



# **Discussion Document:**

## **Post Covid Economic Recovery:**

### ***Inward Investment***

### ***Prioritise effective action or suspend?***

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## **BACKGROUND**

Brexit was clearly a hugely important issue for many organisations, taking up a great deal of resource. C19 then roared in as the new dominant and tragic feature of pre-Brexit landscapes. With such monumental impact to the economy, HMG, Local Authorities and LEPs urgently need to review LIS, Growth Hub and other economic development strategies to address these two far reaching economic challenges, to rebuild economic momentum, to address the needs of people/businesses requiring support, and to shape service delivery.

## **ISSUES**

UK economic development professionals undoubtedly have their hands full at present, but on top of other issues being addressed, post C19 economic recovery focus must consider the combined impact of Brexit on inward investment plans, and of C19 on operating models.

International investors who may normally view the UK as an attractive location due to the stable economic environment may be concerned that the UK political, economic and social profile is now less certain. They may be less inclined to make a move to the UK and may be more actively considering other locations as a result. Post C19 UKPLC may still attract some investors even with Brexit looming, but action is required now to protect the longer term position as investors won't stay loyal forever.

One thing is for certain, just pinning our hopes on any perceived legacy benefits of the UK's membership of the EU, or the loyalty normally associated to UKPLC as a trusted stepping stone to Europe won't be enough. International investors and indeed UK business will be attractive prospects to European competitors in the new environment. Other EU economies offer stable legal, financial, political and social environments in an adequate English language environment. The UK must expect intense competition from the EU for new inward investment and must be ready to fight to retain UK based businesses possibly considering an EU location for expansion.

Investor behaviour may also change due to C19, so delivery models will need to be flexible. Site visits may need to be interchangeable with slick on-line engagement for prospects and existing investors alike. Prospect engagement/investor development techniques must adapt.

UK inward investment growth will almost certainly slow as a result of all this, and even when the situation is clearer, it will take some time to rebuild investor confidence and momentum.

## **THE OPPORTUNITY**

Although we know the Brexit date looms, many related commercial questions still need to be answered, yet waiting for perfection is not an option. However, the time is right to plan for the future. Rather than being caught in the headlights, stalling, pausing or getting distracted, UK economic development professionals should act now. Focus is required on new foreign direct investment, overseas funded expansions, domestic relocations, domestic expansions and of course investor development.

It is critical every UK location seeking to attract or retain investors makes sure that:

- Assets are reviewed and thought is given to how they are attractive
- Marketing messaging is reviewed and collateral amended
- Lead generation and other sales plans are reconsidered
- Prospect triage and engagement protocols are updated
- Investor development resources and processes are reinforced
- Operating models and plans address the realities of the impact of C19

It's easy to avoid taking action on these issues, or to claim that while questions remain unanswered the status quo can continue, or to assert that other issues demand more attention. Short term re-prioritisation of effort or resource in favour of other apparently more pressing issues at the expense of inward investment may damage long term results, as investors will quickly shift focus unless compelling propositions and a warm welcome are offered to them.

### **KEY ACTIONS**

There are many issues involved, and careful thought needs to be given to relative priorities and resource. Given the unprecedented situation we face all options should be considered. It is important to take action now - much can and must be done now to prepare for the post Brexit world and despite any uncertainty now is the time to take action and plan for the future if inward investment momentum is to be increased. But C19 issues must be considered.

However, there may generally be a lack of capacity to do this, so outside expert resource may be helpful/required to add capacity, knowledge, skill experience and expertise. This shares the workload and brings in fresh thinking...both of which may possibly be helpful.

### **DEYTON BELL**

Deyton Bell specialise in economic development and business support issues and have provided associated services to over 40 different LEPs and Local Authorities in recent years. We have a blue chip track record on inward investment issues. Our team has reviewed devised, implemented, managed and delivered inward investment strategies, tactics and planning for local, regional and national government in the UK, USA, Europe and APAC.

We believe there is a need for urgent action to avoid prolonging the predicted long-term economic downturn. We would urge all involved to focus on attracting inward investment in the 'new normal' environment, to avoid delay and to prioritise effective action.

### **NEXT STEPS**

**To discuss any aspect, please contact Neil Darwin, Director and Chief Economist via: [neildarwin@deytonbell.com](mailto:neildarwin@deytonbell.com) or on 07860 - 663234.**

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