

Birmingham City Council Business, Investment and Trade Strategy (2020 – 2023)

Foreword

Birmingham is a truly international city that is home to people who can trace their roots back to virtually every country in the world. People from across the globe have made our city their home and Birmingham is all the richer for that fact.

Whilst there have been many changes here over the years, I'd say that this is the most dramatic period of regeneration in living memory. Projects like Curzon, Smithfield, Langley, Peddimore and others are transforming Birmingham, delivering more homes, better jobs and improved opportunities for our young and growing population.

There is a real buzz of excitement around this city at the moment. And we can all be proud of the fact that this is now seen not just as a city of vision, but as a city of action. But the City Council and its partners are keen to do more. We want more businesses across Birmingham to sell more goods and services to more markets and to help existing business to develop, grow and expand. We want new investors to see Birmingham as a place where they can thrive and contribute to a stronger and more inclusive economy.

The Business, Investment and Trade Strategy (the Strategy) sets the course for doing that – not just through information, advice and support for businesses and investors, but also through a much broader agenda for internationalisation.

Fortunately the City Council is approaching this from a position of strength. The Strategy sets out the tools and assets that are uniquely available and outlines how the City Council can use them strategically to influence the flows of capital and grow the city's business base.

Amongst the City Council's leading 'assets' is a highly responsive and 'pro-growth' planning service and a Business Development and Innovation Team that has been recognised and awarded as "Best in Class" for their superb work in delivering business support packages to support local businesses and ultimately creating thousands of employment opportunities in the city.

It speaks volumes for Birmingham's bright future that the city continues to attract investment even at a time of huge economic uncertainty. The City Council has played its role in this and is well on the way to developing a successful track record in connecting with global investment markets having undertaken investment visits to the Far East (Hong Kong, Singapore and Malaysia) and the United Arab Emirates (UAE).

We now need to grasp this opportunity and maximise the city's growth potential. By introducing a co-ordinated approach to supporting business and engaging with overseas markets it will help connect the flows of investment with opportunities that will help drive inclusive economic growth, generate more jobs and build more quality homes.

Leader of the Council

Introduction

Birmingham has created a strong platform from which we can build our international ambitions. Firmly set on a journey of transformation our growth plans for the city aim to deliver the following by 2031:

- 51,000 new homes including a 6,000 home sustainable urban extension at Langley
- Over 1 million sq. m. of new commercial, leisure and retail space
- A min. 5-year reservoir of 96 ha of land for employment use
- 2 Regional Investment Sites
- 71 ha new employment site at Peddimore
- £4bn worth of new infrastructure investment

Having set out a clear direction for how the city will develop, the City Council and its partners now need to put in place the tools and plans to accelerate further business growth, create new employment opportunities and attract investment in order to ensure Birmingham's economy grows and prospers.

It is important that the City Council takes a lead role in driving the international ambitions of the city. The city faces increased competition with cities from across the world for capital, investment and trade. In order to effectively compete, the city needs to adopt a more proactive approach, which is based around directly engaging with key global investment markets. The Strategy sets the course for doing that - adopting a much more co-ordinated and targeted approach in order to boost export performance and attract capital and foreign direct investment.

One of the City Council's priorities is to support inclusive economic growth. Key to that success is ensuring the city's business base is sustainable and resilient, attracting investment and engaging internationally to promote the city and its opportunities for investment and development. Such an approach will drive employment growth, increase City Council revenue through supporting land and property tax growth and improve social opportunities if done in a strategic way. There is plenty of evidence that shows how internationalisation has a big impact on productivity and employment growth which explains why we want to help more of our local businesses to sell more goods and services to more markets.

The Role of the City Council

The City Council is well placed to play a leading role in creating the right conditions for private sector investment and business growth. It has distinctive strengths and policy levers that are uniquely available to local authorities. These 'tools' can be used strategically to both influence the flow of capital and facilitate investment into our business base, they include:

City leadership role

As civic leaders of Birmingham, the City Council is the prime contact point for international city visits. There is an opportunity to make the most of this position, through utilising the civic and sister-city relationships and membership of international urban networks, to explore opportunities for connecting local business to wider investment and supply chains.

A broker and enabler of partnership working

The City Council's civic role and profile provides an opportunity to help 'join the dots' and broker pathways for international involvement with city business, development, culture and academia.

A pro-growth attitude to planning

A responsive planning system is a crucial factor for investors and developers when deciding which cities to invest in. As a local planning authority we have considerable experience of working on some of the largest and most complex projects in the UK. We endeavour to work closely with developers and this is reflected in high planning application approval rates.

A leadership that prioritises growth and investment

The City Council is well on the way to developing a track-record in connecting with global investment markets, having already engaged with Department of International Trade (DIT) on successful investment visits to the Far East and United Arab Emirates.

Ownership of land and property

The City Council is the single largest owner of property in Birmingham and holds the largest land estate of any UK local authority, extending to 26,000 acres. The Portfolio - excluding residential houses, infrastructure and schools- has an asset value of over £2.4 billion. Our land and asset ownership can be used strategically to attract the flows of capital through proactive partnership working and active promotion of investment opportunities.

The Strategy will build on these foundations and introduce a cohesive and co-ordinated approach to stimulating economic growth and targeting investment markets.

An established and successful approach to supporting local businesses

The City Council's business support activities are undertaken by the Business Development and Innovation Team. Since 2002 the team has successfully attracted £224m of external funding to support the growth aspirations of local businesses, which has led to the creation of 10,000 new jobs.

Executive Summary

In order to deliver on the goals of improving competitiveness and maximising inclusive growth the City Council needs a clear strategy to support business, attract investment and boost trade.

