Business & Investment Trends 06/07

Solihull METROPOLITAN BOROUGH COUNCIL

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Context

Solihull has over 7,100 businesses which collectively support around 103,000 jobs within the Borough. There are also approximately 12,600 people self employed[1].

The Solihull economy is closely linked to the economies of Birmingham, Coventry and Warwickshire. Forecasts predict the creation of up to 30,000 new jobs in Solihull Borough by 2015 if regional growth and investment continues.[2]

Solihull has several key assets in the West Midlands including the National Exhibition Centre and Birmingham International Airport, along with two strategic investment sites, Birmingham Business Park and Blythe Valley.

Inward investment has been significant in Solihull, especially in the 1,000 to 3,000 sq ft range in business parks.[3] There have been a number of successful expansion and relocation cases identified over 2006/07 period, involving around 1,050 jobs.

The Business & Investment Team can provide advice and support to new investors and local businesses, which includes:

- Commercial Property Search
- Economic & Labour Market Information
- Tours around Solihull and visits to premises
- Information on business sectors

This report focuses on the enquiries the team have received from potential investors searching for premises within the area and key trends resulting from the analysis.

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[1] Annual Business Inquiry 2004
[2] Birmingham & Solihull Local Economic Forecasting Model
[3] Birmingham & Solihull Review 2005/06 - Autumn 2006

Property Enquiry Analysis

Month	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
06/07	**12**	**26**	**24**	**21**	**28**	**50**	**31**	**30**	**19**	**26**	**16**	**23**
Total Q		**62**			**99**			**80**			**65**	
05/06	26	25	16	30	31	27	29	27	17	23	22	25
Total Q		67			88			73			70	

- During 2006/07, a total of 306 enquiries were received – an increase of 2.6% from 2005/06
- Enquiries were again highest in Q2, proving the summer months are a popular time to relocate and set up business

Successes

- 46 successes have been identified from our records this year, 8 through assistance from Solihull's Inward Investment Team.

Note: These figures include Business Investment, Blythe Valley Innovation Centre, Corporate Land & Property & AWM.

Activity	Jobs	Sector	Size (sq ft)	Comments
Office				
Expansion				
UGS	21	Product Lifecycle Management Solutions	3,300	Relocated office to Cornwall House, Blythe Valley Park. Expanding their offices with another 1,800 sqft.
Sega	70	IT Software	8,000	Entertainment software company expanded operations within Regus offices, Blythe Valley Park.
O'Grady Peyton	n/a	Recruitment	2,635	Building 2, Friars Gate
Sunrise	80 New Jobs	Care Home	Land 3 Acres	Worcester Way, The Green
Home Office	15	Immigration Services	4,174	Bishops Court, Birmingham Business Park.
Morson Group	100	Human Resourcing Solutions	9,500	Global Human Resource, Trinity 3, Trinity Park
Relocation				
EH Smith	85	Construction	20,500	Head Office for Builders Merchant, relocated from Acocks Green, Birmingham to Wilson Building, Arleston Way, Shirley
Threadneedle	n/a	n/a	18,500	Office sold to fund business who will keep the property on the market with lettings from 400 sq ft. Yorke Building, Arleston Way, Shirley.
Homebuy	80	Finance	23,325	Head Office for finance group, relocated to Tungsten, Blythe Valley Park. NB Homebuy has now left the Borough.
Robinson Hobbins & Associates	10	Financial	473	Financial services company located to 163A Warwick Road, Olton.
Cunningham Lindsay	50	Insurance and risk management service	11,000	Financial Service company taken space within Building 4060 Birmingham Business Park.
Mori Seiki	15	Machine Manufacturing	1,500	Manufacturer of hi-technology machines taken office space at Building 4060 Birmingham Business Park.

Busak & Shamban	91 relocated	Seal developers and manufacturers	12,000	Seal developers and manufacturers located UK headquarters at Pegasus House, Solihull Business Park.
Enzen Global	5	IT Software	1,000	Indian software company located within Blythe Valley Innovation Centre.
LSQ2	15	Bar and Brasserie	1,000	Restaurant/Bar opening to Birmingham Business Park.
Origen Ltd	10 relocated	Financial	2,167	Financial service company taken ground floor of 3800 Parkside, Birmingham Business Park.
Balfour Beatty	10 relocated	Construction	2,000	Construction company taken space at 3800 Parkside, Birmingham Business Park
PPS	15 relocated	Recruitment consultancy	3,721	Recruitment agency relocated from Stratford Court to first floor Friars Gate, Shirley
Amplatzer	Relocated - 4 New - 3	Medical Distributor	3,500	Birmingham Business Park
Reed Smith	Relocation 56 Jobs	Law Firm	20, 390	Solicitors - Trigen (Vodaphone) Building
Home Office - Immigration & Nationality Directorate	Up to 50 Jobs	Immigration Services	5,000	Chadwick House, Blenheim Court
MAN Commercial Protection	7	Security Company	1,697	1st Floor, Royston House 267, Cranmore Boulevard
Lourdes Associates	4	Utilities	270	Lancaster House, Drayton Road
Condor Logistics	6	Distribution	18,100	Monkspath Business Park
Bronte Business Networks	2	IT Consultancy	200	BVIC
New Start Up				
Foster Denovo	15 New Jobs	Financial Advisor	2,150	Oracle Building
Taggard	n/a	CCTV & alarm systems	100	Highland Road in Shirley
Business Homes	n/a			
UK Start Up				
Telmar Network Technology	100 new next 3 yrs	Technology Based	32,300	US telecommunications equipment company set up in UK at Cranmore Park, Cranmore Boulevard.
Industrial				
Expansion				
Summit Precision Engineering Ltd	15 New Jobs	Engineer Components	15,236	Vulcan Road, Lode Lane Industrial Estate - Component Engineering Company. Expanded by 25-30%.
Relocation				
MV Kelly Ltd	Relocated - 30 New - 5	Construction Company	19,400	Radway Road, Shirley Headquarters Building.
SR Logistics	5-10 employees	Distribution & maintenance	1,500	Relocated to Unit 5 Gateway
Live Nation	6-8 employees	Exhibitions - music promoter	7,936	Relocated to Unit 37 Elmdon Trading Estate
Retail				
Relocation				
Debra	2 New	Charity	595	206 Stratford Road, Shirley, Solihull

Blythe Valley Innovation Centre

Blythe Valley Innovation Centre (BVIC) provides a flexible office environment for small and start up innovation and knowledge based companies.

In 2006/07 the occupancy rate rose from 89% to 98%, following a year on year growth from it's opening in 2001.

