

AGENDA ITEM No:



Business and Children's Policy and Scrutiny Committee

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Title:	Westminster Investment Service
Report of:	Haylea Asadi, Interim Director of Economy
Cabinet Member Portfolio	Cllr Matthew Green, Cabinet Member for Business, Licensing and Planning
Wards Involved:	All
Policy Context:	City for All Thriving Economy Thriving Communities
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Executive Summary

The purpose of this report is to provide the Business and Children's Policy & Scrutiny committee with an overview of the rationale and background, work programme and progress made to date by the Westminster Investment Service.

Launched in June 2021, Westminster Investment Service aims to attract sustainable and inclusive business investment into the city, assist existing entrepreneurs and Westminster businesses to scale their activities and ensure the benefits of investment reach local communities. As a new Service, work is underway to establish elements of the work programme, but results are already being realised through work delivered to support investors to navigate services available and achieve their potential in Westminster.

Background

About inward investment services

Attracting business inward investment is a vital component of any economy as it can generate high quality, productive employment opportunities, retain and attract talent, enable the occupation of vacant commercial units, diversify the local economy, strengthen local supply chains, improve productivity, and drive innovation.

Investment services are considered a key part of the infrastructure required to effectively respond to current economic, societal, and environmental challenges and support long-term recovery. This is exemplified by the establishment of Office for Investment by the UK's national government in 2020 and the renewed focus of London and Partners (the Mayor of London's designated agency for business growth in London) to attract high growth potential businesses to London.

The need for local authorities to play a role in the inward investment process has been further emphasised by the UK government's Minister for Investment, Lord Grimstone, who identifies that local authorities have the local intelligence and networks to assist investors along their journey and provide the welcome and ongoing support that businesses, particularly international businesses, require (House of Commons International Trade Committee report, 2021-22).

Across the UK, particularly considering national government's 'Levelling up' agenda, cities and regions are putting an increased emphasis on investment attraction, establishing teams and tools, including funding and other incentives, to gain a greater share of investment coming into the UK. This increased emphasis recognises the unique role that local authorities can play in shaping the future of and strengthening their local economies. Those without dedicated activities and resource are at risk of being left behind, not being able to compete on a national and international stage.

Context and rationale for the Westminster Investment Service

The City of Westminster is the economic powerhouse of the London and UK economy. Home to one-eighth of London's jobs, our economy is critical to the nation's economic wellbeing.

Westminster has the largest number of businesses and jobs of any London borough and is second only to the City of London in the UK Competitive Cities Index, based on business start-up rates, working age population qualifications, knowledge-based business, GVA per capita, productivity and employment rates. Of all local authority areas, it has the largest number of start-up and scale-up businesses.

Prior to 2020, Westminster had typically not needed to focus on attracting inward investment with its attractive central location, vibrant retail, leisure and hospitality scene, world-renowned cultural offer, highly skilled workforce, and transport links. However, the following factors contributed to the decision to establish a dedicated team to encourage and influence investment in Westminster:

- Economic impact of Covid-19 – Westminster saw a 3-fold increase in the number of people claiming out of work benefits (July 2019 vs 2020, Nomis data). Whilst long-term impacts of the pandemic remained an unknown, Westminster was experiencing a growing number of vacant retail and office units and business deaths.
- UK's decision to leave the European Union – uncertainty surrounding 'Brexit' risked a drain of talent, slowing of commercial property investment and a migration of businesses out of London and the UK. In 2020, the UK lost out to France as the most popular European destination for Foreign Direct Investment (FDI) for the second year in a row, amid disruption from 'Brexit and the pandemic (EY UK Attractiveness Survey, 2020).
- International Competition - other global cities such as New York, Hong Kong and Paris have seen major investments by their governments to attract businesses and talent. Westminster risked

being left behind without adequate resource and an approach to maintaining a competitive advantage against other global cities.

