

Welcome to The Report

IN THE WEEK THAT we were compiling this issue, British media outlets devoted acres of space and airtime to the sad passing of Ingvar Kamprad, founder of IKEA. Despite the store's fiercely Swedish identity, it has become a major part of British culture, with legions of flat-pack fans. And if you're reading this in one of the dozen or so European countries where the brand has set up its stores, the feeling is probably mutual.

In this issue we celebrate the businesses that are relocating to, investing in and expanding into Britain. The Legos, Zaras and BMWs of tomorrow. Because contrary to what some might be saying in Westminster or Brussels, the UK is still very much welcoming inward investment from Europe. In fact, the statistics show that hordes of companies are crossing the Channel, looking for a slice of the action.

Why, exactly? Read on to find out...

Cover illustration by Patrick Hruby



The Report in numbers



2.7m

Projected growth of London's population by 2036



48%

of commercial contracts worldwide are governed by English law



19%

Corporation Tax rate in UK



13

Days it takes to set up a UK company



£119.6bn

Inward investment in the UK in 2016

IN GOOD COMPANY

Overseas businesses can't resist investing in Britain. Simeon de la Torre has six reasons why they're right to be tempted

While the effects of Brexit remain to be seen, Britain remains a very attractive option to foreign businesses looking to expand or relocate. In fact, there was more investment into the UK in the 12 months following the glorious/horrendous referendum result (delete as suits your interests) than any other year in the country's history. The figure? £119.6bn – enough to grab second place in the United Nations Conference on Trade and Development's hotly contested FDI rankings (up from 12th position, pop pickers).

So why are global companies such as Anheuser-Busch InBev, SoftBank and Toyota turning up on Britain's shores? It can't be the weather, surely? We asked some

international business experts for their insights.

REASON 1 DOING BUSINESS IS SIMPLE

No one ever said that business was easy, but it seems that, when it comes to expanding into foreign markets, even titans of industry will choose the path of least resistance. Neil McLocklin, head of Strategic Consulting EMEA at Knight Frank real estate consultancy, explains: "In Britain, it only takes 13 days to set up a company and the majority of the governmental services, from

Companies House to corporation tax, are online and easy to access. The English language and the underlying business support mechanism within the UK are business friendly. In fact, 48% of

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commercial contracts worldwide use English as their governing law and 47% use London as place of arbitration.”

REASON 2 LOW CORPORATE TAX

A biggie. The UK’s focus on the bottom line makes the country especially appealing to many. Says Neil McLocklin: “Britain’s low corporation tax of 19% – which is anticipated to reduce further – is perhaps a flagship of the country’s business-friendly environment. The rate is still significantly higher than Ireland [12.5%] or Bulgaria [10%], but much lower than the normal comparators of France and Germany [29.72%.]”

REASON 3 INCENTIVES

Let’s say you’re the boss of a medium-sized overseas company thinking about setting up shop in the UK. It’s going to be hard work,

obviously, but if you have to factor in the rigmarole of applying for a work visa and setting up a family home in a foreign country, no one would blame you for getting cold feet. “However, the UK government energetically encourages inward investment while also ensuring that the economy’s red tape is relatively light,” says Sheraz Dar, CEO of CreditLadder.co.uk. “For example, anyone who is prepared to invest £2 million in the UK can apply for a Tier 1 (Investor) Visa which allows them to live and work here and bring over their family for three years.”

Nick Thompson, managing director of DCSL Software, adds: “Every industry in the UK also has its own incentives for growth. For example, in technology and science specifically there are initiatives to encourage successful innovation through R&D tax relief. Companies that allocate budget to developing

UK BUSINESS HOTSPOTS

Thinking of expanding into the UK? Here's where to rub shoulders with the regional specialists



BRISTOL

Best for: creative and digital

You've heard of *Wallace and Gromit*, right? Born in Bristol. *Blue Planet*? Same. The southwest city is a creative hub and home to the UK's largest digital cluster outside London. It's estimated that over 10% of the local workforce are involved in the industry. And London's just a 90-minute train ride away.



LONDON

Best for: financial services

The capital is home to many of the world's biggest investment, insurance, accounting and financial technology companies. FinTech is currently the hottest ticket in town, and of last year's FinTech50 – the leading companies in Europe in the sector – 31 were headquartered in London.



MANCHESTER

Best for: engineering and manufacturing

The city that was at the forefront of the industrial revolution still flexes its sledgehammer-wielding muscles as a regional centre of excellence, as well as offering the sort of talent and transport links that's attracted the likes of BAE Systems, Siemens and Unilever.

new products, processes or services; or enhancing their existing ones, are eligible for a cash payment and/or corporation tax reduction as a result.”

REASON 4 LONDON

There are many brilliant commercial opportunities in cities across the UK, but the capital is where the action is, says Neil McLocklin: “London is the jewel in the crown of the UK proposition for inward investment. It is one of the truly global cities, connected to the world by six international airports, and it's a financial powerhouse matched only by New York. The London population is projected to grow by 2.7 million by 2036. Also, iconic buildings – the

Shard, the Gherkin, Cheese Grater – are reinforcing London's image as a great place to live and work.”

REASON 5 A FLEXIBLE LABOUR MARKET

Dr Johnny Hon, chairman of international conglomerate The Global Group, believes a flexible labour market is another key attraction for potential investors. “There are many companies that will refuse to invest in countries with rigid labour markets as this can impede necessary business decisions,” he says. “Multinational firms are attracted to countries with more flexibility as ultimately

they help create more jobs and opportunities for all.”

REASON 6 TALENT

“As the pace of change increases, companies recognise that they have to collaborate,” says Neil McLocklin. “This has increased the importance of highly technical clusters and of working with academia.” In global university league tables, the UK ranks among the best in the world, especially in important growth sectors such as life sciences. Meanwhile, the fastest-growing knowledge cluster of talent at the moment is in fintech (finance technology), which is largely focused in east London and has attracted a level of investment that's equal to the rest of Europe put together. All of which means that, despite any uncertainty, the UK will be turning heads for some time to come.

