

Economy Committee

10am, Tuesday, 23 June 2015

Investor Support Update

Item number	7.14
Report number	
Executive/routine	
Wards	All

Executive summary

This report covers the activity of the Investor Support team to attract investment into Edinburgh and create jobs in line with the Economic Strategy “A Strategy for Jobs 2012 –2017”. Highlights include:

- Edinburgh was given an FDI award by the European magazine
- The first ‘Edinburgh tech talk’ event was hosted in London.
- Edinburgh development opportunities were promoted to property investors at MIPIM.
- The Edinburgh-Shenzhen Creative Incubator was opened in China.
- Continued to host investors who have been assessing investment opportunities.

Links

Coalition pledges	P15
Council outcomes	CO7 , CO8 , CO9
Single Outcome Agreement	SO1

Report

Investor Support Update

Recommendations

- 1.1 The Committee is asked to:
- Note the progress being made by the Investor Support team and the contribution the team is making to deliver the Council's Economic Strategy "A Strategy for Jobs 2012 –2017"

Background

- 2.1 This report provides an update on the work of the Investor Support team in delivering the Council's Economic Strategy "A Strategy for Jobs 2012 – 2017". This report covers the activity of the Investor Support team to proactively attract investment. This is done by targeting investors in specific sectors and geographies. These have been selected as they are deemed to offer the best potential for success.
- 2.2 The Investor Support team use a range of methods to target potential investors including attending or hosting sector events, engaging with existing contacts and building on civic links to raise Edinburgh's profile in important markets.

International target markets

London

- 2.3 According to data from FDi Markets, London is the largest source of FDI in the world. Over the last ten years investments originating from London have created over one million jobs. Edinburgh's close ties with London present an excellent opportunity to capture some of this investment; however it is a highly competitive market. The majority of major international companies and investors across a range of sectors have offices in London. They are likely to use these offices when considering investment opportunities within the UK. Therefore engaging with London offers the potential to reach an audience of global investors.

Munich

- 2.4 During 2014 Edinburgh and Munich celebrated the 60th anniversary of their twinning connection. In recent years the Investor Support team has been

building on this civic link to grow economic ties with Munich, including in the green economy via links to its Energy Company (Stadtwerke). Munich is the one of the most successful city regions in Europe and is home to several of Europe's largest companies including BMW, Siemens, Audi, Munich Re, MAN, Adidas and Puma. In addition to these companies it is also home to Germany's largest Biotechnology cluster and a vast network of property and private equity investors. German investor, Deko Immobilien, recently acquired the Radisson blu hotel on the Royal Mile.

Middle East

- 2.5 The Gulf States have been identified as a potential source of large scale investment, especially Qatar. Qatar is developing a strategy to diversify its economy beyond hydrocarbons and they are investing heavily in science and technology research. Qatar Airways have further invested into their Edinburgh route by increasing the frequency to daily. The direct flight to Doha is helping attract more business and students from Qatar. The direct link has already resulted in new investment following Qatar Airways' purchase of the Novotel hotel in Edinburgh Park. Edinburgh's links with the Gulf have been further strengthened following the start of direct flights to Abu Dhabi by Etihad Airways. The daily flights started on 8 June 2015.

China

- 2.6 Chinese government and businesses have been increasing the outbound investment in the past decade and Europe is one of their top investment locations. Due to the size, complexity and culture difference of the China market, the Investor Support team has adopted a focused and proactive approach to ensure a positive outcome. Shenzhen, a city with which the Scottish Government has established links, has been identified as a target market. Shenzhen is one of China's Special Economic Zones with the 4th highest GDP in the country and also it has been designated a Design City. The sectors that will be targeted are the creative industries and property investment.

North America

- 2.7 The United States (US) is an important source of investment in several key sectors in Edinburgh including Financial Services (e.g. StateStreet) and Technology (e.g. Amazon and Microsoft). The US is the largest source of FDI into the UK. Since November 2014 there have been 149 investments by US companies into the UK, accounting for 38% of all FDI projects into the UK. Targeting US based investors will help to draw more investment into Edinburgh.

Key sectors

Property

- 2.8 Attracting investment to develop new hotels and Grade A office space is important for the future growth of the Edinburgh economy. The Investor Support team works closely with colleagues to gather information on the latest opportunities and these are promoted to a network of investors. This network of investors is regularly developed by attending property exhibitions, running events in key markets such as London and hosting investor visits.

Technology

- 2.9 The Investor Support team has been working closely with the tech sector for over 18 months to encourage growth in the sector. There is a high level of global demand for the best technical talent and the majority of Edinburgh's tech companies are recruiting. Our support for attracting new talent, which is required to attract new investment, has involved running a series of events including the first 'Edinburgh Tech Talk' in London (see section 3.9). The establishment of StartEDIN (www.startedin.com) has provided a focal point and brand that can be used going forward.

Life Sciences

- 2.10 The Life Science sector in Edinburgh is highly specialised and has the potential to grow. However, the nature of investment within the sector has changed in recent years as large pharmaceutical companies are now out-sourcing more R&D. There is now increased focus on collaborations between academics and businesses. The Investor Support team have been working with the Edinburgh BioQuarter team to explore the future development of the site as well as the potential of forming new collaborations between the Edinburgh and international markets such as Munich.

Financial Services/FinTech

- 2.11 There has been an increase in Edinburgh businesses specialising and capitalising on the growing Financial Technology (FinTech) sector. Following the signed MOU with Scottish Financial Enterprise and Innovate Finance (see section 3.7), the Investor Support team is working with Innovate Finance, the UK industry body, to promote Edinburgh through programmes, such as FinTech Week in London. Similarly, the Economic Development Service will be a member of Scottish Financial Enterprise's new tech forum once it launches. The aim of the group is to understand Scotland's role in financial innovation and FinTech sector and identify issues that will help or hinder its development in the country.

