

Maximising the Opportunities for Inward Investment in Leeds City Region

December 2014

Final Report

Summary

Introduction

This report sets out the findings of a review to determine the best mechanisms to be put in place to deliver inward investment for the Leeds City Region. The Review covers:

- (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.

Context

Leeds and Partners is 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. Leeds and Partners receive currently up to £825k funding a year from the LEP, and just under £2m a year from Leeds City Council. Leeds City Region has secured backing and funding to deliver its Strategic Economic Plan, strengthened its governance and capacity through the LEP and Combined Authority, and is well-placed to secure further devolution of powers and funding.

Issues

There is a strong case for closer integration of the inward investment and supporting marketing and communications function with the work of the LEP to promote growth. There is a need to retain and build on the successful aspects of the Leeds and Partners approach. Leeds and Partners have worked with and through the private sector to develop proactively inward investment propositions and promote them to potential investors.

There is scope to consider a city region arrangement for tourism, linked potentially to commissioning of Welcome to Yorkshire, however there is also a need for some stability and certainty in visitor economy arrangements for Leeds in the short to medium term.

Conclusions

The current inward investment and supporting marketing and communications function and relevant staff should be transferred to the LEP and Combined Authority. This function should be linked to capacity at local authority level on a hub and spoke basis.

The visitor economy role of Leeds and Partners should transfer to Leeds City Council in the short term, and that the potential for a city region approach to tourism, potentially linked to commissioning of Welcome to Yorkshire, should be considered over the longer term.

Leeds and Partners should be discontinued as a separate organisation. This would achieve efficiencies, by removing the need for a separate corporate function, whilst retaining significant resources for inward investment.

It will be important to put in place the right culture and operating model to build on the successful work of the Leeds and Partners, particularly the proactive approach to working with stakeholders to develop and promote inward investment propositions in growth sectors.

Recommendations

1. The inward investment functions of Leeds and Partners should be overseen by the LEP and transferred to the Combined Authority as the responsible organisation and employer. Inward investment should be integrated closely with the wider LEP work on economic growth. This should work alongside teams at local level through a hub and spoke approach. The existing Leeds and Partners marketing and communications function should also be transferred to the LEP to provide support for inward investment work, as well as exploring options for commissioning others (such as Welcome to Yorkshire). The way forward should not necessarily involve a major rebranding exercise per se or separate brand to the LEP, but there is a need to be clear on the city region approach.
2. The LEP should maintain and build on the successful aspects of the approach developed by Leeds and Partners to work through others, particularly businesses and universities, to develop proactively and sell inward investment propositions. In particular:
 - a. Appointing a Director of Inward Investment with the right skills and experience;
 - b. An “*Ambassadors for Leeds City Region*” scheme should be put in place to engage senior leaders in business and other organisations to promote inward investment;
 - c. Inward investment and marketing should be a separate team, with the right culture and outward facing approach;
 - d. The LEP should consider how its current approach to sector development and exports could be enhanced to be more business-led and focused on developing investment propositions to add value to the inward investment agenda; and
 - e. The right governance arrangements are needed to oversee inward investment within the LEP, with a senior figure in the private sector chairing a small advisory Board, which also needs to include senior elected members from across Leeds City Region.
3. The future scope for a city region approach to the visitor economy, linked potentially to commissioning of Welcome to Yorkshire should be explored. In the short term, to ensure stability, the current visitor economy functions of Leeds and Partners should be transferred to Leeds City Council. A distinctive “Visit Leeds” capacity, approach and brand should be retained, and a small advisory group created, with a view to potentially moving to an arms-length arrangement in the future. The first step could be to develop shared approaches with other local authority tourism teams. There should also be a degree of operational independence from the mainstream Council staff teams.
4. As a result of these changes, Leeds and Partners should not continue as a separate organisation. Clear arrangements, and ideally with a lead individual, should be put in place to manage the transition, including the legal, financial and HR aspects.
5. The cost of the LEP inward investment function should be £1.1m to £1.3m. The funding package could include Enterprise Zone receipts, the business rates pool, seconded staff, and if necessary cash contributions split by local authorities on a per capita basis.
6. As part of a hub and spoke model, local authorities should consider the optimum local arrangements for inward investment, sector development and other promotion work.

Main Report

1. Introduction

1.1. This Report

This report sets out the findings of a review to determine the best mechanisms to be put in place to deliver inward investment for the Leeds City Region. The Review covers:

- (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.

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.

1.2. Background

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.

