

Welsh Affairs Committee

Oral evidence: Promoting Wales for inward investment, HC 444

Wednesday 14 May 2025

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Members present: Ruth Jones (Chair); David Chadwick; Ann Davies; Gill German; Claire Hughes; Ben Lake; Llinos Medi; Andrew Ranger.

Questions 38 - 73

Witnesses

I: Mark Hallan, Director of Global Investment, Scottish Development International; and Joe Manning, Managing Director, MIDAS.

Examination of witnesses

Witnesses: Mark Hallan and Joe Manning.

Q38 Chair: Good afternoon and welcome to this afternoon's oral evidence session of the Welsh Affairs Select Committee. My name is Ruth Jones. I am Chair of the Welsh Affairs Select Committee. I am delighted to introduce the second session of our inquiry into promoting Wales for inward investment. So far we have heard about the level and nature of inward investment in Wales, where there may be areas for improvement, and today we are joined by two agencies that have been brought to our attention because of their strong performances. We are looking forward to learning lessons from how you attract inward investment into your areas of the UK. First, I will begin by saying, gentlemen, if you need to remove your jackets because it is quite warm, please feel free to do so. Then I will ask if anyone has any interests they need to declare today.

Claire Hughes: I do, Chair. I am a PPS in the Department for Business and Trade, but just to be clear, I am participating as a member of the Welsh Affairs Select Committee.

Chair: Thank you for that clarification, Claire. Brilliant. I will begin by thanking both gentlemen for coming this afternoon. Can I ask you both to very briefly introduce yourselves and the organisation that you work for, giving us an overview, if you like? I will start with Joe Manning.

Joe Manning: Thank you very much for the invitation to speak to you today. I am Joe Manning, the Managing Director of MIDAS. That is Manchester's investment development agency. We are responsible for inward investment across Greater Manchester, which is an economy of about £80 billion. We have a population of 2.8 million people.

Mark Hallan: I am Mark Hallan. I am Director of Global Investment at Scottish Enterprise. I lead the team in Scotland that is responsible for attracting inward investment to Scotland. I have about 25 years' experience in economic development and most of that time has focused in on FDI attraction.

Q39 Chair: Thank you very much. Can you tell us what the benefits are of having an investment promotion agency like yours, identifiable as a single source, if you like? You have both had experience working in your sectors, so can you tell us what the most valuable areas are that your agencies work best in?

Joe Manning: From our perspective, the organisation has been a key part of economic development and regeneration in Greater Manchester since it was established in the late 1990s. What it does for the city region is create a single organisation that can promote Greater Manchester globally and can be a single point of contact for businesses that want to invest within the city region and support them on that journey, making clear the opportunities available but also helping them with some of the



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decision making and derisking some of their investment in terms of having that successful journey to investing in the UK and investing in Greater Manchester.

Mark Hallan: It is all we have known in Scotland. For at least the last 50 years we have operated with a single national investment promotion agency. While we have changed our name and changed our logo over those years a few times, our focus and remit has stayed the same.

The benefit for us is that while Scotland has huge ambitions globally, we are a small country and, therefore, leading at a national level and getting potential investors interested in Scotland first is much more effective than doing it locally or regionally. That is all we do. That is all my teams do— attract foreign direct investment. Because of that, it allows us to ensure that we are professional in our service delivery and that we maximise the value that we bring to companies that are looking to internationalise.

Chair: Thank you very much. I will hand you over to Ann Davies now.

Q40 **Ann Davies:** Hello to you both. Can I ask you first, Mark, to elaborate on the services that you provide to support the inward investment into Scotland?

Mark Hallan: Yes. It really is the full range of services that companies require in order to assess, evaluate, make an investment decision and then operationalise it and grow that facility. We provide a range of information around skills and labour availability. We provide connections to research and innovation institutes across Scotland, and higher and further education institutes as well. We are a land and property owner and we work very closely with the private sector developers as well to provide property solutions and location solutions to companies. We are increasingly spending a lot of time helping companies to get embedded in local supply chains in order to maximise the impact of the investments that companies make in Scotland and spend as much of their money as possible with local companies. Where it is required, we provide grant financial incentive support to companies. Then we provide an ongoing aftercare service after a company has made an investment decision to ensure that that facility or operation becomes a success.

Q41 **Ann Davies:** Does Scottish Development International fund all that or do you work with partners? I am just thinking about things like planning with the local authority, if you have the same system as we have in Wales where planning would come down to local authorities. Do you work with partners or is it wholly through Scottish Development International?

Mark Hallan: We work with an extensive range of partners. We have what we call a Team Scotland approach led by ourselves as the national economic development agency. We are also working with colleagues across the public sector, the skills agencies, Scottish Government from a policy perspective, and then with our local authority partners as well.



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Many of them will have local invest-in teams and they are the local delivery arms. Then we work across the private sector as well, recruitment and professional service firms.

Q42 Ann Davies: Can I ask you the same question, Joe? What services do you provide and what funds the services that you do provide?

Joe Manning: Some of our service provision is similar to what you just heard from Mark, providing research and analysis for companies looking to invest, whether that be labour market intelligence or information about property or skills requirements. We also provide a lot of that connectivity into partners. We work very closely with our universities, with some of the private development community, with the 10 local authorities that make up Greater Manchester, as well as with the Greater Manchester Combined Authority. We very much work in partnership. We do not own land or provide incentives in the way that Scottish Development International does.

Some additions that MIDAS provides are that we do quite a bit of global market engagement, making sure that people are aware internationally of the Manchester offer. We do that alongside colleagues in Marketing Manchester as well as part of our wider place promotion activity. We are increasingly providing insight in networks and analytics functions to feed into the policy development. What we learn from our inward investment community can feed back into the policy development within the devolved arrangements that we have within Greater Manchester.

To your question about partnership with public sector, it very much is working very closely with all the 10 boroughs and, as I said, with the Greater Manchester Combined Authority, too.

Q43 Ann Davies: Do you have a link-in then with the Department of Trade and Industry here?

