

Trade and Inward Investment

Purpose

For discussion and direction.

Summary

This paper outlines a draft set of aims to frame the LGA's policy engagement on trade and investment over the coming year. It then proposes next steps for the LGA to take these aims forward with government and key national stakeholders.

Recommendation

Members of the People and Places Board are invited to:

1. **Comment** on the draft aims that will be used to frame the LGA's engagement on trade and investment over the coming year (**paras 5-17**).
2. **Comment on and approve** the proposed next steps for the LGA's trade and investment work (**paras 22-23**).

Action

Officers to update aims and progress with next steps in line with Members' steer.

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Trade and Inward Investment

Background

1. Increasing exports and attracting greater levels of inward investment have a crucial role to play in driving local economic growth across the country.
2. Councils are uniquely positioned, with their knowledge of local economies, powers over local infrastructure planning and a strong track record of building connections with localities across the world, to attract inward investment and work with local businesses to increase exports to foreign markets.
3. In recognition of this and within the context of the UK's scheduled withdrawal from the EU, the Industrial Strategy and the pursuit of greater devolution, the LGA, steered by members of this Board and the City Regions Board, has made progress across three strands of work that advance the Board's interests in this area:
 - 3.1. **Building an updated evidence base of council trade and investment activity**, by undertaking a sector-wide survey to better understand the depth and diversity of trade and international links established by councils and to understand the role that local government can play in building trade and investment links across the world as the UK prepares to leave the EU.
 - 3.2. **Raising the profile of council trade, inward investment and international engagement activities**, principally through the LGA's engagement with the Department for International Trade (DIT) as well as through the LGA's membership of international networks and engagement with localities, regions, and associations around the globe.
 - 3.3. **Supporting councils to deliver improved trade and investment activity**, initially through the commissioning of a toolkit to support councils seeking to attract foreign capital investment to their area.
4. To ensure that we maintain an agreed policy focus in the fast-moving national context, it is proposed that the LGA uses the findings emerging from this work to establish a set of lobbying objectives to frame our work on trade and investment over the coming year. The proposed aims and next steps are set out below.

Trade and investment – proposed lobbying objectives

5. The following draft aims have been informed by the sector-wide survey carried out by the LGA and seek to reflect initial feedback provided by Lead Members of this Board and the City Regions Board. Under our proposed main objective, we set out a number of barriers to achieving this objective, together with suggested activity to address each issue.
6. The objectives are focused on strengthening the role of councils in delivering local trade and investment activity. They do not seek to capture the LGA's position on wider areas of trade and customs policy such as ports regulation and the status of public services in future trade deal negotiations.

7. Our research has shown that councils, working closely with Local Enterprise Partnerships, act as a gateway for trade and investment to their areas. If we are to make the most of future trade and investment prospects then the depth and diversity of global trade and investment links councils have already established will be an invaluable resource for national government.
8. Therefore, the overarching ambition for this work is that: **At a national level, government must better recognise and harness the contribution local government can make in driving exports, maximising the benefits of inward investment for local communities and, if appropriate, supporting the negotiation of new trade deals that work for the whole country.**
9. With this in mind, it is essential that the national framework established to develop and implement future trade and investment policy provides local government with a meaningful role throughout. To facilitate this, the LGA will work with DIT to explore opportunities to strengthen the voice of the sector in national trade and investment policy development. This will include developing an understanding of current local government representation on Government stakeholder forums, such as the recently announced Export Strategy Partnership Group, and advocating for a stronger presence, including the creation of new forums, where appropriate.¹
10. In order for local government to best deliver its ambitions and play the role we set out above, a number of barriers must be addressed. These are: the overly complicated landscape of relevant programmes; the need for greater devolution, and the need for greater security of funding for support services post-Brexit. These are set out in turn below.
11. Recent LGA analysis revealed over 80 national programmes aimed at promoting trade and investment. Consultation with local government has also highlighted the many organisations and institutions working on trade and investment. This overly complex landscape leaves national, regional and local agencies struggling to join up across places to present a clear local offer to businesses and investors. It risks confusing or undermining approaches to export support or inward investment promotion. **Government must therefore strengthen delivery partnerships with local government and provide clarity on the roles and responsibilities of different institutions involved in delivering trade and investment activity.**

¹ The Government's [Export Strategy](#) recognises that the sub-national trade and investment landscape can be difficult for businesses to navigate and committed to work with stakeholders to complement and improve the export support available to businesses. To facilitate this, the Strategy announced the creation of the Export Strategy Partnership Group that will bring together leaders from across the export support market ecosystem.

