

# BRITAIN'S BEST CITIES 2005-2006

## Executive Summary



*The latest in a series of surveys from OMIS Research  
charting the views of senior executives on the  
best locations for business in the UK*

8th UK survey Spring 2006

The logo for OMIS Research, featuring the letters 'OMIS' in a stylized, bold, sans-serif font. The 'O' and 'M' are connected, and the 'I' and 'S' are also connected. The logo is positioned above a thin horizontal line.

This year's Britain's Best Cities survey once again focuses on the 28 largest cities in the country. Together, these major metropolitan areas now account for a quarter of the nation's population, 28 per cent of the workforce and one third of UK businesses. We have refined the rankings this year to distinguish between the country's 12 first-tier and 16 second-tier cities to help improve peer group comparison.

The latest survey findings offer more of an indictment of the UK as a business location than confirmation of which are Britain's best cities for business.

While workforce factors continue to be the primary determinant of business location decisions, labour availability and skills shortages are no longer the biggest obstacles businesses face. Employers' concerns about the climate created by Government have overtaken workforce and other issues. Ever-increasing regulation, bureaucratisation and taxation of business, ever-worsening public transport infrastructure plus a perception that there is now less support for UK plc have created an environment that Britain's biggest employers are growing anxious about.

The survey clearly identifies key problem areas. Questions remain about how many of these can be effectively funded and urgently tackled, particularly in a sustainable manner.

**Brian McDougall**

*Managing Consultant, OMIS Research*

## About the survey

Britain's Best Cities (formerly Best Locations for Business) survey is conducted independently by OMIS Research and has been published since 1994. It is the largest and most comprehensive regular poll of location issues affecting the UK business community.

Between July and November 2005, 5,165 questionnaires were sent on a geographically and sectorally representative basis to named contacts at major employers based in the 28 largest UK cities. A total of 516 completed replies were used to compile the results.

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### Britain's Best Cities 2005-2006

This year's survey reflects that, while workforce remains the crucial determinant of business location, its relative importance has diminished as transport and cost considerations have become more critical to British businesses over the past two years.

### City Rankings

- Manchester is named Britain's Best City for business in 2006. Despite challenges, the city's continuing appeal to business is credited to its growing popularity and a pivotal role to counterbalance the growth and prosperity of London in the north. There has been some easing of skills shortages in the city over the past two years while continuing indigenous demand and new inward investment activity have provided the stimulus for improved property availability.
- Leeds is knocked off its pedestal and into third place behind Glasgow. This fall from grace comes despite the city's makeover and recent marketing push to attract new investment. Relative under-performance over the past two years in transport improvements and cost competitiveness were the major contributing factors.
- London comes in fourth place in the latest ranking, ahead of rising stars Liverpool, Sheffield and Cardiff. Despite its unique advantages, including those associated with the 2012 Olympic Games, issues of skills shortages, high costs and inadequate transport infrastructure prevail.
- Costs have been steadily rising over the past two years in 5th placed Liverpool, but remain significantly lower than in Manchester, Leeds or Birmingham. Improvements in Liverpool's economy, infrastructure and status have had a beneficial impact on external perceptions of the city since 2003.
- Birmingham fails to sparkle, falling to 8th place, not helped by recent negative events and subdued investment interest. Other downgrades are Newcastle upon Tyne, Edinburgh, Bradford and Bristol.
- Newcastle upon Tyne is the biggest loser in this year's survey, despite the city's impressive investment performance in 2004 and 2005. Concerns raised by respondents revolve around deteriorating quality staff and skills availability in the city, upward wage pressures as a result and increased difficulties for staff getting to work.
- Wakefield leads Britain's 'second-tier' cities by virtue of workforce and business environment advantages. Stoke-on-Trent, Aberdeen, Leicester and Swansea all performed much more positively in this year's survey than in 2003, reflecting growing interest in Britain's smaller cities that may have untapped potential.

