

# Invitation for Quotation

## Midlands Investment Portfolio: Future FDI Clusters analysis

### Background

The Midlands Engine partnership has an important role to play in turning Global Britain into reality.

By identifying and activating inward investment opportunities, we aim to expand our global footprint in support of levelling up. Increasing inward investment and exports will also help to close the productivity gap in the Midlands leading to greater prosperity for our communities and economic growth at scale. Read more about our work [here](#).

Working with partners across the Midlands, we are developing a **Midlands Investment Portfolio** to set out priority investment opportunities across the region. As part of this programme of work, we are also looking to identify and showcase the region's FDI opportunities, including **identifying emerging, growing and established clusters across the Midlands** that have the potential to attract FDI now and in the future. The Midlands Engine is looking to engage an appropriately qualified and experienced supplier or number of suppliers to support the project delivery of this work as set out below.

The project as a whole will produce the following:

- A bespoke package of metrics that provide an analytical framework for evaluating the 'FDI Potential' of clusters
- An evaluation of approximately 50 clusters across the Midlands, including a 'score-card' of data and commentary for each cluster and appropriate data visualisation/ mapping
- A core digital asset summarising the work to be hosted on the Midlands Engine website as part of the Midlands Investment Portfolio site, including appropriate data visualisation/ mapping
- A report that summarises the work and includes policy recommendations for partners, businesses and government – to be written as a collaboration between suppliers and the Midlands Engine

**Key deliverables:** Identify and evaluate clusters; creating and applying a bespoke analytical framework comprised of different source data and indicators to:

- Help define and articulate what 'FDI potential' is
- Provide data and insight into global investment trends and market conditions
- Evaluate which clusters have the greatest potential for international investment over the next 5-10 years
- Work with other suppliers to present this analysis in an innovative and compelling way to our partners, business and government, including the development of an accompanying report and policy recommendations.

Previous work undertaken across the region has identified around fifty existing economic 'clusters', (see Appendix IV). We would like bidders to consider in their response how they will provide an initial 'hypothesis set' against which we can then test 'FDI Potential' by generating a bespoke package of metrics. identified a preliminary list of indicators and metrics that suppliers might want to include in the bespoke analytical framework (see Appendix II).

Whilst the **key deliverables** listed above have been divided into three broad ‘lots’ we expect there to be significant overlap between these work packages. We welcome quotations from suppliers who can provide services that will deliver against the priorities identified across each individual or multiple ‘lots’ as set out below. The project will be run as a single integrated programme of work, with suppliers required to work effectively with each other.

### **Lot 1: Supply-side analysis**

- a) To map and create geographical definitions for the approximately 50 Hypothesis Set of clusters
- b) Design a bespoke package of metrics that will provide an analytical framework through which to evaluate the ‘FDI potential’ of clusters
- c) To incorporate up-to-date and innovative data sources in this analytical framework, including measures of the business and innovation eco-systems for each cluster
- d) Undertake the evaluation of the Hypothesis Set of clusters against this framework, generating a cluster-specific ‘score-card’ of data, as well as a commentary summarising each cluster
- e) Use the analytical framework to identify any other emerging, growing or established clusters in the Midlands that aren’t currently in the hypothesis set; or the potential for multiple clusters to be combined to increase FDI potential

### **Lot 2: Demand-side analysis**

- a) To select and provide credible ‘demand-side’ metrics that will form part of the analytical framework to inform the ‘FDI Potential’ evaluation of the clusters, including any relevant previous UK and international investment, regional/national/global FDI trends as they apply to place and sectors, and any other credible measures
- b) Apply these metrics to the Hypothesis Set of clusters – as part of Lot 1 (d) above.

### **Lot 3: Policy recommendation, dissemination and engagement**

- a) To undertake a literature review of current thinking around both clusters and ‘FDI potential’ to ensure the framework developed for this piece of work is robust and credible
- b) Help co-author, co-design and launch a report and accompanying digital asset (hosted by the Midlands Engine website as an integrated part of the Midlands Investment Portfolio) to showcase the project.
- c) Co-author a report that summarises the work and includes policy recommendations for partners, businesses and government - to be written as a collaboration between suppliers and the Midlands Engine
- d) Produce and disseminate an evaluation of approximately 50 clusters across the Midlands, including a ‘score-card’ of data and commentary for each cluster and appropriate data visualisation/ mapping
- e) Undertake a series of private sector roundtables with businesses in a selection of the Clusters to inform the policy recommendations in the final report
- f) Support the dissemination and communication of the report

## Submitting a proposal

If you are interested in providing a quotation for the services and above, please provide a response to include:

1. Your approach to delivering the requirements as set out in each Lot and the value-add brought by your firm including match funding
2. Your company expertise and resources you would commit (including the team proposed)
3. Day/hourly rates for key personnel
4. Core deliverables & value for money in your proposal
5. Your response should include any key areas where you believe your company can offer added value to Midlands Engine.
6. We are seeking a flexible provider who when called upon will advise on and act on any other matters not expressly specified but implied in the nature of the services outlined

The appointed contractor must demonstrate that there are no business, professional, personal, or other interest, including, but not limited to, the representation of other clients, that would conflict in any manner or degree with the activities outlined in this invitation to quote.

