



Agenda Item 9

Report to the Partnership for Urban South Hampshire Overview and Scrutiny Committee

Date: 4 February 2014

Report of: Kathy Wadsworth, Director of Regeneration – Portsmouth City Council

Subject: Solent Inward Investment - Transitional Arrangements 2014/15

RECOMMENDATION

The Overview and Scrutiny Committee is asked to:

1. NOTE the actions set out in paragraph 21
2. NOTE the budget request of £60K PUSH contribution for 2014/15 to support the transitional arrangements to go ahead in establishing an integrated inward investment team for the Solent.

INTRODUCTION

1. Inward Investment is one of the five Strategic Priorities for Solent LEP and is also a priority for PUSH. This recognises the importance of inward investment to attract new businesses and jobs to the sub region plus safeguarding and retaining existing skills, jobs and businesses. A MoU signed between the LEP and UKTI has resulted in greater profile for the Solent internationally particularly in the key sectors and has seen an increased number of inward investment enquiries.
2. The current operation of a 'single gateway' established in 2011 was always intended as an interim solution with the ultimate goal being the creation of an integrated public/private sector model. If the sub-region is to achieve a step change and to be truly competitive on a global stage we need to have a far greater profile and reach and this will require a delivery model with greater critical mass, impact and resources.

BACKGROUND

3. In October 2013, Solent LEP commissioned PA consulting group (PACG) to carry out an independent and objective analysis of the inward investment service in the Solent, draw comparisons with other LEP areas and make recommendations as to how the services could be improved and what resources would be required.
4. In summary, the report concluded that although the Solent has a compelling offer, this offer is not being promoted effectively or widely enough. Other sub-regions attract proportionately more investment in terms of projects and jobs. The report makes an assessment of the current global Foreign Direct Investment (FDI) context, assesses Solent's performance and concludes that a step change is required to deliver FDI, otherwise the region risks being left behind as we see increasing investment as the economy recovers.

PROPOSED NEW SERVICE

5. Growth fund resources from the LEP will not be available until 2015/16. This report proposes transitional arrangements to form the building blocks for a new integrated inward investment service which would offer:

An integrated team in a single location with clear structures and committed leadership, centralised enquiry handling with single entry point

Agreed robust key performance indicators. For example: amount of FDI achieved, jobs created and safeguarded, increased number of live projects as percentage of UK projects, number of leads generated and converted, aftercare packages etc.

Strong identity which signals professionalism, ambition and a sense of 'place' and has resonance with the public and private sectors

Clear marketing and campaign strategy - web and promotional materials

Business-orientated and professional look and feel with proactive account management and clear branding and business like image.

Provide for co-location, hot desking from relevant sector specialists and experts on a permanent or occasional basis (e.g. UKTI Marine Specialist)

Strong links to relevant sector or other partnership bodies (e.g. Marine SE, nearby LEPs, Universities etc) with aligned stakeholders

Comprehensive and evidence based service with clear strategy, linked to the overall economic strategy for the sub-region, identifying relevant markets and sectors and with good intelligence on data and performance.

PROPOSED NEW STRUCTURE

6. A diagram showing the proposed new structure is attached as Appendix A to this report

GOVERNANACE

7. The current interim service reports to the Inward Investment Panel (IIP) which comprises representatives from LEP, PUSH, two representatives from business representative organisations (Shaping Portsmouth and Business Solent), the private sector (BAA) , UKTI and the four strategic Local Authorities. Although the members of the group make a positive input it is timely that this group should be reviewed in order to reflect the proposed changes and key sectors. The IIP will need to agree a transparent process for selecting new partners, consider more business and university representatives and select a private sector Chair, possibly the inward investment lead from the LEP.

STAFFING ARRANGEMENTS

Team Manager - New Post

8. This is a critical new post which will be advertised nationally. It is anticipated that this new post may require a salary level between £50k – £70k with on-costs paid from newly pooled budgets. To determine the correct level of salary partners will develop a job description and person specification which will be evaluated, graded and agreed by the inward investment board. The post holder will be responsible for the management of the new integrated service and delivery of KPIs. The person will report to the inward investment board working closely to the chair. Employment will be located with one of the local authorities for pay role, terms and conditions only.