The approach will build on what is already a successful track record for the City Council in connecting with global investment markets. Having undertaken a range of investment visits to the Far East (Hong Kong, Singapore and Malaysia) and the United Arab Emirates (UAE) there has been a tangible return with delivery of in excess of 1,000 residential units at circa £200m Gross Development Value (GDV). This generates £3.4m in council tax revenue to the City Council over a 5-year period.

If international activity is to translate into genuine inclusive growth for the city then we need to ensure that the city's business base is sufficiently prepared. We are fortunate in Birmingham to have a number of institutions that play a leading role in supporting trade with the involvement of business. The City Council will work with the likes of the Chamber of Commerce and the universities to make the most of our collective global footprint and ensure benefits are translated into employment opportunities and greater productivity. The City Council also has a leading contributory role to play through its Business Development and Innovation team that has delivered a range of funding programmes with the following outputs:

- For every £1 paid in salary costs the BDI team generates £109 of external funding
- Generates £1m of income to Birmingham City Council
- Creation of 3,000 new job opportunities for local residents as a result of existing programmes
- 7,030 new and existing staff being upskilled
- £40m of private sector investment
- £100m increase in Gross Value Added (GVA)
- An uplift of an estimated £1.7m in rateable value pa of which £900,000 uplift p.a. has been identified within Birmingham.

The Strategy sets out the approach to how the City Council will maximise the assets and tools that are available to us in order to deliver the three key priorities: targeted support for business; attracting investment; and boosting trade and export performance. In doing so it will be vital that we co-ordinate our activity with our city partners, which each and collectively play a hugely significant role in shaping the development of the city.

(a) Supporting business

The City Council's business support activities are undertaken by the Business Development and Innovation Team (BDI), developing, managing and delivering large scale business support programmes. The City Council has an opportunity to utilise this existing resource to not only secure further grant funding but address some of the endemic challenges that the economy faces, such as access to finance, under-performance in exporting and productivity, skills shortages and lack of investment in new equipment and premises.

(b) Attracting investment

The City Council has a key role to play in boosting general investor confidence and price growth that will in turn support a flow of interest in development activity across the city. The City Council will continue its focus on promoting credible investment and partnering

opportunities that will help deliver its economic vision and growth objectives. In doing so we will target those markets and investors that have a track record in delivering the scale and quality of development that is needed in the city. Given the established overseas programme of activity, the focus on attracting overseas capital will be on the Far East (Singapore, Malaysia and Hong Kong) as well as the Gulf.

(c) Boosting trade and export performance

Trade export performance is a key contributor of economic success with 'exporting' businesses' disproportionately responsible for productivity growth in the national economy. Trade and exports matter because exporters tend to be drivers of productivity as a result of a greater ability to generate and absorb new innovations.

Birmingham offers major locational advantages to exporting businesses': access to knowledge, either through a strong university base or from a large concentration of professional and high-knowledge businesses; infrastructure, including transport connectivity and broadband, particularly as part of a 5G testbed; and talent, with access to a large potential of skilled workers.

The City Council's international involvement and connections also means that it is well placed to support the benefits of internationalisation to local business networks. It will support the city's business base to access the type of networks and funding that will enable them to exploit new export trade opportunities. Based on the City Council's analysis of export markets where possible engagement with the US and China will be prioritised as well as engagement with identified 'opportunity markets' that offer future growth potential such as India and the Commonwealth, the Middle East and Far East. Birmingham City Council has representation in key networks and associations such Eurocities and the Birmingham Commonwealth Association as well as having a 'Brussels Hub' which will also be used to support work to engage with and influence EU institutions across a range of issues including the effectiveness and future development of wider trade policy.

Part One – The Context for Internationalisation

The economic fundamentals of the city are strong. Birmingham is the largest city outside of London with a population that is expected to grow by around 100,000 up to 2031¹. The city is overwhelmingly young with 38% of the population under the age of 25², which aligned with the strength of our universities and 80,000 undergraduates, provides a robust pipeline of talent that is attracting new businesses to the city.

The number of highly skilled jobs in Birmingham has also risen sharply in the last five years, driven by the relocation of major international companies like PwC, Barclays, Deutsche Bank and HSBC, providing greater opportunities for a defined career path for graduates. The regeneration and development of the city centre is also creating a new level of vibrancy and sense of place, which is in itself an indication that the city has a strong business case for investment.

Major investments in infrastructure combined with high levels of commercial and residential development activity are making a dramatic difference to the reputation, image and profile of the city. Developer and investor confidence remains high as preparation for HS2 gets underway and the 2022 Commonwealth Games draws ever closer. The popularity of city-centre living shows no sign of declining and as more build-to-rent accommodation reaches the market the idea of walking to work is becoming a real possibility for more people. The opening of the metro extension will further enhance connectivity across the city and will help drive forward a new phase of development. Taken together, Birmingham's location, infrastructure and exceptional talent make for a compelling destination to do business and investment.

(a) Economic Context

The local economy has grown strongly on a number of key metrics in recent years, outperforming the national economy and being one of the strongest performing UK core cities. Economic output in the city as measured by GDP has grown strongly. In 2018 economic output locally stood at £31.9bn making Birmingham the largest city economy in the UK outside of London. The local economy also grew strongly in 2018, with output increasing by £1.2bn in real terms; a growth rate of 4.0%, well above the corresponding UK rate of 1.4% and the second strongest growth amongst the 10 UK core cities³.

The city is a major employment hub with over half a million people (520,000) working in the city. Employment locally has grown strongly during the recovery and the city has been particularly successful in creating new private sector employment in this period, creating an additional 73,000 private sector jobs since 2010⁴.

