

## Notes of the Kent and Medway Business Advisory Board – 14 September 2017

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

- Local planning authorities and developers should start to consider now what the future charging requirements might be for electric vehicles.
- There has been a softening of demand for construction materials, although the impact on development appears to be mixed across the county.
- Generally speaking, margins on commercial property development are under pressure, and there was some discussion about the potential for the public sector to get involved more with developers in facilitating and funding new development.
- There is an extensive campaign around Brexit and customs controls, and several organisations, including FTA, Port of Dover and Eurotunnel, are working closely with government officials on the importance of keeping traffic moving across borders.

### 1. Welcome and Introductions

The chairman welcomed Andy Martin of London Resort Company Holdings to the meeting.

### 2. Review of actions arising since the last meeting

There were no actions arising from the last meeting in July.

### 3. Economic Commentary

**Paul Barrett (Canterbury for Business and Barratt Motor Group)** – There has been a softening of demand for new vehicles amid a lot of misinformed debate about diesel and petrol engines. There are increasing price pressures on components, much of which are sourced from abroad. Would like local planning authorities and developers to consider what future charging requirements might be for electric vehicles.

**Charles Buchanan (Charles Buchanan Associates)** – The summer has been good for the aviation industry with increases of +3% and +13% respectively in passenger and freight movements. The value of sterling has probably contributed to that. Political interest in airport ownership appears to be increasing.

**John Bunnett (Brett Group)** – The demand for construction materials is softening, especially in London and is spreading further out. Have around 1000 houses going through the system. Developers' land banks are filling up, so they're becoming more selective about sites. Has been involved in local plan preparation for London, which is looking to areas outside London to meet housing demands. The potential implications for Kent include opportunities for trade-offs with London because Kent has something to offer.

This prompted some discussion, particularly whether there might be opportunities for helping to attract business leaders and entrepreneurs to the county, both in terms of residential and commercial accommodation. The Mayor of London appeared to be looking to engage with willing

partners outside the capital. It was commented that these were among the issues being picked up by the SELEP housing group.

**Barbara Cooper (KCC)** – KCC has been active in looking to secure additional financial resources for capital projects, building on the recent refresh of the Growth and Infrastructure Framework. This includes the Housing and Infrastructure Fund, and KCC is helping to develop two applications at Otterpool and Sittingbourne which are supported by KMEP. KCC is also putting together an Enterprise and Productivity Strategy. Waste levels are often seen as a barometer of economic success, and it is noticeable that levels are not increasing as they once were.

**Mark Dance (KCC)** – The Ebbsfleet development is an ambitious project, but not without its issues in relation to central government. It was important to get the ground rules right when dealing with civil servants.

**Andrew Davies (Handelsbanken)** – Although busy, the bank's customers present a mixed picture in relation to the economy.

**Douglas Horner (Trenport Investments and CBI South East)** – Business continues to be steady and has not yet come across a slowdown in the market.

**Jo James (Kent Invicta Chamber of Commerce)** – Performance has been mixed among KICC's members. Some businesses report increasing export activity which has meant that KICC has had to take on additional staff to deal with documentation. On the other hand, activity in the construction sector has been slowing a little and members are being cautious. Materials costs and wage pressures are a big concern. There will be a business update on the Lower Tames Crossing on 12 October.

**Stephen Kingsman (DMA Group)** – RBLI continues to provide residential accommodation for ex-service people as well as support the social enterprises producing pallets and road signage at Aylesford.

**Geoff Miles (Maidstone Studios)** – Has concerns about local planning authority attitudes to office development in light of own experiences at the TV Studios.

**Keith McAlister (Thomson, Snell and Passmore)** – Business is steady with good levels of activity. Recently won an Employment Tribunal case involving Unison which might lead to more potential future claims.

**Matthew Norwell (Thames Gateway Kent Partnership)** – The Thames Estuary Commission's awaited report is expected by the end of the year. TGKP is in the process of finalising its growth programme.

**Sarah Nurden (Kent and Medway Economic Partnership)** – The recent KMEP meeting gave its support to four Kent and Medway projects bidding for funding from the Growing Places Fund. There will be a new call over the next couple of months for project applications to European Social Fund. The work on the Strategic Economic Plan continues. And the bidders for the south east rail franchise will be meeting SELEP and KMEP officers over the next couple of months.

**Mark Quinn (Quinn Estates)** – There is some nervousness in the development industry, and although not much is happening in and around London it is still a good time to build. However,

margins on property development are under pressure and would like the public sector to get involved more with developers in facilitating and funding the development of commercial space.

**Bob Russell (Russell Distillers and Copper Rivet Distillery)** – The distillery now has six full-time employees including a sales manager, and is on the cusp of breaking into a couple of major retailers. There are sales agents in Canada, and is exhibiting in Shanghai with DIT help. Business turnover has increased by some 40%.