- Capitalising on major infrastructure investment – the Elizabeth Line and HS2 will provide significantly higher capacity on London’s transport networks, bringing more workers and visitors into central London and increasing the attractiveness of central London as a business location.
- Inclusive economic growth – current challenges and higher levels of commercial property vacancy rates present the opportunity to shape and build a stronger, more resilient, and inclusive economy. By targeting high-growth and competitively advantageous sectors that provide high-value employment opportunities and by working directly with investors to secure more local benefits, we can ensure more residents benefit from growth.

The Westminster Investment Service

The Westminster Investment Service (WIS) was launched in June 2021 to proactively attract and support businesses to locate, expand and thrive. The Service builds on Westminster’s success to date in attracting and supporting high-growth businesses, enabling entrepreneurs to scale and safeguarding employment. And underpinning these elements, the Service is working to ensure the benefits of investment reach Westminster’s communities.

The aims of the Service are to:

- Attract sustainable international and UK domestic business investment to contribute to the creation of employment opportunities and accelerate inclusive economic growth.
- Support entrepreneurs and existing companies to scale within Westminster.
- Address the loss of occupied active frontages in the West End and in priority high streets and district centres (i.e., Edgware Road, Harrow Road) by identifying new occupiers and supporting them to launch successfully.
- Support strategically significant businesses to safeguard employment.

The work of WIS is embedded in the City for All Plan. Investment sought and supported reflects City for All’s pillars, with a focus on sustainable and green development (Greener and Cleaner), inclusion (Vibrant Communities), innovation (Smart City) and resilience (Thriving Economy), to build a dynamic post-pandemic recovery that can respond flexibly to change

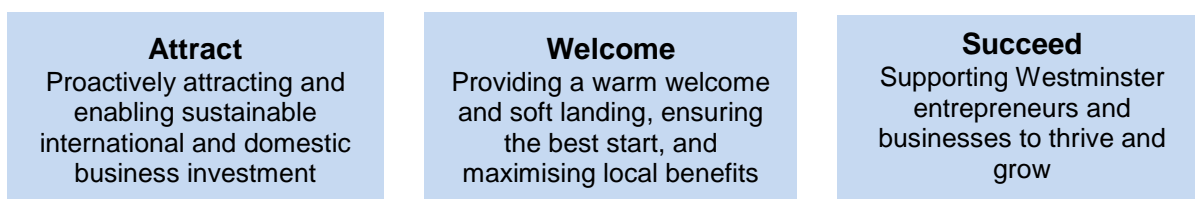
WIS is part of the council’s wider Business and Enterprise Service, which is focused on ensuring Westminster is the best place to start and grow a business and that everyone can benefit from opportunities generated, flourish and thrive. WIS builds on and complements immediate economic recovery initiatives and longer-term infrastructure and major developments already shaping the local economy, such as the Voids Pop-up Activation programme, Oxford Street District’s £150m transformation programme, and the creation of a new global cultural quarter at Strand Aldwych.

Working closely with external partners, the Service is amplifying messaging, combining efforts, and maximising opportunities. Key partners involved in delivering the Service include:

- London and Partners – London’s international trade, investment, and promotion agency, who on average secure around 18 new business investments in Westminster per year.
- Westminster Business Improvement Districts (BIDs) – 17 BIDs across the city with a vested interest in their geographic districts and many have their own inward investment messaging.
- The Great Estates - including Grosvenor, Portman Estates, Crown Estate and Shaftesbury who have their own inward investment activities.

- Westminster Commercial Property Agents and Property Owners – including the industry representative group, Westminster Property Association who represent the voice of property owners.
- Westminster universities – including Kings College London, Imperial College, LSE, London Business School which consistently rank as some of the best universities in the world and can provide a skilled labour force for prospective businesses
- London First - a business campaigning force, with over 200 members, that are uniquely placed to champion the city and help keep London competitive.

