Breeze Strategy

Rebooting Inward Investment

How FDI Can Kickstart UK Growth

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September 2026

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Breeze Strategy

Adam Breeze is the founder of Breeze Strategy, a Manchester-based inward investment consultancy.

He has more than 30 years' inward investment experience and has served in national and local roles for government agencies.

Adam's inward investment experience includes:

- **Marketing Executive at Trafford Park Development Corporation**, where he was involved in the establishment of MIDAS (now Invest Manchester).

- **Head of Inward Investment at English Partnerships**, where he oversaw investment attraction at the government's urban regeneration agency.

- Co-founder of Techlocate, the **world's first inward investment portal**, which was successfully acquired by accountancy group Tenon PLC (now RSM).

- Advisor to more than **100 foreign investors** including Airbus, BMW, and Pfizer as well as UK businesses like Aurrigo, Marks & Spencer, Dexory, and Rolls-Royce.

- Consultant to more than **50 UK inward investment teams** in Aberdeen, Glasgow, Edinburgh, Newcastle, Sheffield, Grimsby, Manchester, Liverpool, Stoke, Wolverhampton, Birmingham, Bristol, Somerset, and Brighton.

- Trusted advisor to **international inward investment teams** in the United States; Canada; Germany; France; Jersey; Ireland; Sweden; Estonia; Latvia and Hungary.

The views contained in this white paper are solely those of Adam Breeze and not necessarily any Breeze Strategy clients, past or present.

Preface

The UK has seen a rapid decline in foreign direct investment (FDI) over the last decade; losing its former leading position in Europe and neglecting the core reasons why thousands of global companies chose to invest in the UK over the last forty years.

Some of this decline can be attributed to geopolitical and technological forces beyond our control; but much can be laid at the door of policies that have eroded Britain's competitiveness under successive governments. There is a particular issue with the machinery that attracts investment within England, especially outside of London and Manchester. Many parts of England do not have functioning investment promotion agencies and millions of people are being let down as a result.

With the proposed devolution of more powers and resources to local players, there is an opportunity to reboot the UK's inward investment structures to deliver 'growth in every postcode.'

This paper brings together the lessons, frustrations, ideas and insights based on more than three decades of hands-on inward investment experience. My hope is that it can provide practical guidance for people wanting to make a difference at the national and local level and inform policymakers of all parties and none.

In the last year, I have spoken at length to more than 30 UK teams about the current state of inward investment. What shone through in every conversation was the passion to promote their local area and the drive to attract, retain and grow the investment and jobs that can make a real difference to communities.

If I have misunderstood the work, remit or value of any of the organisations mentioned in the following pages, I apologise, but I can only base my words on what information is available.

I appreciate everyone's candidness and confidence in sharing their views. I hope that the elements contained in this white paper will chime with the concerns that have been raised; and that it goes some way to addressing the opportunities for the future. If it stimulates debate and rallies both practitioners and policymakers around the issue of reversing the decline of inward investment, then it will have done its job.

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Executive Summary

UK inward investment is in crisis.

A decade of decline has stripped Britain of its former position as Europe's leading destination for foreign direct investment, and the fall is accelerating.

The headline numbers are stark:

- FDI projects have fallen 45% since 2019/20, from 1,852 to 1,020
- Jobs linked to inward investment are falling and are down 18% since 2021/22
- In 2025 the UK's project numbers fell 14%, twice the European average.
- The decline is concentrated in the regions that can least afford it:
    - North East England down 47%
    - Yorkshire and the Humber down 46%
    - East of England down 41%
    - North West down 40%

Inward investment will always be subject to global fluctuations and geopolitical events, but this paper focuses on the part we can fix: the structures, funding and practice of inward investment promotion and the conditions we create.

The diagnosis is straightforward. The pipeline that once passed international leads from national teams down to local teams is broken, as the Office for Investment (OfI) has narrowed its focus to a smaller number of large 'transformational' projects. Local capacity has been hollowed out, leaving a fragmented patchwork of agencies without national leadership or regional coordination.

Scotland, Wales and Northern Ireland are doing better than England with well-staffed agencies with their own overseas offices. England has no equivalent, leaving around one in three English residents outside the FDI hierarchy altogether. And the national function sits so deep inside Whitehall that it absorbs every political psychodrama and is paralysed by constant restructuring and rebranding. Meanwhile, our competitors have established, commercially-funded, arms-length investment promotion agencies that are proactive and successful.

The encouraging part is that a world-class inward investment service is within the gift of every location, at national and local level. It can be built in months rather than years, and at modest cost. The recommendations below set out how.

Fix the Structures

- **Free the Office for Investment (OfI).** Turn it into a public-private joint venture with a non-political board drawn from business, chambers and regional FDI experts, giving it the independence and stability that inward investors crave.
- **Create 'Invest in England'.** A dedicated unit within OfI, relocated out of London, to link with overseas networks and provide a platform to pass leads to towns, counties and cities across England, matching what the devolved nations already have.

- **Draw in private funding.** Mandate OfI to raise a portion of its funding from private sector sources, following the hybrid models of Business France and Business Sweden, and encourage local teams to do the same.
- **Put chambers and universities at the heart of local delivery.** Move investment promotion out of council structures and into broader, local partnerships that better represent local business ecosystems.
- **Professionalise the frontline.** Introduce an accreditation and training support system for local investment promotion teams, with minimum service standards.
- **Boost local capacity.** Create an Investment Promotion Fund by devolving a tiny percentage of the Department for Business Innovation, Science and Trade budget.
- **Rebuild national-to-local links.** Re-establish the Committee on Overseas Promotion to hold OfI to account and reconnect national and local teams.

Fix the Strategic Approach

- **Protect the national interest.** Introduce a red flag system for target markets, tighten FDI screening on critical infrastructure, and end taxpayer-funded trade and investment missions to hostile states.
- **End two-tier business support.** Give homegrown companies and entrepreneurs the same backing as incoming investors.
- **Inward investment begins at home.** Refocus resources on improving the conditions and investability of local propositions.
- **Devolve incentives.** Hand greater fiscal levers to combined authorities so local leaders can design incentives around local strengths.
- **Reduce and simplify the tax burden, cut energy costs and remove planning barriers.** Commit to making Britain the most competitive place to do business in Europe once again.
- **Get smarter and cut the friction.** Overhaul the UK's inward investment web presence into a platform that facilitates seamless engagement with local teams.

The case for attracting foreign investment is as strong today as it was when Nissan came to Sunderland forty years ago, but the competitive landscape is very different. Every town, city and region now competes for a shrinking pool of projects. Britain can compete and win again, but only with inward investment structures that are stable, professional, properly funded and built to serve every place, from big cities to forgotten towns.

THE PROBLEM

Foreign Direct Investment and Why it Matters

The attraction of foreign direct investment (FDI) is a key driver for any economy, especially the UK, given its history, geography, size and economic makeup. The country cannot afford to shun opportunities to attract global companies; international talent; and capital. FDI has played a significant part in national and regional growth since the 1980s when the likes of Nissan were attracted to Sunderland; Toyota came to Derbyshire; Sony in Bridgend; and Honda located in Swindon. FDI has been the driver of growth in new towns like Telford and Milton Keynes, which have successfully attracted new industries from around the world.

There is sound economic rationale for attracting foreign investors that create thousands of new jobs. It makes sense to have well-resourced agencies responsible for FDI, rolling out red-carpet and doing whatever it takes to get transformational projects over the line.

Policymakers have traditionally focussed on FDI attraction because it has a positive impact on productivity, wages and export capacity, not just the headline inflows of capital. Foreign-owned companies tend to be more productive and to offer higher wages than the domestic average, making their presence valuable for both national performance and local living standards.[1]

While FDI volumes may not have returned to previous highs, inward investors continue to play a disproportionately important role in boosting productivity, trade and investment across the UK economy.[2] Inward investment can stimulate local growth, generate additional tax revenues and create positive multiplier effects as workers and suppliers spend more locally.[3]

Investors tend to bring new technologies and expertise. Over time, this helps build a more skilled local workforce, and can make the area more attractive to subsequent investors. The impact is especially powerful when firms are embedded into local supply chains.

FDI firms are disproportionately engaged in R&D and innovation, amplifying their impact on long-term growth. By locating R&D functions in UK cities and towns, investors help forge collaborations with universities and create opportunities for high-skill employment.[4]

Well-designed inward investment strategies can help regenerate areas facing industrial decline, under-investment or persistent unemployment. When foreign projects are aligned with local assets, such as airports, ports, clusters and universities, they can act as anchor institutions, catalysing housing, transport and retail around them.[5]

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1 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/understandingspatiallabourproductivityintheuk/2019-05-03#why-do-some-firms-outperform-others-within-the-same-industry-

2 https://assets.publishing.service.gov.uk/media/604205b8d3bf7f021e25c0a3/Understanding-FDI-and-its-impact-in-the-United_Kingdom-for-DIT_s-investment-promotion-activities-and-services-phase-2-analytical-report.pdf

3 https://www.greatermanchester-ca.gov.uk/media/6671/mier_growinwards_final.pdf

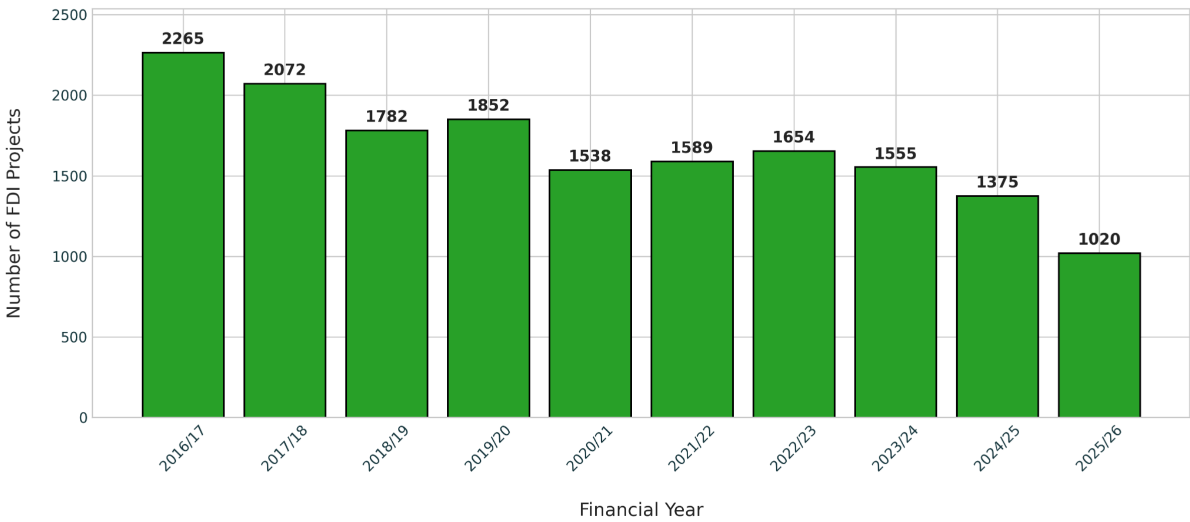
4 https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/internationalperspectiveonukforeigndirectinvestmentfdi/2014

5 https://www.mckinsey.com/uk/our-insights/welcome-to-the-uk-how-can-fdi-help-reignite-the-countrys-growth

Decline of Inward Investment in the UK

Across every metric the data tells a consistent story.