Eight new occupiers, creating 42 new jobs include:

Company	Country	Sector	Jobs Created
WGT Sport	UK	Management of transport, travel and accommodation services	7
Informedia	UK	E-learning/IT	4
Enzen Global	India	Business consulting and product engineering company	5
Softco	Ireland	Supplier of Document Management, Workflow Management Solutions	4
Survey Shack.com	UK	Internet questionnaire and survey management tool	16
Contigo	UK	IT software and consultancy business	4
Iris Global - Pending			
Bronte Business Netwroks	UK	IT consultants	2

In addition, 5 companies expanded their space and activity within the centre, creating 23 new jobs.

This has been offset by 3 companies leaving the centre, losing 20 jobs. Reasons included:

- Movement to lower cost premises
- Bought premises in Coventry
- In liquidation

Overall, 31 companies occupy BVIC, an increase of 9.7% from 2005/06 and of 16% from 2004/05 and currently supports approximately 290 jobs.

Corporate Land & Property: Small Business Scheme

Solihull Council has a policy of encouraging the development of industry and employment in the Borough, through aiding start up businesses and making commercial premises available on favourable terms.

There are both industrial and office unit accommodation available in the North and the South of the Borough. In partnership with Business Link, free business advice and support for development are provided to all tenants.

Occupancy rates for the scheme in 2006/07 average 94%, compared to 96% in 2005/06.

Three new occupiers include:

Company	Sector
R & L Transport	Hauliers
Advent Design	Printers
SMBC Park Rangers	Storage & meetings

In addition, 2 companies have expanded their space.

This has been offset by 2 companies leaving the scheme. Reasons included:

- Required larger premises
- Returned to paid employment

Overall, the number of occupiers has increased from 39 companies in 2005/06 to 40 this year. The number of jobs supported and the level of turnover generated by tenants this year is 569 jobs and £18 million.

Advantage West Midlands: Foreign Direct Investment

Advantage West Midlands
The regional leader for developing economic prosperity

Regional Development Agency, Advantage West Midlands have identified one FDI investment within the Borough this year, one in partnership with the Business & Investment team and the remainder through the agency or UK Trade and Investment (UKTI).

Six new inward investor include:

Sector	Country	Type of Investment	Jobs
IT outsourcing - as referred in the BVIC statistics	India	First Time Investment	6 new jobs
Post and telecommunications	North America	First Time Investment	100 new jobs
Health & Social	North America	First Time Investment	70 new jobs
Computing and related activities	Australia	First Time Investment	5 new jobs
Engineering consultancy	Netherlands	First Time Investment	100 new jobs
Product process Development	Japan	Expansion	70 jobs
Construction	France	Acquisition	-

The West Midlands region has seen a higher number of jobs created as a result of expansion within the area currently located, opposed to first time involvement. This reinforces the need to for the Business & Investment team to build relationships with current investors to the Borough alongside attracting new investors.

Enquiries Received by Inward Investment

Requirements

Fig 1: % of enquiries for which property requirements are met

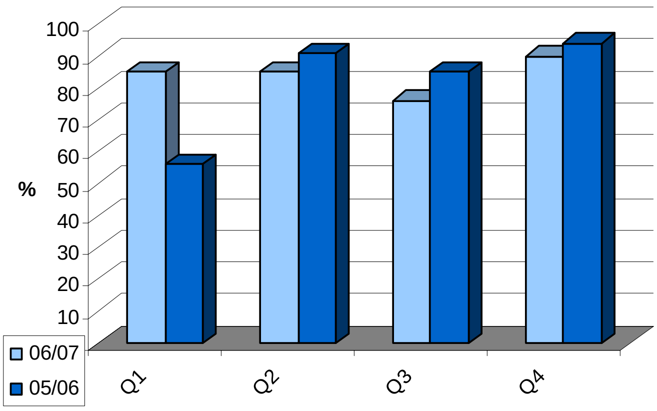


Fig 1 shows the percentage of enquiries for which properties were found when a database search was carried out, giving a basic idea of how supply satisfies demand.

However, it should be noted that these figures do not take into account other influences such as price limitations, specific locations or tenure required from an investor.

Unit Type

Fig 2: Enquiries for unit type by size 06/07

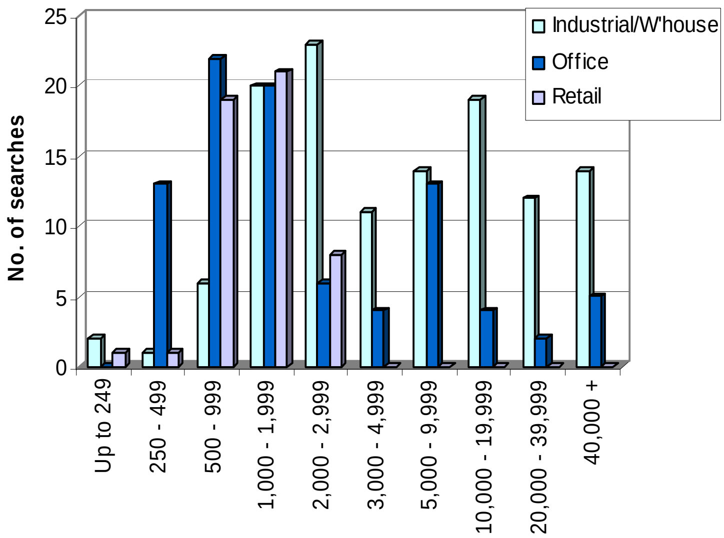


Fig 2 illustrates the range of searches that have been carried out for the various unit types.

The largest demand has been for office and retail space around 1,000 to 2,000 sq ft. This is a change from previous years, the largest demand was for 500 - 1,000 sq ft space.

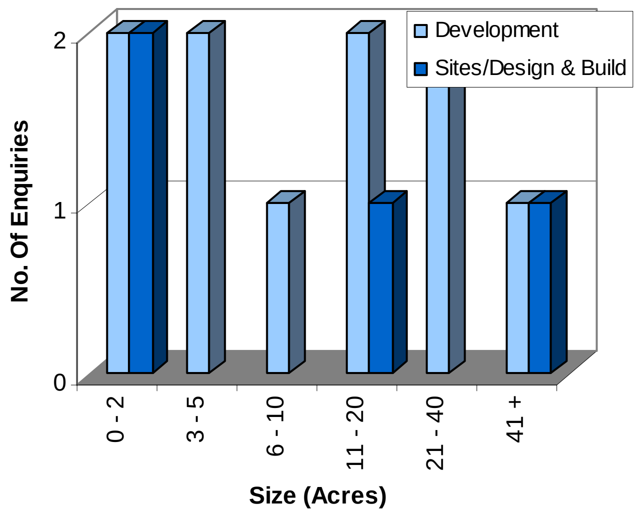
The size requirements for industrial premises has been spread across the ranges from 500 to over 40,000 sq ft and highlights the varied enquiries received for storage, showroom and recreation usage that lend themselves more to industrial offers.

