

Kent & Medway Business Advisory Board
Thursday 8 November, 8.00 – 10.30 am in the Inspiration Suite
@ The Village Hotel, Maidstone

Light breakfast from 7.30 am

Programme

08:00	1	Welcome and Introductions	Geoff Miles, Chair
08:05	2	Review of BAB actions arising since the last meeting	Sarah Nurden
08:10	3	Economic Commentary	All
09:15	4	Better Business for All (BBfA) Better Business for All (BBfA) helps businesses receive the right regulatory support. BBfA is redesigning its website and wishes to demonstrate the new features for BAB so you are aware of the support available.	Annie Sargent (Dartford BC) & Stuart Albon, Intelligent Linking, Kent Fire and Rescue
09.35	5	Enterprise and Productivity Strategy Official statistics show that the UK's productivity lags behind our international competitors. Kent and Medway also have a productivity challenge, as our productivity levels (£21,435) are lower than those of the SE (£28,683) and England (£26,621). The Government has published a national Industrial Strategy to make the UK more competitive. Kent County Council, Medway Council, and the 12 Kent Districts are working in partnership to develop a Kent and Medway Enterprise and Productivity Strategy. Successive past strategies have highlighted a range of challenges that impact on our overall business and workforce productivity levels but have struggled to understand and address the underlying causes of those issues. The main objective of this strategy therefore is to evidence and address the underlying causes of our comparatively low productivity levels, identifying opportunities to enable business growth.	Johanna Howarth, KCC
10:05	6	Any other Business	All
10.20	7	Summing Up	Geoff Miles

Notes of the Kent and Medway Business Advisory Board – 13 September 2018

The Business Advisory Board meets bi-monthly and provides an insight from the business community in Kent and Medway on current trading conditions and experience of the local economy. The headline points are presented below and the full meeting note follows.

Highlights from Economic Commentary

- The lack of business investment, despite finance being relatively cheap, is a concern for the economy.
- Several businesses continue to express concerns around the uncertainties of what Brexit will actually look like.
- Staff recruitment and retention continue to be challenging for a number of sectors.
- Small business confidence appears to be holding up however, although there are concerns in retail and professional services.

1. Welcome and Introductions

The Chairman welcomed attendees to the meeting.

2. Review of actions from the last meeting (5 July 2018)

There were no outstanding actions from the meeting in July.

3. Economic Commentary

Phil Eckersley (Bank of England) – There has been some modest wages growth, which has been a long time coming. There are record levels of employment, so wages are now catching up. Inflation is under control. The big issue is the lack of business investment, despite finance being relatively cheap. Brexit is probably a factor, but are there other reasons why?

Bob Russell (Russell Distillers Ltd and Copper Rivet Distillery) – The business is approaching its second anniversary, and there has been steady growth despite a crowded market. Overseas interest has been helped by the weakness of sterling. There are now 11 full time staff, recruitment of whom has been helped by proximity to universities.

Matthew Arnold (Stagecoach Southeast) – Trading has been reasonably good, although this brings with it challenges, such as congestion. There has been a doubling of business over 25 years of operation. September is a challenging month with schools returning after the summer break, especially in parts of east Kent which the company has been responding to. Now looking to post March 2019 and how this might affect business.

Joanna Worby (Brachers LLP) – There has been 10% growth on 2017. Clients are doing reasonably well, although there are concerns in the manufacturing sector. Some clients are cautiously focusing on improvements in technology and productivity. There are challenges from FCA and SRA regarding price transparency.

Paul Winter (Wire Belt Ltd) – The company exports 70% of its products. Investment from the UK is soft. Affected by EU tariffs on imports from the USA. On the skills front, the ESFA has recently published new apprenticeships funding guidance for employers and training providers.

Andrew Metcalf (Maxim PR) – It has been a few good months, with project work driven by planning issues across the county. Clients are facing some significant marketing challenges.

Paul Barrett (Canterbury for Business and Barratts Motor Group) – Business is grim and new car sales have been challenging for the time of year. Customers are confused because of uncertainties around Brexit and fuel. Lower levels of profitability have therefore put investment on the back burner.