**Heidi Skinner (Freight Transport Association)** – There is an extensive campaign around Brexit and customs controls, and FTA is working closely with government officials on this and pressing the importance of check-in facilities for freight vehicles.

**Bernard Spring (Young Enterprise and independent Management Consultant)** – Now chairing the steering group for the North Kent Enterprise Zone, as well as Young Enterprise. The NKEZ sites are in the early stages of planning and site acquisition.

**Paul Thomas (Development Land Services)** – Now involved with the SELEP Housing and Infrastructure Group, and would welcome input from BAB colleagues on several issues. These include procurement, infrastructure barriers to development and utilities planning.

**Paul Winter (Wire Belt)** – Changes are not too noticeable but sterling weakness is favouring the company's export activity. However, there are increasing prices being charged for raw materials and components. The company has been installing solar panels and is electric-neutral as a result of this and other improvements.

**Paul Wookey (Locate in Kent)** – Working with KCC on commercial floorspace considerations for the Growth and Infrastructure Framework. Not much commercial development taking place, and this leads to subsequent pressures for residential development. Permitted development rights for small industrial units are probably making matters worse, and planning authorities need to think how the loss of commercial space can be prevented.

**Joanna Worby (Brachers LLP)** – Overall, business is steady although clients' experiences have been mixed, and many businesses are focusing increasingly on improving efficiency and productivity. On the legal side, there are new debt recovery protocols from 1 October for sole traders and small businesses, and there will be new requirements on data recording in May 2018 which businesses are urged to be familiar with.

#### **Additional commentary provided by BAB members unable to attend meeting**

**Miranda Chapman (Pillory Barn)** - The summer period has been surprisingly stable, for both our clients across a range of sectors and for us in the digital and creative space. We are seeing a good pipeline for digital work, and this is on the back of clients responding to the immediacy delivered by digital marketing. A number of our clients are keen to still get out and exhibit/engage at events. Businesses seem to be cracking on and making their own fortunes, despite Brexit. We are giving a cautious but positive update for autumn.

**Nick Fenton (The Kent Developers Group)** - Commercial development still not being delivered, and there is a real impact on supply which needs addressing. Housing development sales are slower, possibly due to summer holidays. There is need for different housing delivery models to support numbers. There is more demand for housing sites in West Kent, although there may be

more sites than developers. Planning is still an issue, with extent of conditions and utility provision ongoing concerns.

**William Hinckley (BTF Partnership)** - The commercial property sector still suffers from a shortage of supply. With demand generally out-stripping supply, rents and capital values have continued to rise in most areas in the region, particularly in the industrial and office sectors. The uncertainty created around Brexit and the US political situation has had limited visible impact in the commercial property market in Kent. However, there is increasing nervousness in the agricultural sector, with many farmers beginning to consider the implications and requirements of a “subsidy free” existence. Supply of agricultural land is relatively limited, but this is likely to change with land coming to the market as farmers begin to build a “war-chest”. This may put some pressure on land values, but for now the demand for land from “Roll-over” relief buyers continues to take up much of the supply as more planning consents are given for housing schemes on greenfield sites.

**Tim Waggott (Port of Dover)** - Broadly we are seeing positive developments across all business sectors with particularly strong prospects for cruise next year. Construction on the Dover Western Docks project is on schedule, but we continue to ask for the support of organisations in highlighting the regional importance of our development, and the need for us to secure fill material from the Goodwin Sands is essential from both a financial and environmental perspective. At a political level we are lobbying hard for post Brexit customs arrangements that keep the traffic moving across frictionless borders and we are very pleased that the Government appear to be taking notice.

We encourage everyone to look at our animation which you can access it now via our YouTube channel – here is the link.

[https://www.youtube.com/watch?v=Q9p2NZwOpJA&utm\\_campaign=912265\\_Post%20Event%20Email%20%20Parliamentary%20Reception%202017&utm\\_medium=email&utm\\_source=Dover%20Harbour%20Board](https://www.youtube.com/watch?v=Q9p2NZwOpJA&utm_campaign=912265_Post%20Event%20Email%20%20Parliamentary%20Reception%202017&utm_medium=email&utm_source=Dover%20Harbour%20Board)

#### **4. London Resort – Project Update (presentation by Andy Martin, London Resort Company Holdings Ltd)**

Andy Martin provided an update on progress in preparing the planning application for the development of a global destination theme park, and the plans for public consultation. A copy of his presentation will be made available on the BAB website. The project will create some 30,000 jobs in total, and it is hoped that development will commence in late 2019 or early 2020. It is expected that there will be a three-year build-out, and there will be opportunities to optimise benefits alongside the nearby developments that will be happening at Ebbsfleet and the North Kent Enterprise Zone. The project is funded to submission of the planning application.

#### **5. Summing up (Geoff Miles, BAB chairman)**

Members were reminded that the date of the next BAB meeting would be 9 November 2017.

Dates for 2018 have been set.