The improvement within the office market has been evident across the UK with improved letting activity, falling vacancy rates and healthy levels of active demand. [4]

[4] Knight Frank - UK Investment Commentary, Winter 2006/07

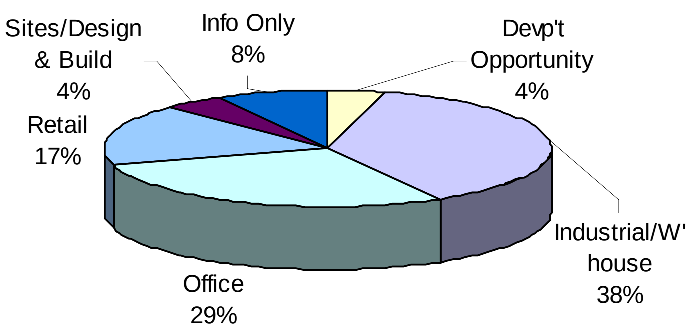
Development Sites

Fig 3: Enquiries for developments and sites by size



06/07 has seen a slight increase in the number of enquiries for development and design and build sites (enquirers have been looking for small development sites below 2 acres as shown in Fig 3.

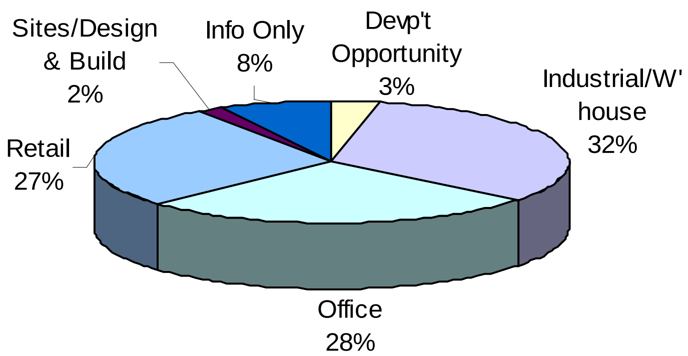
Fig 6: Enquiries by unit type 06/07



Enquiries for 06/07 are relatively evenly split between industrial and office (Fig 6) with a slight decrease in retail enquires.

There has been a marginal increase in requests for industrial premises from 05/06 (Fig 7), and is perhaps due to the number of enquiries for varied building use, that are most suited to an industrial offer.

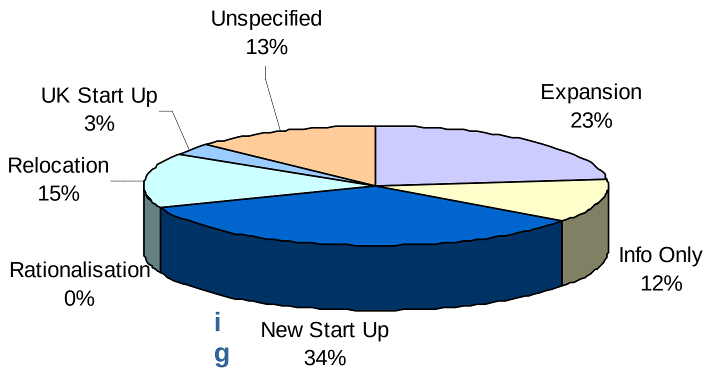
Fig 7: Enquiries by unit type 05/06



Information only enquiries from investors looking for, an overview of the market have remained the same.

Reason for Enquiry

Fig 4: Reason for enquiry 06/07



The highest proportion of enquiries has been for new start up ventures (Fig 4), decreasing from 05/06 by 5% (Fig 5). The majority of these are received from within the Borough.

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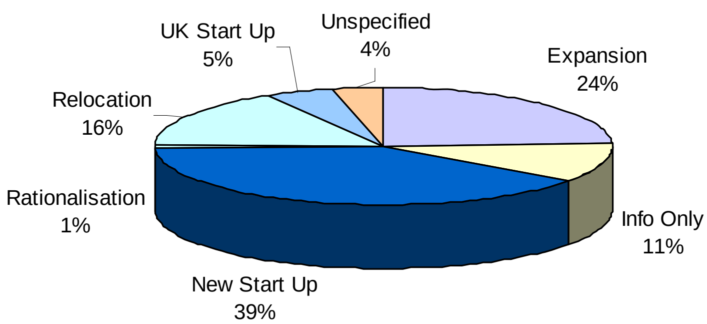
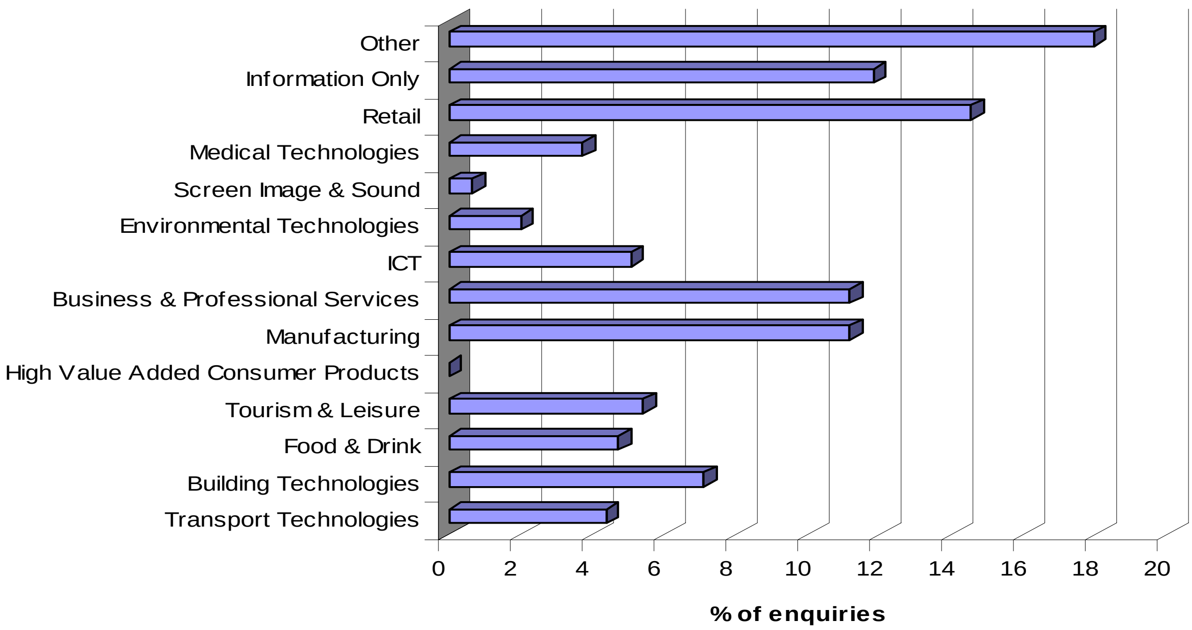
Fig 5: Reason for enquiry 05/06



The number of UK start ups has also seen a slight percentage decrease from 05/06 to 3%.

