

Report

Leader of the Council

(Cabinet Member for Economic Growth and Strategic Investment)

Part 1

Date: 11 October 2022

Subject **International Soft-Landing Programme**

Purpose To seek Cabinet Member support for an 18-month pilot International Soft Landing Programme aimed at increasing the presence of international businesses in the city centre.

Author Head of Regeneration and Economic Development

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Summary In alignment with the Council's objectives for economic development and regeneration, the Welsh Government International Trade and Investment and Enterprise teams have sought to create a 'soft landing' location to host new international businesses moving to Wales. The particular sectors of focus are software, cyber and fintech, and the aim of the programme will ultimately be to encourage new or expanding international businesses to choose Wales as their UK base of operations.

The location will be an opportunity to provide intensive support and mentorship, and encourage in-migrating businesses to remain in Newport once they have completed the programme.

Operation of the programme will be subject to a competitive tender exercise both to ensure value for money and ensure the programme provider delivers the highest-quality service that maximises the likelihood of businesses choosing to remain in Newport over the longer term. The programme fee is set at £150,000 for the first eighteen months, with potential to extend further if it is delivering the expected outputs and of benefit to the economic development of the city. The Welsh Government have requested that the funding for the programme be allocated from the Joint Venture funds held by the Council.

Proposal **To implement the proposed International Soft Landing Programme in Newport, using an allocation of £150,000 Joint Venture funding.**

Action by Head of Regeneration and Economic Development

Timetable Immediate

This report was prepared after consultation with:

- Head of Finance
- Head of Law and Standards
- Head of People, Policy and Transformation
- Welsh Government International Trade and Investment Team

Signed

Background

Newport has, in recent years, built up a reputation as a regional hub for businesses involved in innovation and R&D. Its central location between the cities of Cardiff and Bristol- coupled with its land availability, transport infrastructure, and skilled workforce- has made it a compelling proposition for a broad range of businesses. Some major investment successes include:

- The Foundry at Imperial Park; home to IQE plc, a next generation manufacturer of compound semiconductors
- The subsequent establishment of the Compound Semiconductor Catapult (CSA) and CS Connected, establishing world's first compound semiconductor cluster in Newport
- The establishment in Newport of the National Software Academy (Cardiff University), a centre of excellence for software engineering education in Wales
- Airbus' Cyberlab, pushing the boundaries of cyber innovation by advancing cutting-edge cybersecurity research in a variety of areas

To further nurture the growth of this business ecosystem - and to ensure its true potential is realised, requires further proactive steps to secure a pipeline of investment and innovation from overseas. The Welsh Government has long held a strategic intention to deliver an International Soft Landing Programme, consisting of free intensive support and office space that will encourage international businesses to settle and operate in Wales. Given the current strategic aspirations of the city – to establish itself as Wales' first Data City including hosting the first Welsh National Technology Institute– attracting international businesses active in relevant sectors to the city aligns well with the Council's objectives for economic growth.

The programme will initially target international firms involved in Cyber and/or Fintech either with no pre-existing national presence, or who settled but looking to expand, and encourage them to choose Wales as their base for national operations. The main mechanisms to achieve this will be:

- Intensive sector-specific support and mentorship
- Provision of free office space and access to networks
- Effective marketing and outreach activity promoting the city to suitable firms

The Council and Welsh Government have a well-established Joint Venture vehicle to fund initiatives focused on the ongoing development of the local economy. As this programme is targeted at international inward investment and securing the re-location of businesses to the region, it will further both the Council's and Welsh Government's objectives around safeguarding and increasing employment and economic prosperity for future generations. The Welsh Government has requested that Newport consider making an allocation from the Joint Venture funds to support the programme. Finally, to support delivery and monitor progress, it is intended to create a client manager role to supervise the contract for delivery of the programme. As there is already a senior officer within the Regeneration and Economic Development team that is funded from the Joint Venture, it is proposed that this officer takes on this function within their existing role, meaning no further impact on staff or budgets.

