Midlands Engine
Investment Portfolio
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Leaving the EU allows us to strengthen our thriving economy and take advantage of the many opportunities to reshape how we trade and do business with the world. It enables us to deliver a bold, long term Industrial Strategy that builds on our strengths and prepares us for the years ahead. In setting out our ambitions for businesses and communities across the UK, the Government will do all it can to help generate local growth and job creation and make sure the economic benefits are felt by all.

This means supporting local businesses to grow and expand their brand at home and abroad, whilst encouraging inward investment into the UK that can have a real impact on communities. I am delighted therefore that this second Midlands Engine Investment Portfolio presents to the international investment community billions of pounds worth of the region’s most exciting range of investment opportunities.

The Investment Portfolio will enable us to capitalise on the reputation and potential of the Midlands Engine region with its strong record of attracting foreign investment. From its strong heritage at the start of England’s Industrial Revolution and sitting at the heart of the UK, it has transformed into a globally significant and innovative advanced manufacturing base, accounting for almost 25% of the UK’s manufacturing output. The Midlands contributes 13% in gross value added to the UK economy, exporting over £39bn worth of goods last year and making it the UK’s fastest growing region for exports. Foreign direct investment projects in the Midlands have grown by over 130% in five years and last year created over 14,000 new jobs.

Those foreign investors have benefitted from the supportive business environment that the United Kingdom knows they need; at 20%, our headline tax rate is the lowest in the G7 and joint lowest in the G20. We enjoy a worldwide reputation for the fairness of our regulatory system, and our employment environment is flexible, open, and business friendly.

Taking this further, Government has designated Enterprise Zones across the Midlands Engine, offering additional commercial tax and planning flexibilities. These Enterprise Zones have already attracted £1.1 billion of private sector investment and created almost 200 jobs per week.

Real estate and infrastructure opportunities across the Midlands are also supported by government investment, particularly in the development of rail and road connectivity. The HS2 high speed railway and three new stations will cut journey times from London to under an hour for some Midlands Engine cities, spreading further commercial opportunities and the benefits they bring right across the United Kingdom.

The growth of the Midlands Engine has been driven by private sector investment and close collaboration amongst local partners. With this Portfolio we aim to harness the strong potential and accelerate the growth of the region. As a nation Britain has never been so open for business, ready to build on our long commercial and trading history. We are delighted to offer you the opportunity as investors to share in that success.

The Rt Hon Liam Fox MP
Secretary of State for International Trade and President of the Board of Trade
Introduction by Sir John Peace

The Midlands Engine has brought public and private sector interests in our region together to promote its assets and real-estate and infrastructure investment opportunities on a scale not seen before. We have worked closely with the Department for International Trade to identify and promote the opportunities set out in this Investment Portfolio and I am delighted to introduce it to you.

We have a well thought through and co-ordinated proposition that means our offer to investors is very strong.

As well as sitting at the heart of the UK’s most ambitious infrastructure project, the HS2 high speed railway, the Midlands is also at the road and rail freight crossroads of the country. Two major international airports and the Ports of Grimsby, which form the UK’s largest ports by tonnage, help people and products move quickly and efficiently, throughout the UK and onwards to world markets.

The Midlands has a rich industrial and commercial history and real competitive advantages in high-skilled sectors from advanced manufacturing to life sciences. Our cities have invested heavily, transforming themselves and attracting record numbers of businesses and people to the region to grow and prosper. Opportunities across the region are many and varied, all offering great potential to deliver a very positive return on investment.

Our collaborative approach goes beyond working together to identify and promote a shared set of investment opportunities. We also work closely with investors to find the best location. We make it easy for those who have chosen to invest in the UK to then choose the Midlands.

I invite you to join in our success, in the UK’s largest economic area outside London and one which is growing faster than the national average. I believe that the opportunities set out in this Investment Portfolio demonstrate that the Midlands is open for business and we are confident about our future.

Sir John Peace
Chairman, Midlands Engine
The Midlands Engine: Alive with opportunity

With an economy worth more than £200 billion generating 13% of the UK’s Gross Value Added (GVA), the Midlands Engine is at the heart of UK growth.