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 was strengthened in 2012. Since then Leeds and Partners has secured several significant inward investments, and developed clear investment propositions, working with the private sector.

The Leeds City Region LEP has recently enhanced its role and resources. It secured significant funding through the City and Local Growth Deal processes. 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. In this context, now is the right time to consider the best future approach to promoting Leeds City Region as a location for inward investment.

1.4 Process

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 Chief Economic Development Officer of at Leeds City Council has supported the Review Group in drafting this report.

Discussions have been held with members of the Review Group, the Advisory Group, and the senior management team of Leeds and Partners.

2. Context

2.1 Inward Investment

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.

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

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.

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.

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

2.2 Leeds and Partners

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 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.

There are four main components to Leeds and Partners:

- **Inward investment** – which is both a Leeds City Region and Leeds city function, and has also 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.

A summary of resources allocated against activities is provided in table 1 overleaf.

Table 1: Leeds and Partners Resources (Expenditure)¹

Function	Geographical scope	FTEs ²	Staff budget	Operational budget ³	Total net budget
Inward investment	Leeds and LCR	10	£500k	£350k	£850k
Marketing and Communications	Leeds and LCR	9	£347k	£253k	£600k
Visitor Economy ⁴	Leeds	6	£353k	£192k	£545k
Corporate	n/a	9	£430k	£450k ⁵	£880k
Total		34	£1.63m	£1.245m	£2.875m

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, as well as secondees from other local authorities and the private sector. Several of the original secondees from Leeds City Council have since left Leeds or Partners or returned to the Council in different roles, with Leeds City Council increasing the cash (as opposed to in-kind) portion of its funding contribution to Leeds and Partners as a result.

Leeds City Council proposed a Service Level Agreement (SLA) in early 2013, and this was agreed by Leeds and Partners in late 2013. Through this SLA Leeds City Council 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.

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 Leeds City Region Enterprise Zone. A separate Service Level Agreement sets out the services commissioned by the LEP. This activity and the SLA is overseen by the LEP's Business Innovation and Growth (BIG) Panel.

Under the new strategic remit, leadership and Board of Leeds and Partners that was put in place in 2012, the organisation has been transformed.

¹ Source: information provided by Leeds and Partners. Some figures have been rounded up or down.

² Posts budgeted for. Currently some posts are vacant, some are filled by staff on temporary or consultant contracts, some on fixed term contract, some are LCC secondees, some are secondees from private sector

³ Excludes income generation

⁴ Includes Leeds Visitor Centre (approx. cost of Leeds Visitor Centre function is £190k, based on LCC analysis), but FTE numbers exclude Leeds Visitor Centre staff

⁵ Includes £76k "central bid fund"

It has developed an approach to inward investment that is proactive (not reactive) 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.

Leeds and Partners have focused on driving value, prioritising work on the sectors with the greatest potential for inward investment, and work on driving economic value (not volume of visitor numbers) of the visitor economy particularly overnight stays.

The Leeds Visitor Centre function transferred recently from Leeds and Partners to Leeds City Council.

2.2 Leeds City Region

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.

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.

Leeds City Region has been strengthening its capacity and governance through the Combined Authority and 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.

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:

- £5.2 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.

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.

The Strategic Economic Plan identifies the importance of inward investment to the city region's future economic growth.

3. Issues

3.1 The case for a city region approach to inward investment

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 closer to the LEP and Combined Authority.

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.

The majority of those consulted were of the view that there is a need to evolve the inward investment brand to reflect the city region approach, whilst not embarking on a major rebranding exercise.

3.2 Marketing and communications function

The current Leeds and Partners marketing and communications function supports city region inward investment activity as well as the Leeds city visitor economy work. It is important that Leeds City Region projects a strong image, and have the capacity to engage stakeholders and organise events and overseas missions. There is a good case for retaining the Leeds and Partners marketing and communications function alongside inward investment. In the

future there may be the opportunity to integrate it with the wider LEP and Combined Authority marketing and communications function, but this will not be achievable in the short to medium term. There is also scope to commission others, such as Welcome to Yorkshire to promote Leeds City Region and help attract major events.

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

There is consensus that it is 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.

There are some concerns that this approach may be weakened in a scenario of closer integration within the LEP, where the culture and skills set of the staff team is considered to still reflect its previous secretariat function. There are also concerns that the governance arrangements of the LEP Board and / or the Business Innovation and Growth Panel would be too unwieldy to provide the right governance of an inward investment function.

