



Glasgow City Council

Committee: Neighbourhoods, Housing and Public
Realm City Policy Committee

Report by Executive Director Regeneration and the Economy

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Item 1

4th June 2019

INVEST GLASGOW ANNUAL REPORT 2018/19

Purpose of Report:

To inform the Committee of Invest Glasgow's investment activity and provide a summary of investment levels in 2018/19.

Recommendations:

It is recommended that the Committee considers the content of this report and notes the inward investment successes achieved by the city to date.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

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1. INTRODUCTION

1.1 This report provides an update on the work of Invest Glasgow and a summary of investment activity and levels in Glasgow during 2018/19.

1.2 Invest Glasgow is the Council's dedicated team whose remit is to promote Glasgow as a location of choice for inward and capital investment. The team has played a key role in a number of outstanding achievements and landmark investments during the last 12 months including:

- Barclays choosing to locate its HQ Campus at Buchanan Wharf in Tradeston, bringing an additional 2500 jobs to the city. This is not only the largest ever inward investment in the city but also represents the largest property deal in the UK since the financial crash, kick-starting a major regeneration programme on the south side of the river.
- 83 company investments were recorded in Glasgow over the period, the highest investment total in the city since 2012, an increase of 26% on last year, demonstrating an exceptional year for inward investment activity.
- Glasgow has achieved an outstanding set of results in the prestigious fDi Intelligence 'European Cities of the Future Awards 2018/19'. In the Large Cities categories, Glasgow was awarded: Top 10 overall Large City; Runner-up for FDI strategy; and Top 10 for Business Friendliness and Connectivity.
- Invest Glasgow delivered the city's first Glasgow Real Estate Showcase in May 2019 with capacity attendance from representatives of the international, national and local real estate community. This marks a new approach to showcasing the city's property offer and is unique to Glasgow.

2. STRATEGIC CONTEXT

2.1 Companies make investment location decisions on the basis of available information and their understanding of a city's location offer. Major factors include image, brand awareness and perceptions. Investment promotion is therefore an essential component of attracting inward investment. This has prompted a rapid growth in the number of investment promotion agencies (IPAs) across the world over the last 20 years as competition to attract inward investment between countries, regions and cities continues to intensify.

2.2 Invest Glasgow was set up by the Council in 2012 as Glasgow's IPA with the remit to develop and lead on the city's inward investment strategy with the goal of increasing inward investment into Glasgow and creating additional jobs. Since its inception, the five person strong Invest Glasgow team has made significant progress towards achieving these objectives.

2.3 The strategic vision is for Glasgow to become the best performing city for inward investment in the UK by 2023, as outlined in the draft inward investment strategy action plan for the period 2016-2023. The draft is

currently being updated to take account of the fair work programme, the establishment of the GPEG Inward Investment Hub as well as changes in the investment market in the past three years. The intention is to have a revised draft to present to the GPEG Board on 12 June, having been ratified by members of the GPEG Inward Investment Hub on 6 June.

- 2.4 The Strategy is aligned to the Scottish Government's "Global Scotland: Scotland's Trade and Investment Strategy 2016-21" and Invest Glasgow works closely with the Scottish Government, Scottish Development International (SDI), Scottish Enterprise (SE) and other relevant stakeholders to maximise synergetic benefits from coordinated and integrated policies and programmes.
- 2.5 Invest Glasgow's strategy is fully aligned with the Glasgow Economic Strategy 2016-2023 which aims to make Glasgow the most productive major city economy in the UK and create 50,000 new jobs by 2023 across eight key sectors. Inward investment aims to directly contribute 10,000 jobs (20%) to this target, through supporting new FDI into Glasgow, alongside capital expansions, by undertaking the range of targeted investment promotion activities set out in the Invest Glasgow action plan. Between 2016 and 2019, 8,280 new jobs have been created in Glasgow, indicating that the city should the target, if not exceed it.
- 2.6 Invest Glasgow will work with companies which recognise fair work principles including: no zero hours contracts; and, payment of the Glasgow Living Wage. In addition, the recent Barclays deal, which required that at least 42% of the new jobs are of "high value", with at least 341 posts made available for disadvantaged workers or those who have a disability, creates a benchmark for all future investment negotiations. Invest Glasgow is looking to establish new metrics to measure progress. These will be included in future reports.