Joe Manning: We do, yes, in a number of different ways. The current formal arrangement for that was agreed in the last Greater Manchester devolution deal, where we have a Trade and Investment Board that Greater Manchester and colleagues in the Department for Business and Trade sit on as well. We use that as a way to work together on our priorities, whether that be markets or sectors. We also work a lot with colleagues in post when we are going into particular international markets. We will work through UK Government posts to do that. In fact, one of the meetings of the Trade and Investment Board is happening tomorrow, so it is quite a joined-up approach that we have with colleagues in UK Government.

Q44 Claire Hughes: Mr Manning, to follow on from that, how do you co-ordinate the work that you are doing between the Greater Manchester Combined Authority and the UK Government? You just talked about your devolved arrangements. Could you just spell out a little bit more about how you co-ordinate that work between the two?



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Joe Manning: The key point for Greater Manchester has been that it has had a very strong focus on economic growth and development over a number of years, of which inward investment and foreign direct investment has always been integral. We have been doing this for quite a long time. Since the late 1990s, certainly, MIDAS has existed as part of that ecosystem. We now are bringing forward our next 10-year investment pipeline where we have a clear view of where we want to get investment into the city region, both spatially and sectorally. That is the policy framework, if you will, but we work alongside our colleagues in the Greater Manchester Combined Authority. I should stress that MIDAS is an agency of the Greater Manchester Combined Authority, so we work as a complete partnership there.

As for how that co-ordination works day to day, we take a very much evidence and insight-driven approach to what we are doing. Our work follows the work that Greater Manchester has done on the independent economic review, its local industrial strategy and its spatial planning framework to say, "These are the sites or the sectors where we think the growth opportunities are". Then MIDAS's role is to understand where we think those market opportunities flow from and how we can best target those companies, places and sectors that we can bring the investment through. We have an international steering group within Greater Manchester and that allows us to provide that co-ordination of activity. Then, as I said, we also have a Trade and Investment Board on which we work jointly with officers from the Department for Business and Trade to allow that co-ordination with both DBT from an investment perspective and the Office for Investment, but also the activity we want to do on trade and export.

Q45 **Claire Hughes:** Thank you. Mr Hallan, could I ask you a similar question? Could you explain what role the Scottish Government have in the operation of SDI?

Mark Hallan: They are the sponsor division for Scottish Enterprise, which is the main economic development agency and SDI is the international arm of that. They also provide the bulk of our funding to allow us to operate and deliver inward investment support to companies.

When it comes to inward investment, we work very closely with our sponsor Department and then the trade and investment policy Department. To illustrate that, in 2020 we jointly produced our inward investment strategy for a 10-year period. Just as Joe has said, it was probably the most in-depth, evidence-based analysis of where global flows of foreign direct investment were likely to emerge, and then it matched that against Scotland's competitiveness in those sectors. Jointly, that report identified nine areas that now form the joint priorities between Scottish Government and ourselves for inward investment promotion.

Q46 **Claire Hughes:** As part of that work, are you also then working with the UK Government?



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Mark Hallan: We are, yes. Half of my team are based overseas, and all those sit on the FCDO platform. They are co-located with our DBT colleagues, and as a result of that we make sure that our DBT colleagues know what Scotland's priorities and strengths are. We expect referrals to come from them as well for us to hopefully convert for Scotland. We will leverage trade commissioners and heads of missions to support our relationship building and engagement with potential and existing investors. Then we will work with other Whitehall Departments as well. There is a lot of work at the moment with our colleagues in DESNZ related to the energy transition opportunity in Scotland.

Q47 **Claire Hughes:** I have one quick follow-up question on that work you are doing there. You talk about the long-term strategy and the cluster-based approach. Have you had much involvement around the UK Government's industrial strategy at all?

Mark Hallan: We have had opportunities to feed into that, yes, through the consultation process.

Claire Hughes: Super. Thank you.

Q48 **Andrew Ranger:** This is to both of you. I would be interested in what your experience is of prospective investors and whether they find it difficult to navigate the different layers of government in the UK—national, devolved, local, and maybe also all the different growth agencies, investment zones and that kind of thing that is going on. Is that your experience, that they find that difficult? If yes, do you believe that is a disincentive to inward investment in the UK? I will start with Mark.

Mark Hallan: Again, I would refer to the work that we are doing in energy transition, which is probably the only area at the moment where we occasionally get feedback from companies that they find it quite a confusing and complicated landscape to engage in at a Scotland level and at a UK Government level. In those areas, whether powers are devolved or reserved will determine where those companies need to engage and focus their efforts.

I have to say that our colleagues at the Office for Investment are doing a good job at trying to streamline that customer journey and customer experience where potential investors need to engage at different levels of government in Scotland and Whitehall, and trying to make that as painless as possible for them.

Q49 **Andrew Ranger:** Just to add to that before I move on, would you say there is a disincentive, or is the work they are doing overcoming that disincentive, do you think?

Mark Hallan: I would not say it is a disincentive. It is perhaps something that companies do not experience in different locations that they might be considering for those investments. There is a recognition that that is



just the way the system is in the UK and an expectation that agencies such as ourselves or OFI will try to make it as pain free as possible.

Andrew Ranger: Thank you. The same question to you, Joe, please.

Joe Manning: In some ways, there is not a universal answer to it in that it does depend at times on which sector it is or the scale of the company. Large multinationals that are well experienced at operating in the UK or Europe may find it easier than smaller businesses that are entering the market for the first time. There is not a one-size-fits-all answer, if you will, because it does depend on that company journey.

I would agree with Mark that the work that is being done to consolidate that activity at a national level under the Office for Investment is a step in the right direction for that customer journey into the UK. The other point that I would draw out on it is that part of the Lord Harrington review that looked at these issues, I think in 2023, was the recommendation to make sure that the investment promotion activity is a key part of devolution strategy in the mayoral combined authorities as well. That is what we are doing through MIDAS so that you, as an investor into the UK, understand the conversation you need to have at a UK level, whether that is about the tax regime or energy prices or the legal framework in which you operate, and the real importance of the place-based and local intelligence when you get into questions of site selection, skills, labour markets or transport connectivity. That is one of the things we are trying to be very clear on, that you have a certain conversation at a UK level in terms of why it is an attractive market, but a lot of the relationship and a lot of the importance comes at a place-based level, because that is what investors are looking for.

