

Hull and East Yorkshire LEP

Paper F – Foreign Direct Investment

Report to the Business Support Board, January 2022

Report by Antony Wallis, FDI Key Account Manager

1. **Summary**

1.1 What is Foreign Direct Investment

From a UK perspective, inward foreign direct investment (FDI) is an investment from a foreign investor (a foreign enterprise) into a UK enterprise. The UK entity then becomes what is known as an affiliate enterprise, which is either a subsidiary, branch, or an affiliate company of the parent company – the foreign investor. In practical terms, this can either happen where a foreign company sets up a version of itself in the UK, changes or expands an existing presence, or where it acquires an existing UK company. The parent company needs to own at least 10% of the shares or voting power in the UK entity for it to classify as FDI. Direct investments include not only the initial operation establishing the relationship between the two units, but also all later capital operations between them and between related institutional units, whether incorporated or not.

1.2 What economic impact does FDI have on the UK economy?

Foreign direct investment is considered to deliver economic benefits to the UK, improving economic competitiveness and enabling improvements in productivity for both new and existing firms.

FDI is therefore regarded as an important source of economic growth. FDI can create an important positive contribution to an economy by generating employment, increased tax revenue, and providing external resources such as capital, technology and managerial know-how that can add substantially to productivity and economic growth. There is also the transfer of skills in the labour market and the improved technological competence of the host nation.

1.3 Funding the Foreign Direct Investment, Key Account Management programme

Funding was first sought for the Foreign Direct Investment, Key Account Management programme in February 2020 with OCO Global being appointed to provide additional research and first contact with eligible Foreign Owned Companies in June 2020.

OCO Global fulfilled a developmental role from June 2020 until a full-time appointment was made in November 2020. Antony Wallis was appointed to the

role in November 2020 until March 2021, the contract was subsequently renewed from April 2021 until March 2022. Funding for the FDI KAM roles is provided on a 12-month basis by the Department for International Trade. Funding for 2022 / 23 has not, yet, been confirmed.

1.3 FDI KAM Role

The Hull and East Yorkshire LEP and the Department for International Trade are working together to ensure that foreign owned businesses across our region have access to a fully funded, free to access, local account manager. The Key Account Manager (KAM) will take the time to understand each businesses challenges and plans, to enable them to provide valuable services and routes into beneficial support.

Working closely with the regions Local Authorities and the Local Enterprise Partnership, the Key Account Manager maintains long-term relationships with our foreign direct investment (FDI) clients – supporting their growth, providing regional or sector specific updates and supplying time sensitive services.

The KAM acts as a single point of contact for engaged businesses, bringing together business support functions from the LEP, local authorities and government departments.

Business Intelligence is collated monthly, from meetings and conversations that have taken place that month and fed back to DIT colleagues through the regular monthly reporting cycle. Any issues preventing or restricting the growth of Foreign Owned Companies (FOC's) are noted and shared (anonymously) with LEP colleagues for reporting to the Department for Business, Energy & Industrial Strategy.

2. Recommendations

The success of the FDI KAM programme is predicated on reaching a significant number of FOC's located in the Hull and East Yorkshire region, the HEY programme is still relatively new and still requires a wider audience and awareness of the support available.

Business Support Board members to signpost relevant FOC's directly to the FDI KAM.

3. Foreign Direct Investment Key Account Management programme – a summary of activity undertaken in 2021

Ongoing Foreign Owned Company Research

Extensive research was completed by OCO Global during 2020 prior to the appointment of the FDI KAM, this research formed the foundation of the business development pipeline and is updated regularly by the FDI KAM using a variety of sources including the FAME database of companies and relevant local and regional business publications.

Economic Growth and Workforce Wellbeing Strategy – FDI alignment

FDI has been embedded in the HEY LEP's Economic Growth and Workforce Wellbeing strategy, thus aligning international trade with HEY LEP key priority sectors.

FDI KAM Communications Strategy

FDI KAM produces a monthly eNewsletter sent to engaged businesses and also to businesses who fit the FDI KAM programme engagement criteria. The eNewsletter is used to highlight forthcoming events and workshops as well as signpost changes in legislation and business support programmes. The HEY Export video case studies were also used to highlight the opportunities available through exporting.

Engaged Companies

In the period ending 31st March 2021 the KAM programme engaged a total of ninety-seven companies, either via email / events or telephone and video calls. A portfolio of twenty-one engaged companies were being actively account managed at the end of this period.

With the move from Humber to HEY LEP a total of eight engaged companies were handed over to the Greater Lincolnshire LEP (GLLEP) for future engagement and removed from the HEY LEP actively engaged portfolio.

As of 31st December 2021, a further fifteen companies have been supported and actively engaged in the FDI KAM programme bringing the total portfolio to twenty eight.

Investment Projects Identified

In the period ending 31st March 2021 the KAM programme identified a total of 4 Investment Projects and uploaded relevant details and associated evidence to the central Data Hub system.

With the move from Humber to HEY LEP one identified Investment Project was handed over to GLLEP for further support.

As of 31st December 2021, another three Investment Projects have been identified with relevant details and associated evidence uploaded to Data Hub

Investment Projects Landed

The KAM programme was unable to claim any Verified Wins regarding previously identified Investment Projects in the period ending 31st March 2021.

As of 31st December 2021, two identified Investment Projects had been updated to 'Verify Win' status on Data Hub meaning that enough evidence had been provided to prove that the investment had taken place and that the jobs / capital investment had taken place.