

# Invest in the UK: your springboard for global growth

**BUSINESS  
IS  
GREAT**

BRITAIN & NORTHERN IRELAND





# Foreword

David Cameron, Prime Minister

*Find out more about what makes the UK the first choice for investment.*

The UK is the number one destination for foreign direct investment in Europe – second in the world only to the USA. A recent survey of international business leaders found investor confidence in the UK is the strongest in Europe,<sup>1</sup> while the World Bank has said it is easier to do business here than any other major economy in the continent. Put simply, if you are an overseas business wanting to drive up your profitability and increase your competitiveness, Britain is the place to be. And for me there are several big reasons why.

First, we are committed to making this the most open, welcoming, business-friendly country in the world. We've cut our corporation tax to a record low – it stands at 20 percent from April 2015, the lowest rate in the G7 and the G20. For those developing intellectual property here, we are lowering corporation tax further; to those investing in research and development, we are giving tax relief. What's more, we are the sixth biggest exporter in the world, we have made record investment in infrastructure, and our world-class supply chains are helping small businesses export their products to big international companies – all of which says to investors around the world: 'if you want to expand your businesses internationally, this is the place to do it'.

Second, we have an increasingly strong economy – one which the International Monetary Fund says will continue to grow faster than any other major European economy in 2015,<sup>2</sup> and is set to become the largest in Europe by 2030. We are working to a long-term economic plan which is backing business, creating jobs, reducing the deficit, boosting infrastructure and delivering the skills for our young people that businesses need. So investors can be confident in our continued economic strength and stability – and they can be a part of this great global success story too.

Third, we have one of the world's leading financial centres, not just helping to finance business expansion but also enabling London to become Europe's premier centre for Islamic finance and the Western hub for offshore Renminbi trading.

Fourth, we have a large, highly-skilled labour force: more adults have completed higher education than anywhere else in Western Europe.<sup>3</sup>

Finally, we have UKTI – the UK Government's award-winning trade and investment agency. UKTI had a hand in more than 80 percent of the inward investment projects landing in the UK in 2013/14.

And their service doesn't stop once you are established in the UK; it continues as your business expands internationally, supporting foreign investors with the same range of services as any other UK-based company – including support to export around the world. There is more information about how you can work with UKTI on page 52.

**So our message is clear: if you want to invest, if you want to expand, if you want great incentives and an economy that's going from strength to strength, then come to the UK – our door is firmly open for business.**

## Contact UKTI

We are ready to make your UK investment work. You can contact our Investment Services Team to discuss your plans by telephone **+44 (0)20 7333 5442** or email at **[enquiries@ukti-invest.com](mailto:enquiries@ukti-invest.com)**. Investment staff at a British embassy, high commission or trade office can also put you in touch with the Investment Services Team.

### Sources:

1. A.T. Kearney 2014. Foreign Direct Investment Confidence Index: Ready for Takeoff
2. International Monetary Fund 2015. World Economic Outlook – Update January 2015
3. OECD 2014. Education at a glance (data refers to 2012)

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# A Gateway to the World

*Invest in the UK as the springboard for exporting and global growth.*

## Invest in strength

Base your business in the UK and join one of the world's major trading nations. You'll be in the right place for long-term growth. Now equal fifth largest economy in the world, we are predicted to overtake Germany to become the largest Western European economy around 2030.<sup>1</sup>

**No. 1** economy in Western Europe by 2030

**5<sup>th</sup>** equal largest economy in the world currently



## Market opportunity

Over 64 million people live in the UK - a major market in its own right. But it is also the gateway to Europe, the world's largest single market with more than 500 million consumers. You don't pay any duties when importing/exporting within the EU, and you benefit from free or preferential trade arrangements with many non-EU countries.



**500+ million consumers**



**Duty-free imports and exports**



**largest**  
air transport  
system  
in Europe



**7 year**  
programme  
to upgrade  
our roads



**most**  
improved  
rail network  
in the EU

### Get where you want - fast

We're a small country with a large, integrated transport system. With the second largest ports industry in Europe,<sup>2</sup> the largest air transport system in Europe,<sup>3</sup> the most improved rail network in the EU<sup>4</sup> and a huge seven-year investment programme to upgrade our roads, it's easy to move goods and people around, in and out of the UK.

### Major trading nation

Exports of £500 billion in goods and services in 2014<sup>5</sup> place the UK sixth in UNCTAD's index of top exporting countries.<sup>6</sup> We have the infrastructure, logistics and routes into established and emerging markets to match your trade ambitions.



**Exports**  
**£500**  
**billion**

### Your base for international investment

The UK is a great place for your business, but also the ideal base for onward global investment to increase your profitability and competitiveness. The UK is the largest foreign outward investor in Europe.<sup>7</sup>

**1<sup>st</sup>**

**for outward  
foreign direct  
investment  
in Europe**

### Your online portal to the world

We're ahead of the game when it comes to selling online. The UK is the biggest e-commerce market in Europe, selling almost as much as Germany and France combined online in 2013.<sup>8</sup> You can become part of a sophisticated e-market that makes the UK the second largest global online retail exporter after the USA, and the largest in Europe.<sup>9</sup>

**1<sup>st</sup>**

**for online  
retail  
exports  
in Europe**

### Your long-term export adviser

Locate your business in the UK and you can benefit from the same support to increase exports as domestic firms. UKTI can provide bespoke market research, news of trade opportunities and support to help you win high value contracts. Our global network of advisers have the connections that open doors to new trade opportunities. See page 52 for more detail on how UKTI can help you.

#### Sources:

1. Centre for Economics and Business Research 2014. World Economic League Table 2015
2. Eurostat 2014. Maritime ports freight and passenger statistics 2012: gross weight of seaborne goods handled by main ports by type of cargo
3. CAA 2014
4. European Commission 2013

5. Office for National Statistics 2015. UK Trade, December 2014
6. UNCTAD 2014 (data includes estimates)
7. UNCTAD 2014. World Investment Report 2014
8. Ecommerce Europe 2014. Europe B2C Ecommerce Report 2014
9. British Retail Consortium and Google 2014

# Centre for Global Trading

*Invest in the UK as the number one location for European headquarters and holding companies.*

## Low tax burden

Our low corporate taxes and competitive rules for taxing the profits of multinationals attract the biggest global enterprises to the UK. The UK's corporation tax rate falls to 20 percent in April 2015, by far the lowest in the G7 and the joint lowest in the G20.

**The World Bank rates our tax system as the most business-friendly of the ten largest economies in Europe, both in terms of rates and administrative burdens.<sup>1</sup>**

**Lowest corporation tax in the G20 and G7**

**2015 ▶ 20%**



## Transparent, flexible company law and corporate governance

It's fast and simple to set up a company in the UK and there is flexibility to choose and shape the corporate structure to suit your needs. The UK provides companies and their investors with a framework of law and best practice giving the certainty needed to support investment, innovation and trade.



## Stock market strength

Listing in London allows you to tap into one of the deepest pools of international equity assets anywhere. As well as being the fourth-largest stock exchange in the world, the London Stock Exchange is the most international, with around 3,000 companies from over 70 countries.<sup>2</sup>



## Dynamic attraction

Our business-friendly environment is boosting innovation across multiple sectors and generating a vibrancy that attracts the biggest and the best. This dynamism is creating faster growth in the financial technology sector than anywhere else in the world;<sup>3</sup> bringing Hollywood's biggest movie makers to our shores; and has persuaded Hitachi to move its global rail headquarters from Tokyo to London.

## Professional strength

We are world leaders in professional and business services such as accountancy, law and audit – services that provide essential expertise to underpin your innovation, export and expansion plans. Our share of global exports of financial and business services was second only to the US in 2012.<sup>4</sup> We host six of the top ten international networks of accountancy firms,<sup>5</sup> four of the ten biggest law firms<sup>6</sup> and the world's largest advertising group. The creative brilliance of our advertising agencies can propel your brand around the world – only the USA won more creative awards than us in 2014.<sup>7</sup>



**4 of the top 10 law firms**



**6 of the top 10 accountancy firms**



**World's largest advertising group**



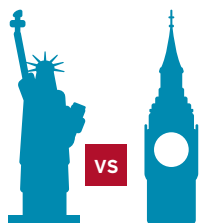


### Time and place

Two of our natural advantages help you reach out across the world. Positioned between East and West, our location and time zone make it easy to work across Asian, European and American markets. We are also the home of English, the world's main business language.<sup>8</sup>

### London - business capital of Europe

Our capital hosts 40 percent of the European headquarters of the world's top 250 companies. Its nearest rival is Paris, with only 8 percent. London's dominance is even greater for the non-European giants among these 250 companies - three out of five have chosen London as their base.<sup>9</sup>



### Only New York can rival London for the title of world's leading financial centre

### Global financial hub

No other European centre comes close to the size and expertise of our financial services sector, and only New York can rival London for the title of world's leading financial centre.<sup>10</sup> Our banks' assets are the fourth largest after China, the USA and Japan, and we are the largest centre for cross-border banking in the world.<sup>11</sup>



### Digital UK

We already have the best superfast broadband service of any major European economy,<sup>12</sup> and we will keep it this way. Our investment to deliver the best broadband network in Europe means you can rely on a digital infrastructure that will support the huge increase in usage and the demand for lightning-fast speed, anywhere, anytime.



### Strong economy, soft power

We are ranked third globally for our 'soft power'.<sup>13</sup> It's a reputational and diplomatic influence based on a rich mix of cultural, creative, business and political strengths. It can be a potent asset to your UK business; we use this influence to shape outcomes and make deals that are beyond other countries - deals that can free your business to expand globally.



### Making the EU work for UK business

We are a strong voice in the EU, and will continue to use our influence to make it more open, competitive, flexible and democratically accountable. We retain sovereignty over our currency, allowing your UK business to react flexibly to changing market conditions.

#### Sources:

1. World Bank Group 2014. Doing Business 2015 - Going Beyond Efficiency
2. world-stock-exchanges.net 2014. List of stock exchanges around the world
3. Accenture 2014. The Boom in Global Fintech Investment: A new growth opportunity for London
4. UN Service Trade (online data, 2012 is latest available)
5. Accountancy Age 2013. Top 35 Networks 2013: the Survey
6. American Lawyer Magazine. Global 100 (ranked by gross revenue)
7. The Gunn Report 2014

8. Ipsos 2012. English is the Common Link for Employees Who Interact with People from Other Countries (online)
9. Deloitte 2014. London Futures: London Crowned Business Capital of Europe
10. Z/Yen Group 2014. The Global Financial Centres 15
11. TheCityUK 2014. Key Facts About the UK as an International Financial Centre
12. Ofcom 2014. European Broadband Scorecard
13. Monocle 2014. Soft Power Survey 2014/15

# Magnet for Talent

*Invest in the UK to access global talent and high-level skills.*

## Global talent hub

The USA is the only powerhouse economy rated above the UK in the Global Talent Competitiveness Index. Our ranking of 7th is testament to our success at attracting, growing and retaining talent and the quality of our skills base.<sup>1</sup> Excluding the USA, our population is bigger than the combined total of the other five countries ranked above us. Investors choose the UK because of the breadth of skills across multiple industry sectors in a very large workforce.

**No. 1** rated major European economy for global talent

## The era of 'talentism'

Access to talent is now the driver of economic growth. While many parts of the world face labour shortages, global migration trends favour the UK. Locate here and you'll be in one of the few European countries expected to experience labour supply growth in the next 15 years.<sup>2</sup>

## The UK - workplace of choice

Skilled people from overseas want to work in the UK, and our visa system is set up to encourage them. Of the one million employed people who moved to an EU Member State (either from within or outside the EU) in 2012 and 2013, 382,000 (38.5 percent) took up residence in the UK - nearly 132,000 more than the second most popular destination, Germany.<sup>3</sup> As talent becomes more internationally mobile, we continue to attract the best from overseas.

## Entrepreneurial hub

Over 580,000 businesses started in the UK in 2014,<sup>4</sup> encouraged by an environment rated by the World Bank as the most business-friendly of Europe's major economies.<sup>5</sup> UKTI has set up programmes such as Sirius (our graduate talent scheme) and the Global Entrepreneur Programme to encourage the brightest and best international entrepreneurs to start and expand their enterprises in the UK. With our unique package of business support, tax incentives and visa flexibility you can push your products and services quickly into global markets.



Business support



tax incentives



visa flexibility

**= your products and services moving quickly into the global market**





### The multinationals' choice

Many of the world's biggest and most dynamic companies have analysed the pros and cons of locating in different countries - and then chosen the UK. Google, Facebook, Amazon, Coca-Cola, Motorola and Sony are just a few examples of companies that have their European headquarters here. In 2012 the UK was the chosen location for 43 percent of new inward investment projects with headquarters in Europe - three times more than our nearest competitors.<sup>6</sup>



The UK was chosen for

**43%**

of new inward investment projects with HQ operations in Europe

**3x**

more than the nearest competitors

### Broad skills base, deep labour pool

The USA is the only large economy ranked above us in the Global Talent Competitiveness Index for the availability of both 'labour and vocational skills' and 'global knowledge skills'. It is strong evidence for the breadth of our skills base across multiple sectors, concentrated in the second largest labour force in the EU.

### Simple, fair personal taxation

Our personal tax rates are highly competitive with those in other European countries, particularly when the effects of income tax and employee social security contributions are combined. Our 'all-in' wage tax rate is the lowest of the EU's five major economies.

### Equality UK

You and your teams will discover the UK is more than just a great place for business. You join a diverse and welcoming country - the World Values Survey identifies Britons as among the world's most tolerant people.<sup>7</sup> We are proud to have some of the strongest equality legislation in Europe. You can live and work in the UK reassured by comprehensive laws that protect the rights of individuals and promote equality of opportunity for all.

#### Sources:

1. INSEAD, Human Capital Leadership Index & Adecco Group 2014, The Global Talent Competitiveness Index 2014
2. The Boston Consulting Group/Rainer Strack 2013, The Looming Global Talent Crisis - How to Counteract Workforce Imbalances
3. Eurostat 2014, European Union Labour Force Survey - annual results 2013

4. StartUp Britain 2015, New Figures Reveal Record-Breaking Year for Start-Ups (online)
5. World Bank Group 2014, Doing Business 2015 - Going Beyond Efficiency
6. Financial Times FDI Markets database 2013
7. Berggren, N. and Nilsson, T. (2013), Does Economic Freedom Foster Tolerance? *Kyklos*, 66: 177-207

# Hub of Innovation

*Invest in the UK to bring innovative products and services to global markets.*



## World leading R&D environment

Our partnership with industry creates a thriving innovation ecosystem for turning ideas into commercial success. We are second overall, and the top rated major world economy, in the Global Innovation Index. This index identifies particular strengths in the quality of our universities, our knowledge-intensive labour force and the impact of university-business collaboration.<sup>1</sup>



## Innovation incentives

Our generous tax credits cut the cost of leading-edge research and high-tech commercialisation processes. The Patent Box lowers the rate of corporation tax you will pay on profits earned from qualifying patented inventions to ten percent – half the headline tax rate that applies from April 2015. R&D tax credits can reduce the cost of R&D by up to 29 percent for large businesses and up to 46 percent for small ones.



## Nobel brilliance

The UK has produced 78 Nobel Prize winners in natural and physical sciences, more than any other country apart from the USA. UK scientists whose advances have changed the world include Sir Robert Edwards who (along with surgeon Patrick Steptoe) pioneered conception through IVF, Francis Crick and James Watson who discovered the structure of the DNA molecule, and Peter Higgs in 2013 for his theoretical work on the existence of the subatomic particle we now call the 'Higgs boson'.



## Global research influence

The output of our research community is prodigious. With less than one percent of the global population the UK accounts for 6.4 percent of global journal articles, 11.6 percent of citations and 15.9 percent of the world's most highly cited articles.<sup>2</sup>

## Eight great technologies

The UK Government's Industrial Strategy focuses on eight technologies with the potential to transform our lives – and areas in which we are set to lead the world. The technologies we are commercialising at leading-edge R&D facilities are:



**Big data**



**Satellites**



**Robotics and autonomous systems**



**Synthetic biology**



**Regenerative medicine**



**Agri-science**



**Advanced materials**



**Energy storage**

## A nation of scientists

One in five work in science-based roles – that's 5.8 million people, projected to increase to 7.1 million people by 2030.<sup>3</sup> The proportion of our workforce in knowledge-intensive jobs is the highest in the G20.<sup>4</sup>

## Innovate UK

Technology Strategy Board

[www.innovateuk.org](http://www.innovateuk.org)

### Dynamic innovation agency

#### Need support for your UK-based innovation? Innovate UK can help you to:

- Bring products and services more quickly to market.
- Access research & development (R&D) facilities.
- Connect with research or business partners.
- Win funding to reduce the risk from innovation projects.



#### The European destination for innovation

Choose to innovate in the UK and you're in good company. In 2012 we attracted almost US\$7.7 billion of overseas-financed R&D. This is the same as Canada, Finland, Japan, China, Russia and Denmark combined.<sup>5</sup>

#### Digital capital of Europe

East London's Tech City symbolises the vibrant entrepreneurial spirit in the UK. It is now Europe's largest digital cluster and a hotbed of fast-growth start-ups and disruptive technologies. You don't have to be in East London to benefit from this hub of innovation – Tech City works with digital clusters across the UK.

#### Turning ideas into new products and services

Catapult Centres bring the UK's very best businesses, scientists and engineers to work side by side on late-stage research and development. A wide range of support, facilities and opportunities for collaboration exist at over 100 science parks and 300 business incubators.

#### Government-industry partnership

Two-thirds of R&D expenditure in the UK is contributed by industry,<sup>6</sup> and more than half of business R&D expenditure is by foreign-owned firms – proof of the attraction of our innovation environment. By improving access to finance, offering generous tax incentives and investing in R&D infrastructure we free companies to innovate in ways that might be beyond them otherwise.



#### Protect your intellectual property

International innovators clearly trust our robust intellectual property system. They own 41.5 percent of patents in the UK, compared to 17.4 percent in Germany, 12.6 percent in the USA and 2.4 percent in Japan.<sup>7</sup>

#### Smart cities

Our London-based Future Cities Catapult is developing solutions for international cities that want smarter ways to improve quality of life, strengthen their economy and protect the environment. It's our mission to unlock global urban innovation markets for UK-based businesses by helping them create the products and services that transform city life.



#### Sources:

1. Cornell University, INSEAD & World Intellectual Property Organisation 2014. Global Innovation Index 2014
2. Elsevier BV 2013. International Comparative Performance of the UK Research Base
3. Science Council 2011. Shape of the UK Science Workforce
4. OECD 2013. STI Scoreboard
5. OECD 2012. OECD Science, Technology & Industry Outlook 2012
6. Office for National Statistics 2014. Business Enterprise R&D - 2013
7. OECD 2014. International co-operation in patents: foreign ownership of domestic inventions

# Talent

*The UK ranks second only to the USA among the powerhouse economies for growing, retaining and attracting talent according to the Global Talent Competitiveness Index (GTCI).<sup>1</sup> It's a vital asset in an era where human capital is the engine of economic growth. Talent, creativity and the ability to innovate are the game-changers.*

## UK talent: the headlines



**The highest proportion of adults with tertiary education in Western Europe**



**Top rated for growing, retaining and attracting talent among the major European economies**



**The only major European economy expecting an increase in labour supply up to 2030**



**More employed people moved to the UK in 2012 and 2013 than any other EU Member State**



**Half of Europe's graduates willing to relocate to find work would choose the UK**

Access to talent is more important than ever at a time when many parts of the world face shortages in labour supply. The Boston Consulting Group estimates that Western Europe will need to increase its workforce over the next 15 years by 45 million - equivalent to the working population of Germany.<sup>2</sup>

From culture, sport and entertainment to food, design and technology, the impact of our talent and entrepreneurial spirit is felt in every corner of the globe. This will continue. We invest heavily in the strengths that combine to make the UK such a magnet for talent - areas such as education, skills, management, research and innovation.