Financial Summary (Capital and Revenue)

The International Soft Landing Programme can be funded from the revenue element of the Joint Venture budget. The current balance of this revenue element is £380,000.

| | Year 1 (Current) £ | Year 2 £ | Year 3 £ | Ongoing £ | Notes including budgets heads affected |
|-----------------------------|--------------------------|-------------|-------------|--------------|--|
| Costs | | | | | <p>Cost to be funded from the JV revenue budget.</p> <p>Expenditure modelled to reflect anticipated project timeline. Cost may change to reflect requirements of the successful provider.</p> <p>No requirement for additional staff resources, as client role to be included within current Senior Project Manager post holder responsibilities (currently funded from JV revenue)</p> |
| (Income) | £42,000 | £108,000 | N/A | N/A | |
| Net Costs (Savings) | N/A | N/A | | | |
| Net Impact on Budget | £0 | £0 | | | |

Risks

| Risk Title / Description | Risk Impact score of Risk if it occurs* (H/M/L) | Risk Probability of risk occurring (H/M/L) | Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect? | Risk Owner Officer(s) responsible for dealing with the risk? |
|--|---|--|---|---|
| Inability to recruit suitable programme provider | L | L | <ul style="list-style-type: none"> Programme delivery subject to open tender and quality assessment Several well-established tech training and mentorship providers are based in Newport and Cardiff Capital region | Regeneration and Place Manager |
| Programme does not deliver the expected outputs | M | L | <ul style="list-style-type: none"> Programme delivery contract to set KPIs around minimum number of businesses hosted/duration located in Newport Dedicated client manager function provided by Regeneration and Economic Development team using existing resources Additional business support activity to be developed as required | Regeneration and Place Manager |

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The International Soft Landing Programme has the potential to add significant value to the Council's strategic priorities and policies. This proposal meets the Council's commitments and well-being objectives of the Council as set forth in the Corporate Plan 2017 – 2022. The Soft Landing programme aligns well with existing efforts to transform and diversify the economic activity underway in the city and develop further opportunities for employment and enterprise.

The Programme will support the objective of both the City Centre Masterplan and the current Local Development Plan. Increasing employment and business presence will aid economic recovery and help capitalise on the opportunity the pandemic has created for smaller cities to act as engines for sustainable growth. It will therefore assist in delivery of the economic goals within the Strategic Recovery Plan.

Attracting an international presence to the city centre will improve confidence and perception, to a potentially global audience, encouraging future development and investment proposals. This will further the Council's wider Economic Growth Strategy and aims around moving Newport up the value chain in particular.

Finally, the Soft Landing Programme can potentially deliver wider benefit in terms of the Council's Wellbeing Goals:

1. People feel good about living, working, visiting and investing in Newport

The Newport "Offer" should attract and retain people and businesses to the City, recognising that desirability to work and live in the City is the result of the "complete package" including employment, housing solutions, infrastructure, environment, cultural opportunities and public services.

2. People have skills and opportunities to find suitable work and contribute to sustainable economic growth

People can access skills and education programmes that align with current and future local employment opportunities, enabling individuals and the city's economy to achieve their potential.

3. People and communities are friendly, confident and empowered to improve their well-being

Working with the community and a range of organisations to identify assets and needs, developing a targeted, preventative place-based approach with local communities that considers the long term and empowering local people to lead and develop their local community.

4. Newport has healthy, safe and resilient environments

Newport is a greener, healthier and safer place where all communities have easy access to quality greenspace for health, play and recreation.

Options Available and Considered

The following options are available:

- 1) To support implementation of the International Soft Landing Programme as described above, using a financial contribution from the Joint Venture revenue budget
- 2) To not support implementation of the International Soft Landing Programme, retaining the Joint Venture budget for other priorities

Preferred Option and Why

The preferred option is Option 1. The benefits for economic development and regeneration are potentially significant and the activity fully accords with current Council policies and objectives.

Comments of Chief Financial Officer

There is a Joint Venture allocation of £382k which is sufficient to fund the £150k proposal. It should be noted that this budget is non recurring and also funds a project manager post (approx. £55k per annum) so capital fees will need to be generated to keep the fund “topped up” to enable the continuation of the post and to allow for any future proposals.

