

Appendix A

LGA trade and investment survey – summary of emerging findings

November 2018

Background

1. This paper summarises responses to an LGA survey regarding local international trade and investment activity. The survey was circulated to council officers leading on economic development and was carried out between October and November 2018
2. The survey deadline has been extended to 16 November 2018 and, at the time of writing, 35 responses had been received.
3. It is proposed that, once the final deadline has passed, findings will be collated into a detailed final report. The findings will then be used on a non-attributable basis to inform the LGA's response to developments with national trade and investment policy as the UK prepares to leave the EU.
4. Outlined below are the headline findings emerging from the survey responses received to date.

Local institutional arrangements

5. In most areas, institutional leadership for promoting trade and investment activity sat with the Local Enterprise Partnership/Growth Hub (42 per cent), though in a number of areas this activity is led jointly by the LEP and the local authority.
6. The majority of local authorities (70 per cent) have a specific resource dedicated to trade and investment activity. This resource takes a number of forms, including: a dedicated council trade and internal investment team, a jointly-funded team with the Local Enterprise Partnership and council-led activity being built into existing economic development or business support functions
7. A number of respondents noted that all or part of the trade and investment activity delivered by their local or combined authority is currently financed by EU funds, specifically the European Regional Development Fund.

International relationships

8. The majority of local authorities (70 per cent) identified that there were specific countries with which local institutions have developed significant international links.
9. When asked for further detail on established links, respondents provided examples of links established with a range of localities across Europe, North America and Asia. The most frequently referenced location was China (37 per cent).
10. A number of respondents also referenced the international links established through and in partnership with the higher education institutions in their area.

Local activity

11. Respondents were asked to outline the key activities delivered by local and combined authorities to translate international links into increased trade and investment activity. The most commonly highlighted examples included:
 - 11.1. Delivery of trade missions and presence at international conferences, e.g. MIPIM
 - 11.2. Activity to support local businesses to export, including grant-funding for local businesses and business training
 - 11.3. Establishment of strategic partnerships between local institutions and international partners to promote inward investment and drive exports. Many are formalised through Memorandums of Understanding and include representation from both the public and private sectors.
 - 11.4. Support to existing multinational companies already based in areas and prospective international investors, including hosting of delegations and account management
 - 11.5. Development of sector-specific propositions tied to local strengths and delivery of associated activity, e.g. marketing, account management and lobbying
 - 11.6. Development and promotion of specific enterprise areas with associated incentives to drive inward investment to these areas.
12. 38 per cent of respondents indicated that their authority had succeeded in securing foreign direct investment in their area over the past 18 months, while 31 per cent indicated that their authority had succeeded in increasing exports over the past 18 months. A significant proportion (31 per cent and 44 per cent) indicated that they did not know.

13. A number of areas noted that their successes had been reported to DIT for inclusion within the national reporting framework.

Sub-national and national mechanisms

14. Responses from local and combined authorities were mixed on the effectiveness of sub-national and national mechanisms at supporting recent trade and investment activity.
15. For example, 54 per cent of respondents felt that their authority has the opportunity to influence the support provided through sub-national and national mechanisms to a moderate or great extent. 39 per cent indicated that they could only influence this support to a small extent or not at all.
16. This is therefore an area that the LGA will seek to analyse further in order to identify whether there are specific types of authority or regions which find it more difficult to influence the national and sub-national policy and support framework.

Looking ahead

17. A majority of authorities indicated that they were aware of local evidence to suggest that either trade (53 per cent) or investment (55 per cent) activity in their area was likely to alter as a result of the UK's departure from the EU.
18. The qualitative responses to the above questions principally referenced local evidence that Brexit is impacting on business decisions to invest, as well as a number of sector-specific points. The LGA will review the detailed evidence referenced in responses and incorporate an analysis of this evidence into the final write-up of the survey.
19. Respondents were asked to briefly describe up to three actions that the Government could most usefully take to strengthen the role of councils and local partners in promoting trade and investment following the UK's departure from the EU. A wide range of proposals were put forward that will be analysed in detail over the coming weeks – for now, captured below are the most commonly suggested actions:
20. **Adequate and sustainable resourcing of local activity** – the Government should take steps to ensure that local trade and investment activity is put on a secure financial footing after Brexit, particularly as numerous local trade and investment support services are currently financed by EU funding streams. Several respondents noted that this approach to resourcing needs to extend to strengthening local DIT teams as well as local institutions. The UK Shared Prosperity Fund was referenced by a number of respondents as an opportunity to address this resourcing issue.

21. **Devolution of powers relating to trade and investment** – a number of areas (with and without devolution) 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 of areas.
22. **Providing certainty to local businesses and prospective investors** – tied to the survey question on local evidence of the impacts of Brexit on trade and investment, a number of respondents pointed to the need to provide certainty to businesses on post-Brexit arrangements to support trade and investment.
23. **Providing clarity on institutional leadership of trade and investment activity** respondents referenced the range of organisations and institutions working on trade and investment and the risk that this poses of confusing or undermining approaches to export support or inward investment promotion in the absence of clarity on the roles and responsibilities of different institutions.
24. **Specific policy responses to support trade and investment activity** – individual respondents referenced a wide range of potential policy responses that could be implemented locally and nationally to support trade and investment, and these will be analysed in further detail by the LGA. These included:
 - 24.1. The expansion of Enterprise Zones;
 - 24.2. Ensuring a coherent trade and investment work stream within emerging sectoral strategies relating to the Industrial Strategy;
 - 24.3. Delivery of international work to strengthen bonds between UK local authorities and other towns and cities across the world that supports trade and investment; and
 - 24.4. Strengthening collaboration between DIT and local partners, as with the [High Potential Opportunities](#) scheme.