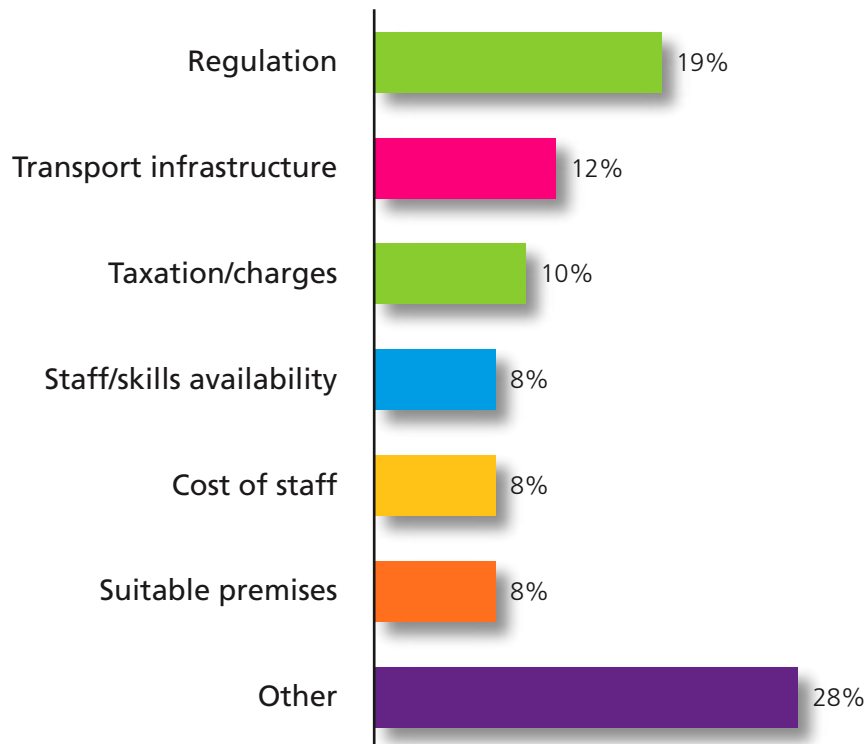
### City Satisfaction

- Satisfaction with cities among local employers has improved the most in London over the past two years, where it has risen by 11 percentage points to 76 per cent.
- A total of 15 of the 28 cities surveyed registered improvements in overall satisfaction levels compared to 2003, while 10 declined and three stayed the same.
- Brighton, Edinburgh, Glasgow and London lead the latest survey satisfaction ratings, while local employers once again rate Bradford and Coventry worst overall. Satisfaction with existing city locations ranges from 50 per cent to 82 per cent.
- Most dissatisfaction with Britain's cities revolves around crime, violence and security (Belfast, Bradford, Bristol, Cardiff, Glasgow, Hull, Leicester, Liverpool, Manchester, Nottingham, Salford, Sheffield, Wolverhampton), skills shortages (Aberdeen, London), educational problems (Bristol), escalating costs (Aberdeen, London, Sheffield), transport and parking issues or delays in new investment in transport networks (Birmingham, Bristol, Coventry, Edinburgh, Liverpool, London, Manchester, Plymouth), plus failures in city management or decision-making (Birmingham, Hull).
- Business optimism is on balance 15 per cent lower overall than two years ago. Numbers employed by respondent companies have risen by an average of only 2 per cent since 2004. Of those businesses that are considering future expansion, 76 per cent expect this to remain in the UK, while at least one in 4 respondents (down from one in 3 two years ago) say they expect to consider relocation or expansion outside the UK over the next two years.

### Key Factors

- There was preponderance by business this year on several national rather than city issues.
- Above all else, Britain's employers are pre-occupied by the state of the business environment largely created by government. Almost 40 per cent of respondents highlighted either over-regulation (19%), high taxation or other business charges (10%), lack of tangible public support for business (5%) or increasing threats from crime and to safety and security (4%) as being the most important issues their businesses presently face.
- Key location factors are once again led by workforce, with tight labour markets, inadequate skills and skills shortages all major concerns. That said, workforce now appears to be the primary location determinant for only 47% of employers (63% in 2003), diluted by rapidly escalating concerns over transport (21%) and cost competitiveness (19%). Together, these three factors accounted for 87% of first choice location factors.