The depth of our talent shows through in the broad range of indicators used by the GTCI. We rate fourth in the world for 'brain gain' based on our success at attracting talented people from across the world, the highest placed powerhouse economy. The UK's long-standing attraction as a great place to be undoubtedly helps. Talented people are drawn by our rich mix of culture, heritage, vibrant cities and varied countryside. But we also work very hard to create a learning, business and innovation environment that attracts and keeps skilled people.

## 2014 Global Talent Competitiveness Index

Top seven plus selected rankings

Population (millions)

1	Switzerland	8.1
2	Singapore	5.4
3	Luxembourg	0.5
4	USA	
5	Canada	35.7
6	Sweden	9.7
7	<b>UK</b>	<b>64.1</b>
12	Netherlands	
14	Germany	
23	France	
30	Spain	
36	Italy	

**Excluding the USA, the UK's population is greater than the combined total of the other countries in the top six - giving you access to a bigger pool of talent.**

# 4<sup>th</sup>

The UK's ranking in the world for 'brain gain' based on our success at attracting talented people from across the world

# 4 of the top 6

best universities in the world



## **“Basing ourselves in the UK is a no-brainer. As much as anything, it makes sense to be here for the sheer entrepreneurial spirit and sense of adventure.”**

- Gerry Sutton – CEO of Adstream (advertising services provider and part of the Paul Ramsay Group, Australia)

### **Educational excellence**

The GTCI rates the UK first globally for the quality of its universities, third for its management schools and eighth for both lifelong learning and ‘higher skills and competencies’.

Universities produce the creative and critical thinking skills that can transform business performance and **the UK has some of the very best, including four of the top six universities in the world - Oxford, Cambridge, University College London and Imperial College London.**<sup>3</sup> Add this to the fact we have the highest number of leading MBA institutions in Europe, and it’s no surprise that over 435,000 international students came for higher education study in 2013/14 – more than any country apart from the USA.<sup>4</sup>

This focus on university excellence is a key reason why we have the highest proportion of adults with tertiary education in Western Europe,<sup>5</sup> creating a concentrated pool of people for professional and knowledge-based jobs. The UK is also a magnet for graduate talent – **half of Europe’s graduates who are willing to relocate in search of their first professional role would prefer to emigrate to the UK.**<sup>6</sup>

### **Research and innovation.**

International companies invest billions of pounds each year in the UK’s science and innovation ecosystem. More than **half of all UK-based business expenditure on research and development (R&D) activity is undertaken by foreign-owned companies.**<sup>7</sup> They are attracted by the expertise and leading-edge technologies available in our academic and research facilities – rated as the second best in the world by the World Economic Forum, higher than any other major world economy.<sup>8</sup> Our world-class universities are the foundation for this expertise, supported by investment in new R&D facilities that focus on turning ideas in to commercial success.

INSEAD ranks us higher than any other major world economy for innovation output, a reflection of our success at producing new products and services.<sup>9</sup> By improving access to finance, offering generous tax incentives and investing in R&D infrastructure, the UK opens up a whole range of new innovation possibilities for you.



The UK’s **life science** discoveries have transformed scientific knowledge and continue to unlock clinical and commercial opportunities. All of the world’s top ten pharmaceuticals companies have operations in the UK, including several with both R&D and manufacturing capabilities. The talent pipeline continues – we have both the highest number of life science graduates in Europe and three of the top four universities for medicine.<sup>10</sup>



Our universities research solutions to the biggest problems facing humankind today. **The London Centre for Nanotechnology**, a joint venture between two of the top universities in the world, University College London and Imperial College London, is tackling global problems in information processing, healthcare, energy and environment through the application of nanoscience and nanotechnology.

**“The London Innovation Centre will bring together ‘the best talent.’ It will house science and technology experts with board expertise in developing new solutions and products, and will have local deal-making capabilities to flexibly adapt deal structures to match early-stage opportunities.”**

- Patrick Verheyen, Head of Johnson & Johnson’s Innovation Centre, London

## Welcoming overseas talent

Global migration flows tell you a lot about which countries are attractive to internationally mobile talent. **More employed people moved to the UK in 2012 and 2013 than any other EU Member State.**<sup>11</sup> We also host the third largest number of highly skilled immigrants seeking employment in the world (after Ireland and Canada).<sup>12</sup> Our flexible visa system is set up to welcome skilled workers, international students, academics, entrepreneurs and investors. You can find out more on page 18.

## Entrepreneurship

We are a nation of entrepreneurs. A record 580,000 businesses started up in the UK in 2014,<sup>13</sup> helped by the most business-friendly environment of Europe's major economies.<sup>14</sup> We want the brightest and best international entrepreneurs to start and expand their business ventures in the UK, and programmes such as Sirius and the Global Entrepreneur Scheme are making this happen. Find out more on page 55.



# 85%

**of senior managers surveyed from UK-based international companies said the UK's entrepreneurial culture made it an attractive location for new activities**<sup>15</sup>

### Sources:

1. INSEAD, Human Capital Leadership Index & Adecco Group 2014. The Global Talent Competitiveness Index 2014
2. The Boston Consulting Group/World Economic Forum 2011. Global Talent Risk - Seven Responses
3. QS Quacquarelli Symonds Limited 2014. QS World University Rankings 2014/15
4. UK Council for International Student Affairs 2015. International Student Statistics: Higher Education 2013/14
5. OECD 2015. Education at a glance 2014 (data refers to 2012)
6. trendence 2013. Graduate Barometer 2013
7. ONS 2014. Statistical Bulletin: Business Enterprise Research and Development, 2013
8. World Economic Forum 2014. Global Competitiveness Report 2014-15 (data from Executive Opinion Survey)
9. INSEAD and World Intellectual Property Organization. The Global Innovation Index 2014
10. Times Higher Education 2014. The World University Rankings: Top 100 Universities for Clinical, Pre-clinical and Health 2014-15
11. Eurostat 2014. European Union Labour Force Survey - annual results 2013
12. Gill and Raiser 2012. Golden growth: restoring the lustre of the European mode. Washington, DC: The World Bank
13. StartUp Britain 2015. New Figures Reveal Record-Breaking Year for Start-Ups (online)
14. World Bank Group 2014. Doing Business 2015 - Going Beyond Efficiency
15. Ernst & Young 2014. UK Attractiveness Survey 2014
16. British Fashion Council 2012. London Fashion Week Facts & Figures SS13 (online).
17. TiGA 2014. UK Video Games Industry (online)
18. The Gunn Report 2014

## UK talent on the world stage



The UK **television and film industry** is a major international success story. Our television programmes are watched around the world. The 50<sup>th</sup> anniversary Doctor Who special was broadcast in 94 countries across six continents - the largest-ever simultaneous broadcast of a television drama. *Downton Abbey* has been sold in over 220 territories.

The world's six largest film studios - Disney, Paramount, Sony, Twentieth Century Fox, Universal and Warner Bros. - have a presence in London; and Warner Bros. also has a state-of-the-art film production facility in Hertfordshire and a leading post-production house in London.

British visual effects facilities have received numerous Oscar nominations in recent years, and have won three times for *The Golden Compass*, *Inception* and *Life of Pi*. British success continued when the 2014 Oscar for visual effects went to the film *Gravity* and its UK production team.

**"The amazing know-how, quality and sophistication of the British film industry made this film happen."**

- Alfonso Cuarón, Director of *Gravity*



Some of the most iconic brands in **contemporary fashion** hail from the UK. Designers such as Stella McCartney, Jimmy Choo and Paul Smith help ensure that fashion is one of our biggest export successes. UK designers export two-thirds of their output, and it's estimated that orders of over £100 million are placed during London Fashion Week each season.<sup>16</sup>



The UK **video games development sector** is the largest in Europe,<sup>17</sup> employing 28,000 people directly and indirectly. UK-made games, such as *Grand Theft Auto*, are some of the biggest grossing sensations in the world. We excel at **mobile content** too. The most downloaded free iPhone App in 2013 was *Candy Crush Saga*. Published by UK company King.com, the game is one of the largest interactive entertainment franchises of all time.



Our **advertising sector** punches above its weight - the UK is second in the world for the number of creative awards won (behind the USA).<sup>18</sup>

# Skills for the 21<sup>st</sup> Century

*A highly skilled workforce is the foundation for a strong, dynamic economy. This is why skills is one of the five central themes of our industrial strategy, our whole-of-government approach to supporting economic growth. Our skills strategy is based on a strong, long-term partnership between government and business. It focuses on the **rigour** needed to develop skills that create business innovation and expansion, and the **responsiveness** to adapt to employers' needs.*

## UK skills: the headlines



**Home to four of the top six universities in the world**



**The highest number of leading MBA institutions in Europe**



**Highest proportion of the workforce in professional occupations of all the world's major economies**



**An employer-led Apprenticeship Programme that tailors skills to your precise needs**

**"We could outsource to Russia or India, but the quality of programmers in the UK is excellent, and we prefer to have our contractors nearby so we can work closely with them."**

- Kate Lewis, Commercial Director of Frog Trade, owned by Malaysia's YTL Corporation.

We build from a position of strength. Our higher education institutions are world class; the UK is home to four of the top six universities globally, with 29 in the top 200 - more than any other country apart from the USA.<sup>1</sup>

This quality attracts students from all over the world, an inflow of talent that helps us produce the highest number of graduates in Europe.<sup>2</sup> The UK is the second most popular destination after the USA for international students, with an estimated 13 percent of the international student market share.<sup>3</sup>

We have 150 universities working with business on research and development projects - expertise you too can benefit from. University capability feeds into our network of prestigious and dynamic research institutions, ranked second globally for quality in a survey of businesses.<sup>4</sup> Examples include the network of scientific researchers at Oxford Science Vale, the state-of-the-art facilities for advanced engineering technology at Sci-Tech Daresbury in Cheshire, and for transport systems technology at MIRA Technology Park in Leicestershire.

## Case study Business-university collaboration in action

- ▶ **Loughborough University** and engineering company **Caterpillar** work together to investigate low-emissions technologies for internal combustion engines. The Caterpillar Innovation and Research Centre has developed new technologies to improve engine and machine performance, reduce exhaust emissions and improve fuel efficiency.
- ▶ **Liverpool University** and **Inditherm plc** collaborated in the design of an award-winning trolley which enables the immediate resuscitation of newborns whilst the umbilical cord is still intact - a product with the potential to save the lives of thousands of vulnerable babies.
- ▶ A multi-million pound commitment from **Siemens** supported the **University of Lincoln's new School of Engineering** - the first dedicated facility of its kind to be built in the UK for more than 20 years. Steve Middlebrough, Director of Engineering, Siemens (Lincoln), said: 'Our collaboration with the University is groundbreaking in many ways. It represents a new model of industry/educational collaboration providing clear benefits for both Siemens and the University. It's a true partnership.'

#### Percentage of adults with tertiary education

<b>UK</b>	<b>41%</b>
Ireland	40%
Switzerland	37%
Denmark	35%
Netherlands	34%
Spain	32%
France	31%
Germany	28%
Italy	16%

Source: OECD 2014. Education at a glance (data refers to 2012)

#### Percentage of the workforce in professional occupations

Denmark	25%
<b>UK</b>	<b>24%</b>
Switzerland	23%
Netherlands	22.5%
Ireland	22%
Germany	17%
France	16.5%
Spain	16%
Italy	13%

Source: International Labour Organization 2013. Key Indicators of the Labour Market, 8th edition

The UK is also home to 15 of the top 100 full-time MBA ranking institutions, including London Business School, University of Bath School of Management and University of Strathclyde Business School. The rest of Europe only contributes 18 institutions to this list.<sup>5</sup>

The quality of our higher education institutions and their appeal to international students means you get access to a large, highly skilled labour force. **The UK has the highest percentage of adults with tertiary education in western Europe.**<sup>6</sup> We also have the highest proportion of the workforce in professional occupations of all the world's major economies.<sup>7</sup>

The Global Talent Competitiveness Index (GTCI) illustrates the diversity of our skills base. Investors choose the UK because of the breadth of skills across multiple industry sectors in a very large workforce. The GTCI ranks the UK in the top ten globally for both 'labour and vocational skills' and 'global knowledge skills'. We have a high concentration of skilled workers in a population that is over ten times the size of Denmark's, and seven times larger than in Switzerland. With a highly mobile working population of over 30 million based within a small geographical area, you can access the skills you need from any location in the UK.

### Reinventing apprenticeships

Apprenticeships are at the heart of our drive to provide world-class vocational education. We are expanding and strengthening apprenticeships at all levels to standards designed by employers, not government. We are also routing more funding directly through employers, giving you the option to buy or develop apprenticeship training tailored to your needs.

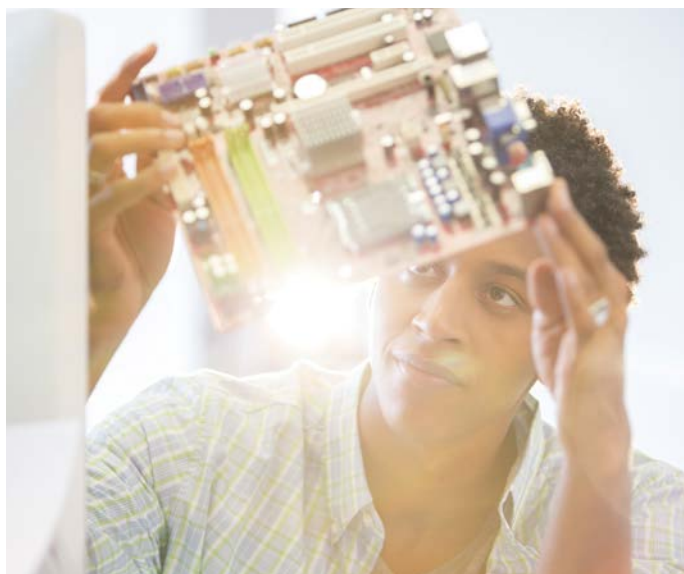
You can lead a partnership with an education provider and reap the benefits of a training programme designed specifically to meet your skills needs.

With every apprentice training to an employer-designed standard by 2017, you can take advantage of the growing talent pool with the relevant skills and knowledge for your sector. The pool is growing fast - over 850,000 people were in apprenticeships in 2013/14, and there have been more than 2.1 million apprenticeship starts since 2010.<sup>8</sup>

### Case study Employer-led funding - Nissan

Nissan needed to recruit 2,000 additional staff to work on the launch of new car models at its Sunderland plant. They developed a skills programme in partnership with regional suppliers, Gateshead College and the University of Sunderland. Government funding of £2.7 million supported Nissan's contribution of more than £4 million over two years. The outcome - training for 3,650 new recruits, existing staff and supply chain workers in a programme that included four Apprenticeship Programmes, over 250 courses and the award of nearly 2,500 formal qualifications.





**"The UK is now a real centre for technical intelligence. The high quality of education and a significant investment in business technology means the talent pool is very strong."**

- Gerry Sutton - CEO of Adstream  
(advertising services provider and part of the Paul Ramsay Group, Australia)

### Ready for new technologies

New industries and technologies are opening up global opportunities - but only for countries with the advanced skills to lead the field. You can invest in the UK confident that we are ready for these opportunities. We are investing in the skills needed for growth technologies, joint-funded with employers so that training is directly tied to their needs in strategic, high-value industries.

### National colleges

Our new generation of national colleges are producing specialists in key technical sectors. Examples include the Manufacturing Training Centre in Coventry that develops cutting-edge skills in advanced engineering, and a new High Speed Rail college to provide the very best training in rail engineering, environmental science and construction.

### Bringing the best talent to the UK

Our continuing appeal as a destination for international workers and a proactive migration policy will help you bring skilled staff in to the UK. Our visa system is set up to welcome skilled workers, international students, academics, entrepreneurs and investors. In the year ending September 2014, the number of work visas we issued increased by six percent, with skilled work visas up 13 percent.<sup>9</sup> You may be surprised how fast and straightforward this system can be - find out more on page 18.

### Improving skills in science, technology, engineering and maths (STEM)

We are taking a range of action to help your UK-based business access these vital skills. Examples include:



**A £200 million capital investment in new teaching facilities.**



**A national programme of business engagement with schools to encourage children to consider engineering careers.**



**Funding of 500 Masters-level degree places in aerospace engineering, supported by nine leading aerospace companies.**

#### Sources:

1. QS Quacquarelli Symonds Limited 2014, QS World University Rankings 2014/15
2. OECD StatExtracts - Education and Training: Graduates by Field of Education (data from 2012)
3. OECD 2013 - data from 2012
4. World Economic Forum 2014, Global Competitiveness Report 2014-15 (data from Executive Opinion Survey)
5. The Economist 2014, Which MBA?
6. OECD 2014, Education at a glance (data refers to 2012)
7. International Labour Organization 2013, Key Indicators of the Labour Market, 8th edition
8. Skills Funding Agency and Department for Business, Innovation & Skills 2015, Apprenticeship vacancy report data
9. ONS 2014, Migration Statistics Quarterly Report, November 2014

# Labour Market

*The UK's labour force of 32 million people is the second largest in the EU. The size and strength of our skills base has attracted some of world's largest multinational companies to locate in the UK including Microsoft, Hitachi, Nissan, Coca-Cola, Motorola, Sony, Ford and Johnson & Johnson.*

## UK labour: the headlines



**The only major European economy with a growing labour force over the next 15 years**

**No. 2**

**Rated as the second most efficient labour market of the world's major economies**



**The most competitive labour costs in Western Europe**



**Applications for a skilled worker visa take 30 minutes, and 98 percent are granted**



**The World Values Survey shows Britons to be among the world's most tolerant people**

Uniquely among Europe's major economies, the UK's labour force is expected to grow over the next 15 years. It's an important consideration for international investors when labour shortages and skills mismatches are forecast in many parts of the world. The USA will need to increase its workforce by 35 million by 2030, and Europe will need to add 45 million.<sup>1</sup> Germany, France, Netherlands, Spain and Italy are all projected to experience a contraction of labour supply.<sup>2</sup>

## Flexible labour for the 21<sup>st</sup> century

You can expand your UK business with the help of some of the most business-friendly employment laws in Europe. Our simple, flexible laws protect and promote the interests of employees, while making it easy for you to hire and manage the right people with the right skills, as and when you need them. Labour mobility is key in the 21<sup>st</sup> century – we are equipping our workforce with skills that help them move to where their expertise is needed, and freeing employers to hire in the way that suits them.

