

Doing business and investing in the UK



Locate in Kent



GREAT 
BRITAIN & NORTHERN IRELAND

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Foreword

What is Locate in Kent?

Locate in Kent is the official inward investment agency for the county of Kent, and provides free, confidential and impartial business support and strategic solutions to help UK and international businesses of all sizes grow intelligently and efficiently in our county.

We have helped over 1,250 business invest in Kent and seen more than 80,000 jobs created and retained since 1997, thanks to our unrivalled knowledge of the region's business landscape.

As the global economic recovery continues to gather pace, there is little doubt that small and medium-sized enterprises (SMEs) play a vital role in our economies. These companies are the employers, producers and innovators who power our trade networks, driving growth and job creation.

Behind the scenes Locate in Kent, and our partner the UK Government's Department for International Trade (DIT), actively supports companies of all sizes, from global corporations to SMEs, in winning billions of pounds in business deals spanning sectors and regions in both territories.

Right now, we are focusing on welcoming industries that have resonance, particularly the future of transport and investment in clean

technologies like hydrogen. However, the single most exciting industrial trend that investors can take advantage of, both with capital and a long history of expertise, is the move to shorten supply chains and re-shore manufacturing to the UK.

The UK's robust business environment continues to be an attractive location for global enterprises planning their future. Kent, on London's doorstep and the gateway to Europe, is the prime location for business growth. And Locate in Kent is here to support you on each stage of the journey as you establishing yourself in the UK.

I hope our guide is the start of a positive conversation between us.

David Fitzsimmons
Chair, Locate in Kent

10 reasons to invest in the UK

1. An established, business-friendly environment

As the 5th largest economy in the world and home to 66.8 million people, the UK offers investors not only a significant market but also one of the simplest countries in the world to set up a business.



2. Internationally competitive corporate tax offer

Investing in the UK means a global business can benefit from the lowest corporation tax rate in the G20, a stable tax regime and tax relief using venture capital schemes.

3. Sophisticated research and innovation landscape

The UK offers competitive research and innovation-based incentives so that companies developing new products, processes or services, or enhancing existing ones can access funding and tax incentives.



4. A large, highly skilled workforce

The UK has a labour force of 34.73 million people and an employment rate of 76.5% compared with the European average of 75.2%. The UK's workforce is more qualified than any major economy in Europe and ranks in the top 10 globally.

5. Robust digital and physical infrastructure

The UK has one of the strongest ICT infrastructures in the world. It already has the best superfast broadband service of any major European economy and is set to build a digital infrastructure for a super-connected future, capable of supporting the huge increase in usage and demand.

6. Great connectivity to the rest of the world

With a large integrated system of over 70 airports, 40 major ports, excellent rail links, toll-free motorways and high speed trains to European capitals the UK has the perfect combination of infrastructure to move goods and people quickly around the country in simple, affordable ways.

7. High quality housing, healthcare, education and cultural activities

The UK is home to 8 of the top 10 universities in Europe and 4 of the top 10 in the world alongside world class leisure opportunities and high-quality housing options to suit senior executives and their families.



8. Access to capital via the UK markets

The UK is the best place in Europe and 3rd in the world for scale-up investment, behind only the USA and China. UK start-ups and scale-ups raised a record HK\$113.5 billion in 2020.

9. A strong international business community

The UK has an excellent record of attracting major foreign investors from all over the world. Including Microsoft, Hitachi, Rolex, Coca-Cola, Bose, Mazda and Pfizer.



10. Open to global markets and trade

The UK is one of the most connected global economies, with vast, complex supply chains that reach around the world, global capital flowing through its banking systems, and a long history of providing a base to businesses from all parts of the world.

Finance

Despite the economic headwinds from the pandemic and Brexit, the UK remains Europe's leading location for high-growth firms. The UK ranks third globally for venture capital investment, behind only the US and China, and well ahead of India, Germany and France.

Just one of the reasons that so many international investors are drawn to the UK is the capital allowances allowed against Corporation Tax. The standard ongoing Annual Investment Allowance (AIA) gives 100% relief for costs of qualifying plant and machinery in one tax year of purchases just over £1m per business.

New, temporary deductions are currently available on purchases up until March 2023. Called the super deduction and SR allowance, they give businesses investing in qualifying equipment a much higher tax deduction in the tax year of purchase – a 'first year allowance' (FYA).