The other thing I would say, and one of the things we try to do in Manchester, is that as well as the technical elements, you can give investors a warm welcome at a place-based level and we should not underestimate the importance of that either. We can get all the technical elements, but particularly if they are entering the market for the first time, it is about the warm welcome to the UK, to the city, to the regional area in which people are investing.

Q50 **Andrew Ranger:** If you could have one wish on how this interaction between the different levels could be improved, what would that be?

Joe Manning: I think it is making sure that the work that we see coming forward through the industrial strategy feels fully integrated with what we want to do in international investment. The levers that are required to make investment attractive sit across Government. As Mark has already alluded to, they sit with DESNZ, with colleagues in science and innovation, with colleagues in the Treasury. Having that joined-up UK approach that is fully aligned with the industrial strategy as that comes forward will be powerful.



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The second ask, if I may, is to make sure that a place-based approach and the role of the emerging mayoral combined authorities, at least in England, feels fully part of that so that there is an appreciation that you can have a national investment and industrial strategy alongside those important place-based actors, too.

Andrew Ranger: Your wish, Mark?

Mark Hallan: Greater join-up and a one team approach. While there is a lot of collaboration that goes on across the agencies, what we do not have is a Team UK approach in the same way as we have a Team Scotland approach north of the border. I think that will come through more working together and building up trust, mutual respect and understanding. I think it is achievable.

Q51 **David Chadwick:** Welsh food and drink exports have fallen by 18% since 2018. I was wondering what the comparative figures are for your region and nation? You might not have them off the top of your head, but generally you might know the trend. Specifically talking about working with other Government Departments, I was wondering what your relationship with DEFRA has been like, particularly in negotiating new trade deals.

Mark Hallan: I am not sure I would be able to answer that because I focus exclusively on foreign direct investment attraction. I have a team elsewhere in the organisation that looks after trade and exports, but I can certainly get that data for you.

Joe Manning: I would be happy to find out the exact data for you as well. The two points I would make is that we do see significant inward investment on food and drink. That is one of the sectors where we see some strengths in Greater Manchester. A lot of that is driven by the accessibility of the region for some of those large manufacturers. If you look at areas like Wigan or Bolton where you have a number of those food and drink manufacturers based, often they will be in foreign ownership. I am thinking of Kraft Heinz as a prominent example. We do have a significant food and drink manufacturing base and I can certainly take that away and come back to you on the export data. I think that it is serving predominantly UK markets. That is the reason they have chosen to invest there.

The second point is that we are working with colleagues on export promotion around some of the Greater Manchester products as well and looking at how we can take those into international markets. Again, I am happy to provide further information on the work we are doing on that.

Q52 **Llinos Medi:** This is a follow-up to the place-based element that you mentioned there. Do you think that there is a disconnect between the place-based and the national policies and levers put in place? Do you think that they are connected well? Is there a way of organically working from the bottom up when it comes to creating those policies?



Joe Manning: From a city region perspective, the devolution journey that Greater Manchester has been on over the last decade I think means that that is continually improving. Through the trailblazer devolution deal, we have an ability now to set a 10-year investment pipeline and more levers to pull. Planning policy has already been referred to, which sits with our colleagues in local government, but if you can put significant transport and infrastructure spend as well as more work over skills and labour markets alongside that, you start to create a proposition at a city region level that is very attractive for inward investors because they can see that you can listen and be able to meet their needs and that the city region is bringing forward pro-growth policies that are not only going to meet the needs of the investors but are in the interests of the communities within Greater Manchester as well.

We will keep pushing our colleagues in Whitehall to go further on that journey and to say that there are elements that we do think can be better joined up. All that is outside the remit of my inward investment agency, as it were, but they are the conditions that create successful economic development. It is a journey and we are not at the end point of that in terms of the best way to operate within the context of English devolution, but I do think that Greater Manchester having more control of its own destiny, setting out a 10-year investment plan and saying, "This is how we are going to commit to that and bring that to fruition" makes the city region increasingly attractive for inward investors.

Mark Hallan: Inward investors locate in places, so we will work very closely with our regional partners across Scotland to help them develop their place-based propositions for inward investors as well as feeding back insights and intelligence of what we are seeing investors are looking for and would expect to see in a place in which they invest and develop. As I mentioned before, we work with our regional partners to develop regional propositions and they then form the core of how we promote places in Scotland internationally to potential investors. More recently, we are working with our local authority partners and Government colleagues around the growth deals and how they can be used to make places more attractive for investors.

Chair: David Chadwick has a supplementary question.

Q53 **David Chadwick:** Yes. Joe, it is very welcome news that lots of FDI is coming into Greater Manchester and the food and drink sector there. I was wondering if you could expand a bit more on what that FDI is resulting in. Is it just resulting in acquisitions and people building a stake in the companies? What else are they doing with the capital that is coming in?

Joe Manning: There is a significant amount through acquisition, but what we see and the most effective thing is that then is followed up by both capital investment and increasing jobs through that. There are a number of companies—I am thinking of one in Spanish ownership and another in Japanese ownership—where they may initially enter through



acquisition, but then we see investment in new machinery, expansion of plant, and looking at ways for them to be more productive. They bring that productivity dividend with them and that in turn creates additional jobs.

What we have seen for the most part is that they are looking to access the UK market. It may be initially with the product lines that exist, but as they grow within the city region they can bring new product lines through as well. That is one of the important dynamics with FDI, that productivity but then those companies looking to grow and expand through market access. That is the model.