3. INVEST GLASGOW ACTIVITY

- 3.1 Invest Glasgow's action plan has four high-level objectives that guide team activities and approach. They are:
 - Promote Glasgow as a top location for FDI
 - Win new FDI investment and create additional jobs across all sectors
 - Attract capital investment to support the ongoing development of the city's infrastructure
 - Support existing investors to stay or who wish to expand their operations in the city

Promote Glasgow as a top location for FDI

- 3.2 A marketing and communications strategy has been established and is regularly reviewed and developed across all platforms including digital and traditional media to promote Glasgow through evidenced-based research, messaging and reporting, as well as attendance at investment events.

- 3.3. The website remains the primary contact point for parties with an interest in locating to Glasgow or investing in the city. Content is continually refreshed ensuring all facts and figures are up to date and accurately reflects the points of differentiation of the city's business and investment offer. Significant effort has been applied to growing the Invest Glasgow social media networks resulting in an increase in both followers and reach.
- 3.4 The production of professional and branded collateral and promotional material plays a crucial role in enhancing the image and messaging of Glasgow, particularly when Invest Glasgow exhibits at large-scale investor events. Key documents such as the city, hotel and retail prospectuses and a city development map have been updated again this year to articulate current prospects in these sectors alongside a pipeline of 'live' property development opportunities. Invest Glasgow is working to introduce a further prospectus for the residential market, where there is a requirement to build 25,000 new homes by 2023 and a strong interest from investors in the city particularly in the Build to Rent sector. These documents can be accessed at <http://investglasgow.com/about-us/downloads/>.

Win new FDI investments and create additional jobs across all sectors

- 3.5 Ongoing market intelligence/trend analysis and research are essential components to ensure potential investors have easy access to a broad spectrum of accurate and relevant information. Examples of market intelligence data-sets held by Invest Glasgow include property availability/cost, cost of labour, skills and talent pool, economic performance, infrastructure and connectivity, cost of living, key sector analysis and potential business development opportunities.
- 3.6 Lead generation is recognised as a necessary but challenging part of attracting inward investment. Invest Glasgow is currently exploring a partnership approach with SDI who have been developing a new lead generation tool. It is hoped that this approach will prove to be a much more cost-effective and efficient means of identifying new, qualified leads in key overseas markets. Direct engagement of SDI at an early stage should also help ensure better quality leads.
- 3.7 In addition, Invest Glasgow receives real-time signals for FDI projects, including capital investment, job creation and tools to track and profile companies with the potential to invest in Glasgow, via subscription to fDi Markets (a cross-border investment monitor). fDi Markets has recently added company contact information to all FDI project notifications. The combination of tapping into SDI's lead generation strategy and accessing fDi Market's company contact information should significantly reduce dependency on external lead generation agencies thereby saving on costs and time.
- 3.8 In terms of key overseas markets, external sources such as EY (Annual Attractiveness Survey) and fDi Markets, agree that our main sources of FDI are unchanged since OCO Global undertook a benchmarking exercise for Invest Glasgow in 2014. The top source of FDI for Glasgow is the USA

followed by Western Europe (further detailed in paragraph 3.10 and Appendix 1). Closer to home, London provides a significant opportunity for Glasgow and Invest Glasgow is considering how best to tap into the London market, again in partnership with relevant agencies such as SDI.