The super deduction gives relief at 130% of the qualifying cost

Asset class	CA claim (Capital Allowance)	Asset type	CA rate	Effective relief of cost in year 1 for company
Main plant and machinery	Super deduction	New	130%	24.7%
	AIA (max £1m)	All	100%	19%
	Main pool	Second hand	18%	3.42%
Special Rate (generally Long Life assets or integral features)	AIA (max £1m)	All	100%	19%
	SR deduction	New	50%	9.5%
	Pool	Second hand	6%	1.14%

compared to the usual 18% writing down allowance for investment in main pool plant and machinery assets. The SR allowance gives relief at 50% of the qualifying cost in the first year with the balance going into the normal special rate pool to be written down at the usual 6% rate in future years.

The qualifying groups are broad:

- 'Super deduction' includes all new plant and machinery that ordinarily qualifies for the 18% main pool rate of writing down allowances.
- 'SR allowance' covers new plant and machinery qualifying for the

◀ 6% special rate pool, including integral features in a building and long-life assets.

The allowances are available to companies subject to corporation tax at the point the contract for the plant and machinery (including fixtures installed under a construction contract) for expenditure incurred after April 2021.

The table above shows the effective rates of relief for the different claims. Your capital allowance claims for each year should be compiled with care to ensure your business gets the most optimised benefit overall.



Andrew Griggs

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Award winning Chartered Accountants & Financial Advisers based in London and the South East of England. Kreston Reeves is a member firm of Kreston Global.

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Key Sectors

The decision to permanently move or expand your business to the UK is usually a reaction to spotting the unmissable opportunity. The closer you look, the more you will realise it is the right setting for achieving a long-term objective to expand.



The UK has an established economy, exciting business opportunities and progressive policymaking, meaning that it is an ideal target for foreign investment. However, as is the nature of the business world, you will face competition both from local and other international companies. Ultimately, the UK wants your business and there are many skilled workers in the UK who will be able to help you grow.

Discover the high potential opportunities within the UK, across innovative industry sectors with clear growth prospects.

Manufacturing

- The UK is the ninth largest manufacturer globally and tenth in terms of global exports.
- 2.7m people are employed in manufacturing in the UK.
- London and the surrounding South East combined are the largest region in terms of output with a heavy concentration in electronics.
- Some of the world's largest manufacturing companies are based in Kent, such as leading brands Hochiki, Coty, BAE Systems, Knauf, Sekisui, Fujifilm and Wahl.

Creative Industries

- 1 in 8 UK businesses are in the creative industries, generating £120.74bn GVA.
- 2nd largest video games market in Europe, with a robust ecosystem for development and innovation.
- Europe's largest market for virtual and augmented reality.
- The UK Government-backed Creative Estuary Project along the England's South East coastline will transform the area into one of the most exciting creative and cultural hubs in the world.



Life Sciences

- The UK has the second highest level of government spending on health R&D amongst G7 countries.
- 12% of global cell and gene therapy clinical trials in the UK.
- Kent has the perfect location between Europe and the 'Golden Triangle' of London, Oxford and Cambridge, meaning your business will be fully immersed in the international scientific community.
- Two of the UK's leading science parks – Discovery Park and Kent Science Park – are based in Kent.

Food and Drink

- The food and drink industry is the UK's largest manufacturing sector, and forms part of a diverse and complex supply chain.
- UK food and drink manufacturers directly employ over 440,000 people. Employment in the sector has grown by 19% over the last decade.
- The UK food and drink industry exports are worth £24.1bn and go to over 220 countries and territories worldwide.
- In addition, the county of Kent is known as the 'Garden of England' and has some of the most productive agricultural land in the UK alongside an impressive catalogue of state-of-the-art food and drink processing and production facilities.



If you're looking to invest in property, the UK is a great place to do so. The UK property market is one of the most popular investment markets in the world, offering high rental yields, growing house prices, and more.