3.4 Levels of resources required

There are different views about the scale of resources needed to compete successfully for inward investment. Leeds City Council currently provide c.£2m funding to Leeds and Partners (excluding the Visitor Centre). The LEP provides £750,000 from Enterprise Zone receipts, (with scope to provide 10% in addition to this). There is a view amongst several of those consulted that with a budget of £750,000 to £1million it could be possible to operate an effective inward investment and marketing function. However others are of the view that this would be a significant reduction in ambition (and would be seen as such) and would leave Leeds City Region lagging far behind the likes of Manchester and Birmingham.

3.5 Visitor economy function

Leeds and Partners currently lead on the visitor economy for the city of Leeds, but not for other local authorities in 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. The view amongst some of those consulted is that the Visitor Economy work of Leeds and Partners (which is only for Leeds), should be separated from the City Region inward investment role. This would provide greater clarity in respect of city region and Leeds city roles. It would ensure that Leeds can promote and seek to grow its visitor economy, and enable the proposed Leeds City Centre Business Improvement District to support the Visit Leeds work, but it would be premature to make assumptions on this at this stage.

However, there is scope 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. This would enable the City Region to promote a coherent offer, and would link with local authority based Destination Management Organisations on a hub and spoke model. This would help ensure synergies and consistency in branding, messages and activity between inward investment and visitor economy functions. However there would be some obvious challenges. The respective roles of a city region tourism function and Welcome to Yorkshire could be confusing and inefficient. It would create additional city region wide costs for the new arrangement. The relationship[s] with local tourism bodies would need to be clarified. Leeds would also need to rebuild its own local tourism function

However, moving to a new city region arrangement will not be possible in the short term, and it is clear that some stability and certainty in arrangements for the Leeds visitor economy function will be needed in the short to medium term.

3.6 Input from Leeds and Partners management team

The Leeds and Partners management team have provided input to this Review, based on their experience, the factors for success in attracting inward investment.

The main points are that:

- Leeds and Partners have developed “a differentiated strategic approach”, linking inward investment and visitor economy as “integrated and interdependent agendas” in a way that is “strategically aligned” to national government and its agencies, private-sector led, “investor proposition led and commercially focused”, a “regional agenda” drawing together resources from Leeds City Region, and with a targeted international plan of engagement focused on “key geographies”;
- Leeds and Partners is less than three years into a plan which was aimed on “transition and transformation” of the function in years 1-2, and is now in the “development and delivery” phase;
- Leeds and Partners have developed an approach to inward investment focused on particular sectors and target markets, that has been proactive based on working with the private sector to develop investment propositions, leverages the capability of national bodies, and is aligned with a policy and “thought leadership” role;
- Leeds and Partners have adopted an approach to the visitor economy that is integrated with the sector approach for inward investment, is increasingly focused on business tourism, based on clear target markets, can work in partnership with local Destination Management Organisations, aimed at enhancing main gateways such as Leeds Bradford Airport, and works closely with national bodies such as Visit England and Visit Britain; and
- this has been possible because the organisation has had operational independence from the public sector, has developed a private sector culture, and has a minimum level

of resources necessary.

3.7 Factors for Success

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 strong foundations to build on.

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.

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).

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 offer as a place to do business, recruit and develop staff, and collaborate with other firms and universities.
- 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 should be good links with property developers, property owners, and public sector investment to bring forward sites and premises.

4. Conclusions

4.1 General Approach

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. This should be integrated with the approach to securing re-investment and expansion of firms already located in Leeds City Region.

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.

Leeds City Region needs to build on significant recent progress to continue to be successful in attracting inward investment in what is a fiercely competitive global market-place. 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.

4.2 Organisational roles

4.2.1 Enhancing the city region approach to inward investment

There should be a coherent approach to inward investment at city region level to develop and market inward investment propositions, to build links with UKTI and potential investors, and to manage enquiries. There is a clear logic for aligning the work to attract inward investment with the wider activity of the LEP to promote economic growth. This includes the scope for better integration with LEP initiatives on exports and trade, sector development, business growth, business finance, and innovation.

The inward investment and supporting marketing and communications functions of Leeds and Partners should be overseen by the LEP, with the Combined Authority acting as the legally responsible organisation and employer.

The marketing and communications function of Leeds and Partners supports currently both inward investment and tourism work. There would be benefits of retaining a critical mass of this capacity. The best place to do this is within the LEP, with the potential for it to provide some support to the Leeds visitor economy function and receive some funding in return.

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.

4.2.2 Developing a hub and spoke relationship with local capability

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.

There will need to be clarity on roles and responsibilities, and on performance metrics and achievement of targets, between the city region inward investment function and local teams.