The work of the Service can be broadly split into 3 areas of focus:



Attract

WIS is positioning and promoting Westminster as the best location for businesses to start, invest and grow, creating a compelling narrative that clearly communicates the city's key strengths. Building on key factors that drive investment decisions, the Service is profiling Westminster's distinct neighbourhoods and villages, existing high-growth and international company base, world-class talent, culture, and hospitality offer and the co-ordinated support available to businesses. Under this focus, a series of activities underpin the approach of the Service to generate investment and unlock inclusive and sustainable economic growth and jobs:

Building and amplifying area and sector propositions

Working closely with the BIDs and area-specific stakeholders, the Service is developing neighbourhood and village profiles and propositions to amplify existing messages and communicate the distinct identities and USPs of our areas. These profiles will feature on the Investment Portal (outlined below) and be used in bespoke proposition presentations to prospective investors.

The Service is also supporting key programmes of economic visioning activity underway across the council; for example, work to define the future of the West End economy in 2035 and place-shaping work related to the transformation of Strand Aldwych.

In addition to taking an area-based approach, WIS has a focus on attracting businesses from Westminster's key business sectors, due to their significance, competitive advantage, and potential within the local and national economy. Sector focuses include:

- Creative and Cultural Industries – Building on Westminster's world-renowned cultural offer, high-performing creative industries, and significance as a major catalyst for innovation.
- Retail - With over £5bn being invested into the West End by the private sector there is ample opportunity to ensure that new, innovative uses, find a home in the city; ensuring the West End remains one of the world's preeminent shopping districts.
- Food and Hospitality - Westminster is home to 33 Michelin-starred restaurants, and 14 of London's 19 five-star hotels. Building on this success by strengthening and diversifying the hospitality offer is key to the ongoing success of this sector.
- Green Economy and Cleantech – Driven by the council's commitment to becoming a carbon neutral city by 2040, the Service will collaborate with external partners and council

teams to attract leading companies, with sustainability at their core, that can support the city's ambitions and ensure Westminster's economy plays a greater role in addressing the climate emergency.

- **Business and Financial Services** – Westminster's largest sector by employment is in professional, scientific, and technical services, and it is home to a significant share of the UK's high growth FinTech businesses. The Service is working to ensure that Westminster remains the location of choice for leading professional and financial services investors and international company headquarters.
- **Health and Wellbeing** – Home to over 200 clinics, 3000 medical professionals and world-renowned Harley Street, Westminster is in a prime position to catalyse and benefit from increased innovation and investment in the sector.

Greener and inclusive economic growth

Across all promotion activity, the City for All Plan values – greener, smarter, inclusive, resilient – are informing and shaping investor messaging. Promotion of Westminster as a world class business destination will include an invitation to work with the council and partners on new solutions to meet the challenges of environmental, societal, and economic change, inspired by Westminster's unique local and global business ecosystem. In addition to looking at growth potential, the policies of an organisation, such as paying London Living Wage, employing local residents and using a local supply chain, will be considered to maximise the benefits for Westminster residents from investment.

An investor portal

A dedicated area of the council's website is being developed that will provide an investor-facing landing point into the city. The 'Investment Portal' will showcase Westminster's strengths, opportunities, support available, neighbourhoods/areas and investor-relevant news, 'In Good Company' case studies of business investment, and act as a key gateway for generating investment leads. The Investment Portal will complement and link with existing resources (such as the existing relevant content on the Westminster City Council website and Business Westminster, BID websites and London and Partners). The Portal's development as a shared resource has been welcomed by partners, recognising the additionality it will bring to profiling the city for investment and providing a co-ordinated narrative across neighbourhoods.

The primary audience for the Investment Portal will be business investors who may not be familiar with Westminster. Secondary audiences include partners such as BIDs and property owners, who will use the information to support their activities. For residents, the site will profile the benefits of the council's work to increase investment and showcase case studies of success, linking directly to further information and support available (for example, further information on the Westminster Employment Service).