Sector Analysis

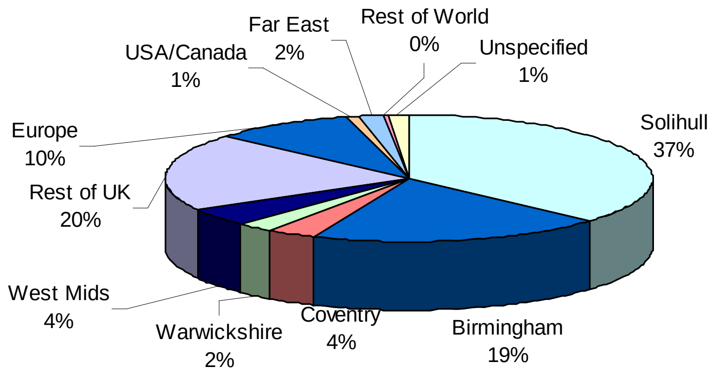
Fig 8: Enquiries by sector 06/07



This year (Fig 8), retail has produced the largest percentage of enquiries (14%), followed by manufacturing (11%) and professional business services (11%). Retail accounts for a large percentage of the number of enquiries we receive for new start ups, particularly within the local area. Business ideas are wide ranging from showrooms to take aways and highlights a strong entrepreneurial spirit within the area.

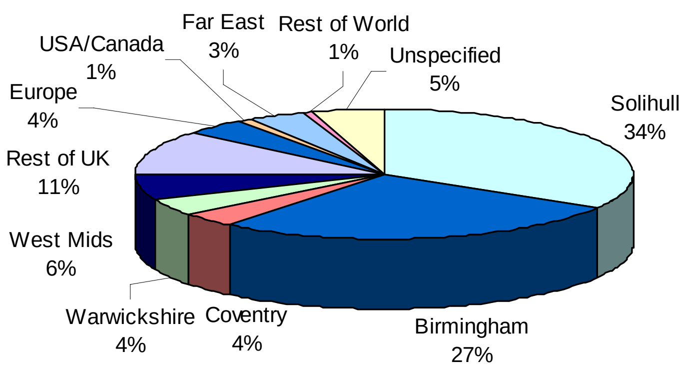
Source of Enquiry

Fig 10: Enquiries by region 06/07



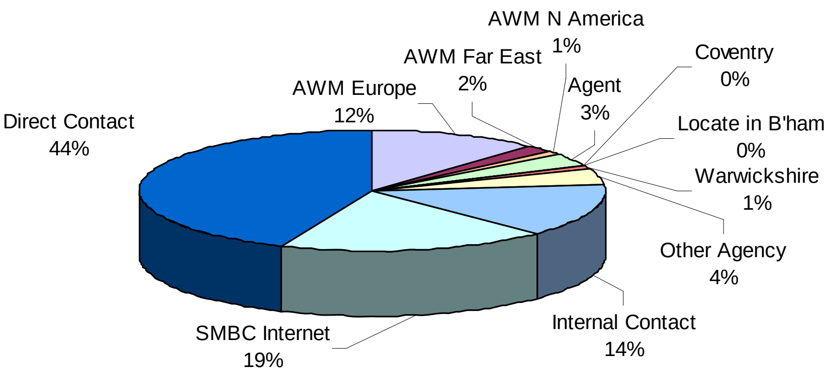
Solihull and Birmingham remain the regions from which we receive the most enquiries (Fig 10), reflecting a local awareness of our services and a desire from businesses to remain within the region. Solihull's close economic links with Birmingham in terms of clusters in professional business services also explain the transferability of business from one region to the other.

Fig 11: Enquiries by region 05/06



Requests from Europe have grown from 05/06 (Fig 11), highlighting a wider awareness of Solihull as an attractive business location and a symbol of our close working partnerships with Advantage West Midlands.

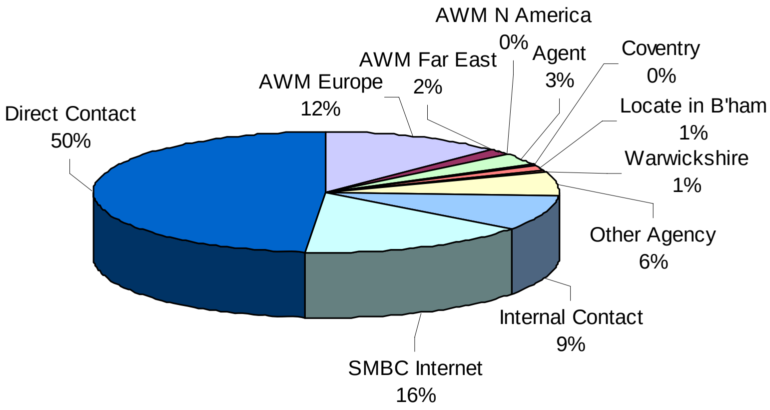
Fig 12: Source of enquiry 06/07



Mirroring 05/06 (Fig 13), enquiries have again been high through direct contact in 06/07 (Fig 12). This highlights the need for personal communication and individual advice that may not be captured through third party or electronic channels.

The number received through Locate in Birmingham, Warwickshire Investment Partnership and 'Other Agencies' including Chamber of Commerce and Business Link have all remained around the same.

Fig 13: Source of enquiry 05/06



Prospects for 2007 and 2008

According to Knight Frank's latest forecasts for the UK commercial property market, offices are projected to remain the best performing sector during 2007 and 2008. However, total returns across all sectors are anticipated to decline over the next two years, particularly when compared to the exceptionally high returns achieved in the market, as yields are forecast to stabilise.[5]

GVA Grimley's Economic & Property Review for the Midlands also expects the office sector to be the best performer this year, estimating returns of 16.8% in the West Midlands.[6]

[5] Knight Frank - UK Investment Commentary, Winter 2006/07
[6] GVA Grimley - Midlands Economic & property Market Review - Autumn 2006

Information Communication Technologies

The Information Communication Technologies sector (ICT) is a set of companies and institutions grouped around a technology, or a set of technologies, rather than a specific product.

The Global ICT Market

The ICT industry has become increasingly multinational. Over the past few years, investment in IT has grown all over the world.

The forerunners in technological advancement are still primarily based in Europe and North America.