4.2.3 Visitor economy

There is 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 (for example Leeds and Wakefield).

However, considering a cross-boundary approach would take some time. It is important to provide some stability and certainty in the short term.

Therefore in the short to medium term, 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.

It will be important to sustain good recent progress with the Leeds visitor economy work, particularly through adopting a private sector led approach. Retaining a separate identity, culture, brand, and a degree of operational independence for the Leeds visitor economy function is considered desirable. In practice this could mean establishing a small advisory group, which would be chaired by the relevant Leeds City Council Executive Member, but

could also have private sector representation. It would also be helpful to retain a degree of joint working with the Leeds City Region inward investment and marketing and communications function, which could include some commissioning of support.

4.2.4 Operational approach

It will be important to retain and build on the successful aspects of the Leeds and Partners approach to inward investment. 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 the inward investment and marketing function should have the right leadership and governance arrangements, and a proactive, private-sector focused culture and outward facing approach.

4.3 Resources and leadership

There is a need to decide on the appropriate level of resources for inward investment and marketing and communications. There would be a need for funding to be shared appropriately across the City Region, with EZ receipts, the business rates pool, staff secondments and cash contributions all potential sources. There is also scope to increase in-kind contributions and secondments from the private sector. Whilst it would be possible to run a slimmed down service for a similar level of funding to that which is provided currently from the LEP (£825k), Leeds City Region would lag behind its competitors in terms of inward investment capability as a result.

By transferring the visitor economy function (c£600k including the Leeds Visitor Centre) and removing the need for the £800k Leeds and Partners corporate function it would be possible to retain significant levels of resources on inward investment and marketing for a cost of £1.1m to £1.3m. This could fund a staff team of 14 to 16 (including a new Director of Inward Investment) and an operational budget of c £400k to £500k. Therefore a significant level of resources could be made whilst also generating a substantial financial saving.

It will be critical to appoint a Director of Inward Investment with the right skills and experience. 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.

Leeds City Council would become directly responsible for the costs of the Visitor Economy function (c£400k, plus the Leeds Visitor Centre at a cost of c £200k), 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.

5. Recommendations

1. The inward investment functions of Leeds and Partners should be overseen by the LEP and transferred to the Combined Authority as the responsible organisation and employer. Inward investment should be integrated closely with the wider LEP work on economic growth. This should work alongside teams at local level through a hub and spoke approach. The existing Leeds and Partners marketing and communications function should also be transferred to the LEP to provide support for inward investment work, as well as exploring options for commissioning others (such as Welcome to Yorkshire). The way forward should not necessarily involve a major rebranding exercise per se or separate brand to the LEP, but there is a need to be clear on the city region approach.
2. The LEP should maintain and build on the successful aspects of the approach developed by Leeds and Partners to work through others, particularly businesses and universities, to develop proactively and sell inward investment propositions. In particular:
 - a. Appointing a Director of Inward Investment with the right skills and experience;
 - b. An “*Ambassadors for Leeds City Region*” scheme should be put in place to engage senior leaders in business and other organisations to promote inward investment;
 - c. Inward investment and marketing should be a separate team, with the right culture and outward facing approach;
 - d. The LEP should consider how its current approach to sector development and exports could be enhanced to be more business-led and focused on developing investment propositions to add value to the inward investment agenda; and
 - e. The right governance arrangements are needed to oversee inward investment within the LEP, with a senior figure in the private sector chairing a small advisory Board, which also needs to include senior elected members from across Leeds City Region.
3. The future scope for a city region approach to the visitor economy, linked potentially to commissioning of Welcome to Yorkshire should be explored. In the short term, to ensure stability, the current visitor economy functions of Leeds and Partners should be transferred to Leeds City Council. A distinctive “Visit Leeds” capacity, approach and brand should be retained, and a small advisory group created, with a view to potentially moving to an arms-length arrangement in the future. The first step could be to develop shared approaches with other local authority tourism teams. There should also be a degree of operational independence from the mainstream Council staff teams.
4. As a result of these changes, Leeds and Partners should not continue as a separate organisation. Clear arrangements, and ideally with a lead individual, should be put in place to manage the transition, including the legal, financial and HR aspects.
5. The cost of the LEP inward investment function should be £1.1m to £1.3m. The funding package could include Enterprise Zone receipts, the business rates pool, seconded staff, and if necessary cash contributions split by local authorities on a per capita basis.
6. As part of a hub and spoke model, local authorities should consider the optimum local arrangements for inward investment, sector development and other promotion work.