Real estate investment

- The majority of UK companies have described 'long-term optimism' in various property market forecasts and, despite lower transaction volumes, the property market (including mortgage lenders) is in a much better place to bounce back than it was following previous crises such as the financial crash in 2008.
- The UK is making sure it has a robust and secure market for those ready to invest in UK property. The UK was the 'most transparent' market in the world, closely beating the United States, Australia and France in the 2020 Global Real Estate Transparency Index by JLL.
- JLL describes the UK as the 'world's leading [real estate] investment destination... pushing the boundaries of transparency through technology, sustainability, regulation and tracking of alternative sectors'.
- Foreign direct investment (FDI) in to the UK has steadily increased over the last few years, hitting highs of £1.93 trillion in 2018. Since then, the UK has achieved a 5% increase in inbound FDI projects, cementing its position as the second best country in Europe.





Innovation

The UK's recent success in vaccine development demonstrates that innovation can occur at speed in the UK. The UK's innovation track record is based on world-leading research and development (R&D) which is why it has such a high value as a location to enable businesses to reach their full potential.

The latest available data from the UK's official statistics provider, the Office for National Statistics, shows that the expenditure made by UK businesses on R&D grew to HK\$277.7 billion in 2019; an increase of 3.3%. South East England had the largest growth in value of regional expenditure, increasing by HK\$3 billion (5.7%) to HK\$56.7 billion in 2019.

One of the most important reasons foreign companies invest in research and development in the UK is the ease with which a business can seek to protect its intellectual property (IP). The UK has a world-class IP regime that has helped produce 78 Nobel Prize winners in scientific disciplines – more than any other country apart from the USA.

This IP regime protects the names, ideas, products, designs and written word of innovators. The UK's Patent Box also offers companies a corporation tax rate of 10% on profits from inventions patented in the UK, compared to the current standard rate of 19%.

The UK is home to four of the world's top ten Universities and is rated 2nd in the world for the quality of those Universities on the Global Talent Competitiveness Index. Universities produce the critical thinking necessary to improve business performance, and facilities like Kent Science Park and Discovery Park house new R&D facilities that focus on turning ideas into commercial enterprises.

Innovative businesses are attracted by the cutting-edge technologies and expertise available in these academic and research facilities. Encouraged by the public sector, collaboration between Universities and business in the UK is the most effective of any of Europe's major economies (according to the World Economic Forum).

Why the UK is ranked 5th in the 2019 Global Innovation Index

- **Over half of all R&D business expenditure comes from foreign-owned companies.**
- **A world-class intellectual property regime to protect innovative ideas.**
- **A natural place of innovation for world-renowned businesses.**
- **78 Nobel Prize winners – more than any other country besides the USA.**
- **Highest ranking G7/G20 economy for innovation**

Business operations in the UK

The UK is ready to welcome new businesses. There are many strategic benefits to establishing a presence in the UK, from market entry to accessing talent and the ease of doing business.

The UK's tax regime

- Currently the lowest corporate tax rate in the G20 at 19%, rising to 25% from April 2023, with several exemptions and reliefs.
- Dividend exemption of 100% with no holding or minimum underlying tax rate requirement.
- A territorial tax system for companies where the focus is on taxing profits earned in the UK.
- The Patent Box scheme gives an effective tax rate of 10% on profits from the development and exploitation of patents where R&D has been undertaken.
- Capital allowance (UK tax depreciation) available on a wide variety of capital expenditure.
- Significantly lower employer and employee social security rates than many other countries.

Brexit

The strong trading and investment relationships between the UK and other countries has evolved and continues to strengthen. In the post-Brexit world, strong trade and investment relationships look set to be more important than ever.

Despite the uncertainty of Brexit and the economic fallout of the global pandemic, the opportunities for global enterprises seeking to expand into Europe via the UK remain compelling. A competitive business environment, tax incentives for FDI and a skilled, flexible labour market, make the UK an attractive destination for investment.

Support

Where you are based in the UK and the support you receive are material decisions. It will be important to be close to London and all the resources that offers, while having easy connections to the rest of Europe for supply chains or shipping finished products.

These two decisions can also determine your eligibility for Government support, and your eligibility for regional support schemes, such as the Internationalisation Fund for businesses in England or the SME Brexit Support Fund.

Locate in Kent will support you with the right advice and guidance on Brexit. We can help global businesses to register in the UK and set up operations, including free or heavily discounted business support services including accounting, legal advice, immigration support, IT, recruitment, and marketing.

