



Report

Report to:	Community and Enterprise Resources Committee
Date of Meeting:	6 February 2024
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	South Lanarkshire Inward Investment Strategy
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an update on the work being undertaken to refresh the Council's approach to Inward Investment within South Lanarkshire

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that approach to Inward Investment within South Lanarkshire be approved.

3. Background

3.1. Inward investment makes a distinct and significant impact on Scotland's economy at both a national and regional level. The term 'inward investment' describes both foreign direct investment (FDI) and similar investment from the rest of the UK into Scotland. Inward investment companies make a positive and significant impact on Scotland's economy. They are typically more productive and pay higher than average wages compared to domestic businesses. They are more likely to operate in export sectors and to have a higher proportion of spend on research and development and innovation.

3.2. Scotland's Inward Investment Plan: Shaping Scotland's Economy sets out the national approach to targeting and attracting inward investment. Scottish Development International (SDI) is Scotland's trade and inward investment agency. They engage with major businesses and investors from around the world to encourage them to do business in or with Scotland. Over the last 12 months the Council has sought to strengthen its relationship with key SDI representatives and tap into the inward investment opportunities that they have provided. However, it is apparent that more could be done to strengthen the Council's approach to inward investment. This paper sets out various initiatives being developed by Enterprise and Sustainable Development Services.

4. South Lanarkshire Inward Investment Strategy

4.1. The Strategy consists of 5 workstreams:-

- ◆ establishment of a cross resource in-house team to drive forward investment in South Lanarkshire
- ◆ creation of a cross resource property enquiry data base to track enquiries which can be monitored and analysed

- ◆ development of a stand-alone South Lanarkshire Inward Investment website to promote Council and key stakeholder sites
- ◆ development of a South Lanarkshire Inward Investment proposition document or 'pitch book'
- ◆ foster closer relationships with SDI, Scottish Enterprise (SE), property agents, developers and investors

4.2. Cross Resource In-House Team

4.2.1. It has become apparent that both Enterprise and Sustainable Development Services and Property Services separately receive property enquiries, however, in the past this has not always been entirely co-ordinated, monitored or analysed. Since taking up post, the Head of Enterprise and Sustainable Development has brought together key officers across both Resources to meet regularly to develop this Strategy, collaborate and identify opportunities.

4.3. Property Enquiry Data Base

4.3.1. As outlined in paragraph 4.2.1, property enquiries to the Council are routed through 2 resources. To ensure that these can be properly actioned, monitored and analysed a standard database has been created and monitored on a monthly basis. This was established in September 2023 and since then 43 enquiries have been received. Some initial findings were:-

- ◆ around 80% of enquiries were seeking industrial space of up to 5,000sq, ft with no units within the Council property portfolio available to accommodate them
- ◆ around 10% of enquiries were seeking larger scale premises that cannot be satisfied in the South Lanarkshire area
- ◆ land requirements for serviced plots of up to 2 acres accounted for around 11% of enquiries.

Companies seeking space included those operating in:-

- ◆ construction
- ◆ food and drink
- ◆ green energy
- ◆ healthcare/life sciences
- ◆ transport/vehicle related activity
- ◆ manufacturing

4.3.2. Enquiries for larger premises and serviced land cannot be accommodated at present due to lack of supply. This constrains the ability of existing companies to develop their current operations within South Lanarkshire and for inward investors to make South Lanarkshire their first choice.

4.3.3. It is intended that this data base will be analysed quarterly and reported to Community and Enterprise Resources Committee twice per year.

4.4. Inward Investment Website

4.4.1. Most local authorities in Scotland have a dedicated inward investment website. These websites operate separately from the Council's main website and have a distinct and separate identity and brand. The purpose of these websites is to promote the area to potential investors and developers from both within the UK and overseas. Fife and West Lothian are 2 of the best current examples:-

www.investinwestlothian.com

4.4.2. The website will promote South Lanarkshire's Unique Selling Point presenting information on:-

- ◆ our modern infrastructure
- ◆ our key business sector
- ◆ key business locations and investment opportunities (both Council and stakeholders)
- ◆ our skills base
- ◆ South Lanarkshire as a place to live, work and relax
- ◆ partner organisations - SDI, Further and Higher Education providers, Skills Development Scotland, Business Gateway etc.
- ◆ news and events relevant to Inward Investment
- ◆ case studies of positive Inward Investment experiences
- ◆ Inward Investment contact information.

4.4.3. Without an online offer to demonstrate what South Lanarkshire has to offer it is difficult to pitch South Lanarkshire as a key investment location to potential inward investors in a competitive market place. The website will be a 'one stop shop' for investors and developers, demonstrating South Lanarkshire's unique attraction for major employers and help make any move to South Lanarkshire as smooth as possible. The key message must be that '*South Lanarkshire is open for business*'.