It is worth saying that these inward investments have been going on for a long time in the food and drink sector, if you look at Kellogg's, for example, as an historical investor in the north-west of England. This is a not a new phenomenon, but the important point is where they are investing and increasing and getting that productivity dividend from the wider economic growth perspective.

Mark Hallan: To give a perspective from a Scottish set-up, as with our colleagues in Manchester our food and drink industry has a number of significant inward investors. If I look at the whisky industry and the seafood industry in Scotland, a lot of them are ultimately owned by international firms. We have been working with those companies to help them internationalise, to enter into new markets mainly in the east—in China and other south-east Asian markets as well. We have also been supporting them with their innovation agenda. A lot of those companies are investing in energy transition to decarbonise their operations and their supply chain operations.

Q54 **Gill German:** I am interested to hear about the place-based approach that you talked about in particular, Joe. We have heard previously in this inquiry about how a place can market itself as being sector-leading in certain industries. For example, UKHospitality Cymru has talked about how it can pitch itself as being a showcase for the services that can be provided in Wales and how that will create sustainable economic development by the use of local supply chains. I just wondered what contact your agencies had with local business and what you do from that perspective.

Joe Manning: As Mark said, companies invest in places. They invest in markets. They invest in countries, but they invest in places, so that is crucial. We have multiple contacts with businesses within the city region. I think of it in three different categories. The first is work in international markets with some of our flagships, if you will, in terms of the soft power and the story we tell about the city region. In international markets, people think Manchester and they might ask us about football. The fact that we can work closely with our football clubs in international markets can be quite powerful and resonates the Manchester brand proposition. It is the same with our significant cultural assets and our music industry. When we tell the Manchester story, we try to tell it in all its richness and



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diversity, not just the economic story. That first point in terms of our business connectivity is crucial, and within that we work very closely with our universities as well, because they are a huge draw to the city for students, the research base and business partnership.

The second area of business that we work with, and Mark touched on this earlier, is what we in the FDI world call aftercare. It really just means ongoing relationships with the inward investors, who will often work in partnership with us. If companies see a cluster of like-minded businesses, that will be attractive to them. They may or may not know what is happening in Manchester, but they will see similar companies and think, "Well, if they are growing there, I could be part of that", whether that be life sciences or technology or financial and professional services.

The other point that I would make is that what we like to do is make sure we have those networks with the home-grown Greater Manchester businesses as well. It is about both the inward investors and the home-grown businesses because, again, that is attractive. They are part of that economic story. In talking about the technology proposition, if investors are seeing quite a lot of start-ups or scale-ups emerging from our university or being invested in through the local venture capital base, that is also very attractive in understanding the economic dynamism of the city.

Mark Hallan: We work quite extensively with our regional partners, and through that we will challenge them. It is not just good enough to say that you have expertise in a particular cluster, you have to be able to evidence it. You evidence it through the make-up of your company base, the skills that are available within your region or accessible from your region, the infrastructure that you have, and academic links or links to innovation centres as well. From a credibility perspective, that is what potential investors will expect to see. We are not afraid to provide that robust challenge before we would then partner with them on any international promotion and investment attraction activities.

Q55 **Gill German:** Do you think that sector-based clusters are an effective way of attracting inward investment from the aspect, as you said, Joe, of showing that there is strength already in a certain sector that might attract someone else; creative clusters, for example? There is one that has been set up in south Wales. It is something I would love to see in north Wales, where I am. It is also what can be provided by a supply chain, a host of different places to eat or hold meetings or events. Do you think that the cluster model is something worth exploring?

Joe Manning: From our perspective, yes. Greater Manchester has seen that effect around creative industries as well. If you think of the investment of BBC into Media City and the development of the cluster there around film production, digital and gaming, that starts to grow that cluster. It does help to have an anchor, as it were, in that instance something like the BBC that is internationally known. You can build the cluster around Channel 4 with some of the production studios as well.



Again, you put in place some of those support packages. You can have large-scale inward investment alongside the smaller indigenous business base. That can be very attractive, too, because it creates supply chains and labour market opportunities. Businesses can then see their growth journey.

I would also echo Mark's point, and I hope that we in Greater Manchester do hold ourselves to a good standard, and that we do not try to claim to be good at everything. We take an evidence-based approach and an insight-driven approach and we try where possible to be quite specific. We do not just talk about life sciences, we get down into some of the areas where we do think we have the research strengths or the industrial base. We do not just talk about technology, we will talk about what we are doing around cybersecurity or artificial intelligence and we will back that up with evidence.

The final thing I would say is that the one thing we have to guard against is going down a route of one place, one sector. Places are diverse economies and increasingly in the innovation economy we are seeing that the real magic happens at the edges of those sectors. It might be the work between the food and drink sector with our digital and technology base and our materials sector coming up with innovations in packaging. That I think is quite important, that when we think about clusters we recognise the sector strengths but we also see that it is about multiple sectors sometimes interacting as well.

Mark Hallan: We have definitely seen the value that regional clusters have in Scotland to our inward investment work and to the growth of our indigenous companies, whether it is the space cluster in Glasgow, the data and digital cluster in Edinburgh, or the life science cluster in Dundee and Tayside. Companies like to be near other companies that look like them, that do something similar to them, because of the synergies that exist for them there. There is much more value and appeal that is perceived to being around others in your cluster rather than it being a threat or a risk.

Gill German: With a quality mark built in, which I recognise is important for a region. Thank you so much.

Q56 **Andrew Ranger:** Almost following on from that, you have spoken about how you have to be honest about what you are good at and promote that. I am thinking in a sector, but cross-region, if you have a specific cluster in your area that you are expert at, there might be something in Wales, for example—relating to Manchester or Scotland—that would complement that. Say there is a hardware company in Manchester and a cluster going on there, but there is a sector in Wales that would complement that, maybe on the software side, would you work in co-operation with those to try to promote that inward investment along that way? Sorry, is that making sense?



Mark Hallan: It does, and it is something that has been spoken about for a while, yet in practice it does not happen, or it does not happen from a Scottish perspective. Most of the inward investment projects that we compete for and secure are of a scale that they can be accommodated in Scotland. They can find what they need in Scotland without requiring us to look at how we might collaborate with other IPAs.