A strong economy needs to empower people to reach their full potential whatever their age, gender, race, religion or ability. This means flexible working arrangements for employees too. The proportion of women in managerial roles in the UK was nearly 35 percent in 2012, slightly higher than the EU average and higher than Ireland, Spain, Germany and Italy.<sup>3</sup>

## World Economic Forum Global Rankings

Competitiveness Report – labour market efficiency rankings (top five plus selected countries)

1	Switzerland
2	Singapore
3	Hong Kong
4	USA
5	UK
12	Denmark
18	Ireland
21	Netherlands
35	Germany
61	France
100	Spain
136	Italy

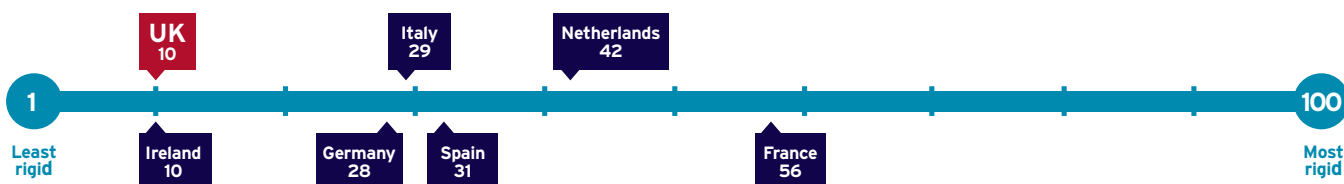
**"London acts as a real magnet for top talent and as such is a real asset to the UK."**

- Coface  
(France, financial services)

## Labour supply forecast<sup>2</sup>

Labour supply in 2012 (millions)	Labour Supply Annual Growth rate 2012-2020 (%)	Labour Supply Annual Growth rate 2020-2030 (%)
29 France	0.34%	-0.04%
42 Germany	-0.40%	-1.21%
25 Italy	0.07%	-0.89%
9 Netherlands	0.25%	-0.51%
18 Poland	-0.41%	-0.75%
23 Spain	-0.05%	-0.62%
5 Sweden	0.52%	0.33%
4 Switzerland	0.82%	0.38%
32 UK	0.5%	0.08%

## Rigidity of employment index (2013)



Talent is becoming more internationally mobile. Our migration policy attracts the best from overseas, and then the quality of our working conditions helps persuade them to stay here (see pages 10 to 12 for more information).

Studies suggest we have the right balance between flexibility for employers and employees. **We have the second most efficient labour market of the world's major economies according to the World Economic Forum (WEF).**<sup>4</sup>

WEF's analysis covers a range of factors; we score highly in our ability to attract and retain talent, and also in areas that directly affect your freedom to manage people. For example, WEF's data indicates you will:

-  • **Get more flexibility to determine wages in the UK than any other country in western Europe, and every country in the G7 apart from Japan.**
-  • **Experience a more straightforward process for recruiting and dismissing staff here than Germany, Netherlands and France.**
-  • **Face lower redundancy costs in the UK than the Netherlands, Switzerland, France and Germany.**

Further confirmation about our flexible labour market comes from the World Bank.<sup>5</sup> Its Rigidity of Employment Index (2013) measures the restrictions and costs involved in hiring, changing staff working hours and dismissals. Of our main European competitors, only Ireland can match us for the ease of performing these tasks.

The UK also performs consistently well in the OECD's indicators of employment protection. In the 2013 indicators, the UK had the least strict regulation in the EU, and the fourth lowest level within the OECD.<sup>6</sup>

## Flexible labour terms

Our flexible labour laws allow you to employ staff in the way that suits your needs. Contract options vary from full-time, part-time and agency staff to freelancers, consultants and contractors. Freedom to recruit quickly, and for as long as is needed, helps you to react to changing circumstances. Flexible hiring terms and the ease of becoming self-employed have produced a thriving freelance and consultant market in the UK. The freelance market is particularly strong in information technology, design and multimedia, sales and marketing and administrative support.

The UK is a relatively small country - less than half the size of France, for example, but with a similar population size. This creates a concentration of skilled labour that few countries can match. With the highest proportion of adults with tertiary education in Western Europe,<sup>7</sup> you have ready access to the sort of transferrable critical thinking skills that drive innovation and business growth.

## Labour costs

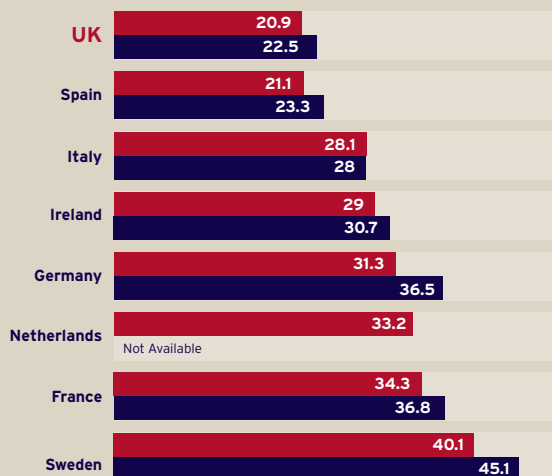
**Labour costs in the UK are the most competitive in Western Europe,**<sup>8</sup> helped by low employer social security contributions. This makes the overall cost of labour lower than countries such as France, Ireland, Netherlands and Germany.

The UK operates a National Minimum Wage (NMW). We believe this encourages people to work, protects low paid workers and prevents businesses from using low wages to compete unfairly. Our NMW rates are lower than in France, Ireland and the Netherlands.<sup>9</sup> The rates are set to help the maximum number of low-paid workers while encouraging employers to recruit.

Our NMW structure is simple for employers and staff alike. There are only four rates: three age-related rates, and a rate for apprentices. The rates are the same across the UK for all industries, occupations, sizes of firm and regions.

## Hourly labour costs in euros 2013

■ Total hourly labour cost (excluding agriculture and public administration)  
■ Industrial hourly labour costs





## A visa system that works for business

*We have set up a visa system that welcomes skilled workers, international students, academics, entrepreneurs and investors.*

The vast majority of visitors do not require a visa to come to the UK - this applied to approximately 96 percent of visitors in 2012. A number of myths surround migration to the UK, but the facts speak for themselves.

UK Visas and Immigration run our visa service, managing around three million applications a year from overseas nationals who wish to come to the UK to visit, study or work. If you need a visa you will find one from the wide range available to suit your individual needs, whether you are an entrepreneur, investor or company employee.

We are constantly improving our visa service based on customer feedback. Recent enhancements include:

-  • **Allowing skilled worker visas to be granted for up to five years rather than three.**
-  • **Making it easier to apply for a visa online.**
-  • **Setting up a business helpdesk to provide a single point of contact for employers' queries in the UK, and an international enquiry service for customers overseas, available in 20 languages.**
-  • **Expanding and improving the network of visa application centres; we now have over 200 around the world, with 12 in each of India and China alone.**
-  • **Expanding our 3-5 day priority visa services to 100 countries.**

# 38%

**of the one million employed people who moved to an EU Member State (either from within or outside the EU) in 2012 and 2013 took up residence in the UK - that's 382,000 people, nearly 132,000 more than the second most popular destination, Germany<sup>10</sup>**

# 98%

**of skilled worker visa requests are granted, and the application takes only 30 minutes**

# 96%

**of applications for visas other than for permanent residence ('non-settlement visas') are processed within 15 days**

# 7 days

**average processing time for a visit visa**





**“We feel very welcome in the UK as a foreign investor. It is a very open market and a great place to do business.”**

- Jaspal Singh, Chief Executive of ComfortDelGro UK and Ireland  
(Singapore-based transport services company)

### Diversity in the UK

Your staff will find the UK is more than just a great place for business. They will join a diverse, welcoming and tolerant country. In a survey of senior managers of international companies already established here, 93 percent said the UK's quality of life, diversity, culture and language make it an attractive location for new activities.<sup>11</sup> At least 300 languages are spoken in London, making it one of the most ethnically diverse cities in the world.<sup>12</sup>

We have comprehensive laws that protect the rights of individuals and promote equality of opportunity for all. **The World Values Survey revealed the open nature of our society, identifying Britons as among the world's most tolerant people.<sup>13</sup>**

### Industrial relations

Our flexible employment relations laws enable all parties to work together towards long-term business viability. Industrial action is at an historic low, compared to the 1970s and 1980s, and more managers are now recognising the positive role that trade unions play in the workplace.<sup>14</sup>

The pay and conditions of most employees in the UK are not negotiated, as not all of the UK's workforce are subject to collective bargaining. In fact, 29 percent are, falling to 17 percent in the private sector;<sup>15</sup> which is low compared to other European countries.

#### Sources:

1. The Boston Consulting Group/World Economic Forum 2011. Global Talent Risk - Seven Responses
2. The Boston Consulting Group 2014. The Global Workforce Crisis: \$10 Trillion at Stake
3. ONS 2013. Women in the Labour Market, 2013
4. World Economic Forum 2014. Global Competitiveness Report 2014-15
5. World Bank 2012. Doing Business 2012: FDI Intelligence, from the Financial Times Ltd (2013)
6. Department for Business, Innovation & Skills calculations based on established OECD methodology (OECD indicators no longer provide an overall index)
7. OECD 2014. Education at a glance (data refers to 2012)
8. Eurostat 2014. News release: labour costs in the EU 28
9. Eurostat calculations 2014. Minimum wage statistics. For most countries, the minimum wage is agreed in terms of a monthly rate. For Ireland, France, the UK and the USA, the minimum wage is fixed at an hourly rate. For purposes of comparison, these hourly or weekly rates have been converted to a monthly rate, using factors supplied by the countries concerned

10. Eurostat 2014. European Union Labour Force Survey - annual results 2013
11. Ernst & Young 2014. UK Attractiveness Survey 2014
12. Von Ahn, N., Lupton, R., Greenwood, C. and Wiggins, D., 2010. Languages, Ethnicity and Education in London. London: Institute of Education
13. Berggren, N. and Nilsson, T., 2013. Does Economic Freedom Foster Tolerance? *Kyklos*, 66: 177-207
14. Workplace Employment Relations Survey 2011
15. Department for Business, Innovation and Skills 2014. Trade Union Membership 2013: Statistical Bulletin

# Tax

*Tax is central to our drive to make the UK the best place in the world to locate an international business. We have a low tax burden, flexible and competitive rules, and generous reliefs for innovation – essential conditions for successful and profitable businesses.*

## UK tax: the headlines



**Corporation tax rate of 20 percent from April 2015 is the lowest in the G7 and joint lowest in the G20**



**A tax system rated as the most business-friendly of the ten largest economies in Europe**



**Generous tax reductions available for research and development (R&D) and commercialisation activity**



**Lowest employer social security contributions among the EU's five largest economies**



**New private pension system that is simple and flexible for employers and employees alike**

## Corporation tax

The UK's corporation tax rate is 20 percent from April 2015. **That's by far the lowest among the six biggest EU economies and the G7, and the joint lowest in the G20.** The UK does not have any additional local taxation on companies' profits.

## A territorial tax system

Our territorial tax system makes the UK a great location for your international headquarters or holding company. Our 'Controlled Foreign Company' (CFC) regime protects our tax base, but helps UK-based companies compete in international markets by giving more freedom to manage overseas trading and financing operations. Profits earned by overseas companies controlled from a UK base are exempt from tax, providing they have not been diverted from the UK into a low-tax jurisdiction.

The CFC regime includes specific rules for group finance companies. To avoid complex tracing rules for the source of funds for overseas intra-group lending, we take a pragmatic approach to the treatment of the profits from the lending of money between group companies. The effect is to exempt 75 percent of the relevant finance profits, equivalent to a 5 percent effective UK tax rate for these profits from April 2015. In limited circumstances, there is also scope for the exempt proportion to increase to 100 percent.

We operate an 'elective tax exemption' for overseas trading branches of UK companies. This gives you the choice between potential UK loss relief (and taxation of profits, with double tax relief) and exemption for both profits and losses.

Our distribution exemption regime means that, in most cases, UK companies can also benefit from a complete exemption from tax on dividends.

### G20 corporation tax rates 2015\*

<b>UK</b>	<b>20%</b>
Russia	20%
Saudi Arabia	20%
Turkey	20%
Korea	24%
China	25%
Indonesia	25%
Canada	26%
South Africa	28%
Germany	29%
Mexico	30%
Australia	30%
Italy	31%
France	33%
India	34%
Brazil	34%
Argentina	35%
Japan	36%
USA	40%

\*Based on announced plans

## Capital Gains Tax

Capital Gains Tax rates are low in the UK. The top rate is 28 percent, with lower rates and reliefs available to support entrepreneurial activity. This compares with top rates of 45 percent in France and Germany and 33 percent (or even up to 40 percent for certain types of asset) in Ireland.

## Tax-advantaged venture capital scheme

We are committed to making the UK one of the best places to start, finance and expand a business in Europe. Private investment plays a vital role in generating growth, and support for small/medium size enterprises (SMEs) helps to build on the UK's strong economic recovery. Our tax-advantaged venture capital scheme provides generous tax reliefs for SMEs. The scheme addresses the equity gap faced by some of these enterprises and makes it easier to access the finance needed to expand. These tax reliefs are offered to individuals taking on the risk of investing in small and growing companies.

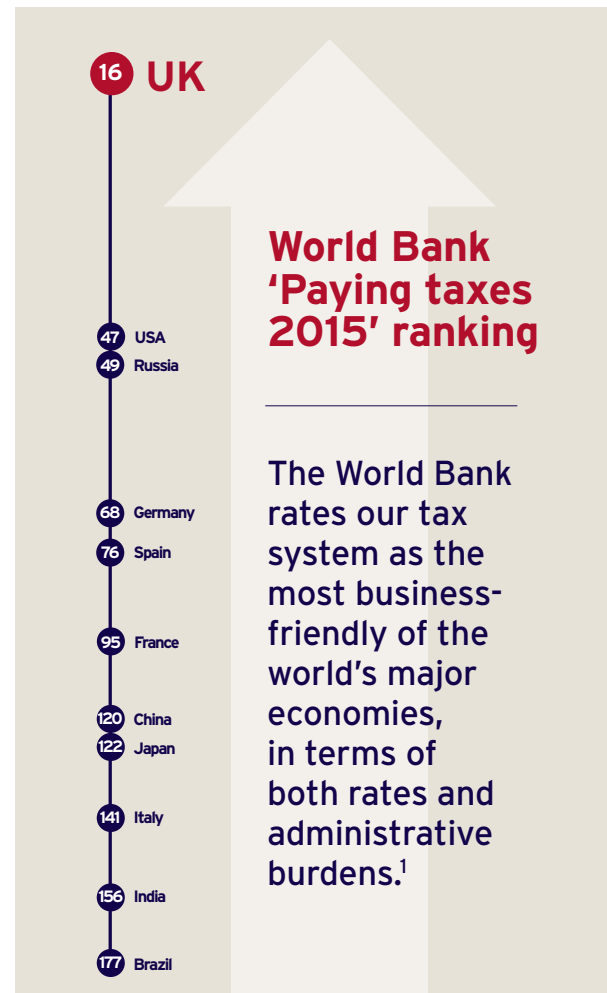
In 2011, the government expanded the scope of the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs), in recognition that the previous scheme limits did not fully address the equity gap faced by companies as they sought to develop and grow.

The Seed Enterprise Investment Scheme (SEIS) offers another route to help start-up companies access seed finance. Similar to EIS, its focus is on very early-stage companies of up to 25 employees which are carrying on or preparing to carry on a new business. The tax reliefs provided through the scheme are higher, although there are lower investment limits.

## Tax incentives for innovation

We offer generous tax credits for research and development (R&D) activity as part of our drive to encourage innovation in the UK. Innovative economies are more productive and faster growing - that's why we want UK-based businesses to be the ones pushing the boundaries of knowledge and bringing brilliant new products and services to global markets. Tax credits cut the cost of leading-edge research and high-tech commercialisation processes, opening up a diverse range of attractive investment and R&D opportunities for you.

- ▶ The **Patent Box** gives a ten percent rate of corporation tax on profits that are earned in the UK from patents and other similar types of intellectual property (IP). This is half the headline tax rate that will apply from 2015. This relief is available on worldwide profits from inventions patented by the UK Intellectual Property Office, the European Patent Office, and certain other national patent offices. To qualify, a company needs to have contributed to developing the relevant IP or actively manage it.



**"The establishment of the Patent Box has transformed how we see the UK as a place to invest. As a result, last year we announced we were building our first new factory in the UK for 40 years."**

- Roger Connor, President of Global Manufacturing and Supply, GlaxoSmithKline

- ▶ **R&D tax credits** are another form of corporation tax relief that can reduce your tax bill if you undertake R&D activity in the UK. There are different schemes according to company size. R&D credits reduce the cost of qualifying R&D expenditure by up to 46 percent for small and medium sized businesses and 29 percent for large companies.
- ▶ We offer **large companies an 'above the line' (ATL) credit** giving a taxable eleven percent credit for qualifying R&D activity. The scheme also includes a 'super-deduction', which allows companies to reduce their taxable profits by 130 percent of their qualifying R&D expenditure. This super-deduction will be withdrawn by 2016 and replaced by the ATL scheme.

#### How the 'above the line' credit works

R&D expenditure	£2 million
11% credit (rate from April 2015)	£220,000
Tax on credit (assumed at 20% rate)	£44,000
Net benefit of tax credit (£220,000 - £44,000)	£176,000
<b>Outcome: cost of R&amp;D expenditure is reduced by 8.8%</b>	

### Tax relief for the creative sector

Our creative economy is the largest in Europe; worth nearly £77 billion, it generates over £8.8 million every hour.<sup>2</sup> We use tax relief to support these thriving industries. Culture and creativity is central to our identity and global appeal, and a flow of exceptional talent continues to push the UK's worldwide influence in entertainment, the arts and media.

A tax relief or tax credit is available for the production of qualifying films, video games, animation and high-end television. If you make a film in the UK that qualifies as culturally British, or is an official co-production, you can apply for film tax relief. This offers a corporation tax credit worth up to 25 percent on the first £20 million of qualifying production expenditure, and 20 percent above this figure.

International film makers are flocking to the UK as a result. Inward investment in UK film production was £1.2 billion in 2014, 40 percent higher than 2013.<sup>3</sup> Eighty-five percent of total film production spend in the UK was generated by 36 major international films including *Star Wars: the Force Awakens*, *Alice in Wonderland: Through the Looking Glass* and *Mission: Impossible 5*.

You can also get tax relief for animation programmes and high-end television productions – creative industries that the UK also excels at. The rate of relief is set at 25 percent on qualifying production expenditure, subject to a cultural test. Inward investment in UK-based high-end television productions reached £287 million in 2014, including international sensations such as *Game of Thrones* and *24: Live Another Day*. Tax relief for the children's live television sector is also encouraging the making of a new generation of shows in the UK.

A similar scheme for corporate tax relief came into force in 2014 for the video games sector. It's an exciting time for UK video gaming; we have over 500 games development studios producing some of the biggest-selling games in the world, such as *Grand Theft Auto*, *Tomb Raider* and *Moshi Monsters*. We estimate the sector will benefit from around £35 million a year in tax relief.<sup>4</sup>

Tax relief also supports UK theatre producers by offering relief at 25 percent of qualifying production expenditure for touring productions and 20 percent for other productions.



**Our creative economy is the largest in Europe; worth nearly £77 billion, it generates over £8.8 million every hour**



**Inward investment in UK-based television productions reached £287 million in 2014**



**Film tax relief offers a corporation tax credit worth up to 25 percent on the first £20 million of qualifying production expenditure, and 20 percent above this figure**

## Other taxes

### Employer social security costs

Although comparison between different tax regimes is not straightforward, leading cross-border tax guides show that employers in the UK pay lower social security contributions - what we call 'national insurance' - than most countries in Europe. Our rate of 13.8 percent applies to earnings above £153 per week (2014/15).

