

CEO's Blog, November/December 2011

At the beginning of December UCAS reported that student applications for university courses starting in 2012/13 are down 13% on the previous year. No particular surprises there but it underlines how competitive the market is going to become for students - and how essential it is for higher education providers to show good, relevant, employment experiences during a course and heightened prospects for employment further on in life. Those universities engaging with R&D intensive and creative business communities will be the winners here, which we welcome. We have just started to do some work with the University of Worcester on their University Park where an Enterprise and Technology Centre is planned, all very exciting.

Deputy prime minister Nick Clegg has announced that eight English cities will be designated "[core cities](#)" with more freedom to invest in major projects, which we very much see as positive. Manchester, Sheffield, Liverpool, Leeds, Newcastle, Nottingham, Bristol and Birmingham are to become 'cradles of economic growth'. Richard Florida has long advocated strengthening cities if people with talent are to be attracted to a country, or to remain there, and this can only help. The special status bestowed by government on the cities listed above gives the cities' councils more freedom from Whitehall to invest in and secure money for major spending projects and there is a consolidated capital pot to use for economy boosting activity. A shame that Cambridge and Oxford weren't included.

De Montfort University's annual [Commercial Property Lending Report](#) is now out, underlining the problems that exist in the commercial property market. 25% of UK commercial property loans are in excess of the value of the properties they are attached to – and given that the total loan book adds up to about £200 billion there is a lot of negative equity out there. Banks typically lend at up to 65% of value today, in a very cautious market, and we think this may be driven lower as new legislation requiring banks to increase the amount of capital they hold reduces the amount of money out there to borrow. Total sums they have are likely to reduce with sovereign debts potentially having to be written off in places and reduced inter-bank lending. Inevitably the banks will try and keep the loans they do place as safe as possible. Evidence is already showing that loans in default are up in 2011. The good news is that banks still seem to be helping existing borrowers refinance loans.

Of great interest to the UK's med-tech sector, the government has just launched its [Life Sciences Strategy](#) and it includes some really exciting proposals - £180 million to help businesses develop new technologies, an initiative to get hi-tech equipment into the homes of the seriously ill to help them with day to day care and a further initiative to help get new drugs and technologies into the NHS. We have first-hand knowledge of frustration from companies that have developed new products and cannot get them into hospitals because of historic procurement processes so will be watching this space with great interest. Our Cambridge Biomedical Campus and the former Royal Eye Hospital project in Manchester, designed to give businesses the opportunity to co-locate with hospitals, will perform so much better if businesses feel there is real prospect of getting technologies taken up.

Finally something to say about the Government's new [Innovation and Research Strategy for Growth](#). Sounds fantastic. Key initiatives are £75 million for the TSB to give high tech businesses better access to appropriate facilities and finance, £25 million to help companies develop prototypes and a new innovation vouchers scheme to be delivered by the TSB that will give SMEs the opportunity to get free academic support from colleges and universities. There is to be a doubling of money available to the programme run by the Design Council to help SMEs develop improved products. Power to your elbows, Vince Cable and David Willetts.

In the office there has been no sense of slowing down for Christmas with our clients keeping us very busy, but now the tree and lights are up and we are looking forward to a team meal tomorrow. Wishing you all a great Christmas and see you in the New Year.

A handwritten signature in black ink, appearing to read 'John', followed by a period.