Alongside the development of the Investment Portal, a short piece of work will shortly be undertaken to further develop the identity for the Service, ensuring the messaging and branding is clear, compelling, and competitive for a business audience and provide the framework for further assets to support delivery (i.e., a branded presentation template, digital leaflets, and event invitation templates). Any resulting identity will complement and reinforce the city and council's existing brand.

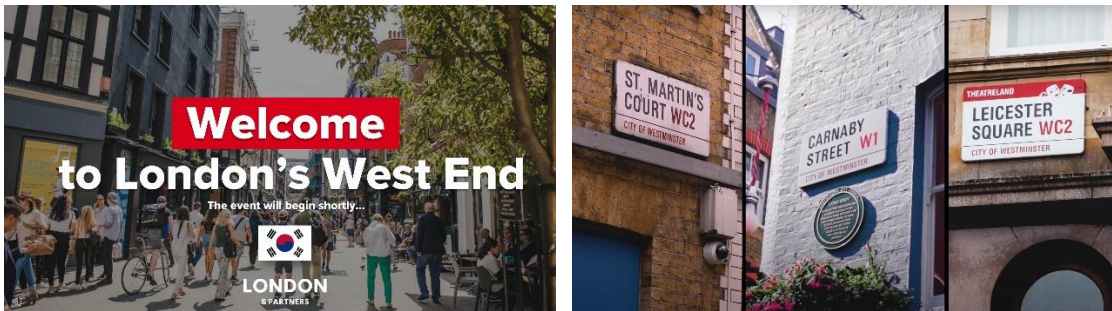
Unlocking international investment

Westminster is a leading location for international business investment and already home to a significant number of global company headquarters and international brands. For international promotional activity, WIS is working in partnership with London and Partners (as the international trade, investment, and promotion agency for London) who continue to lead on proactively targeting and supporting global investment into Westminster.

With global networks and regional offices across North America, Europe, and Asia, alongside expertise in international tax, immigration, and financial regulations, London and Partners are best placed to continue to lead on international investment activity. WIS is complementing this work by providing tailored insights and local support to make it as easy as possible for newly locating businesses. Once located within Westminster, the on-going key account management of investors will be the responsibility of WIS.

Provided as Appendix 1 is a schematic of an investor's journey into the city, identifying the key elements and actions and showing the split of responsibilities between London and Partners and WIS, and the areas where this complements existing work undertaken by BIDs.

Case Study – West End Future Occupier Programme



West End Future Occupiers is a partnership programme seeking to attract and support international brands to invest in the West End; aiming to address the loss of active frontages across the West End. It is being delivered by London and Partners and supported by the council, New West End Company and Heart of London Business Alliance, and property owners in the West End.

The programme is focused on maximising international media and PR for the West End and telling a compelling story to a global audience. Taking a targeted approach to investor lead generation, the programme aims to reach potential future occupiers not already within agent networks and support the acceleration and soft landing of existing business investment through wrap-around support in areas such as tax, immigration, and banking.

Civic Engagement

WIS is utilising the council's convening power, civic engagement, and economic and cultural diplomacy with international partners to build greater global awareness of our leading business sector clusters, market opportunities and local supply chain strengths. Working closely with the Lord Mayor's Office, the Service is maximising diplomatic connections and exploring opportunities with Embassies to support international investment, hosting visiting delegations, and showcasing the best of the city to a global audience.

Domestic business investment

Targeting the key sectors outlined above, WIS is developing a programme of activity to support the generation of investment leads from across the UK. Utilising data and insights on high-growth companies, the Service will proactively reach out to likely investors to profile the city's strengths and opportunities. This activity will explore the events that can be utilised (i.e., the role of London Tech Week in communicating with tech companies) and relevant industry networks.