#### Employer social security costs in selected European countries 2013<sup>5</sup>

France	35-45%
Italy	30%
Sweden	31.42% (average)
Spain	29.9%*
Germany	19.28%
Netherlands	18.8%
<b>UK</b>	<b>13.8%</b>
Ireland	10.75%**

\* 30.15% generally with a maximum of €12,394 per employee

\*\* Earnings cap at €51,000

### Personal taxes

Income tax rates in the UK are highly competitive with those in other European countries.

#### Top income tax rates in selected European countries<sup>6</sup>

Sweden	57%
Denmark	55.56%
Netherlands	52%
Spain	52%
Ireland	48%
France	45%
Germany	45%
<b>UK</b>	<b>45%</b>

### Our main income tax rates in 2014 are

**20%**  
the basic rate on  
£10,000 - £41,865\*

**40%**  
the higher rate on  
£41,866 - £150,000

**45%**  
the top rate over  
£150,000

\* Most people only start paying basic rate tax on income over £10,000

### Pensions

Our state pension provision is complemented by a modernised private workplace pension system, the largest in Europe and collectively worth in excess of £1.6 trillion.<sup>7</sup> In response to longer life expectancy and a fall in the number of people saving for retirement, we are introducing automatic enrolment into workplace pensions. Due for completion in 2018, it will mean millions more people are saving privately for their retirement.

We are also giving people more choice over the use of their pension savings. From April 2015, savers will get total freedom over how they withdraw pension money - for example they could take it all as a lump sum, draw it down

over time, or buy an annuity that guarantees an annual income. You and your UK-based staff can enjoy this same flexibility, even if only based here for the short term.

You'll find this enrolment system simple to administer. Basing your business in the UK does not mean having to set up your own company pension scheme, although you are free to do so. You can enrol employees into any suitable scheme, or use the National Employment Savings Trust (NEST) - a low-cost pension provider designed specifically to support automatic enrolment. While employers must enrol eligible staff to an appropriate scheme, ongoing membership is not compulsory for employees - they can opt out if they wish.





# Indirect taxes

## Value Added Tax (VAT)

VAT is the principal indirect tax and applies in all EU countries. The UK rate of 20 percent is in line with the average EU standard rate and applies to both goods and services. VAT is primarily a tax on consumption, so as a general rule it will not affect your business if not an end consumer. Businesses that are taxable for VAT are normally able to recover any VAT incurred.

The UK is unique in having a broad range of zero-rate supplies, meaning that VAT on the supply is zero percent but input VAT can still be reclaimed. Examples of goods and services that may be zero-rated (depending on the product and the circumstances of the sale) are some food categories, books and newspapers, children's clothes and shoes.

## Importing and exporting

Your UK-based business can take advantage of the EU's extensive system of Free Trade Agreements and other preferential arrangements. There is no duty to pay if you import from or export to another EU country. Regulations will vary if you are exporting to a non-EU country, but in many cases preferential arrangements are in place that mean you benefit from reduced or nil rates of duty. If no such arrangements exist, you might be eligible for one of many duty relief schemes. Our tax authority, HM Revenue and Customs, provides an excise and customs telephone advice line and extensive online guidance to help you understand these issues.

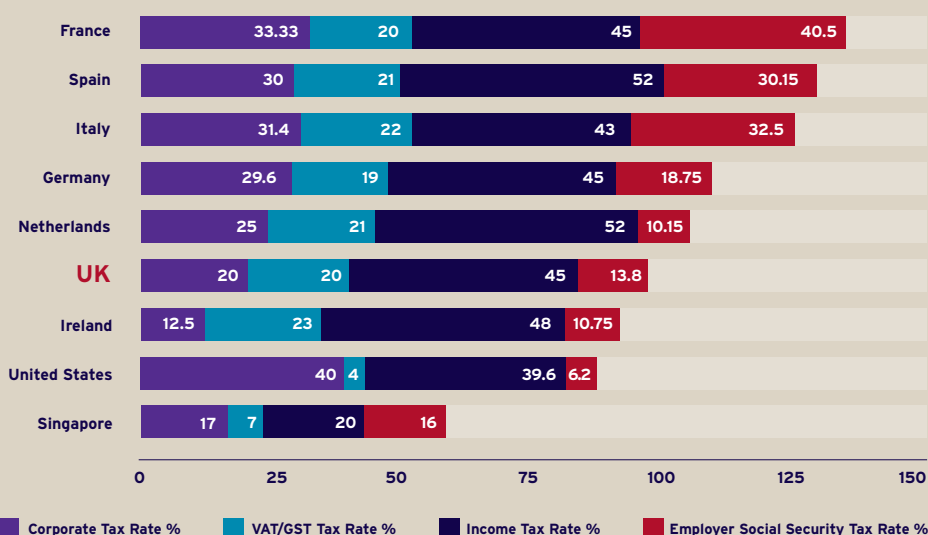
## UK export strength

**Our EU trading advantages help to make the UK one of the six biggest exporters of goods and services in the world, with exports of £500 billion in 2014.<sup>8</sup> We are also the second largest global online retail exporter after the USA.<sup>9</sup>**

## The big picture

**Our highly competitive overall tax position is clear when corporate, income, social security and indirect taxes are compared**

## International Tax Comparison



**Note:** Effective corporate tax rates. The rates do not reflect payroll taxes, social security taxes, net wealth taxes, turnover/sales taxes and other taxes not levied on income. Income Tax Rate selected is the highest rate payable. The United States does not levy a federal value added tax. Individual states levy sales tax at various rates subject to state-set requirements. E.g. a 4% Sales Tax in New York is used as a proxy. Employer social security rates for France and Italy are set at the mid-point of the existing range.

**Source:** Data from Ernst & Young 2013-14 The Worldwide Personal Guide, KPMG Global Tax Rates Online, KPMG 2014. Individual income tax rates table (online), HMRC data

### Sources:

1. The World Bank Group & PwC 2014, Paying Taxes 2015
2. Department for Culture, Media & Sport January 2015, Creative Industries Economic Estimates - January 2015
3. British Film Institute 2015, 2014 Production Statistics
4. HM Treasury April 2014
5. Ernst & Young, 2013-14 The Worldwide Personal Guide & KPMG 'Highest Employer Social Security Rates Tax Table'

6. KPMG 2014, Individual income tax rates table (online), 2014 rates where available - otherwise 2013
7. IMA 2013, Asset Management in the UK 2012-13: the IMA Annual Survey
8. UNCTAD 2014 (data includes estimates)
9. British Retail Consortium and Google 2014

# Finance and Banking

*The UK is Europe's leading financial services hub. Secure, stable yet constantly innovating, the sector creates a wealth of new business opportunities. Foreign companies invested around £100 billion into UK financial services between 2007 and 2014 – close to a third of total foreign direct investment, and more than any other sector in the UK.*

## UK finance: the headlines



**London competes with New York for the title of the world's number one financial centre**



**The largest centre for cross-border banking**



**Accounts for 41 percent of global foreign exchange**



**Largest exporter of financial and related professional services in the world**



**Europe's premier centre for Islamic finance**



**Fastest-growing financial technology sector in the world**

**"It is inarguable that London is the leading offshore renminbi centre in Europe. The trends are strong... it (London) is building on the strengths it has."**

- Wenjian Fang, chief executive of Bank of China UK

Financial and related professional services contributed £180 billion to the UK economy in 2013. We are the leading exporter of financial services in the world. Our financial services sector made a trade surplus of US\$71 billion in 2013 - more than twice the next largest trade surpluses recorded by the US, Luxembourg and Switzerland.<sup>1</sup>

London is the beating heart of our thriving finance industry. Our capital vies with New York for the status of the world's leading financial centre, with the Global Financial Centres Index barely able to separate the two cities in its assessment of their competitive strengths.

Two centres that have pushed their way up this index in recent years - Hong Kong and Singapore - are examples of financial centres that have modelled themselves on UK practices.

### Global Financial Centres Index 16 (September 2014)

Ranking	Financial centre	Index score/1000
1	New York	778
2	<b>London</b>	<b>777</b>
3	Hong Kong	756
4	Singapore	746
5	San Francisco	719
6	Tokyo	718
7	Zurich	717
8	Seoul	715
9	Boston	705
10	Washington DC	704

## Banking

**The UK is the largest centre for cross-border banking with 17 percent of the outstanding value of international bank lending in September 2013.** We are also the largest centre for cross-border borrowing.

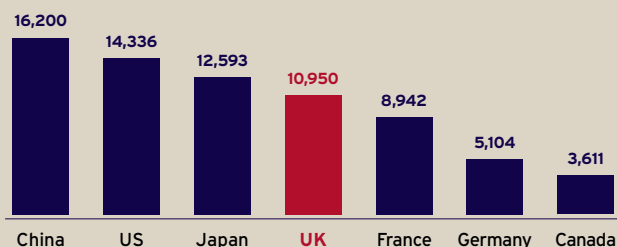
The UK's banking sector is truly international in nature. Over 250 foreign banks operate in London. Our banks' assets are the fourth largest in the world behind China, the USA and Japan. International banks hold nearly half of the UK's banking sector assets.

The monetary and financial stability of our system is maintained by the Bank of England, the independent central bank of the UK.

Investors can access a wide variety of finance providers and options. The World Bank rates the UK as the joint easiest place in Western Europe to get credit.<sup>2</sup>

Foreign currency trading is the cornerstone of international trade. The UK accounted for 41 percent of global foreign exchange (forex) trading in April 2013, well ahead of the USA (19 percent), Japan (6 percent) and Singapore (6 percent). Twice as many US dollars are traded on the forex market in the UK than in the USA, and more than twice as many euros are traded in the UK than in all the euro-area countries combined.<sup>3</sup> International businesses are attracted by the stability that this huge market provides, and the diversity of providers to meet every need.

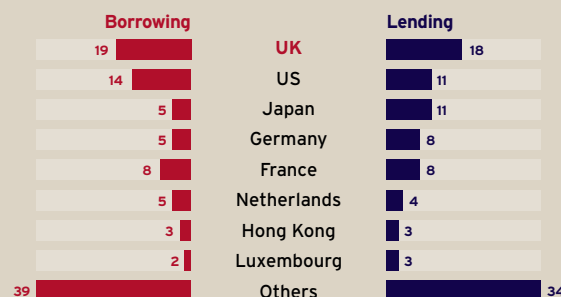
### Largest banking centres (assets, \$billion, 2011/12)



\* Total assets of commercial banks, including subsidiaries

Source: IMF, TheCityUK estimates

### International bank lending (% share of total, end-2012)



Source: BIS

## Stock exchange listing

*Listing in London allows you to tap into one of the deepest pools of international equity assets in the world.*

The London Stock Exchange (LSE) is the oldest and fourth-largest stock exchange in the world. It is also the most international,<sup>4</sup> with around 3,000 companies from over 70 countries. You can list on a number of different stock exchanges designed to cater for different needs. Examples include:

- **The LSE's Main Market, Europe's largest listings market for established companies.**
- **The LSE's Alternative Investment Market (AIM), a leading growth market and popular choice for international companies for its capital-and profile-raising opportunities.**
- **London Metal Exchange, where over 80 percent of the world's non-ferrous metal futures are traded.**
- **ICE Futures Europe, the largest regulated energy futures exchange in Europe, and the second largest in the world.**
- **techMARK and techMARK mediscience are specially developed segments of the Main Market designed for companies at the forefront of innovative technology.**

**2014 was the London Stock Exchange's best year for flotations since 2007, with 138 companies raising a combined £16.9 billion from initial public offerings (IPOs).**



### International influence: two examples

*Our status as a leading global financial centre allows us to create international opportunities that others cannot match.*

#### Islamic finance

By opening up the market for Islamic products the UK is the leading Western country and Europe's premier centre for Islamic finance, with US\$19 billion of reported assets.<sup>5</sup> Six banks offer fully Sharia compliant services and at least 20 other financial firms offer Sharia compliant windows. In 2014 we became the first country outside the Islamic world to issue an Islamic bond. The £200 million Sharia-compliant 'Sukuk' opened up a further route for investment in infrastructure projects and attracted orders from investors in the UK, Middle East and Asia worth more than ten times its value.

#### RMB business hub

London is established as the Western hub for offshore renminbi (RMB) trading, and agreements are in place that lay the groundwork for London to become the Western hub for investment into China too. Not only is the flow of RMB funds through London expected to increase, but doing business in China will become easier for UK-based companies. Almost two-thirds of all RMB payments outside China and Hong Kong now take place in London and 28 percent of all international RMB payments are made in the UK, the most outside Hong Kong and mainland China.

## Innovation in financial services

Technology is transforming the financial services industry – and we lead the way. Our expertise in ‘fintech’ has helped make the UK the biggest e-commerce market in Europe<sup>6</sup> and the second largest data centre market in the world. Management consulting firm Accenture reports that investment in fintech is growing faster in the UK and Ireland than anywhere else in the world. The volume of deals, mostly connected to London, has grown at an annualised rate of 74 percent since 2008, compared with 27 percent globally and 13 percent in Silicon Valley. London alone accounts for 53 percent of total European investment in the sector.<sup>7</sup>

## “London has emerged as the fintech capital of Europe.”

- The Boom in Global Fintech Investment: A new growth opportunity for London, Accenture 2014



## Access to finance

### A new business bank to support smaller businesses

Smaller businesses need finance markets to work for them if they are to act as drivers of innovation and economic recovery. Access to finance has not been easy for smaller companies in recent years, with a lack of diversity of financing options and a reluctance to lend to certain types of businesses.

We have created a British Business Bank to tackle these issues, a state-backed economic development bank which aims to unlock £10 billion of finance over the next three years by making finance markets work more effectively for smaller UK businesses. Working with over 80 partners, the British Business Bank uses government funding and targeted guarantees to encourage the private sector to increase lending and investment. Forty-eight thousand UK-based businesses were benefiting from British Business Bank programmes at the end of 2014.<sup>8</sup>

### Competitive export finance

UK businesses benefit from the support of UK Export Finance, the UK's export credit agency (ECA). It is committed to being one of the most competitive ECAs in the global marketplace and helps UK exporters offer competitive finance to overseas buyers of UK goods and services, with generous rules on supporting foreign content (up to 80 percent). Its services include providing direct loans to export buyers, insurance against non-payment under export contracts, and guarantees to help banks provide working capital loans and contract bonds for their exporter customers.

### The world's first investment bank dedicated to greening the economy

We have set up the UK Green Investment Bank (GIB) with funding of £3.8 billion to invest in innovative, environmentally friendly projects that lack support from private markets. GIB invests in UK projects which are both green and commercial in areas such as offshore wind, energy efficiency and waste and bioenergy.

Improving the supply of business finance is one of the five strands of our Industrial Strategy – a long-term, whole-of-government approach to support economic growth. You can find out more in on page 49.



### UKTI Financial Services Organisation

The UKTI Financial Services Organisation (FSO) is available to help you find the right investment opportunities in the UK and expand your business internationally. You can draw on their in-depth industry expertise, teams of specialists and extensive networks across the globe. The FSO also focuses on key UK strengths, including investment management, insurance, financial technology, Islamic finance and RMB trading.

For more information contact FSO by email: [enquiries@ukti-invest.com](mailto:enquiries@ukti-invest.com) or telephone: **+44 (0)207 215 5152**.

#### Sources:

1. TheCityUK 2014. Key facts about the UK as an international financial centre
2. World Bank Group 2014. Doing Business 2015: Going Beyond Efficiency
3. TheCityUK 2014. Key Facts About the UK as an International Financial Centre
4. World Stock Exchanges.net 2014. List of stock exchanges around the world. Available from [world-stock-exchanges.net/](http://world-stock-exchanges.net/)

5. TheCityUK 2014. Key facts about the UK as an international financial centre

6. Ecommerce Europe 2014. The Europe B2C ecommerce report 2014

7. Accenture 2014. The Boom in Global Fintech Investment: a new growth opportunity for London

8. British Business Bank 2014 (online)

# Property and Planning

*If you need to build or extend premises, the simplicity of our planning process may surprise you. The World Bank rates our process for obtaining construction permits (including gaining planning permission) as one of the most efficient in the EU - higher than Switzerland, the Netherlands, France and Ireland.<sup>1</sup>*

## UK property: the headlines



**A national planning policy with a presumption in favour of sustainable development**



**More certainty over planning applications, less risk of wasting time and money**



**A more efficient planning process than Switzerland, the Netherlands, France and Ireland**



**79 percent of major building projects decided within 13 weeks**



**Faster application process for major infrastructure projects with a 96 percent consent rate**



**Designated areas with simpler and more flexible planning processes**

Choose the UK as the place to start or expand your business and you will find a great place to live and work in our dynamic and transparent property market. The UK is a land of contrasting landscapes. We have some of the world's great metropolises, including three of Europe's ten most populated urban areas - London, Manchester and Birmingham.

Yet all of our cities lie within easy reach of beautiful countryside - all within an area less than half that of France.

A wide range of commercial property options exists across the country with stable rents and flexible lease arrangements. There are no restrictions on overseas companies either buying or renting property in the UK.

## Four iconic capital cities

► **London** is the UK's capital city and the largest in Europe, a world within a city where around 230 languages are spoken. With four UNESCO World Heritage Sites and the crown as the shopping capital of the world,<sup>2</sup> London attracted a record 16.8 million international visitors in 2013, a 43 percent increase over ten years.<sup>3</sup> It competes with New York for the status as the world's leading financial centre, and hosts Tech City, the technology cluster that includes giants such as Facebook, Google, Intel and Cisco.

► **Belfast** is the capital city of Northern Ireland. It was named as one of the 'Best of the World Must-See Places' for 2012,<sup>4</sup> and described as 'a capital that is redefining itself in the eyes of the world'. The city is the gateway to Northern Ireland's beautiful scenery and attractions that include the world famous Giant's Causeway. Belfast's economy is dominated by hi-tech, service sector companies, and has a fast-growing creative industries sector.

► The capital of Wales, **Cardiff**, has a rich cultural and sporting heritage that helped National Geographic Magazine choose it as one of the ten best places in the world to visit.<sup>5</sup> It has more green space than any other major city in the UK and is home to Cardiff Bay, Europe's largest waterfront regeneration project. The city has a growing reputation in the professional and financial services sector, and has a strong biosciences cluster linked with Cardiff University.

► **Edinburgh** is Scotland's capital, and the UK's second most popular destination for international visitors after London. Edinburgh can claim to be one of the cultural capitals of the world - it is UNESCO's first City of Literature, and hosts the world's largest book and performing arts festivals. It is the UK's second largest financial centre and is renowned for the quality of its research base in areas that include stem cell research and regenerative medicine, biotechnology, genomics and renewable energy.





### The National Planning Policy Framework

In 2012 we introduced a new single document setting out how the planning system in England should promote sustainable development - the National Planning Policy Framework. This framework is a radically simplified statement which places emphasis on clear and up-to-date local plans. These plans are drawn up by Local Planning Authorities and set clear frameworks for how their areas will develop over time.

Scotland, Wales and Northern Ireland are responsible for their own land use planning and their systems operate along similar lines (Northern Ireland's single planning document takes effect from April 2015).