The business base in the city has also increased significantly in recent years, there are 36,710 active businesses in the city in 2019 an increase of 2,145 on 2018 (+6.2%) well above the growth achieved nationally (+1.8%) and the best performing core city⁵.

¹ Source: ONS Population Projections

² Source: ONS 2018 Population Estimates

³ Source: ONS sub regional GDP 2018

⁴ Source: ONS Business Register & Employment Survey

⁵ Source: ONS UK Business Counts 2019

(b) Birmingham's business base

Overwhelmingly the city's business base is made up of small and medium enterprises (SME's)⁵. There are 36,710 businesses in the city, 99.6% of these firms (36,545) are SMEs accounting for nearly two thirds (c 66%) of the city's employment. The vast majority of SMEs are micro businesses (1 to 9 employees). There are 32,700 micro businesses in the city accounting for 89.1% of all businesses stock. Wholesale and retail trade, professional, scientific, technical and administrative and support services account for nearly half (45%) of all SMEs in the city.

Most of our SME businesses have relatively low turnover, 65% of firms have an annual turnover under £200,000. Whilst there are no official figures on the share of economic output that is accounted for by SMEs various estimates put the figure at around 50% of total economic output. If we applied this proportion to the local economy SMEs in the city would generate around £16bn in GDP annually.

Experimental data from the ONS Annual Business Survey for 2017 also shows the challenge we face in driving export growth. There are 22,200 businesses⁶ in the region who are exporters and/or importers. This accounted for 6.5% of all businesses exporting and/or importing in Great Britain, the fourth lowest share of the 10 English regions. 14,300 West Midlands firms are exporters, which accounts for 6.8% of all businesses in the region. This is well below the England average of 9.7% and the second lowest proportion amongst the English regions.

(c) Sector analysis

Birmingham has a well-earned reputation as a motor city and centre for industry, which is reflected in the fact that manufacturing is still a strong sector accounting for 14% of economic output by GDP⁷. The motor industry is also disproportionately responsible for export performance. In 2018 the West Midlands region exported a total of £33.4bn of goods, which accounted for 10% of all UK export. The vast majority of exports (70%) are accounted for by machinery and transport equipment with road vehicle exports (£15.2bn) accounting for about half of total goods from the region. The region exports more road vehicles than any other part of the UK and represents 38% of total UK vehicle exports. £4.3bn (28%) of vehicle exports go to the EU and £10.9bn (72%) go elsewhere, with the US (£4.3bn) and China (£2.4bn) major markets⁸.

But increasingly new emerging sectors are bearing responsibility for the city's growth. With the city having the largest finance cluster outside of London and increasingly being seen as a magnet for new commercial occupiers the Business, Professional and Financial Services (BPFS) sector represents around 27% of the city's economy by GVA. Birmingham had more than 18,000 new start-ups in 2018 – for the sixth year running this is more than any other regional city. The city is also home to the largest tech cluster outside of London, with 1,800 companies in the Serious Gaming sector alone.

(d) Export markets

45% of exports from the region went to the EU with other significant markets being the USA (20%) and China (9%). Although exports to India were relatively low (1.3%) the size of its economy aligned with strong growth forecasts means that it has potential to be a strong

⁶ Data is for non-financial businesses and includes firms who are exporting/importing both services and goods.

⁷ Source: ONS sub regional GDP 2018

⁸ Source: HMRC RTS

trading partner in the future and should be included as a market to watch. Exports to the Middle East and North African Territories (MENAT) as well as the Far East (South Korea, Japan, Singapore and Malaysia) only made up (10%) of all trade. However, the city's increasing connections into those markets means that there are opportunities for growth and so for Birmingham should also be identified as 'opportunity markets'. Where possible the City Council will also use it's European 'city-to-city' relationships to maintain and grow Birmingham's relationship with our main trading market.

(e) World-class partnerships and assets

Birmingham has a rich and compelling set of cultural and academic assets that can be used to effectively boost trade and investment. This includes some of the UK's best universities, many of which already have a strong international presence: Birmingham City University is one of just 63 universities in the world to be given the green light by the Chinese Government to set up a jointly run a higher education institute in Wuhan, China; Aston and Muscat universities are collaborating to deliver three undergraduate programmes across engineering and technology, business and management and transport and logistics that will give students a degree from each institution; and the University of Birmingham was the first of the elite Russell Group of UK universities to open a campus in the international education hub of Dubai.

World-class institutions such as Birmingham Royal Ballet also act as catalysts for amplifying the profile of the city and enhance attractiveness to talent and investment. Our historic districts and quarters, such as Digbeth and the Jewellery Quarter support new industry and creativity and give the city personality and distinctiveness. Such assets are vital for raising the profile of the city, which has significant spill over effects for trade and investment.

And we are fortunate to have partners in the city that are forging international networks that are supporting business and investment. The Greater Birmingham Chamber of Commerce (GBCC) operates a Greater Birmingham Transatlantic Chamber of Commerce (GBTCC) a chapter of the British American Business network. This is the largest transatlantic networking organisation promoting trade and investment between the United Kingdom and North America.

The GBCC also operates the Greater Birmingham Commonwealth Chamber, of which the Council is a Board member, which works alongside the Birmingham Commonwealth Association, established by the City Council, to promote and foster trade, business and educational opportunities with Commonwealth countries.

In order to make the most of the city's individual and collective assets it is vital that we work with our partners across business, trade, culture and academia to improve our knowledge exchange and align international connections and activity.

Part Two – The City Council’s ‘Big Moves’

Capitalising on Birmingham’s already established assets, the overarching vision for the Business, Investment and Trade Strategy will be to drive opportunities for sustainable business and employment growth across the city. This vision will be secured by delivery of a series of ‘big moves’: key actions and priorities that will support more businesses selling more goods and services to a wider range of international markets and more inward and capital investment being attracted to the city.

