

**Report of Director of City Development**

**Report to Sustainable Economy and Culture Scrutiny Board**

**Date: 24<sup>th</sup> January 2013**

**Subject: Marketing and promotion of the city**

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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" 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 considerations**

1. The image and perception of a city impacts on its economic competitiveness and its ability to attract inward investment. It is important that Leeds has a clear, compelling and distinct offer and aspiration, and a perception of being “open for business” if it is to improve on its current position and historically poor inward investment, marketing and tourism performance in the face of competition from home and abroad and in order to realise new opportunities.
2. Marketing Leeds has been reconstituted with a new Chief Executive and Board and has changed its name to Leeds and Partners. Moving away from the traditional reactive approach and emphasis on event organisation and general in-city marketing, branding and PR, Leeds and Partners has a clear remit to drive economic growth and jobs through inward investment, tourism and raising the profile of the city.
3. The company is developing focused, clear and distinct investment propositions based on business to business opportunities and a focus on particular economic sectors, and these are being taken forward proactively. Working with and through stakeholders, particularly the private sector, Leeds and Partners are prioritising their work on those sectors that have the greatest potential for return on investment, in keeping with the organisation’s remit. These four sectors are healthcare-medtech, digital, financial and professional services. Alongside and in support of this, Leeds and Partners have been developing a new “city proposition” as part of its vision to position Leeds as a city with global reach.

## **1.0 Purpose of this report**

- 1.1 This report sets out the context and background information in relation to inward investment aspects of the Sustainable Economy and Culture Scrutiny Board's inquiry into the marketing and promotion of the city.
- 1.2 The paper outlines Leeds and Partners' approach and activity to attract and retain the next tranche of inward investment for the city, and how we are working together to promote inward investment to Leeds.

## **2.0 Background information**

- 2.1 Many factors drive a city's economic competitiveness including its labour pool, business infrastructure, geographical factors, cultural offer and quality of place. The image and perception of a city exerts a strong influence on economic drivers such as inward investment, business location and attraction of a skilled labour force. Members of the business community, investors and skilled workers form images of cities which influence their decisions in terms of interaction or activities within them.
- 2.2 Establishing a clear and differentiated proposition and managing this for a city can play a key role in its success, promoting and realising the potential of its assets. Cities are in competition for business, people and investment. Cities around the world therefore apply a variety of methods in pursuit of building their image and profile, securing economic growth and attracting and retaining business investment.
- 2.3 A main priority of the Leeds Growth Strategy and the city's work to grow economy is to attract and retain business investment. Inward investment can be defined as projects that create jobs when companies from outside the city / City Region decide to locate or expand within Leeds. This includes foreign firms moving into the area for the first time and companies from elsewhere in the UK creating new jobs in Leeds. There is also a need to work proactively to retain investment, and secure reinvestment from companies already in Leeds in order to safeguard existing jobs.
- 2.4 As the economy emerges from a recession it is important that Leeds, as a significant and ambitious city, has a clear, compelling and differentiated proposition, image and profile in order to realise new opportunities and to raise substantially its profile from a moderate to weak base in the face of competition from home and abroad. It is also important we have the right capabilities and networks in place to identify and create possible inward investment opportunities, and to work with potential investors to locate companies into Leeds.
- 2.5 The next eighteen months are significant for the profile of Leeds. With the backdrop of economic downturn, Leeds is bucking the trend. 2013 will see the opening of both the Leeds Arena – a venue of regional and national draw – and Trinity Leeds, the largest retail and leisure development in Europe. In 2014 Leeds will host Le Grand Depart of the Tour De France. All of these events are significant opportunities to provide a positive change in the perception of Leeds as somewhere to live, work, visit and invest. These one-off events are important tools for raising profile in the short term and will allow for short term positioning of the city.