At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**. This means if your building plans fit with the Local Plan, permission should be granted without delay. This plan-led approach has two major advantages:

**A clear steer on the sort of developments likely to be approved gives you more certainty over the outcome and less risk of wasting time and money on lengthy or unsuccessful applications.**



#### Faster decision-making.

You might also benefit from 'permitted development rights' that allow the conversion of existing agricultural, retail and commercial buildings without the need to submit a planning application.

**This new process is already making an impact:**

**> 3/4**

of major projects are now decided on time (within 13 weeks) and the majority of smaller projects are decided within eight weeks with approval rates at 88 percent<sup>6</sup>

**> 178,000**

new homes were approved on major residential schemes in England during 2013/14, 23 percent up on the previous year<sup>7</sup>

### Making major infrastructure projects happen

We take a more centralised approach to planning applications for critical infrastructure developments. Decisions on projects of national significance (including energy, transport, water and waste proposals) are made by government ministers in line with official policy after examination by our Planning Inspectorate. Time limits for the whole process enable investors and developers to plan more effectively.

**We have given planning consent for 96 percent of applications for major infrastructure projects under this process and in shorter timescales.<sup>8</sup>**

Our new Specialist Planning Court also speeds up the handling of legal challenges to major infrastructure consents, removing some of the risk and uncertainty that can threaten a minority of investment decisions.

**"Receiving permission to construct a new nuclear power station at Hinkley Point C is a huge achievement... it reflects an extraordinary level of professionalism and work from EDF Energy's planning team, the Planning Inspectorate, local authorities and a wide range of stakeholders."**

- Vincent de Rivaz, EDF Energy Chief Executive, at the time EDF Energy gained planning consent for a new Nuclear Power Station at Hinkley Point C within 17 months of submitting application to the Planning Inspectorate.

## Buying land and property

*The UK has one of the most active property and mortgage markets in the world.*

Her Majesty's Land Registry provides the assurances you need if you invest in property in England and Wales. Elsewhere in the UK this service is provided by Registers of Scotland and by Land and Property Services in Northern Ireland. Land Registry has over 150 years' experience in registering land and property, managing over 23 million titles (the evidence of ownership). Its expertise is recognised worldwide and called upon to help develop registration systems in other countries.

Land Registry's drive to become a leader in digitised land and property services means you benefit from:

- **Reduced costs and processing times as their services move online.**
- **More user-friendly services, including a centralised access point for local land charge searches.**

Land  
Registry



Land &  
Property  
Services.



## Growth-boosting areas

*We have given certain areas of the UK greater flexibility to take action needed to create jobs and economic growth. These are great places to locate a business – you benefit from a range of practical support, including simplified planning procedures.*

**Local Enterprise Partnerships (LEPs)** are partnerships between local authorities and businesses that decide on local economic priorities and infrastructure needs. There are 39 LEPs across England, all with different offers to investors depending on local industry sector strengths.

**Enterprise Zones** in England and Wales offer a wide range of support to help establish and expand your business and create jobs. Their simplified planning application process includes Local Development Orders, used to grant automatic planning permission for specified types of development.

You can access similar benefits in Scotland's **Enterprise Areas**. These are sector focused (life sciences, low carbon/renewables, general manufacturing and growth sectors) and based in 16 strategic locations across the country.

**City Deals** empower cities to take local control of their economic opportunities and challenges. There are 28 cities in England with deals planned or in place, giving them new powers in exchange for greater responsibility to stimulate and support economic growth in their area.

**By locating in one of the 31 Enterprise Zones in England and Wales you can also benefit from:**



### Financial benefits

You could claim up to 100 percent business rates relief (worth up to £275,000 over a five-year period).



### A business-ready infrastructure

The zones have access to good transport links and superfast broadband.



### An on-site customer and supply base

Many businesses choose Enterprise Zones that can provide the goods and services they need, meaning increased sales and reduced distribution costs.



### Long-term local investment

All business rates growth generated within a zone for a period of at least 25 years will be reinvested to support local economic growth.

#### Sources:

1. World Bank Group 2014. Doing Business 2015: Going Beyond Efficiency
2. Centre for Retail Research 2011. World Shopping Capitals 2011 Survey
3. ONS 2013. Travel Trends, 2013 release
4. National Geographic Traveler
5. National Geographic 2011

6. Department for Communities and Local Government 2014 (data includes applications determined within timescales agreed with the applicant)
7. Home Builders Federation New Housing Pipeline Report June 2014: January to March 2014
8. Figure correct as at October 2014; 27 out of 28 applications for Nationally Significant Infrastructure projects that have reached the decision stage have been approved
9. ADS Group 2014

## Case studies

### Enterprise Zones in action

At **Alconbury Enterprise Zone** a joined-up approach to planning meant that the Local Planning Authority was able to approve the Zone's award-winning small business incubator in just 37 days, giving a major boost to innovation in the area.

### City Deals in action

**Leeds City Region Deal** includes:

- **A new 14-24 apprenticeships academy to meet the skills needs of local young people and employers.**

- **£1.4 billion to improve public transport, roads and other infrastructure.**
- **Creating 15,000 new apprenticeships.**
- **Ultra-fast broadband for 88,000 homes and over 16,000 businesses.**

## Join a cluster

*Clusters of businesses from the same or complementary industry sectors have come together as centres of excellence and innovation across the UK.*

**Locating your business in a relevant industry cluster could help you to:**



**Access a larger pool of skilled labour**



**Improve your supply chains**



**Reduce research and development (R&D) costs by sharing facilities**



**Exchange knowledge and ideas with specialists in your sector**

## Examples of our thriving business clusters

### ► Digital technology

There are centres of excellence in digital technology in areas such as Cambridge, East London (Tech City), Manchester, Glasgow, Bristol, Malvern and Sunderland.

### ► Biomedical

In the biomedical sector, the Oxford, Cambridge and London 'triangle' houses the UK's largest cluster of innovation and industry expertise.

### ► Automotive

The leading automotive cluster in the UK is in the West Midlands, but there has also been major foreign investment in other areas including Sunderland, Ellesmere Port in Merseyside, Burnaston in Derbyshire, Swindon, Wolverhampton and the Sheffield City Region Enterprise Zone.

### ► Aerospace

Our aerospace industry is the second largest in the world.<sup>9</sup> There are important clusters in

several regions of England but also in Prestwick and Glasgow in Scotland, Broughton in Wales and Belfast in Northern Ireland.

### ► Agri-tech

A thriving agri-tech cluster in the Norwich and Cambridge areas takes advantage of some of the most fertile growing land in the country, side-by-side with world-class universities and multiple science and research centres specialising in crop science and agronomy.

### ► R&D

Cutting-edge R&D capabilities serving a range of industry sectors are harnessed at several Enterprise Zones. Examples include the network of scientific researchers at Oxford Science Vale, the state-of-the-art facilities for advanced engineering technology at Sci-Tech Daresbury, and the transport systems R&D capability at MIRA Technology Park in Leicestershire.

# Ease of Doing Business

*The entrepreneurial spirit is stronger than ever in the UK. New businesses are being set up in record numbers – over half a million in 2014.<sup>1</sup> Many factors come together to create our business-friendly environment.*

## UK ease of doing business: the headlines



**Easiest major economy in Europe to do business in**



**Economy grew at the fastest rate in the G7 in 2014**



**Largest deficit reduction of any major advanced economy**



**Flexibility to choose a company structure that suits your needs**



**Corporate governance based on principles, not burdensome regulation**



**Fair and open public procurement procedures**



**London is the world's leading centre for commercial litigation and arbitration**



**Ground-breaking approach to reducing regulatory burdens is saving business time and money**

The World Bank reports that **it's easier to do business in the UK than any other major European economy.**<sup>2</sup> Their assessment includes factors such as a regulatory environment conducive to starting a business, the ability to enforce contracts and general legal protection.

We are constantly improving our business environment, adapting the market frameworks that protect your business and free it from unnecessary regulation and administrative burdens.

### Company law

The UK is an international standard setter for company law. We developed some of the key features of our current legal framework over 150 years ago, and the influence of this first modern company law can be seen all around the world.

Ultimately our legal and regulatory framework is about enabling business to succeed; it provides the certainty needed to facilitate trade and attract investment to the UK.

## The core principles of our legal and regulatory framework are:

### ► Flexibility

You can decide the ownership, finance and decision-making structures that work best for you.

### ► Transparency and accountability

Requirements to maintain public records and report information are based on the principle that trust is key to business success.

### ► Proportionality

These requirements are appropriate to the size of the business and nature of ownership.

**In a survey of senior managers from UK-based international companies, 90 percent said the stability and transparency of our political, legal and regulatory environment make the UK an attractive location for new activities.<sup>3</sup>**

# Setting up a business in the UK

*An individual can set up a business very easily in the UK without formal registration or regulation. Most businesses however, choose to ‘incorporate’ and adopt one of a number of legal forms which give the business a separate legal personality.*

This means the organisation can do business and enter into contracts in its own name. Incorporating makes it easier to raise finance, in particular because investors enjoy limited liability. The company's finances are separate from their own, so personal assets are not at risk. The **limited company** is the most commonly used incorporated legal form, but UKTI can advise on other options (see page 52).

The process of incorporating a company in the UK is quick, easy and can be done electronically. For a small additional fee this process can be completed on the same day. Companies House, our registrar of UK companies, also now offers incorporation online.

One of the advantages of the company model is the freedom to agree your own rules and structures, provided these are within the law. UK legislation provides model ‘articles’ for different types of company which you can adopt or modify as needed.

If you run an incorporated company you will need to provide financial and other information each year. The process for filing these documents is simple and can be completed electronically, saving you time and money.

## The UK Corporate Governance Code

Our legal and regulatory framework is supplemented by the UK Corporate Governance Code. The Code is not a rigid set of rules; it sets out good practice for companies on issues such as board leadership and effectiveness, pay, accountability and relations with shareholders. At the heart of its flexibility is the trademark ‘comply or explain’ approach. UK listed companies are required either to comply with the provisions of the Code, or explain to investors in their next annual report why they have not done so. This approach, widely admired and imitated internationally, gives you flexibility to adopt a governance framework that fits your specific circumstances.

## Competition law

Our competition regime has a strong global reputation, and the UK is seen as having open and fair markets which work well. If you are looking to start or expand your business in the UK, competition law protects you from anti-competitive practice in the market. We want the best and most efficient businesses to thrive, and for consumers to feel the benefit in the process. UK competition law is a flexible instrument. In most areas the

legislation is based on the premise that each case should be judged by the actual effect that a practice has on competition and whether it is against the public interest.

If you are an entrepreneur or innovator in the UK, our robust intellectual property system will help you protect your innovations and creativity. Find out more on page 46.

## Procurement policy

When you come to the UK you can be sure that public sector procurement is open, fair and transparent. You can bid to provide goods or services either through a direct contract or by becoming a subcontractor. Public procurement in the UK is governed by EU Procurement Directives. This legal framework helps to make public procurement a fair and open process across the EU.

We are making this process even more transparent, giving you the confidence and time to invest in the resources to win contracts. In England a free online tool called ‘Contracts Finder’ will help you find information about current, future and past contracts with government and its agencies, as well as sub-contracting opportunities. Scotland, Wales and Northern Ireland also have their own dedicated public sector procurement websites.

Contract notices and bid documents explain the bidding process and the supporting documentation needed, and a guide is available for small businesses on tendering for public sector contracts.

Information about contracts is subject to the Freedom of Information Act 2000. You have a right to ask for detailed information about the bidding process. If your bid is unsuccessful, public sector organisations must give you feedback if requested.

Under the Freedom of Information Act, information in your tender can be disclosed to anyone who asks for it unless it is exempt. Guidance is available on exemptions. If any information in your tender is commercially confidential you can ask for a non-disclosure agreement.

We run a ‘Mystery Shopper’ service that provides a direct route for suppliers to feedback on public procurement practice and spot-checks public bodies to make sure their procurement is small-business friendly.



## Legal framework

*The UK has an international reputation for stability and consistency in its common law and governance. The rule of law is the foundation of a prosperous economy and free society. Property rights, the enforceability of contracts, the policing of criminal activities and protection against the arbitrary use of state power give international businesses confidence in the UK as a trusted investment destination.*

### UK law

London has long been recognised as a primary centre for international and commercial litigation and arbitration. International companies are most likely to turn to English law if a third-party legal system is needed to resolve commercial disputes. Such companies are twice as likely to choose English law over any other governing laws for arbitrations, for example.<sup>4</sup> More than 4,600 international arbitration and mediation disputes were resolved in the UK in 2012.<sup>5</sup> Scots Law, while different in many important aspects from English law, is closely aligned when it comes to commercial law and other areas affecting business. Wherever you choose to locate your business in the UK, you can be sure of having a wide choice of world-class legal advice.

The strength of our law lies in the ideal combination of predictability and flexibility. Courts follow their earlier decisions, providing continuity and certainty – but will adapt past rulings to meet modern business needs where needed.

### Monetary policy

Our economic policy objective is to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries. Price stability is central to this objective – this means targeting a low, stable inflation rate. Our inflation target of two percent is critical for creating certainty for businesses and consumers about medium-term price changes. It means you can predict your future costs and income with more confidence and invest securely for optimal long-term growth.

The Monetary Policy Committee (MPC) of the Bank of England has full operational independence to set policies to meet the inflation target. The separation of fiscal and monetary policy is a key feature of the UK's economic policy. Our commitment to price stability pushed inflation down to our target of two percent in December 2013 and it stayed below this rate for the whole of 2014.

Low inflation has helped to support the UK's strong economic growth. The International Monetary Fund (IMF) reports that the UK economy grew at the fastest rate in the G7 in 2014. The recovery is balanced across all the main sectors of the economy, with manufacturing, services and construction all growing. The IMF predicts growth of 2.7 percent for the UK in 2015, the highest of Europe's major economies and more than double the average for the euro-area.

### Fiscal policy

Since the coalition government came to power in May 2010 we have been resolute in our action to bring about stable, balanced economic growth based on sustainable levels of public and private sector borrowing. Restoring tight control of public finances is essential for economic security – by reducing the gap between what we spend and what we raise in taxes we have created the conditions for long-term growth.

In 2010, the IMF forecast that the UK would have the largest headline and structural deficit of any G7 economy. Our fiscal policy has transformed this situation and the deficit is forecast to have halved from its peak by the end of financial year 2014/15. In October 2014, the IMF reported that the reduction in both our headline and structural deficits was the largest of any major advanced world economy.

## > 4,600

International arbitration and mediation disputes were resolved in the UK in 2012

The International Monetary Fund predicts that the UK economy will continue to grow faster than any other major European economy in 2015

## > 2 million

Private sector jobs have been created since early 2010, and employment reached its highest ever level in 2014

## Other countries are seeking to emulate the UK's pioneering approach; France, Italy and Spain are introducing a 'One-In, One-Out' scheme to boost their competitiveness.

Based on UK Government policy as at February 2015, the independent Office of Budget Responsibility predicts we will run our first surplus for 18 years by 2018/19. Reducing and then eliminating the deficit in this way helps to reduce interest payments for consumers and business, create jobs and boost prosperity – important factors for a strong investment environment. Over 2.1 million private sector jobs have been created since early 2010, and employment reached its highest ever level in the three months ending in November 2014.

### Regulatory policy

Getting rid of unnecessary regulations is central to our drive to make the UK the best place for investors to start, finance and expand their businesses. We consider regulation to be a last resort, an approach that will save your business time and money. We will keep or introduce regulations that help markets function effectively, and remove those that impose unnecessary costs and hinder competitiveness. Our review of existing regulations has identified over 3,000 that can be removed or improved.

**Our ground-breaking approach to reducing regulatory burdens is the 'One-In, Two-Out' rule. Any increase in the cost of regulation requires us to save twice this amount through the removal of regulations elsewhere. This approach is saving UK businesses over £2 billion a year.**

#### Sources:

1. Start Up Britain 2015. New Figures Reveal Record-Breaking Year for Start-Ups (online)
2. World Bank Group 2014. Doing Business 2015: Going Beyond Efficiency
3. Ernst & Young 2014. UK Attractiveness Survey 2014
4. TheCityUK 2014. Professional Services Series: Legal Services January 2014
5. TheCityUK 2014. Key Facts about the UK as an International Financial Centre

## Saving you time and money

### Just a few examples from thousands of measures that benefit business.

#### ► Company law

We are giving 100,000 more businesses flexibility to decide whether their accounts should be audited.

From 2015 small companies can file their company accounts and annual returns together, online and just the once.

#### ► Employment law

We increased the qualification period for the right to claim unfair dismissal from one to two years. Businesses get more flexibility to make difficult decisions while fundamental employee protections are retained.

Our Employer's Charter dispels the myths about what employers can and can't do when managing their workforce.

#### ► Medicines

Movement towards a 'one stop' principle for approving changes to medicine licences should save business at least £25 million per year.

#### ► Aviation

Better use of UK airspace will enable more direct flight routes, bringing benefits to airlines, airports and passengers.

#### ► Health and safety

Nearly 90 percent of health and safety regulations will be scrapped or improved.

## Infrastructure

# Transport

*The UK – small nation, big workforce, fast transport. The perfect combination to help you move goods and people quickly around the country. With over 70 airports, 40 major ports, excellent rail links and toll-free motorways, getting to, from and around the UK is both simple and affordable.*

### UK transport: the headlines



**£140 billion investment is transforming the speed and reliability of our transport systems**



**The largest air transport system in Europe**



**The second largest ports industry in Europe**



**The most improved rail network in the EU**



**London ranked top globally for the efficiency, reliability and safety of its transport network**

### Keeping your business moving

We are investing record amounts of money to enhance a transport system that supports 21st century business. A huge pipeline of transport improvements worth over £140 billion is either underway or planned.<sup>1</sup> Nearly 200 projects are scheduled for completion in 2014-15, with another 150 due to start over the same period.<sup>2</sup> It's already easier to get around; London, for example, has even better transport connections after a £6.5 billion upgrade was completed before the 2012 Olympic and Paralympic Games. Our capital is ranked top for the efficiency, reliability and safety of its public transport network in a study of 30 of the world's greatest cities.<sup>3</sup>

## Sea

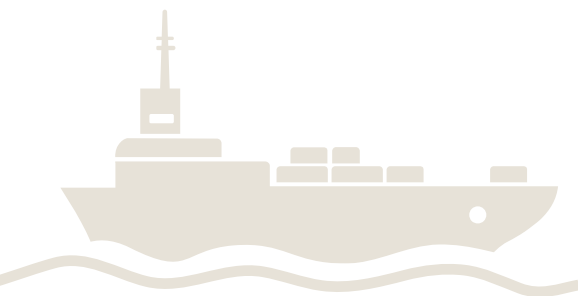
*We have a vibrant port infrastructure, just as you'd expect for an island country with our long and proud maritime heritage.*

- 95 percent of the volume of all the UK's import/export trade travels through our ports.<sup>4</sup>
- The UK ports industry is the second largest in Europe in terms of total tonnage handled.<sup>5</sup>
- The UK hosts three of the twenty biggest ports in the EU by tonnage handled.<sup>6</sup>

We have over 100 commercial ports in the UK, with 40 major ports providing the capacity to handle cargo of every size and type. There are large all-purpose ports such as Liverpool, ferry ports such as Dover, specialised container ports such as Felixstowe, and ports catering for bulk traffic such as coal or oil.