1. Driving Economic Growth and Resilience through Targeted Business Support

The City Council’s approach to trade and investment is underpinned by a much broader agenda for internationalisation, which seeks to create an environment that supports a better understanding of international opportunities and a greater ability to seize them. If the city’s business base is to become confident in grasping trade opportunities from an exposure to new opportunities and markets, then we must firstly ensure that they are doing so from a position of strength. The City Council will therefore seek to maximise funding and support to increase the resilience and strength of our business base through the following actions:

(a) A new business growth programme

There is a strong need for grant funding to mitigate SMEs exposure to risk and promote investment in new technology and SME capacity. Successful performance of existing business programmes and evidence of continued demand presents a case for investment in grant funding targeted at supply chains, innovation and business development in priority sectors across the city. There is clear demand for grant funding of £10,000- £200,000 to help remove the barriers to SME growth. Based on the analysis of economic challenges and opportunities a new three-year Business Growth Programme, funded by EU resources, will support SME’s seeking to grow, invest and create new jobs.

The programme will be ringfenced to Birmingham businesses, but may be extended subject to investment from Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP), other regional Local Enterprise Partnerships or West Midlands Combined Authority. The programme, building on and utilising the success of the BDI team in delivering grant funding programmes, will support SME and supply chain companies to invest, develop and grow.

Birmingham City Council’s business support activities will focus on addressing some of the key challenges by enabling existing SME businesses to implement their growth plans through investment in new equipment, property improvement, new products, market development, innovation, upskilling and creation of local jobs. The programme will also seek to support companies make the most of the opportunities from the Commonwealth Games.

Key objectives of the programme will include:

- Investment in new plant and capital, installation costs, improved systems and processes and refurbishment.
- Support for new product development SMEs investing in innovative close-to-market processes, new products and services
- Businesses looking to expand, relocate and market their activities
- Businesses seeking to become investment-ready to respond to procurement opportunities arising from the Commonwealth Games 2022 and HS2.

- Upskilling existing and new employees leading to full qualifications, units or a unit of qualification at basic, level 2 and below and at level 3+, including higher level management and leadership skills. The funding will respond directly to the skills and training needs identified by the employers for their employees by offering SME employers what they want, at the time that they need it, to implement their skills and growth plans
- Businesses seeking to undertake extensions, new build and refurbishment of existing premises to increase productive capacity.

b) Working with the business community to address endemic economic challenges

The City Council will run a series of events designed to bring about closer engagement and working with major local businesses. It is proposed to hold a series of round table events over the Strategy period (2020 – 2023), which will be hosted by the Leader of the Council. Each event will be focused on a theme and include representatives from:

- Businesses across the city
- Broad range of sectors
- High Growth companies
- Women and Ethnic Minority owned Businesses

The meetings will prove to be an important forum through which to exchange information, address specific issues faced by the businesses, share new investment opportunities and work to remove key barriers to growth.

c) Making the most of the City Council's civic leadership role

The city's individual and collective international engagement, across our many businesses, government partners and through academia provides opportunities to access overseas markets and shape perceptions of Birmingham.

The City Council will work with our local institutions, such as the Chamber of Commerce and our universities, as well as representative bodies and Associations, many of whom have established a presence and built relationships in key markets such as the USA, India, Dubai and China, to explore how our international relationships and 'sister city' relationships can be more effectively used and aligned to support trade and investment.

Ultimately, we want to raise the city's national and international profile and strengthen our engagement with partners across government, both regional and national, business, culture and academia to join up visit programmes, share information on forthcoming events, facilitate greater communication between networks and ultimately help open doors to new opportunities for trade and investment.

2. Attracting Significant Levels of Capital and Foreign Direct Investment

In many cases, the development and delivery of projects and corresponding alignment with potential investor interest will be a private sector activity. The role of the City Council will often be to create the right environment for such investment through its planning and regulatory functions. Nonetheless, investors often value engagement with the local authority to give them the necessary assurance of the supporting planning and regulatory conditions or to begin that initial conversation on understanding the growth plans and strategic direction of the city. With such a large land and property portfolio the City Council's role will also move beyond strategic facilitation and involve the promotion of its own investment opportunities. In

managing these twin roles, the City Council will look to deliver on the following in order to drive the flow of capital and foreign direct investment into the city:

a) Develop strong investment propositions

The City Council has undertaken an active site disposal programme and launched the first Site Prospectus at MIPIM Asia, a large investor event, in November 2018. These site prospectuses are staggered through the year with sites across the city offered for sale within defined timescales. We will aim to align overseas investment activity with site prospectus publication and tender opportunities.

In addition to the sites prospectus the City Council will also promote a range of investment and asset classes that will help deliver our growth objectives. The City Council's plans for product development and market promotion are set out in Appendix Three and will provide the focus of our pipeline of investment propositions.

We will also use our international reach to help address some of the significant challenges that the city faces. So, whilst the latest reinvention of Birmingham progresses at a remarkable rate, we need the city to not just be a home to more people, we want it to be cleaner, greener, healthier and more environmentally sustainable.

This summer the City Council unanimously declared a climate emergency with a commitment to achieve carbon neutrality by 2030. The introduction of the Clean Air Zone will reinforce our commitment to be a zero emissions city. We are also investing in the city's first fully segregated cycle lanes and are extending the Metro network.