## **3.0 Main Considerations**

### **3.1 Recent Context**

- 3.1.1 As Leeds seeks to accelerate economic growth, the attraction of new business to the city has a major role to play in replacing the jobs lost in the recession. The impact of a successful inward investment strategy and commitment of substantial financial and human resources over a sustained period of time can be seen in many comparator city regions such as Manchester, Liverpool, Birmingham, Sheffield and Nottingham where recent announcements have brought significant new jobs.
- 3.1.2 At a sub-regional level, according to figures released by fDi Intelligence, part of the Financial Times, West Yorkshire was ranked 15th in the country behind the likes of Birmingham, Manchester, Newcastle and Tees Valley, based on announcements in 2010. On any examination of LEP areas, the Leeds City Region is out-performed on raw inward investment figures by at least a dozen city regions. This is a clear demonstration of the lack of investment made in this service over recent years and of the reliance on a reactive enquiry handling system drawing on limited leads passed on by UKTI. This is evidenced by an Ernst and Young report placing Yorkshire 10<sup>th</sup> out of 12 UK regions for inward investment in 2011, equivalent to a 2.5% share.
- 3.1.3 For a city-region which is one of the largest in the UK, has the second largest financial and professional services community and the third largest manufacturing sector, these results clearly demonstrate a gap between the vision and ambition of partners and the reality of the substantive resources and efforts demanded to deliver inward investment successes in an increasingly competitive market place.
- 3.1.4 Competition for inward investment is fierce, with potential investors being courted by many European, and increasingly global, locations. The economic downturn has only served to increase the importance of attracting new jobs. Locations that cut their inward investment funding are likely to be seen as less ambitious; those that invest in their attraction activities are likely to stand out as being 'open for business'.
- 3.1.5 The agencies that are consistently regarded by inward investment analysts as being international best practice examples such as MIDAS, Copenhagen Capacity and Invest in Bavaria, all benefit from the aggregated assets that their city region provides. They have also benefited from substantial and long term resourcing; and from commitment across all city stakeholders – public and private – to collaborating for the greater good of the city / city region.
- 3.1.6 The Manchester City Region has created one of the most successful inward investment agencies in the world, with each of the ten local authority partners funding MIDAS. With more than 30 staff it is the largest inward investment team outside of London.

3.1.7 In Birmingham, the city council has prioritised inward investment and pledged an additional £1 million per year to fund the attraction activities of a newly created team which combines the city's marketing and investment agencies. Per annum London currently invests circa £11m and Manchester £8m.

## **3.2 Leeds and Partners**

3.2.1 Recognising the importance of securing inward investment, Leeds City Council decided to strengthen and reform Marketing Leeds, which has been renamed as Leeds and Partners.

3.2.2 Leeds and Partners, has been reconstituted with a new Chief Executive and Board, and has developed a clearer role and remit focused on inward investment.

3.2.3 The new approach of Leeds and Partners is to achieve a step-change in the way the city promotes itself and the distinct proposition it has to attract investment by recognising and articulating our ambition as a 'city with global reach'.

3.2.4 Working with and through the private sector, Leeds and Partners are developing focused, clear and differentiated investment propositions, based on business to business opportunities. The emphasis is on ensuring inward investment propositions have depth and are robust and realistic, as opposed to the broad, and scattergun approach of the past. The new approach is more incisive, focused and proactive than the traditional reactive approach and emphasis on general city marketing, branding and PR.

3.2.5 Leeds and Partners are seeking to deliver by working with and through others under its new Stakeholder Engagement Strategy including business, universities and colleges, and the Council. The engagement of these stakeholders has strengthened significantly. These organisations and their leaders are being mobilised to act as ambassadors for Leeds, and to create the networks necessary to compete and secure inward investment in a modern economy. As a result, Leeds and Partners will be able to have a positive impact much greater than its size and resources.

