



Department
for Business
Innovation & Skills

BIS PERFORMANCE INDICATORS

Average Unit Cost per Foreign
Direct Investment Project
attracted to the UK with UKTI
involvement

JANUARY 2015

Average Unit Cost per Foreign Direct Investment Project attracted to the UK with UKTI involvement

Why is this indicator important?

It demonstrates the efficiency with which UK Trade and Investment (UKTI) delivers impact through the number of Foreign Direct Investment (FDI) projects attracted to the UK with UKTI involvement against total input costs.

How are we performing?

FY	UKTI Projects Assisted	Cost	Average Unit Cost
2013/14	1,462	£87,500,000	£59,850
2012/13	1,322	£81,200,000	£61,422
2011/12	1,172	£79,700,000	£68,003
2010/11	849	£76,000,000	£89,517

This table provides evidence of UKTI's continuing increased productivity over a three year period. Having increased the number of FDI projects it has assisted UKTI has also reduced the cost of each FDI assist from nearly £68k in 2011/12 to under £60 k in 2013/14.

Budget	Cost
BIS Admin [Direct costs + notional allocation of accommodation & overheads]	£11.5m
FCO Administration and Programme	£30.4m
UKTI Administration and Programme	£45.6m
BIS Administration	£11.5m
Total	£87.5m

What will influence this indicator?

The principal potential influences to these indicators would be:

1. Changes to the number of projects UKTI helps to deliver as a result of retargeting strategy that incorporates additional value measures; and
2. UKTI's overall capability and capacity, and its ability to access sufficient budget in support of FDI.

What is BIS's role?

UKTI is a joint non-ministerial Government Department of the Department for Business, Innovation and Skills (BIS) and the Foreign and Commonwealth Office (FCO). BIS's role in FDI success is, therefore, delivered through UKTI.

Attracting foreign investment is an important element of the UK Government's economic recovery and growth programme, as it brings significant economic and social benefits to the whole of the UK. It also creates hundreds of thousands of jobs and helps to increase productivity and competitiveness in the UK economy, bringing in new technologies and know-how.

UKTI is at the heart of the Government's drive to promote growth through trade and investment, its contribution to delivering the Trade White Paper was detailed in its Strategy, Britain Open for Business, which set out plans to provide practical support to exporters and inward investors over a five year period. To deliver these, UKTI identified four pathways to growth, two of which related to inward investment:

- Creating a pipeline of high-quality inward investment projects and targeting overseas institutions such as sovereign wealth funds to win investment for the UK's large-scale infrastructure and regeneration projects.
- Focus on building strategic relationships by introducing key account management of the most significant inward investors and the UK's top exporters to offer a seamless, "one-stop" service.

The UK Government is committed to ensuring that the UK retains and strengthens its leading position as a world-class destination for high-quality inward investment.

The UK's inward investment results for 2013/14 are the strongest ever in terms of foreign inward investment projects attracted and recorded, and confirm the country's position as the leading destination for FDI in Europe in terms of projects. Furthermore, the results mirror the global comparative analysis undertaken by UNCTAD (United Nations Conference on Trade and Development) and the data from other independent sources.

It was also particularly pleasing that all parts of the UK were able to report a rise in the number of projects, with significant increases in Wales (18 per cent), Northern Ireland (32 per cent), and Scotland (10 per cent).

UKTI will work to further take advantage of the fact that the UK's sectoral and industrial offer to foreign investors is one of the strongest in the world and when combined with the UK's stable business environment, provides a highly attractive commercial proposition within the context of the current global economic climate.

UKTI recognises the intensifying competition globally allied to the growing location options available to multinational companies. This means that UKTI will strive for even greater focus to attract more investment to all parts of the UK and to strengthen the UK's performance in emerging markets.

Indicator definition

There are two key sources of data for this indicator, financial data for the cost of providing FDI services, and information on the number of projects in which UKTI has been involved.

The figures for FDI costs are as published in the UKTI Annual Report and Accounts 2013-14. These were prepared in accordance with directions given by HM Treasury in pursuance of Section 5(2) of the Government Resources and Accounts Act 2000. To arrive at the total resources used, the resources expended by UKTI's parent Departments - BIS and the FCO - must also be added to UKTI's voted resource. This reflects the shared governance arrangements between BIS, the FCO and UKTI for the delivery of their shared objectives for trade promotion and foreign direct investment.

The key source of data for measuring how UKTI is performing against its targets is its Customer Data Management System (CDMS) system. Entries for inward investment involved successes are then verified by a number of parties including partners. Criteria defining an involved inward investment success are as follows:

Significant involvement in a high value or good quality FDI project should be claimed by UKTI when they have undertaken a minimum of two of the following activities in dealing with the specific project:

- arranged a regional tour;
- arranged a location search;
- provided other significant information;
- provided in-depth client specific R&D information which influenced the target company's decision;
- provided client with access to UK based technology sources of R&D expertise and facilities;
- provided client with access to UK technology sources;
- provided public sector financial assistance;
- prepared a tailor made presentation;

- significant initial contact with a company and passed resulting lead to another Agency in the network;
- generated a lead as a result of a promotional event/activity;
- supported the Tech City and High Technology Task Force including virtual team participation, in securing a technology orientated inward investment.

Definition of significant involvement in other inward investment projects

UKTI may claim an involved success if one of the following criteria is met:-

- the UKTI team has had significant contact with a company and provided them with advice/information relevant to the claimed investment;
- UKTI has passed resulting lead successfully to another lead agency in the network.

Definition of the various UKTI Teams delivering/claiming Significant Assistance

UKTI classifies its significant assistance in terms of UKTI HQ, UKTI Overseas. A third type of UKTI team is being added to our system to reflect UKTI's new contracted resource for England (excluding London); UKTI Investment Services Team. This category will allow UKTI to track the collaboration between HQ/Overseas and our contracted service delivery partner. When completing the FDI form (BG3) for a project success, teams will identify themselves using these terms.

Compliance by UKTI partners in the measuring criteria is governed through a series of Memoranda of Understanding with Devolved Administrations, Local Enterprise Partnerships and other partners.

The agreed number of foreign direct investment projects attracted to the UK with UKTI's involvement is then compared to UKTI spend on FDI activity over the Financial Year.

Further Information

Inward Investment Report 2013/14 - available from the [here](#)

[Annual Report and Accounts](#)

Related indicators

[The number of Foreign Direct Investment projects attracted to the UK with UKTI involvement](#)

Status

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