

# Finance and Resources Committee

10am, Thursday, 28 November 2013

## Procurement of Investment Promotion Support – Referral from the Economy Committee

|               |     |
|---------------|-----|
| Item number   | 7.3 |
| Report number |     |
| Wards         | All |

### Links

|                          |                     |
|--------------------------|---------------------|
| Coalition pledges        | See attached report |
| Council outcomes         | See attached report |
| Single Outcome Agreement | See attached report |

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# Terms of Referral

## Procurement of Investment Promotion Support – Referral from the Finance and Resources Committee

### Terms of referral

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On 19 November 2013 the Economy Committee considered the reports on the Procurement of Investment Promotion Support. The Economy Committee agreed to:

- 1) Approve the appointment of the successful consultant following the tendering process to support investment support activities in German-speaking markets up to the value of £50,000 per annum in 2014 and 2015.
- 2) To refer the report to the Finance and Resources Committee for information in line with the guidance on the appointment of consultants

### For decision/action

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The Economy Committee has referred the report on Procurement of Investment Promotion Support to the Finance and Resources Committee for information in line with the guidance on the appointment of consultants.

### Links

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|                                 |  |
|---------------------------------|--|
| <b>Coalition pledges</b>        | See attached report                            |
| <b>Council outcomes</b>         | See attached report                            |
| <b>Single Outcome Agreement</b> | See attached report                            |
| <b>Appendices</b>               | Report by the Director of Economic Development |

# Economy Committee

10am, Tuesday 19 November 2013

## Procurement of Investment Promotion Support

|               |     |
|---------------|-----|
| Item number   | 7.5 |
| Report number |     |
| Wards:        | All |

### Links

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|                          |                             |
|--------------------------|-----------------------------|
| Coalition pledges        | <a href="#">P15 P28</a>     |
| Council outcomes         | <a href="#">CO7 CO8 CO9</a> |
| Single Outcome Agreement | <a href="#">SO1</a>         |

### Greg Ward

Director of Economic Development

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# Executive summary

## Procurement of Investment Promotion Support

### Summary

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This report seeks the approval of the Economy Committee to appoint a consultant with a value exceeding £25,000 to support the Investor Support Team with the German-speaking market investment promotion campaign in 2014 and 2015. To ensure compliance with Contract Standing Orders, the contract has been publicly tendered.

### Recommendations

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- 1 It is recommended that the Economy Committee approve the appointment of the successful consultant following the tendering process to support investment support activities in German-speaking markets up to the value of £50,000 per annum in 2014 and 2015.
- 2 To refer the report to the Finance and Resources Committee for information in line with the guidance on the appointment of consultants.

### Measures of success

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The key measure of success of the contract will include the number of potential investors from German-speaking markets meaningfully engaged with and the number of visits to Edinburgh made by potential investors from German-speaking markets. Overall, the campaign is monitored against the KPIs set in the Council's Economic Strategy, which measure the number of jobs created/safeguarded and the value of new capital investment support.

### Financial impact

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The contract is based on 10 distinct projects, totalling up to £50,000 during 2014 and a similar value in 2015. The costs will be met from the Economic Development budget.

### Equalities impact

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There is no relationship to the public sector general equality duty to the matters described in this report and no direct equalities impact arising from this report.

### Sustainability impact

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There are no direct sustainability impacts arising from this report.

### Consultation and engagement

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This contract has been tendered publicly, as per the Council's Standing Orders.

### Background reading / external references

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## Procurement of Investment Promotion Support

### 1. Background

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- 1.1 As part of the Economic Development Strategy 'A Strategy for Jobs' a series of international investment support campaigns are organised each year. One of the most advanced of these campaigns is based on Germany. To undertake these campaigns specialist support is required.
- 1.2 Germany has historically been a key source of investment in Edinburgh. In the five years to October 2013, German companies made 12 foreign direct investments in Edinburgh. Key investors over this period included hotelier Motel One (which has opened a hotel in Advocate's Close and will open a second hotel in early 2014) and wind turbine manufacturer Enercon (which based its UK sales and project management functions in Edinburgh). The demonstrated willingness of German companies to invest in Edinburgh, coupled with the strong civic links between Edinburgh and Munich, make Germany a logical location to target for inward investments.
- 1.3 The Economic Development service has previously undertaken activities to promote Edinburgh as an investment location within Germany, including attending the Expo Real international property trade fair in Munich.

### 2. Main report

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- 2.1 In order to implement the Council's Investment Promotion campaign in Germany, the Investor Support team within Economic Development requires to contract external, specialist support. Based on previously incurred costs, this is expected to amount to an annual contract of up to £50,000.
- 2.3 The work required is highly specialised because it is based on the need for longstanding relationships within the German investment community. The appointed consultant must be able to support the delivery of Edinburgh's German investment promotion campaign by identifying significant interest from this investor base. The campaign is to raise Edinburgh's profile within Germany as an investment location. It builds on the Council's links with twin city Munich and the Munich based EXPO REAL investment fair. As the Investor Support team has already considerable knowledge and experience of the German investment market, and manages a wide range of Edinburgh–Munich relationships and contacts, the support required has to be: capable of fielding staff at events in Edinburgh and Munich; capable of fielding staff who fluently understand spoken and written German; and possessing adequate knowledge of the economies of both Edinburgh and German-speaking markets. The contract includes: building a pipeline of potential investors in Edinburgh from German-

speaking markets; supporting inward and outward investment visits; and supporting attendance at key trade fairs.

