

Inward Investment Service – Briefing for local partners

Developing Memorandums of Understanding between local partners and the Investment Services Team

June 2011

The aim of this briefing pack is to:

- Introduce the new UKTI Investment Services Team
- Provide a summary of achievements so far and what we want to achieve
- Set out how we will engage with you and other local organisations
- Provide an overview of the process for developing Memorandums of Understanding (MoUs) with local organisations
- Identify next steps and key contacts
- Provide answers to some frequently asked questions

Attached with this pack is a template MoU, please review this in conjunction with this pack

The UK is already a leader in attracting foreign investment

- The UK is a highly attractive investment destination. We hold a strong position as a global player in the world economy and our approach to tackling economic challenges is respected around the world
- The UK and France remain Foreign Direct Investment (FDI) leaders in Europe
 - The UK maintained its leadership in FDI projects and FDI jobs, which grew by 7% and 6% respectively. Investors came to the UK for its strength in services and increasingly its industry, investing in business services (14% of the projects received), machinery and equipment (11%), computers (7%) and software (7%).
 - R&D centres were established and expanded primarily in the UK (which captured 28% of total R&D projects into Europe), France (19%) and Germany (10%).

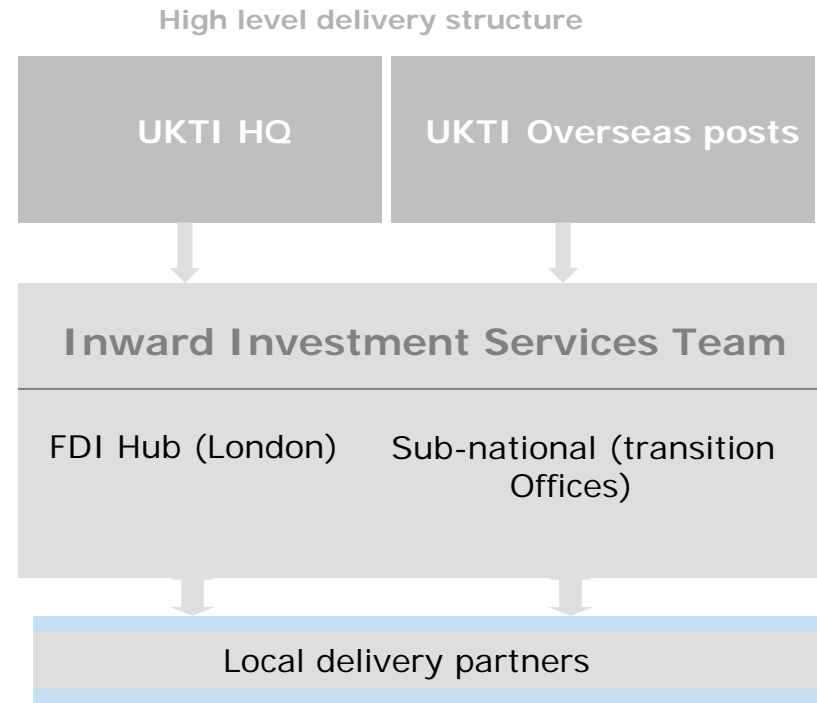
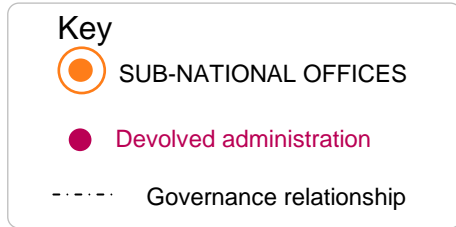
But ...

- We are facing increasing competition from countries such as Germany and a host of smaller more cost-competitive countries e.g. Poland, Hungary and the Baltics are increasing their market share in foreign investment
- China and India are also displacing Europe as more companies look worldwide for investment
- Clients are re-aligning their strategies and operations to maximise shareholder value
 - Clients told us that they often felt confused by the number of services offered to them when deciding where to invest in the UK...
 - When they needed assistance, they would receive multiple offers from various regions across the UK, making it difficult to make decisions about where to invest...
- To respond to this ever challenging landscape, the nature of the way we attract and maintain foreign direct investment into the UK must change....

Making it easier for foreign investors to do business with us.