We also recommend the following guidance pages and resources:

🔗 [Welcome to the UK - export guidance and services](https://www.great.gov.uk) (www.great.gov.uk)

🔗 [Existing UK trade agreements with non-EU countries](https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries) (www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries)



UK market entry

Realistically, any business looking to expand or move internationally is going to need time to plan and prepare their operations. The first steps are registering a business, establishing an address, opening a bank account and the recruitment and management of your first employee.

The free Locate in Kent service can be tailored to your specific business needs. With sector specialists in the team and access to professional services experts, they will offer bespoke advice that will help get your business up and running as quickly as possible.

They are here to support you and your business to successfully enter the UK market, including finding new business and supply chain partners.

Soft landing package and concierge offer

Our soft landing package means that relocating to the Kent region is the easiest route to establishing a UK business. Businesses looking to set up in the UK from overseas get all the help and support they need to succeed.

Access \$24,000 worth of support for free when you choose Kent, including:

✓ Help to access grants and loan schemes*

✓ 1-2-1 business and sales support

✓ Free or heavily discounted business registration and immigration support

✓ Support for key employees and their families moving to the area

✓ Commercial property search and assistance

✓ Supply chain introductions and external support programmes

✓ Skills assistance and salary insights

✓ Free or heavily discounted accounting and legal advice

✓ Free or heavily discounted business support services, including recruitment, IT and marketing

✓ Detailed local economy data reports

✓ Familiarisation visits to the region

✓ COVID-19 and Brexit guidance

✓ Film and TV businesses - start-up and scale-up support

✓ Free desk space in a safe, state-of-the-art co-working facility

✓ Food tech companies - expert mentorship and accelerator programme

✓ Medical and life science organisations - business rate relief and access to mentors

* subject to availability and eligibility

Real Estate



The Investment Intentions Survey (INREV) explores aspirations for international investment into the UK real estate sector over the following two year horizon. Most respondents to the 2021 survey suggest investors have not significantly changed their investment plans for 2021 because of Covid-19. Capital Economics also forecast positive total returns for UK commercial property in 2021, albeit at a modest level.

The appeal of UK real estate for institutional investors is access to expert management, the low cost of transactions and the diversification benefits of the UK market. Investment volumes have held up well across the UK's largest cities. Total investment volumes are level with the ten-year average.

One of the core investing themes at present is the favourable risk-adjusted returns from UK real estate assets offering long, secure income streams with indexation. Adjusted for risk, that relative performance is enhanced further still. Many of

the conventional UK real estate opportunities can present a smaller premium over conventional gilts, despite rental decline risks.

The UK's industrial, office and retail sectors have seen in investment volume increases return since Q2 2021 compared to the peak of the pandemic. Industrial investments up over 50% on the 5 year quarterly average, fuelled by the drive for delivering eCommerce in the highly populated London and South East of England regions and for post Brexit planning. After all, no part of the UK is better connected to supply chains in Europe and beyond with high speed trains, short ferry crossings and a vast choice of ports offering unaccompanied freight services than Kent.

It has become clear that long distance supply chains are susceptible to external shocks. Reactions to the US-China global trade dispute is influencing the domestication of goods supply chains.

Near-shoring operations is important for many companies operating in the UK as wage costs rise in Asia.

Near-shoring operations and manufacturing is important for many companies operating in the UK, the labour cost arbitrage of having production offshore is starting to become less pronounced now that wage costs are rising in Asia. Some very large manufacturers are investing in Kent on this basis. Either moving from locations in the UK that are too far from ports or moving back from Europe where labour markets are less flexible.

Annual all property capital value growth achieved 3.4% in the year to June 2021, driven by the continued surge in industrial capital value growth. All property equivalent yields declined marginally in June to 6% primarily due to the industrial sector.

Kent, London and the South East

With an ideal location between London and Europe, the Kent region offers the most competitive proposition for businesses moving to the UK. Here you will find flexible facilities, a rich talent pool, enviable quality of life and vital space to grow.

The region is home to over 70,000 companies including some of the UK's best-known brands to the brightest new tech and life science start-ups. Increasing numbers of ambitious business owners are choosing to grow outside the spiralling commercial costs of London.

Kent

- Over **70,000** companies
- Commercial property up to **72% cheaper** than London
- **£7bn** of planned infrastructure



Commercial property and connectivity

Commercial property in Kent is up to 72% cheaper than London and 18% lower than the rest of the South East – yet it is still within easy commutable distance (as little as 17 minutes) from central London and mainland Europe.