Support to invest and locate

WIS provides a single-entry point for investors to access support from the council and partners through a Concierge Service. The Concierge Service demonstrates the quality-of-service delivery, expertise, local partnership, and supportive business ecosystem; underpinning Westminster as a world class destination and providing a globally competitive offer to businesses. Designed to provide navigational support to investors to make their move as easy as possible, the Concierge Service brings together key business-facing council services (such as Business Rates, Employment and Skills, Responsible Economy, Westminster Business Unit, Smart City and Planning and Licensing) and complements existing partner activities (such as BIDs, Great Estates and Property Owners, and London and Partners) to ensure that investors receive a bespoke, streamlined and timeous local service response to guide investment decisions.

Below are some examples of how potential investors are being supported through tailored account management:

- Data and intelligence – providing businesses with local intelligence to support the due diligence process of choosing Westminster as a location. Driven by the needs of the enquirer, they can be provided with sector profiles, demographics, ward profiles and facts relating to Westminster’s social, economic, and environmental profile.
- Regulatory Services – providing guidance on, and supporting the navigation of, the council’s regulatory service functions.
- Property enquiries – a city-wide commercial property database will be developed to provide an overview of available properties to let, and channel through to agents and landowners. It will provide a rapid response to enquiries, demonstrating knowledge and agility, and a strong partnership approach. In the interim, the Service is supporting property enquiries with bespoke searches and sharing requirement details through the Westminster Property Association.
- Curated introductions – introducing prospective businesses to partners, business networks and other businesses located in Westminster, to showcase the best of the city.

Welcome

Alongside the work to attract businesses into Westminster, the Service plays a vital role in ensuring new occupiers are provided with a warm welcome and a soft landing. In cases where the Service has worked directly with a business from the beginning of their investment journey, this will be a continuation of the support they have received to invest. But there are new businesses moving into Westminster almost every day, and the Service is reaching out to new employers to provide additional support and explore opportunities for collaboration.

By welcoming and supporting new investors, WIS can help to trouble-shoot potential issues early and ensure businesses are aware of the wide-ranging support available from the council and partners. This includes areas such as the Westminster Employment Service, Smart City (for example opportunities to pilot innovative projects to tackle environmental issues) and Responsible Economy (particularly around Corporate Social Responsibility opportunities).

A live example of the Service working with a new investor to support their investment and maximise the benefits for Westminster communities is with Gymshark:

Case Study – Gymshark’s local recruitment drive



Global fitness apparel and experience brand Gymshark are being supported ahead of the opening of their first permanent, flagship retail store on Regent Street, creating over 100 jobs and spanning over 18,000 sq. ft. Following a requested introduction from the New West End Company, WIS reached out to Gymshark and explored opportunities for collaboration, identifying how the Westminster Employment Service could support their recruitment efforts locally.

As a result, Gymshark hosted a recruitment event at City of Westminster College on Friday 11th March 2022 supported and promoted by the council, including directly with Westminster care leavers by Family Services teams. At the event, Westminster Employment Service (WES) made introductions between Westminster residents and Gymshark representatives and are providing follow up support to residents applying for roles, through CV shaping and interview preparation. Prior to the event, over 30 residents had been supported by WES to apply for roles.

WIS will also profile and showcase investment into the city; communicating confidence in the market and supporting newly locating businesses to raise awareness of their activities. In October 2021, the council profiled the investment being made by Tipalti (a US-Fintech company who chose the West End as the location for their European HQ) – the council’s [news article is available here](#). Tipalti expect to create over 200 jobs in the next three years. The Westminster Employment Service hope to work with Tipalti to support with both immediate opportunities and plan for future skills requirements to support residents into roles where possible.

Succeed

WIS includes a programme of work to support businesses to thrive and grow in Westminster, recognising the importance of nurturing new investors and existing companies. Complementing existing business support programmes, recent investors continue to receive support through the Concierge Service, and those seeking to expand are provided with the same levels of support as inward investing companies.

