located in the area, initiatives to bring forward sites and premises, and capacity to assist on major inward investment projects and to provide a soft landing for investors.
- 5.2.4 There is also scope in the medium term to consider future collaboration on the visitor economy at City Region level, potentially linked to the commissioning of Welcome to Yorkshire. A first step would be for local tourism functions to explore scope for cooperation. In the short term at least, the Leeds specific visitor economy role should be managed by Leeds City Council. This would achieve clearer alignment with Leeds City Council, the Chamber of Commerce, the Leeds Hotels and Venues Association, and emerging initiatives such as the City Centre Business Improvement District.
- 5.2.5 It will be important to retain and build on the successful aspects of the Leeds and Partners approach to inward investment and the visitor economy. Leeds and Partners have worked with and through the private sector, universities and culture organisations to develop proactively and take to market distinctive inward investment propositions. There should be a strong focus on private sector leadership and engagement, and in ensuring the overall approach is dynamic and business-focused in content, style and brand identity. Therefore there would be merit in the inward investment and marketing function having the right leadership and governance arrangements, and a proactive, outward facing approach. It is also proposed that an International Ambassadors for Leeds City Region scheme is

established to mobilise business leaders and senior figures in other stakeholder organisations.

### **5.3 Resources and Leadership**

- 5.3.1 By transferring the visitor economy function and removing the need for a £800k corporate function it would be possible to retain mostly existing level of resources for the city region inward investment and marketing function for a cost of £1.1m to £1.3m. This could fund a staff team employed by the Combined Authority of 14 to 16 (including a new Director of Inward Investment) and an operational budget of c £400k to £500k.
- 5.3.2 It will critical to have the role of Inward Investment with the right skills and experience to oversee the inward investment and marketing function as part of any proposals going forward. This post needs to be filled by someone with strong experience and a track record of success in delivering inward investment. They will need to have credibility in leading major inward investment market development assignments, and overseeing substantial inward investment projects, including dealing with potential investors and intermediary bodies. They will also need to be able to work at a senior level and build the confidence of leaders in the public and private sectors.
- 5.3.3 Leeds City Council would become directly responsible for the costs of the Visitor Economy function (c£435k, plus the Leeds Visitor Centre), and would also need to put in place some limited new capacity within LCC on inward investment and sector development, and to fund some initiatives to promote Leeds.

## **6. Recommendations**

- 6.1 Executive Board is recommended to:
  - 1. Agree the recommendations of the Review of Inward Investment in Leeds City Region, as set out in the Final Report of the Review, included as Annex 1 to this report;
  - 2. Approve the transfer of the Leeds and Partners inward investment, and supporting and marketing and communications functions to be overseen by the Leeds City Region Local Enterprise Partnership, with the West Yorkshire Combined Authority to be the employer of the relevant staff and the legally responsible organisation;
  - 3. Approve the transfer of the Leeds and Partners visitor economy function to Leeds City Council;
  - 4. Support the proposals for considering over the longer term a future city region or cross-boundary approach to the visitor economy, linked potentially to commissioning of Welcome to Yorkshire;
  - 5. Approve, subject to the agreement of the West and North Yorkshire Chamber of Commerce, to the winding up of Leeds and Partners as a separate organisation;

6. Instruct officers to support the transition process, including dealing with relevant legal, financial and staffing issues;
7. Agree to put in place appropriate resources and capacity within Leeds City Council, to enable Leeds to work with the LEP to secure inward investment, to develop growth sectors and market and promote the city; and
8. Note that the new arrangements will be put in place by April 2015, and that the Chief Economic Development Officer will be responsible for implementation.

## **7. Background Documents<sup>1</sup>**

7.1 None

## **8. Annexes**

8.1 Annex 1: Final Report of the Review of Inward Investment, *Maximising the Opportunities for Inward Investment in Leeds City Region*.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.