The emerging exception to that might be in the energy transition and offshore wind space because of the scale of some of these projects: several thousand jobs to build foundations for an offshore wind turbine and a massive land requirement. You could feasibly see how projects such as that could have different elements located in different parts of the UK, perhaps something in Inverness, something in Aberdeen and something in north-east England. That is some of the early thinking that we are doing at the moment, but it is no further advanced than thinking.

Joe Manning: It is an area that we can improve on. For the north-west, building on the point about renewables, there is a huge opportunity there. If you look at the hydrogen and carbon capture and storage project through HyNet, which has a locus in Cheshire but a significant investment in Greater Manchester, Liverpool city region, north Wales, Deeside and on into the Irish sea, that level of investment is cross-border. If you want to take that level of investment on a global stage, it becomes very attractive when you talk about the UK at that level and build that cross-border collaboration. There are opportunities and I do think the renewables sector is a key one, given the large scale of investment that is available there.

Within Greater Manchester we are also looking at where else we can collaborate. We have historically collaborated in the north of England. We are doing work at the moment with our colleagues in Liverpool city region around where we can work more closely together through the Northern Arc and the Liverpool-Manchester rail connectivity that the two mayors are championing and which we will be talking about later today. As an investment proposition, that is pan-regional and ultimately has benefits across the north of England. If you do take an evidence-based approach to that, you are able to say certain types of investment might be better located at the Port of Liverpool while others might be better located in the Liverpool Knowledge Quarter or within the Greater Manchester Oxford Road innovation. We are building that out.

The other one I would flag, which I think is new, is the work we are doing between Manchester and Cambridge, which is being championed by the two universities. It is saying that we have complementary research and innovation strengths here and we have an opportunity to take those to market in a different way when we are looking at inward investment. To your point, it might be that certain elements of a research activity may be done in and around the University of Cambridge, in this instance, while the development might happen in Greater Manchester or elsewhere



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in the UK. We are building that. There is quite a lot of live work on it and I think there is an opportunity for us to go further with it, too.

Andrew Ranger: That is very interesting. Thank you very much.

Q57 **Claire Hughes:** I have a very brief follow-up to something you mentioned before. This is to Mr Hallan. One thing that Wales and Scotland have in common is rurality. Going back to what you were telling Andrew about businesses wanting to be located near to other businesses and you have that clustering approach, how much of a challenge has the rurality of Scotland been to you when it comes to inward investment? You obviously have big cities as well, but could you comment on that at all?

Mark Hallan: Yes. If I leave aside the financial year that has just finished, for the previous three operating years it was 11% or 13% of all the inward investment jobs that we secured went to rural areas. However, for 2024-25 that figure increased to, I think, 35% of our total jobs that went to rural areas. There are two things at play there. First, a huge project from Center Parcs. It just announced that it will put a resort into the Scottish Borders, which is, I think, about 1,200 jobs.

The bigger story is the energy transition play, the offshore wind play, where the bulk of the activity that is going to be undertaken to manufacture, deploy and then service the offshore wind turbines will happen in the north-east of Scotland. Almost every offshore wind project that we have in our pipeline at the moment is looking at a location in the Highlands and Islands. As we progress and advance and deliver that energy transition opportunity, I think we will see more of the economic impact landing in rural areas than has been the case previously.

Q58 **Gill German:** I just wanted to follow up on what Joe was talking about, the co-working between Liverpool and Manchester. I wondered what your thoughts were on developing a north-west region that includes north Wales. Being from that patch, you will know that the links are strong. I wondered what your thoughts were on that and possibly, say, with a north Wales mayor in place so there is that joint working going on. I wanted to explore your thoughts, because it is certainly something that I have floated previously.

Joe Manning: I would not want to speak on behalf of my mayor about any—

Gill German: I know. It was a bit cheeky.

Joe Manning: From an economic standpoint and from an investor standpoint, it goes back to that point about making the user journey as understandable to companies as possible. If that can be done through greater cross-border collaboration and it is based on insight and evidence to say, "Look, these are where those strengths exist and this makes sense to do so because the supply chain stretches across the north-west into north Wales", then that will be a good conversation to explore. As you get more maturity in the English devolution model, you will have the



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chance to have those conversations with organisations like MIDAS. For me, one of the huge opportunities is around energy transition and clean energy. That will be one to look at further.

Q59 Llinos Medi: My question has already been answered, but just in case there is anything you want to add to it, it was about the sector-based proposals and how you work across regionally and how you share that good practice. You have just mentioned that we talk about it but we do not do anything about it. Is that down to just the lack of time and capacity or is it that the structures do not work together and it is quite challenging to get them to work?

Mark Hallan: There is some collaboration there. Last week Joe and I were both at an FDI leaders forum, where we shared insights on what we are seeing and hearing from investors and opportunities emerging. In terms of promotion or actual delivery of inward investment opportunities, I think we are not seeing it in Scotland because of the nature of the projects. With the exception of offshore wind as I mentioned before, they tend to be relatively small. What those investors are looking for they tend to be able to find in Scotland, so there is just no need for us to look at a multi-location solution within the UK for them.

Joe Manning: From our perspective, I have already given some examples. We are trying to do more in market with colleagues as well. We have been doing work with a loose affiliation of UK cities around some of our real estate promotional activity. That can be quite powerful because international investors can see multiple opportunities at one time. We also work closely with colleagues in London and partners, and that can be helpful, too, because it might be that a company's first investment into the UK is in London, but its second investment might be into Greater Manchester, Wales or Scotland. The ability to understand that a company has multiple footprints across the UK can be useful too. I think the will is there. I think we are improving. I think, ultimately, though, and similarly to Mark, that my number one priority is to drive inward investment into Greater Manchester, so we just have to make sure we get those structures for collaboration designed in the right way.

Q60 Ann Davies: Mark, how does the SDI engage with the Department for Business and Trade to collate accurate inward investment data?