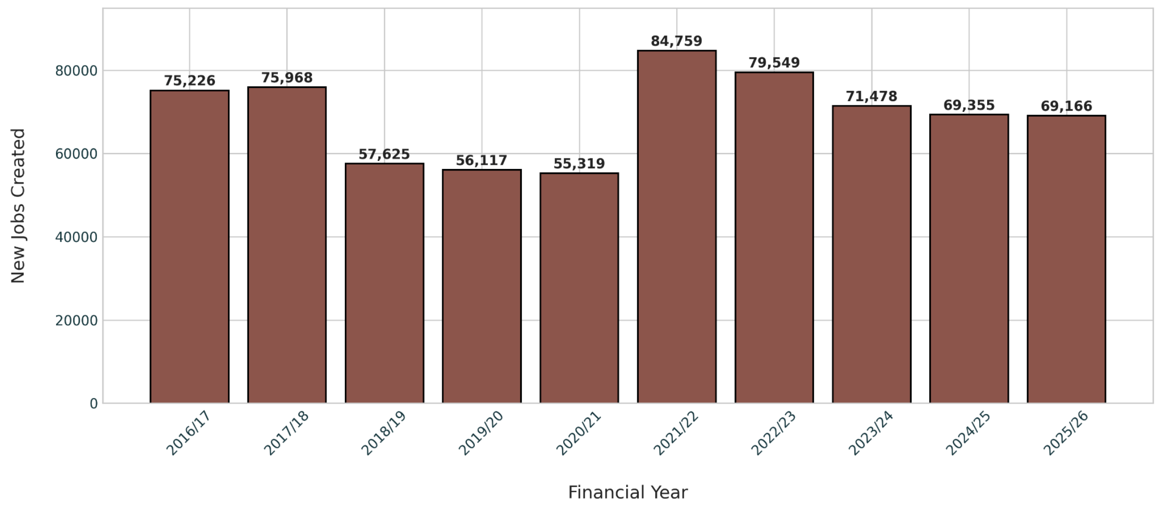
Total FDI Projects Down 45% since 2020
There were 1,020 inward investment projects in the UK in 2025/26, down 25% from the previous year. In 2019/20, the UK attracted 1,852 FDI projects. That represents a 45% decline on the pre-pandemic baseline, with no year of meaningful recovery in the series.[6]



New FDI Projects Down 34% in 2 Years
New inward investment projects fell 34% in the last two years, from 1,023 to just 679.[7]

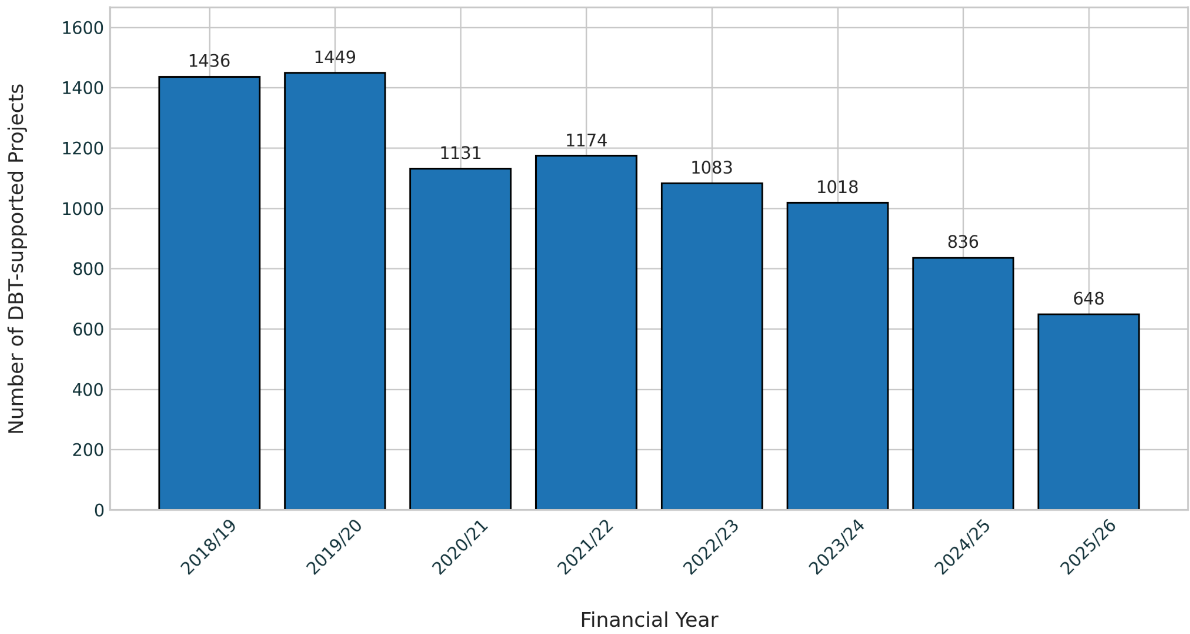
New Inward Investment Jobs Down 18%
Total employment associated with inward investment has fallen for four consecutive years, from 84,759 in 2021/22 to 69,166 in 2025/26 - an 18% decline.[8]

[6] https://assets.publishing.service.gov.uk/media/6a3a6de8da47783d87723823/dbt-inward-investment-results-2025-to-2026.pdf
[7] Ibid.
[8] Ibid.



Supported Projects Down 55%

The number of projects supported by the Department for Business and Trade has declined year on year from 1,436 projects in 2018/19 to just 648 in 2025/26.[9]

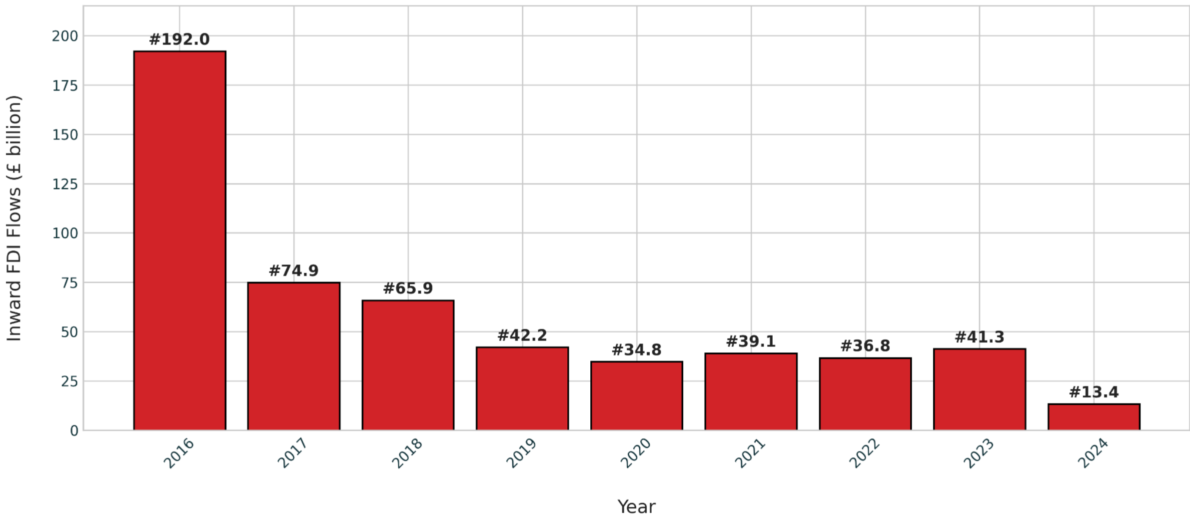


FDI Flows Down 68%

Inward FDI flows, the net value of transactions foreign companies have with UK-resident affiliates, collapsed from £41.3 billion in 2023 to just £13.4 billion in 2024: a £27.9 billion fall, a 68% drop in a single year in the actual money flowing in.[10]

[9] Ibid.

[10] https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/foreigndirectinvestmentinvolvingukcompanies/latest



EY European Investment Monitor
The annual European Investment Monitor from EY has a different methodology from government results but the same decline is evidenced.[11] According to EY, in 2025 there were 730 FDI projects into the UK, lagging behind France's 852.[12]

Across Europe as a whole, there was a 7% fall in projects in 2025, largely due to geopolitical factors impacting global growth. The decline was most noticeable in the major markets like the UK, France and Germany, but with a 14% fall, the UK's decline was twice the rate of the European average.[13]

Within the UK the picture is mixed with some places doing well and others falling behind. Greater London continues to lead as the top region in Europe for FDI and bucked the UK trend with a 5% increase in projects. The capital dominates the UK statistics as the breakdown for the last five years shows:

Regional Breakdown of FDI Projects Over Last 5 Years:

London - 1,558 FDI Projects
Manchester – 189
Birmingham – 172
Edinburgh – 155
Glasgow – 117
Belfast – 72
Leeds – 72
Warwick – 61
Bristol – 60

[11] https://www.ey.com/content/dam/ey-unified-site/ey-com/en-gl/campaigns/foreign-direct-investment-surveys/documents/ey-gl-ey-european-attractiveness-survey-06-2026.pdf
[12] Ibid.
[13] Ibid.

Aberdeen – 59
Newcastle upon Tyne – 52
Cardiff – 37
Coventry – 34
Derby – 27
Leicester – 25
Nottingham – 22
Sunderland – 20
Swindon – 18
Telford – 14

To see a fairer comparison of regional disparity, the list below shows FDI projects per 100,000 population in 2025[14]:

Greater London – 3.1 FDI projects per 100,000
Scotland – 1.9 per 100,000
Northern Ireland – 1.5 per 100,000
West Midlands – 1.1 per 100,000
Wales – 0.8 per 100,000
North East England – 0.8 per 100,000
North West England – 0.7 per 100,000
East Midlands – 0.7 per 100,000
Yorkshire and The Humber – 0.5 per 100,000
South West England – 0.5 per 100,000
South East England – 0.4 per 100,000
East of England – 0.3 per 100,000

Ranked by projects per capita, London, Scotland and Northern Ireland lead the pack. They all have one thing in common: they are served by a well resourced inward investment agency with their own offices overseas (in addition to the support they receive from BIST and OfI both in the UK and around the world).

The relatively poor performance of English regions demonstrates what happens to FDI when capacity is hollowed out and the link with national and international teams breaks down, with some regions seeing their lowest results for ten years:[15]

North East England - Down 47% in 2025
Yorkshire & Humber - Down 46%
East of England - Down 41%
North West England - Down 40%

The weakest performing regions per capita are the South East and East of England. This is a far cry from a decade ago when Cambridgeshire, Thames Valley, Surrey, Kent and Essex were all high-performing destinations of choice, particularly for tech inward investors.