One of the ways the City Council is working to address the climate challenges is by investing in the development of the Tyseley Environmental Energy Park, which is set to become the energy and waste nexus for Birmingham. Working with the likes of Webster and Horsfall and the University of Birmingham the City Council can help shape the way the city develops infrastructure for renewable heat and power, energy storage and clean transport fuels in combination with advanced waste processing. By working with both the public and private sector as well as a world class academic institution, the City Council will drive forward the development of Tyseley and use its international reach to build on our sectoral strengths in order to attract major investment.

b) Building long-term relationships with existing and new investors

The focus of the City Council will be on engaging the most credible investors but recognising that these aren't always the biggest players in their domestic or global markets. Those potential investors who are looking at UK regional options and can operate within UK legal and regulatory frameworks with ease, have the operational ability to transact on land, JV or asset obligations within a reasonable timeframe and crucially, are able to deliver or fund the type of development at a quantum and level of quality that the city needs, will be prioritised.

We will outline in-market activity in advance to inject certainty around planned engagement, demonstrate a commitment to a region and encourage a strategic dialogue with key investors and multipliers in target regions. It is recognised that this type of work can be 'slow burn' on occasions and some markets will require more work to build relationships in order to secure investment. Resources will be needed to ensure the City Council can develop these relationships which will have a significant impact in terms of investment and development.

Clearly the city has a strong platform to build on, however success in attracting and maintaining investment from existing investors, especially those from North America, still

needs to be cultivated and where possible supported, to identify opportunities to share benefits, international experience and networks more widely.

c) Supporting access to risk capital

The future success of the city's economy depends on the productivity, growth and competitiveness of its businesses. Supporting SME growth and increasing the number of high growth businesses is especially important in this respect given the contribution they make to our economy. Although many factors affect business growth, access to appropriate finance is critical, especially for businesses with high growth potential seeking to move to the next stage of development. This challenge is especially acute for early stage companies seeking to raise larger amounts of equity capital (£2m plus) to support growth and, in many cases, to expand internationally. The City Council will use its existing strategic relationships with key global capital markets to generate more leads to new investors and business investment networks.

d) Attracting Foreign Direct Investment

Attracting investment to Birmingham in the form of Foreign Direct Investment (FDI) will be important in achieving our inclusive economic growth objectives. FDI already plays an important role in our economy and is a crucial factor in developing our growth sectors and building stronger supply chains. As well as direct employment, FDI brings other benefits in terms of wider employment opportunities and increased productivity.

The scale and scope of FDI in Birmingham reflects a long and successful track record in attracting companies across a range of sectors in both manufacturing and services. This strong performance has been built on the success of major global companies, such as Jaguar Land Rover, planned investment in transport and infrastructure projects as well as the growth of our prime economic asset, the city centre.

Our partners, the West Midlands Growth Company and Department for International Trade, play a leading role in proactively attracting investment and promoting the city as a leading place to do business. The Growth Company will continue to lead the promotion of the city to national and international business with support from the City Council. In doing so we will maximise the benefits of working in partnership: sharing intelligence on growth markets and sectors, co-ordinating visit programmes and sharing information on forthcoming events.

e) Investment and Development Database

To better understand and ultimately articulate our development needs, the City Council is adopting a planned and technical approach to storing and updating information on investment sites. A central database regularly maintained and containing all of the city's development information will enable the City Council to present reliable up-to-date site information quickly and efficiently. The database will help the City Council generate a pipeline of investment propositions across a range of asset classes and types.

3. Boosting Domestic and International Trade Opportunities

Boosting our export performance will make a significant contribution to the city's ambitions of improving competitiveness and delivering genuine inclusive growth. With the region being below the national average for numbers of exporting businesses it is clear that the main challenge will be to broaden our export base – with more SME's exporting. Addressing these

challenges requires a clear focus on raising the international ambitions of businesses, enabling and supporting them to overcome the barriers they face to selling their products and services beyond the city as well as supporting access to new markets. Delivering on this priority will include:

a) Local authority engagement with Government to develop future UK trade policy

Whilst trade policy is made in Westminster, there are indications that a broader involvement of regional stakeholders is required to represent the strengths of the economy as a whole, shifting away from a London centric approach. This more inclusive method has been adopted by other countries with success.

Either individually or through our representative bodies such as Core Cities, the City Council will lobby for a joint Trade or Investment Programme that is tailored to the needs of particular cities, for example, focusing on the export of goods from core cities rather than a more London based focus on the export of services.

Birmingham's 'Brussels Hub' will also be used to support work to engage with and influence EU institutions across a range of issues including the effectiveness and further development of wider trade policy.

b) Engaging and supporting business to access funding and promote the benefits of trade and opportunities to access new markets

Both existing and new external funding programmes will be critical in enabling the City Council to progress programmes and support to address new challenges facing businesses regarding their competitiveness, commercialisation, internationalisation, adaptability, skills and workforce.

The past 30 years have seen over £1bn of European funding flowing into the city to support a range of capital and revenue projects. The removal of access to EU funding flows is a significant challenge for local government.

The City Council will continue to lobby Government to ensure a seamless transition to the proposed new UK Shared Prosperity Fund as well as continued access to current and future EU research framework programmes.

The City Council will also look to identify opportunities to support our current business network (via our ERDF funding programmes) and help address any key financial barriers to exporting. This will include connecting them to networks, specialist export advice and funding that will promote the business benefits of trade and enable them to access new markets.

c) Building on existing international civic ties and existing international networks to enable city-to-city initiatives supporting trade and business activities

Birmingham is an international gateway for flows of investment and trade; however, the city has untapped potential. In order to maximise opportunities for trade the City Council will look to utilise its soft power assets like its civic links as well as exploiting the many international urban networks of which it is a part.

The City Council's civic ties provide an excellent anchor for developing new areas of co-operation through memoranda of understanding and work programmes between Birmingham and other cities where there is a potential to support trade and investment.