A home to over 10 million people and 780,000 businesses, the region includes the historic cities of Birmingham and Nottingham alongside Coventry, Derby, Hereford, Leicester, Lincoln, Stoke-on-Trent, Wolverhampton and Worcester.

Birmingham Airport handles over 10 million passengers across 140 routes annually, while East Midlands Airport is the UK’s second largest cargo handler. In total, 45% of British rail freight and 33% of heavy road freight goes to, from or through the Midlands.

Of particular interest to investors, the region has the fastest improving rail network in Europe and by 2033 will be the hub of the country’s new HS2 high speed rail network – connecting it to London in less than 50 minutes.

The birthplace of Shakespeare and Sir Isaac Newton is today at the centre of plans for a new high speed rail network and has become an innovation hub for advanced manufacturing, automotive, life sciences and many other sectors.

The international connectivity of the Midlands Engine region – plugged into the world stage by excellent road, rail and air networks – has made it one of the most exciting investment opportunities in Europe.
Beyond transport, the region’s 27 universities support a world class science and innovation base making the region a global centre of excellence in areas such as advanced manufacturing, engineering, low carbon technology, healthcare, life sciences and agri-food and drink.

A high quality of life also attracts people to live, work, study and invest here, with the Midlands Engine region blessed with five Areas of Outstanding Natural Beauty, 60 historic houses, two UNESCO world heritage sites and a thriving culture of sport, music and the arts.

- 13% of the UK’s income from goods and services is generated in the Midlands Engine region
- 31% of the population is under 25. Its 27 universities produce over 100,000 graduates each year
- 49 minutes to the centre of London once the HS2 high-speed rail network is completed
- £200+ billion economy of the Midlands Engine is larger than countries such as Ecuador, New Zealand and Croatia
Infrastructure and property development

Exports from the Midlands Engine are growing faster than any other UK region.

Property development

The UK remains a magnet for international real estate investment, boasting the highest inflow of international capital of any European nation. From residential to commercial, industrial to leisure, the majority of property development schemes have both public and private partners and offer outstanding financial returns. This is especially the case in the Midlands.

Demand for business and residential accommodation in the Midlands Engine is being driven by strong economic and demographic growth. For example, its exports are growing faster than any other UK region, and overseas companies created over 16,000 new jobs in the Midlands last year.

As with the rest of the UK, market liquidity and transparent governance on pricing and ownership underpin the attraction for international real estate investors. The UK’s planning system is aligned with the needs of international investors, providing a robust, clear and flexible route through project delivery, with world-leading advisory and legal sectors.

All this puts property development at the heart of the Midlands Engine’s ambition to grow. Whether it is building hotels, creating hi-tech incubators or providing Grade A office space at key locations, international investors will find both local government and private developers ready and willing to engage.

By developing your portfolio in the Midlands, you’ll be joining our partners from all over the world who are investing in a region powering up for the future.

Infrastructure in the UK

The UK is an exceptionally attractive location for infrastructure investment, regarded among the best in the world for supporting investor confidence. It offers enormous commercial opportunities in a stable business environment with predictable and transparent regulatory decision-making. The Nabarra LLP’s 2015 Infrastructure Index judged the UK as the number one country for attracting private infrastructure investment, thanks to its innovative business environment and high rates of business participation.

UK infrastructure provides international investors with long-term stable returns, and as a result we have seen investment in UK infrastructure from all over the world – from Australia in our airports, to Canada in our energy sector.

The UK’s recent National Infrastructure Plan sets out a £483 billion infrastructure pipeline for the next five years, designed to sustain the UK as a competitive and productive economy that works for everyone. The UK Government is committed to working in collaboration with private sector companies to deliver this. Recent measures include:

• Setting up the National Infrastructure Commission as an independent body to advise on long-term infrastructure needs.
• A commitment to proceed with the HS2 High Speed rail network.
• A decision to proceed with the first new nuclear power station for a generation: Hinkley Point C.
• A commitment to a £1.7 billion Accelerated Construction Programme to ensure housing is built more quickly.
Infrastructure development catalysing growth in the Midlands Engine

The economy of the Midlands Engine is on track to benefit more than most from the government’s significant investment in transport infrastructure.

