enterprise M3

Driving prosperity in the M3 corridor

Enterprise M3 Board Meeting

25 May 2017

Enterprise M3 Internationalisation – Item 6

The Enterprise M3 board members are asked to:

NOTE the progress of the Enterprise M3 Internationalisation Task and Finish Group, including the development of a draft Internationalisation Framework. Andrew Lambert will make a short presentation of the work at the meeting.

NOTE the plan to procure a new CRM system and the creation of a new jointly funded post. The costs will be jointly shared with Hampshire and Surrey County Councils.

AGREE the approach for Phase 2 of the work, which will embed this activity in the ongoing work programme for Enterprise M3

1.   Background

1.1.   Enterprise M3 has initiated the development of a new framework around which the LEP, local authorities, DIT and other partners can work towards a much more effective and coherent approach to internationalisation of the local economy, encompassing both the attraction of new inward investment and the growth of our indigenous business base through increased international trade.

1.2.   Enterprise M3 established a Task and Finish Group in November 2016 to consider how the LEP and its key partners could improve on its approach to inward investment and international trade. The Group was approved by the Enterprise M3 Board in September 2016 and has been meeting since then under the chairmanship of Andrew Lambert, Enterprise M3 board member. The group is supported by a secondee from Surrey County Council, Rachel Ford. The Group is now at the stage of identifying particular actions that would improve our ways of working with companies and partners.

1.3.   This paper provides an update on the work of the Task and Finish Group and makes a series of recommendations for consideration by the Board.

2.   Current status

2.1.   Enterprise M3 has the largest concentration of foreign owned companies outside of London. Ensuring these businesses remain in the area and continue to invest is critical to our economic success.

2.2.   In 2016/17 the Enterprise M3 LEP area achieved a total of 47 successes from foreign direct investment. This represents the highest number of recorded FDI successes entering the area since 2010/11 and is approximately 2% of national successes. However, these figures only relate to investments involving the Department for International Trade (DIT) and therefore only represent a proportion of investment. There is no common system in place in the Enterprise M3 area to record other activity, such as opportunities arising through local authorities, agents and other partners. We intend to record more of these investments moving forward.

2.3.   Presenting the current position on international trade activity in the LEP area is even more difficult as figures relating to exporting performance are only provided at regional level, i.e. based on the boundaries of the old Regional Development Agencies. This makes it very difficult to measure performance and understand the challenges facing the LEP area. However, feedback from MetroDynamics, the company working on the SEP refresh, have commissioned export details from HMRC and established that exports from the Enterprise M3 are £14,616 million in value considerably higher than the figure for Thames Valley Berkshire where the figure is £7,319 million.

2.4. Internationalisation activity, both relating to inward investment and international trade, has been disparate with many partners involved but little coordination. However, there are pockets of best practice across the LEP area and there is a strong opportunity to work collaboratively to develop solutions and maximise the opportunities. This becomes increasingly important with the threats and opportunities afforded by Brexit.

2.5. This work has clear links to the Enterprise Zone and Science and Innovation Audit. It is also important that it supports the refresh of the Strategic Economic Plan, for example in ensuring clear and achievable targets for activities related to internationalisation and embedding the approach within broader LEP activities.

3. Framework and Recommendations

3.1. The Internationalisation Framework is intended to be a strategic statement setting out the roles and responsibilities of the various partners, the current position and identify areas where greater coordination could occur. The Steering Group has agreed the draft Framework.

3.2. The Framework highlights that there is a considerable amount of activity already underway, primarily through the county councils (Invest in Hampshire and Invest in Surrey) and the DIT but there is additional activity through district and boroughs, private sector companies and sector networks. The Framework does not replace or duplicate this activity, but aims to build upon existing best practice and encourage collaborative ways of working.

3.3. The Task and Finish Group have devoted considerable time to developing shared tools and resources that will support the development of high quality and consistent responses to business enquiries. At present there are many entry routes for investment queries, including through DIT, the LEP, local authorities and private sector partners. The quality of response will vary depending upon the route of entry. The Task and Finish Group has developed a series of resources to ensure that all partners have the right tools and information to offer the 'red carpet' treatment to new and existing investors. This includes:

- Internationalisation Project Officer – the Task and Finish Group have recommended that dedicated resource is needed to ensure that the momentum of the project continues and to offer support to all partners. It is proposed that an Internationalisation Project Officer is recruited by the LEP and will have responsibility for coordinating enquiries and act as a gateway into our international activity. This role will also have responsibility for developing templates and tools for responses to business queries, managing the shared CRM system and implementing Phase 2 of the project. The post will be jointly funded by the LEP, Surrey County Council and Hampshire County Council. We are estimating the cost to Enterprise M3 to be around £20k and we have built these costs into our financial plan for 2017/18.

- "Joint" virtual team – to enhance the activity of the Project Coordinator, the Task and Finish Group have been developing a 'joint team' approach. This pulls together knowledge and expertise from various organisations across the Enterprise M3 area, such as universities, Chambers and other intermediaries and local authorities. It includes sector specialists and topic experts, with the intention of being able to mobilise a rapid response team for any business enquiries and subsequent pitches.

- CRM – there are current challenges with recording and reporting the level of success in inward investment activities. Existing data provided by DIT relates to foreign direct investment and does not capture the level of activity from local authorities and other local partners, e.g. commercial property agents. The Task and Finish Group have recommended that a shared CRM is procured, which will be used initially by the LEP, Invest in Hampshire and Surrey partners and district and borough authorities. The system will be funded jointly by Hampshire County Council, Surrey County Council and Enterprise M3. Costs are estimated around £20k per partner per annum and we have built these costs into our finance plan for 17/18.

- ERDF International Trade contract – DIT have recently been awarded an ERDF contract for international trade services in the South East. This project will enhance the existing international trade service and will encourage greater levels of exporting through a series of interventions, including 1:1 support from an International Trade Adviser, meet the buyer events and other workshops.

3.4. Additionally, Enterprise M3 recently agreed a £1m ERDF specification for Internationalisation. The call went public on 16 March and was closely followed by a well-attended promotional event to launch the call in April 2017 and we are hopeful of getting at least one partner or a consortium putting in proposals. We have specified that the ERDF dovetails with the work of the joint international team. The specification will cover both international trade and inward investment activities and will focus on activities that support more joined up ways of working.

4. **Next Steps**

4.1. Phase 1 of the Internationalisation project has now concluded. Phase Two should commence immediately, with the first priority being the recruitment of the Enterprise M3 project coordinator. The recruitment of this post and the procurement of the CRM system are critical to the success of the internationalisation project. These resources will help to mobilise the virtual team and will ensure that responses to business enquiries are high quality and well presented. They will allow us to complete with national and international competitors for inward investment.

4.2. Longer term activities need to focus on the development of a soft-landing, which fully engages Targets should be set through SEP and mobilises the private sector and university partners. Enhancing relationships with DIT resources will also be a critical aspect of the success of the project. Additional focus is needed to secure the support of senior leaders within local authorities, particularly to strengthen Key Account Management activity with strategically important businesses.

4.3. The Task and Finish Group recognises that initial activity has focused on inward investment, but more attention needs to be given to international trade activities in Phase Two. The Framework suggests a facilitation role for the LEP in ensuring international trade services are promoted and that links between different services, such as the Growth Hub and DIT, are fully maximised. This work will be developed in partnership with the Chambers of Commerce and DIT.

4.4. The Task and Finish Group will meet on a quarterly basis until the end of 2017 to ensure that the proposed actions are progressed.

Rachel Ford
25 May 2017