- From 3 May 2011 responsibility for providing inward investment services transferred from the Regional Development Agencies (RDAs) to UKTI.
- The new UKTI Investment Services Team model is designed to make it easier for foreign investors to do business in the UK. It will attract, retain and extend investors in the UK and also promote Trade once investors are here.
- It is designed to offer compelling “UK First” propositions and deliver an integrated, professional and efficient service focusing on the client. The aim of this new model is to generate a higher volume of success for the UK as a whole.
- The new arrangement offers complete reach from a central to a local level across England and will also have strong connections with the Devolved Administrations (DAs) and London.
- It is based on a single national network within which sits the primary principle of putting the client first by offering them the best solution (or choice of solutions) from a UK First perspective.
- The service is based on a strong level of local engagement within a national framework of support.

The new service consists of the FDI Hub based in London and staff based in one of the transitional offices



The inward investment delivery model is based around a “tight-loose” concept

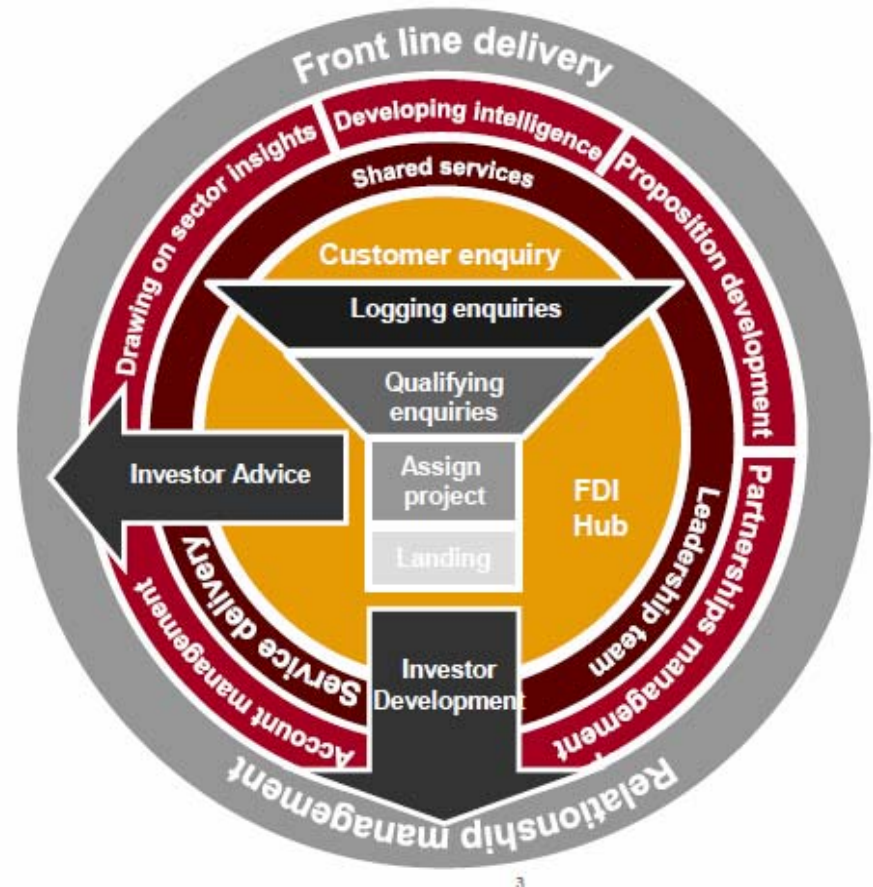
■ The new inward investment service delivery model consists of:

- A centralised FDI Hub which manages and qualifies incoming enquiries and assigns a project to a team
- A sub-national level which consists of Investment Advisors and Investment Development staff based in the transitional offices
- The local level (our local delivery partners such as LEPs) who are responsible for delivery

■ All levels are supported by a number of supporting functions which sit in the FDI Hub such as Knowledge Processing, Proposition Development and Relationship Management.

■ Resources in the new delivery model are either based within the FDI Hub or in one of the transitional offices around the country.