[14] Breeze Strategy analysis of European Investment Monitor figures
[15] Ibid.

There are some bright spots in England, with the big cities of Manchester and Birmingham performing well, again, thanks to having well-resourced inward investment teams. Other notable successes are in places like Derby, Telford and Swindon who continue to outperform their peers by some distance on a per capita basis. These are places that have always prioritised inward investment and have built proactive teams aligned with their local business community. They demonstrate what is possible and provide hope to less successful towns and cities.

Broken Structures and Hollowed Out Support

Consistency and stability are critical factors when choosing a new location; but the UK has become a model of inconsistency and instability over the last decade. New prime ministers every couple of years; departments constantly changing names; and investment promotion agencies (IPAs) treated as collateral damage in national and local funding pressures.

The UK commits significant resources to inward investment at the national level. BIST operates a flexible resource model but the majority of staff working on attracting inward investment sit within the Office for Investment Group.

The Office for Investment is a joint unit of HM Treasury, BIST, and the Prime Minister's Office. It was established in 2020 and has seen a dramatic increase in staffing and resources with staff transferring from other parts of BIST and a host of new recruits. As of January 2026, the total FTE for OfI Group was 232.[16] BIST has other staff that support attracting inward investment as part of their role in the Business Group and the Domestic International Markets and Exports Group.

Having the national inward investment function embedded within a department bakes in political control, creates inertia and is a barrier to innovation and agility. Almost all of the UK's competitors have stand-alone IPAs that operate with far greater independence.

A History of Instability

The UK has been prolific when it comes to rebranding and restructuring its inward investment service:

Invest in Britain Bureau (1977–1999)
Invest UK (1999–2003)
UK Trade & Investment (2003–2016)
Department for International Trade (2016–2023)
Department for Business and Trade (2023–2026)
Department for Business, Innovation, Science & Trade (2026-)
Office for Investment (2020–present)

Compare this with some of the world's most successful IPAs that have maintained a consistent brand for decades:

IDA Ireland (1949-present)
JETRO (Japan) (1952-present)
EDB Singapore (1961-present)
KOTRA (Korea) (1962-present)

Germany has made just one change this century:
Invest in Germany GmbH (2003-09)
Germany Trade & Invest (2009-present)

[16] Source: BIST, Freedom of Information Response, 6 March 2026

As has France:

Invest in France (2001-2015)
Business France (2015-present)

All of these IPAs have evolved and undergone structural change, but the external brand has mostly remained intact, irrespective of which colour of government gets elected.

Psychodrama and Inertia

There was a degree of logic in creating the Office for Investment at the heart of government. Landing major, complex infrastructure investments requires access to ministers and a cross-government approach.

The Harrington Review of FDI (2023) advocated a more coordinated approach:[17]

"It is confusing for potential investors who are used to dealing with companies, or with countries who have outward-facing investment organisations with a single front door, to have to navigate their way around different entities for policy, finance, visas, skills, grid, and regulation."

The last few years have demonstrated that rather than being a benefit, being part of Whitehall acts as a barrier to proactive activity and has created a bunker mentality.

The Office for Investment has begun to resemble the Office for Invisibility.[18] When the 2025/26 inward investment results were released, OfI made no comment, nor did DBT, nor did the Minister for Inward Investment. OfI does not have a website that explains what it does and how potential investors can engage. There is next to no public profile.

This lack of transparency creates mistrust among partners and creates the impression that inward investment is not being taken seriously. In the days of Invest in Britain Bureau and Invest UK, annual inward investment results would be presented at a conference in front of a couple of hundred practitioners from every corner of the UK, with analysis of trends, celebration of successes and a comprehensive breakdown of results.

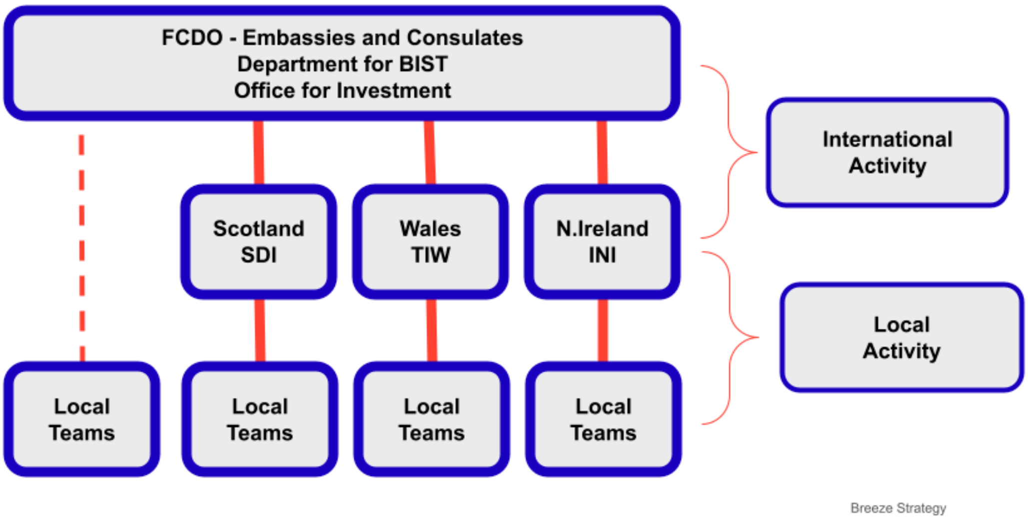
Inward investment Coverage is a Postcode Lottery

Inward investment at the regional level in England has been in a state of flux since the demise of Regional Development Agencies (RDAs). The country has gone from having nine well-resourced inward investment teams of between 10-20 people in each region (1999-2012); to then having 38 Local Enterprise Partnerships with far fewer resources for inward investment (2012-2024); to today's fragmented devolved picture of local government mired in yet more reorganisation and uncertainty.

17 https://assets.publishing.service.gov.uk/media/655f62310c7ec8001195bd5f/231123_Harrington-Review-Report-FINAL-2__HH_Global_.pdf

18 https://www.linkedin.com/pulse/uk-inward-investment-results-office-invisibility-adam-breeze-b8sye/

The situation in Scotland, Wales and Northern Ireland is somewhat different, each with their own inward investment entities: Scottish Development International, Trade & Invest Wales[19], and Invest Northern Ireland. These have established structures, consistent funding and have been able to forge long-term relationships. Importantly, they each have a significant global footprint and operate largely independently of Whitehall, although they are still regarded as part of the UK network and are additionally serviced by OfI and BIST.



The devolved nations have around 200 overseas representatives across around 80 overseas offices working on trade and investment:

Scottish Development International (SDI), maintains a global network of over 30 international offices with more than 100 overseas staff.[20] [21]

Invest Northern Ireland employs 650 staff, has an annual budget of approximately £150 million and has 29 offices and 50 overseas representatives.[22]

Trade & Invest Wales (TIW) has a network of 20 offices with more than 40 staff deployed in target foreign markets.[23] [24]

The only English team with overseas offices is London & Partners, which is largely financed by Greater London Authority with core funding of £12.8 million and has 12 international offices.[25]

[19] The current Welsh Government (Plaid Cymru–led since 2026) has committed to creating a new National Development Agency for Wales to take on inward investment, business scaling, and innovation support.
[20] https://www.sdi.co.uk
[21] https://www.gov.scot/publications/scotlands-international-strategy/pages/3/
[22] https://www.investni.com
[23] https://tradeandinvest.wales
[24] https://industrialcommunitiesalliance.org.uk/wp-content/uploads/2025/04/PROMOTING-WALES-FOR-INWARD-INVESTMENT.pdf
[25] https://www.londonandpartners.com/

English Regional Patchwork

Some forward-looking places in England have had effective inward investment teams throughout the last decade or so, like London & Partners, Invest Manchester, Invest West Midlands, Invest North East England, Invest Bristol & Bath, but the national landscape is at best a patchwork with millions of people left with no effective coverage.

Economic development and inward investment are not statutory obligations. So with reduced local government funding, many areas have cut the teams that are responsible for attracting investment and growing jobs. Places that previously had effective inward investment teams now have barely any resources; receive little or no national support, and no longer engage in proactive investment promotion. Sadly, many of these places are ones in most need of investment, such as England's coastal communities; rural counties; and forgotten towns.

Inward investment in England should not be the preserve of a few big cities and a couple of tech corridors; FDI-driven growth is as important in Mansfield as it is in Manchester.

The demise of many council-backed teams, especially in the English counties, has been caused by short-term thinking, cost-cutting and constant restructuring; this will always be the case as long as teams are embedded inside local government structures. Councils can pick up the tab and reinvest in their inward investment teams (kudos to Kent County Council for launching Invest Kent this year) but a more sustainable solution is required to break the cycle of public sector funding challenges and constant reorganisation.

The government's last-minute pause of its own Local Government Reorganisation (LGR) plans in September 2026[26] has added yet more uncertainty into an already confusing landscape that has preoccupied local teams to the point of paralysis. This is further evidence of the need to build investment promotion structures outside of local government.

Blocked Pipeline

For many years there was a functional hierarchy of UK inward investment teams. At the national level UK teams have been the front-door, welcome mat and friendly concierge. These teams have generated interest; liaised with the teams at key British embassies and consulates; validated enquiries; before passing leads down the chain to regional and local teams depending on the optimum fit. There was a process, it wasn't anywhere near perfect but it worked. **That pipeline is now broken and England is one of the only countries in the world without a functioning national investment promotion agency.**

In conversations with more than 30 local teams during the past 12 months, almost every one reported significant drops in leads coming from the national level.[27]

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[26] https://www.bbc.co.uk/news/articles/c3v4dne7y9no
[27] Source: Breeze Strategy

The reason for the pipeline drying up is a deliberate shift. A few years ago, it was decided that there should be a focus on “projects that will have the highest economic impact”. OfI describes its role as sourcing and securing “transformational investment” to drive growth, jobs and productivity, signalling a focus on large, high-impact projects rather than managing a national pipeline.[28] [29]

There was little or no public discussion about this switch in focus. Opportunities that are considered ‘too small’ or ‘not transformational enough’ by people in Whitehall, would be regarded as a critical lifeline in the rest of the country.

A new 50-job factory for a US manufacturer might not grab the national headlines as much as a multi-billion infrastructure investment by a sovereign wealth fund, but when you locate it in Rochdale, Stoke or Southend, it changes communities.

It is time to rebuild the pipeline and fix the structures.

[28] https://www.nao.org.uk/wp-content/uploads/2023/01/Supporting-Investment-into-the-UK-Summary-1.pdf
[29] https://www.gov.uk/government/organisations/office-for-investment

FIX THE STRUCTURES

Free the Office for Investment

The Office for Investment should become a more independent investment promotion agency.

It needs a clear mandate with specific objectives and a commitment to greater transparency. It would benefit from better governance with private-sector board members and greater scrutiny of its outputs.

The OfI has the resources and potential to take on a real national leadership role in inward investment, and this crucially must be focussed on the attraction of jobs, talent, companies as well as capital. The organisation needs to repair the missing link between overseas posts within embassies and consulates and the local teams in the UK, especially England.