However, offshoring is predicted to increase. This will mean that other low-cost nations, such as China, Russia, Vietnam and Bangladesh, will gain a greater proportion of the technology market internationally. Already, China has become the biggest exporter of IT goods, surpassing Japan, the European Union and the US.[7]

UK Market

According to the Department of Trade & Industry (DTI) , between 1995 and 2000, 40% of Europe's productivity growth and 25% of the European Union's GDP were due to ICT alone. For the same period ICT exploitation accounted for 60% of the productivity growth in the USA. The UK IT industry alone contributes £30 Billion GVA and ICT intensive industries now contribute 45% of the entire UK GVA.[8] In the UK the ICT Industries contributed 8% to GDP and account for over 4% of the UK employment. [9]

The IT industry employs 1.1 million people in the UK, according to the British Computer Society, without taking account of those working within IT departments and business services.

West Midlands

ICT is important to the West Midlands for two reasons: First, output from firms within the sector accounts for a significant proportion (6%) of regional output. Second, as an enabling set of technologies, ICT supports almost all sectors of the economy.

The West Midlands provides the ideal base for ICT companies. The regional development strategy identified ICT as one of the top 10 sectors for special development.[10]

The UK's third largest ICT cluster is based in the West Midlands, mainly in the Coventry, Solihull & Warwickshire Triangle. Major players in the region include IBM, Fujitsu, Cap Gemini, Telent and SCC. ICT sub-sectors range from software and electronics to computer services, telecommunications and components.[11]

[7] Prospects Website - www.prospects.ac.uk
[8] Digital West Midlands - The Regional ICT Strategy
[9] Office of Science & Technology
[10] Invest in the UK -2007
[11] West Midlands, ICT Cluster

Solihull

Solihull is host to approximately **7,000** businesses and collectively these organisations employ almost **100,000** people.

The most significant sector of employment, accounting for a third of all businesses in Solihull is the Business Services sector, including IT and software. Utilising a skilled service sector, the IT and software sector is forecast to be one of Solihull's major employment growth sectors between now and 2015.

Solihull is part of the **Coventry, Solihull and Warwickshire (CSW) Corridor**, an area that is home to over 1000 **ICT and Software** companies[12], including multinationals such as IBM, Fujitsu Telecommunications and Oracle. The cluster is Research and Development intensive and over half have located Head Offices in the area.

Case Study 1

The UK, in contrast to the rest of Europe, has enjoyed a vibrant and competitive telecommunications market since the 1980s. This has led to a variety of large and small specialist telecommunications operators offering a wide range of services to the business user, from fixed line to mobile and data services.

Voice over Internet Protocol (VoIP) is becoming increasing important to enterprises. Provisions of these services can allow enterprise markets to have access to low cost calling packages.[13]

Intercell Solutions moved into Blythe Valley Innovation Centre in 2005. They are a leading provider of I.T. solutions, helping businesses nationwide to get the most out of their I.T, from initial system specification through to installation, implementation and long-term support. They provide services which include Voice Over IP Call Termination Services.

By being located on an actively managed innovation centre, or 'mini cluster,' companies such as Intercell Solutions are provided with a valuable mechanism to help expand their networks.

Case Study 2

In 2002, the electronics manufacturing sector employed about 249,000 and a further 230,000 in distribution, contributing more than £21 billion, or 2 per cent of UK gross domestic product.[14]

The UK electronics industry employs over 250,000 people in the UK in more then 11,000 workplaces.[15] The UK electronics industry is worth £23 billion a year, the fifth largest in the world. [16]

Sonic Communications based at Birmingham International Park are world leaders in specialised audio and video communications technology. They provide a range of solutions covering the entire scope of communication to meet the requirements of the most demanding operational situations encountered by surveillance, law enforcement, Ministry of Defence, fireground and industrial operatives worldwide.

The government had recognised that electronics is a sector that creates wealth in the UK economy and is keen to support fast-growing companies.[17]

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[12] PricewaterhouseCoopers – Plant Location International: CSW ICT and Software Audit 2002
[13] Invest in the UK, 2007 Publication
[14] Office of national statistics
[15] Source SEMTA
[16] Source Department of Trade & Industry
[17] Invest in the UK, 2007 Publication)

Small companies continue to proliferate, often developing unique capabilities in specialised niche sectors. The challenge is to identify, promote and support the technologies that will enable UK companies to flourish and grow in the face of overseas competition.[18]

Arden Electronics based in Shirley hold numerous franchises both in the UK and worldwide and deal directly with manufacturers globally. Using extensive worldwide supplier network, Arden also supply products to the Far East and the United States. Recently they have set up an office in China which will be supplying almost a third of their components.

Case Study 3

The Software sub-sector employs 3,794 people in the West Midlands, according to AWM ICT Strategic Plan.

Touch Systems based in Olton, were formed in 1989 and supply computerised quality assurance systems.

Utilising a range of flexible software and hardware products used by track-side and mobile workers, Touch Systems have gained extensive experience in providing shop floor data collection systems for the manufacturing and assembly quality control market.

"FLAGS Systems have been operational at Land Rover Solihull since 1990. Networked systems have now been installed using fixed track side stations networked across plant from the central systems data centre, with data analysis and reports available to any authorised network user." (Touch Systems Website)

Case Study 4

Enzen Global corporate office is based in Bangalore, India. It opened its UK office during 2006 at Blythe Valley Innovation Centre. They are a consulting and product engineering based company which focuses on integrated energy and utilities.

Case Study 5

Japanese computer games giant Sega is to create 60 new jobs, as it develops its 'Sega Racing Studio' at Blythe Valley Business Park.

" We chose to locate the SEGA Racing Studio in the West Midlands because of the thriving computer games industry already based here. The central location also means that we are very well placed to reach a wide pool of specialist staff who are a vital resource for the development of our games."