### UK deep water ports - three examples

- ▶ **London Gateway** is combined with Europe's biggest logistics park and will provide 2,700 metres of quay, six deep-water berths and 24 giant quay cranes when completed.
- ▶ **The Port of Liverpool's** new deep water container terminal ('Liverpool 2', due to open in 2015) will attract some of the world's largest container vessels to a distribution hub with a population of 35 million consumers within a 150 mile radius.
- ▶ **Port of Milford Haven** in Wales is a natural deep water port that handles 20 percent of Britain's seaborne traffic of oil and gas.



# Air

*The UK has excellent international connectivity from major airports distributed across the country. We have the largest air transport system in Europe, handling 238 million passengers in 2014.<sup>7</sup>*

The UK aviation sector has more seats available and serves more destinations on a daily basis than any other European country.<sup>8</sup> You can enjoy the flexibility of multiple daily direct flights to the world's major cities.

London is a better connected city than Paris, Frankfurt and Amsterdam. The combined direct weekly services from London's five airports go to more destinations than from Paris (two airports), Frankfurt (two airports) and Amsterdam. London Heathrow has more flights to many major international cities than these three major EU hubs. Heathrow had over twice as many direct scheduled flights in 2013 to New York, Chicago, Los Angeles, Washington, Boston, Toronto, Dubai, Hong Kong, Mumbai, Delhi and Johannesburg.

## Business aviation

You can enjoy the flexibility of private business flights from a network of airports across the UK. There are over 3,000 airports in Europe which private jets can use, ten times the number available to airliners. Three of the busiest 25 private business airports in Europe are in London, with more private flights to and from our capital than any other European city.<sup>9</sup>

### Average journey times by air from the UK to key European destinations

London to	Duration by air (hours and minutes)
Amsterdam	1 hour
Berlin	1 hour, 45 minutes
Zurich	1 hour, 30 minutes
Prague	1 hour, 45 minutes
Rome	2 hours, 20 minutes
Madrid	2 hours, 15 minutes
Istanbul	3 hours, 35 minutes

Source: skyscanner.net

### Daily direct flights to the world's major cities

City	London Heathrow	London City	Manchester	Birmingham	Glasgow/Edinburgh
Paris	18	6	7	6	5
Amsterdam	21	12	7	8	12
Frankfurt	20	6	4	4	3
Brussels	9	-	4	4	3
Milan	11	3	2	1	1
Barcelona	6	-	2	1	1
New York	29	1	2	1	2
Los Angeles	7	-	-	-	-
Chicago	8	-	1	-	1
Tokyo	4	-	-	-	-
Delhi	6	-	-	-	-
Mumbai	5	-	-	-	-
Beijing	3	-	-	-	-
Shanghai	3	-	-	-	-

(Average number of direct passenger flight departures per day - data extracted in January 2015)

Source: skyscanner.net plus information from UK airports



## Rail

*Wherever you need to go in the UK, the chances are a train can take you there. Rail coverage is one of the most intensive in the EU – while only the eighth largest member state by area we have the fourth longest rail network.*

Our reformed rail industry is delivering. **The European Commission found the UK network to be the most improved in the EU, coming top in four of the 14 factors considered (including growth of overall customer satisfaction and safety).**<sup>10</sup> Our railways also rank as one of the best major networks in the EU according to a major passenger survey conducted by the European Commission in 2013. We topped Europe's seven major railways in punctuality and reliability, information during journeys and accessibility.

The Eurostar connection provides a fast route to mainland Europe. You can be in Brussels or Paris in just over two hours after leaving London – a similar journey time as London to Manchester.

You can connect easily with the Eurostar from most major UK towns. Onward travel from the direct Eurostar destinations enables you to reach up to 100 towns and cities throughout Europe.

We are spending £38 billion from 2014 to 2019 to make our railways even better – the biggest modernisation programme since Victorian times. This means capacity for more trains, more seats, faster journeys and bigger, better stations.

Major projects include:

- **The Northern Hub** – major upgrades across the north of England with capacity for hundreds more trains and 44 million more passengers.
- **Crossrail** – the new high frequency railway that will bring an extra 1.5 million people to within a 45 minute commuting distance of central London.
- **High Speed 2** – a high-speed railway that will link eight of Britain's ten largest cities, serving one in five of the population.

### Fastest current journey times by rail from London to key destinations

London to	Duration by rail (hours and minutes)
Birmingham	1 hour, 22 minutes
Manchester	2 hours, 7 minutes
Edinburgh	4 hours, 20 minutes
Brussels	2 hours, 1 minute
Paris	2 hours, 16 minutes
Amsterdam	4 hours, 38 minutes

Source: National Rail and Eurostar 2014

## Road

*With 64 million people living in a relatively small country, you'd expect our roads to be busy. But we are taking unprecedented action to keep traffic flowing.*

We are carrying out an ambitious £15 billion investment programme for our motorways and major roads between 2015 and 2021. By tripling our spending on major projects and investing in hundreds of smaller schemes, we are creating a world-class, strategic road network that helps stimulate local economic growth, relieve congestion and improve safety and environmental outcomes. Safety is something we take very seriously – only Sweden and Iceland have safer roads than us in Europe.<sup>11</sup>



#### Sources:

1. HMT December 2014, National Infrastructure Plan 2014
2. HM Treasury 2014, Projected infrastructure starts and completions in 2014-15
3. PwC 2014, Cities of Opportunity 6
4. United Kingdom Major Ports Group Ltd 2014, *The UK ports industry – a profile* (online)
5. Eurostat 2014, Maritime ports freight and passenger statistics 2012: gross weight of seaborne goods handled by main ports by type of cargo

6. Eurostat 2014, Maritime ports freight and passenger statistics 2012: top 20 cargo ports in 2012 on the basis of gross weight of goods handled
7. CAA 2015
8. Airports Commission 2013, Interim Report. Data is from CAA analysis based on OAG data
9. Private Fly website
10. European Commission 2013
11. World Health Organisation 2013, Global Status Report on Road Safety 2013. Statistic based on estimated road traffic death rate per 100,000 of population



## Infrastructure

# Digital

*We already have the best superfast broadband service of any major European economy - but our focus is not on today. We are building a digital infrastructure for a super-connected future, capable of supporting the huge increase in usage and the demand for lightning-fast speed.*

### UK digital infrastructure: the headlines



**The best superfast broadband service of any major European economy**

It is estimated that some 40 billion 'connected devices' will be in use globally by 2020 - an 'internet of things' that will drive innovation, productivity and economic growth. It is a vision we are ready for.

The World Economic Forum (WEF) confirms the strength of our foundations. We are ranked ahead of all the other major European economies in the Networked Readiness Index, a measure of capacity to use information and communication technology to promote growth and social wellbeing.<sup>2</sup>



**More 'network ready' than any other major European economy**

#### World Economic Forum Networked Readiness Index 2014...

Finland	1	Germany	12
Singapore	2	France	25
Sweden	3	Ireland	26
USA	7	Spain	34
<b>UK</b>	<b>9</b>	Italy	58
South Korea	10		

#### ...with the UK in the top five for eleven WEF indicators, including

WEF Indicator	Rank
Business to consumer internet use	1
Use of virtual social networks	2
Accessibility of digital content	4
Availability of latest technologies	5
Business-to-business internet use	5
Population e-participation	5



**Hosting the world's first test bed for 5G technologies and services**



**Open and competitive broadband and telecoms markets means lower prices and more choice**

**"The UK continues to exhibit a very strong performance. The country recognised the importance of ICT to support innovation and competitiveness early. As a result, it has a well-developed ICT infrastructure, with one of the highest population uptakes and well-developed e-commerce." - World Economic Forum**



**Biggest e-commerce market in Europe**

### Our broadband commitment

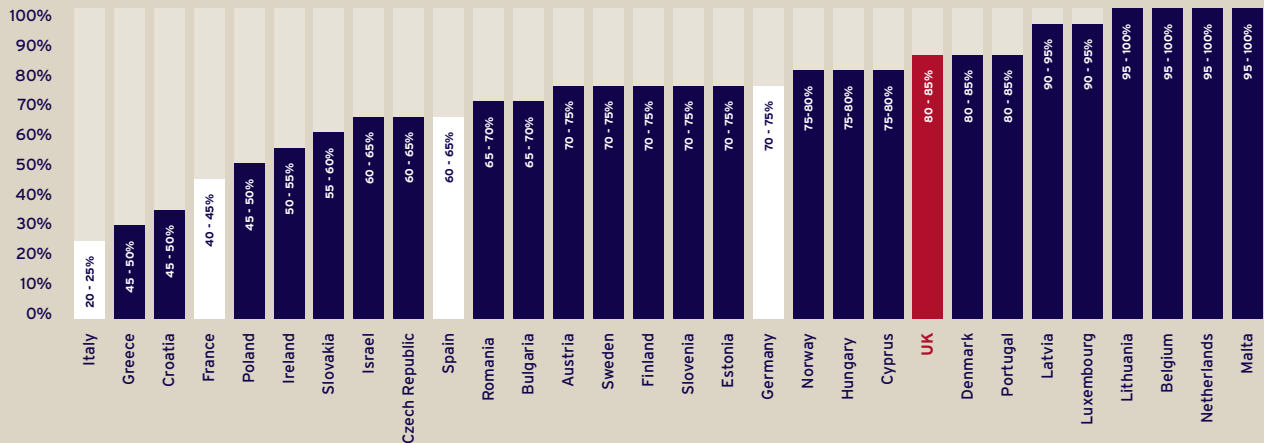
Our commitment to maintaining our status as a leading digital nation means that 95 percent of UK homes and businesses will have access to superfast broadband by 2017. This coverage is surging ahead, reaching 80-85 percent of households by September 2014 - higher than France, Germany, Italy and Spain.<sup>3</sup>

We are ranked joint seventh overall in the EU for superfast broadband coverage - a position that speaks volumes about the scale of our infrastructure investment. There are more people living in areas of

the UK served by superfast broadband than the combined populations of the eight countries ranked equal to or above us. This infrastructure also connects businesses and communities over an area more than twice that of Portugal, the largest of these eight countries.

London's digital status illustrates the pace of change in the UK. It is rated top for 'technology readiness' in a study of 30 of the world's most dynamic cities.<sup>4</sup> This puts our capital above cities such as Seoul, Stockholm and Hong Kong for the strength of its digital economy and infrastructure.

### Percentage of households in areas served by superfast broadband



Source: Ofcom 2014, European Broadband Scorecard.

**A survey of managers from UK-based international companies found that 90 percent feel our technology and telecommunications infrastructure makes the UK an attractive location for undertaking new activities.<sup>5</sup>**

### What does high speed connectivity mean for me?



#### Cloud computing

Work more efficiently by accessing data or software from any internet enabled device.



#### Large files

Easier, faster handling.



#### Flexible working

Work where and when you want.



#### Wide Area Network connectivity

Faster file sharing and data transfer across multiple sites.



#### Internet Protocol (IP) telephony

Better integration of voice communications.



#### Real time information sharing



#### Social media

New opportunities to communicate with customers and suppliers.



#### Software as a service application

Reliability and reduced cost.



#### Online sales

New service opportunities and handling high-volume traffic.

### Super-connected cities

Businesses get an additional online boost in 22 'super-connected cities' across the UK where extra fast and reliable broadband and wireless connectivity is available. You will also find superfast broadband increasingly available on planes, trains and ferries in the UK as travel operators take advantage of new antenna technology that makes broadband speeds up to ten times faster.





### Keeping ahead in mobile

A survey of managers from UK-based international companies found that 90 percent feel our technology and telecommunications infrastructure makes the UK an attractive location for undertaking new activities.<sup>5</sup>

4G internet is now widely available in the UK. Network operators are expecting to cover 98 percent of the UK population by the end of 2015.

To prepare for even faster mobile coverage we are supporting a university/industry partnership to develop the world's first test bed for 5G technologies and services. This paves the way for 'always sufficient' bandwidth that gives the perception of infinite capacity. 5G is predicted to be 1,000 times faster than 4G, making it possible to download a feature-length film to a wireless device in one second. This is the sort of connectivity

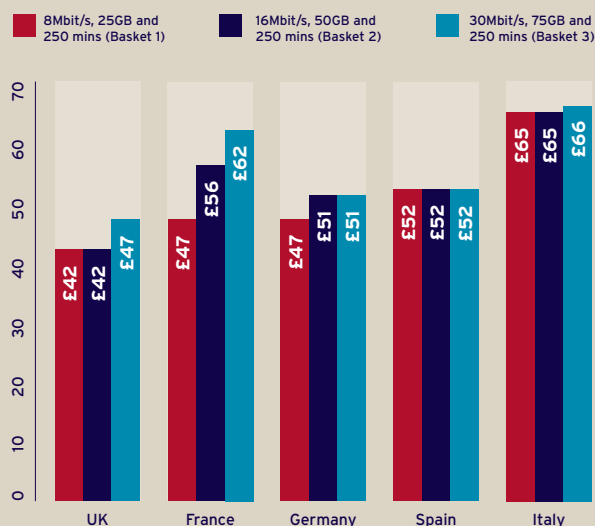
we expect UK-based business to benefit from before their overseas competitors. It will give you the platform to develop new products and services that are simply not possible today.

### More choice, less cost

Our open and highly competitive telecoms and broadband market means you benefit from lower prices and a wide choice of providers and tariffs to suit your needs. Effective deregulation has also set industry free to innovate as our digital infrastructure opens up new possibilities.

In a comparison of the average of the three lowest available prices for standalone fixed broadband and fixed voice services, costs in the UK were the cheapest of the five largest EU economies at three different levels of broadband speed and data use.<sup>6</sup>

#### Weighted average single-service pricing for fixed broadband and fixed voice services



Source: Ofcom, using data supplied by Teligen

### The UK online

We are enthusiastic adopters of internet technologies in the UK. The take-up of both fixed and mobile broadband is the fourth highest in the EU - and take-up of superfast broadband is the highest in the five largest economies in the EU.<sup>7</sup> This love of online technology, combined with huge market demand, makes the UK the biggest e-commerce market in Europe - with Europe being the biggest e-commerce market in the world.<sup>8</sup>

#### Sources:

1. ABI Research 2014. The Internet of Things will Drive Wireless Connected Devices to 40.9 billion in 2020 (online)
2. World Economic Forum 2014. Global Information Technology Report
3. Ofcom 2014. European Broadband Scorecard - December 2014 update
4. PwC 2014. Cities of Opportunity
5. Ernst & Young 2014
6. Ofcom 2014. European Broadband Scorecard (December 2014 update). For detailed notes accompanying this data, see page 22 of this report at: [http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr14/icmr/EU\\_Scorecard\\_2014.pdf](http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr14/icmr/EU_Scorecard_2014.pdf). While Ofcom note that none of the available pricing metrics is perfect in isolation, they state that weighted average pricing measures generally offer a more accurate reflection of the prices consumers are paying in a given market
7. Ofcom 2014. European Broadband Scorecard - December 2014 update
8. Ecommerce Europe 2014. Europe B2C Ecommerce Report 2014

## Infrastructure

# Utilities

*The UK is one of the most energy secure countries in the world. We maintain this status thanks to the combination of our own reserves, effective regulation of competitive markets, diverse sources of imported energy and our focus on increasing clean energy – which includes nuclear, renewables and carbon capture and storage.*

### UK utilities: the headlines



**One of only three countries worldwide with a World Energy Council 'AAA' rating**



**Privatisation of the major utilities means greater choice and lower prices for industrial energy consumers**



**Investment in 'smart grid' technology will support the security of our energy supply for future decades**

Like many countries, we face challenges in the shape of binding low-carbon targets and declining fossil fuel reserves. Our response has been one of the most radical overhauls of the UK's energy infrastructure and markets since the 1980s. The reforms we have put in place are driving the huge amount of investment required, giving you continued access to the energy you need at stable, competitive prices.

The UK is one of only three countries to receive a World Energy Council (WEC) 'AAA' rating. This assessment is based on the security and reliability of energy infrastructure; the accessibility and affordability of supply; and environmental sustainability. WEC report that: 'the UK remains a "pack leader" with excellent performance on all three energy dimensions'.

### Smart grid

Our investment in 'smart grid' technology helps to safeguard the security of our energy supply for decades to come. With better monitoring and control of the power network, electricity companies will identify fluctuations in demand and route power to where it is needed most. You get the reassurance of a reliable energy supply, and cheaper prices through savings on network costs.

### Energy costs

Privatisation of the major utilities has led to greater choice and lower prices for industrial energy consumers. Our energy costs are competitive with those in other major economies in the EU, particularly for gas prices.

### World Energy Council Energy Sustainability Index 2014

#### Energy security

The effective management of primary energy supply, the reliability of energy infrastructure, and the ability to meet current and future demand

Denmark	6
United States	8
<b>UK</b>	<b>9</b>
Switzerland	22
Germany	27
Spain	37
France	41
Netherlands	55
Ireland	69
Italy	70
Singapore	124

#### Energy equity

The accessibility and affordability of energy supply across the population

United States	1
Switzerland	5
France	11
<b>UK</b>	<b>22</b>
Netherlands	33
Singapore	35
Ireland	39
Germany	42
Spain	46
Denmark	47
Italy	48

#### Environmental sustainability

The impact of supply and demand-side energy efficiencies and the development of energy supply from renewable and other low-carbon sources.

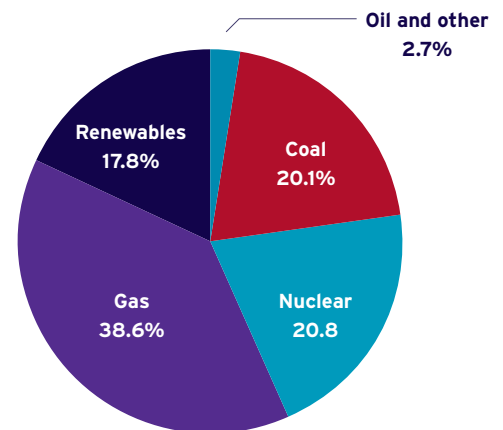
Switzerland	1
Denmark	9
France	10
Ireland	13
<b>UK</b>	<b>18</b>
Italy	21
Spain	24
Germany	27
Netherlands	31
Singapore	50
United States	83

### Gas prices for industrial consumers 2014<sup>2</sup>

Country	Cost (€/gigajoule)
<b>UK</b>	<b>10.24</b>
Denmark	10.37
Spain	10.38
Italy	10.51
France	10.74
Ireland	11.46
Netherlands	11.66
Germany	12.47

### Electricity generation in the UK

The security of our power supply is aided by a healthy mix of energy sources. Low carbon electricity's share of generation stood at nearly 39 percent in September 2014, with 18 percent coming from renewable resources.<sup>1</sup>



Source: DECC January 2015. Energy Trends section 5: electricity

## 39% of electricity generated from low carbon sources in September 2014

### Electricity prices for industrial consumers 2014<sup>3</sup>

Country	Cost (€/kWh)
Denmark	0.084
France	0.096
Netherlands	0.103
Spain	0.125
<b>UK</b>	<b>0.129</b>
Ireland	0.134
Germany	0.159
Italy	0.172

Gas and electricity prices represent average national prices including non-recoverable taxes

### Cutting energy costs for UK-based manufacturers

In March 2014 we brought in a £7 billion package to cut energy bills for manufacturers, with benefits for other businesses too.