Comments of Monitoring Officer

The proposed Soft Landing Programme is in accordance with the Council’s statutory powers under section 2 of the Local Government Act 2000 to provide financial support for the purposes of economic well-being. The intention to target international cyber and financial technology firms seeking to re-locate or expand within Newport is consistent with both Welsh Government and Council economic regeneration and inward-investment policies and general well-being objectives. Because of the targeted nature of the financial inducements and support being provided under the Programme, there will need to be an element of competition and an open and transparent bidding process, to avoid any breaches of subsidy control rules and anti-competitive behaviour. The use of the Joint Venture monies to deliver the programme needs to be agreed by both Welsh Government and the Council. Under the terms of the previous JV Agreements, the JV property assets and capital receipts were held on trust by the Council, with WG being entitled to 100% of certain receipts and 60% in relation to other JV land and assets, based upon their previous financial contributions. However, following the winding-up of Newport Unlimited, the Council and Welsh Government agreed to a further “pooling” of these remaining JV receipts and assets to ensure that the benefits could be ring-fenced and utilised for economic regeneration purposes in Newport. The JV receipts and assets were ear-marked for future regeneration purposes in accordance with the protocol agreed with Welsh Government officials. The use of the JV funds for individual projects is subject to joint approval by the Minister and the Cabinet Member. Welsh Government approval has already been given and they have requested that the Cabinet Member agree to the use of £150k of the JV fund to deliver this soft landing programme.

Comments of Head of People, Policy and Transformation

There should be no HR implications for this Programme as the Client role is to be included within current Senior Project Manager post holder responsibilities. However, consideration will need to be given as to whether the responsibilities being requested under this role are in keeping with the established job description and amendments may be necessary to the role if not. If required, consultation will take place with the employee. Consideration should also be given to the wellbeing of the staff member undertaking these additional duties and whether capacity allows them to do so without impacting this.

The proposed Programme is in line with The Well-being of Future Generations Act which requires local authorities to ensure they consider the impact of decisions taken today on future generations. The programme aims to attract additional cyber and financial technology firms to the area thus increasing employment and supporting the economy, both of which will have a positive impact on current and future years. This is likely to have a positive impact in relation to diversity and inclusion by opening additional employment opportunities.

Comments of Non-Executive Members

Councillor Al-Nuaimi:

I welcome the proposal in the cabinet Member Report On the International Soft Landing Programme Pilot Scheme. I hope it will develop into a more enduring economic regeneration activity for the City Centre. For the reasons outlined in the report, Newport is in a good position to trial this.

With respect to the reference to the Intensive sector-specific support and mentorship, is this referring to the expertise that could be called upon from within the National Software Academy (Cardiff University)?

Will the expertise on Cyber Security in the University of South Wales be called upon to provide further support and mentoring?

It sounds like an exciting development, which I look forward to seeing happen.

Response from the Leader, Councillor Jane Mudd:

As noted in the report, the Soft Landing project will be procured as a contract. Whilst the successful tenderer may have (or seek to establish) links locally with the sectors of interest and academia, in order to enhance their ability to support incoming businesses, they will be required able to demonstrate significant experience and expertise around providing mentorship and support in their own right in order for their tender to be seen as credible.

Councillor M Evans:

Very happy to support innovative ways of trying to attract investors to relocate to the city. We must ensure we are fully geared up to close any potential deals in a very competitive market. Do we have examples of Welsh Government success in this scheme already?

Response from the Leader, Councillor Jane Mudd:

This is a new initiative developed in partnership between the Welsh Government and the City Council. Similar initiatives have been trialled by Local Authorities and Local Enterprise Partnerships around the United Kingdom, for example Invest North East and the West of England Combined Authority.

Scrutiny Committees

None required.

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

- The council has a number of legislative responsibilities to assess the impact of any strategic decision, proposal or policy on people that may experience disadvantage or inequality.
- The potentially global reach of the contract and activity means that it must give appropriate consideration to a very wide-ranging breadth of participants and backgrounds.
- As a condition of contract, the programme provider will be required to ensure that all activity delivered accords with the Council's commitment to Fairness and Equality.
- The project can potentially add to the diversity and demographic mix of the city, expanding the portfolio of Newport businesses, and supporting local entrepreneurship, opportunity and jobs growth in turn.
- The proposal supports the sustainable development principle and 5 ways of working set out in the Wellbeing of Future Generations Act (2015) through increased investment, job and opportunity creation for wider city centre.

Consultation

None

Background Papers

None

Dated: 3 October 2022