Gary Dunn, Development Director, SEGA Europe

[18] Source - Electronics Leadership Council - shaping the future of UK electronics

Fig 1: No. of employees per business

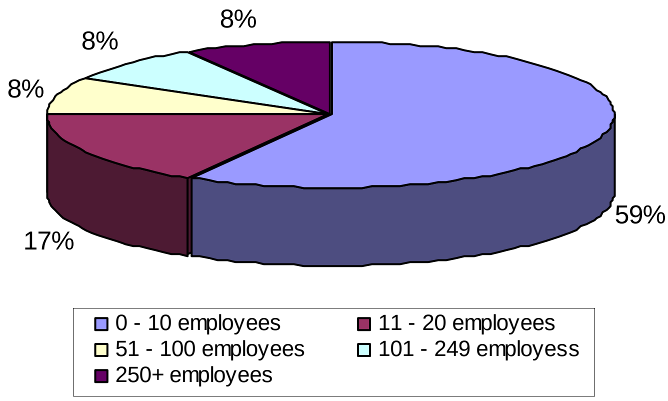
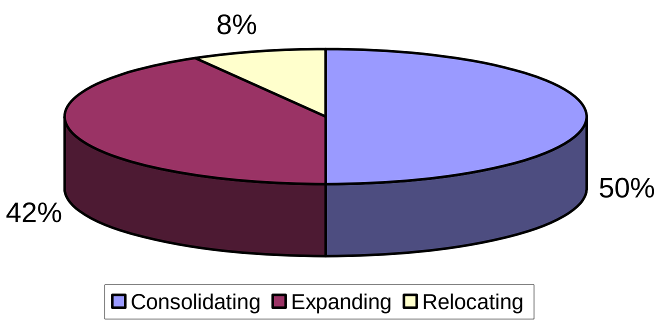


Figure 1 shows the percentage of businesses with their employee breakdown. 59% of the ICT businesses visited have between 0-10 employees working for their organisation. However 16% have over 100 employees working within one organisation.

The majority of microfirms visited, reported their employees as being the main strength of their company. However often these businesses are so tightly run that training staff fully can pose a challenge. The majority of small firms visited reported that they did not investigate or receive any funding when starting their business.

Figure 2 illustrates the current business stage for the businesses visited. 50% are currently expanding with regard to staff or premises. 41% are looking for new premises within the Borough of Solihull. Each of these organisations are currently receiving a regular property search from the Business Investment Team.

Fig 2: Business Stage



Transport Technologies

The transport and logistics sector plays a major role in the UK's economy and is a significant contributor at both the national and local level. It underpins the economy, enabling the movement of goods, services and people as efficiently as possible.[19]

West Midlands

The West Midlands is the centre of the UK transport industry, with expertise in automotive, aerospace, motorsport and rail technologies.

Eighteen of the world's top 20 component suppliers are based in the West Midlands.[20]

The West Midlands is the UK's 'centre of gravity' for the automotive industry with a 33% share of vehicle output and a strong presence of major vehicle manufacturers. There is estimated to be at least 1,500 dedicated automotive suppliers in the region, including 17 within the first supply tier and well developed lower supply tiers.[21]

An estimated 300 companies in the West Midlands work directly in the rail industry and it has one of the highest concentrations of rubber and plastic processors, including top global automotive plastic suppliers.[22]

Key Facts - Labour Market

Total employment is over 330,000 or 14.3% of total employment in the West Midlands.

	Employment	**% of West Midlands Total Employment**	**Output Growth 2000-2005 (% pa)**
Transport Technologies	330,450	14.3	0.5

A heritage of manufacturing and proven track-record of visionary technology has made the West Midlands a region that stimulates excellence in transport technologies. [23]

The Coventry, Solihull & Warwickshire (CSW) High Technology Corridor is also a major hub for **Transport Technologies**, particularly higher-value added products. It is a global centre for the production of performance cars, chassis, engines, brakes and a huge range of other world class products.[24]

Case Study 1

Land Rover produce of cars and engines for four models: Range Rover, Discovery, Freelander & Defender. There are approximately 6,000 employees on site at Solihull.

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[19] www.prospects .ac.uk
[20] Advantage West Midlands - Clusters & Investments
[21] CSW High Technology Corridor Strategy Document 2006-08
[21] Invest in the UK - 2007
[22] The West Midlands Region - the place to do business
[23] OCO Consulting – CSW Transport Technology Study, 2003
[24] BBC Website

"Land Rover's latest model has been officially launched, safeguarding about 750 jobs at the firm's Solihull plant. The 2007 Defender model, which goes on sale on 16 April, has already attracted 800 pre-orders and will remain in production until 2010." [25]

Case Study 2

Morson Group PLC is one of the largest and mostly highly respected technical recruitment companies in the world. It provides flexible resourcing solutions across many of the most challenging sectors including aerospace and the automotive sector.

During 2006 it opened a new office on the Birmingham Business Park close to Birmingham International Airport and the National Exhibition Centre.

"The Midlands is an area where many of our existing customers and candidates are based and we wish to be close at hand to further develop these successful relationships".

David Baker, manager of Morson International

They recently announced their preliminary results for the year ended 31st December 2006 with turnover up 22.9% to £326.8m.

Business & Professional Services

UK Market

The Business & Professional Service sector in the UK incorporates a wide range of sectors - including legal, financial, marketing and accountancy services.

London is seen as the key financial centre of Europe, incorporating 554 listed foreign companies - second only to New York[26]. London's leading role can be attributed to easy access to markets, with the right infrastructure and supporting legal and accounting services.

UK strengths include effective, appropriate regulation, relatively low levels of corporate and personal taxation and English as the international language of business and law. Overall, financial services account for around 10% of the UK's GDP, generating employment for 1 million people, centred within the cities of Glasgow, Manchester, Birmingham, Bristol and Leeds and London.

West Midlands Market

Business & Professional Services is identified as a priority growth cluster by the Regional Development Agency, Advantage West Midlands. Throughout the West Midlands, there are estimated to be 28,400 establishments, employing 90,200 people, with growth forecast at 14% to 2010[27]. The development of the cluster is also strategically important through the knowledge and expertise it can offer to the rest of the Midlands business economy.

The urban areas of Birmingham, Coventry and Leamington Spa account for a large percentage of professional service companies, typically due to the location of their client base.

A recent survey has identified the region has five important strengths: the quality of the professional service expertise available, the quality of service to clients, the cost base, location advantages and the environment. Weaknesses include; the perception of the region and reputation of Midlands firms, availability of trained staff, a low level of innovation activity, transportation infrastructure and road congestion problems and the issue of a divided region[28].

Solihull Market

Solihull is ranked 7th in the top 16 of Professional Services in the West Midlands, by share of total firms. Professional service firms located in Solihull are well placed to serve both the London and North West markets, boasting a location placed at the heart of the national communications network.

Financial service occupiers include The Paragon Group, Foster Denovo, 3i, and Secure Trust Bank – spread throughout the Borough. Legal services are concentrated around the Town Centre, but with a recent significant investor to Blythe Valley Park – international legal firm Reed Smith Richards Butler.

From business visit research, the sector relies strongly on relationships with clients, including those based in the local area, emphasising the connections to other business sectors. Quality of life within Solihull was also cited as a key attraction for the sector, away from the main urban areas.

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[26] 2007 Invest in the UK
[27] www.advantagewm.co.uk
[28] Professional Services in Birmingham and the West Midlands: Strengths, Opportunities and Threats, PW Daniels and JR Bryson, The University of Birmingham June 2002

Business Tourism

UK Market

Business Tourism is part of the wider tourism economy, encompassing conferences and meetings, exhibitions and trade fairs, incentive travel, corporate events and business travel, the value of which is estimated to exceed £100 billion per annum to the UK economy[29].