- We have capped for the rest of the decade the minimum price a company must pay for each tonne of carbon dioxide emitted. If you're running a mid-sized manufacturing business in the UK this will save almost £50,000 on your annual energy bill.
- We have also extended our compensation scheme for energy intensive industries for a further four years to 2019-20, protecting the competitiveness of steel makers, chemical plants, paper mills and other heavy energy users.
- Users of energy from Combined Heat and Power plants are exempt from the tax on fossil fuels used to generate electricity.

#### Sources:

1. DECC January 2015. Energy Trends section 5: electricity
2. Eurostat 2014. Gas prices for industrial consumers
3. Eurostat 2014. Electricity prices for industrial consumers





# Innovation Ecosystem

*The UK has a rich heritage of discovery and innovation – the UK has produced 78 Nobel Prize winners in scientific disciplines, more than any other country apart from the USA. But we are not simply a nation of inventors. We continue to invest heavily in an innovation system that turns ideas into commercial success.*

## UK innovation: the headlines



**The highest rated major economy in the Global Innovation Index**



**Over half of business R&D expenditure in the UK is by foreign-owned businesses**



**Collaboration between universities and business rated as the most effective among Europe's major economies**



**Highest research productivity among the top research nations**



**Highest proportion of the workforce in knowledge-intensive jobs in the G20**



**Ranked ahead of all of our major competitors for the quality and security of our intellectual property system**

Innovation makes business more productive – which in turn makes our economy more competitive and more responsive to change. From robotics to life sciences, and from aerospace to the creative industries, international companies use this environment to develop market-leading products and services.

### Innovation performance

International benchmarking studies confirm the strength of our innovation environment. We are the top-rated major world economy in the Global Innovation Index.<sup>1</sup> This index highlights particular strengths in our higher education sector, the ease with which firms can access credit, the proportion of knowledge-intensive employment and university-business collaboration.

The level of investment in UK-based research and development (R&D) by foreign-owned companies shows just how competitive our offer is.

In 2012 the UK attracted almost US\$7.7 billion of overseas-financed R&D. This is:

- The same as Canada, Finland, Japan, China, Russia and Denmark combined.
- More than either France or Germany.
- Just under half that of the USA.<sup>2</sup>

## Global Innovation Index 2014 - top eight and selected rankings

1	Switzerland
2	<b>UK</b>
3	Sweden
4	Finland
5	Netherlands
6	USA
7	Singapore
8	Denmark
11	Ireland
13	Germany
22	France
27	Spain
31	Italy

Source: Cornell University/INSEAD/WIPO

**"The R&D landscape in the UK is good and getting stronger. We have great linkages with R&D institutions and networks."**

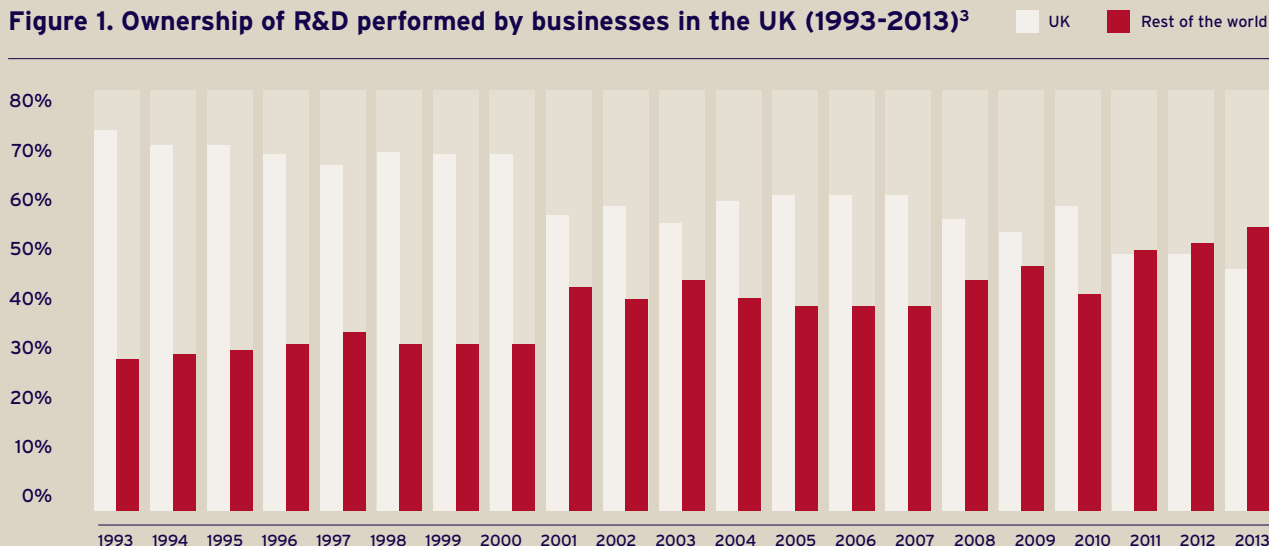
- Airbus, world leading commercial aircraft manufacturer

# 54%

**Over half of business R&D expenditure in the UK was by foreign-owned businesses in 2013<sup>3</sup>**

# 312

**Investments in UK-based R&D made by international companies in 2013/14 – the highest ever annual total<sup>4</sup>**

**Figure 1. Ownership of R&D performed by businesses in the UK (1993-2013)<sup>3</sup>**

### Case study

#### University of Liverpool and Unilever

In a £33 million partnership, the University of Liverpool and Unilever are developing a state-of-the-art materials chemistry research hub with open-access facilities. The hub will accelerate research and reduce new product discovery times in sectors such as sustainable energy, pharmaceutical and paint and coatings.

**The Research Councils UK's online gateway to publicly funded research enables you to search for and analyse information on the latest innovative research in the UK (<http://gtr.rcuk.ac.uk/>).**

### Access to a world-class academic and research environment...

Our science and research institutions generate the knowledge that drives innovation, using talent from all over the world.

- **The UK has over 170 universities and institutes of higher education carrying out different combinations of teaching and research.**
- **Our universities include some of the very best in the world - four of the top six according to the QS World Universities Rankings.<sup>5</sup>**

You can benefit from the UK's university expertise through access to leading scientists, designers and next generation technologies. In 2012-13 UK universities earned nearly £3.6 billion from services to business and others, including the commercialisation of new technology.<sup>6</sup> The World Economic Forum rates the collaboration between universities and business in the UK as the most effective of Europe's major economies.<sup>7</sup>

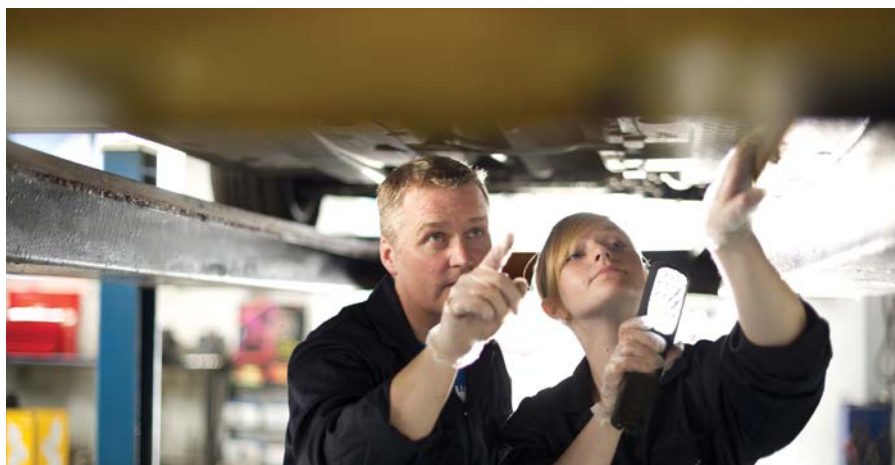
### ... and a labour force geared up for R&D

The UK has 250,000 active researchers working either in higher education or business.<sup>8</sup> Science has become increasingly important across all sectors of our economy; 5.8 million people work in science-based roles, one in five of the labour force. This is projected to increase to 7.1 million people by 2030.<sup>9</sup> The proportion of our workforce in knowledge-intensive jobs is the highest in the G20.<sup>10</sup>

Our influence in the research world is disproportionate to our size. With less than one percent of the global population, the UK accounts for:

- **6.4 percent of global journal articles.**
- **11.6 percent of citations.**
- **15.9 percent of the world's most highly cited articles.**

Our research productivity is the highest and rising among top research nations both in terms of publications and citations per unit of spend.<sup>11</sup>



## Helping you turn ideas into products

Innovate UK is our innovation agency and our main way of supporting business-led technology innovation. Innovate UK can help you to:

- **Bring products and services more quickly to market.**
- **Access R&D facilities.**
- **Connect with research or business partners.**
- **Access funding through competitions to reduce the risk from innovation projects.**

Innovate UK's network of Catapult Centres help businesses access advice and cutting-edge facilities – allowing you to take advantage of equipment and

expertise that might otherwise be out of reach.

Our two national science and innovation campuses (Harwell Oxford and Sci-Tech Daresbury) are world-leading centres for science, technology and innovation. They are home to a large and diverse range of science and technology-based organisations, including large-scale research organisations and innovative commercial companies and start-ups. They also give UK-based researchers and businesses access to leading-edge technology facilities that support all scientific disciplines.

You can also get support for R&D activity at a range of other facilities across the UK.

## ► Our Catapult Centres

- High Value Manufacturing
- Cell Therapy
- Offshore Renewable Energy
- Satellite Applications
- Connected Digital Economy
- Future Cities
- Transport Systems

## ► Opening in 2015

- Energy Systems
- Precision Medicine

- More than 100 **science parks** give over 3,100 companies access to leading-edge technology and research skills at a nearby university or research centre.
- A network of over 300 **business incubators** supports over 12,000 high-growth technology businesses in sectors such as biomedical, IT and the creative industries.
- **Clusters of businesses** from similar industry sectors exist as centres of excellence and innovation across the UK.
- **University Enterprise Zones** create premises for early-stage high-tech companies to aid collaboration with universities.

## Tax incentives

Don't let concerns about the cost and risk of R&D threaten the commercialisation of your innovations. Our tax incentives encourage innovation in businesses of every size, from start-ups to global enterprises. You can find out more about these incentives on page 20.

## Protecting your intellectual property

The UK Intellectual Property Office (IPO) helps businesses, innovators and entrepreneurs understand how intellectual property (IP) can create value from their ideas, turning inspiration into sustainable business

success. In addition to granting patents, registering trade marks and designs, the IPO can help you to use, manage and enforce your IP to achieve its full potential.

**We are ranked first in a comparison of 36 country IP systems that assesses cost, speed, quality of judges/tribunals, quality of advice and the fairness and predictability of decisions.<sup>12</sup>**

International innovators clearly trust our intellectual property system. They own 41.5 percent of patents in the UK, compared to 17.4 percent in Germany, 12.6 percent in the USA and 2.4 percent in Japan.<sup>13</sup>

## Global Intellectual Property Index 2013

1	UK	9	Austria
2	Germany	10	USA
3	Netherlands	11	Canada
4	Sweden	12	Ireland
5	Australia	12	Singapore
6	New Zealand	14	Spain
7	Switzerland	21	Italy
8	France		

## The quality infrastructure

The UK is a world leader in the scientific measurement and standards that underpin innovation and technology development. The British Standards Institution (BSI) is the market leading global standards body. Conforming to its standards can improve market access, reduce costs and risk and give you that extra competitive edge.

The National Physical Laboratory (NPL) is a centre of excellence in developing and applying the most accurate measurement standards available. NPL works directly with over 2,400 companies every year, bringing more than £634 million of financial benefits to business through measurement innovation.

### Case study BSI influence

BSI operates around the world to encourage the use of British and European standards. In December 2013 the UK and China signed an agreement to recognise each other's standards - the first agreement of its type entered into by a Chinese standards authority.

# The eight great technologies

*The UK excels in many important areas of science and innovation. We invest around £6 billion through our research councils and universities, sustaining a diversity of funding approaches, fostering international collaborations and providing access to the best facilities and infrastructure. Innovate UK also offers significant support, including the network of Catapult Centres that are helping companies commercialise new technology-based products and services.*

Through our industrial strategy (see page 49) we are supporting the development and commercialisation of all technologies with potential to create growth. We have a particular focus on 'eight great technologies' - big, general purpose technologies with wide-ranging applications stretching beyond any single industrial sector. They are also areas where the UK is, or has the potential to be, world-leading with the right investment and collaboration between researchers, industry and government.

Our investment is focused on commercialising these eight great technologies at new, leading edge R&D facilities. We are also working with partners on all the building blocks for successful commercialisation, including regulation, financing and access to skills.

## 1 Big data

The next generation of scientific discovery and innovation will be driven by analysing massive and mixed data sets. There are big rewards for the leaders in this field - the global market for big data will grow from US\$10 billion to reach US\$50 billion by 2017.<sup>14</sup> We have one of the largest ICT markets in Europe, with well-established cloud computing and data centre sectors. We see big data opportunities in areas such as health, education, environment and energy, life sciences, finance, government and entertainment.

## 2 Satellites

The ability to harness powerful satellite location and imaging data creates diverse commercial opportunities. Our space sector has grown by almost ten percent a year over the last decade, and our target is to make it a £40 billion industry by 2030. Our strengths include telecommunications, small satellites, satellite propulsion and space applications.

## 3 Robotics and autonomous systems

Over the next 20 years robots and autonomous systems will revolutionise our economy and society. The global market for industrial robotics is currently worth over US\$25 billion and is forecast to reach US\$37 billion by 2018.<sup>15</sup> The market for professional service robots will increase from US\$3.4 billion to US\$17.1 billion by 2016.<sup>16</sup> Our strengths in software programming, data handling and electronics make the UK an ideal business and research environment for this field. Strong market opportunities lie in developing robotic applications for sectors as diverse as defence, healthcare, manufacturing, agriculture, transport, entertainment and education.

## 4 Synthetic biology

Synthetic biology - the redesign and engineering of biological systems and processes for new uses - has wide-ranging applications in sectors including healthcare, pharmaceuticals, chemicals, energy, environment, renewables, materials, food and agriculture. We are investing to take a leading share of a global market that is forecast to increase from US\$2.1 billion in 2012 to over US\$16.7 billion by 2018.<sup>17</sup> We have a thriving research base - only the USA publishes more scientific papers in this sector.

## 5 Regenerative medicine

An increasing range of medical conditions are treatable by regenerative medicine - healing by replacing or restoring human cells, tissues or organs. We plan to take full advantage of the global growth in this sector, forecast to reach US\$35 billion by 2019<sup>18</sup> - 35 times higher than 2012. Our ability to turn ideas into products is enhanced by a large clinical trials infrastructure, strong government research funding and a well-established regulatory framework. UK-based biotechnology companies have the highest number of drugs in clinical development in Europe.<sup>19</sup>

## 6 Agri-science

We have a long history of innovation in the food and drink sector - over 8,500 new food and drink products are created in the UK each year, driven by our strong research base in agriculture, bioscience and food technologies.<sup>20</sup> Our research priorities include developing technologies to:

- Improve the quality, sustainability, resilience and yield-led profitability of crops and farm animals.
- Improve the efficiency of agricultural practices.
- Manage the interactions between soil, water and crop/animal processes.
- Reduce the impact of weeds, pests and diseases.

## 7 Advanced materials

Advanced materials technology has applications in every industrial sector. It includes the technology to build material from the atom up, designed with characteristics not found naturally. We are building on particular strengths in composites, graphene, nanotechnology and additive layer manufacturing (3D printing). Our composites sector, for example, is forecast to grow by eight percent a year to reach £20 billion by 2020.<sup>21</sup>

## 8 Energy storage

Our commitment to producing 15 percent of energy from renewable sources by 2020 creates major opportunities for energy storage technologies. Innovation in this sector could create £12 billion of new business revenue in the UK.<sup>22</sup> We are strong in areas such as 'mobile', 'small scale' and 'grid-scale' energy storage technology solutions. These technologies can be applied to many sectors including automotive, aerospace, infrastructure, renewables, portable computing, medical, leisure and defence.

# UKTI Innovation Gateway

The UK has everything you need for successful, commercialised innovation.

With so many potential places and partners to help you develop market-leading products and services, UKTI's Innovation Gateway can help by introducing selected investment and R&D opportunities in science and innovation to large international funds and corporates. You can find more information about the UKTI Innovation Gateway on page 54.

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# Industrial Strategy and Capability

*As global competition intensifies we are focused on economic growth as the route to enhance our status as the most attractive destination for Foreign Direct Investment (FDI) in Europe. Our offer to you as an investor is based on three commitments.*

- We create **market opportunities** - by investing in high-growth technologies and markets we provide the conditions for you to thrive in sectors that will be the engines of tomorrow's economy.
- We make it **easy to do business** - low taxes, minimum regulation and free and efficient markets create a pro-business environment that helps you start your business quickly and expand on the global stage.
- We provide a **rich and diverse ecosystem** - leading universities, a dynamic research base, market maturity and top talent drawn from Europe's 500 million population combine to make the UK the number one destination for any high value, technology-driven investment.

## Our strategy has five main strands:

- ▶ **Skills:** We are giving employers more direct control over how training funding is spent so they can access the skills they need. More information on accessing skilled labour can be found on page 13.
- ▶ **Technologies:** We are supporting the development and commercialisation of technologies in which the UK can lead the world. We have a particular focus on 'eight great technologies' with wide ranging potential and actual industrial applications and where our advanced research expertise gives us the edge. See page 47.
- ▶ **Access to finance:** We are removing barriers to the supply of business finance by creating a new business bank, helping smaller businesses invest to succeed and expand. See page 27.
- ▶ **Procurement:** We are giving as much advance warning as possible about our plans to buy goods and services and seek investment in infrastructure projects. This gives you more confidence to plan ahead and invest in the resources needed to win these contracts. We are also developing more robust supply chains. You can find out more about our approach to procurement on page 33.
- ▶ **Industry sector partnerships:** We are supporting all sectors of the economy to become more competitive, innovative and export-focused. Intensive work is underway in 11 sectors where long-term partnership between business and government is particularly beneficial.

Businesses are seen as partners in the UK, and this is reflected in our industrial strategy - a long-term, whole-of-government approach to support economic growth. This strategy gives you the confidence to invest for the long term based on the benefits of joining an economy that creates more opportunities, more jobs and a competitive edge on the world stage. Government and business have together allocated more than £2 billion to industrial strategy objectives over ten years, a clear indicator of commitment to the success of UK-based business in a period of fiscal constraint.

## Industry sector partnerships

The 11 sector partnership strategies tell you much about the advantages of investing in the UK. They demonstrate the scale of the investment in the skills, research and technology pushing UK-based business to the front of these markets. They also set out how your business can benefit from our concerted efforts to help UK companies export their goods and services.

All the strategies are business-led. Each sector strategy is overseen by a council chaired jointly by government and industry, and five of the sectors have industry-led organisations steering government activity.

## The eleven sector partnership strategies:



### Aerospace

There is a predicted global need for US\$4.6 trillion worth of new passenger aircraft and freighters between now and 2033.<sup>1</sup> The UK has the second largest aerospace industry in the world. Supported by the Aerospace Growth Partnership, you can benefit from:

- A joint £2 billion funding commitment between government and industry.
- A new Aerospace Technology Institute to advance the development of faster, quieter, greener planes.
- Funding for 500 Masters degrees in Aerospace Engineering.