## Evaluation

Quotations will be evaluated against the following criteria.

- The distinctiveness and quality of the data, metrics and analytical capacity you will bring to the project
- Your track-record of expertise in producing work of relevance to this project
- The relevance of your proposal to the above scope of work
- Any match or contribution in-kind you are able to present in your proposal
- The sustainability of your proposal, and whether it would be straightforward to repeat or expand the exercise in future years as part of a benchmarking and tracking programme
- Value for money

Services timeline: Commencing 14 March 2022, concluding on or by 31 August 2023

Deadline for tenders: Midday 3 March 2022

Please send submissions to: [gayle.aughton@midlandsengine.org](mailto:gayle.aughton@midlandsengine.org)

Payment for the contract will be paid subject to satisfactory completion of agreed works and provision of monthly updates and satisfaction of delivery by the Midlands Engine SEO or nominated representative.

## Appendix I - What is a Cluster for the purposes of this exercise?

A cluster in this context is a concentration of economic activity across a meaningful geographic area that is noteworthy due to a particular focus and related strengths (such as market prominence, concentration of skills, research and development, and innovation), and thus future opportunities for growth, and potential for future investment. For example, the Leicester Space Park is a cluster built around the UK's only space enterprise zone and the high growth of companies in this sector. Precision farming in Telford is another cluster (and DIT High Potential Opportunity), building on the high concentration of agri-tech companies and research and development in the area, and importance of the sector to the local economy.

Finally, the declarative nature of a cluster is also a contributing factor to this exercise. Our hypothesis set of clusters from the Midlands (see *Appendix III*) have been included because our partners and the businesses within them refer to and think of themselves as a cluster to the extent that they have been declared as such by Local Authorities, LEPS and IPA in various economic and industrial strategies. The list also includes current DIT High Potential Opportunity Areas, Green FDI Opportunities, Life Science Opportunity Zone, Food Enterprise Zones and other Enterprise Zone across the region, and their stated sectoral foci.

## Appendix II - What metrics might be included in evaluating 'FDI Potential'?

We would value the input of suppliers in defining this basket of metrics. The below is a starting point:

### Supply-side

- Business environment
  - Presence of major company(/ies) and associated supply-chain firms
  - Presence of high-growth companies
- Space
  - Availability of high-quality business location opportunities
- Talent and expertise
  - Availability of relevant graduates
  - Proximity of relevant and high-quality research centres/ schools
- Skills eco-system
  - Availability of skilled labour in relevant field
  - Jobs and vacancies in relevant fields
- Innovation eco-system
  - All the normal stuff like patents, licensing, grants etc but relevant to the cluster
  - Incubators/ Accelerators connected to the cluster
- Cluster in context...
  - Links to region
  - National distinctiveness
  - International distinctiveness

### Demand-side

- FDI Track-record
  - Recent new FDI
    - Projects, Jobs, M&A (positive), Equity
  - Recent FDI expansion
    - Projects
    - Jobs
  - 'Signature' FDI (i.e. major/ high profile company)
- FDI Trends
  - Globally
  - Into the UK
  - Into the region

**Response structure:** If you are interested in providing a quotation for this work, please provide a response to include:

7. Your approach to achieve each of the deliverables and the value added which your firm will bring
8. Your company expertise and resources you would commit (including the team proposed). Please provide a copy the CV's of the available staff with your proposal.
9. Day/hourly rates for key personnel
10. Your response should include any key areas where you believe your company can offer added value to Midlands Engine

### Appendix III – Possible data sources for inclusion in the basket of metrics

The below table highlights the key data required in this work and the source. Note, the ‘key data’ list has been confirmed with the Midlands Observatory as available and usable. Advice on further data sources and potential uses in mapping and identifying key clusters is welcome.