Inward Investment Delivery Model



We want to work with you locally

- Engaging with and developing partnerships with key local entities across England will be fundamental to the success of the new UKTI Investment Services Team
- To cement this engagement and agree future partnership arrangements, we will be developing Memorandums of Understandings (MoUs) with key local delivery entities.
- MoUs are not financial agreements, instead they outline future ways of working for both parties.
- The MoU is intended to ensure a compelling need for a co-ordinated approach that can coherently and completely manage all the transactions of inward investment to the UK at a central and local level.
- The benefits for these partnerships include:
 - access to the national pipeline of leads
 - support for local proposition development and benchmarking
 - greater efficiency in targeting investment
 - high level support - including, where appropriate, ministerial engagement for key projects and investors; access to regulators and policy makers

Key areas included in the MoU

	UKTI Investment Services	Local partner
Strategy Development	We want to understand your local priorities so we can promote your local strengths	Identify and prioritise the strategic areas for promotion and develop selling messages
Lead Generation	We will be responsible for promoting the UK as an inward investment location but we will ensure that your local strengths and capabilities are effectively represented.	Work with the national investment service in the marketing of your local area, ensuring that any activities are co-ordinated with the national marketing and promotion framework.
Project Lead handling	We will make available to you outline specification details of all active projects received within the FDI Hub	Make available to the FDI Hub all leads which are generated by yourselves and your local partners.
Investor Development	We will share our portfolio of existing investors to which you offer or intend to offer relationship management support	Share your portfolio and provide information and intelligence, as appropriate to UKTI e.g. will participate in national virtual teams which are established around particular companies.
Feedback	We will provide feedback on why investment decisions are made	Use feedback to inform prioritisation of the key areas for promotion

Our approach to developing MoUs

- UKTI Investment Services Team are keen to develop MoUs with the major local delivery organisations in England.
- The Investment Services Team will be engaging the new Local Enterprise Partnerships (LEPs) to coordinate identification of the appropriate local organisation(s) with whom an MoU should be developed
- We would like to agree with LEPs who should be the nominated local partner organisation to develop an MoU with – in many cases this will be LEPs themselves, but for some areas MOUs may be formed directly with delivery partners, such as Investment Agencies.
- The Investment Services Team will then engage and work with the nominated local partner organisation to develop and sign off the MOU
- UKTI Investment Services local partnership managers will provide ongoing management of the MOU with the relevant local organisations.

Next steps and key contacts

Next steps

1. Enclosed is a sample MoU. Please review this with your local partners to agree the nominated local partner organisation to develop an MoU with
2. Upon agreement of the nominated local partner that the MoU should be developed with, please contact us and we will schedule a face to face meeting to develop and agree an MoU.

Key contacts

- David Riches, UKTI Investment Services, Partnership Director will coordinate engagement with local partners
- To schedule a meeting or if you have any questions relating to local engagement, please contact Lesley Grant Lesley.grant@UKTI-INVEST.com
- If you would like to be kept informed and up to date on wider UKTI Investment Services activities, please sign up for our e-bulletin by contacting enquiries@UKTI-INVEST.com
- All information about new or existing investor sourced projects to be sent to enquiries@UKTI-INVEST.com

How will you aim to get 'buy in' from LEPs? Members of the Investment Services team along with UKTI have attended a number of LEP roadshows to understand the needs of the LEPs and to communicate the new delivery model moving forward. LEPs are critical to the success of the new Investment Services Team as they have the links with key local organisations who will help deliver investment services on the ground. We are therefore prioritising engagement with LEPs in the first instance to ensure that they are the initial contact point for developing MoUs

Will MOUs be standardised or individual for each LEP/local delivery body? There will be a standard agreed format for MoUs that sets out at a high level the principles for strategy development, lead generation, project lead handling and feedback. However the detail that is included within MoUs will vary for LEPs. In some instances it will be the LEP themselves that forms the strategic partnership in the MoU, whereas in others the LEP will nominate a local entity to act as the delivery body.

What type and how much resource will you be needing from the LEPs? The type and nature of resource required from each LEP will vary depending on the membership of the LEPs, its links with local delivery bodies and the extent to which the LEP will act as a strategic or delivery partner with the Investment Services Team. It is for the LEPs to work with their local partners to agree the appropriate structures for working with investment services.

Will local partners retain their relationships with local clients? Yes, we aim to work with local partners that have strong relationships with local clients, such as overseas owned companies based within a certain area. We will work with these local partners to agree the best way to meet the needs of these clients.

How will you develop MoUs? Will they just be with LEPs? The overall MOU is likely to be with a LEP, together with other organisations that a LEP has nominated as the delivery organisation. The aim is to have all of these organisations covered within one MOU for a particular area.