



## Lancashire Enterprise Partnership Limited

**Private and Confidential: No**

**Date:** Wednesday 20 December 2023

### **Foreign Direct Investment Update December 2023**

(Appendices 'A' and 'B' refer)

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#### **Executive Summary**

Lancashire's first Internationalisation Strategy has been developed in collaboration with partners as the fifth element of the Independent Economic Review which now provides part of the evidence under-pinning the Lancashire 2050 Economic Prosperity theme. The strategy sets out a model approach to driving forward our continued economic success in respect of inward investment and export. Our long-term vision is to have greater parity with our city region neighbours in terms of globally competitive performance.

The LEP Board approved the Internationalisation Strategy and five Action Plans for each pillar of the strategy on 21 June 2022.

The LEP board agreed to funding for interns to take forward the Foreign Direct Investment Plan and the Capital Investment Action Plan on 21 June 2023.

Two interns have been appointed with one working on the Foreign Direct Investment pillar and the other working on the Capital Investment pillar of the Internationalisation Strategy. This report is to update the board on progress of the Foreign Direct Investment Action Plan. The Capital Investment update to the Action Plan is underway, but research is still ongoing.

#### **Recommendation**

The Lancashire Enterprise Partnership Board is asked to:

- (i) Consider and approve for publishing the Foreign Direct Investment baseline report at Appendix A; and
- (ii) Consider and approve for publishing the Foreign Direct Investment Action plan update at Appendix B



## Background and Advice - Foreign Direct Investment update

### 1. Background

- 1.1 The Internationalisation Strategy for Lancashire has provided both the County and the Department for Business & Trade with a clear signal of Lancashire's ambitions on the international stage. Inward investment forms part of the Lancashire 2050 ambition and this report advises progress against the Action Plan.
- 1.2 Lancashire still remains the significant economy in the North West with 55,000 businesses, delivering £35bn GVA per annum. It lies at the heart of the highest density of aerospace and advanced engineering and manufacturing employment in the UK and has world class companies and innovation assets across energy, advanced manufacturing, engineering, automotive and the green economy. It has the potential to become a much more important part of the national strategy to make Britain a leading-edge green and clean industrial superpower.
- 1.3 Currently 1% of the NW investor base is foreign owned but delivers 17% of the region's GVA while foreign owned companies generally pay more per worker and are more productive per worker than the indigenous business base.
- 1.4 World foreign direct investment flows are declining with USA, China, Singapore, Brazil, Sweden, Australia, India, Canada and France receiving more inward investment than the UK. Against this backdrop it is important that we use our resources wisely and position Lancashire as an attractive opportunity in selected markets.
- 1.5 The Harrington report, November 2023, outlines a pragmatic response to improving the UK's attractiveness in terms of Foreign Direct Investment with 6 recommendations as follows;
  - Business Investment Strategy
  - Focussing government form reactive to proactive
  - Driving regional growth
  - Investor feedback – improving the business environment
  - A globally competitive OFI
  - Strategically targeted incentives

### 2. Research

- 2.1 Using the Foreign Direct Investment Action Plan as the basis for the research, LEP interns have thoroughly investigated the foreign owned companies in Lancashire, where their parent companies are based geographically, what sectors they are in, what twin town relationship we have, where our international students come from and where our universities have campuses, partners and collaborations to produce a matrix, comparing Lancashire's target



markets with its niche sectors/capabilities. The Foreign Direct Investment report can be seen at Appendix A.

2.2 This analysis has informed where we should use any available resources to commission sector propositions to promote Lancashire as a place for Foreign Direct Investment. The purpose of commissioning sector propositions is to position Lancashire on the world stage as a place where our emerging sectors provide niche opportunities for global companies.

### 3. Next Steps

3.1 The Foreign Direct Investment Action Plan is a three year plan most of the actions in workstream one and two have been completed. An updated version of the Action Plan can be seen at Appendix B.

3.2 The current interns have contracts until the end of March 2024, so it is the intention to continue with the actions stated within the Action Plan.

3.3 In particular, the next stage is to commission the first five sector propositions as follows:

- Nuclear Energy and Clean Power
- Digital Services
- Low Carbon Manufacturing
- Medical Device Manufacturing
- Aerospace Component Manufacturing & Drones

3.4 Resource permitting further sector propositions will be commissioned.

3.5 Whilst the propositions are being developed the team will start relationship building with the Department of Business & Trade colleagues in the markets which are being targeted.

3.6 When the propositions are completed, they will be shared with the Department of Business and Trade colleagues and published on the Invest in Lancashire Website.

3.7 Resource permitting, the team will research events and missions in the markets that are targeted to attract Foreign Direct Investment and start a proactive campaign.

3.8 There is a Key Account Manager post along with a Key Account Manger Support post to look after the foreign Owned Companies that already call Lancashire their home. Most Foreign Direct Investment comes from companies already in country and Lancashire is no exception.



#### 4. Financial and Legal Implications

- 4.1 There is a budget this financial year for this work to be done but the intern contracts end on 31 March 2024. This analysis will be passported forward to the emerging County Combined Authority and Business Board with funding and resourcing decisions to be taken by the governance structure in place at that time.

#### **List of Background Papers**

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A