Over the past ten years, there has been a 53% growth in all business trips, exceeding the overall tourism growth rate. In total, the sector generates 28% of all overseas visitors and 29% of inbound tourism earnings for the UK[30]. The conference and incentive travel segments are predicted to grow at a faster rate than any other tourism sector up to 2012, but it is also predicted that competition will increase within the market in the next few years, particularly from large investment in high quality Asian facilities.

West Midlands Market

Business tourism has been identified as a key sector for the West Midlands due to its supply of exhibition and conference facilities, wide range of accommodation and transport infrastructure.

A recent report[31] has identified that an estimated 208,000 conferences and 392 exhibitions were held in the Region during 2005, attracting nearly 14 million delegates and having a value to the economy of £3 billion. This industry supports a wide supply chain of industries and the multiplier effect to the economy amounts to around £6.3 billion, supporting 100,000 jobs.

Another report identifies that the West Midlands Metropolitan Area - including Solihull - accounts for over half (52%) of the business tourism market, followed by Coventry & Warwickshire (26%)[32].

Regarding the tourism sector as a whole, a survey of the regional hotel industry[33] highlights 42% of the 'serviced accommodation' sector noticed an increase in the number of customers in Quarter 3 2006, compared to 2005. Issues raised as factors that affect their business include local events generating trade, local investment (both private business expansion and general economic development) and more competition threatening volumes of business.

Solihull Market

Business Tourism has been identified as a key priority for the Business Investment Team, with Solihull being a natural location for the sector, given the proximity to the National Exhibition Centre, Birmingham International Airport and location at the heart of the motorway network.

Research was conducted into the Solihull hotel sector during 06/07, following an initial study two years previously, to capture local trends within the sector, the impact on the economy and to identify areas for future support. For the full report, please see http://www.solihull.gov.uk/businessadvice

Key findings include recognition of the significance of business tourism to local hotel success and vulnerability of any changes to the sector, such as the decline in trade shows hosted by the NEC and resulting lack of overnight guests. Little or no impact was felt from the proximity to BIA. Many now rely on corporate accounts as a growing source of business, as a more profitable source of income. Conference facility provision is also a growth area, with most hotels planning to upgrade facilities to keep ahead of the rising competition in the market.

[29] Better Business Tourism in Britain, Business Tourism Partnership
[30] International Passenger Survey 2003, Office for National Statistics
[31] Economic Impact of Business Tourism in the West Midlands – October 2006, KPMG
[32] The Economic Impact of Tourism: Coventry and Warwickshire - 2002-2004, Heart of England Tourism
[33] Industry Performance Monitor – July to September 2006, Heart of England Tourism

Membership levels of local partnerships and forums have dropped since 2004, possibly due to the fact that issues such as employee recruitment and retention have become less of an issue with the influx of migrant workers into the industry, particularly from Eastern Europe.
All recognised the benefits Solihull can offer as a business location, but most felt it needs greater promotion to the international market if it is to stand out from Birmingham and competition from other areas of the country.

Medical Technologies

UK Position

Biotech sector

The UK's biotechnology sector is the largest in Europe. The sector has 455 dedicated biotechnology businesses in the UK, employing around 22,400 workers. The revenue contributed around 3.6bn to the UK economy in 2003. Research and investment within this area stood at 1.23bn in 2003. Leading UK companies include UCB Celltech, Cambridge Antibody Technology and Antisoma.

Medical Devices/ Diagnostic sector

This sector is highly innovative and has seen a rise of start-up companies with strong science and engineering bases. The sector employs around 55,000 people with Research and Development (R&D) in this area totalling to £325m in 2004/05. Key developments are DNA probes for vascular disease, cancer and genetic testing.

Pharmaceutical sector

This is the largest sector within medical technologies, valued at around 3.2bn in 2004.
The industry accounts for around 0.6% of UK GDP. The UK export industry for pharmaceuticals is the biggest in Europe; exports in 2005 amount to £12.2bn. Investment into pharmaceutical R&D contributed to 9% of world expenditure in this area. Employment stands at around 73,000. Key cluster areas can be found in the north east, north west, and south east of the UK.

Solihull Market

Solihull has a small market share of medical technologies located in the Borough.

According to 2005 nomis data, 6 companies operate in the Borough, with 18 employees. Pfizer are the largest medical technology company in the Borough, located at Birmingham Business Park.

Creative Industries

Executive Summary

- The sector accounted for 8.2% of the economy's GDP in 2005/06
- The number of creative industries in Solihull has decreased by 4% in 2005.
- Tax relief for R&D will help in further development and growth for creative industries.
- Key UK business areas within the creative industries include software, computer games and electronic publishing (51,200) and Music and Visual & performing arts (29,000).

Introduction

Creative Industries are based upon individual talent, creativity and skill. Through development and safeguarding of intellectual property these industries have the potential to create a wealth of jobs as the sector is one of the fastest growing. The Government Department for Culture, Media and Sport classify the following sectors under the creative industry profile:

- Advertising
- Film and video
- Architecture
- Music
- Art and antiques markets
- Performing arts
- Computer and video games
- Publishing
- Crafts
- Software
- Design
- Television and radio
- Designer fashion

UK Development/Support

- UK Trade and Investment (UKTI) will support up to 200 international trade events focusing on the creative industries, amounting to nearly £2.8million of Government support.

- The Department of Trade and Industry (DTI) and Department for Culture Media and Sport (DCMS) have worked together on the Creative Industries Intellectual Property Rights (IPR) Forum, a major initiative soon to be launched by Lord David Sainsbury and Estelle Morris.

- NESTA has been established to invest £300million of lottery money into creative business ideas.

UK Market Statistics

- The creative industries account for 7.3% of GVA

- The industry grew by 5% per annum between 1997 – 2004, compared to an average of 3% for the whole economy

- Key UK creative industries are software computer games & electronic publishing 9% & Radio & TV (8%).
- The total No of Businesses operating in the sector reached 117,500 in 2005.

UK Export Statistics

In 2004 total export for Creative Industries was £13 billion equating to 4.3% of all goods and services. 36% of creative industries exports were contributed by software, computer games & electronic publishing sector.

In 2005 employment in creative industries totalled 1.8 million an increase of 2.2% from 1997.

2008 Budget implications on Creative Industries

UK start-ups may be hit by an increase in small business corporation tax, rising from 20 to 22%, which may have implications for the sustainability of small creative industries. Offsetting the rise in small business corporation tax is a new 100% relief for new capital investment up to £50,000.