### Biggest business concerns

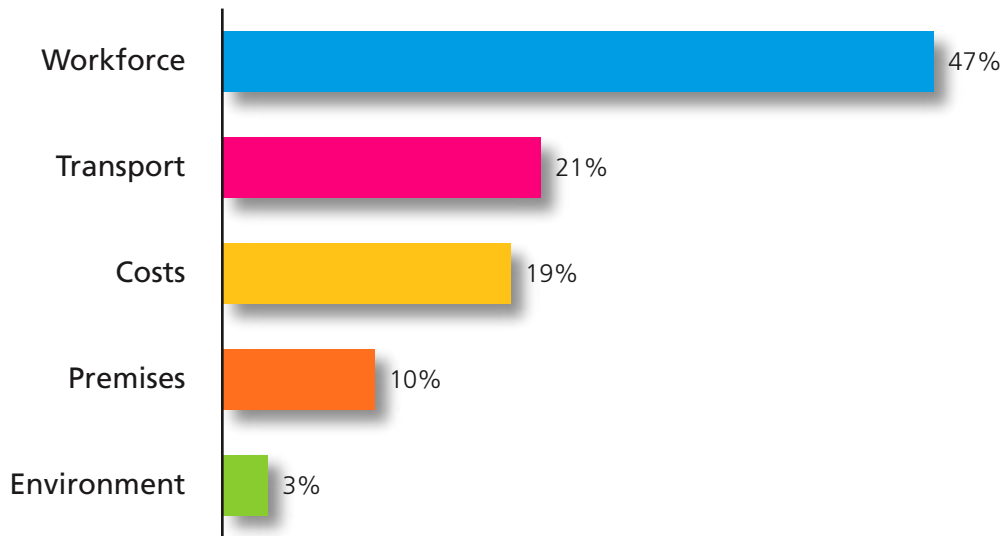


The survey highlights that Britain's cities pose a complex combination of opportunities and challenges for business. The vast majority of employers declare overall satisfaction with their cities and that their business needs are currently being met.

However, just under half of respondents are putting up with key skills shortages, while nearly two thirds lambast the demise of basic required skills in the workforce such as literacy, numeracy and communication. Almost a quarter of employers also report transport infrastructure to be in a poor state, rising to more than 70 per cent mentioning poor services, quality or reliability, congestion and public under-investment.

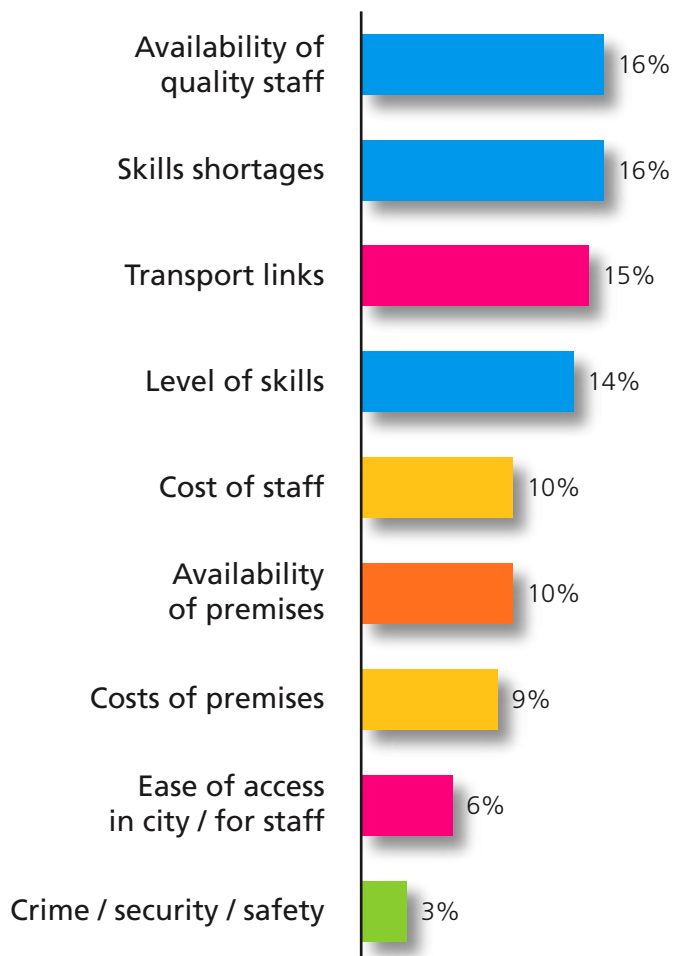
These critical factors, together with the stresses and strains of business regulation and rising costs, are having a major impact on the productivity and competitiveness of Britain's cities.