The region is at the heart of new projects from motorway upgrades to regenerated town centres and the £55 billion HS2 rail network. By improving market accessibility and connectivity, infrastructure investment is set to create higher-value land uses and boost employment opportunities. The connectivity improvements also complement continued major investments in the international gateways of the Midlands - its ports and airports.

Transport investment in the region is underpinned by the Government-funded Midlands Connect partnership, a strategic group tasked with driving economic growth and unlocking productivity across the region.

Road links investment

The UK government is investing £5 billion of capital over five years into new transport infrastructure in the Midlands. This includes upgrading four key motorways in the region to four-lane smart motorways and vital junction improvements. The £94 million scheme to build the new Lincoln Eastern bypass will be completed by December 2019. Increased connectivity across the road network in the region will unlock potential by allowing Midlands businesses to grow, opening up development opportunities and helping people to travel more easily whether for work or leisure.

High Speed 2 Railway (HS2)

HS2 is the flagship project of a major railways investment programme in the Midlands. Across the whole HS2 route, an overall planned £55.7 billion investment will put Birmingham and two other Midlands locations at the heart of a new national high speed rail network.

HS2 will increase capacity and reduce journey times between the Midlands Engine, London and the Northern Powerhouse region. Even before work has begun HS2 has led to increased investment in the Midlands Engine economy with investment activity currently focused on the three planned stations at Birmingham’s central Curzon Street station, Birmingham Airport and the East Midlands HS2 hub at Toton.
The Sector Opportunities

Automotive: Gearing up for the future

• The Midlands Engine accounts for 40% of all UK automotive production.
• £1.5 billion (over 60%) of UK based automotive R&D is spent in the region.

The Midlands Engine area is the driving force behind the UK’s automotive sector, employing over 60,000 automotive workers and accounting for over 40% of the country’s production. The West Midlands sector alone accounts for £17.6 billion of turnover, just under a third of the entire UK total.

The region’s historic traditions in the sector have attracted the highest concentration of Tier 1 and 2 suppliers of anywhere in the UK with global brands in the area including Jaguar Land Rover, Toyota, Aston Martin, JCB, Morgan, ZF TRW, Geely, Lear, Changan, Magna, Johnson Controls, Caterpillar and BMW. It points to a clear road ahead for the future.

The sector is looking forward with more than £1.5 billion (more than 60%) of UK based automotive R&D carried out in the region each year, and a growing specialism in electric and driverless vehicles.

For example, the Advanced Propulsion Centre at the University of Warwick is now a global centre of excellence for bringing new ideas in low carbon propulsion to market.

Design engineering, testing and validation are some more of the region’s niche strengths with global leaders such as Arup, AVL, HORIBA MIRA, Millbrook, Prodrive and Ricardo all operating in the Midlands.

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Advanced manufacturing: Production for the 21st century

- The Midlands is home to the UK’s largest aerospace cluster, with over 45,000 employees.
- 20% of the UK’s manufacturing output comes from the region, providing one third of UK manufacturing jobs.

The Midlands Engine is the epicentre of advanced manufacturing and engineering in the UK, including innovative leaders in digital and collaborative production processes. Its supply chain is reshaping chemicals, base and fabricated metals, electrical items and machinery among other sectors.

The region is home to 20% of the UK’s manufacturing output and provides one third of all UK manufacturing jobs. This market is fed by a highly-skilled talent pool and links to vibrant, world-class research bases such as the two ‘Catapult’ centres that bring together scientists, engineers and business to evolve transport and energy systems. The Manufacturing Technology Centre (MTC) in Coventry is part of the High Value Manufacturing Catapult group and develops innovative manufacturing processes and technologies to support the sector across the region and further afield.

Their partners include global manufacturing companies and local universities. Another example of research excellence and collaboration is the recently opened £92m National Automotive Innovation Campus in Coventry which has brought together JLR, Tata Motors European Technical Centre and Warwick Manufacturing Group.