Most importantly, the OfI needs to be given the freedom to operate in a more commercial way and respond to the needs of different inward investors. The agility and proactivity needed to compete for projects will be difficult to achieve as long as the office is buried deep in departmental layers of bureaucracy.

Creating a more independent voice for the investment promotion industry means that the Office for Investment leadership would be free to speak out on issues that might impact the UK's attractiveness. From tax rises to new regulations; trade pacts to visa changes; the national IPA should be able to challenge and lobby from a position of strength on behalf of the inward investment community.

More transparent governance, accountability and strategic direction for OfI should come in the form of a board of directors made up of representatives from businesses, chambers of commerce and trade bodies, as well as regional inward investment experts from around the UK. IDA Ireland is an example of a successful inward investment agency which is wholly funded by the state but has an independent board of directors that does not include politicians, only members with FDI experience are appointed on merit and expertise.[30]

Recommendations:

- The Office for Investment should become an independent investment promotion agency with a mix of public and private sector funding.

- This should involve business organisations such as chambers of commerce and trade bodies, co-funded and co-governed, with a non-political board of directors.

- Publish annual inward investment results properly, with analysis, commentary and a partners and practitioners conference.

[30] https://www.idaireland.com/corporate-governance

Time for 'Invest in England'

'England' is one of the most powerful place brands in the world but, sadly, is rarely used to leverage inward investment.

Scotland, Wales and Northern Ireland have long had an international presence in key target FDI markets, while the promotion of England has been left to random cities doing their own ad hoc activities, or an ever-changing mash-up of regional brands that serve only to confuse. Most foreign investors struggle to see beyond 'London' (which for many can be an area that includes Reading, Milton Keynes and Cambridge) and are unlikely to understand concepts like 'Northern Powerhouse', 'Great North', 'Midlands Engine' or 'Western Gateway'.

The Balkanisation of England is no way to stem the decline of FDI. 'England' is a single, identifiable entity that is inclusive and powerful. Inward investors don't recognise the artificial regions, most have a simple, map-based real-world view of the country and towns, counties and cities.

England's Forgotten Millions

With no 'Invest in England', local teams have to rely on BIST and OfI to represent them, but only if they are part of a mayoral combined authority area.

The English Devolution White Paper (2024) stated that: *"The Office for Investment will work with Mayors to develop and market strategic investment propositions"* and made it clear that Mayoral Strategic Authorities will get a more expansive offer of powers and funding than non-mayoral areas. This was good news for Greater Manchester, West Midlands and the dozen other mayoral areas, but it leaves around a third of the country with no effective inward investment support and cut adrift from national and international networks.[31]

Neglected areas include some of England's very best inward investment propositions. The list of places outside of the Established Mayoral Strategic Authorities includes coastal and rural counties as well as some of England's key manufacturing and high-tech clusters, including Cornwall, Cumbria, Somerset, Kent, Lincolnshire, Staffordshire, Warwickshire, Lancashire, Leicestershire, Berkshire and Surrey.

While some of these counties do have a modest inward investment service of one or two people, they have been marginalised and excluded from the national picture and any flow of inward investment leads. It is no surprise that in the last two years, project numbers in most of England have all but dried up outside of a few big cities.

Pick 'n' Mix Promotion

The result of not having anyone championing England, is that some of the country's best locations are being hidden from potential investors. While the largest cities have compelling

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31 https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth/english-devolution-white-paper

strengths, this is only part of England's offer. The lack of profile and support for towns, counties and smaller cities can be seen on the government's inward investment website, the 'front door' for companies considering the UK.[32]

The 'Invest in UK' website maintained by BIST, promotes 'Key UK Assets' in each sector:

> **For 'Digital & Tech', it highlights London, Oxfordshire, Cambridge and Manchester.**
> But not Berkshire, Kent or Surrey; not Barnsley, the UK's 'Tech Town'; or Leeds or Liverpool.
>
> **For 'Financial Services', it's London, Scotland, Northern Ireland and Cardiff.**
> But not any of the fintech hubs in the North of England, Midlands or Bristol.
>
> **For 'Advanced Manufacturing', it's Scotland, Belfast, North East, East Midlands, South West and Oxford-Cambridge.**
> But not Lancashire or Coventry or Telford or Sheffield or Hull.
>
> **For 'Creative Industries', it's London, Scotland, Northern Ireland and Manchester.**
> But no mention of Warwickshire or Brighton or Bristol or Sheffield or Gateshead.
>
> **For 'Space', it highlights Scotland, Wales, Midlands and Harwell.**
> But not Cornwall, with the world's most capable commercial satellite ground station.

The same pattern can be seen across dozens of other sectors. It's a 'pick 'n' mix' recipe of favoured locations: one or two devolved nations, plus London and one or two of the biggest cities. It's a formula that bakes in a structural bias. This requires more than a website rewrite, it goes to the heart of a neglect that has been years in the making.

Invest in England

There is a strong case to establish a new team responsible for finding opportunities for England and providing a link and lead flow to cities, towns and counties across the country. The alternative is for places to take ownership and do FDI promotion on their own, which risks the spectacle of dozens of competing cities competing in an uncoordinated way.

Rather than establish a completely new agency for England, there should be a dedicated unit set up within the Office for Investment which would have a focus on identifying and engaging with international companies that have a good fit with England's propositions. The unit (branded 'Invest in England') would not be involved in the capital and infrastructure projects of OfI, but would focus on:

- Identifying potential FDI leads and being a first contact for companies
- Providing a link between the embassy network and English locations
- Devolving funds to improve local inward investment capacity in England

The UK's embassy and consular networks would still support all four nations and provide crucial in-market engagement in the key target markets for future investment.

[32] https://www.business.gov.uk/invest-in-uk/sectors/ accessed 3rd September 2026

The initial funding for Invest in England should come from existing budgets such as the GREAT Britain marketing campaign[33] which spends millions each year promoting the UK overseas. A modest redirection of £5 million would be sufficient to kickstart the unit, with a few dozen FDI experts from OfI given new roles. Future funding should be sought from private partners with a view to becoming self-sufficient within a few years.

The Invest in England unit should be located away from Whitehall. As more of a stand-alone team promoting England, it would make sense to base it in somewhere like Manchester, Birmingham or Leeds, from where it can better serve the whole of the country.

Recommendation:

- Create a dedicated, devolved Invest in England unit within the Office for Investment to function as England's investment promotion agency colocated with local teams.

[33] https://greatcampaign.com

Harness Private Funding for Investment Promotion

Investment promotion should not be a solely taxpayer-funded endeavour.

In the UK, the overwhelming majority of investment promotion activities are publicly-funded. Most local teams survive from year to year on the whim of politicians as a result of being wholly dependent on revenue from local authorities.

Who Benefits from FDI?

When an inward investor lands, the local council gets a good headline and sometimes a bump in economic fortunes, but there's no direct financial gain for the authority unless the investor moves onto a council-owned site or unit. This has made it difficult to establish an appropriate resource level for investor attraction or calculate any return on investment from promotional activity. This is all about to change.

The proposed devolution of powers announced by the new prime minister in July 2026 changes this. It will create a huge incentive to attract and retain FDI.[34] From 2028, it is proposed that local mayors will be able to retain a greater share of local taxation so that "where a region grows its tax base, it benefits from the increased receipts." **This fundamental change will focus attention on the pursuit of inward investment like never before and is an opportunity to build a proper support structure.**

In addition to potential revenue for local authorities, there are lots of businesses who profit from increased inward investment. Landowners, developers, house-builders, property agents, lawyers, accountants, bankers, recruitment firms, fit-out companies, IT and telecom providers, utilities companies, hotels, restaurants, taxis… a whole inward investment supply-chain of value. So if all of these players stand to gain from inward investment, shouldn't they want to contribute a little to help attract new businesses?

Private Sector Funding Examples

There are a few notable exceptions where investment promotion is a shared public and private endeavour, which offer an alternative to relying 100% on taxpayers:

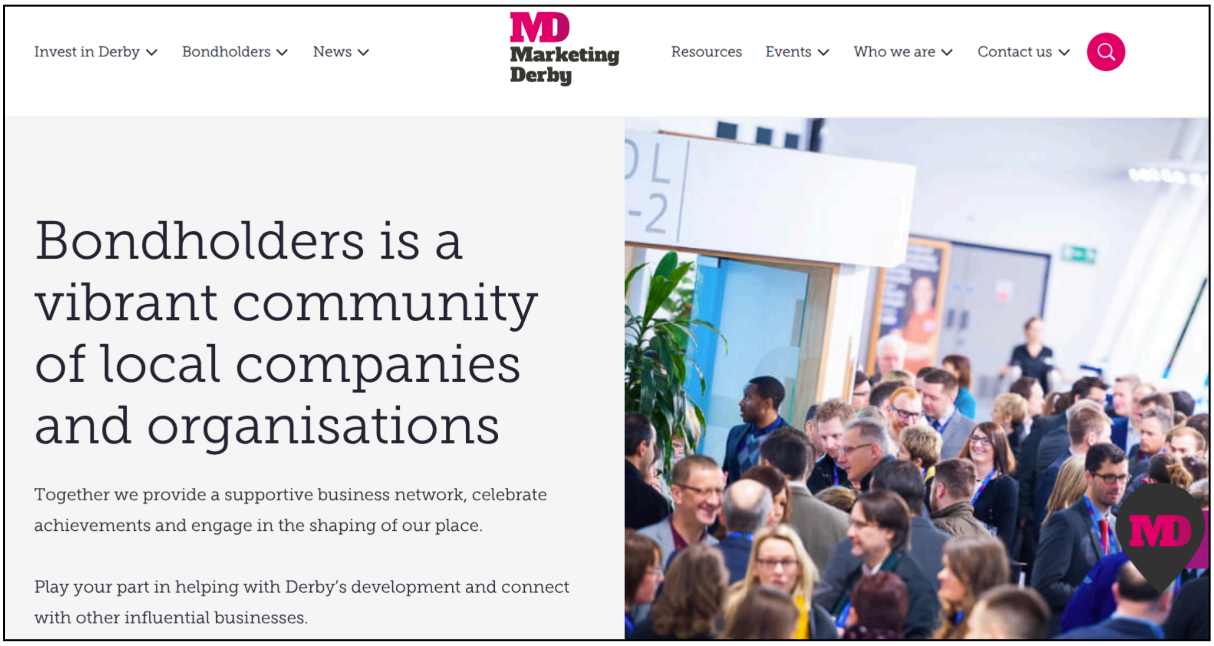
- Bondholder Schemes
Marketing Derby is one of the finest examples of a team that has galvanised its existing business base and created a promotional vehicle for business and tourism that receives significant amounts from more than 350 private sector partners.[35]

- Business Improvement Districts
Liverpool BID Company has a clear link to investment and inward investment, particularly through its role in the Liverpool City Region Capital & Real Estate Investment Programme. It

[34] https://www.gov.uk/government/publications/rewiring-the-state-cabinet-statement/rewiring-the-state-cabinet-statement-html
[35] https://www.marketingderby.co.uk/bondholders/

is a private, not-for-profit organisation working on behalf of around 1,500 levy-payers across three BIDs: Retail & Leisure, Culture & Commerce, and Accommodation.[36]

- Chambers of Commerce
In the US, there is far more of an established culture of economic development being part-funded by private companies, often through local chamber networks. Inward investment promotion is a key responsibility for American chambers of commerce and the model has much to teach the UK.