Data Point	Source
<p>Key data:</p> <ul style="list-style-type: none"> <li>- Earnings</li> <li>- Skills and Qualification levels</li> <li>- Graduates and graduate retention</li> <li>- Growth &amp; productivity</li> <li>- Connectivity (5G, broadband)</li> <li>- Access to Transport Infrastructure &amp; Networks</li> <li>- Innovation (performance &amp; assets)</li> <li>- ESG criteria (inc. low carbon &amp; hydrogen assets)</li> <li>- Concentration of high growth firms</li> <li>- Existing Foreign-owned businesses</li> <li>- FDI projects growth after initial investment</li> </ul> <p>Supporting Data (for mapping):</p> <ul style="list-style-type: none"> <li>- Anchor Companies location &amp; detail</li> <li>- R&amp;D Assets and Strengths</li> <li>- R&amp;D spin outs</li> <li>- Travel to work time (e.g. skills within 30 minutes)</li> <li>- Freight Potential (e.g. reach within 4 hours on road/proximity to ports)</li> </ul>	<p>Midlands Observatory; Midlands Innovation &amp; Enterprise Universities</p>
<ul style="list-style-type: none"> <li>- Existing declared clusters</li> <li>- Supportive interventions (e.g. thematic enterprise zones)</li> </ul>	<p>DIT; Local Enterprise Partnerships; West Midlands Combined Authority; Local Authorities</p>
<ul style="list-style-type: none"> <li>- Detail on High Growth companies/scale ups</li> <li>- Global FDI trends and future trends</li> <li>- Detail on FDI projects in UK: existing foreign owned companies/projects</li> <li>- Foreign Equity Investment detail</li> <li>- LinkedIn vacancy and skills mapping</li> <li>- Sectoral potential from scale-up and business growth</li> <li>- Spin-out activity</li> <li>- Investment trend</li> <li>- Mapping assets &amp; branches of larger companies HQ'd elsewhere</li> <li>- Grants and investment (demonstrating government interest and de-risking proposition to investors)</li> </ul>	<p>Requires external consultants</p>

## Appendix IV – Hypothesis set of clusters

Some initial work has been conducted to collate existing clusters, as identified by Local Authorities, LEPS and IPAs.

### Existing Clusters

The following are Clusters declared by DIT, Opportunity Zones and Food Enterprise Zones, and the West Midlands Combined Authority.

#	Name	Location	Type	UK Atlas?
1	Data Driven Healthcare & Technologies (also an LSOZ)	Birmingham & Solihull	DIT/ LSOZ	No
2	Net zero transport	Coventry and Warwickshire	DIT	<a href="#">Yes</a>
3	Food processing automation	Greater Lincolnshire	DIT	<a href="#">Yes</a>
4	Video Games	Leamington Spa and Warwick	DIT	No
5	Leicester Space Park	Leicester	DIT	No
6	Rehabilitation	Leicester & Leicestershire	DIT	No
7	CAM modelling and simulation	Oxfordshire and the Midlands	DIT	<a href="#">Yes</a>
8	Offshore wind supply chain and ports	Teesside and the Humber	DIT	<a href="#">Yes</a>
9	Circular economy	Telford	DIT	<a href="#">Yes</a>
10	Precision farming	Telford	DIT	<a href="#">Yes</a>
11	Sustainable farming systems	Telford and Wrekin	DIT	<a href="#">Yes</a>
12	5G and Cyber	Worcestershire	DIT	No
13	Charnwood Campus	Leicestershire	LSOZ	No
14	Humber Freeport	Lincolnshire	Freeport	No
15	East Midlands Freeport	Leicestershire	Freeport	No
16	South Lincolnshire	Lincolnshire	Food EZ	No
17	Holbeach	Lincolnshire	Food EZ	No
18	Europarc III	Lincolnshire	Food EZ	No
19	Manufacturing of electric Light Vehicles and Associated Battery Storage Devices	West Midlands	WMCA	No
20	Evolution of Logistics and Distribution	West Midlands	WMCA	No
21	Modern and low carbon utilities	West Midlands	WMCA	No
22	HealthTech and MedTech	West Midlands	WMCA	No
23	Disruptive Technologies for Professional and Financial Services	West Midlands	WMCA	No
24	Manufacturing of Future Housing	West Midlands	WMCA	No
25	Aerospace (inc. Manufacturing Alternative Fuel)	West Midlands	WMCA	No
26	Creative Content production and gaming	West Midlands	WMCA	No

An October 2021 EY report for the West Midlands Combined Authority also proposes the following ten further clusters for the West Midlands:

#	Name
27	Emerging education technologies
28	Textiles and fashion
29	Knowledge and Higher Education
30	Land Reclamation
31	Circular Economy
32	E-Commerce
33	Connected device technology (IOT)
34	Space Technology Manufacturing
35	Application of Artificial Intelligence
36	Digital Ledger Technology (Blockchain)

From LEP international strategies, Local Industrial Strategies and Economic Plans, the following are declared clusters across the Midlands. Note, there are further stated 'key sectors' which could be added to this list, the following are only those areas which are referred to as clusters within strategy documentation. These key sectors by Local Enterprise Partnership are presented after the table.