These agreements could be easily adapted to support more business to business and trading opportunities in specific industries or sectors.

The City Council also receives requests from overseas cities to host civic and trade missions and delegations. The City Council is ideally placed to influence these visit programmes for inbound civic and trade delegations, and identify opportunities to maximise the benefit to local business, by sharing intelligence with our partners, promoting new markets and supporting access to supply chains.

d) Deepening existing local and national partnerships to promote and support trade and business

This Strategy does not seek to replace or duplicate the responsibilities or activities of other local or national partners. Rather, it seeks to embrace these and examine new ways to deepen and accelerate partnership working where mutual interest exists. There are examples, in the context of Trade and Business where this is evident. For example, The Greater Birmingham Chamber of Commerce (GBCC) operates a Greater Birmingham Transatlantic Chamber of Commerce (GBTCC). This is a chapter of the British American Business network which is the largest transatlantic networking organisation promoting trade and investment between the United Kingdom and North America.

The GBCC also operates the Greater Birmingham Commonwealth Chamber, of which the Council is a Board member, which works alongside the Birmingham Commonwealth Association, established by the City Council, to promote and foster trade, business and educational opportunities with Commonwealth countries.

Further partnerships will be sought with key sectors where the city has export potential as well as with Higher Education Institutions where they are heavily engaged with international markets.

There is clear potential through collaborative working with our key partners and stakeholders to develop the trade and business potential of the city. Significantly we are already engaged with Core Cities in exploring opportunities to utilise the power of cities to boost trade and investment. Early activity will centre on developing a UK Cities Trade and Investment Strategy. The Strategy will build on the analysis of key sectors – such as creative and digital, manufacturing, life sciences and knowledge intensive industries – as well as connections to global opportunity markets in order to resource and facilitate city-to-city trade dialogue and trade missions.

e) Taking a leading role in the planning and delivery of the 2022 Commonwealth Games Trade, Tourism and Investment (TTI) Programme

Hosting the 2022 Commonwealth Games (CWG) offers unprecedented opportunities to promote Birmingham on a global stage. In order to maximise the economic, trade and investment potential of the CWG the City Council is supporting the development of a Commonwealth Games trade, tourism and investment programme. This will be an economic leveraging, promotional, partnership building and deal making initiative.

The major sporting spectacle of the Birmingham 2022 Commonwealth Games will provide a vehicle to promote business, trade, investment, tourism and higher education institutions and improve the international business reputations of both the city and the region. The Games will be the best opportunity that the city will have for a long time to take our economy to the next level and attract new levels of trade and investment.

Whilst the Commonwealth is not a trading bloc trade between members is rising strongly and is anticipated to surpass US\$1 trillion⁹. This trade is also of growing importance to Commonwealth members, as the share of intra-Commonwealth trade in their total trade rises. Among the drivers of increased intra-Commonwealth trade and investment is an observed 'Commonwealth effect', whereby trade between members is on average 20% higher and trade costs are 19% lower compared with in-trading between other partners.

The City Council will work with the lead delivery agency, the West Midlands Growth Company, to deliver an integrated trade, tourism and investment programme. This will be the first of its kind for the Commonwealth Games movement and seeks to maximise the economic legacy for the city, region and UK. The integrated three-year programme will be the first of its kind for the CWG movement and seeks to maximise the economic legacy for the city, region and UK. No other Commonwealth Games in history has delivered a Trade & Investment programme, lasting beyond the timeframe for the Games themselves.

While many Commonwealth members, especially smaller states, are highly vulnerable to the impacts of climate change there may also be enhanced trade and investment opportunities, particularly with the transition to a lower carbon and green economy and new market openings for greener goods and services. Within the TTI programme and engagement with members the City Council will explore opportunities to amplify Birmingham's position as an emerging leader amongst UK cities in energy transition.

f) Working with business to maximise trade opportunities

The scope for improving the productivity of many local businesses can be limited because of the nature of their work. In order to improve productivity, there needs to be a focus on supporting businesses with export potential.

The City Council will develop and deliver a 'Leaders International Business Programme': designed to meet businesses' specific trade objectives. The focus of the programme will be on exporters – firms that either currently, or have the potential in the future, to sell beyond their market. The programme will provide mentoring and coaching support in partnership with business leaders, advice and workshops, trade missions and access to trade opportunities. Improving the performance of existing exporters will also have a contributory impact on productivity – the programme will look to support and improve management practices of existing exporters through continued professional development courses.

The programme will be open to growing Birmingham based companies working in a broad range of sectors including: technology, life sciences, urban and creative industries.

⁹ Commonwealth Trade Review 2015

Part Three – Strategic Action Plan

The City Council is well positioned to support the growth, resilience and inclusivity of the Birmingham economy. With access to a unique set of tools and powers (planning, land assembly etc.) and a strong track record of engagement with major capital markets and successful delivery of business support programmes, there is the potential to help accelerate the delivery of development, jobs and local infrastructure, driving growth and economic prosperity.

Realising the potential of the city will require additional investment and resource, not only among the business base but in continuing the relationship-building with overseas capital markets. This will also require the development of strong partnerships and a collaborative approach between all stakeholders across the city. Partnerships will be important at the local, regional and national level and the City Council will play a key role in developing and maintaining these.

A small team within the City Council's Inclusive Growth Directorate will be established to support and co-ordinate the implementation of this strategy, which will include working with our partners and local institutions to align activities, clarify roles and responsibilities and help connect projects and partners with potential investment opportunities. Where possible activities will be delivered through accessing external funding opportunities or from working in partnership with our city, regional and national partners.