The Midlands Engine is also home to the UK’s largest aerospace cluster, with over 45,000 employees accounting for a substantial 3% of the global aerospace industry. Global giant Rolls-Royce, headquartered in Derby, is the second largest manufacturer of aircraft engines in the world and has recently opened a new £70 million facility in Solihull to design and develop engine control systems. Corporate leaders such as Meggitt, Moog and UTC Aerospace Systems are also present in the region. More than seventy Midlands companies contribute to the Airbus A380. As part of its £3.9 billion commitment to the aerospace industry, Government is jointly investing £14 million with Rolls-Royce and Loughborough University in a collaborative R&D technology project to reduce engine emissions.

The Midlands is a core part of the UK’s £7 billion rail manufacturing industry that employs over 80,000 people across the country and drives the UK economy. Led by major companies like Bombardier, Atkins and Balfour Beatty, the region is home to Europe’s largest rail cluster and offers huge supply chain opportunities. Bombardier in Derby, for example, recently won a £1 billion contract to build train carriages for London’s Crossrail project.
Midlands Engine Investment Opportunities

Financial and professional services: Adding value

• £31bn contribution to the Midlands economy from financial and business services companies.

From insurance to Islamic finance, law to lifestyle investing, the Midlands Engine is a leading destination for financial and professional services, employing over 940,000 highly-skilled people in this sector. The Midlands offer is unique in combining a rich tapestry of specialist skills with unparalleled connectivity and some of the lowest prime rental costs in the UK. Financial and business services companies contribute £31 billion to the Midlands economy.

Regional specialisms include law, accountancy and cyber security, and the sector is supported by a range of internationally recognised academic institutions including Warwick Business School and University of Birmingham Business School. The offer is a magnet for global firms and the region has seen landmark investments from the likes of Deutsche Bank, HSBC, Aviva, Barclaycard, JLR Finance and Experian in recent years.

Financial services specialisms in the region include niche and major insurance operators with global brands such as Allianz, Aon, Mercer, Marsh and Zurich all setting up a Midlands base. There has also been unprecedented recent growth of small and medium-size fin-tech companies in the Midlands.

The region is a key location for Islamic Finance and includes Al Rayan Bank. The Elshaarani Centre for Islamic Business at Aston University has been established and aims to develop Birmingham as the centre for Islamic finance in the UK.
Food and Drink: A hunger for global growth

- 7 - Food Enterprise Zones in the region, alongside centres of excellence such as Harper Adams University, the National Centre for Food Manufacturing and the Food Innovation Centre.

The Midlands Engine is the home of major food & drink manufacturers including Muller, Mondelez, Pepsico, Arla and Weetabix. Global brands have combined with a strong indigenous industry to create a research, processing, distribution, packaging and agri-technology base delivering world-class products and services from farm to fork and trawler to table.

The region has a rich agricultural heritage, providing high quality raw materials to the industry. In the east, there is extensive arable land for fresh fruit and vegetable production and a long coastline providing a rich seafood industry. In the west, a strong meat and dairy industry supplies major processors including many large overseas investors. Across both are seven Food Enterprise Zones (FEZs), with three in Lincolnshire, which boast an experienced and well trained workforce, supported by a world-leading education and training offer.

University College Birmingham has its Food Innovation Centre and Harper Adams University in Shropshire is one of the UK’s leading centres for agri-food Education. Lincoln University hosts the internationally recognised National Centre for Food Manufacturing.

To complement this infrastructure, the Midlands Engine sits geographically at the heart of the UK, with extensive distribution and logistics hubs that move produce to shelves throughout the UK and overseas with the speed essential to the sector.
High Growth Sectors

Creative and digital: Opportunities for early adopters

Three hundred years ago the Midlands was the world’s technological hotspot with innovators perfecting the use of coke to mass-produce iron and fire up the Industrial Revolution. Today the region is a hotbed for digital technology businesses, employing over 200,000 people and generating over 4% of the region’s economic output. There are notable digital tech clusters in Birmingham, Leicester, Worcester and Malvern with creative strengths in Birmingham, Leamington Spa and Warwick. Well known creative companies such as Codemasters, Rare and Radiant World, Second Home Studios and Yamination Studios all operate in the region.