12. In order to do so, Government must commit to working with councils and across Whitehall to review and strengthen sub-national trade and investment infrastructure. Furthermore, while DIT have made clear that LEP geographies represent the spatial level at which the department will seek to operate sub-nationally, it is essential that this does not reflect a singular institutional focus for the Department's sub-national work to support trade and investment. Councils work in close partnership with LEPs to deliver trade and investment activity and the sub-national approach adopted by DIT must reflect this shared institutional responsibility for local activity in line with the emerging role for councils in the development of Local Industrial Strategies.
13. A number of areas (with and without devolved powers) have highlighted a need for further devolution relating to trade and investment to ensure that support services take full account of the particular strengths and challenges within areas following the UK's departure from the EU. **Government's approach to developing future trade and investment policy must have a presumption in favour of devolution that is coordinated across relevant Whitehall departments.**
14. This approach should also capture the broad range of activity that contributes towards making places more attractive to prospective international investors, including the delivery of tailored responses to local skills needs as well as ensuring local areas are empowered to deliver the physical and digital infrastructure that their places and economies require to thrive and attract new investment from across the world.
15. Despite the extensive activity carried out by councils to drive trade and investment, many of these programmes are held together by a balance of funding streams facing a significant degree of uncertainty, such as the Local Growth Fund, the Regional Growth Fund and the European Structural Investment Fund. **It is essential that successor arrangements for these funding streams, and specifically the UK Shared Prosperity Fund, place this activity on a sustainable and secure footing.**
16. Future funding for local trade and investment activity should also be **designed in partnership** with local government to enable local partners to deliver tailored approaches to driving trade and investment in their area, rather than funding being focused on inter-area competition.
17. **Members of the People and Places Board are invited to comment on the draft objectives that will be used to frame the LGA's engagement on trade and investment over the coming year.**

Current activity

18. The LGA has continued to engage with DIT and key national stakeholders on the role of local government in future trade policy. Recent developments arising from this national engagement have created further opportunities for the LGA to take these aims forward at a national level.

19. The LGA was invited to provide evidence to the International Trade Committee's enquiry into trade policy transparency and scrutiny. In December, the Committee published its final report which recognised the important role for local government in this space and included the following recommendations²:

- 19.1. A representative from each of the devolved administrations and the LGA should be included on the Strategic Trade Advisory Group, to allow Government to consult with them in detail throughout the trade negotiation process.
- 19.2. Local government should have a voice in all aspects of the trade policy process, and the Government, in its response to this report, should set out how it plans to facilitate this.

20. Following the publication of this report, the Chairman of the LGA Brexit Taskforce has written to the MHCLG Secretary of State highlighting the recommendations of the Select Committee and requesting a discussion with the Secretary of State on the Committee's recommendations relating to the role of local government.

21. In addition to this activity relating to the International Trade Committee, the LGA has also furthered its public affairs work on trade and investment, including the preparation of a briefing in support of specific Lords amendments to the Trade Bill that align with the LGA's priorities on trade and investment.

Next steps

22. With the above developments in mind and subject to members' comments, outlined below are proposed next steps to advance the LGA's agreed objectives for future national trade and investment policy:

- 22.1. Progress engagement with DIT and MHCLG officials on exploring the role for local government in the development of national trade policy further to the recommendations of the International Trade Committee.
- 22.2. Expand political engagement in this area through public affairs work relating to the Trade Bill and ministerial engagement with DIT, with timing subject to developments with the UK's scheduled exit from the European Union.
- 22.3. Invite a senior official from DIT to attend the Board, with timing subject to developments with the UK's scheduled exit from the European Union.
- 22.4. Explore opportunities to enhance sub-national relationships between regional DIT teams and local government and the role that the LGA can play in facilitating this.
- 22.5. Consider how agreed aims can be fed into the LGA's wider programme of work on local growth and devolution, including considering how resourcing for local

² [UK trade policy transparency and scrutiny](#), Sixth Report of Session 2017-19, House of Commons International Trade Committee

trade and investment activity is reflected in our work on the UK Shared Prosperity Fund.

- 22.6. Engage with the LEP Network to consider options for collaboration in pursuit of shared priorities for national trade and investment policy.
23. **Members of the People and Places Board are invited to comment on the proposed next steps for the LGA's trade and investment work.**