We have £7bn of planned infrastructure, complementing our existing roster of business and innovation hubs, first-class office facilities, state-of-the-art industrial units, and fun creative spaces. The UK's only high speed rail link keeps you connected to the capital and attracts more and more creative talent in search of a better quality of life to our county.



Quality of life

Kent is served by the Port of Dover, Channel Tunnel and three major motorways. With high speed rail links to central London and Europe, our county has unrivalled connectivity.

Kent is repeatedly recognised in the international media as one of the best places to work and live thanks to its outstanding beauty, thriving business communities and ambitious growth plans. From arty seaside towns to historic hubs and buzzing town centres, there is something for everyone in Kent.

Skills and workforce

The working population in Kent is supported by five universities. The region features vibrant cities, rich heritage, creative coastal communities and properties to suit every budget (house prices are around 33% cheaper than London).

The Thames Estuary Production Corridor reinforces the region's thriving creative and digital scene, with new creative and cultural programmes launching regularly.





Human Resource

The UK's flexible labour laws enable businesses to hire staff in a way that suits their needs. Freedom to recruit quickly and for as long as needed means companies can react to changing circumstances easily. In fact, the UK is considered better than Germany, Italy, the Netherlands, Spain and France for ease of recruiting, downsizing and changing staff working hours according to the World Bank's Rigidity Employment Index.

The World Economic Forum (WEF) scores the UK highly in attracting and retaining talent. According to WEF, UK businesses:

- Get more flexibility to determine wages than any other country in Western Europe and every country in the G7 apart from Japan.
- Experience a more straightforward process for recruiting and adapting than in Germany, the Netherlands and France.

- Face lower redundancy costs in the UK than in the Netherlands, Switzerland, France and Germany.

Low labour costs are more important than ever as many parts of the world face shortages in labour supply. The UK operates a National Minimum Wage and a National Living Wage, encouraging people to work and prevent businesses from competing unfairly. Yet, average UK labour costs are still the most competitive in Western Europe.

A highly skilled workforce is the foundation of a strong, dynamic economy. The UK is home to four of the world's top ten universities and home to 11 of the top 100 full-time MBA ranking institutions. The Global Talent Competitiveness Index (GTCI) rates the UK 2nd in the world for the quality of its universities, and 3rd for its pool of global knowledge skills.

With the highest proportion of adults in Western Europe educated beyond high school level, UK

businesses have access to the sort of transferable, critical thinking skills that drive innovation and business growth.

Why the UK is 3rd in the World for Attracting Global Talent

- **4 top ten universities and the most leading MBA institutions in Europe.**
- **Around 76.5% employment rate against a European average of 75.2%.**
- **Competitive labour costs – lower than Italy, France or Germany.**
- **78 Nobel Prize winners – more than any other country besides the USA.**



Amanda Barnett
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New Appointments Group is a leading Kent recruitment agency with jobs in Kent and Medway.
www.newappointmentsgroup.co.uk



Contact us

Thank you for reading our guide.

The economic hub of the UK is London. A vibrant and innovative environment for new and growing companies to thrive; having a London location sends the message that you are a global enterprise. But if you're planning to relocate your business to the UK it is important that you consider the premium you will pay to be in London and the better value alternatives that offer all the benefits for a fraction of the cost.

The world continues to evolve, seemingly at a faster rate than ever before. The challenges of getting to net zero, creating more engaging workplaces for colleagues and the continual pursuit for productivity are not insubstantial. I recognise that augmenting the complexity of moving to the UK on top of these is an additional management headache you could probably do without.

That's why the first issue you must consider when moving your business is 'who is going to support our relocation?'

I have trained my team and designed our service to be flexible to support your needs. We have experienced partners in place to deliver specialist support. Some are featured in this document. My team and I are determined to demonstrate the easiest way to make a business investment in the UK is through the Kent region.

I hope our guide has been a good starting point. Please get in touch with your questions, to start the process to establishing your global presence in our vibrant and innovative business environment today.



Simon Ryan
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The figures used in this document were correct at the point of publication and are subject to change by HM Government and currency changes



Locate in Kent

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GREAT 
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