Fraser Thompson (Chapel Down Wines) – Company has been investing heavily in vineyard development and is looking for a site for a winery. Meanwhile, the £11m brewery development in Ashford is underway. Engaged in a collaborative tourism project with other Kent based wineries. Post Brexit, the availability of seasonal workers could be a major issue for the industry which is already planning for No Deal.

Will Sheardown (Quinn Associates) – Working jointly with the local authorities on developments in Sittingbourne and Canterbury. Attended the recent meeting with Highways England at County Hall and expressed hope that this will lead to better collaboration between stakeholders. Company has submitted plans for a major residential development near Detling.

Oliver Doubleday (GH Dean & Co Ltd) – Yields have been better than expected and prices are strong this year. The recently published Agricultural Bill looks at post 2021 transition arrangements and contains no surprises with a focus on land management. The government's decision to introduce a pilot Seasonal Agriculture Workers scheme is welcomed because of concerns about access to labour, with investment decisions having been put on hold.

Gavin Cleary (Locate in Kent) – There are mixed messages. Foreign enquiries have gone down although enquiry levels from Kent businesses are stable, in particular enquiries about finance. Marketing activity has increased.

James Beatton (Cripps LLP) – Busy times and looking for increasing signs of confidence among clients. There is a lot of M&A activity going on, and larger businesses are paying staff more rather than banking investment. Staff recruitment and retention continues to be challenging, and an apprenticeships programme will be starting soon.

Heidi Skinner (Freight Transport Association) – Brexit is the major concern for the sector. More clarification is being sought about future arrangements for Operation Stack, and provisions for lorry licencing and permits, and FTA would like to see more lorry parking facilities provided in the county.

Geoff Miles (Maidstone Studios and chairman of BAB and KMEP) – Office development on the Studios site is nearly complete and there is a steady demand for units. Phase 2 of the Data Centre is underway. Future TV business could be promising as other studios close, and Kent has become increasingly popular with film and TV, with the Kent Film Office playing an important role.

Mark Dance (Kent County Council) – Involved with several projects that will benefit the county, and KCC's business finance schemes are working well. Looking to develop closer links with universities.

Jo James (Kent Invicta Chamber of Commerce) – The Growth Hub service is going well and hoping to extend to include a Scale-Up programme. The South East Business Boost programme has started slowly and is looking for more takers. There are two big events coming up (Medway B2B and Construction Expo). KICC has been working closely with Treasury and HMRC on customs arrangements and services.

Susannah Schofield (Dice Matrix Consulting Ltd) – There have been significant numbers of EIS and SCS investments going into pre-revenue start-ups, including in well-being and mental health initiatives.

Barbara Cooper (Kent County Council) – Collaboration locally with different central government departments in relation to Brexit has been difficult. KCC has been undertaking contingency and business continuity planning for Brexit, including worst case scenarios, and is hopeful that even simple measures will be effective. Financially, next year will be very difficult for KCC which needs to find some £50m savings.

Paul Thomas (Development Land Services Ltd) – Concerned about ageing infrastructure in Kent, and advance infrastructure in motorways and rail needs to be in place sooner than later.

Alison Parmar (Federation of Small Businesses) – Small business confidence is holding up although there are concerns in retail and professional services. FSB will be hosting a Mental Health and Well Being conference in October and will be involved in the second Kent Business Summit in January.

Roland Cooper (Considine Ltd) – The last quarter improved although activity is still stuttering. Recruitment problems are also a brake on activity, and some businesses are off-shoring resources. Also attended the Strategic Corridors conference at County Hall, and the amount of major infrastructure investment in the county is to be commended. Concerned about attitudes to Brexit however – businesses need to be planning now for changing circumstances.

Sarah Dance (Sarah Dance Associates) – National statistics show that visits to cultural institutions are down, but this is not the case in Kent where there are ongoing investments in cultural tourism. A bid for a new cultural development fund for the Thames estuary corridor was recently submitted.