- 3.9 Other markets including China, the Middle and Far East are currently being explored by SE/SDI for FDI and capital investment opportunities. China represents a major opportunity but breaking into the Chinese investment market is challenging – investors look for investments of scale (minimum £100m). For Glasgow to make any headway in China, Invest Glasgow will work closely with the national trade and investment agency, the Scottish Government and other organisations such as the China British Business Council.
- 3.10 FDI into Glasgow has been closely monitored since the team was set up in 2012. Between June 2012 and March 2019, a total of 145 FDI projects were recorded. These projects represent a total capital investment of just under £1.2 billion, 7,185 jobs and an average investment of £7.9 million per project.
- 3.11 A breakdown of the top ten source countries, top ten companies and top ten business activities for FDI into Glasgow between June 2012 and March 2019 is provided in Appendix 1. The United States is by far the top source country for FDI, accounting for 35% of all FDI projects, generating the most jobs and the greatest investment with a total of 3,118 jobs (43%) and £514 million investment (45%). Collectively, the top ten source countries accounted for 82% of new jobs created, 78% of capital investment and 79% of FDI projects.
- 3.12 The origin of the top ten companies for job creation and capital investment is more varied. With a total of three projects apiece, companies from France and Netherlands are the most active investors, while the largest single company investor is from Bermuda. Over the period a total of 130 companies invested in Glasgow. The top ten companies accounted for 15% of projects, 22% of jobs and 19% of capital investment. Together, they provide higher job creation at 71 jobs on average. These companies generally provide higher capital investment at an average of £9.9 million per project.
- 3.13 Out of 21 FDI industry sectors, the top ten account for 83% of projects, 86% of jobs created and 88% of capital expenditure. Software & IT services is the top sector with 22% of total projects. Business Services generated the highest number of total jobs (2,086), an average of 77 jobs per project. Software & IT services has the highest total investment (£211 million), while Consumer Products has the highest average investment at £16.7 million per project.
- 3.14 Headline FDI investment into Glasgow between April 2018 and March 2019 equated to 14 projects which generated a total of 333 jobs (an average of 24 jobs per project) and total capital investment of £52.3 million (an average of £3.75 million per project). In line with previous trends, the United States is the most active investor country with four projects, closely followed by Switzerland with three projects. Similarly, Software and IT services is the top sector with

five projects followed by the Business Services and Financial Services sectors with two projects apiece.

- 3.15 Over the next 12 months, tailored propositions will be developed for each of the eight growth sectors identified in the Glasgow Economic Strategy. These are:

- | | |
|--------------------------------|--------------------------------------|
| A. Digital Technology | E. Health and Life Sciences |
| B. Finance & Business Services | F. Eng, Design and Adv Manufacturing |
| C. Creative Industries | G. Tourism and Events |
| D. Circular Economy | H. Higher and Further Education |

Sector propositions are the starting point for many first-time investors considering new locations. Strong sector propositions are being developed for Glasgow by working closely with sector specialists across industry, academia and the public sector to effectively identify and promote Glasgow's unique strengths and competitive advantage in each sector in a way that succinctly highlights the tangible business benefits and opportunities available in the city to potential investors.

Attract capital investment to support the ongoing development of the city's infrastructure

- 3.16 In promoting Glasgow to the global investment market, ensuring that Glasgow's business and investment profile is well known is crucial. Attendance at international real estate events is one of the means of ensuring that the city is on the radar of investors and regular attendance and engagement at such events has created a robust investment pipeline.
- 3.17 In 2018/19, senior level Glasgow delegations attended two well-established international real estate events. These events, which have become regular fixtures on the Invest Glasgow calendar, are summarised below:

MIPIM (Cannes, France)

The world's premier real estate event, gathers the most influential players from all sectors of the international property industry for four days of networking, learning and transaction through premium events, conferences and dedicated exhibition zones. Glasgow has attended for the last seven years, with this year being the first where Glasgow attended as part of the Team Scotland approach.

Expo Real (Munich, Germany)

Europe's largest real estate and investment trade fair, it represents the whole supply chain of the international real estate sector. All sectors are represented, from conception and design through investment and financing, realisation and marketing to operation and use. Glasgow has attended for the last six years with a dedicated stand and well developed investment propositions.

Glasgow Real Estate Showcase

On 9 and 10 May 2019, Invest Glasgow organised the first Glasgow Real Estate Showcase in the City Chambers. The concept is not only a new approach to engaging with the real estate community but it is unique to Glasgow, with no other local authority delivering this type of event. The Glasgow Real Estate Showcase was trailed at MIPIM in March with a view to encouraging investors to follow up with a visit to Glasgow to see the range of opportunities first hand and to meet with key politicians and officials. The event, which was oversubscribed, attracted international, national and local investors and developers to hear about the city's buoyant economy, place-making agenda and progress of and opportunities from the City Deal in Glasgow. In addition, a full schedule of one-to-one meetings was on offer with the Leader and senior officials from the Council and partner agencies.