- 2.4 To ensure good value for money, the Investor Support team – with assistance from the Council’s Commercial Procurement Unit – will advertise the opportunity using Public Contracts Scotland’s “Quick Quote” facility, which enables Contracting Authorities to quickly obtain competitive quotes.

### 3. Recommendations

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- 3.1 It is recommended that the Economy Committee approve the appointment of the successful consultant following the tendering process to support investment support activities in German-speaking markets up to the value of £50,000 per annum in 2014 and 2015.
- 3.2 To refer the report to the Finance and Resources Committee for information in line with the guidance on the appointment of consultants.

## Greg Ward

Director of Economic Development

### 4. Links

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|                                 |   |
|---------------------------------|---|
| <b>Coalition pledges</b>        | <b>P15</b> - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors<br><b>P28</b> - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city |
| <b>Council outcomes</b>         | <b>CO7</b> - Edinburgh draws new investment in development and regeneration<br><b>CO8</b> - Edinburgh’s economy creates and sustains job opportunities<br><b>CO9</b> - Edinburgh residents are able to access job opportunities   |
| <b>Single Outcome Agreement</b> | <b>SO1</b> - Edinburgh's economy delivers increased investment, jobs and opportunities for all  |
| <b>Appendices</b>               | 1 – German Market Activities  |

## **Appendix 1 – German Market Activities**

The Economic Development service has previously engaged the Munich, Germany-based consultancy DS Consulting to provide support for promotional activities in Munich and, more generally, Germany. The main services provided by DS Consulting to date are:

- Monitoring Germany and Switzerland markets for intelligence on potential investors in Edinburgh.
- Developing a mailing list of German property developers and other potential investors and distributing Invest Edinburgh magazine and the Council's investment newsletters to the mailing list (including translating the investment newsletter into German).
- Supporting the delegation sent by the Council to Expo Real 2013 in Munich, Germany, including issuing press releases in advance of the event and arranging and attending meetings with potential suppliers.
- Supporting a visit to Zurich in June 2013 by the UK Green Investment Bank.
- Supporting a visit to Edinburgh in Edinburgh in May 2013 by a Bavarian delegation, including arranging follow-up meetings.

The Economic Development service is now seeking authority to enter into a competitive tendering process to appoint a supplier to deliver a refined range of support for promotional activities in German-speaking markets (focusing on Germany, Austria, Switzerland and Liechtenstein) in 2014 and 2015. The proposed activities for which support would be procured in 2014 and 2015 are listed below. A number of the activities are not confirmed and therefore support will only be procured if the Council opts to proceed with the activity.

- Newsletter and Invest Edinburgh magazine fulfilment: the supplier would be required to compile and maintain a mailing list of senior business personnel (directors or executives) from at least one hundred companies in German-speaking markets with a potential interest in investing in Edinburgh to whom the Council's investment newsletters and quarterly investment promotion magazine would be distributed. The supplier would also be required to translate the investment newsletter into German.
- Monitoring of investor interest from German-speaking markets: the supplier would be required to provide regular briefings on expanding companies in German-speaking markets with a potential interest in investing in Edinburgh along with recommendations on engaging with the companies.

- Support for investor events in German-speaking markets: the supplier would be required to provide support for any events held in German-speaking markets by the Council to promote investment in Edinburgh, including securing attendees, facilitating the event and organising follow-up discussions.
- Support for hosting visits to Edinburgh: the supplier would be required to coordinate visits to Edinburgh by delegations of potential investors from German-speaking markets, provide support for the delegation throughout their visit and facilitate follow-up discussions.
- Support for attendance at MIPIM 2014 and 2015: MIPIM is a major European retail estate fair, held annually in Cannes, France. If the Council sends a delegation to MIPIM, the supplier would be responsible for advance publicity; scheduling meetings with potential investors from German-speaking markets to take place during the fair; and organising follow-up meetings after the event.
- Support for attendance at MAPIC 2014 and 2015: MAPIC is the world's largest retail trade fair, held annually in Cannes, France. If the Council sends a delegation to MAPIC, the supplier would be responsible for advance publicity; scheduling meetings with potential investors from German-speaking markets to take place during the fair; operating Edinburgh's stand; providing a supporting role at meeting with potential investors from German-speaking markets; and organising follow-up meetings after the event.
- Support for attendance at ITB Berlin 2014 and 2015: ITB Berlin is the world's largest tourism trade fair, held annually in Berlin, Germany. If the Council sends a delegation to ITB Berlin, the supplier would be responsible for advance publicity; scheduling meetings with potential investors for the fair; operating Edinburgh's stand; providing a supporting role at meeting with potential investors; and organising follow-up meetings after the event.
- Marketing activities in German-speaking markets: the supplier would be required to secure positive coverage for Edinburgh in relevant reputable German-language publications.