#	Name	Location	Type
37	Textiles	Leicestershire	Intl Strat
38	MedTech	Leicestershire	Intl Strat
39	Seafood	Greater Lincolnshire	LIS, Intl Strat
40	Transport and Mobility	West Midlands	LIS
41	Data-driven healthcare and life sciences	Birmingham	LIS
42	Silicon Spa (gaming)	Royal Leamington Spa	LIS
43	Automotive and future mobility	Coventry and Warwickshire	<u>LIS</u>
44	Brownfield regeneration	Wolverhampton	<u>LIS</u>
45	Life Sciences	Nottingham	<u>SEP</u>
46	Digital Technologies and Data	Nottingham	<u>SEP</u>
47	Logistics and E-commerce	D2N2	<u>SEP</u>
48	Extractive Industries	North Derbyshire	SEP
49	Advanced Manufacturing	Loughborough Uni Science Enterprise Park	LIS
50	Cyber Security	Worcester and Malvern Hills	LIS

The Key Sectors by Local Enterprise Partnership are as follows:

Local Enterprise Partnership	LIS?	Sectors																	
		Advanced Manufacturing & Engineering	Transport Technologies	Space Technologies	Energy & Renewables	Environmental science & Technologies	Health and Social Care	Life Sciences	Food & Drink	Agri-Tech	Chemical and Process Industries	Metals, Minerals & Aggregates	Construction	Textiles	Port & Logistics	Cyber, Defence & Security	Business, Professional & Financial Services	Creative & Digital Industries	Tourism
West Midlands	Yes	X	X		X	X		X	X		X	X		X	X		X	X	
Black Country	Yes		X				X				X	X							
Coventry and Warwickshire	Yes	X																	X
Greater Birmingham and Solihull	Yes				X	X		X	X						X	X			
D2N2	Draft		X		X	X		X	X		X		X				X	X	
Greater Lincolnshire	Yes	X	X		X		X	X	X				X		X	X		X	
Leicester and Leicestershire	Draft	X	X	X			X	X	X	X		X	X	X		X	X	X	X
Stoke on Trent and Staffordshire	Yes	X	X		X		X		X			X			X			X	
The Marches	Yes	X			X	X		X						X	X				
Worcestershire	Yes	X						X	X					X					X

There are eight enterprise zones across the Midlands, with well over forty individual sites (for example Birmingham Enterprise Zone is spread over 26 sites). These have varying sectoral foci as displayed below first by Enterprise Zone, then by Sector, which could constitute clusters with further evidence.

*By enterprise zone*

Enterprise Zone	Sector Foci
Birmingham	Advanced Manufacturing/Engineering, Business Services, Financial Services, ICT, Pharmaceuticals & Healthcare
Black Country	Advanced Manufacturing/Engineering, Aerospace, Automotive, Low Carbon Industry
Ceramic Valley (Staffordshire)	Advanced Materials, Energy and Power Generation, Advanced Manufacturing and Engineering, Business and Professional Services, Warehouse and Distribution
Hereford	Advanced Manufacturing/Engineering, AgriFood, Business Services, Construction inc.built environment, Security
Humber	AgriFood, Energy, Retail & Logistics, Transport
Loughborough and Leicester	Advanced Manufacturing, Engineering, Energy and Low Carbon, Life Sciences, Professional and Financial Services, Software Development, Space and Space Technologies
MIRA Technology Park (Leicestershire)	Advanced Manufacturing/Engineering, Automotive, ICT, Low Carbon Industry, Transport
Nottingham and Derby	Advanced Manufacturing/Engineering, Creative Industries, Energy, Industrial Biotechnology, Pharmaceuticals & Healthcare

*By sector*

Sector Foci	Enterprise Zones
Advanced Manufacturing/Engineering	Birmingham
	Black Country
	Ceramic Valley
	Hereford

	Loughborough and Leicester
	MIRA Technology Park
	Nottingham and Derby
Aerospace	Black Country
AgriFood	Hereford
	Humber
Automotive	Black Country
	MIRA Technology Park
Business Services	Birmingham
	Ceramic Valley
	Hereford
Construction inc. built environment	Hereford
Creative Industries	Nottingham and Derby
Energy	Ceramic Valley
	Loughborough and Leicester
	Nottingham and Derby
	Humber
Financial Services	Birmingham
	Loughborough and Leicester
ICT	Birmingham
	Loughborough and Leicester
	MIRA Technology Park
Industrial Biotechnology	Nottingham and Derby
Low Carbon Industry	Black Country
	Nottingham and Derby
Life Sciences	Birmingham
	Loughborough and Leicester
	Nottingham and Derby
Retail and Logistics	Ceramic Valley
	Humber
Security	Hereford
Transport	MIRA Technology Park
	Humber
Space Technologies	Loughborough and Leicester