A strategic account management approach to supporting both existing and new investors is being established. The ‘Westminster 100’ programme will help to mitigate the risk of losing strategically significant businesses, actively seek and develop stronger relationships with employers, and to support the outward profiling of Westminster as a world class business location, drawing on companies involved to showcase the best of the city.

The Service will propose a set of criteria for selection of companies to invite to the programme, but essentially, they will be key businesses that the council seeks a pro-active relationship with. This is

likely to include global HQs, businesses that have significant presence within their sector (for example leading Cleantech companies who can be advocates for further investment by businesses within their sector); those leading on diversity and inclusion initiatives; award winning; and high-growth small businesses.

A co-ordinated approach

Led by the Service, a new Customer Relationship Management system (CRM) will underpin strategic business account management, support successful inward investment conversion, facilitate the soft landing of new companies, and track business engagement and support. A cross-service CRM will facilitate a single overview of the customer, strengthen partnership working, and create more efficient business processes and use of staff time and resources. It will also enable robust tracking and reporting of key performance measures to evaluate service delivery.

Measuring success

The work of the Service is driven by measurable results realised through the businesses supported to invest, grow, and retain in Westminster. Through the unlocking of new opportunities, the council will be able to accurately measure the impact and direct value of the Service's interventions.

It should be noted that it typically takes an average of 18 months between initial enquiry from a business seeking to invest in an area and the end result of them doing so. As such, the Service is taking a strategic, long-term view on how the council can influence and drive sustainable investment. However, more immediate results are being seen already by work being delivered with investors who are further along their journey (such as with Gymshark and Tipalti).

A suite of success measures has been agreed for the Service. Targets for key measures, where a baseline is possible, have been set for the 2022/23 financial year. Measures that either lack baseline information or those that are beyond the direct control of the Service will be tracked quarterly, with all measures re-visited and new targets agreed for 2023/24. The Committee might like to consider inviting the service to report back to P&S following its first full year of operation.

Success measure	Target (for <u>2022/23</u>)	Figure to date (01 July 2021 – 09 March 2022)
Investor enquires / active projects (UK)	50	22
Businesses supported to locate or expand in Westminster	10 <i>(20% of active projects. Stretch target of 16 – representing 1/3 active projects)</i>	1
Jobs created through businesses supported	150	1
Active projects agreeing contracts / heads of terms with property owners Included due to long-lead in times to locate, especially for international projects	<i>Report only</i>	0
Businesses safeguarded	<i>Report only</i>	25 <i>(projected 200 over next 3 years)</i>
Westminster residents supported into jobs created	<i>Report only</i>	0
Apprenticeships / employment / skills opportunities created	<i>Report only</i>	0
Jobs safeguarded	<i>Report only</i>	0
GVA generated	<i>Report only</i>	0
Businesses supported through Concierge Service	<i>Report only</i>	9

Meet the team

The WIS Team currently consists of the two officers detailed below, with a third (Investment Service Officer) set to be recruited in the coming months. The team can be contacted on the details below, or via the Service's shared mailbox at invest@westminster.gov.uk

Nathan Vasey



Westminster Investment Service
Manager

nvasey@westminster.gov.uk

Prior to joining Westminster City Council in July 2021, Nathan led the Business and Inward Investment Team at the London Borough of Lambeth– including the development and implementation of an inward investment strategy and service, alongside major economic development programmes. Before Lambeth, Nathan led on inward investment activity at the City of York Council and Make It York, the city's Destination Management Organisation.

Rob Baffour-Awuah



Principal Investment Service Officer

rbaffour-awuah@westminster.gov.uk

Rob is an investment promotion specialist, with a background in regeneration and brand marketing. Rob led on international engagement, business attraction and the development of the award-winning place brand for the Royal Docks while at the Royal Docks Team. Rob has previously worked with the Greater London Authority's Regeneration Team and the London Borough of Tower Hamlets Whitechapel Vision Delivery Team.

**If you have any queries about this Report, please contact Report Author
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APPENDICES:

1. Investor Journey Schematic