More than 350 local companies contribute to Marketing Derby's investment promotion work

- Service Partners
The role of service providers can be leveraged more. Banks support their clients around international trade and investment expansion; lawyers and accountants have inward investment teams who are willing to collaborate. It doesn't always have to be a financial contribution. In-kind support ranging from free rail tickets or hotel rooms to hotdesks or pro bono consultations can be wrapped up in a soft-landing service for inward investors.

International Comparators

Some of the UK's competitor IPAs operate a mixed model of public and private funding:

Business France operates through 70 offices in 53 countries, with 750 employees worldwide, and a further 674 in France and in 2025 received €130 million (59% of its budget) from commercial sources. The proportion of funding raised from private sector activities has increased by 25% since 2018, while their government subsidy decreased by 13%.[37]

[36] https://liverpoolbidcompany.com
[37] https://www.businessfrance.fr/en/about-us/who-we-are

Business Sweden has more than 40 offices worldwide, with around 550 staff and is only partly state-funded, with the government covering about 60% of its budget. As a unique hybrid organisation co-owned by the Swedish government and the private business sector, Business Sweden receives 40% of its funding through service fees and sales revenue.[38]

Changing the Culture

Leveraging wider funding is not just about money. Having a diverse and sustainable mix of businesses supporting your programme changes the culture. It creates a more proactive and commercial approach compared to those that are wholly funded by a local council or government department, which facilitates better engagement with inward investors.

Recommendations:

- **Mandate the Office for Investment to secure commercial funding for 50% of its activities within five years.**

- **Incentivise and encourage local inward investment partnerships to leverage commercial revenue through service fees and partnership funding.**

[38] https://www.business-sweden.com/about-us/organisation--governance/

Lose the Lanyards: Involve Chambers and Universities

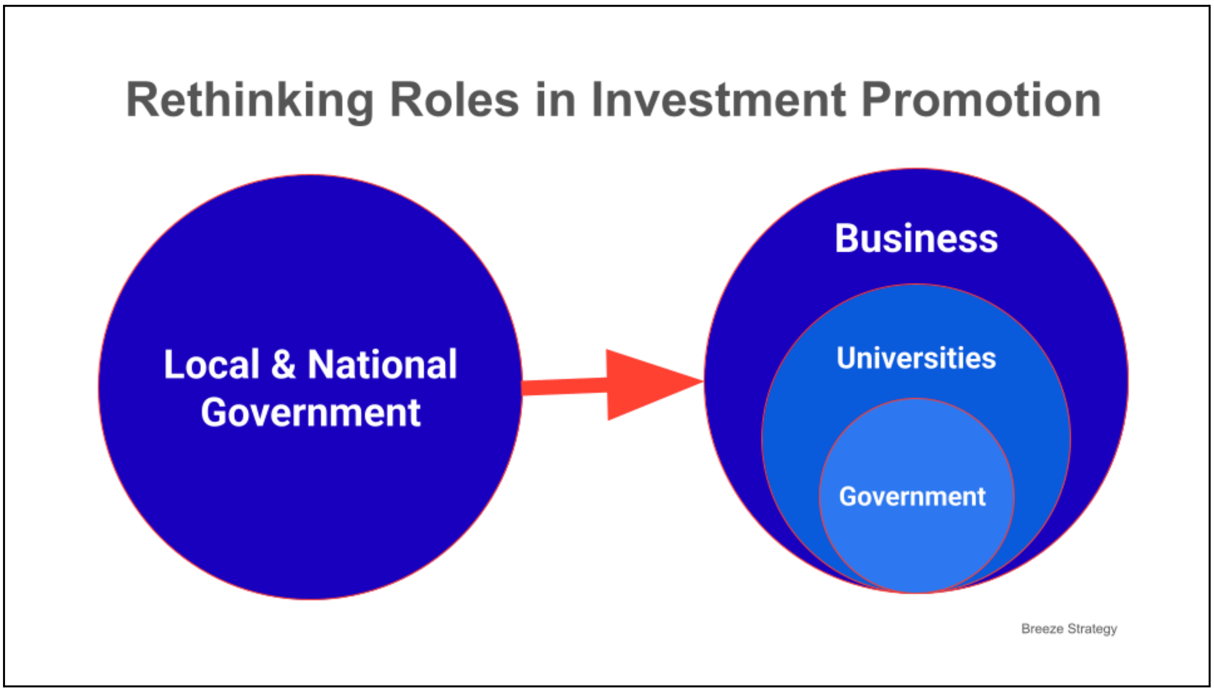
Investment promotion is a team game and it needs to include players with different skills.

Relying on public officials will not cut it. The talents within businesses and academia, not just government, should be harnessed to drive inward investment.

Inward investment success depends on having a dedicated, professional delivery team at the local level, these are the unsung heroes of inward investment providing critical support to potential investors, but are all too often restricted in how they operate.

Where teams are embedded within local councils, they face the challenges and friction caused by political interference; inertia and inevitable town hall bureaucracy. If they're lucky, these teams can have a separate brand identity from the council, but they are primarily a shop-window for the economic development function, rather than an independent investment agency. Combined authority areas tend to have more independent structures and where these exist at arm's length from local government, they tend to be far more effective.

Just as the Office for Investment needs space away from politicians, so too do local and regional investment teams. The recommendations for the structure and funding of regional teams reflect this, in particular the increased role of chambers of commerce and the local business community.



The 'triple helix' of bringing business, academia and government closer together, is a recognition of who is best placed to influence the inward investment process at each level as opposed to a 'government knows best' approach.

Put Chambers at Heart of Investment Attraction

Wherever you go in the world, the chamber of commerce is the default front-door to the local business community. Chambers are a by-word for trust and stability, usually at a healthy distance from the local mayor and town hall politics.

Liverpool had a chamber of commerce in 1773, Glasgow's was founded in 1783 and Edinburgh's in 1785. Compared to the ever-changing lexicon of growth hubs, growth companies, enterprise partnerships and strategic authorities, the chamber of commerce is a globally-recognised brand that should be leveraged more in inward investment.

As the main representative body of local business, chambers are ideally positioned to engage with prospective inward investors, providing market and demographic data; articulating the strengths of the location; making network introductions; and helping embed newcomers into the ecosystem.

Over the last few decades, the role of the chamber has been marginalised in many parts of the UK. The labyrinth of business support structures available in many cities has led to a confusing landscape that is crowding out chambers, with some struggling to survive.

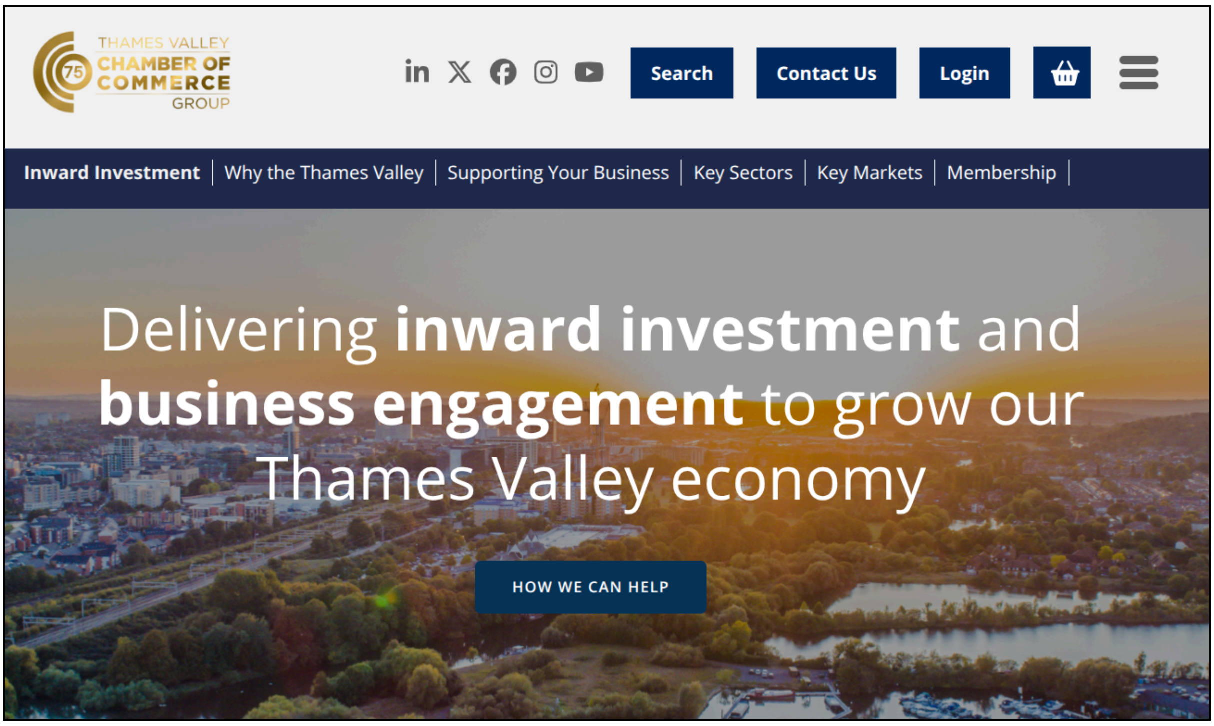
A key recommendation of this white paper would be to put chambers at the heart of inward investment promotion, making them the default body to host and manage inward investment activities, rather than it being the local council.

One of the key recommendations of Lord Heseltine's No Stone Unturned (2012) report[39] into creating economic growth was for a greater role for chambers of commerce:

"*I see the chambers as being at the heart of a local, business-led support infrastructure: where they have far higher levels of membership and real influence; and where they are helping to galvanise the performance of a far broader range of businesses. Government and the private sector should collaborate to create a strong and stable, locally-based, private sector business support infrastructure. This should be centred on an enhanced role for chambers of commerce."*

The current move towards more devolved structures provides a new opportunity to weave chambers into the investment promotion architecture.

[39] https://www.gov.uk/government/publications/no-stone-unturned-in-pursuit-of-growth



Thames Valley Chamber of Commerce - ahead of the game?

The Thames Valley Chamber of Commerce is a notable example that has led the way in being the de facto investment promotion agency for its patch and is well regarded for its work on promoting the Thames Valley. Thames Valley Chamber's mission is 'to advance the Thames Valley's global reputation as a business location of choice and an engine of growth for the United Kingdom'.[40]

Trade Associations

Private sector trade bodies and sector networks are another under-utilised resource. Being membership organisations, they naturally represent and promote the sector strengths of the UK. They should be brought into the inward investment network to leverage their expertise and provide global leadership at key sector events.