4.4.4. Branding and website designers have been procured and work is ongoing with IT and Corporate Communications to develop and deliver both of these activities, in line with SLC standards and requirements.

4.5. Proposition Document

4.5.1. A Proposition Document will showcase all South Lanarkshire has to offer and will summarise the website content. Whilst available in hard copy it will primarily be available in digital format to allow regular updates to be made. The document will have multiple uses:-

- ◆ It can be shared with colleagues in SDI/Scottish Enterprise to ensure they are aware of all that South Lanarkshire has to offer to future investors.
- ◆ It can be used at relevant trade and industry events.
- ◆ It can be used when communicating with local and national property agents.
- ◆ Aspects of it will be used to create marketing campaigns to raise awareness of South Lanarkshire as a great place to live, work and relax.

4.5.2. The document will provide key contact information of a named individual at South Lanarkshire Council who can deal with any enquiries in a fast, efficient and professional manner providing a 'one stop shop service'.

4.6. Relationship Building

4.6.1. Crucial to successful inward investment is intelligence gathering; being close to the market to know of emerging enquiries, lease breaks etc. This is achieved by fostering relationships with property agents, SDI, SE etc. and by attending property events.

5. **Key Challenges**

5.1. Enterprise and Sustainable Development Service commissioned commercial property consultants Ryden to undertake a review of the commercial and industrial property supply in a number of areas across South Lanarkshire. This work is concluding and

will be the subject of a separate report to Committee in due course. This information will inform market capacity to satisfy requests from inward investors as well as assisting expanding local companies to source suitable accommodation.

5.2. The reports identify a number of issues that constrain the ability of the area to satisfy inward investment enquiries including:-

- ◆ a lack of new industrial supply coming to the market
- ◆ vacancy rates are low and some established industrial estates have no available supply
- ◆ older premises are becoming obsolete and have poor energy performance
- ◆ there is limited refurbishment of existing stock taking place by private asset management firms
- ◆ levels of industrial stock have fallen as a result of redevelopment of sites for residential use
- ◆ there is little or no demand for new build speculative office accommodation
- ◆ the supply of serviced development plots that would be attractive to inward investors is critically low – this echoes the views of SDI and SE

5.3. In the current situation where market failure is widespread, it is difficult to accommodate inward investment enquiries - a recent inward investor from America with a strong preference for an East Kilbride base required to locate out with South Lanarkshire due to a lack of available space to meet their timescales.

5.4. Whilst the creation of an inward investment website will be important to accommodate new inward investment enquiries and meet the needs of expanding indigenous companies, there needs to be a supply of development ready sites. Sites owned by developers at Shawfield and Conexus at Poneil are development ready, however, key sites owned by the Council at Langlands in East Kilbride and Canderside at Larkhall require investment to undertake infrastructure works before bringing them to the market. Proposals are currently being developed for these sites.

6. Next Steps and Timescales

6.1. It is intended that the new website will be live in April 2024. Marketing materials and a programme of targeted events to help raise the profile of South Lanarkshire as an area to invest will also take place during 2024. This will be achieved by developing a stronger relationship with SDI, partner organisations, agents and developers. It is intended to have a presence at relevant exhibitions where South Lanarkshire can be promoted to a wider audience.

7 Employee Implications

7.1. The development and implementation of the Inward Investment Strategy will be taken forward by officers with Enterprise and Sustainable Development Service.

8 Financial Implications

8.1. A budget of £50,000 has been identified for this initial activity and will be funded from the existing 'Get South Lanarkshire Working' budget. More limited funding for future years activity (for web site development, events etc.) will be met from existing revenue budgets.

9. Climate Change, Sustainability and Environmental Implications

9.1. This project will be taken forward in line with the Council's sustainability objectives.

10. Other Implications

10.1. The risks associated with not supporting the proposal is that South Lanarkshire will not have a co-ordinated and effective presence when inward investment opportunities, that will effectively grow the local economy, are on offer. The Council's reputation may be damaged if it does not proactively support and encourage inward investment in the area.

11. Equality Impact Assessment and Consultation Arrangements

11.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy, therefore, no Impact Assessment is required.

11.2. Consultations have been co-ordinated by Economic and Sustainable Development Services with a range of other Council services who have an ongoing role in Inward Investment. This consultation and cooperation will continue throughout the duration of the initiative.

David Booth

Executive Director (Community and Enterprise Resources)

22 December 2023

Link(s) to Council Values/Priorities /Outcomes

- ◆ Ambitious, self-aware and improving
- ◆ Fair, open and sustainable
- ◆ Working towards a sustainable future in a sustainable environment
- ◆ Thriving business, fair jobs and vibrant town centres

Previous References

- ◆ None

List of Background Papers

- ◆ Scottish Enterprise International Operating Plan 2023/2024
- ◆ Summary Report - Scotland's Inward Investment Plan: Shaping Scotland's Economy
- ◆ Glasgow City Region Investment Proposition September 2021

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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