Economic analysis costing £50,000-£100,000 work will be commissioned in order to gain a fine grain understanding of where value is created in our economy (sector and business size) alongside detailed modelling work which will assess the returns on investment from implementation of the Business, Investment and Trade Strategy. Following the modelling work, we anticipate being in a position where we, the City Council, can effectively 'invest to save' based on an understanding of business rates and council tax revenue uplift as well as benefits saving.

Although this is a Birmingham City Council strategy the intention will be to complement and add value to the aims and activities of our city partners. Birmingham has a rich and compelling set of assets and organisations which includes some of the UK's best universities and world class cultural institutions. It is vital that we work with them to share knowledge and align our priorities: in doing so we can bring about a critical mass of connections, partnerships and opportunities which can be positively impactful for business, trade and investment.

Realising the potential of the City Council's contribution to business growth, investment and trade will require a fresh approach in aligning our internal resources. With the support of our partners we can develop robust measures and plans that can drive value back into the city, including delivering a range of strategic actions and objectives:

Strategic Actions

- Pro-actively engage with a range of international investors to raise the profile of investment opportunities in Birmingham.
- Encourage and support businesses currently exporting to traditional markets such as the EU to expand in to new markets.
- Support development of business and trade links into cities that are 'twins' or are within priority and opportunity markets.

- Work with Core Cities to develop a strategic approach to accessing international markets drawing on an understanding of local authorities' unique strengths and assets.
- Design packages for incoming delegations that generate trade and investment opportunities for local businesses.
- Review our existing city collaborations, including twin cities, in relation to the aims and objectives of the Strategy.
- Working with universities to raise profile as leading centres of learning and research.
- Use the Birmingham Brussels Office to influence the city's future relationship with EU cities and networks post-Brexit.
- Work with the WMGC to ensure the city maximises the opportunities for our local business network from the CWG.
- Promote the Strategy and build on existing relationships with FCO and embassies in priority cities and markets.

Strategic Objectives

- Through the work of the Business, Investment and Trade team together with the use of EU and external funding support growth aspirations of 500 SME's
- Generate significant levels of additional private sector investment
- Create more new jobs
- Identify and bring forward a pipeline of strong, large scale investment propositions
- Increase engagement of BME and women-led business community working with trade and investment partners
- Greater levels of working with city partners on shared approaches to business growth, trade and investment.
- Greater and more targeted collaboration with twin cities and priority opportunity areas.
- Evidence of collaboration with cities on business growth, investment opportunities and policy development.
- Birmingham maintains and grows its profile on the international stage including the hosting and attendance at key events.
- Evidence of increased CWG trade, tourism and investment opportunities being accessed by local businesses.
- Use the platform of the CWG to increase the international profile of the city, including delivery of a programme of high-profile VIP events throughout Games time.

Appendix One: Product Development and Identifying Target Markets

The following table sets out our approach to how we will identify and engage with investors, developers and occupiers.

1. Strategic Investment Opportunities					
	Asset sub-class	Description	Benefits rationale	Assessment criteria	Actions
1a.	Commercial/ Mixed use	The City Council has identified a number of sites and opportunities that represent long term major regeneration priorities, which with the support of investors and developers could be brought forward for development.	The opportunity to transform major areas of the city is rare, in order to achieve the best outcome for our citizens it is important that we target and promote the opportunity to global leaders in sustainable commercial development.	<ul style="list-style-type: none"> Track record of successful delivery of quality schemes at scale. Experience of working with public sector partners. History of investing / developing schemes in similar overseas markets. Economic / financial standing and capacity Strategic relationship with UK 	<p>The City Council will consider leading a Birmingham delegation to markets that are home to those providers that have a track record in delivering world class developments.</p> <p>The appetite for risk and track record of delivery combined with the scale of funding needed to deliver world class development will mean that we will initially prioritise the Far East, Gulf and North American markets.</p>
1b.	Residential	If we are going to bring about a step change in housing delivery then many of the new homes in the city will need to be built outside of the business model of our major developers. This will	As well as the need to involve 'best in class' developers the strategy will also promote the investment opportunity and potential for the likes of Sovereign Wealth Funds to partner with a developer.	<ul style="list-style-type: none"> Track record of successful delivery of quality schemes at scale. Experience of working with public sector partners. History of investing / 	Identify respected international housing providers that have a commitment to quality, community, partnership, scale and sustainability.

		require a focus on increasing the capacity of the industry by attracting developers and investors from outside of the UK which with proper support could make a significant contribution to the big numbers the city and region need.		<p>developing schemes in similar overseas markets.</p> <ul style="list-style-type: none"> • Economic/financial standing and capacity • Strategic/ trading relationship with UK 	Overseas visits to be used to promote the opportunity for investment / partnering with a developer. Given track records and level of investment required means that we will initially prioritise the Gulf and Far East markets.
1c.	Industrial	The city has a need to significantly accelerate and deliver employment schemes at scale.	<p>The strategy will help the City Council promote the opportunities for investment, i.e. partnering with developers as well as identifying the major businesses and key supply chains that could add value to the growth of the city's economy.</p> <p>The strategy will look to maximise the benefits to the economy from developments such as Peddimore, which offer a once in a generation opportunity to deliver a new and truly outstanding destination in the city for high-growth companies.</p>	<ul style="list-style-type: none"> • Track record of successful delivery of quality schemes at scale. • Experience of working with public sector partners. • History of investing / developing schemes in similar overseas markets. • Economic/financial standing and capacity • Strategic/trading relationship with UK 	<p>Overseas visits to be used to promote the opportunity for investment/partnering with a developer.</p> <p>The track record of delivery combined with the scale of investment needed will mean that we will initially prioritise the Gulf and North American markets.</p> <p>In terms of FDI potential the Council will work with partners to identify opportunity markets and key supply chains operating in emerging technology and advanced</p>