Example organisations are SMMT (automotive); ABHI (healthtech); and ADS (aerospace and defence). These bodies already play a vital role in promoting the UK, but this should be enhanced to add industry expertise to inward investment promotion with a role in partnering with local and national teams.

Utilising Universities

Universities are another under-used resource for inward investment promotion. They have the potential to perform an important role acting as conveners, providing economic analysis, supporting inward-investment promotion, developing propositions and providing soft-landing spaces to potential investors, especially for R&D intensive projects.

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[40] https://www.thamesvalleychamber.co.uk/inward-investment

A great example of this is the ‘Invest in UK University R&D Midlands’ campaign, a collaboration of 17 universities, which was created to address the challenges individual institutions face when trying to satisfy the needs of major global investors. It promotes the Midlands as a unified innovation ecosystem, specifically focusing on five sectors where the region holds notable commercial and research advantages. A feature of this initiative is the UK's inaugural university investment ‘concierge service’ which streamlines the process for international firms by offering a centralised point of contact for collaboration.[41]

Rebuilding National-Local Links

The lack of meaningful connection between the national inward investment teams and those at the local level is at an all-time low. Reinstating the lead generation activity; strengthening ties with teams at embassies and consulates; and building day-to-day interactions between OfI and local IPAs should be addressed urgently.

The lack of any forum for teams to share best practice; receive national direction and training; swap intelligence and ideas; discuss common barriers to investment, is a problem that diminishes the national and local effort to attract FDI.

The Committee on Overseas Promotion (COP) was an interdepartmental committee originally formed to coordinate the inward investment activities from the mid-1990s and operated for around a decade. Chaired by the Invest in Britain Bureau (and later UK Trade & Investment), it brought together national and regional inward investment agencies to prevent wasteful competition and share best marketing practices.[42]

A quarterly forum of local, regional and national FDI players would be a simple, cost-neutral solution. Meetings could be virtual, although one in-person meeting could coincide with the annual inward investment figures released in the summer.

Recommendations:

- Inward investment agencies should be encouraged to work closer with chambers of commerce and universities to host local investment activity and create soft-landing packages for inward investors.

- Re-establish the Committee on Overseas Promotion which would consist of key inward investment figures from each English region, to hold the Office for Investment to account, boost transparency and to strengthen national and local links.

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[41] https://pure-oai.bham.ac.uk/ws/portalfiles/portal/305726144/From_Local_to_Global_-_A_New_Framework_for_Devolution_and_Diplomacy_-_June_2026.pdf

[42] https://publications.parliament.uk/pa/cm200001/cmselect/cmtrdind/109/109an40.htm

Professionalise Investment Promotion

There is a need to improve the capacity, skills and professionalism of investment teams.

Creating a formal framework for national and local investment promotion structures would help to professionalise the inward investment community with accredited teams benchmarking their skills against international peers and a formal commitment to professional development.

Lessons from Tourism Promotion

Recent changes to the structure of tourism promotion in England provides a blueprint for inward investment. The de Bois review of tourism (2021) created a streamlined hierarchy of high-performing, accredited Destination Management Organisations that is reducing fragmentation and increasing professionalism.

Local Visitor Economy Partnerships (LVEPs) are the accredited local tourist boards that lead, manage and market a defined destination to grow the visitor economy. LVEPs sit within a national portfolio created by VisitEngland and they provide strategic leadership in their areas, aligning public and private partners around shared priorities. LVEP status gives a nationally-recognised role in the tourism system and a closer working relationship with VisitEngland. Accredited teams can access support, toolkits, training, data and funding opportunities, including participation in national and international marketing campaigns.[43]

Investment promotion in England should be organised around a similar model.

Local Investment Partnerships

A network of accredited Local Investment Partnerships (LIPs) should be developed across England. Each local team should meet certain criteria such as guaranteeing a minimum viable service offering with core funding in place from partners; commitment to attract commercial income and to work with chambers and universities.

The Office for Investment should establish an accreditation team that confers LIP status, with sign-off from a panel with representation from inward investment practitioners and external experts.

Accredited LIPs would receive:

- Ability to engage directly with inward investment leads through an online portal
- Opportunity to bid for devolved capacity-building funding
- International collaboration opportunities with embassy and consulate teams
- Additional support and mentoring from the Office for Investment
- Membership of the Committee on Overseas Promotion

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43 https://assets.publishing.service.gov.uk/media/611bbff6d3bf7f63a7b29233/2585-C_The_de_Bois_Review_ACCESSIBLE__for_publication_.pdf

Proven and established inward investment teams would likely receive immediate accreditation. Less established entities, or those with limited resources would be encouraged to bid for accreditation in partnership with their local chamber or local business network. In some cases, it will make sense for teams to come together for greater scale and where there is a shared economic geography, but crucially, the shape and scale need not follow local government boundaries.

It is likely that around 30-40 teams could eventually be accredited across England.

Recommendation:

- **A system of accreditation for sub-national inward investment teams in England to be created with minimum standards of service delivery that will formalise access to devolved resources.**

Boost Local Investment Capacity

Local capacity for inward investment has been cut to the bone. A reliance on local authority funding has starved teams of the resources they need to deliver investment and jobs.

Devolving just a tiny proportion of existing BIST budgets, could have a significant impact on the inward investment landscape. Just 1% of the £5.3 billion annual budget of DBT[44] (before it became BIST), could be devolved to local teams through the creation of an English Investment Promotion Fund. The £50 million annual fund would provide match-funding for local and regional investment promotion initiatives aimed at boosting capacity and creating sustainable partnerships with the private sector.

There could be two tiers: one for accredited Local Investment Partnerships (from £100,000 to £1,000,000 bids); and one for 'prospective LIPs' who need support with training and development (from £25,000 to £100,000 bids) to help them towards accreditation. Funds should be awarded relative to the size of population represented by the bidder to encourage teams to collaborate and avoid too much fragmentation of local coverage.

Bids should be through a simple template that would ask for details of how the funds would be spent; how it would complement work with partners at the local, regional and national level; and anticipated outcomes. A review committee consisting of representatives from the Office for Investment and business representatives with FDI experience would assess the bids to ensure transparency and value.

The Canadian Model

Canada has funded local investment teams on this basis for many years. The CanExport Community Investments program (formerly known as Invest Canada Community Initiatives). It is a federal initiative that provides funding to non-profit and public-private partnerships and helps local communities to support inward investment activities with grants of up to CAD$500,000 (£267,000). These grants cover up to 60% of eligible expenses to help attract, retain, and expand FDI. Each team bids for funds on an annual basis to supplement their core funding and it has been used for strategy development; market research; training; marketing and research tools.[45]

Recommendation:

- **Create a £50 million English Investment Promotion Fund by devolving 1% of the BIST budget to match-fund local investment teams.**

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44 https://assets.publishing.service.gov.uk/media/69f098800bb62e692c5d6d58/Main_Supply_Estimates_26-27_Accessible.pdf

45 https://www.tradecommissioner.gc.ca/en/our-solutions/funding-financing-international-business/canexport-community-investments.html

Fix the Strategic Approach

Inward Investment and National Security

The UK should be open to inward investment, but not naïve about the security implications.

'Friendshoring' and FDI

We need to be honest about where foreign investment comes from, and where it doesn't. The growing trend of 'friendshoring', where companies prefer to locate in places that are strategic allies, should be an important part of the national security conversation.[46]

The United States is the number one source of UK inward investment. It has been the number one source market by a significant margin since records began. In an increasingly fragile and hostile world, 14 of the UK's top 15 source markets for inward investment are Britain's friends and allies. Only one is not. China.

The inward investment results for 2025/26 show where FDI comes from:[47]

1. United States – 239 projects, 15,796 new jobs
2. India – 93 projects, 12,687 new jobs
3. France – 64 projects, 4,228 new jobs
4. Germany – 62 projects, 4,802 new jobs
5. Ireland – 45 projects, 1,531 new jobs
6. Netherlands – 39 projects, 2,142 new jobs
7. Spain – 39 projects, 1,725 new jobs
8. Sweden – 36 projects, 993 new jobs
9. Italy – 36 projects, 1,622 new jobs
10. Canada – 32 projects, 1,263 new jobs
11. Australia – 32 projects, 900 new jobs
12. Japan – 30 projects, 1,045 new jobs
13. China – 26 projects, 1,836 new jobs
14. Turkey – 25 projects, 564 new jobs
15. Switzerland – 24 projects, 1,307 new jobs

£34 in every £100 of UK foreign investment comes from the United States.[48]
Only 10p in every £100 comes from China.[49]

The data simply does not support China being a key target market for inward investment. When the national security angle is considered, there are serious questions to be raised about the logic in persistent courting of Chinese investors by national and local politicians and IPAs.

[46] https://www.ey.com/en_gl/six-key-trends-shaping-uk-us-bilateral-investment

[47] https://assets.publishing.service.gov.uk/media/6a3a6de8da47783d87723823/dbt-inward-investment-results-2025-to-2026.pdf

[48] https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/adhocs/2904foreigndirectinvestmentfditotalsforinwardandoutwardflowspositionsandearnings2021to2023

[49] https://assets.publishing.service.gov.uk/media/6a01f9d18cc72d2f863ea764/china-trade-and-investment-factsheet-2026-05-14.pdf

Chinese Investment: Hype and Hostility

The UK-China trade relationship is characterised by a large and persistent overall deficit for the UK, mainly because imports of Chinese goods substantially exceed UK goods exports, despite a growing services surplus. In 2024, UK goods exports to China were about £16.7 billion while goods imports were about £65.4 billion, implying a goods deficit around £49 billion.[50]

The opportunity to attract Chinese FDI to the UK has been consistently over-hyped and has constantly failed to deliver the jobs promised. Even during the 'golden era' of closer relations forged by David Cameron and Xi Jinping there was little measurable change to investment flows. Nothing has changed in the last few years, other than an escalation in covert operations by the Chinese Communist Party (CCP) in the UK; the jailing of a British businessman for exercising free speech in Hong Kong; and closer military partnerships with Russia and North Korea.

According to an OECD report of June 2026[51]Chinese companies enjoy between three and eight times higher state subsidies than equivalent firms in OECD countries. To use taxpayer funds to try and attract these companies to locate in the UK is an act of economic self-destruction that will only drive more British manufacturers out of business. The impact of unfair Chinese competition in sectors like automotive is plain to see with the problems at Jaguar Land Rover and its struggle to compete with heavily subsidised Chinese companies that do not face the same energy and labour costs that UK production involves. This is very different from the 1980s influx of Japanese carmakers who built factories, employed thousands and were deeply integrated into UK manufacturing supply chains.