### Most important location factors



Note: Based on respondents' first place rankings

### Breakdown of location factors



'Tier 1' Cities



## 'Tier 2' Cities





### Summary ranking and relative scores

City (base)	Rank 2003 (28)	Rank 2005 (12/16)	Weighted score (lowest = best)
Manchester	2	1	5.37
Glasgow	7	2	5.49
Leeds	1	3	5.64
London	4	4	5.70
Liverpool	14	5	5.87
Sheffield	11	6	6.04
Cardiff	10	7	6.05
Birmingham	6	8	6.38
Edinburgh	9	9	6.53
Belfast	21	10	6.68
Bristol	16	11	8.27
Newcastle upon Tyne	3	12	9.58
Wakefield	15	1	6.05
Aberdeen	24	2	6.72
Leicester	25	3	7.23
Swansea	22	4	7.58
Southampton	27	5	7.63
Brighton	12	6	7.74
Stoke-on-Trent	23	7	7.92
Bradford	8	8	8.03
Salford	5	9	8.23
Sunderland	19	10	8.66
Derby	13	11	8.67
Coventry	17	12	8.76
Nottingham	20	13	9.36
Kingston upon Hull	28	14	9.43
Wolverhampton	18	15	10.40
Plymouth	26	16	12.31

Tier 1 cities



Tier 2 cities



Relative location scores are calculated on the basis of metric rankings and respective weights when applied to these two city subsets. Lower scores are best, reflecting higher metric rankings. An overall score of 5 is calculated as being 50% better than one of 7.5 and 100% better than a score of 10.

### Winners and losers

Change +/-	2003 rank (tier-based)	2005 rank (tier-based)	Weighted score (lowest = best)
+10	12	2	Aberdeen
+10	13	3	Leicester
+10	15	5	Southampton
+6	10	4	Swansea
+5	10	5	Liverpool
+4	5	1	Wakefield
+4	6	2	Glasgow
+4	11	7	Stoke-on-Trent
+3	9	6	Sheffield
+2	12	10	Belfast
+2	16	14	Kingston upon Hull
+1	2	1	Manchester
+1	8	7	Cardiff
0	4	4	London
0	11	11	Bristol
-2	1	3	Leeds
-2	7	9	Edinburgh
-2	8	10	Sunderland
-2	14	16	Plymouth
-3	3	6	Brighton
-3	5	8	Birmingham
-4	9	13	Nottingham
-6	2	8	Bradford
-6	6	12	Coventry
-7	4	11	Derby
-8	1	9	Salford
-8	7	15	Wolverhampton
-9	3	12	Newcastle upon Tyne