Mark Hallan: We share databases with the Department. We have access to DBT's inward investment pipeline, and we also report and share our annual successes with them. We have just completed that process for the year just past. We are transparent with our colleagues in DBT with both pipeline and potential opportunities, as well as actual performance and delivery data.

Q61 Ann Davies: How does that data influence the work that you do as an organisation?

Mark Hallan: It influences the partnership work that we do with DBT. We know, through the provision of that data, that if we can illustrate that



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Scotland has a particular strength or competitive advantage and proposition within the UK, more often than not, we will agree to do some joint promotional activity in key markets.

Q62 David Chadwick: How does the Scottish Government assess the performance of its overseas offices?

Mark Hallan: The Scottish Government has its own policy offices in key international markets. I do not have the data. I am not involved in how they monitor the effectiveness of those appointments.

Through our Scottish Government funding within Scottish Enterprise, we operate several overseas offices, and we look at the contribution that they make to our annual inward investment performance and delivery. As part of that work, we will look at the geographical breakdown of jobs, capital expenditure, and research and development spend that have been generated for Scotland's economy as a result of the work we are delivering through those offices.

Q63 Claire Hughes: May I go back to the topic of data with you, Mr Manning? You talked about the importance of an evidence-based approach for your organisation. Could you just tell us a bit more about how you go about making sure that the data that you collect is meaningful and accurate? How do you do that?

Joe Manning: We use the data and evidence in a number of different ways. The first point is how Greater Manchester makes policy in an evidence-based way. It goes back to the point around sectors. As that is developed, we will make sure that we are properly assessing our economic strengths and not calling out things where we do not necessarily have that strength. We are therefore taking a focused approach. That was brought forward in the local industrial strategy. That is the first point at which evidence is crucial because it allows us to focus rather than trying to promote all sectors to all people. We say, "These are the sectors and this is the strategy we are going to follow".

The first point is around decision making. The second point is how we use insight and data to understand market trends. It might be all well and good for us to say that we are strong at something, but if that is not where the market currently wants to invest, that will be a problem and will not be where we should put our resources and effort.

We would take, for example, our life science sector, understand where those strengths would lie and work out where internationally some of those clusters or some of those companies are located. We did a major study on the US, for example. Yes, there is Boston and the East Coast, but which of the other emerging hotspots in life sciences and biopharmaceuticals would marry with Greater Manchester's strengths? That would inform our go-to-market strategy as well as our product development and proposition so that we have a credible story to tell investors.



The third way in which we use evidence is to assess the impact we have. We understand how many projects we land within the city region and what those projects will deliver for jobs and wider capital investment outcomes. Like Mark, we share that information with our colleagues in DBT and are transparent and robust, challenging the veracity of the data—we are very open-book in how we provide that information—and the information cycles back in so we understand where our strengths lie and where the investors are coming from.

Q64 Claire Hughes: Great. May I ask a quick, slightly cheeky question to get a sense of scale? Do you know roughly how many people will be employed in the data insight part of your organisation?

Joe Manning: We have three internal analysts in the organisation, which is about 10% of our headcount. It is an area that we would like to grow because we would like to stay alongside the companies for longer. A lot of the inward investment world focuses on the initial investment. However, the expansion, the ongoing growth and the scaling of those companies are crucial too. We would like to understand how that works and measure it for longer. We want to build out the market research and insight-driven activity and there is room to do that, particularly when you look at some of the new technologies that can be deployed in that space. That is our model.

Q65 Llinos Medi: Do either of you have an example of how that data has influenced your way of working?

Joe Manning: We look at the markets where most inward investment has come from into Greater Manchester over a historical period. That has had a massive influence on where we prioritise resources. We would look at historical trends in inward investment inflows. The UK's largest market has been the US and that has been reflected in Greater Manchester. The USA is the largest source of inward investment in Greater Manchester.

We would then drill down to the next level, see that the majority of investment has come from two or three locations within the US and try to understand why that is the case and how that has evolved. Historically, companies might have been putting in one type of functional operation into Greater Manchester, which might have changed over the last decade. So, why is that and where would we focus and target? That is crucial for our resource allocation and strategy delivery. It is also extremely important for having a credible offer to those businesses. We are not trying to take a kind of blanket approach. It allows us to target quite specifically so we can understand the trend and try to stay ahead of it with the proposition we make.

Mark Hallan: I would use the space sector as an example. We were heavily into the space sector about three years ago, partly because of the cluster that I mentioned that exists in Glasgow. We had been successful in attracting a couple of small satellite-manufacturing inward-investment



projects. We could see the growth in the global sector at that time, so we stood up quite a significant team to target that opportunity.

Subsequently, we have stepped back from that because we simply did not see the expected deal-flow emerging. Part of the decision to step back was influenced by the analysis that we had undertaken to help us understand what was or was not happening in the sector. One of the insights that we got from that was that VC investment into the space sector, particularly on the west coast of the United States, which was our geographic focus at that time, had plateaued and was beginning to decline so there was less capital available to support the internationalisation of some of these companies. Having undertaken that analysis and having the evidence there, we felt confident about stepping back from that opportunity.

Q66 Andrew Ranger: In recent months, we have seen massive changes on a global economic scale—turmoil, you might want to call it. It was interesting that you mentioned the US briefly before. With things such as tariffs and the conflicts going on, and trade deals that we are doing, but other countries are doing as well, there are lots of changes and huge dynamism happening. Have you picked up how those changes in global economic trends are impacting prospective investors' decisions about investing in the UK?

Mark Hallan: We are trying to make sense of that, and we are taking a variety of approaches. We have doubled down on all those US potential investors that we have in the pipeline. We have checked in with them to understand if their plans have changed in any way. In Scotland, we have just completed a fairly intensive engagement with the existing US investors that we have to hopefully pick up any insights from what they are hearing from the corporates. We have not yet picked up any evidence that the companies we are engaged with are materially changing their plans.