Invest Edinburgh website

- 3.1 The foreign language sections on the website have now been completed and the site is being promoted to global investors.

European Magazine award (May 2015)

- 3.2 Edinburgh has been ranked by the leading business publication, The European, as the fDi City of the Year in the Business and Finance Awards 2015 for investment potential and innovation. The city of Edinburgh has been recognised as a location which is ideally placed to encourage companies in industries such as technology and finance to flourish.

Lord Provost of Edinburgh's Ajman visit, United Arab Emirates (UAE) (March 2015)

- 3.3 The Lord Provost of Edinburgh visited the UAE emirate of Ajman to deliver a keynote speech at a conference. The conference was titled 'Planning for an Events City' and the organisers were interested in understanding how they can promote Ajman as an attractive place to hold events. The Lord Provost was invited by the Ruler of Ajman and he received a warm welcome that included meetings with senior figures including the chairman of the Ajman Chamber of Commerce. The visit was widely reported within the UAE media.

Shenzhen Creative Incubator (May 2015)

- 3.4 The official opening of the Edinburgh-Shenzhen Creative Industries Incubator in Shenzhen took place on 15 May. The opening was attended by ten Edinburgh companies and six of them are planning to occupy space within the incubator. This opening follows the signing of an MOU and years of preparation including several exchange visits.

MIPIM, Cannes (March 2015)

- 3.5 The Investor Support team joined the Scottish Cities Alliance (SCA) stand at MIPIM to promote Edinburgh's investment opportunities. Exhibiting alongside the SCA meant that the majority of costs were covered by the Scottish Government's SCA funding. The event was once again a good opportunity to engage with investors and agents from around the world. The majority of meeting were with new contacts and investors were interested in various

opportunities including student housing, residential developments and the development of distressed assets.

International Hotel Investment Forum, Berlin (March 2015)

- 3.6 The Investor Support team exhibited at the International Hotel Investment Forum (IHIF) 2015. The event was attended by over 1,900 hospitality and tourism professionals from over 70 countries. The IHIF attracted senior representatives from nearly every major hotel group and it provided an opportunity to showcase Edinburgh's hotel investment propositions. Attendance was in partnership with Scottish Development International who secured sponsorship and exhibition space at the event. The event was also used to launch the updated Hotel Development Prospectus which highlights the latest opportunities in Edinburgh ([link](#)).

Lord Mayor of the City of London visit – FinTech MOU (April 2015)

- 3.7 The Investor Support Team maintains close ties with the City of London and has arranged visits for the Lord Mayor of the City of London over the last five years. These visits offer access to the annually appointed Lord Mayor to discuss issues of particular importance to Edinburgh's Financial Services sector. A visit for Lord Mayor Alan Yarrow was held on 14 April 2015 and guests from Edinburgh's Financial Services sector attended to join the round-table discussions and witness the verbal agreement of an MOU between City of Edinburgh Council, Scottish Financial Enterprise and Innovate Finance. The MOU will help the two capital cities promote technology companies supplying new and innovative software products to the financial sector.

SMR Scotland (March 2015)

- 3.8 The Silicon Milkroundabout event was brought to Edinburgh, following support from EDS/StartEDIN. The event is Europe's largest tech jobs fair and had been held in London eight times before they came to Edinburgh. Hosting the first event outside London was a coup for Edinburgh and it has helped raise the city's profile. The event had over 40 companies represented and people travelled from 14 different countries to attend.

Edinburgh Tech Talk event, London (March 2015)

- 3.9 The Investor Support team organised an event in London in partnership with Skyscanner and Amazon to highlight the tech opportunities in Edinburgh. The event was hosted by Councillor Frank Ross and featured key note speeches from Graeme Smith (Amazon) and Richard Lennox (Skyscanner). The presentations were followed by an engaging Q&A session. The event was

attended by over 60 people and many were unaware of the opportunities now available within Edinburgh's tech sector.

Measures of success

- 4.1 Companies investing in Edinburgh creating new jobs within the city.

Financial impact

- 5.1 The activities reported in this report have been met from the Economic Development Service budget 2014-2015 and 2015-2016.

Risk, policy, compliance and governance impact

- 6.1 There are no significant risks associated with this report.

Equalities impact

- 7.1 The Investor Support team's work programme focuses on the 'Support Inward Investment' strand of the Council's Economic Strategy. As part of the process of writing the Economic Strategy, and the Economic Review which informed it, a full Equality Impact Assessment was undertaken.

Sustainability impact

- 8.1 The City of Edinburgh Council determined (in consultation with Historic Scotland, the Scottish Environment Protection Agency and Scottish Natural Heritage) that the Economic Strategy did not require undergoing a Strategic Environmental Assessment.

Consultation and engagement

- 9.1 The Strategy for Jobs aims to achieve sustainable growth through investment in jobs. Working with current and potential investors is essential to ensure the delivery of these jobs. The Investor Support team regularly engages with investors to support their needs and ensure Edinburgh remains an attractive location for investment.

Background reading/external references

The following background reading is relevant to this report:

- A Strategy for Jobs: The City of Edinburgh Council's [Economic Strategy 2012-17](#)

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Links

Coalition pledges	P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.
Council outcomes	CO7 - Edinburgh draws new investment in development and regeneration CO8 - Edinburgh's economy creates and sustains job opportunities CO9 - Edinburgh residents are able to access job opportunities
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all
Appendices	