Douglas Horner (Deputy Lieutenant for Kent) – Concerned that government doesn't appear to understand the importance of partnership structures in place locally.

Sophie Mew (Eurotunnel UK) – Traffic numbers continue to grow but there are concerns about Brexit and its implications for Kent. Operation Brock will help freight but not passengers. Continuing to work with government and partners.

Miranda Chapman (Pillory Barn) – Business is steady, but looking six months ahead rather than twelve months.

Matthew Norwell (Thames Gateway Kent Partnership) – The Thames Estuary Growth Commission report was published in June, and TGKP is working to ensure that government takes the report seriously, which is helping to raise the profile of the area.

Peter Hawkes (Furley Page LLP) – Business levels are holding up, especially in dispute resolution and corporate work. Company is investing in new technology.

Tony Inglis (University of Kent) – University investment tends to be cyclical, and there are some significant capital programme plans over the next 5 years.

Stephen Kingsman (DMA Group) – The construction industry is waiting for things to happen.

Additional Commentaries

William Hinckley (BTF Partnership) – Limited supply of most types of commercial property across the county and relatively good demand. Rents and capital values seem to still be OK in most areas. Virtually no new commercial development and a loss of accommodation to change of use (mainly to residential). With most local plans focussed mainly on housing delivery, there is a danger that there will be insufficient land to meet future growth needs in most towns, meaning that the longer-term prospects for the commercial sector in Kent does not look good. Retail and restaurant sectors continue to suffer from the loss of major occupiers, but there is still reasonable demand in the lower cost secondary locations. The rise in interest rates seems to have little or no effect on the investment sector presently with still a strong appetite to buy property. In the agricultural sector, farmers are beginning to consider the implications of a Post Brexit “subsidy free” existence and the prospect of increased cost and availability of labour. The supply of agricultural land is however still relatively limited, and demand, especially from roll-over buyers remains good.

David Curtis-Brignell (Visit Kent) – In June 2018, Kent attractions experienced a year-on-year increase in visitor footfall of 4.8%. Factors influencing performance included the good weather and several popular events taking place. Attractions in coastal areas fared best, with a 13.2% increase in visitor footfall. Serviced accommodation providers saw a decrease of 2.2% in occupancy levels, while RevPAR also saw a decrease of 1.8%. This slight decrease in occupancy and increase in visitor footfall could potentially indicate an increase in the number of day trips compared to overnight stays in 2018. 82% of visitors to attractions were domestic and 18% were from overseas. 31% of attractions reported France as the most prevalent overseas market. In June, Visit Kent’s website experienced a slight decrease of 2.3% in the number of visitors compared to May. This could be due to a spike around the May bank holiday weekend. Looking at the performance of cross-channel carriers in Q2/2018, the number of passengers decreased year on year by 1.6%. The number of cars however experienced a slight increase (0.5%) during the same period.

3. LEP Review - Sarah Nurden (KMEP)

Sarah Nurden ran through the government’s proposals set out in its report, Strengthened Local Enterprise Partnerships. There was overwhelming support from BAB members for maintaining the status quo on SELEP geography, governance and representation.

If this was not acceptable to government, it was agreed that proposals should work towards a LEP for Kent, Medway and East Sussex, but with no diminution of local authority representation.

4. Local Growth Fund - Sarah Nurden (KMEP)

BAB members' views were sought regarding the list of potential project applications for Local growth Fund support. Sarah Nurden agreed to circulate the list of projects to members.

5. Delivering the Industrial Strategy – Joe Fyans (Localis) and David Godfrey (KCC)

Consultants Localis have undertaken research for Kent and Essex, which has been well received by government. The findings for Kent showed that the county is behind its near neighbours on productivity. The implications for Kent were briefly described, and the slide presentation is available on the KMEP/BAB website.

4. AOB

The chairman emphasised the importance of having full business representation at the next KMEP meeting on 24 September.

The meeting with Kent MPs on 26 October has yet to be confirmed. Possible agenda items are Brexit and the LEP Review, but suggestions are welcomed.

The next meeting of the Business Advisory Board is on 8 November.