The region is a key part of what makes the UK the leading European destination for creative foreign direct investment, with a sector that produced £221 billion of gross added value (GVA) for the UK economy in 2015.

- Birmingham is home to 6,000 tech firms employing nearly 40,000 people.
- 25% of the UK’s gaming workforce is based in or around Birmingham.
- Digital tech firms contribute more than £1.6bn to the local economy annually.
Life sciences: At the heart of medical research

The Midlands Engine is at the cutting-edge of the UK life sciences sector. It hosts excellent R&D and production facilities, brings academia and business together, and benefits from serving one of Europe’s largest and most diverse patient populations.

The region houses a number of clinical centres of excellence including the largest Wellcome research facility in the UK, a centre for Cancer Research UK and the National Centre for Trauma Research. It also hosts the second largest medical school in the UK at Birmingham University and in Nottingham has both the Centre for Biomolecular Science and the John Van Geest Cancer Research Centre. More widely, universities across the region provide a strong talent pool of graduates in medicine, biochemistry, and medical engineering.

The newly-opened Institute of Translational Medicine at the University of Birmingham is a beacon of the collaboration possible in the Midlands Engine. The institute brings together clinical expertise, pioneering science and academic excellence to speed up the translation of new discoveries into health applications. It sits alongside life sciences campuses in Birmingham, Nottingham and Loughborough which are developing clusters of expertise with companies such as Walgreens Boots Alliance, 3M and Novartis. The region also has one of Europe’s largest life sciences incubators - BioCity in Nottingham.

Renewables: Low carbon, high potential

The UK is one of the best places in the world to invest in renewable energy offering a growing market and significant supply chain opportunities in areas such as waste energy, electrical networks and offshore wind. The Midlands is at the heart of this opportunity. The region has already attracted investment from companies such as GE, Hitachi Europe, E.ON and Agrikomp and is home to the Energy Research Accelerator (ERA), a cross-disciplinary and multi-partner energy research hub striving to innovate, generate jobs and bring down costs. In the coming years over 40GW of power generation will be needed to meet increasing demand, replace retiring plants and to deliver against the UK’s carbon targets. In total over £140 billion needs to be invested in new generation capacity to 2030, along with a further £40 billion investment to enhance the network. Energy accounts for around 60% of the UK’s total infrastructure project pipeline and is a sector underpinned by a skilled and experienced labour pool of more than 600,000 people.
Support for investors

Department for International Trade, Capital Investment

The UK Government is committed to attracting international capital into property development and infrastructure projects in the Midlands Engine.

The Department for International Trade’s Capital Investment team leads on this agenda for the UK Government and has a strong track record of working closely with institutional investors and project promoters, having attracted tens of billions of pounds of investment into UK property development, energy and transport projects in recent years. Working globally, the team seeks the high flows of capital from emerging country economies as well as maintaining strong relationships in more traditional markets.

Acting as a one-stop-shop, the Capital Investment team uses its global network of international offices to manage relationships with institutional investors, large corporates, family offices, private sector agents and other governments, and to align potential investors with a credible project pipeline, helping them understand risks and returns.

The Department for International Trade can introduce interested international parties to UK companies with a wealth of development expertise or to blue-chip domestic investors interested in co-funding models. It also offers its own expert advice, utilising a range of specialists in Property Development and Finance, Project Finance, Energy, Transport and Regulated Assets.

Our network of UK specialists includes a team who are based in the Midlands, providing expert local knowledge of projects, potential public and private sector partners and other local business support.

We look forward to working with you and showcasing the Midlands Engine.

For further details or to discuss the potential for an initial meeting, please email: capitalinvestment@trade.gsi.gov.uk
The UK’s Department for International Trade (DIT) has overall responsibility for promoting UK trade across the world and attracting foreign investment to our economy. We are a specialised government body with responsibility for negotiating international trade policy, supporting business, as well as delivering an outward-looking trade diplomacy strategy.

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