The Inland Revenue has re-defined research and development criteria which now incorporates creative developments in R&D tax credits, due to high growth. The government view the knowledge market as key to further GDP growth. Tax credit for research and development (R&D) will rise to 175%.

The Solihull Market

The number of creative industries in Solihull decreased by 4% between 2002 and 2005 although employment figures showed a rise of 8% between 2002 and 2005.

There is a high density of creative industries in the North and South West of Solihull. Birmingham Business Park and Blythe Valley Business Park currently act as hubs for enterprise growth in the sector.

Key sector areas in Solihull for creative industries:

- Architectural and engineering activities and related technical consultancy (238 companies).
  - Key cluster areas include Blythe Valley Business Park & Solihull Town Centre

- Software consultancy and supply (275) companies
  - Key Cluster areas include Birmingham Business Park, Elmdon Business Park & Trinity Business Park

- Other retail sale in specialist stores (211) companies

Development Agencies for Creative Industries

The key objective of this creative launch pad, funded by the Birmingham and Solihull Learning and Skills Council, is to help small and SME businesses overcome barriers to entry into the Creative Industries.

Forecasted Sector Growth

The proposed expansion of Birmingham Business Park and the regeneration of North Solihull Village centres is intended to increase enterprise space for the sector accommodating 1st and 2nd generation units.

Progress & Future Aims

Business Liaison

06/07 saw the creation of a focused business liaison programme which built relationships with key investors, both established and recently relocated to the area. In conjunction with the Employment Team, the programme aimed to maximise economic and employment opportunities and ensure long term business commitment to the area. 58 companies have received a visit by the team, including 16 hotels and B&B's as part of the Business Tourism study. Overall, businesses have welcomed the engagement from the Business Investment Team. Topics that have been raised include support for recruitment, networking, public transport issues, interest in local supply chains and engagement with the community of Solihull. The business liaison programme will continue for 2007/08.

Business Forums

Involvement has continued in current forums established for Birmingham Business Park, Blythe Valley Park, North Solihull and Cranmore.

<u>Blythe Valley Forum</u>

Officers from the Business Investment Team presented on the services and current activities of the team and included promotion of the recruitment support from the Employability team. Following on from the event, individual approaches have been made by companies keen to engage further with the team.

<u>North Solihull Business Forum</u>

The 'Meet the Buyer' event (November 2006) activity co-ordinated through the Business Investment team is aimed at providing local companies and individuals with the opportunity to meet with key contractors engaged in the regeneration programme of North Solihull. The event was well received with over 70 local companies attending which lead on to a series of educational workshops held in February and March that delivered training on submitting tenders, and advice and support for companies who are looking to recruitment local people. The team will continue to facilitate the relationship between the local business community of Solihull and key contractors involved in regenerating North Solihull.

<u>Cranmore Business Network</u>

Facilitated by the Business Investment Team, the Cranmore Business Network have been presented with Employability Team support, updates on the local area and discussed public transport issues. This has led to the formation of sub working group, examining in more detail the travel patterns of employees in the area. The group, in discussion with key partners, Travel West Midlands, Centro and the Councils Principal Transport Planner, are keen to explore alternative travel options. The findings are due later this year.

<u>Elmdon and Trinity</u>

During 2007/08 a new network is intended to be created for businesses in the Elmdon and Trinity Park locations, to be used as a means of communicating key Council information and agendas and responding to business requirements and concerns.

<u>Land Rover</u>

In November the team facilitated the revised Land Rover Environmental Forum. A key objective for the Forum is to seek views and discussions from representatives of the local community, Land Rover, Solihull Council, Ward and Land Rover working party members, on current and future activities relative to the site at Lode Lane.

From the meeting topics included a presentation from the company on their current and future business plans, the movement of HGV's in and around the site at Lode Lane and Land Rover's new 'road map'. The forum met again in March.

Inward Investment - Marketing & Branding

A new marketing and branding initiative will be taken forward to promote Solihull as a prime ‘location for business’. It will target key sectors identified as cluster opportunities for Solihull, including Business & Professional Services, ICT, Transport Technologies, Medical Technologies & Creative Industries. This will support continued inward investment in the area and position Solihull in the global commercial property marketplace.

Business Tourism

A survey has been conducted with the main hotels in Solihull to gain an understanding of the changes to the market and the areas where the Council can support. A programme of support will be introduced during 2007/08.

London 2012

The Council has identified key areas, building into the West Midlands plans, to capture benefits from the London 2012 Olympic and Paralympic Games in areas relating to sport, education, culture, health and business.

Together with the 2012 West Midlands Business Task Force, the Business Investment Team have put together a programme of support for local businesses, raising awareness of the tender opportunities related to the Games and providing assistance in the contract bidding process. "Prepare for 2012" was held on the16th March at Blythe Valley Park.

Regional Casino

Solihull was one of eight areas recommended as a location for large casinos. The Department for Culture, Media and Sport (DCMS) specified the areas for the 17 new casinos in a Parliamentary Order and produced regulations setting out the procedures to be followed in awarding a licence. On 1 March 2007, the Secretary of State for Culture, Media and Sport accepted the recommendations of the Casino Advisory Panel regarding casino locations and laid a single affirmative Parliamentary Order giving Parliament the opportunity to approve the 17 locations recommended. Though MPs decided to back the proposal, the House of Lords voted against the proposal. This means that plans for the super-casino and for 16 smaller casinos face delays whilst there are further considerations about a way forward.

Corporate Social Responsibility (CSR)

Through the business liaison activity the team has identified a significant level of interest from companies in the Borough to engage with the community of Solihull. The team have been exploring the opportunity to re-launch the Corporate Social Responsibility agenda and recently established a steering group with key representatives from the private sector, the voluntary & community sector and Solihull Council. The group have expressed overall support for a Solihull CSR programme, focussing on four key headlines:- Education, Community, Economic, Environment. A brand is currently being developed that will form part of a PR campaign, to be launched in April 2007.

Lyons Review

As the Lyons agenda continues, it is expected that increased interest will be created within the Midlands from its proximity and communication links to London. As Birmingham has a shortage of

Grade A office accommodation within the city centre and construction activity is limited, it is expected that Solihull will be identified by public sector investors as a natural alternative.

East Birmingham and North Solihull Regeneration Zone

As Neighbourhood Plans and consultation for the Zone are brought forward, the Business & Investment Team will ensure adequate provision is made for employment land particularly to meet the demands for small start up units, highlighted by last year's enquiries. The needs of current occupiers within the North will be addressed through the North Solihull Business Forum and taken forward by the team.

Our Services

Our Business & Investment Team offer:

- Free search facility for commercial premises within Solihull
- Tours of the Borough
- Recruitment assistance
- Business signposting

Community & Economic Regeneration

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