					manufacturing sectors.
2.	Equity Investment/Forward Funding Opportunities				
	Asset sub-class	Description	Benefits rationale	Assessment criteria	Actions
2a.	Commercial (including residential, office etc.)	<p>Direct financing role for overseas investors in new development schemes in the residential, commercial and industrial sectors.</p> <p>Typically these schemes will include those major sites that have planning consent yet need debt / equity investment.</p>	<p>The capital strategy will provide an opportunity to connect landowners / developers with sources of funding that will aid delivery.</p> <p>Residential: Augmenting information contained in the pipeline database, officers have reviewed, or are in the process of reviewing 411 identified 'stalled' housing sites from the 2016 SHLAA with a capacity of 23,837 dwellings.</p> <p>Office: In order to consolidate Birmingham's position as a cornerstone of the BPFS sector there is a need to connect funding with Grade A office development opportunities.</p>	<ul style="list-style-type: none"> • History of investing/ developing schemes in similar overseas markets. • Economic/financial standing and capacity • Strategic/trading relationship with UK 	<p>Overseas visits to be used to promote the opportunities for investment / partnering with a developer.</p> <p>Residential development opportunities will be promoted to China/Far East markets, which reflect their growing track record of investing in this asset class in the city.</p> <p>The appetite for risk and track record of delivery combined with the scale of funding needed to deliver Grade A office development will mean that we will initially prioritise the Gulf and North American markets.</p>
3.	Asset Investment Opportunities				
	Asset sub-class	Description	Benefits rationale	Assessment criteria	Actions
3a.	Existing assets	Existing assets, usually fully developed and occupied, that have	Helping increase the levels of capital investment into the city will boost general	<ul style="list-style-type: none"> • History of investing / developing schemes in similar 	Overseas visit to be used to promote opportunities

		been ear-marked for sale, which will appeal to those investors characterised by relatively low-risk / low-return strategies with predictable cash flows.	investor confidence and price growth that will in turn support a flow of interest towards parts of the city that have tended to have been overlooked by the investment community ('ripple effect')	overseas markets. <ul style="list-style-type: none"> Economic/financial standing and capacity Strategic/trading relationship with UK 	for investment. Maintain dialogue with agents.
3b.	'Turn-key' assets	Assets that are under-occupied, require physical improvements or suffer from capital constraints, which will appeal to private equity/ opportunist funds that are interested in 'value added' investments.	The city currently has the highest level of occupier take-up across regional markets and speed to market is clearly advantageous, which reflects the importance of bringing forward quality refurbishment schemes at scale.	<ul style="list-style-type: none"> History of investing / developing schemes in similar overseas markets. Risk appetite 	Overseas visit to be used to promote opportunities for investment / development. Future overseas visits to be guided by markets that meet assessment criteria. Maintain dialogue with agents.
4.	Partnering Opportunities				
	Asset sub-class	Description	Benefits rationale	Assessment criteria	Actions
4a.	Public sector partnering	<p>Delivery of a capital strategy represents a timely opportunity to consider the potential of different funding models and ways of working with the City Council itself that could help maximise the flow of investment.</p> <p>The Capital Investment Strategy will be able to promote the City Council's Property Strategy, which will set out</p>	With investors in the city becoming increasingly active there is a level of interest that is providing a viable platform for new ways of working between the City Council and the private sector, such as investment vehicles, Real Estate Investment Trust (REIT's), joint venture arrangements or evergreen funds, that can provide development debt funding or investment for revenue return.	<ul style="list-style-type: none"> Experience of working with public sector partners. Economic/financial standing and capacity Strategic/trading relationship with UK Shared civic goals Risk appetite 	<p>Undertake review as to how our assets can be used to help deliver our economic vision (i.e. are they financial or strategic assets)</p> <p>Commission work on funding structures that can maximise the involvement and return</p>

		the City Council’s vision for its property portfolio and a framework to guide how assets will be utilised efficiently and effectively.			for public and private sector partners. As local regulations have adapted REITs have become an increasingly popular investment class amongst Gulf investors .
5.	Investing in the City’s Business Base				
	Asset sub-class	Description	Benefits rationale	Assessment criteria	Actions
5a.	Investing in the city’s business base	Securing investment in the city should move beyond the usual ‘bricks and mortars’ and seek to energise and upscale the city’s thriving business base. With more businesses being ‘born’ in Birmingham than in any other city outside of London alongside growth in the local tech and media sectors the city is providing new and exciting opportunities to invest in new markets.	<p>The strategy will build on the city’s access to capital markets to support new investment in our businesses to upscale output and productivity and open new non-EU and emerging markets.</p> <p>Birmingham has the highest number of business start-ups outside of London. There is a pressing need to identify opportunities for ‘angel funding’, where capital is provided in exchange for ownership equity, in order to increase levels of resilience and innovation across the city’s new business base.</p>	<p>In terms of identifying bespoke product/company investment propositions a product verification process will need to be established.</p> <p>Investors to be targeted on a basis of:</p> <ul style="list-style-type: none"> • Economic/financial standing and capacity • Strategic/trading relationship with UK • Sector interest • Track record of investing in new business/products • Risk appetite 	<p>Work with universities to establish governance procedures for product verification.</p> <p>Commission work on funding models that maximise benefits for investors and start-ups (e.g. through property/incubator investment)</p> <p>Work with the Chamber of commerce to support Birmingham businesses to access new trade opportunities (i.e. from BCC led trade and investment delegations)</p> <p>Identify Sovereign Wealth Funds that undertake</p>

					Venture Capital investment.
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