Security Concerns

There is a growing awareness that inward investment does not take place in a vacuum and is obviously entwined with geopolitics. The warnings from people at the very heart of British intelligence could not have been clearer over the last few years:

"The most game-changing challenge we face comes from the Chinese Communist Party. It's covertly applying pressure across the globe. This might feel abstract. But it's real and it's pressing." Ken McCallum, Director General of MI5, July 2022[52]

"Warfare is being reconfigured; increasingly data-driven, AI-enabled, and automated… China is now a tech superpower with sophisticated cyber, intelligence and military capabilities. Russia is scaling up its daily hybrid activity against the U.K. and Europe… relentlessly targeting critical infrastructure, democratic processes, supply chains and public trust." Anne Keast-Butler, Director of GCHQ, May 2026[53]

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[50] https://www.cer.eu/publications/archive/policy-brief/2025/china-and-europe-can-eu-and-uk-find-shared-strategy

[51] https://www.oecd.org/en/about/news/press-releases/2026/06/industrial-subsidies-reach-highest-levels-since-the-global-financial-crisis-says-oecd.html

[52] https://www.mi5.gov.uk/joint-address-by-mi5-and-fbi-heads

[53] https://www.cnbc.com/2026/05/27/uk-spy-chief-gchq-russia-china-us-cyber-attack-security.html

Trade and Investment Missions

Every year there are dozens of well-meaning trade and investment delegations visiting China, many part-funded by UK taxpayers. It's a familiar pattern. City mayors, mayoral advisors, inward investment teams, universities and a few business leaders fly in to be greeted by the polished promotional machinery of the Chinese state.

Red lines that have been drawn previously around 'sensitive sectors' for inward investment are out of date. Nearly every consequential technology is dual-use. This should be a major concern given the number of trade missions to China that have a strong tech element.

CCP involvement in trade missions is a strategy deployed by the party's United Front Work Department (UFWD) and regarded as "influence and interference activities" designed to shape foreign policy environments, secure technology, and build networks of loyal elites abroad. According to Martin Purbrick, former Royal Hong Kong Police intelligence officer and writer on Chinese affairs, there are legitimate concerns over the:

"covert theft of trade secrets, the acquisition of intellectual property by the purchase of specialized companies, the exploitation of academic research for military uses, the use of cyber-attacks, and interference in US and Western political systems through United Front work." [54]

In 2025 the "largest ever civic delegation to China" involved the mayors of several English cities. The delegation met with CCP officials in Shenzhen, Chongqing and Shanghai. A key objective was to encourage inward investment from China.[55] Another UK Tech Mission organised by Tech West Advocates included visits to Chinese tech companies like Tencent.[56] (Tencent is on the U.S. Department of Defense's 'Chinese Military Companies' list.) The UK government, through BIST and its embassy and consulates in China provide support for these missions.

There is little evidence that these visits have any real impact on inward investment. Outputs are sketchy and there has been a history of large Chinese investment projects that never went further than a headline-grabbing announcement. Caroline Knowles' book, Uneasy Streets: How Chinese Money is Remaking Urban Britain, charts the phenomenon of "holes in London and Manchester" where promised Chinese investment never materialised. The book notes that "China's soft-power city-making falls far short of the dreams displayed in glossy brochures".[57]

Taxpayers should not be funding this inward investment charade and the government should stop supporting trade and investment missions to and from China. The amount of time and resource that IPAs dedicate to these missions is out of kilter with the return on investment.

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[54] https://jamestown.org/united-front-work-and-beyond-how-the-chinese-communist-party-penetrates-the-united-states-and-western-societies/

[55] https://www.bbc.co.uk/news/articles/c071jr159p0o

[56] https://www.techwestenglandadvocates.co.uk/events/uk-tech-mission-to-greater-bay-area-china

[57] https://hurstpublishers.com/book/uneasy-streets

Investment Promotion Red Flags

Given the current global threats from Russia, China and their allies, the UK should create a red flag system to ensure we are not facilitating hostile states through trade and investment promotion activities.

A ‘Red Flag’ country would be any state that persistently conducts economic espionage against the UK; is a source of state-sponsored cyber-attacks; engages in military manoeuvres against the UK or our allies; and that violates the human rights of UK citizens. For the avoidance of doubt, countries that should definitely be classified as ‘Red Flag’ states in 2026 are the ‘CRINK states’ of China; Russia; Iran; and North Korea.[58]

As a bare minimum, Government departments (except for FCDO diplomatic work) and taxpayer-funded agencies like UK Research & Innovation; should cease all trade and investment promotion in ‘Red Flag’ countries. All of these red flags should never be rewarded with closer trade and investment links; cultural and city twinning; trade missions; mayoral and ministerial visits.

Protect Critical National Infrastructure

The foreign ownership of Britain’s critical national infrastructure needs to be reviewed. Given the ongoing threat to UK security and the vulnerability of energy; communications, and transport networks, ownership of the country’s key infrastructure cannot be a free-for-all where Britain’s enemies are allowed to embed themselves.

The government should extend the National Security & Investment Act (NSIA) on FDI screening in sensitive sectors. There needs to be a principle of reciprocity in international trade and inward investment. It cannot be right that China’s Foreign Investment Law prevents British companies from investing in Chinese railways, power plants, ports and utilities; when the Chinese state holds significant stakes in Heathrow Airport (Britain’s largest airport); Cadent (our largest gas distribution network); Thames Water (Britain’s largest water company) and Hinkley Point (our largest nuclear power project).

China should be added to the ‘enhanced tier’ of the Foreign Influence Registration Scheme which came into force in July 2025. Russia and Iran are currently the only two states on this elevated tier that “requires individuals or organisations to register where they form an arrangement with a specified foreign power or foreign power-controlled entity to carry out activities in the UK at their direction.”[59] [60]

A ‘Friends First’ trade and investment approach would see clear prioritisation of resources towards the opportunities of closer business links with our largest natural trading partners in North America and Europe and our trusted allies around the world.

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58 https://www.bbc.co.uk/news/uk-67142161

59 https://www.gov.uk/government/publications/foreign-influence-registration-scheme-enhanced-tier/guidance-on-the-foreign-influence-registration-scheme-enhanced-tier-accessible-version

60 https://www.politico.eu/article/uk-dragging-heels-china-spying-watchdog-warns

Recommendations:

- Create a ‘Red Flag’ system to marginalise those hostile to the UK and reward friends and allies with reciprocal trade and investment opportunities.

- Extend and tighten the National Security & Investment Act on FDI screening in sensitive sectors to include energy and infrastructure projects.

- Add China to the Enhanced Tier of the Foreign Influence Registration Scheme.

- End taxpayer funded trade and investment missions to ‘Red Flag’ countries.

End Two-Tier Investor Support

British businesses and entrepreneurs must never be treated in a less favoured way than foreign investors.

Level the Playing Field

Foreign investment is rightly a target for many places, but the support and encouragement offered to an incoming foreign investor can outweigh the attention given to existing local companies. Foreign businesses get the lion's share of attention when it comes to supporting expansion and growth. There's an array of support from initial advice and hand-holding through to investor development, and specialised encouragement and dispensation for foreign entrepreneurs.

Some of this bias is structural, and some of it is unconscious. Investment Promotion Agencies should be encouraged to consider the needs of their existing local businesses as part of their overall inward investment approach.

Transparency and Fairness of Incentives

While each case is unique, it is difficult to dispute the poor optics of the UK offering a £380 million grant to Agratas, the battery business of Indian conglomerate Tata; just a few years after watching promising homegrown battery startup Britishvolt go into liquidation. The founder of Britshvolt specifically criticised departmental bureaucracy and delays, holding the government "largely to blame" for the failure with the promised grant assistance failing to materialise in time.[61] [62]

Governments are not very good at picking winners and we should avoid the idea of 'national champions'; but there needs to be a redressed level-playing field when it comes to grants and incentives for inward investors.

Support British and Foreign Wealth Creators

For foreign entrepreneurs looking to expand or relocate, there is an array of support programmes and no shortage of people rolling out the red carpet to help you to invest in the UK; less so for British entrepreneurs or business owners.

This two-tier inequality causes resentment and costs the UK many millions of pounds in lost tax revenue as unprecedented numbers of wealth-creators vote with their feet and leave the

61 https://news.sky.com/story/britains-battery-industry-doomed-by-government-britishvolt-co-founder-claims-12882830

62 https://www.apcuk.co.uk/news-events/news/uk-government-announces-380-million-investment-in-somerset-gigafactory/

country.[63] According to Henley Global, in 2024, 10,800 millionaires moved out of the UK.[64] Similarly, analysis of Companies House data by Rathbones suggests that 6,000 business owners left the UK between 2024 and 2025, with UAE, Spain and the US most popular destinations.[65]

International wealth creators are targeted by the Government's Global Entrepreneur Programme (GEP)[66]. The GEP is a free service, paid for by British taxpayers, to lure foreign millionaires to the UK. It is a selective, invitation-only initiative managed by BIST. It helps overseas entrepreneurs to establish a base in the UK.

This programme has been running since 2005 and in the last two decades it has successfully attracted 1,400 entrepreneurs to the UK. That's an average of 70 per year coming in, while thousands choose to leave.

GEP founders get matched with 'dealmakers' (entrepreneur mentors that are paid for by BIST) who mentor them through fundraising, partnerships, and relocation issues, including help navigating visas and setting up a UK HQ. This is a level of bespoke, one-to-one business support that most UK founders could only dream of.

There is no doubt that GEP provides some economic value in terms of jobs and investment attracted, but a more rounded treatment of entrepreneurs would do more to stem the net loss of wealth creators.

A 2008/09 evaluation by London Economics of the Global Entrepreneur Programme put the cost of each individual intervention at £55,000 - this equates to £102,000 in 2026 prices. The government should seek to recoup this from successful projects. The report said: *"The companies assisted are relatively small at present compared to those targeted by inward investment programmes, and the size of the potential benefits is extremely uncertain."*[67]

Recommendations:

- Ensure British companies are never disadvantaged by FDI incentives or services.
- Expand the remit and focus of the GEP programme to include British entrepreneurs.
- Introduce a charge for foreign entrepreneurs to use the GEP service.

63 https://www.henleyglobal.com/publications/henley-private-wealth-migration-report-2025/what-driving-uks-millionaire-exodus

64 https://www.adamsmith.org/press-releases/tax-loss-from-millionaires-leaving-the-uk-last-year-equivalent-to-over-half-a-million-average-taxpayers

65 https://www.rathbones.com/en-gb/wealth-management/media-centre/tech-sector-leads-exodus-6000-business-owners

66 https://www.business.gov.uk/campaign/gep/

67 https://londoneconomics.co.uk/wp-content/uploads/2011/09/16-Evaluation-of-UK-Trade-Investments-Global-Entrepreneur-Programme.pdf

Inward Investment Begins at Home

Too many investment promotion teams seem to think that inward investment is best secured by flag-waving overseas missions and flashy pavilions at global trade fairs. In fact, successful inward investment always starts closer to home.