We have a diaspora network called GlobalScot. I recently chaired a meeting of about 20 or so US-based GlobalScots to get their insights, advice and intelligence about what they were picking up. Their strong message was that companies are adopting a wait-and-see approach. There was no concrete evidence that companies are changing their plans, stopping their investment or redirecting their investment elsewhere.

Joe Manning: The headline is the uncertainty that is delaying decision making. We are seeing that. I think we will also see greater risk aversion in a number of companies—more aversion towards the potential downside risks of decisions. That may move decisions out, which is one of the overall concerns about the level of uncertainty about how tariffs may or may not be applied. As Mark said, in some ways it is too soon to tell. We are not having people say, "No, we are not doing that", but it might delay the decision-making process.



Another point is that this comes on the back of longer-term trends in FDI flows that are important to understand. Things such as the Biden Administration's industrial policy and the Inflation Reduction Act put in a significant number of incentives in place to redirect investment flows internationally. So, although tariffs have affected that, we have seen long-term trends and a decline in US investment over a decade. We have also seen people moving investments globally in response to where they think those incentives will be. The European Union has also put certain incentives in place to redirect investment flows. This comes on the back of a decade's worth of changes in how investment decisions are being made. From a city region perspective, it will mean that we have to make sure we keep assessing our internationalisation strategy and that we are prioritising the right markets.

Another thing that we are trying to do is recognise that while there is global uncertainty and at times a difficult national picture, the relationships we can build on a city-to-city basis become even more important. In the US, we have just agreed a new partnership with the city of Austin in Texas. That city is one of the fastest-growing, if not the fastest, economies in the US, driven by the tech sector. We are building a bridge between Greater Manchester and Austin in a range of areas.

We will be in Japan doing the same with the city of Osaka, which builds into our decarbonisation and digital agenda. We are trying to take a smart approach where we can use those city relationships as a strong connection against a backdrop of global uncertainty. We are finding that to be quite a powerful way of acting on the global stage at the moment.

Q67 Chair: Mark, you mentioned the Scottish diaspora just now. In our previous evidence session, a witness talked about the usefulness of the Welsh diaspora—there were 3 million—saying how they could be utilised. How do you utilise the Scottish diaspora and do you find there are benefits to doing that?

Mark Hallan: Huge benefits. GlobalScot, our diaspora network, will be 25 years old next year and we have grown that network to about 1,300 members. GlobalScot is a business network of Scots and affinity Scots working in senior positions in business around the world who want to give something back, but has a purely economic focus. That is what makes it different from other Scottish diaspora networks. The users of the network are primarily Scottish companies, as well as me and my colleagues in Scottish Enterprise. GlobalScot will provide advice to Scottish companies on how to internationalise, how to enter a new market. It will provide introductions to potential customers or investors. It also does a lot of coaching and mentoring of leadership teams. It provides insights and intelligence, as I had mentioned before, and above everything, it provides advocacy. GlobalScot members are salespeople and champions for Scotland.

We make sure that we arm them with our key selling messages for Scotland, and we ask them to play those messages as often as they can



when they are having discussions with their networks and we get referrals. We land inward investment because of introductions that have been made by our GlobalScot members. It is one of the most powerful tools in our tool bag. It costs us something like £50,000 a year to run, and most of that is just on platform charges. The value that our members provide is goodwill and everything that goes with that.

Q68 Chair: Can you quantify—not necessarily today—just how useful the diaspora is? We feel that the Welsh diaspora might be an untapped resource, if you like.

Mark Hallan: Sure. My colleagues have done an evaluation recently, and I can share that with the Committee.

Q69 Chair: That would be very helpful. Thank you. Joe, do you have a Mancunian diaspora?

Joe Manning: We do not have a global Mancunian network, but perhaps we should. I will take that away from the Committee. We do use, if you will call it that, a diaspora of Manchester. One diaspora that is very powerful for us is the alumni networks of our universities. Now, that is not just Manchester born and raised people, but people who might have studied in Manchester for one, three or five years. It is hugely powerful. As part of an upcoming international mission, we are working with the University of Manchester in Singapore. It gives us significant access to people who might then be in very senior roles in international markets, and that is very powerful.

Also, as Mark has alluded to, where we do have those strong contacts, that sense of pride in the place that people have come from is powerful, and the referral network can be very useful in generating leads and in the selling messages because it is an authentic pride in the city. We do use it, but it is predominantly through the university alumni network, and we do not currently have that other kind of global network.

We have historically had ambassadors at times from a city region, but that consists more of senior business figures in Greater Manchester helping to promote on a global stage. It can be very powerful. When we go to market, we do try to make sure that those people are part of our delegation, so that when we are in market, it is not just the messages from my organisation—it is our job to sell the city—but businesses can hear it from their contemporaries or other parts of the Greater Manchester community, as I have alluded to earlier, such as the sports or cultural sectors.

Chair: I can attest to your stickability because my son went to Manchester University and has never left. So certainly you have it there, regardless of whether you are a diaspora or not.

Q70 Claire Hughes: You both talked at the very start about the importance of a long-term strategy for FDI. We have also talked about the volatility of the market, and the international environment is ever-changing and



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ever more unpredictable. How can you have an organisation that is agile and able to respond to changing market conditions but also has that long-term plan? I do not know if you have any thoughts you could share on that. Mr Manning.

Joe Manning: It is certainly a challenge. As Mark has said, markets are cyclical, so you can go through trends where you might say, "Well, this is a sector we have real strengths in; we will stand up an opportunity there" but because the market moves, you have to be agile enough to say, "Okay, this might not be the right moment to do that". You have to have the ability to respond and maybe sense where opportunities are.

We do that through trying to deploy resources against those sectors and maybe putting a bit more against one where we think we can achieve something. You cannot place all your bets at the same time, particularly as a city region, where we are more constrained for resources. You also have to be able to move quickly off them. Greater Manchester has been quite good at evolving with the market trends. We will move away from certain things and say we do not need to do some of the maybe mid- to back-office work we might have done previously because we will now focus more on technology or artificial intelligence, so we can move with those trends.