Early feedback has been extremely positive stating that this type of engagement is both refreshing and welcome. All feedback will be used to inform how the event might be taken forward in the future

- 3.18 Invest Glasgow promotes Glasgow at these events by means of targeted/themed events (eg., Build to Rent market opportunities in Glasgow), a Glasgow pitch book of market-ready investment projects and a range of supporting collateral including prospectuses, videos and films. Furthermore, the team creates an extensive database which is used to target investors and promote our events and the wider city property offer. The result is a comprehensive programme for Glasgow at each event which, most importantly, includes targeted investor events and one-to-one meetings with senior delegates.
- 3.19 Tangible outputs from these events include significant investment in a range of new real estate developments including hotel, residential and student accommodation with a total value of just £639 million since 2013. These events also raise awareness among investors seeking to invest in Glasgow's standing stock, with a particular focus on commercial office space, where the city offers impressive and highly competitive yields (averaging 5.75%) to investors. Appendix 2 outlines some of the key commercial and infrastructure projects currently underway in the city.
- 3.20 As previously highlighted, Invest Glasgow is reviewing its lead generation strategy. A critical component of this strategy is the production of key sector propositions to promote sectoral business benefits and opportunities to the global market. In line with this approach, the team plans to organise and host Glasgow sector-specific investor events in partnership with sector experts across industry, academia and the public sector. The opening of the new Scotland House Hub in London, which is supported by SE, provides an ideal venue for Invest Glasgow to reintroduce London-based investor events into the calendar of events.

- 3.21 These events improve the city's visibility and global competitiveness as they provide Glasgow with a platform to showcase investment-ready and pipeline projects and establish and build relationships with new investors through engagement on a one-to-one basis. The Glasgow Narrative and Bragging Book, developed by Professor Greg Clark and his team, will help sharpen our messaging and focus on promoting our investment assets.

Support existing investors to stay or who wish to expand their operations in the city

- 3.22 Providing aftercare is an essential ingredient in any inward investment strategy. Invest Glasgow works with partners (SDI/SE) and colleagues in economic development and planning services to facilitate access to the wider range of business support services
- 3.23 This Team Glasgow approach to aftercare service provision enables companies to access an extensive range of business support services including practical support to meet statutory requirements such as planning and licensing, access to recruitment and training subsidies and on-going business growth support available through the Council's Economic Development department and SE's business growth pipeline.

4. INVEST GLASGOW IMPACT

- 4.1 The impact of the team is measured against four key performance indicators (KPIs). These are:
- number of new enquiries;
 - number of new companies;
 - number of company expansions; and
 - number of new jobs.
- 4.2 Table 1 summarises KPI outcomes in 2018/19 alongside a comparison of the team's performance against the same KPIs since 2016/17.
- 4.3 The table shows that Invest Glasgow received a total of 96 direct enquiries for 2018/19, slightly higher than the previous year but 20% higher than the 2016/17 total. The number of Invest Glasgow enquiries continues to increase in line with an increase in the level of response activity for each enquiry. Invest Glasgow has flourished in its IPA role and consequently, direct team responses to investment enquiries have increased significantly, often involving a range of tasks to produce bespoke responses for potential investors. These cover all aspects of enquiry handling including: conference calls; hosting city tours/site visits; conducting extensive property searches, and facilitating introductions to potential partners, developers and operators; providing market intelligence to build a robust case for Glasgow; and introducing investors to the city's extensive range of business support programmes.

4.4 In total, there were 83 company investments in Glasgow over the period, the highest investment total in the city since 2012, an increase of 26% on last year, demonstrating an exceptional year for inward investment activity. Company investments include 14 FDI projects, while the remaining 69 projects reflect new UK and indigenous company investments and expansions, along with hotel and retail sector investments. The average number of jobs created per project remained steady at 38 (36 in 2017/18), the total figure for new jobs created through inward investment in 2018/19 is 3,147 which represents a sizeable increase of 34% from the previous year. Since 2016/17, a total of 8,280 new jobs were created (based on data recorded by Invest Glasgow and SDI), equating to 83% of the seven year target for 10,000 inward investment jobs as outlined within the Glasgow Economic Strategy 2016-2023.