60% of FDI projects come from investors already established in the UK
You need to look after what you've already got - or some other place will. Economic development should be a mix of 'farming' (nurturing the right conditions for existing businesses to start and scale) and 'hunting' (targeting new investment). Relationships with companies that already have a presence in the UK, whether termed 'aftercare', 'investor development', or 'strategic/key account management', is consistently under-resourced and is as important as the high-profile pursuit of new investors.[68]

Local Investible Propositions
Inward investment teams need to focus on developing credible and competitive propositions. This includes a wide ranging package of activities including: curating a portfolio of investable sites and premises; developing specialist soft-landing packages for investors; or improving data and intelligence resources; building the right skills pipeline; encouraging sector development; improving transport connectivity; and nurturing cultural assets that improve the quality of life for existing residents and future investors.

The Office for Investment plays a key role in this and the new Strategic Sites Accelerator[69] will help, but there are too many parts of the country that still haven't developed an attractive offer for inward investors.

Recommendations:

- Refocus resources on improving local propositions and ensure that there is a strong pipeline of certified, ready-to-go sites and premises suitable for inward investors.

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68 https://assets.publishing.service.gov.uk/media/685bd0b1c07c71e5a87097d7/dbt-inward-investment-results-2024-to-2025.pdf

69 https://www.cbre.co.uk/press-releases/cbre-appointed-as-national-delivery-partner-to-uk-governments-strategic-sites-accelerator-programme

Incentivising Inward Investment

In many countries, inward investment can attract some serious grants and incentives. The efficacy of such an approach is being increasingly questioned. For the UK, any grant to locate somewhere is likely to be far outweighed by other cost factors and is unlikely to sway any site selection decision.

A bad location cannot be made good by a state handout and you cannot subsidise your way to success. The most important thing that governments, local and national, can do to attract inward investment is to create a pro-business environment for companies to thrive. This includes addressing tax, regulation, energy, skills, sites and all the elements that make a place investible.

Devolution can be the key to unlocking tax competition within the UK. The Centre for Cities paper on 'Fiscal Devolution for England' (2026) offers a model for how this could work. Combined authorities should be empowered to design and administer five year reductions in corporate tax rates and business rates to attract new investments from target sectors within their jurisdiction, using devolved fiscal levers rather than a single centrally-imposed scheme. The government should set a ceiling incentive rate, but it would be for local mayors to decide how and where to apply it, tailoring incentives to local strengths.[70]

Enterprise Zones and Freeports have been useful in focussing investors' attention on specific sites and opportunities, but these should not be dictated by the national government. If a local mayor wants to create an enterprise zone, then it should be defined locally with the full use of planning mitigations and fiscal incentives deployed at that site.

Devolving tax powers financially rewards places that pursue growth-generating policies, aligning local incentives directly with investment outcomes rather than leaving all upside with the centre. Business rates retention reform has already been proposed nationally to incentivise local authorities to grow their tax base, and this proposal would extend that logic specifically to strategic sector investment.

Experience in the US shows the importance of tax competition between states that are seeking to attract new investment. Fiscal devolution and local tax incentives will provide a critical boost for local investment promotion efforts in the UK, both for FDI and indigenous expansions.

To this end, policymakers should seek to deliver:

- **Lower and Simpler Taxes**
- **Lower Energy Costs**
- **Less Regulation and Planning Barriers**
- **Better Availability of Quality Sites and Premises**
- **Better Access to Talent and Skills**
- **Better Access to Supply-chain Opportunities**
- **Better Access to Technology and Innovation**

[70] https://www.centreforcities.org/publication/fiscal-devolution-for-england/

- **Excellent Transport and Connectivity**
- **World Class Investment Promotion Agencies**

To stand the best chance of attracting, retaining and growing more successful companies that will create jobs and opportunities for local people, policymakers need to address as many of these issues as possible.

The final element on the list does not require huge expense and can be delivered in months rather than years. It is within the gift of every location to create a world-class inward investment service, at national and local levels.

If we want economic growth in every postcode, there needs to be action at the local level. Inward investment promotion is one of the things every location can do better. It should be a priority for local and national policymakers, business leaders and everyone that wants a more prosperous Britain.

Recommendations:

- Devolve fiscal levers around business rates, corporation tax and income tax to the sub-national level to enable local policy-makers to design and deliver investment and growth incentives to suit their local needs and opportunities.

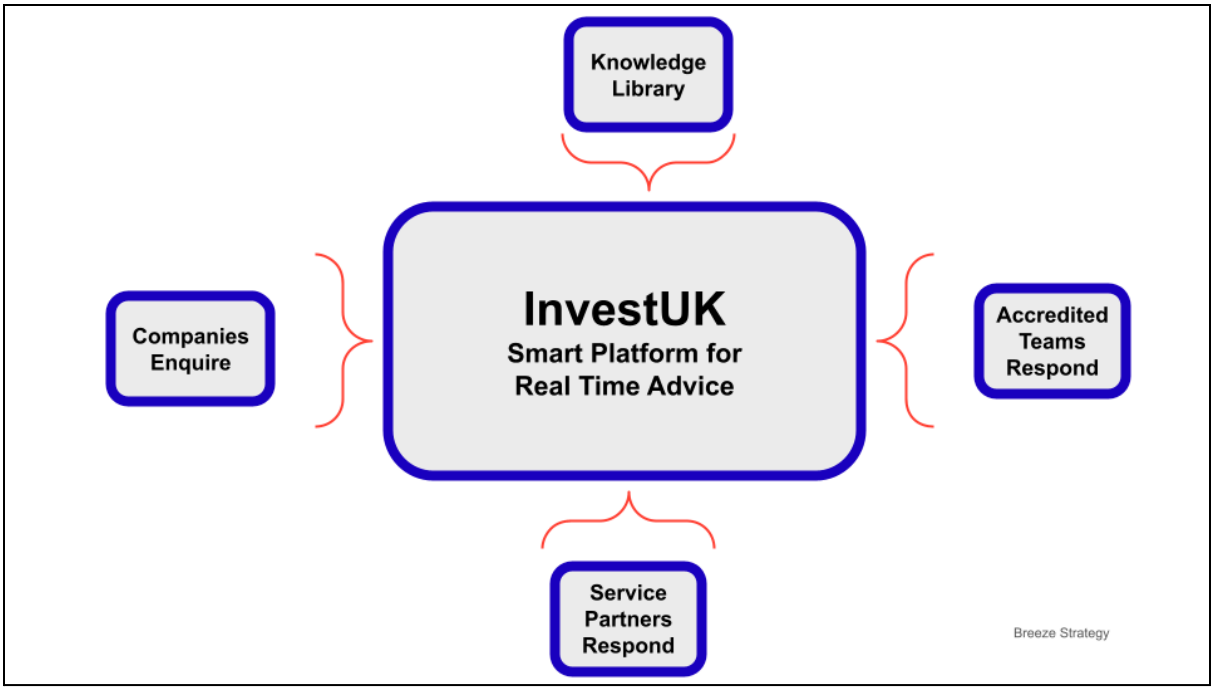
Deploy Smarter Tech to Reduce Friction

The UK lags its competitors in the effective use of digital tools for investment promotion.

The current inward investment website is not fit for purpose. As the nation's front-door and shop window, there is no excuse for it not being the very best in class.

There is no need to reduce the UK offer down to four chosen places with a few pithy bullet points; each place should be able to make its own propositions available. It does not require major investment in digital tools, it is a relatively straightforward redesign.

Embracing AI tools can provide a lower-cost, more efficient solution that can free up limited resources to focus more time on proactive engagement with prospects and relationship-building.



The UK needs a website that enables users to explore the UK's various sector strengths; its nations, regions, cities and towns; and it should provide direct access to the right people in each place. All of the UK's local investment teams should be represented and be able to submit their own materials which would be catalogued by sector, function and region. Potential inward investors would be able to select a number of IPAs and post their requirements to several teams or ask a question. Each accredited IPA would then be notified and would respond accordingly, creating a flat structure rather than the traditional friction of passing leads down the chain.

Selected service providers (lawyers, accountants, banks, property, site selection consultants and other FDI experts) could provide users with expert comment and specialist advice. This could be organised in a commercial way to raise revenue and ensure that the platform was self-financing.

This simple improvement would:

- Improve the front-door and concierge service
- Put the customer in control of their own journey
- Enable accredited IPAs to upload their own materials
- Drive faster, realtime engagement with prospects
- Bring approved private sector experts that add value into the process
- Be low-cost and ultimately revenue-generating

The overriding consideration should be the customer journey and user experience of potential inward investors. If designed in the right way, it has the potential to transform investment promotion in a way that empowers local teams, facilitates commercialisation, and ultimately puts the potential investor in control of the process, not a government department.

Recommendation:

- Overhaul the UK’s inward investment web presence and use new tools to provide an interactive experience that helps investors to engage with locations.

Recommendations

The recommendations below are drawn together in one place. They have been listed in order of deliverability, starting with the changes that could begin immediately at little or no cost, and ending with those that need a machinery of government change or legislation.

No	Recommendation	Lead	Timing
1	Re-establish the Committee on Overseas Promotion as a quarterly forum of national, regional and local teams	Office for Investment	Immediate
2	Publish the annual inward investment results properly, with trend analysis and a practitioner conference	Office for Investment / BIST	Immediate
3	Create Invest in England as a dedicated unit within the Office for Investment, based outside London	Office for Investment / BIST	Year 1
4	Mandate the Office for Investment to raise a defined share of its funding from commercial sources	BIST / Office for Investment	Year 1, phased over five years
5	Introduce accreditation for Local Investment Partnerships, with minimum standards of service delivery	Office for Investment	Years 1 to 2
6	Create an English Investment Promotion Fund to match-fund local capacity building	BIST	Year 2
7	Move local investment promotion out of council structures and into chamber and university-led partnerships	Mayors, councils, chambers	Years 1 to 3
8	Turn the Office for Investment into an independent agency with a non-political board drawn from business, chambers and regional FDI expertise	HM Treasury / BIST	Years 2 to 3, machinery of government change

No	Recommendation	Lead	Timing
9	Apply a policy test so that British companies are never disadvantaged by FDI incentives or services	BIST, local teams	Immediate
10	End taxpayer-funded trade and investment missions to Red Flag states	BIST, mayors, universities	Immediate
11	Add China to the Enhanced Tier of the Foreign Influence Registration Scheme	Home Office	Immediate
12	Refocus local effort on investable propositions and a certified pipeline of ready-to-go sites and premises	Local teams / Office for Investment	Ongoing
13	Introduce a Red Flag system for target markets, with reciprocal priority for friends and allies	BIST / FCDO	Year 1
14	Overhaul the UK inward investment web presence into an open platform for all accredited teams	Office for Investment / BIST	Year 1
15	Open the Global Entrepreneur Programme to British founders and introduce a charge for foreign users	BIST	Year 1
16	Extend National Security & Investment Act screening to energy and infrastructure projects	Cabinet Office / BIST	Years 1 to 2, legislation
17	Devolve fiscal levers on business rates and corporation tax to combined authorities	HM Treasury	Years 2 to 3, legislation

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