Another thing we try to do is to be open to all inquiries. We do not want to just put all our bets on the big new thing that we are excited about, because we might get inbound inquiries across a range of sectors and it is incredibly important to those companies that you answer the phone, call them back, and make those relationships.

That is trying to describe a pragmatic strategy where you place some bets on the sectors where you think the growth is going to come from, where you think you have the strength of the market trend with you, while also being reactive enough to both inbound inquiry and the wider business base. Then, to Mark's point, sometimes you have to be brave enough to say, "We tried that for a few years and it didn't work, let's try something slightly different".

Mark Hallan: It is important to be agile but also to play the long game, where you think the benefits will emerge. I have mentioned offshore wind a couple of times. That is an example of where we are playing the long game. We have put a lot of eggs in that basket because it represents one of the biggest economic opportunities for Scotland and we have built up a very sizable pipeline of opportunities. However, offshore wind is an industry that is going to emerge over the next 10, 15, and 20 years. Some of the opportunities that we have in the pipeline will not convert in two or three years.

We have done, and will continue to do, the job to make sure that our stakeholders understand that we might not see the results materialising as quickly as we would in other sectors, but that it is worth being patient



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because the scale of the impact is such that it is worth making that investment.

I also mentioned the space sector. One of the reasons we can be agile is size. The inward investment team is a team of 120 people, so it is relatively straightforward to be able to pivot from one area of opportunity to another.

Finally, as part of the work that we did with the Scottish Government to develop our inward investment plan, we identified nine opportunity areas. We do not have the resources in any one year to go after all of those areas, so if we place a bet somewhere and it does not pay off for us, then we will look at the next priority on the list and potentially pivot towards it.

Q71 Gill German: I feel duty bound to point out that there is very much a Mancunian diaspora in my part of north Wales. My family moved there in the 70s. There is still a very strong bond. My brother and my nephews in particular will add to the Mancunian coffers with their fairly frequent visits to Old Trafford.

On a more serious point, I often speak to people from Manchester who holiday in north Wales. That was my family's journey, to go and live there, so I think there are real opportunities to make the most of that. There is a great affection between both areas. Yes, we are definitely flying the Mancunian flag in parts of my patch.

Joe Manning: I will be holidaying in north Wales on Friday of this week, so I can attest to that ongoing relationship.

Chair: Before anyone else goes, there are other parts of Wales that are also very lovely. In the interest of fairness and impartiality. I will move to Ben Lake now, please.

Q72 Ben Lake: Thank you, Chair, and Ceredigion Preseli is also wonderful at this time of year.

Thank you very much, gentlemen, and apologies for my late arrival. Are there any other examples or points that you would like to make to the Committee that would be helpful for our work in looking into inward investment that you have not already covered?

Joe Manning: One point I would like to stress is—because the No. 1 thing that we are asked about on inward investors is talent—the skills and recruitment. It is important for the Committee to hear that. Across any sector of the economy, that is the No. 1 question. It is important for Greater Manchester in how we think, not only about our universities and the fantastic alumni and student base, but about what we are doing as a city region to make sure that the people within Greater Manchester can access opportunities from the inward investors as well.

It is fantastic that we have some of these high-value, high-end jobs in technology or financial services, but we need to make sure we get the



pathways through so that people can access the job opportunities. That emphasis on talent and skills is critical to where we, as a city region, are in attracting investment and for the UK too.

A second point—I think it has already come up in some of the comments, but emphasising it here—is that other facets of the quality of place are crucial as well. When you get beyond the conversation with a company about its recruitment strategy or its site selection, the next conversation is about the quality of place, the stickability of Greater Manchester, the fact that you have a living offer in the city centre that is now very attractive for a younger workforce, and you have a wider quality-of-life aspect as well. Sometimes these conversations are lost when we think about FDI and global market flows, but the quality of place and quality of life are crucial in how you promote a place as investable. That is why the work that I might be doing to attract investment is only successful if the work that my colleagues are doing to bring forward good quality housing and a range of housing is also successful.

Q73 Ben Lake: That is very interesting. Does that overall offer form part of the communications you have with potential investors? You tell them about how wonderful a place Manchester is to live?

Joe Manning: It does. We ask everyone who invests in the city region for direct feedback on my organisation, and we also ask how we impacted their decision-making. They may have been looking at multiple sites across Europe. Why did they choose Manchester? Was it something that we were able to convey? The feedback on that comes through strongly. The company will say, "Well, actually the thing that made the difference is that one of your team showed me where the staff could live, they went on Google Maps and provided printouts of the journey to work and the commutability", because they did not know the city. Going the extra mile, with the quality-of-place narrative, making very clear the welcome you can provide, making the business feel part of that fabric, is crucial. Ideally, we then stay and work with those companies as they continue to grow their footprint. Some of our most successful investors are now coming up to their 20-year anniversaries in the city region and they feel very much part of the fabric of Greater Manchester. Then they become our best advocates. If they can say, "This is why Manchester's great", that is our job done for us.

Ben Lake: Thank you very much.

Mark Hallan: Perhaps I might suggest a question for the Committee. What does Wales want to get from inward investment? I can articulate that from a Scottish perspective. Inward investment is disproportionately important to Scotland's economy. Inward investors make up 3% of the company base in Scotland, but account for 34% of all jobs in Scotland, 46% of Scottish GVA and 77% of Scottish exports. So a strong inward investment performance means that Scotland's economy is going to benefit. I have just not heard that articulated as clearly for many other locations. It is one of the reasons why the Scottish Government resource



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us the way that they do, because we can clearly demonstrate the impact and the return on the investment that the economy gets from us.

Chair: Thank you very much. I am going to bring this session to a close now, but I must say, thank you so much, gentlemen, for coming to us today. Your answers have been informative and expansive. You can tell by the number of supplementaries the interest you have both generated. So, I just want to say thank you for coming to see us this afternoon. Your evidence is most useful to our further inquiry. Thank you very much. I will bring the session to a close now.