## Construction

There are big opportunities to capitalise on demand for our expertise in architecture, design and engineering - the global construction market is forecast to grow by 70 percent to reach US\$15 trillion by 2025.<sup>2</sup> We are making our construction industry more efficient, sustainable and competitive. We are also:

- Extending trade credit schemes to improve access to finance.
- Publishing news of future construction projects to help companies plan and invest.



## Agricultural technology

Climate change and the growing global population creates major opportunities for our agricultural technology sector. The global agricultural technology sector is currently worth US\$400 billion<sup>3</sup> and projected to be worth US\$1 trillion by 2030.<sup>4</sup> Supported by the Agri-Tech Leadership Council, you can benefit from:

- Our research expertise - the UK is ranked as second only to the USA for plant and veterinary sciences.
- Support from the industry-led Agri-Tech Organisation to help you invest, expand your business and export.
- A £70 million Agri-Tech Catalyst supporting industry-led 'proof of concept' development of near-market innovations. In the first phase announced in March 2014, 11 projects benefited from £2.8 million from Government alongside £1.4 million from industry.



## Information economy

Digital technology is revolutionising the way the world does business. Being left behind is not an option. We are helping UK-based companies develop and adopt new technologies to make them more efficient and to drive faster economic growth. Action includes:

- Supporting 1.6 million businesses to trade online.
- Establishing the world's first test facility for 5G mobile technology.
- Promoting online learning platforms for use in schools.



## Automotive

Our automotive sector is thriving. It produced more than 1.5 million cars in 2014, nearly 80 percent of which were exported. Industry analysts predict that output will reach record levels of around two million units by 2017.<sup>5</sup> Our partnership with the automotive industry means you can benefit from:

- The creation of an Advanced Propulsion Centre with an initial £75 million to develop next generation technologies.
- Plans to create 7,600 apprenticeships and recruit 1,700 university graduates over the next five years.
- Support from the Automotive Organisation to help you invest, grow and export. The organisation is led by Joe Greenwell (formerly Chair of Ford UK).



## International education

The education sector is still in the early stages of globalisation and opportunities are growing. The appeal of our world-class universities to international students is a big advantage. Areas for growth include education technology and transnational education, where a higher education institution in one country offers programmes of study in another. We have set up UKTI Education to help UK-based businesses win high-value opportunities in overseas markets.



## Life sciences

Seventeen of the 20 biggest pharmaceutical companies in the world have research and development (R&D), manufacturing and sales sites in the UK.<sup>6</sup> Our life sciences strategy is creating an unrivalled ecosystem that brings together businesses, researchers, clinicians and patients to translate discovery into clinical use. This ecosystem supports pioneers to bring innovation to market earlier and more easily, making the UK the location of choice for investment. Key actions include:

- Major investment to support the commercialisation of promising research.
- A new scheme to provide tax relief for smaller, early-stage companies.
- An above the line R&D tax credit to encourage large-scale investment in innovation.
- A new industry-led Life Science Organisation which can support your investment, growth and export activity.



## Oil and gas

Our world-class offshore oil and gas industry gives us a major natural advantage. The sector is Britain's largest industrial investor (with £14.4 billion of capital investment in 2013) and employs 450,000 people.<sup>7</sup> We are working in partnership with industry to maximise the value from these resources and support innovation, skills and growth in the supply chain. Steps taken to achieve this include:

- Establishing a National Centre of Excellence for oil and gas technology.
- Funding for an 'extreme' engineering centre that will develop technology to withstand the world's toughest environments.



## Nuclear

The UK was the first country to develop and operate nuclear power stations successfully, and we are now at the forefront of the renewed global interest in this energy source. We are working with industry to exploit the opportunities arising from the anticipated global investment of US\$1.2 trillion in new reactors by 2030.<sup>8</sup> It is also forecast that £250 billion will be spent on decommissioning reactors over the same period.<sup>9</sup> Our investment includes:

- Funding for the National Nuclear Users Facility to support research into nuclear technology.
- Joining a test reactor programme in France to develop advanced fuels.



## Offshore Wind

The UK is the global leader in offshore wind power, with the largest fully operational capacity in the world. We have the infrastructure and the natural environment to maintain this position, with the fastest wind speeds in Europe and a large number of suitable port sites for supply chain manufacturing and operation and maintenance facilities. The industry has the potential to create 30,000 jobs by 2030. Steps to achieve this include:

- Funding to help UK-based companies take advantage of supply chain opportunities.
- A new Offshore Renewable Catapult Centre to help take innovative products from development to market.
- Dedicated support for investors.



## Professional and business services

UK exports of professional business services (including law, accountancy, architecture and advertising) have doubled in the last decade<sup>10</sup> and we are the second largest exporter of financial and other business services in the world after the USA.<sup>11</sup> We are increasing our exports to emerging markets and boosting the number of people qualified to work in the sector by:

- Recruiting 10,000 Higher Apprenticeships in areas like law and accountancy by 2018.
- Using trade delegations and a network of senior business envoys to promote these services overseas.

**Our industrial strategy will benefit all UK-based businesses by providing long-term solutions to the issues that have the greatest impact on economic growth. You can invest in the UK safe in the knowledge that our business environment is geared up to help you thrive and expand.**

**UKTI is connected to, and influences, every aspect of the whole of Government approach to the industrial strategy. This means we can make your investment work by taking the same long-term strategic approach to your business needs.**

**Find out how we can work together on page 52.**

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# UK Trade & Investment

*Whether you are a start-up, a medium-sized or family business, a corporate or an institutional investor, UK Trade & Investment (UKTI) supports the realisation of your international business ambitions.*

**UKTI offers flexible support packages for every aspect of your investment. Our service doesn't stop once you are based in the UK - it continues as your business expands internationally. We have helped thousands of businesses locate and expand in the UK. We listen to their feedback to help strengthen and improve our services.**



## **Not sure which country is best for your business?**

Comparing the benefits of locating in different countries is complicated. It is our job to explain the business environment in competitor countries. We provide the detailed factual information and market insights that let you draw meaningful conclusions about the UK's competitiveness.



## **Already decided to bring your business to the UK?**

We help you set up business quickly and efficiently, saving valuable time and money by guiding you through essential steps such as choosing the right location, finding premises, recruiting staff and connecting with the value chain. We have specialists covering all the industry sectors, as well as key issues such as visas, taxation, skills, planning permission and financial analysis.



## **Already established here, but looking to expand your business?**

We can help you develop the necessary relationships to expand your business in the UK and export into European and global markets. This could include: connecting you with innovation support for new products and services; using our overseas network to increase your exports; or helping you access the finance to support your expansion plans.

**No. 1** | **The UK is the number one destination for international business in Europe. UKTI makes your investment work because...**



**We base our services around you.** UKTI may be big, but you get our full attention. A dedicated account manager will act as a single point of contact and the gateway to a large network of specialist advisers and policy influencers.



**We know the UK business environment inside out.** We have specialists on every aspect of the policies and procedures that affect business - such as tax, planning permission, employment law, visas and grant opportunities - giving you access to straightforward advice when you need it.

aspect of setting up and expanding a business. Through our embassies, high commissions and trade and investment offices, we have dedicated representation at the major economic organisations, including the EU, World Bank, IMF and United Nations.



**We understand your business sector.** Whatever industry you work in, we have people who have worked in your industry and understand it. Our sector specialists know the market opportunities and have the contacts to help you succeed.



**We have a big, influential network.** With UKTI offices operating in 107 markets around the world you get easy access to our pool of expertise both in your home market and when based in the UK. UKTI advisers and account managers throughout the UK offer expertise in every



**Your long-term success matters to us.** It's not just about bringing you here. Our service is based on building an understanding of your long-term strategic objectives and helping you achieve them. Once established you can benefit from all the services and support that UK businesses get to succeed in overseas markets.

Our services to international investors in the UK are free of charge and commercial-in-confidence. You can contact our Investment Services Team to discuss your plans via email at [enquiries@ukti-invest.com](mailto:enquiries@ukti-invest.com) or by telephone **+44(0)20 7333 5442**. Investment staff at a British embassy, high commission or trade office can also put you in touch with the Investment Services Team.

## Investment services

*Our tailored service supports you with every aspect of starting and expanding a business. Some of our most frequently provided services are set out below.*

- ▶ **Accessing market opportunities.** We can help you assess and quantify market opportunities in the UK and target the right channels for growth.
- ▶ **Relationship building.** We can introduce you to the people and organisations that can take your business forward, including industry leaders, service suppliers and centres of research and development (R&D) excellence.
- ▶ **Setting up in the UK.** We can help you to register your company and advise on the type of structure that suits your needs.
- ▶ **Finding/expanding your UK base.** With access to detailed regional and local information we can help you identify the right location for your business, and even organise visits so you can compare different options. If you are thinking of building new premises we can also advise on planning procedures.
- ▶ **Tax support.** We will explain how our tax system affects your business, and how to benefit from the various incentives and allowances on offer. Our tax specialist can also help you compare the tax regimes of different countries.
- ▶ **Visa applications.** We will explain how the UK visa system works, and provide information and guidance on the different visas available, whether you are an investor, entrepreneur, business visitor or company employee. Our visa specialist can also help you to understand how to bring skilled workers to the UK from overseas.
- ▶ **Recruiting skilled staff.** We will advise you on the most effective recruitment routes, using our knowledge of recruitment agencies and contacts with top universities. We will also direct you to government programmes and funding that support workforce training and can help maintain your long-term competitiveness.
- ▶ **Accessing finance.** We will guide you through the many options for raising finance in the UK, including banks, business angels (high net worth individuals who provide capital for businesses), private equity and venture capital and stock exchange listing.

### Creating value from start ups to corporates

UKTI develops bespoke programmes in support of each segment of the inward investor value chain.

#### High Growth Potential

##### UKTI Services

Sirius Programme  
Global Entrepreneurs Programme  
Access to networks and the entrepreneur ecosystem  
International trade (export) advice

##### UK Product offer

Seed Enterprise Investment Scheme  
Enterprise Investment Scheme  
R&D Tax Credit /Corporate Tax Relief  
Catapult Centres

#### Medium and Large

##### UKTI Services

Relationship management  
International trade (export) advice  
Sector Trade & Investment Organisations  
Access to industry networks and sector ecosystems

##### UK Product offer

Enterprise Investment Scheme  
R&D Tax Credit/Corporate Tax Relief  
Enterprise Zones  
Catapult Centres  
Innovation Gateway

#### Institutional Investors

##### UKTI Services

Relationship management  
Regeneration Investment  
Organisation/ online platform  
Infrastructure and regeneration pitch books  
Infrastructure and regeneration pipelines

##### UK Product offer

Regeneration Investment Plan  
UK Infrastructure Guarantee  
Enterprise Zones  
National Infrastructure Plan  
Innovation Gateway



# UKTI: a platform for growth

For all new and existing UK-based businesses



## Market opportunity and sector specialist support

- UKTI can support your expansion into the UK from 51 markets
- Market opportunity assessment
- Supply chain and market introductions
- Connection to service providers



## Export development

- Access our UKTI global export expansion support in 107 markets
- Market opportunity assessment
- Tradeshow access
- Export communications review
- Overseas market introduction service
- Market visit support
- Export Finance Guarantee



## People and accessing Talent

- Visa guidance
- Locating workforce and accessing skills
- Training and development guidance
- Employment regulations guidance
- Location identification and development
- Site location support



## Planning Permission Process Guidance

- Relocation support
- Free access to serviced office whilst you establish your operations\*
- Introduction to local government and business authorities



## Location identification and development

- Site location support
- Planning permission process guidance
- Relocation support
- Free access to serviced office whilst you establish your operations\*
- Introduction to local government and business authorities



## Financial guidance

- Sign post to grants
- Taxation guidance and interpretation
- Network to intermediaries
- Financial modelling support



## UK's Innovation Gateway

- Access to an exclusive pool of commercial UK innovation projects and companies
- Navigate UK research councils and universities



## State aid funding guidance

- Signposting to state aid funding options available including access to finance for start ups and SMEs
- Research, development and innovation.
- Training
- Di minimis aid
- Business expansion into assisted areas
- Environmental protection and remediation

## Specialist services and programmes

*We offer specific types of support for the biggest investment opportunities, or where targeted action helps to remove barriers to new business investment.*

### Industry-led sector organisations

As part of our partnership approach to our industrial strategy we have set up industry-led organisations for six sectors: agricultural technology, automotive, financial and professional services, life science, offshore wind and regeneration. These organisations are led by figures with a wealth of industry experience, and can provide hands-on support to help you invest, expand your business in the UK and export.

### The infrastructure and regeneration pipelines

We can direct you to credible, UK industry-backed development infrastructure and regeneration opportunities throughout the country. To help investors plan ahead we publish a 'pipeline' of current and future investment opportunities in our regeneration and infrastructure sectors - a schedule that sets out the value and development stages of the various projects.

\* Conditions apply. Not available in all areas.

## The regeneration and infrastructure pipeline

### Regeneration

The vast majority of large regeneration schemes are private-sector led, with financial returns generated through new residential, commercial, retail or office developments. We encourage investment by pushing decision-making to the appropriate local level, providing financial incentives, removing barriers to development and investing in the infrastructure vital to regeneration projects.

Key investment opportunities in the pipeline include:

- **Titanic Quarter, Belfast** - £1 billion mixed use waterfront project.
- **Paramount London, Ebbsfleet** - £1.9 billion leisure resort with studio-based theme park.
- **Clyde Gateway, Glasgow** - £5.9 billion commercial, residential and leisure development.
- **Circuit of Wales** - £300 million automotive-centred project including international motorsports track.

### Infrastructure

UK infrastructure (including energy, water and transport projects) has proved an attractive market for global investors, with foreign ownership standing at about 40 percent. There are huge opportunities in the pipeline, supported by a stable regulatory environment and a range of market support mechanisms. We have published plans to complete projects and programmes worth over £375 billion over the next 20 years.

Key investment opportunities in the pipeline include:

- **Offshore wind** - a potential investment programme of up to £75 billion.
- **Nuclear** - up to eight individual sites with a capital value per project of £8-9 billion.
- **High Speed 2** - a high speed rail line from London to the North of England with a potential investment value estimated at £32 billion.
- **Airports** - upgrades at Heathrow and Gatwick worth £5.5 billion and £900 million respectively, as well as Manchester International Airport and Birmingham.

## Manufacturing Advisory Service - bringing production back to the UK

Our Manufacturing Advisory Service (MAS) is opening up new business opportunities. Instead of outsourcing work overseas, companies are bringing production and service provision back to the UK. Manufacturing, textiles, software production and call centre work are just some examples of the activity attracted by our healthy and stable economy and strong business environment. If you are looking to bring supply chain activity to the UK, or to take advantage of contracts in the UK created by reshoring, MAS is your one-stop service.

### Considering bringing your supply chain activity to the UK? MAS can:

- Help you develop the business case for reshoring.
- Match you with UK-based suppliers who meet your needs.

### Based in the UK and ready to take advantage of supply chain contracts created by reshoring? MAS can:

- Evaluate your capability to meet contractors' needs.
- Help you overcome barriers to exploiting reshoring opportunities.
- Tell you about appropriate reshoring opportunities.

A dedicated MAS adviser will co-ordinate the support you need, when you need it. Advice and expertise is available in areas such as new market opportunities, product and process innovation, technology and skills development and financing options.

## The UK - home of innovative start-ups

If you are an entrepreneur leading an early-stage technology company overseas, we have a great offer for you. Come and set up your global headquarters in the UK. In return, UKTI's Global Entrepreneur Programme (GEP) will help you accelerate your products and services into global markets. This support is provided by a group of internationally successful entrepreneurs - 'dealmakers' with expertise and a network of contacts to make things happen. Our GEP companies have raised approximately £1 billion of venture capital since the programme began eight years ago.

The UK also welcomes the world's most talented graduate entrepreneurs. Under UKTI's pioneering Sirius Programme, students and recent graduates with an early-stage business idea can apply to relocate to the UK and get support to fast-track their business from idea to reality. The package includes funding, a place on a programme to speed up commercialisation and mentoring support.

## Case study

### Carbon Clean Solutions

Originally based in Mumbai, Carbon Clean Solutions used the GEP to set up the strategic headquarters for its carbon capture technology business in the UK. The support received resulted in the company being awarded a £3.6 million government innovation grant. The funding has enabled them to work with two universities and an engineering firm to commercialise their technology.

## Export services

Once established in the UK we can help you make the most of your export opportunities. Whatever the size of your company, our trade advisers can help you sell successfully to overseas markets for the first time, or expand into new markets.

Services you can access to boost your exports include:

- **Bespoke market and sector research.**
- **The latest intelligence on business opportunities, including tailored email alerts from the thousands of leads we identify every month.**
- **A 'High Value Opportunities Programme' to help you win large contracts.**
- **Advice and support from our international trade advisers.**
- **Opportunities to take part in overseas trade missions, visits and trade shows.**

You can also access support from UK Export Finance, our export credit agency. UK Export Finance can provide guarantees and insurance policies in challenging or high-growth markets where private insurers and banks lack the capacity to take on the risks.

UK Export Finance works closely with exporters, banks, buyers and project sponsors to support exports worldwide.

They can:

- **Insure exporters against non-payment by overseas buyers where private sector insurance is unavailable.**
- **Share credit risks with banks to help exporters raise tender and contract bonds, working capital finance and securing confirmations of letters of credit from overseas banks.**
- **Support loans to overseas buyers to purchase capital/semi-capital goods and services from exporters.**

You can discuss any eligibility requirements for these services directly with UK Export Finance:

[gov.uk/government/publications/uk-regional-export-finance-advisors](https://gov.uk/government/publications/uk-regional-export-finance-advisors).

Alternatively, UKTI international trade advisers in the UK, or trade and investment staff at your nearest British embassy, high commission or trade office can put you in touch.

# Advice on grants and other incentives

UK-based businesses can access a wide range of grant funding and other support from different organisations, often depending on the nature and location of their investment. We can help you understand your eligibility for this support and target your applications effectively. The UK's well-established grants and incentives include:

**Regional Growth Fund and Local Growth Deals.** Invest in certain areas of England and you could be eligible for a grant. The fund's aim is to create a more resilient local economy by creating jobs, supporting regional expansion of targeted industries, and encouraging investment in skills and training and research and development.

**Regional Aid funding in Scotland, Northern Ireland and Wales** supports investment in each region, with similar objectives to RGF in England.

**Advanced Manufacturing Supply Chain Initiative (AMSCI).** We set up AMSCI as a funding scheme to enhance the global competitiveness of our advanced manufacturing supply chains. If you locate in the UK as a supplier to the manufacturing industry you can apply for funding to support research and development, skills training and the purchase of capital equipment.

**The Manufacturing Advisory Service.** If you're bringing a manufacturing business to the UK, the Manufacturing Advisory Service (MAS) is ready to help.

MAS has a team of specialist advisers to support you with business planning, innovation, manufacturing processes and supply chains.

## Contact UKTI

We are ready to make your UK investment work. You can contact our Investment Services Team to discuss your plans via email at [enquiries@ukti-invest.com](mailto:enquiries@ukti-invest.com) or by telephone **+44(0)20 7333 5442**.

Investment staff at a British embassy, high commission or trade office can also put you in touch with the Investment Services Team.



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## UK Trade & Investment

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