Tier 1 cities

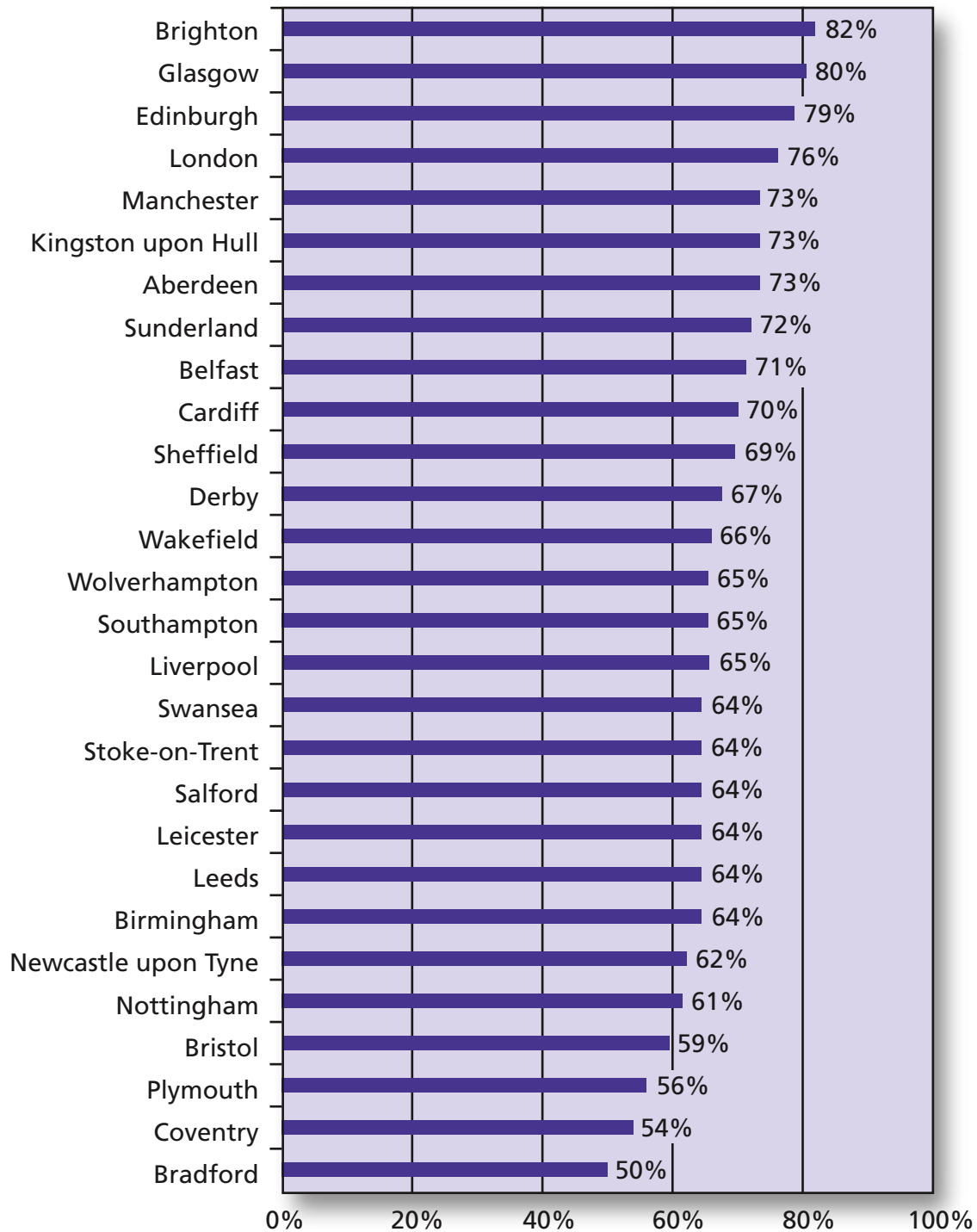


Tier 2 cities



The overall ranking from the 2003 survey has been revised to reflect relative performances between 'Tier 1' and 'Tier 2' cities and highlight changes in city performance over time. Changes in the focus and weighting of employers' location criteria between surveys have had a major impact on the rankings between years and have been the biggest influence on this table of winners and losers.

### City satisfaction rating



% of local respondents either 'satisfied' or 'very satisfied' with their existing business locations.

## Survey results

*"The local economy is generally buoyant but we face skill shortages and an ever-tightening labour market"*

**Aberdeen**

*"We need to spend far more on public transport to make it a viable alternative"*

**Cardiff**



*"The public transport system is increasingly expensive and inadequate"*

**London**

*"This Government is more interested in buying the votes of public sector workers than supporting private enterprise"*

**Southampton**

*"Plans to regenerate deprived areas are moving much too slowly"*

**Belfast**

*"Unless the authorities can overcome the outside perception that this is not a safe place, there will be no more investment"*

**Nottingham**



*"Manchester is improving at a rapid rate and feels more international than Birmingham"*

**Manchester**

*"These are challenging times for the city"*

**Birmingham**



*"The manufacturing sector needs the government's support"*

**Coventry**

*"The city is more appealing. Parking has improved and the CCTV gives people peace of mind"*

**Derby**



*"The local economy is at risk from poor skills levels and relatively low productivity"*

**Swansea**

*"Where is the money going to come from to pay for these plans for the city?"*

**Sunderland**

*"Manchester and Liverpool are the country's boom towns at the moment"*

**Manchester**

*"The city has become dirtier and noisier over the past two years"*

**Brighton**

*"Traffic could put off potential investors to the city. On a normal day it takes half an hour just to leave this business park"*

**Coventry**



*"Plans to regenerate this city are failing"*

**Hull**

*"Salaries are constantly rising because we can't find qualified candidates to employ"*

**Nottingham**

*"I am constantly amazed by the lack of most basic skills of many workers"*

**Bristol**





## OMIS Research

OMIS is an independent consultancy specialising in business location, relocation and related research.

At the core of the business is an on-going research programme that collates, validates and standardises demographic, economic, corporate, industry-specific and real estate information and intelligence.

Established in 1989, this research engine now allows comprehensive profiling and evaluation of every significant business location across Europe and major parts of Asia, Africa and the Americas.



For more information or assistance with your location strategy, please contact Brian McDougall at:

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