Enquiry Management Officer (Geographic) - New Post

9. This a new post anticipated to be around £40k pa including on costs ,funded from new pooled budgets, again this job will need to be evaluated as above.
10. Specific duties need to be developed but assumption is that it includes:
 - Ensuring that the Single Gateway is working effectively and provides an excellent response handling service with UKTI
 - Ensuring that the web site and property database is effective and up to date
 - Proactively generating enquiries – overseeing relationship management protocol and strategy
 - Acting as the interface to local authorities in terms of placing and co-ordinating the response to enquiries
 - Monitoring the quality of responses to enquiries from all participants
 - Delivering against KPIs
11. Existing posts to be integrated into the new service
 - Marine Sector Specialist 1.0 – FTE – £50k pa funded by HCC
 - Business & Financial Services sector specialist – 0.5 FTE - £25k pa funded by HCC
 - Aerospace / Advanced Engineering sector specialist – 0.5 FTE - £28k pa funded by HCC
 - Senior Officer, Sector Growth (support for business development and marketing activities) – 0.5 FTE - £20k pa funded by HCC
 - Officer, Sector Growth (business development and marketing activities) – 0.5 FTE - £12k funded by HCC

 - (Total HCC staff resource valued at approx. £135k pa)
12. In addition, HCC have suggested that they could assist with research and information services. There are also good technical specialists within other local authorities:
 - Enquiry handling post - 0.5 FTE £20k funded by SCC
 - Enquiry handling post - 0.4 FTE £16-£18k funded by IoW

OPERATIONAL ISSUES

Office Location

13. Options for the location of the team are being considered. This will need to be agreed by the inward investment panel as soon as possible but at least before the next financial year April 2014. Work is on-going to look at options for the location of the team in order of preference, but taking costs into account. These are:
 - Private sector location
 - Local Authority owned building outside of core LA environment
 - Local Authority offices

CRM system

14. It is agreed that there must be one single CRM_system which supports the Inward Investment team and is accessible by all partners. The specification, cost, functionality and timescale to meet our objectives are being considered by partners.

Web presence

15. Management of the inward investment web sites for the two cities and IOW currently sits on SCC servers, has a lot of common features, and is maintained by SCC staff and Capita. SCC have proposed that they continue to run and manage this service as an 'in kind' contribution to the new service if this can meet the criteria required for the new service

Funding requirements

16. The PACG report estimates that to fund a fully operational and successful inward investment team for the Solent that can compete with other serious players in growth areas, it will require a budget of £400k pa on staff costs, £150k on overheads and, marketing to be around £400k pa to be funded on a campaign by campaign basis and with sponsorship from partners specifically aligned with private sector.
17. Financial contributions towards the current Inward Investment service for financial year 2013/14:

Table 1b: Contributions to Inward Investment Service – 2013/14	£'s
Cash Contributions:	
Fareham Borough Council	5,000
Eastleigh Borough Council	5,000
Winchester City Council	1,000
Test Valley Borough Council	1,000
East Hampshire District Council	1,000
Portsmouth City Council	15,000
Gosport Borough Council	5,000
Havant Borough Council	5,000
New Forest District Council	1,000
Sub-Total	39,000
'Staff in Kind' Contributions:	
Southampton City Council	60,000
Isle of Wight Council	15,000
Sub-Total	75,000
Total Contributions	114,000

18. However, as we are looking at a transitional year to develop the new Integrated service we have suggested a budget as follows (based on full year costs for 14/15):

Transitional costs	14/15	
	Cash	in kind
Existing posts		
Salaries for 2 FTE sector specialists 1 FTE marketing and R&D funded by HCC		£135k
SCC 0.5 FTE		£20k
IoW 0.4 FTE		£17k
Team Manager 50 - 70k pa with on costs (mid-range) (new post)	£60k	
Enquiry handling post 40k pa with on costs (new post)	£40k	
Operating costs	£24k	
CRM and web site Proposed in kind SCC		£20 k

Marketing and promotion campaigns LA and private sector	£61k	
TOTAL	£185k	£192k

19. Funding contributions proposed for 14/15 are as follows:

Cash

PUSH £60k (funding request to PUSH Joint Committee confirmed)
PCC £50k per annum confirmed
LEP £75k pa (request to the LEP Board needs confirmation)

Total cash - £185k

In kind

IoW - £16-18k (to be confirmed)
HCC agreed in kind staff contributions to a value of £135k per annum
SCC agreed in kind contribution of £40k per annum

Total In-kind: £192k

Note that 2014/15 will be a transitional year for the inward investment model. It is fully expected that in subsequent years the LEP will be asked to fund this service to a greater level.

20. Marketing and promotion - It is estimated that there will be an in kind contribution towards individual marketing and events of £50k - £100k pa. Each campaign will require its own unique set of resources. Funding for campaigns could be sourced on a 'per campaign' basis from partners, private sector and sponsors.

21. **Next Steps -**

- Agree £60k budget allocated to the new team 2014/15
- Agree to move forward with an integrated team as a transitional arrangement during the next financial year
- Agree to inform PUSH Solent Economic Development Officers Group
- UKTI Memorandum of Understanding (MoU) - responsibility for processing UKTI enquiries to transfer to new integrated team
- Protocols established with partner(s) outside of the new team
- Develop the job descriptions and recruitment process for the two new posts including identifying the employing body

- Require the inward investment panel to reach agreement regarding outstanding issues before April 2014 e.g. office location, CRM system , website management, etc and begin to process to refresh the new board

Background Papers:
NONE

Reference Papers:
NONE

Enquiries:
For further information on this report please contact:-

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