3.2.6 Leeds and Partners have been working with stakeholders to develop a new "city proposition". This moves beyond traditional city branding; based in part on feedback from stakeholders the "Leeds Live it, Love it" brand has been dropped. Instead, the city proposition provides a clear statement of intent that sets out the city's offer and aspiration in a compelling way, central to raising the profile of Leeds, shifting perceptions of the city and galvanising longer term economic growth. It will provide stakeholders with the tools necessary to promote the city with a clear and consistent voice and message. It enables Leeds to differentiate itself from other cities in the UK and internationally.

3.2.7 Leeds and Partners are also overhauling support that the public and private sectors can provide to potential investors. This will comprise funding where available (although the opportunities for this will be limited), assistance with property searches, brokering of education and training provision, and welcoming potential and new investors into existing city networks. This includes creating a new network through developers and property agents in the city.

### **3.3 Priority Sectors**

- 3.3.1 The Leeds Growth Strategy set out several economic sectors that are important to the future success of the Leeds economy. Recognising the importance of being focused and not spreading effort and resources too thinly, Leeds and Partners are focusing their work on those sectors that have the greatest potential for return on investment in keeping with its remit. These are: financial services; professional services; digital and creative; and health and medical.
- 3.3.2 Leeds and Partners are working with the private sector, Leeds City Council, other public sector bodies, and potential funders to develop propositions for these sectors. For each sector a business leader is acting as sector sponsor, a small sector group is being formed to drive forward the work, and a wider partners network put in place. Sector propositions and delivery plans are being developed by identifying points of differentiation and specialism in Leeds, main assets, and opportunities for engagement with potential investors. The strategic outcomes that are being sought are to add economic value, enhance the city's reputation, increase investment, growth and innovation, and to improve coordination of the city's promotion.
- 3.3.3 In parallel, Leeds City Council are leading work to develop the other growth strategy sectors: manufacturing; low carbon; retail and leisure; housing and construction; and social enterprise.

The city is working to improve the city's transport and infrastructure, skills base, quality of life, housing offer, civic infrastructure (including the third sector), and land and property assets for business.

### **3.4 Retaining Investment**

- 3.4.1 Leeds City Council has put in place a "Key Account Management" capability and system to strengthen relationships with strategically important companies in the city. These are not necessarily the largest employers; they include firms with the greatest potential for expansion, as well as firms that may be considering disinvesting and reducing employment in Leeds.
- 3.4.2 By ensuring there is regular contact with these firms, potential disinvestment risks and positive growth opportunities can be identified at an early stage, and support offered. This support includes assistance with property searches, brokering of education and training provision, linking firms to university expertise in Leeds, addressing potential barriers to re-investment, and helping make the case for Leeds.
- 3.4.3 Leeds City Council and Leeds and Partners will need to work in close contact in this regard such that key accounts and key stakeholders are managed through a 'one voice' approach.

## **4.0 Corporate Considerations**

### **4.1 Resources and value for money**

- 4.1.1 The Council is in the process of agreeing with Leeds and Partners the level of funding for 2013/14 and beyond. Funding will be a combination of a financial contribution and support in kind. The in kind support is largely the cost of staff seconded from the Council. The board of Leeds and Partners considered a draft corporate plan at their meeting in November 2012 and initiated further work on demonstrating the long term direction of travel and aspiration of the organisation, taking into account the level of support provided by the Council for the 2013/14 financial year. In terms of value for money, further work is required by the Council to specify the outcomes under a Service Level Agreement expected by the Council in consideration for the level of financial support.
- 4.1.2 It will also be important that Leeds and Partners and the Council work together closely in order to maximise the impact of limited funding and resources.

## **5.0 Conclusion**

- 5.1 It is important that Leeds develops a clear, compelling and robust inward investment offer, and a strong image and profile as a city with global reach.
- 5.2 Leeds and Partners, working with the Council, is putting in place the foundations to achieve a step-change in the way Leeds is promoted and attracts inward investment. This is based on an approach that is more proactive, business focused and prioritised than previously, with an emphasis on working with and through partners, particularly the private sector.

## **6.0 Background papers**

None