Table 1 – Inward Investment Outcomes for Glasgow 2016-2019¹

KPI Description	16-17	17-18	18-19	YoY Change (%)	Totals
Enquiries	80	95	96	+1%	271
Investments (New & Expansions)	80	66	83	+26%	229
New company investments	54	34	48	+41%	136
Existing company expansions	26	32	35	+9%	93
New jobs created	2,789	2,344	3,147	+34%	8,280

5. RETURN ON INVESTMENT (ROI)

- 5.1 EY's Attractiveness Survey for Scotland 2018² highlighted that the country has had an unprecedented run of success, with FDI project numbers into the country having set new records in each of the past three years. The 2018 report recorded a 7% increase in the number of projects, with Scotland solidifying its reputation as the most attractive FDI destination in the UK after London.
- 5.2 EY's annual survey demonstrates that Glasgow performed well from a city perspective, positioned at number two FDI city ranking for Scotland and sixth for UK cities overall in 2017.
- 5.3 Glasgow has achieved an outstanding set of results in the prestigious fDi Intelligence 'European Cities of the Future Awards 2018/19'. In the Large Cities categories, Glasgow was awarded: Top 10 overall Large City; Runner-up for FDI strategy; and Top 10 for Business Friendliness and Connectivity.

¹ Based on data recorded by Invest Glasgow and SDI.

² EY's Attractiveness Survey Scotland June 2018

- 5.4 The city has also been ranked as a Top Ten Large Global City overall in 2018/19 by fDi Intelligence. As a further endorsement of the city's appeal, Glasgow ranked 3rd for Business Friendliness, 4th for Human Capital and Lifestyle, and 6th for Connectivity.
- 5.5 In July 2018, Glasgow attracted Scotland's single biggest inward investment with the announcement that Barclays plans to create an additional 2,500 jobs at Buchanan Wharf, Tradeston, almost doubling its current workforce in Scotland. With a Gross Development Value of £350 million, Buchanan Wharf will be one of Scotland's largest single-site construction projects, bringing together more than one million ft² of prime Grade A office space, residential accommodation and a mix of local amenities and landscaped public spaces. This will facilitate the redevelopment of Tradeston, a major strategic site adjacent to the river, and bring forward significant investment to the city. The Barclays project has been made possible with effective partnership working between Barclays, Glasgow City Council (to deliver the new offices) and Scottish Enterprise (approving a funding grant, Regional Selective Assistance, RSA, of £12.75m).

6. CONCLUSIONS

- 6.1 Over the last 12 months, Glasgow delivered very impressive inward investment results in an increasingly competitive and challenging environment. Invest Glasgow is a small but significant player in any successes achieved and given the volume and value of investments to date, delivers an excellent return on investment for Glasgow City Council.
- 6.2 The Invest Glasgow strategy and action plan provides the city with a comprehensive framework to guide future inward investment activity. The strategy is fully aligned with the Glasgow Economic Strategy and Invest Glasgow will work alongside relevant national agencies to maximise national and local benefits in the delivery of the action plan.
- 6.3 Invest Glasgow remains focused on contributing to the city's fair work and inclusive growth agenda, generating jobs and attracting investment into Glasgow with the aim of becoming the best performing city for inward investment and the most productive major UK city by 2023.

Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	All costs met from existing budgets.
<i>Legal:</i>	N/A
<i>Personnel:</i>	Use of this information by existing personnel in promotion of Glasgow.

Procurement: N/A

Council Strategic Plan: A Thriving Economy - a resilient, growing and diverse city economy where businesses thrive.

Equality Impacts: Aligns to key the priority to reduce inequality across Glasgow by creating inclusive growth - a thriving economy that we can demonstrate benefits the city, its citizens and businesses. This means a growing economy that creates jobs and investment, builds on Glasgow's position as a world class city, helps us to tackle poverty, tackles poor health in the city and improves our neighbourhoods.

Does the proposal support the Council's Equality Outcomes 2017-22 Yes

What are the potential equality impacts as a result of this report? Positive impact

Sustainability Impacts:

Environmental: No significant impact

Social: No significant impact

Economic: Will deliver potential economic and social value through increased economic investment

Privacy and Data Protection impacts: No significant impact

7 Recommendations

- 7.1 It is recommended that the Committee considers the content of this report and notes the inward investment successes achieved by the city to date.